



REPORTS

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MEMORANDUM

To Board of Directors

Date: December 19, 2005



Bruce D. Gilbertson, Director of Financing

From: CALIFORNIA HOUSING FINANCE AGENCY

Subject: REPORT OF BOND SALE AND INTEREST RATE SWAP AGREEMENTS
HOME MORTGAGE REVENUE BONDS 2005 SERIES G AND SERIES H

On December 15, 2005, the Agency delivered \$200,000,000 of Bonds under the Home Mortgage Revenue Bond Indenture (HMRB) to Merrill Lynch. The bonds are tax-exempt and were issued as variable rate demand obligations, with liquidity provided by Dexia Credit Local. The bonds were issued in two series, HMRB 2005 Series G and HMRB 2005 Series H. Additional details of the bonds are outlined in the attached summary.

The HMRB 2005 Series G were issued pursuant to a co-operation agreement, dated November 22, 2005, between the Agency and CRHMFA Homebuyers Fund, a joint powers authority (CHF) (previously known as Cal Rural Home Mortgage Finance Authority). Pursuant to the agreement the Agency agreed to structure, issue and sell \$35,000,000 of CRHMFA's Single Family Mortgage Revenue Bonds 2005 Series A refunding bonds; enabling CHF to refund prior CHF bonds (in a like amount) and use the proceeds of the prior bonds to purchase the Agency's HMRB 2005 Series G, to ultimately make such amounts available to purchase the Agency's home mortgage loans within CHF's jurisdiction. In addition pursuant to the agreement CHF agreed to apply to the California Debt Limit Allocation Committee (CDLAC) for a \$35,000,000 allocation of private activity volume cap at the December 21, 2005 meeting and request the allocation be transferred to the Agency.

The HMRB Series H Bonds were issued to provide financing for eligible mortgage loans under the Agency's Home Mortgage Purchase Program. The Agency expects that all the loans purchased with the HMRB Series G and Series H proceeds will be Interest Only Plus (IOP) loans with interest rates ranging from 5.25% to 5.75%. The Agency expects to be able to provide homes for approximately 780 families, with the proceeds.

The Agency entered into four interest rate swap agreements to provide a fixed rate cost of funds for the 2005 Series G and 2005 Series H Bonds. The swaps are structured with declining notional amounts that match the expected amortization of the corresponding variable rate bonds. For three of the swaps the Agency receives a variable rate of interest based on a percentage of one month LIBOR, while the variable payment received on the fourth swap is based on a percentage of the Bond Market Association (BMA) index. The BMA index is a tax-exempt index that allows the Agency to structure swaps and avoid risks related to future changes in tax law (tax risk). Continuing the practice established earlier this year, JP Morgan was awarded one of the swaps (\$76.7 million notional) through a competitive bidding process. By competitively bidding swaps on a selective basis the Agency is achieving greater diversification of swap counterparty exposure and better pricing. We estimate the savings in this instance to be \$950,000. In addition, the four interest rate swaps were priced using new formulas based on historical performance of Agency variable rate bonds. Additional details of the Swaps are outlined in the attached summary.

Attachment

SUMMARY OF THE BONDS

BOND SERIES	G	H
Par Amount	\$35,000,000.	\$165,000,000.
Type of Bonds (Tax-exempt)	VRDO	VRDO
Tax Treatment	AMT	AMT
Maturities \$35,000,000, on \$76,710,000, on \$88,290,000, on	2/1/2034	2/1/2036 8/1/2036
Credit Rating Moody's S&P	*Aa2/VMIG-1 AA-/A-1+	Aa2/VMIG-1 AA-/A-1+
Initial Interest Rate	3.05%	3.05%
Liquidity Provider	Dexia Credit Local	Dexia Credit Local
Insurance Provider	NA	NA
Remarketing Agent	Merrill Lynch	Merrill Lynch

SUMMARY OF THE SWAPS

SERIES	G	H
Notional Amounts Swap #1 Swap #2	\$13,680,000. \$21,320,000.	\$88,290,000. \$76,710,000.
Counterparties Swap #1 Swap #2	MLDP MLDP	MLDP JPMorgan
Effective Dates Swap #1 Swap #2	12/15/05 12/15/05	12/15/05 12/15/05
Fixed Payor Rates Swap #1 Swap #2	3.932% 4.454%	3.65% 3.857%
Floating Rate Basis Swap #1 Swap #2	62% of Libor + 25bps 97% of BMA	62% of Libor + 25bps 62% of Libor + 25bps
Reset Frequency Swap #1 Swap #2	Daily Daily	Daily Daily
Average Life (yrs) Swap #1 Swap #2	15.48 15.50	8.54 22.52
Maturities Swap #1 Swap #2	2/1/2034 2/1/2034	8/1/2031 2/1/2036

*The 2005 Series G bonds were not reoffered to the public (and they are not rated), but instead were placed with and the assets are pledged to secure the CRHMFA 2005 Series A Bonds which carry the rating of the HMRB indenture as shown above.

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MEMORANDUM**To:** Board of Directors

Date: December 23, 2005



From: Bruce D. Gilbertson, Director of Financing
CALIFORNIA HOUSING FINANCE AGENCY

Subject: REPORT OF BOND SALE AND INTEREST RATE SWAP AGREEMENT
 MULTIFAMILY HOUSING REVENUE BONDS III, 2005 SERIES CDE

On November 3rd we issued bonds in the amount of \$123,185,000 consisting of \$31,960,000 of fixed rate bonds and \$91,225,000 of tax-exempt variable rate bonds. The Series C and E bonds were issued as fixed rate bonds. The Series D bonds were issued as variable rate demand obligations, for which interest rates are reset daily and interest paid semiannually. Of the \$91,225,000 variable rate bonds, \$33,870,000 of bonds are hedged leaving an unhedged balance of \$57,355,000 which will fund that portion of the construction loans not converted to permanent financing. The bonds are backed by our Aa3/AA- general obligation. The Series C and E fixed rate bonds are rated Aaa/AAA because of bond insurance provided by Ambac Assurance Corporation. The Series D variable rate demand obligations are not insured but backed by a standby bond purchase agreement with Depfa Bank.

The Series C/D/E bonds have been issued to provide funds to finance new loans to ten multifamily projects and to refund \$33,870,000 of prior CalHFA bond issues. A total of seven prior loans will be transferred as a result of the refunding. Attached is a listing of the projects to be financed by the Series C/D/E bonds.

As shown in the table below, on November 21, 2003 we executed an anticipatory swap for a total notional amount of \$33,870,000 (please see the Board report dated January 7, 2004 re Locking in Today's Low Rates for Future Multifamily Refundings – Update). In order to reduce the overall cost, we have chosen to delay the starting date for this swap. Delayed start enables us to minimize negative arbitrage during the period between the issuance of the bonds and the date permanent loans are transferred.

Amount of Swap	Start Dates	End Dates	Fixed Rates Paid to Counterparties	Floating Rate Index
\$33,870,000	2/1/2006	2/1/2038	3.701%	60% of LIBOR + 0.26%

**Projects to Be Financed with the Proceeds of
Multifamily Housing Revenue Bonds III 2005 Series CDE**

Project Name	Loan Amount	Interest Rate		Actual/ Projected Loan Origination Date
New Loans				
Gish Apartments	\$9,485,000	3.00%	(1)	04-Nov-05
Hemet Estates	4,500,000	5.30%		15-Dec-05
New Dana Strand Apartments	27,000,000	5.50%		12-Dec-05
Plaza de las Flores	9,025,000	5.50%		30-Jan-06
Sterling Village	4,155,000	5.30%		15-Dec-05
Villa Montgomery Apartments	15,600,000	5.90%		03-Nov-05
Vista Sunrise (loan increase)	760,000	1.00%	(2)	28-Sep-05
Villa Victoria (loan increase)	2,080,000	5.25%		07-Nov-05
Woodhaven Manor	9,610,000	5.30%		30-Nov-05
Woodland Terrace	7,100,000	1.00%	(1)	18-Nov-05
Total	\$ 89,315,000			

Old Loans Transferred from Prior Bond Issue

Kalmia Courtyards	\$849,523	7.25%		01-Sep-97
Plaza del Sol	4,318,339	7.25%		01-Jun-97
Promenade I	3,238,868	7.25%		01-Nov-97
Promenade II	6,192,678	7.25%		01-Nov-97
Regency Court Senior	4,350,501	7.25%		01-May-97
Vista Valle	1,919,707	7.50%		01-Apr-96
Warwick Square	16,638,435	7.25%		01-Feb-97
Total	\$ 37,508,051			

- (1) The Agency expects to subsidize the interest rate on these permanent loans to 5.40%. The source of funds for this subsidy is expected to be the Agency's share of McKinney Act savings from certain FAF projects.
- (2) The Agency expects to subsidize the interest rate on this permanent loan to 5.90%. The source of funds for this subsidy is expected to be the Agency's share of McKinney Act savings from certain FAF projects.

