DEVELOPMENT TEAM

Borrower/Developer

Tahoe Senior Housing II L.P., a California limited partnership.

The managing general partner is Carmel Senior Housing, Inc, a California nonprofit public benefit corporation, and a wholly controlled affiliate of American Baptist Homes of the West ("ABHOW").

American Baptist Homes of the West's original vision was to provide quality housing and health care for retired American Baptist ministers and missionaries. Today, its communities welcome all people, regardless of occupation or religious affiliation. Its first community, Pilgrim Haven, opened in 1949 in Los Altos, CA. Nearly 4,500 residents currently live in 30 communities located in four Western states. ABHOW is known for pioneering leadership in the concept of continuing care and for recent innovations in memory support care. Nine of its communities are accredited by the Continuing Care Accreditation Commission.

Management Agent

<u>American Baptist Homes of the West</u>

American Baptist Homes of the West ("ABHOW") currently owns and manages 19 HUD assisted elderly apartment communities and 10 continuing care retirement communities. The total number of elders served in the continuing care facilities is approximately 2,511 and approximately 1,588 seniors and disabled people are served in the affordable rental complexes.

All facilities are under central management of ABHOW's main office in Pleasanton, California. Every project is individually staffed with administrative, clerical, maintenance and grounds, and in many cases supportive services staff.

Architect

<u>Borges Architectural Planning Group.</u>

Founded in 1986, Borges Architectural Group, and its predecessor groups, have specialized in master planning and commercial design for office, retail, senior housing institutional and industrial properties in both the pubic and private sector.

Contractor

<u>Broward Brothers, Inc.</u>

Broward Brothers, Inc, a California General Building and engineering contractor was founded in 1990 and employs 175 people. Since it's founding they have constructed over 1,000 units of affordable/special needs housing.

PROJECT SUMMARY

PROJECT NUMBER: 07-028-C

Final Commitment

Project:	**Tahoe Senior Plaza II**		
Location:	1447 Herbert Avenue	***Developer:***	**ABHOW**
City:	South Lake Tahoe	***Partner:***	0
County:	El Dorado	***Investor:***	Merritt Community Capital Corporation
Zip Code:	96150		

		No. of Buildings:	1	
Project Type:	New Construction	*No. of Stories:*	2	
Occupancy:	Senior	*Residential Space*	18,950	sq. ft.
Total Units:	33	*Office Space*	300	sq. ft.
Style Units:	Flats	*Commercial Space*	0	sq. ft.
Elevators:	Yes	*Gross Area*	27,060	sq. ft.
Total Parking	35	*Land Area*	138,956	sq. ft.
Covered	0	*Units per acre*	10	

CalHFA Construction Financing	Amount	Rate	Term (Mths)
CalHFA Construction Financing (variable rate)	$4,730,000	4.77%	18

Permanent Sources of Funds	Amount	Rate	Years
CalHFA First Mortgage	**$0**	**0.00%**	**0**
CalHFA Bridge Loan	**$0**	**0.00%**	**0**
CalHFA Second Mortgage	**$0**	**0.00%**	**0**
0	$0	0.00%	0
So Lake Tahoe HOME	$3,412,500	3.00%	55
South Lake Tahoe RDA	$906,722	3.00%	55
0	$0	0.00%	0
0	$0	0.00%	0
Source 7	$0	0.00%	0
Source 8	$0	0.00%	0
Source 9	$0	0.00%	0
Source 10	$0	0.00%	0
Source 11	$0	0.00%	0
Source 12	$0	0.00%	0
Sponsor Loan	$376,702	0.00%	55
Developer Contribution	$485,000		
Deferred Dev. Fee	$158,000		
Tax Credit Equity	$3,235,000		

Construction Valuation		Appraisal		Value Upon Completion	
Investment Value	$7,675,000	**Appraisal Date:**	**11-Mar-08**	**Restricted Value**	$7,675,000
Loan / Cost	62%	**Cap Rate:**	**0.07%**	**Perm. Loan / Cost**	0%
Loan / Value	62%			**Perm. Loan / Value**	0%

