

RESOLUTION 06-08

RESOLUTION APPROVING CREATION OF AUDIT COMMITTEE

WHEREAS, the California Housing Finance Agency (the "Agency") is required by law to have audited financial statements of both the California Housing Finance Fund, and the California Housing Loan Insurance Fund, and

WHEREAS, the staff of the Agency has recognized that both corporate and public boards are playing an increasingly direct role in the oversight of auditors and audited financial statements; and

WHEREAS, the staff of the Agency has recommended that the Board create an audit committee for the purpose of providing the Board with direct involvement with auditors in connection with the preparation and review of such financial statements, as well as the retention of auditors by the Agency; and

WHEREAS, the Board of Directors of the Agency recognizes that having a direct role in the audit process will constitute a sound financial practice that will assist both the auditors and staff in the preparation and review of the audits, and benefit the Board and the Agency generally;

WHEREAS, the Board has determined that the best method of providing such a role would be through the creation of an audit committee consisting of three voting members of the Board of Directors, to which the Board would delegate the authority to develop policies and procedures relating to the retention of auditors by the Agency, and which would otherwise act in an advisory capacity to the Board concerning audits and related financial matters;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors as follows:

1. There is hereby created an audit committee of the Board of Directors, consisting of three voting members of the Board, to be selected by the Chairman of the Board annually or as otherwise required to fill vacancies.

2. The audit committee shall generally be advisory to the full Board of Directors, provided, however, that the Board delegates to the audit committee the

1 authority to create any internal procedures regarding the selection and retention of
2 auditors that the committee may deem appropriate.

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4 3. The role of the audit committee shall be to meet with Agency staff and
5 outside auditors as necessary or desirable, to (i) develop any procedures necessary or
6 helpful in connection with the selection and retention of auditors; (ii) facilitate audits
7 of the Agency; (iii) review the scope of audits and any issues relating to such audits;
8 and (iv) to review proposed audit findings and other related financial issues. The
9 committee shall report to the full Board, at a regular meeting of the Board of Director
10 at least once a year , on the audit process and the results of such audits; and may take
11 such other actions as the Board may direct at such Board meetings .

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13 4. All meetings of the audit committee shall be open public meetings.

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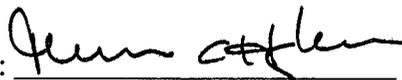
15 I hereby certify that this is a true and correct copy of Resolution 06-08 adopted at a
16 duly constituted meeting of the Board of Directors of the Agency held on January 12,
17 2006, at Millbrae, California.

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ATTEST: 
Secretary

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