State of California

MEMORANDUM**To:** Board of Directors**Date:** December 23, 2005


Bruce D. Gilbertson, Director of Financing

From: CALIFORNIA HOUSING FINANCE AGENCY**Subject:** DRAW DOWN BONDS

On December 16, 2005 the Agency completed a drawing on the 2005 B Draw Down Bonds to preserve \$224 million CDLAC allocation received in September. A future issuance of Home Mortgage Revenue Bonds will refund this authority.

In addition, the Agency will redeem \$165 million of the 2004 B-2 Draw Down Bonds on January 1, 2006. This draw down bond was refunded in connection with the issuance of the HMRB 2005 H.

The total amount of tax-exempt authority held in draw down bonds after the December 2005 draw and January 2006 redemption is \$867,661,000 as shown in the table below.

Draw Down Bond Program Balances

Single Family Draw Down Bonds	Tax Status	Bonds Outstanding at 1/1/06
2004 A	Non-AMT	\$ 0
2004 B1	AMT	\$ 475,000,000
2004 B2	AMT	\$ 101,425,000
2005 A	Non-AMT	\$ 67,236,000
2005 B	AMT	\$ 224,000,000
Totals		\$ 867,661,000

The draw down bond program is one of several available mechanisms for preserving tax-exempt bond authority for future use. Draw down bonds are issued in variable rate form and have interest rate resets based on an index. The bonds are privately placed with an investment subsidiary of one of our underwriters and are not rated or insured. Private placement greatly reduces transaction costs and provides useful flexibility, allowing us to easily add additional amounts and to redeem on short notice.

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MEMORANDUM**To:** Board of Directors**Date:** December 23, 2005**From:** Bruce D. Gilbertson, Director of Financing
CALIFORNIA HOUSING FINANCE AGENCY**Subject:** SUMMARY OF CALENDAR YEAR 2005 BOND FINANCINGS

Attached are tables and pie charts summarizing calendar year 2005 bond transactions and showing bonds issued over the last five years. During 2005 we issued bonds totaling \$1.8 billion, compared to last year's issuance volume of \$2.13 billion. As in past years a significant number of bonds issued related to the bonds and notes issued to preserve tax-exempt authority, including both new authority from CDLAC and "grandfathered" authority related to bond redemptions from prepayments. In calendar year 2005, \$568 million (31% of total issuance) of notes were issued to preserve tax-exempt issuance authority. With ample tax-exempt issuance authority calendar year 2005 was the first year in more than a decade that no taxable bonds or notes were issued.

Total Agency indebtedness (bonds and notes) as of December 31, 2005 is \$7.7 billion, a slight decrease from \$8 billion as of the end of 2004.

As shown in the table and accompanying pie charts, of the \$1.8 billion of bonds and notes issued during 2005 all but \$96 million were issued with variable interest rates. During the year, \$965.9 million of these variable rate bonds were swapped to fixed rates.

SINGLE FAMILY FINANCINGS

During calendar year 2005 we issued \$1.6 billion of bonds and notes for our homeownership loan programs, 87% of the year's issuance activity. Of the \$1.6 billion issued \$1 billion was issued as permanent debt to purchase loans. By comparison, during calendar year 2004 we issued only \$560 million in permanent debt for our single family programs. The increase in bond issuance activity for permanent debt is directly related to reduced levels of single family loan prepayments resulting in decreasing amounts of loan origination from recycled prepayments. During calendar year 2005, only \$408 million of loan prepayments were used to finance new loans while in calendar year 2004, \$609 million of loan prepayments were used to originate new loans.

MULTIFAMILY FINANCINGS

During calendar year 2005 we issued \$239 million of bonds to finance multifamily loans. \$297 million of bonds were issued during calendar year 2004 for Agency rental housing programs.

Attachments

**CALIFORNIA HOUSING FINANCE AGENCY
FIVE-YEAR SUMMARY
BOND ISSUES FROM 2001 TO 2005**

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YEAR	PROGRAM	PRIVATE ACTIVITY BOND ALLOCATION RECEIVED	BONDS SOLD		END OF YEAR BONDS OUTSTANDING
			TAX-EXEMPT	TAXABLE	
2001	Single Family Multifamily	\$369,775,798 ⁽¹⁾ \$123,550,000	\$768,279,441 \$204,230,000	\$633,745,000 \$39,185,000	\$1,402,024,441 \$243,415,000
	SUBTOTAL	\$493,325,798	\$972,509,441	\$672,930,000	\$1,645,439,441
	Single Family Multifamily	\$500,655,188 ⁽²⁾ \$119,445,000	\$1,485,434,138 \$205,890,000	\$418,000,000 \$0	\$1,903,434,138 \$205,890,000
	SUBTOTAL	\$620,100,188	\$1,691,324,138	\$418,000,000	\$2,109,324,138
2002	Single Family Multifamily	\$416,332,732 ⁽³⁾ \$227,370,000	\$1,073,750,000 \$231,035,000	\$846,995,000 \$0	\$1,920,745,000 \$231,035,000
	SUBTOTAL	\$643,702,732	\$1,304,785,000	\$846,995,000	\$2,151,780,000
	Single Family Single Family-DPA Multifamily	\$695,804,851 ⁽⁴⁾ \$0 \$214,187,800 ⁽⁵⁾	\$1,389,370,000 \$50,000,000 \$296,980,000	\$396,305,000 \$0 \$0	\$1,785,675,000 \$50,000,000 \$296,980,000
	SUBTOTAL	\$909,992,651	\$1,736,350,000	\$396,305,000	\$2,132,655,000
2003	Single Family Multifamily Other Programs	\$955,000,000 ⁽⁶⁾ \$147,870,000 \$0	\$1,566,506,000 \$239,200,000 \$0	\$0 \$0 \$0	\$1,566,506,000 \$239,200,000 \$0
	SUBTOTAL	\$1,102,870,000	\$1,805,706,000	\$0	\$1,805,706,000
	5-YEAR TOTALS	\$3,769,991,369	\$7,510,674,579	\$2,334,230,000	\$9,844,904,579

(1) Includes \$73,775,798 of carryforward.
 (2) Includes \$139,755,188 of carryforward.
 (3) Includes \$96,460,327 of carryforward.
 (4) Includes \$307,804,851 of carryforward.
 (5) Includes \$21,610,000 of carryforward.
 (6) Includes an estimate of \$731,000,000 of single family carryforward allocation expected to be received at the end of the year. This amount includes other unused program amounts. CDLAC has authorized all unused program pools to be transferred to the Single Family Program pool.