CalHFA Fees and Reserve Requirements

CalHFA Loan Fees	**Amount**	**Required Reserves**	**Amount**
CalHFA Construction Loan Fee	$35,475	Rent Subsidy Reserve	$0
CalHFA Permanent Loan Fees	$0	Replacement Resv. Initial Deposit	$0
Other Fee	$0	Repl. Reserve - Per Unit/ Per Yr	$0

Construction Loan - Guarantees and Fees			
		CalHFA Operating Expense Reserve-below	$0
Completion Guarantee Fee	$5,192,000	Rent Up Reserve	$0
Contractors Payment Bond	$5,192,000	Operating Expense Reserve	$0
Contractors Performance Bond	$5,192,000		

Date: 3/19/2008 **Senior Staff Date:** 2/27/2008

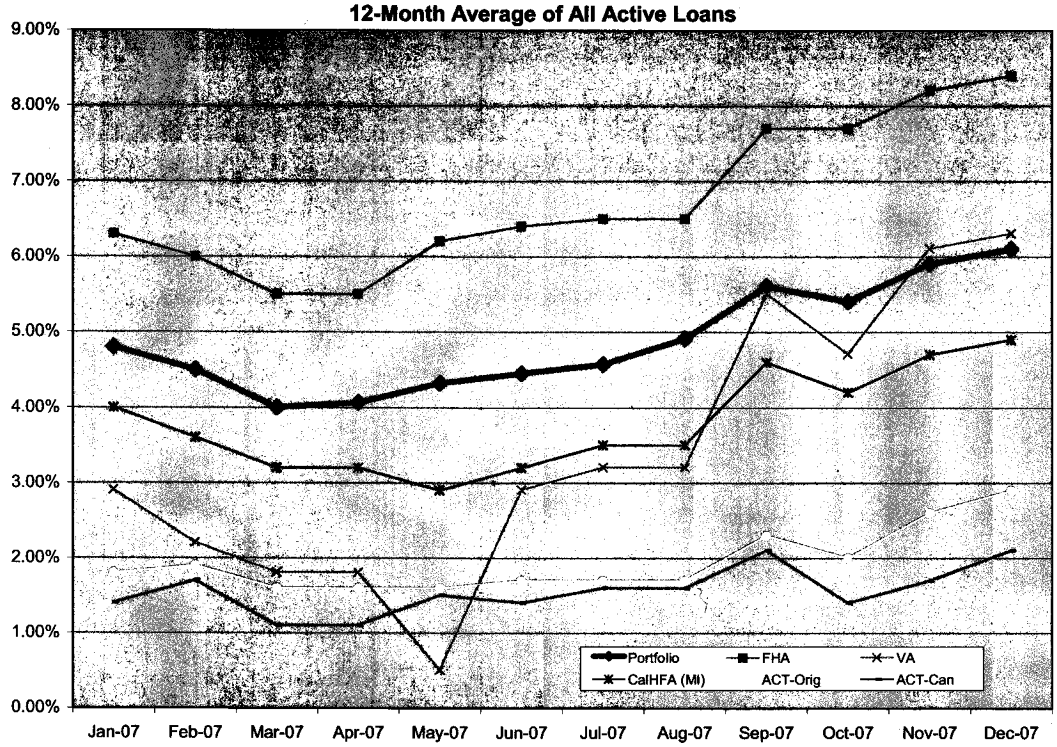
HOMEOWNERSHIP LOAN PROGRAMS
DELINQUENCY, REO and LOSS REPORT
Dated March 5th, 2008

Fully Reconciled Mortgage Loan Delinquency Summary
All Active Loans [1]
(As of December 2007)