CALIFORNIA HOUSING FINANCE AGENCY

2005 BOND SALE SUMMARY
CALENDAR YEAR JANUARY-DECEMBER

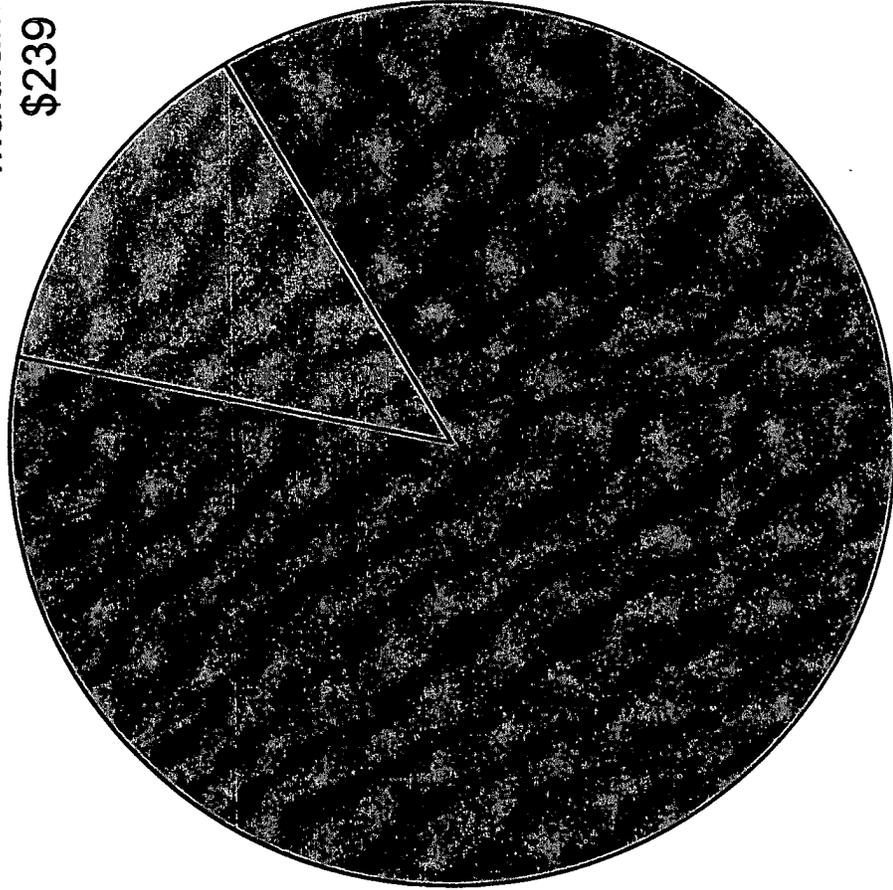
	<u>SINGLE FAMILY</u>	<u>MULTIFAMILY</u>	<u>TOTALS</u>
TAX-EXEMPT BONDS			
Variable Rate			
VRDO's	\$956,000,000	\$185,630,000	\$1,141,630,000
Indexed-Floaters	\$546,506,000	\$21,610,000	\$568,116,000
Fixed Rate	\$64,000,000	\$31,960,000	\$95,960,000
TOTALS	\$1,566,506,000	\$239,200,000	\$1,805,706,000

Bond Sale-Sum05 (lmf)
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CalHFA Bonds 2005 Calendar Year

(in millions)

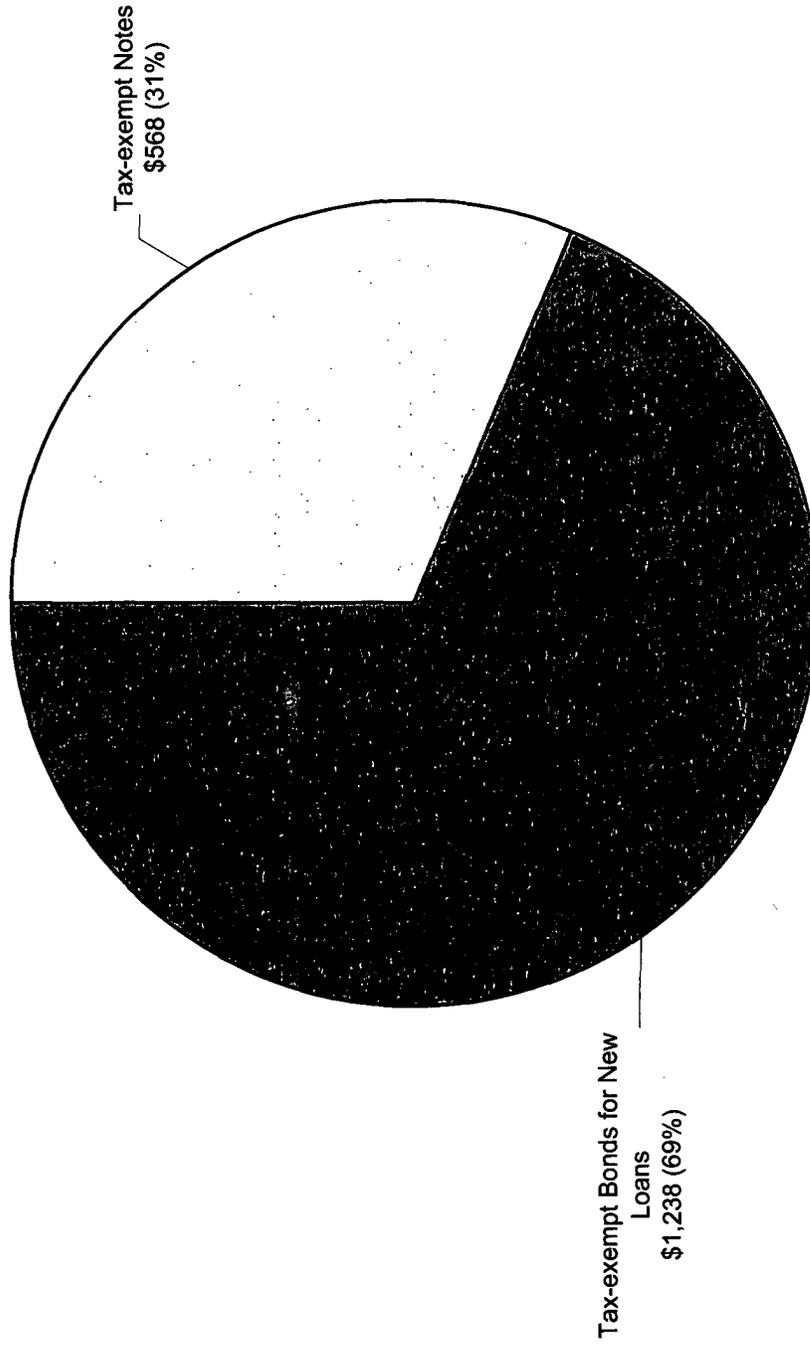
Multifamily
\$239



Single Family
\$1,567

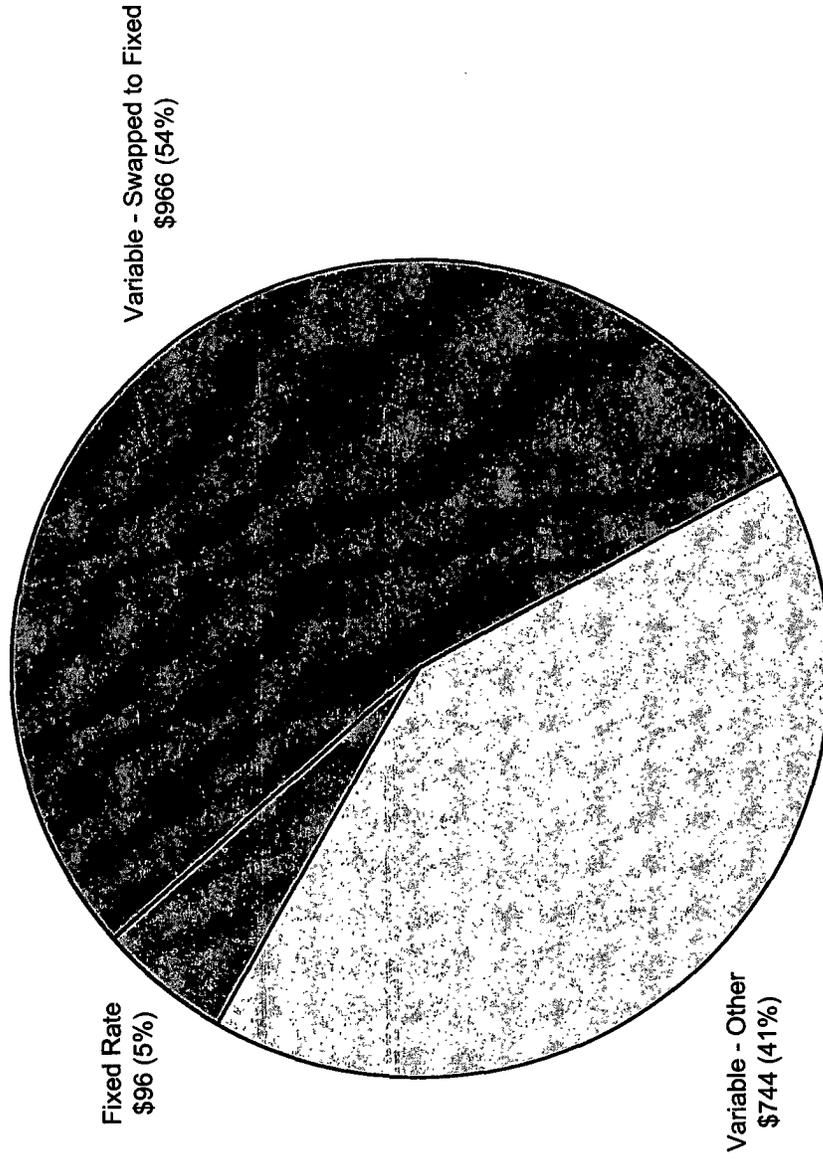
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**CalHFA Tax-exempt and Taxable Bonds
Issued in Calendar Year 2005
(\$ in Millions)**



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**CalHFA Fixed Rate and Variable Rate Bonds
Issued in Calendar Year 2005
(\$ in Millions)**



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MEMORANDUM**To:** Board of Directors**Date:** December 28, 2005**From:** Bruce D. Gilbertson, Director of Financing
CALIFORNIA HOUSING FINANCE AGENCY**Subject:** UPDATE ON VARIABLE RATE BONDS AND INTEREST RATE SWAPS

For a number of years the Agency has used variable rate debt as the primary issuance strategy in providing capital to support its programmatic goals. Most of our interest rate exposure from variable rate debt is hedged in the swap market. This strategy has enabled us to achieve a significantly lower cost of funds and a better match between assets and liabilities.

The following report describes our variable rate bond and interest rate swap positions as well as the related risks associated with this financing strategy. The report is divided into sections as follows:

- Variable Rate Debt Exposure
- Fixed-Payer Interest Rate Swaps
- Basis Risk and Basis Swaps
- Risk of Changes to Tax Law
- Amortization Risk
- Termination Risk
- Types of Variable Rate Debt
- Liquidity Providers
- Bond and Swap Terminology

VARIABLE RATE DEBT EXPOSURE

This report describes the variable rate bonds and notes of CalHFA and is organized programmatically by indenture as follows: HMRB (Home Mortgage Revenue Bonds--CalHFA's largest single family indenture), MHRB (Multifamily Housing Revenue Bonds III--CalHFA's largest multifamily indenture), HPB (Housing Program Bonds--CalHFA's newest indenture, used to finance the Agency's downpayment assistance loans), and DDB (Draw Down Bonds used to preserve tax-exempt authority.) The total amount of CalHFA variable rate debt is \$6.8 billion, 88% of our \$7.7 billion of total indebtedness as of December 16, 2005. As shown in the table below, our "net" variable rate exposure is \$849 million, 10.9% of our indebtedness. The net amount of variable rate bonds is the amount that is neither swapped to fixed rates nor directly backed by complementary variable rate loans or investments.

	VARIABLE RATE DEBT (<i>\$ in millions</i>)			
	Tied Directly to Variable Rate Assets	Swapped to Fixed Rate	Not Swapped or Tied to Variable Rate Assets	Total Variable Rate Debt
HMRB	\$4	\$3,877	\$593	\$4,474
MHRB	146	847	241	1,234
HPB	0	35	15	50
DDB	<u>1,032</u>	<u>0</u>	<u>0</u>	<u>1,032</u>
Total	\$1,182	\$4,759	\$849	\$6,790

One year ago our net exposure was \$1.3 billion and 16% of our indebtedness. Two years ago it was \$850 million and 11 % of our indebtedness; three years ago it was \$692 million and 8.3%.

The \$849 million of net variable rate exposure is offset by the Agency's balance sheet and excess swap positions. While our current net exposure is not tied directly to variable rate assets, we have approximately \$590 million of other Agency funds invested in the State Treasurer's investment pool (SMIF) earning a variable rate of interest. From a risk management perspective, the \$590 million is a balance sheet hedge for the \$849 million of net variable rate exposure.

In order to maintain a certain level of confidence that the balance sheet hedge is effective, we have reviewed the historical interest rates earned on investments in the SMIF and LIBOR interest rate resets (most of our unhedged taxable bonds are index floaters that adjust at a spread to LIBOR). Using the data for the last ten years, we determined that there is a high degree of correlation between the two asset classes (SMIF and LIBOR) and that for every \$1 invested in SMIF we can potentially hedge \$1 of LIBOR-based debt.

The net variable rate exposure is further reduced by two other considerations: 1) as mentioned in the Amortization Risk section of this report, we have \$59 million notional amount of interest rate swaps in excess of the original bonds they were to hedge, and 2) a portion of our unhedged exposure is tax-exempt debt which resets at the theoretical ratio of 65% of Libor. These two

considerations serve to reduce the net variable rate exposure to \$698 million. As a result, the \$590 million of other Agency funds invested in SMIF effectively hedged 84% of our current net variable rate exposure.

In addition, taking unhedged variable rate exposure mitigates the amortization risk without the added cost of purchasing swap optionality. Our unhedged variable rate bonds are callable on any date and allow for bond redemption or loan recycling without the cost of par termination rights or special bond redemption provisions. In addition, taking unhedged variable rate exposure diversifies our interest rate risks by providing benefits when short-term interest rates rise slower than the market consensus. In a liability portfolio that is predominately hedged using long-dated swaps, the unhedged exposure balances the interest rate profile of the Agency's outstanding debt.

The table below summarizes this risk position.

	NET VARIABLE RATE DEBT		
	(\$ in millions)		
	<u>Tax-Exempt</u>	<u>Taxable</u>	<u>Totals</u>
Short average life *	\$95	\$412	\$507
Long average life	<u>216</u>	<u>126</u>	<u>342</u>
TOTALS	\$311	\$538	\$849

* Bonds with an expected average life of 10 years or less.

FIXED-PAYER INTEREST RATE SWAPS

Currently, we have a total of 122 "fixed-payer" swaps with twelve different counterparties for a combined notional amount of \$4.8 billion. All of these fixed-payer swaps are intended to establish synthetic fixed rate debt by converting our variable rate payment obligations to fixed rates. These interest rate swaps generate significant debt service savings in comparison to our alternative of issuing fixed-rate bonds. This savings allows us to continue to offer loan products with exceptionally low interest rates to multifamily sponsors and to first-time homebuyers. The table below provides a summary of our notional swap amounts.

	FIXED PAYER INTEREST RATE SWAPS		
	(notional amounts)		
	(\$ in millions)		
	<u>Tax-Exempt</u>	<u>Taxable</u>	<u>Totals</u>
HMRB	\$2,926	\$1,010	\$3,936
MHRB	847	0	847
HPB	<u>35</u>	<u>0</u>	<u>35</u>
TOTALS	\$3,808	\$1,010	\$4,818

The following table shows the diversification of our fixed payer swaps among the eleven firms acting as our swap counterparties. Note that our swaps with Lehman Brothers, Bear Stearns, and Goldman Sachs are with highly-rated structured subsidiaries that are special purpose vehicles used only for derivative products. We have chosen to use these subsidiaries because the senior credit of those firms is not as strong as that of the other firms. Note also that our most recent swaps with Merrill Lynch are either with their highly-rated structured subsidiary or we are benefiting from the credit of this triple-A structured subsidiary through a guarantee.

SWAP COUNTERPARTIES

<u>Swap Counterparty</u>	<u>Credit Ratings</u>			<u>Notional Amounts Swapped (\$ in millions)</u>	<u>Number of Swaps</u>
	<u>Moody's</u>	<u>S & P</u>	<u>Fitch</u>		
Merrill Lynch Capital Services Inc.					
Guaranteed by:					
Merrill Lynch & Co.	Aa3	A+	AA-	\$ 781.1	18
MLDP, AG	Aaa	AAA	AAA	317.5 ²	12
Merrill Lynch					
Derivative Products, AG	Aaa	AAA	AAA	229.2	8
Citigroup Financial					
Products Inc.	Aa1	AA-	AA+	846.4	21
Bear Stearns					
Financial Products Inc.	Aaa	AAA	NR	803.9	11
				319.4 *	8 *
Lehman Brothers					
Derivative Products Inc.	Aaa	AAA ¹	NR	565.5	21
Goldman Sachs Mitsui Marine					
Derivative Products, L.P.	Aaa	AA+	NR	316.3	6
				340.2 *	5 *
AIG Financial Products Corp.	Aa1	AA+	NR	246.0	8
Bank of America, N.A.	Aa1	AA	AA	230.1	5
JP Morgan Chase Bank	Aa2	AA-	AA-	219.9	7
BNP Paribas	Aa2	AA	AA	99.9	2
Morgan Stanley					
Capital Services Inc.	Aa3	A+	AA-	86.7	1
UBS AG	Aa2	AA+	AA+	76.0	2
				\$4,818.5	122

* Basis Swaps (not included in totals)

With interest rate swaps, the "notional amount" (equal to the principal amount of the swapped bonds) itself is not at risk. Instead, the risk is that a counterparty would default and, because of market changes, the terms of the original swap could not be replicated without additional cost.