Insurer	Active Loans	Outstanding Dollars	30 Day	60 Day	90 Day	120 Day	Total Delinq. Ratio	12 Month Weighted Average Delinquency
FHA	15,241	$2,108,089,776	4.40%	1.40%	0.80%	1.80%	8.40%	6.76%
VA	504	$77,408,945	3.20%	1.20%	0.40%	1.60%	6.30%	3.53%
RHS	106	$22,669,218	0.90%	0.90%	0.00%	1.90%	3.80%	4.89%
ACT-Orig [2]	5,461	$1,186,392,136	1.60%	0.50%	0.10%	0.60%	2.90%	1.99%
ACT-Can [3]	1,740	$213,220,841	1.40%	0.20%	0.20%	0.20%	2.10%	1.57%
CalHFA (MI)	8,554	$2,370,536,525	2.10%	1.00%	0.50%	1.30%	4.90%	3.83%
Other [4]	19	$5,011,539	0.00%	0.00%	0.00%	0.00%	0.00%	1.26%
Portfolio:	31,625	$5,983,328,980	3.10%	1.10%	0.60%	1.40%	6.10%	4.93%

(1) Delinquency information is for whole loans only.
(2) ACT-Orig = Originated loans with no borrower paid mortgage insurance (Original LTV is 80% or less).
(3) ACT-Can = Loans in which borrower paid mortgage insurance is cancelled (Once LTV reaches less than 80%).
(4) Other = Private Mortgage Insurance provided by other than CalHFA Mortgage Insurance.

Fully Reconciled Mortgage Loan Delinquency Ratios
12-Month Average of All Active Loans



CalHFA Provided Mortgage Insurance
Primary Loan Portfolio Delinquency Summary [1]
(Information Submitted by Loan Servicers to CalHFA)

	Active Loans	Delinquent: Less than 120 Days [2]	Delinquent: 120+ Days	Loans in Foreclosure	Total	% of Portfolio
December Number of Loans	9,390	105	56	59	220	2.34%
December $ Amount	$2,596,782,688	$27,580,068	$14,642,747	$14,097,463	$56,320,278	2.17%
January Number of Loans	9,537	106	77	64	247	2.59%
January $ Amount	$2,640,393,800	$27,432,983	$20,525,676	$15,614,543	$63,573,202	2.41%
February Number of Loans	9,664	143	73	82	298	3.08%
February $ Amount	$2,676,429,848	$36,221,461	$19,586,760	$20,226,219	$76,034,440	2.84%

(1) Information does not correspond to fully reconciled data since loan servicers provide information on all loans in the pipeline as well as non-CalHFA insured loans.
(2) May not include all delinquencies since servicers are not required to report delinquencies less than 120 days.

Home Ownership Loan Programs Active Loans and Real Estate Owned Summary

Active Loans	Calendar Year 2007	2008 YTD (as of 12-31-07)
FHA/RHS	15,347	15,347
Conventional	15,774	15,774
VA	504	504
Portfolio	31,625	31,625

Trustee Sales Held	Calendar Year 2007	Calendar Year 2008 (through 02/08)
FHA/RHS	70	34
% of Portfolio	0.46%	0.22%
Conventional	50	28
% of Portfolio	0.32%	0.18%
VA	0	0
% of Portfolio	0.00%	0.00%
Portfolio	120	62
Total %	0.38%	0.20%

Current Inventory of REO by types of insurer (As of February 2008)

Insurer	# of Properties	Dollars
CalHFA MI	64	$16,871,045
FHA	43	$8,899,086
ACT-Orig	4	$700,793
RHS	2	$439,968
Total	113	$26,910,892

Trustee Sales Held

Trustee Sales Held	Calendar Year 2007	Calendar Year 2008 (through 02/08)
Third Party	21	3
Reverted to CalHFA	99	59
of the Reverted		
FHA/VA/USDA	57	32
Conventional	42	27
Portfolio	120	62

2008 Year to Date REO Uninsured Losses[1]
(As of February 2008)

1st TD Sale Gain(Loss)	($142)
Subordinate Write-Off	($864,306)
Total Gain(Loss)	($864,448)

(1) Includes both reconciled and unreconciled gains/losses to date.

Composition of 1st Trust Deed Gain/(Loss)
(Portfolio as of December 2007; Trustee Sales Held YTD 2008

Loan Type	Active Loans	Outstanding Dollars	Trustee Sales Held	% (of loans)	Gain/(Loss)
FHA/RHS	15,347	$2,130,758,994	34	0.22%	($114)
Conventional	15,774	$3,775,161,041	28	0.18%	($29)
VA	504	$77,408,945	-	0.00%	$0
	31,625	$5,983,328,980	62	0.20%	($142)

Composition of Subordinate Write-Offs by Loan Type[1]
(As of February 2008)

Loan Type	Active Loans	Outstanding Dollars	Write-Offs	%	Write-Off Dollars	%
CHAP/HiCAP	11,241	$127,085,658	50	0.44%	$590,655	0.46%
CHDAP/ECTP/HiRAP	18,007	$156,165,306.82	35	0.19%	$273,651	0.18%
Other [2]	348	$4,381,391	-	0.00%	-	0.00%
	29,596	$287,632,355	85	0.29%	$864,306	0.30%

(1) Does not include FNMA and CalSTRS subordinates (non-agency loans serviced by in house loan servicing)
(2) Includes HPA, MDP, OHPA, and SSLP.

CalHFA Mortgage Insurance

BOARD PRESENTATION
MARCH 19, 2008

Charles K. McManus
Director of Mortgage Insurance

CalHFA
Affordable Housing is our Business

Review of California Housing Finance Agency Mortgage Insurance Rates

- Mortgage Insurance Fund (California Housing Loan Insurance Fund) formed to credit enhance low down payment mortgage loans for low and moderate income California residents

- Mortgage Insurance Fund historically provided below market premium rates

- Housing market in California currently experiencing falling prices in many markets

- Low down payment lending increasingly risky

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Review of California Housing Finance Agency Mortgage Insurance Rates (continued)

- Private Mortgage Insurance companies have withdrawn from the 100% LTV market; severely limited the 97% LTV lending or withdrawn from lending over 95% LTV

- CalHFA needs to increase mortgage insurance premium rates to current market rates

- CalHFA will continue to review housing market conditions; would plan on returning to current or similar premium rates when home prices have stabilized

Chart 1. CalHFA 35% Coverage Rates

			Standard Mortgage Insurance Rates		Stable & Rising Market Alternative Rates	
LTV	Coverage	Exposure	>25 Yr	≤ 25 Yr	>25 Yr	≤ 25 Yr
100% - 97.01%	35%	65%	0.96%	0.85%	0.85%	
97% - 95.01%	35%	65%	0.96%	0.85%	0.85%	
95% - 90.01%	35%	62%	0.90%	0.79%	0.75%	
90% - 85.01%	35%	59%	0.67%	0.56%	0.55%	
85% & Under	35%	56%	0.62%	0.51%	0.40%	

Chart 2. New CalHFA Rates

LTV	Coverage	Exposure	Standard Mortgage Insurance Rates		Stable & Rising Market Alternative Rates	
			>25 Yr	≤ 25 Yr	>25 Yr	≤ 25 Yr
100% - 97.01%	35%	65%	0.96%	0.85%	0.85%	
97% - 95.01%	35%	65%	0.96%	0.85%	0.85%	
95% - 90.01%	30%	67%	0.78%	0.67%	0.68%	
90% - 85.01%	25%	68%	0.52%	0.41%	0.45%	
85% & Under	12%	75%	0.32%	0.21%	0.24%	

Chart 3. New CalHFA MBS Coverage Rates

			Standard Mortgage Insurance Rates		Stable & Rising Market Alternative Rates	
LTV	Coverage	Exposure	>25 Yr	≤ 25 Yr	>25 Yr	≤ 25 Yr
100% - 97.01%	28%	75%	0.79%	0.68%	0.67%	
97% - 95.01%	25%	75%	0.71%	0.60%	0.65%	
95% - 90.01%	22%	75%	0.63%	0.52%	0.50%	
90% - 85.01%	18%	74%	0.38%	0.27%	0.30%	
85% & Under	12%	75%	0.32%	0.21%	0.24%	

Chart 4. New CalHFA Minimum GSE Charter Rates

LTV	Coverage	Exposure	Standard Mortgage Insurance Rates		Stable & Rising Market Alternative Rates	
			>25 Yr	≤ 25 Yr	>25 Yr	≤ 25 Yr
100% - 97.01%	20%	80%	0.59%	0.48%	0.59%	
97% - 95.01%	18%	80%	0.50%	0.39%	0.50%	
95% - 90.01%	16%	80%	0.46%	0.35%	0.46%	
90% - 85.01%	12%	80%	0.34%	0.23%	0.25%	
85% & Under	6%	80%	0.23%	0.12%	0.22%	