For all of our fixed-payer swaps, we receive floating rate payments from our counterparties in exchange for a fixed-rate obligation on our part. In today's market, with low short-term rates, the net periodic payment owed under these swap agreements is from us to our counterparties. As an example, on our August 1, 2005 semiannual debt service payment date we made a total of \$41.7 million of net payments to our counterparties. Conversely, if short-term rates were to rise above the fixed rates of our swap agreements, then the net payment would run in the opposite direction, and we would be on the receiving end.

BASIS RISK AND BASIS SWAPS

Almost all of our swaps contain an element of what is referred to as "basis risk" – the risk that the floating rate component of the swap will not match the floating rate of the underlying bonds. This risk arises because our swap floating rates are based on indexes, which consist of market-wide averages, while our bond floating rates are specific to our individual bond issues. The only exception is where our taxable floating rate bonds are index-based, as is the case of the taxable floaters we have sold to the Federal Home Loan Banks.

Periodically, the divergence between the two floating rates widens, as market conditions change. Some periodic divergence was expected when we entered into the swaps. In the past we entered into swaps at a ratio of 65% of LIBOR, the London Inter-Bank Offered Rate which is the index used to benchmark taxable floating rate debt. These percentage-of-LIBOR swaps have afforded us with excellent liquidity and great savings when the average BMA/LIBOR ratio was steady at 65%. As short-term rates fell to historic lows and with an increased market supply of tax-exempt variable rate bonds, the historic relationship between tax-exempt and taxable rates was not maintained. For example, the average BMA/LIBOR ratio was 77% in 2002, 84.3% in 2003, 81.5% in 2004, and is currently at 70.3%. The BMA (Bond Market Association) index is the index used to benchmark tax-exempt variable rates.

When the BMA/LIBOR ratio is very high the swap payment we receive falls short of our bond payment, and the all-in rate we experience is somewhat higher. The converse is true when the percentage is low. In response, we and our advisors looked for a better formula than a flat 65% of LIBOR. After considerable study of California tax-exempt variable rate history, we revised the formula in December of 2002 to 60% of LIBOR plus 0.26% which resulted in comparable fixed-rate economics but performed better when short-term rates were low and the BMA/LIBOR percentage was high. We have since amassed approximately \$2.1 billion of LIBOR-based swaps using this revised formula. Recently we looked at the formula again and after completing a statistical analysis of CalHFA variable rate bonds as compared to the BMA and LIBOR indexes and taking into consideration the changing market conditions, we've decided to have several different swap formulas to fit our different types of bonds: 64% of LIBOR plus 0.25% for AMT weekly resets; 62% of LIBOR plus 0.25% for AMT daily resets; 64% of LIBOR plus 0.17% for Non-AMT weekly resets; and 62% of LIBOR plus 0.17% for Non-AMT daily resets. We expect to use these new formulas for new swap transactions and we will continue to monitor the BMA/LIBOR relationship and the performance of the new swap formulas.

In addition, we currently have basis swaps for \$659 million of the older 65% of LIBOR swaps. The basis swaps provide us with better economics in low-rate environments by exchanging the

65% of LIBOR formula for alternative formulas that would alleviate the effects of the current high BMA/LIBOR ratio. As an example, we have saved \$1.5 million on our swap payments since entering into the basis swaps in February 2004. The following table shows the diversification of variable rate formulas used for determining the payments received from our interest rate swap counterparties.

**BASIS FOR VARIABLE RATE PAYMENTS
RECEIVED FROM SWAP COUNTERPARTIES**
(notional amounts)
(\$ in millions)

	<u>Tax-Exempt</u>	<u>Taxable</u>	<u>Totals</u>
60% of LIBOR + 26bps	\$2,058	\$0	\$2,058
3 mo. LIBOR + spread	0	642	642
BMA – 15bps	494	0	494
Enhanced LIBOR ¹	340	0	340
Stepped % of LIBOR ²	319	0	319
65% of LIBOR	302	0	302
1 mo. LIBOR	0	301	301
62% of LIBRO + 25bps	179	0	179
6 mo. LIBOR	0	67	67
64% of LIBOR	36	0	36
BMA – 20bps	36	0	36
60% of LIBOR + 21bps	23	0	23
97% of BMA	<u>21</u>	<u>0</u>	<u>21</u>
TOTALS	\$3,808	\$1,010	\$4,818

¹ Enhanced LIBOR – This formula is 50.6% of LIBOR plus 0.494% with the proviso that the end result can never be lower than 61.5% of LIBOR nor greater than 100% of LIBOR.

² Stepped % of LIBOR – This formula has seven incremental steps where at the low end of the spectrum the swap counterparty would pay us 85% of LIBOR if rates should fall below 1.25% and at the high end, they would pay 60% of LIBOR if rates are greater than 6.75%.

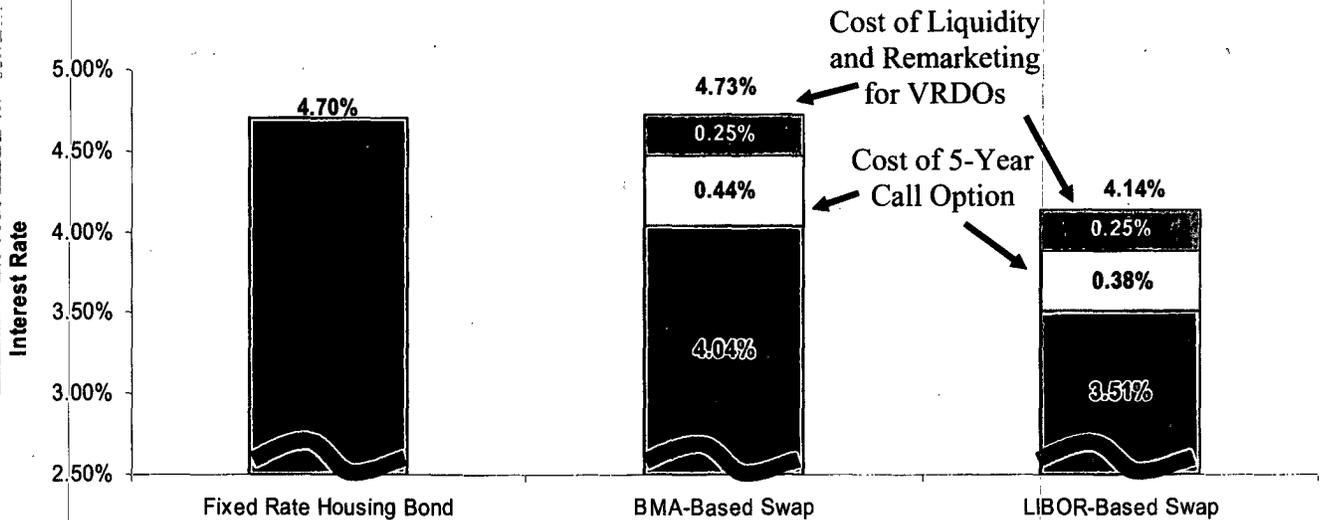
RISK OF CHANGES TO TAX LAW

For an estimated \$3.2 billion of the \$3.8 billion of tax-exempt bonds swapped to a fixed rate, we remain exposed to certain tax-related risks, another form of basis risk. In return for significantly higher savings, we have chosen through these interest rate swaps to retain exposure to the risk of changes in tax laws that would lessen the advantage of tax-exempt bonds in comparison to taxable securities. In these cases, if a tax law change were to result in tax-exempt rates being more comparable to taxable rates, the swap provider's payment to us would be less than the rate we would be paying on our bonds, again resulting in our all-in rate being higher.

We bear this same risk for \$461 million of our tax-exempt variable rate bonds which we have not swapped to a fixed rate. Together, these two categories of variable rate bonds total \$3.7 billion, 48% of our \$7.7 billion of bonds outstanding. This risk of tax law changes is the same risk that investors take every time they purchase our fixed-rate tax-exempt bonds.

The following bar chart shows clearly that our ability to assume the risk of changes to tax laws is the "engine" that makes our interest rate swap strategy effective in today's market. If the Agency was unable or unwilling to take this risk, our cost of funds would be significantly higher.