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California Housing Finance Agency Mortgage Insurance Rates
Presented March 19, 2008

The CalHFA Mortgage Insurance Fund (California Housing Loan Insurance Fund or CaHLIF) was formed to provide credit enhancement to low-down payment mortgage loans for low- and moderate- income California residents. CaHLIF has historically provided the uninterrupted availability of mortgage insurance to support CalHFA affordable housing finance programs and to help first-time home buyers qualify for and afford a home.

The housing market in California is currently experiencing falling prices in many markets throughout the state, making low-down payment lending increasingly risky. Private Mortgage Insurance companies have withdrawn from the 100% LTV market and either severely limited the insuring of 97% LTV lending or withdrawn from insuring over 95% LTV loans. CalHFA has revised its mortgage insurance premium rates up to current market rates in order to continue to offer mortgage insurance coverage on all loans in this market and has added additional credit rating requirements for borrowers seeking 97% LTV and 100% LTV loans.

The attached table list the rates CalHFA Mortgage Insurance Fund will begin charging as standard rates as well as those that may be charged in the future under circumstances where the housing market is stable and economic situations allow for such an adjustment. CalHFA will continue to review the housing market conditions in California and would plan on revisiting its mortgage insurance premium rates some time in the future when home prices have stabilized or started to rise again.

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CalHFA NON-REFUNDABLE MONTHLY PREMIUM RATE PLANS

			Standard Mortgage Insurance Rates		Stable & Rising Market Alternative Rates	
LTV	Coverage	Exposure	>25 Yr	≤ 25 Yr	>25 Yr	≤ 25 Yr
100% - 97.01%	50%	50%	1.34%	1.21%	0.99%	0.88%
	42%	58%	1.14%	1.03%	0.95%	
	40%	60%	1.09%	0.98%	0.93%	0.82%
	35%	65%	0.96%	0.85%	0.85%	
	33%	67%	0.91%	0.80%	0.80%	
	30%	70%	0.84%	0.73%	0.68%	0.57%
	28%	75%	0.79%	0.68%	0.67%	
	25%	75%	0.71%	0.60%	0.65%	0.44%
	20%	80%	0.59%	0.48%	0.59%	
97% - 95.01%	50%	50%	1.34%	1.21%	0.99%	
	42%	58%	1.14%	1.03%	0.95%	
	40%	60%	1.09%	0.98%	0.93%	
	35%	65%	0.96%	0.85%	0.85%	
	33%	67%	0.91%	0.80%	0.80%	
	30%	70%	0.84%	0.73%	0.68%	
	28%	75%	0.79%	0.68%	0.67%	
	25%	75%	0.71%	0.60%	0.65%	
	20%	80%	0.59%	0.48%	0.59%	
	18%	82%	0.50%	0.39%	0.50%	
95% - 90.01%	50%	50%	1.26%	1.15%	0.80%	
	35%	62%	0.90%	0.79%	0.75%	
	30%	67%	0.78%	0.67%	0.68%	
	27%	70%	0.71%	0.60%	0.60%	
	25%	72%	0.67%	0.56%	0.55%	
	22%	75%	0.63%	0.52%	0.50%	
	18%	78%	0.48%	0.37%	0.48%	
	16%	80%	0.46%	0.35%	0.46%	
90% - 85.01%	50%	50%	0.88%	0.77%	0.60%	
	35%	59%	0.67%	0.56%	0.55%	
	30%	63%	0.60%	0.49%	0.50%	
	25%	68%	0.52%	0.41%	0.45%	
	22%	71%	0.47%	0.36%	0.39%	
	20%	72%	0.42%	0.31%	0.32%	
	18%	74%	0.38%	0.27%	0.30%	
	17%	75%	0.39%	0.28%	0.29%	
	12%	80%	0.34%	0.23%	0.25%	
85% & Under	50%	50%	0.74%	0.62%	0.44%	
	35%	56%	0.62%	0.51%	0.40%	
	30%	56%	0.60%	0.49%	0.36%	
	25%	64%	0.43%	0.32%	0.34%	
	22%	67%	0.41%	0.30%	0.32%	
	20%	68%	0.39%	0.28%	0.30%	
	17%	71%	0.37%	0.26%	0.28%	
	12%	75%	0.32%	0.21%	0.24%	
	6%	80%	0.23%	0.12%	0.22%	