**Costs of Funds for Fixed-Rate Bonds and Synthetic Fixed-Rate Bonds
(Variable Rate Bonds Swapped to Fixed)
(All Rates as of December 19, 2005)**



BMA-Based Swap: BMA Index x 101%

LIBOR-Based Swap: 64% LIBOR + 25 bps

AMORTIZATION RISK

Our bonds are generally paid down (redeemed or paid at maturity) as our loans are prepaid. Our interest rate swaps amortize over their lives based on assumptions about the receipt of prepayments, and the single family transactions which include swapped bonds have generally been designed to accommodate prepayment rates between two and three times the "normal" rate. In other words, our interest rate swaps generally have had fixed amortization schedules that can be met under what we have believed were sufficiently wide ranges of prepayment speeds. Unfortunately, when market rates fell to unprecedented levels, we started receiving more prepayments than we ever expected.

Since January 1, 2002, we have received over \$5.7 billion of prepayments, including over \$1.4 billion in 2004 and \$1 billion to date in calendar year 2005. Of this amount, approximately \$1.6 billion is "excess" to swapped transactions we entered into. We have since recycled \$1.2 billion of the \$1.6 billion excess into new loans and have used \$166 million to cross-call high interest rate bonds.

With persistent high levels of prepayments, we have modified the structuring of new swaps by widening the band of expected prepayments. In addition, with the introduction of our interest only loan product we are structuring swap amortization schedules and acquiring swap par termination rights to coincide with the loan characteristics and expectations of borrower prepayment.

Also of interest is a \$59 million forced mismatch between the notional amount of certain of our swaps and the outstanding amount of the related bonds. This mismatch has occurred as a result of the interplay between our phenomenally high incidence of prepayments and the "10-year rule" of federal tax law. Under this rule, prepayments received 10 or more years beyond the date of the original issuance of bonds cannot be recycled into new loans and must be used to redeem tax-exempt bonds. In the case of these recent bond issues, a portion of the authority to issue them on a tax-exempt basis was related to older bonds.

While this mismatch has occurred (and will show up in the tables of this report), the small semiannual cost of the mismatch will be more than offset by the large interest cost savings from our \$849 million of "net" variable rate debt. In other words, while some of our bonds are "over-swapped", there are significantly more than enough unswapped variable rate bonds to compensate for the mismatch. In addition, we will monitor the termination value of our "excess swap" position looking for opportunities to unwind these positions when market terminations would be at no cost or a positive value to us. Recently, we executed our first market termination of an excess swap position.

There are several strategies for dealing with excess prepayments: they may be reinvested, used for the redemption of other (unswapped) bonds, or recycled directly into new loans. Alternatively, we could make termination payments to our counterparties to reduce the notional amounts of the swaps, but this alternative appears to be the least attractive economically.

Currently we initially invest most of the excess prepayments with the financial institutions that originally provided us, for each transaction, with fixed-rate "float" agreements at what seem like

high rates today. Many of these agreements, however, were written to limit the amount of time that we could leave moneys on deposit; in these cases the investment of the excess is an interim step until we implement longer-term strategies.

In consultation with our financial advisors, we have determined that the best long-term strategy is to recycle the excess prepayments into new CalHFA loans. Of course, this means that we will be bearing the economic consequences of replacing old 7% to 8% loans that have paid off with new loans at rates that will be current at the time we recycle. With our December 1, 2005 transfer of loans from our warehouse line we have recycled a total of \$1.2 billion of excess prepayments over the past year and a half. This practice has resulted in reduced issuance activity in calendar years 2004 and 2005.

In addition we have begun a widespread strategy of reusing unrestricted loan prepayments to purchase new loans. We currently have more than \$2 billion of swap notional having a fixed payer rate below the weighted average interest rate of new loans being purchased. In today's market, this tremendous recycling opportunity reduces transaction costs related to new issuance and preserves for future use our swap par termination rights.

TERMINATION RISK

Termination risk is the risk that, for some reason, our interest rate swaps must be terminated prior to their scheduled maturity. Our swaps have a market value that is determined based on current interest rates. When current fixed rates are higher than the fixed rate of the swap, our swaps have a positive value to us (assuming, as is the case on all of our swaps today, that we are the payer of the fixed swap rate), and termination would result in a payment from the provider of the swap (our swap "counterparty") to us. Conversely, when current fixed rates are lower than the fixed rate of the swap, our swaps have a negative value to us, and termination would result in a payment from us to our counterparty.

Our swap documents allow for a number of termination "events", i.e., circumstances under which our swaps may be terminated early, or (to use the industry phrase) "unwound". One circumstance that would cause termination would be a payment default on the part of either counterparty. Another circumstance would be a sharp drop in either counterparty's credit ratings and, with it, an inability (or failure) of the troubled counterparty to post sufficient collateral to offset its credit problem. It should be noted that, if termination is required under the swap documents, the market determines the amount of the termination payment and who owes it to whom. Depending on the market, it may be that the party who has caused the termination is owed the termination payment.

As part of our strategy for protecting the agency when we entered the swap market in late 1999, we determined to choose only highly-creditworthy counterparties and to negotiate "asymmetrical" credit requirements in all of our swaps. These asymmetrical provisions impose higher credit standards on our counterparties than on the agency. For example, our counterparties may be required to collateralize their exposure to us when their credit ratings fall from double-A to the highest single-A category (A1/A+), whereas we need not collateralize until our ratings fall to the mid-single-A category (A2/A).

Monthly we monitor the termination value of our swap portfolio as it grows and as interest rates change. Over time, since we entered the swap market, interest rates have generally been falling. Growth in the portfolio combined with this downward trend in interest rates made our swap portfolio have a large negative value (to us), as shown in the table below.

Because termination is an unlikely event, the fact that our swap portfolio has a large negative value, while interesting, is not necessarily a matter of direct concern. We have no plans to terminate swaps early (except in cases where the swap notional is excess to the bonds being hedged or we negotiated "par" terminations when we entered into the swaps) and do not expect that credit events triggering termination will occur, either to us or to our counterparties.

The Government Accounting Standards Board does not require that our balance sheet be adjusted for the market value of our swaps, but it does require that this value be disclosed in the notes to our financial statements.

The table below shows the history of the fluctuating negative value of our swap portfolio for the last year.

TERMINATION VALUE HISTORY

<u>Date</u>	<u>Termination Value</u> <u>(\$ in millions)</u>
12/31/04	(\$279.0)
1/31/05	(\$292.2)
2/28/05	(\$231.0)
3/31/05	(\$199.1)
4/30/05	(\$252.8)
5/31/05	(\$296.7)
6/30/05	(\$306.9) ¹
7/31/05	(\$235.1)
8/31/05	(\$274.1)
9/30/05	(\$202.6)
10/31/05	(\$156.1)
11/30/05	(\$151.0)

It should be noted that during this period, the notional amount of our fixed-payer swaps has been increasing. When viewing the termination value, one should consider both the change in market conditions and the increasing notional amount.

¹ *As reported in our 2004/05 financial statements.*

TYPES OF VARIABLE RATE DEBT

The table below shows our variable rate debt sorted by type, i.e., whether auction rate, indexed rate, or variable rate demand obligations (VRDOs). Auction and indexed rate securities cannot be "put" back to us by investors; hence they typically bear higher rates of interest than do "puttable" bonds such as VRDOs.

TYPES OF VARIABLE RATE DEBT*(\$ in millions)*

	<u>Auction Rate & Similar Securities</u>	<u>Indexed Rate Bonds</u>	<u>Variable Rate Demand Obligations</u>	<u>Total Variable Rate Debt</u>
HMRB	\$168	\$1,265	\$3,041	\$4,474
MHRB	500	0	734	1,234
HPB	0	0	50	50
DDB	<u>0</u>	<u>1,032</u>	<u>0</u>	<u>1,032</u>
Total	\$668	\$2,297	\$3,825	\$6,790

LIQUIDITY PROVIDERS

The table below shows the financial institutions providing liquidity in the form of standby bond purchase agreements for our VRDOs. Under these agreements, if our variable rate bonds are put back to our remarketing agents and cannot be remarketed, these institutions are obligated to buy the bonds.

In November 2004 we requested proposals from our existing liquidity banks to provide standby bond purchase agreements for our VRDOs issued under the HMRB indenture during calendar year 2005. We received liquidity bids from nine banks or syndicates of banks totaling in excess of \$2.8 billion. We have selected four banks to provide liquidity for HMRB VRDOs with whom we plan to rotate throughout calendar year 2005. Each of the four banks selected offered very attractive pricing for terms up to 12 years.

Likewise, in April 2005, we requested liquidity banks to identify new capacity for our MHRB indenture. We received liquidity bids from nine banks totaling in excess of \$1.7 billion, far exceeding our expectations. The newly identified liquidity capacity will allow financing of our multifamily program with variable rate demand obligations rather than auction rate securities as we had been doing since 2003.

LIQUIDITY PROVIDERS
(*\$ in millions*)

<u>Financial Institution</u>	<u>\$ Amount of Bonds</u>	<u>Indenture</u>
Dexia Credit Local	\$858.7	HMRB
Lloyds TSB	486.6	HMRB
Fannie Mae	445.1	HMRB/MHRB
BNP Paribas	299.6	HMRB
Bank of Nova Scotia	247.8	HMRB
Bank of America	193.6	HMRB
DEPFA Bank	185.6	MHRB
Bayerische Landesbank	174.5	HMRB
Westdeutsche Landesbank	173.4	HMRB
JPMorgan Chase Bank	167.9	HMRB/MHRB
Landesbank Hessen-Thuringen	155.6	MHRB
KBC	120.6	HMRB
State Street Bank	98.1	HMRB
Bank of New York	94.8	HMRB
CalSTRS	72.0	HMRB/MHRB
Citibank N.A.	50.0	HPB
Total	\$3,823.9	

Unlike our interest rate swap agreements, our liquidity agreements do not run for the life of the related bonds. Instead, they are seldom offered for terms in excess of five years, and a portion of our agreements require annual renewal. We expect all renewals to take place as a matter of course; however, changes in credit ratings or pricing may result in substitutions of one bank for another from time to time.

BOND AND SWAP TERMINOLOGY**BMA INDEX**

Bond Market Association Municipal Swap Index. A weekly index of short-term tax-exempt rates.

COUNTERPARTY

One of the participants in an interest rate swap

DATED DATE

Date from which first interest payment is calculated.

DELAYED START SWAP

A swap which delays the commencement of the exchange of interest rate payments until a later date.

DELIVERY DATE, OR ISSUANCE DATE

Date that bonds are actually delivered to the underwriters in exchange for the bond proceeds.

GENERAL OBLIGATION BOND

A type of security which is evidence of a debt secured by all revenues and assets of an organization.

INDENTURE

The legal instrument that describes the bonds and the pledge of assets and revenues to investors. The indenture often consists of a general indenture plus separate series indentures describing each issuance of bonds.

INTEREST RATE CAP

A financial instrument which pays the holder when market rates exceed the cap rate. The holder is paid the difference in rate between the cap rate and the market rate. Used to limit the interest rate exposure on variable rate debt.

INTEREST RATE SWAP

An exchange between two parties of interest rate exposures from floating to fixed rate or vice versa. A fixed-payer swap converts floating rate exposure to a fixed rate.

LIBOR

London Interbank Offered Rate. The interest rate highly rated international banks charge each other for borrowing U.S. dollars outside of the U.S. Taxable swaps often use LIBOR as a rate reference index. LIBOR swaps associated with tax-exempt bonds will use a percentage of LIBOR as a proxy for tax-exempt rates.

MARK-TO-MARKET

Valuation of securities or swaps to reflect the market values as of a certain date. Represents liquidation or termination value.

MATURITY

Date on which the principal amount of a bond is scheduled to be repaid.

NOTIONAL AMOUNT

The principal amount on which the exchanged swap interest payments are based.

OFFICIAL STATEMENT

The "prospectus" or disclosure document describing the bonds being offered to investors and the assets securing the bonds.

PRICING DATE

Date on which issuer agrees (orally) to sell the bonds to the underwriters at certain rates and terms.

REDEMPTION

Early repayment of the principal amount of the bond. Types of redemption: "special", "optional", and "sinking fund installment".

REFUNDING

Use of the proceeds of one bond issue to pay for the redemption or maturity of principal of another bond issue.

REVENUE BOND (OR SPECIAL OBLIGATION BOND) (OR LIMITED OBLIGATION BOND)

A type of security which is evidence of a debt secured by revenues from certain assets (loans) pledged to the payment of the debt.

SALE DATE

Date on which purchase contract is executed evidencing the oral agreement made on the pricing date.

SERIAL BOND

A bond with its entire principal amount due on a certain date, without scheduled sinking fund installment redemptions. Usually serial bonds are sold for any principal amounts to be repaid in early (10 or 15) years.

SERIES OF BONDS

An issuance of bonds under a general indenture with similar characteristics, such as delivery date or tax treatment. Example: "Name of Bonds", 1993 Series A. Each series of Bonds has its own series indenture.

SWAP CALL OPTION

The right (but not the obligation) to terminate a predetermined amount of swap notional amount, occurring or starting at a specific future date.

SYNTHETIC FIXED RATE DEBT

Converting variable rate debt into a fixed rate obligation through the use of fixed-payer interest rate swaps.

SYNTHETIC FLOATING RATE DEBT

Converting fixed rate debt into a floating rate obligation through the use of fixed-receiver interest rate swaps.

TERM BOND

A bond with a stated maturity, but which may be subject to redemption from sinking fund installments. Usually of longer maturity than serial bonds.

VARIABLE RATE BOND

A bond with periodic resets in its interest rate. Opposite of fixed rate bond.

State of California

MEMORANDUM**To: Board of Directors****Date: 12-28-05****From: Tom Hughes, General Counsel
CALIFORNIA HOUSING FINANCE AGENCY****Subject: Regulations Update**

The Board approved two resolutions in 2005 relating to regulations. This memo updates the status of those rules.

On January 13, 2005, the Board approved resolution 05-05, which promulgated and amended or repealed regulations relating to mortgage insurance, multi-family loans, and board procedure. Those rules were approved by OAL without change on December 19, 2005, and were filed with the Secretary of State on the same day. Those rules and amendments are now effective.

On March 22, 2005, the Board approved resolution 05-13, updating the Agency's required conflict of interest rules. Those rules were approved by the FPPC on December 16, 2005, and submitted to OAL on December 23, 2005. Minor, non-substantive changes were made. The rules are expected to be published in early January, and will be effective 30 days after publication.

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State of California

MEMORANDUM**To:** Board of Directors**Date:** December 27, 2005**From:** Beverly Fretz-Brown, Interim Director of Multifamily Programs
CALIFORNIA HOUSING FINANCE AGENCY**Subject:** PROJECTS \$4 MILLION AND UNDER APPROVED BY SENIOR LOAN COMMITTEE

On November 8, 2001, the Board of Directors approved Resolution 01-37, authorizing the Executive Director to enter into multifamily loan commitments for small projects. "Small Projects" was defined as projects with aggregate loan totals under \$4 million, not including special needs projects. Attached is a comprehensive report covering the small projects that have been approved under Resolution 01-37 ("the Resolution").

Through year end 2005, twenty-four Small Projects totaling \$55,494,608 have been approved by the Executive Director under the Resolution. These 24 projects represent 5% of the total \$1,034,743,844 in multifamily commitments over the same period and 24% of the 99 multifamily projects approved by the Agency.

When the Board of Directors approved the Resolution, it was contemplated that the number of projects presented to the Board would be reduced by between 33-50%. This reduction would allow extra time to discuss other Agency issues with the Board of Directors. Generally, Small Projects have been slightly over one-quarter of all multifamily projects approved by the Agency in any one fiscal year, which is lower than originally anticipated. The exception to this distribution occurred in FY 2003/2004, in which only 15% of the projects approved for loan commitments were Small Projects. Considering the entire period, the overall percentage of small projects approved under the Resolution compared to total multifamily production was 24%.

The type of small projects approved under the Resolution has also changed over time. They have moved from traditional multifamily housing using the Agency's core programs to those involving specialized partnership programs with other agencies. For example, in FY 2004/2005, two of the seven projects approved (29%) were Proposition 46 Housing Preservation Opportunity loans and three of the seven projects approved (42%) were HUD 811 loans, where the Agency matches funding committed by the Department of Housing and Community Development. Only two of the small projects (29%) were from the Agency's traditional lending programs. This trend continues in FY 2005/2006, where all three of the small projects approved to date are Proposition 46 loans.

An important factor affecting the Small Projects program was the initiation of the Agency's construction loan program, which occurred after the Resolution was approved. Construction lending increased the loan amounts financed by the Agency. In FY 2003/2004, after the inception of the construction loan program, only four out of 26 projects (15%) qualified as Small Projects and were approved under the Resolution. If HUD 811 and Proposition 46 loans are excluded from production totals, only six out of 67 projects (8%) approved since the inception of the construction loan program qualified as small projects.

In summary, the Resolution is now primarily used to approve programs assigned to the Agency (Proposition 46 Housing Preservation) or programs like HUD's 811 program, in which the Agency has minimal involvement and investment. The loan totals of most projects using traditional Agency loan financing exceed \$4 million either on a per loan basis, or in the aggregate. None of the four projects currently in the pipeline is a small project; all have multiple Agency loans with aggregate loan balances exceeding \$10 million.

We will continue to update the Board of Directors on a semi-annual basis with information on the Small Projects program approved under the Resolution. We will also consider possible changes to the Resolution as we prepare for the 2006/2007 Business Plan.

Senior Loan Committee Final Project Approvals \$4 Million and Below

Project Name/City/County	Project Type	Developer/Project Manager	CalHFA Financing	Other Financing Sources	Date Approved
Winter Creek Village Windsor, Sonoma County	Family	Burbank Housing Development Corporation Nick Stewart	\$1,250,000- 1st \$2,400,000- Bridge	\$1,438,400- Town of Windsor \$ 648,400- CDBG/HOME \$1,882,547- MHP \$ 246,000- AHP	3/25/2002
Countrywood Apartments Linda, Yuba County	Family	Mercy Housing California Stephan Daves	\$ 580,000- 1st \$ 170,000- 2nd Section 8	\$ 975,610- HOME \$ 288,000- AHP	11/13/2002
Sierra Madre Apartments Sierra Madre, Los Angeles County	Senior	Accessible Housing Corporation Gary Braverman	\$ 250,000- Predevelopment Loan	\$ 928,444- CDC/HOME	12/11/2002
Tremont Greens at El Marcero Davis, Yolo County	Family	Yolo Mutual Housing Association Lucas Frerichs	\$ 250,000- Predevelopment Loan	\$3,000,000- City of Davis \$ 144,000- AHP	12/11/2002
Redwood Court Redwood City, San Mateo County	Family	Mid-Peninsula Housing Coalition Terese McNamee	\$1,350,000- 1st \$ 730,000- Bridge	\$ 258,974- HOME	12/20/2002
Morse Court Sunnyvale, Santa Clara County	Family	Mid-Peninsula Housing Coalition Terese McNamee	\$1,630,000- 1st \$1,170,000- Bridge		12/20/2002
Moore Village at Wildhorse Davis, Yolo County	Family	Davis Mutual Housing Association Luke Watkins	\$ 250,000- Predevelopment Loan	\$3,300,000- City of Davis	3/5/2003
Sierra Madre Apartments Sierra Madre, Los Angeles County	Senior	Accessible Housing Corporation Gary Braverman	\$2,100,000- 1st \$ 660,000- Bridge	Other Financing Sources included in the prior approval for this FY.	3/21/2003
Winters Apartments Winters, Yolo County	Family	CHOC Cindy Heavens	\$1,365,000- 1st \$ 250,000- 2nd HAT	\$ 250,000- CDBG Grant \$ 90,650- CDBG Loan	3/21/2003

Project Name/City/County	Project Type	Developer/Project Manager	CalHFA Financing	Other Financing Sources	Date Approved
The Surf Apartments San Leandro, Alameda County	Family	Citizens Housing Corporation Alex Galovitch	\$2,930,000- 1st	\$ 700,000- HOME \$ 300,000- RDA Loan	3/24/2003
Tremonf Greens at El Marcero Davis, Yolo County	Family	Yolo Mutual Housing Association Lucas Frerichs	\$1,775,000- 1st \$1,850,000- Bridge	Other Financing Sources included in the prior approval for this FY.	6/4/2003
West Covina Senior Villas West Covina, Los Angeles County	Senior	West Covina Senior Villas LLC Thomas Corley	\$2,800,000- 1st	\$4,250,000- RDA Loan	6/11/2003
FY 2002-2003		10 Projects (12 Approvals)	\$23,760,000 8.3% of Total Commitments	\$18,557,025	
Emerson Arms Apartments Martinez, Contra Costa County	Family	Eden Housing Inc. Jeff Bennet	\$2,310,000- 1st \$ 213,128- 2nd IRP	\$1,360,622- CDBG	8/25/2003
Copper Creek Phase II San Marcos, San Diego County	Family	Bridge Housing Corporation Tim Baker	\$ 435,000- 1st	\$ 96,471- HOME \$ 823,529- CDBG	10/22/2003
Las Brisas Apartments Cudahy, Los Angeles County	Family	DFC Group, Inc Stephen Stogel	\$2,662,500- 1st \$ 568,335- 2nd IRP		11/12/2003
Citrus Grove Apartments Fontana, San Bernardino County	Family	Preservation Partners Development F. Augusto Sasso	\$ 890,000- 1st \$1,500,000- 2nd HAP \$1,400,000- Bridge	\$ 65,725- AHP	4/19/2004
FY 2003-2004		4 Projects	\$9,978,963 3.9% of Total Commitments	\$2,346,347	
Boulevard Apartments Petaluma, Sonoma County	HUD 811	Bucklew Programs Jay Zlotnick	\$ 292,500- 2nd (Const.)	\$2,125,350- HUD 811 \$ 80,200- CDBG \$ 300,000- RDA	10/28/2004

Project Name/City/County	Project Type	Developer/Project Manager	CalHFA Financing	Other Financing Sources	Date Approved
Douglas Park Apartments Compton, Los Angeles County	Family	In Site Development LLC	\$3,450,000- 1st		11/18/2004
Casa de la Vista Redlands, San Bernardino County	Senior	Steven Eglash American Baptist Homes	\$3,750,000- 1st		11/18/2004
Divine Senior Apartments Cloverdale, Sonoma County	Senior	Ancel Romero Domus Development LLC	\$2,005,000- 1st \$ 860,000- Prop 46	\$ 250,000- CDBG \$1,311,650- MHP \$ 500,000- MHP-NSSS	2/9/2005
Lincoln Street Housing Fremont, Alameda County	HUD 811	Meeea Kang Housing Consortium of the East Bay	\$ 605,247- 2nd (Const.)	\$ 960,493- HCD-MHP \$ 250,000- HCD-NSSS \$1,416,400- HUD 811 \$ 131,350- RDA \$ 660,000- CDBG \$ 693,650- HOME \$ 110,000- AHP	3/2/2005
Foothill Plaza Oakland, Alameda County	Family	Oakland Community Housing, Inc Dwight Dickerson	\$2,950,000- 1st \$1,265,000- Prop 46	\$1,329,313- Oakland HODAG Loan	5/4/2005
ABC Apartments El Sobrante, Contra Costa County	HUD 811	California Autism Foundation Margaret Schliessman.	\$ 658,898- 2nd (Const)	\$1,092,796- HCD-MHP \$ 225,000- HCD-MHP-NSSS \$1,480,000- HUD 811 \$ 482,000- HOME	6/3/2005
FY 2004-2005		7 Projects	\$15,836,645 4.1% of Total Commitments	\$13,398,203	
Seabreeze Apartments Crescent City, Del Norte County	Senior	Rural Community Housing Development Dan Morris	\$1,755,000- 1st \$ 757,000- Prop 46	\$ 738,000- USDA Loan	7/18/2005
Seagull Villa Apartments Crescent City, Del Norte County	Family	Rural Community Housing Development Dan Morris	\$1,465,000- 1st \$ 627,000- Prop 46	\$ 845,000- USDA Loan	7/18/2005

Project Name/City/County	Project Type	Developer/Project Manager	CalHFA Financing	Other Financing Sources	Date Approved
Tofern Villa Apartments Crescent City, Del Norte County	Family	Rural Community Housing Development Dan Morris	\$ 920,000- 1st \$ 395,000- Prop 46	\$ 895,000- USDA Loan	7/18/2005
FY 2005-2006		3 Projects	\$5,919,000 4.9% of Total Commitments	\$2,478,000	
Total to Date		24 Projects (26 Approvals)	\$55,494,608 5% of Total Commitments	\$36,779,575	