CalHFA SINGLE PREMIUM RATE PLANS

LTV	Coverage	Exposure	Standard Mortgage Insurance Rates >25 Yr Refund	Standard Mortgage Insurance Rates >25 Yr No Refund	Standard Mortgage Insurance Rates ≤ 25 Yr Refund	Standard Mortgage Insurance Rates ≤ 25 Yr No Refund
100% - 97.01%	50%	50%	5.35%	5.10%	5.04%	
	42%	58%	4.96%	4.71%	4.43%	
	40%	60%	4.83%	4.58%	4.28%	
	35%	65%	4.45%	4.20%	3.90%	3.70%
	33%	67%	4.30%	4.05%	3.75%	
	30%	70%	3.90%	3.60%	3.35%	3.10%
	28%	75%	3.50%	3.20%	3.20%	
	25%	75%	3.25%	3.05%	2.75%	2.65%
	20%	80%	2.70%	2.55%	2.15%	2.10%
97% - 95.01%	50%	50%	5.35%	5.10%	5.04%	
	42%	58%	4.96%	4.71%	4.43%	
	40%	60%	4.83%	4.58%	4.28%	
	35%	65%	4.45%	4.20%	2.95%	2.85%
	33%	67%	4.30%	4.05%		
	30%	70%	3.90%	3.65%	2.70%	2.50%
	28%	75%	3.50%	3.25%		
	25%	75%	2.75%	2.40%	2.20%	2.10%
	20%	80%	2.40%	2.20%	1.85%	1.80%
	18%	82%	2.20%	2.00%	1.75%	1.60%
95% - 90.01%	50%	50%	3.68%	3.48%		
	35%	62%	3.30%	2.95%	2.80%	2.70%
	30%	67%	2.85%	2.70%	2.50%	2.40%
	27%	70%	2.61%	2.46%		
	25%	72%	2.45%	2.30%	2.10%	2.00%
	22%	75%	2.23%	2.08%		
	18%	78%	2.00%	1.90%	1.60%	1.50%
	16%	80%	1.95%	1.70%	1.55%	1.45%
90% - 85.01%	50%	50%	2.50%	2.25%	2.15%	
	35%	59%	2.30%	2.05%	2.00%	
	30%	63%	2.20%	1.90%	1.85%	1.75%
	25%	68%	1.90%	1.60%	1.55%	1.45%
	22%	71%	1.75%	1.55%		
	20%	72%	1.60%	1.40%		
	18%	74%	1.50%	1.30%		
	17%	75%	1.45%	1.30%	1.05%	1.00%
	12%	80%	1.25%	1.10%	0.80%	0.75%
85% & Under	50%	50%	1.75%	1.50%		
	35%	56%	1.60%	1.35%		
	30%	56%	1.55%	1.45%		
	25%	64%	1.50%	1.45%	1.10%	1.05%
	22%	67%	1.45%	1.35%		
	20%	68%	1.40%	1.30%		
	17%	71%	1.30%	1.15%	0.90%	0.85%
	12%	75%	1.15%	1.00%	0.70%	0.65%
	6%	80%	0.90%	0.75%	0.40%	0.35%

Fiscal Years 2008/09 to 2012/13
Five-Year Business Plan

Concept Proposal

March 19, 2008

CalHFA
Affordable Housing is our Business

CalHFA Business Plan
Fiscal Year 2008/09

- Overview of Special Programs Loan Initiatives
- Production Goals:
  - Homeownership
  - Mortgage Insurance
  - Multifamily Rental
  - Special Lending
  - Asset Management
- Other Considerations
  - Strategic Initiatives
  - California Housing Market
  - Capital Markets

CalHFA Business Plan FY 2008/09
Special Programs Loans Initiatives
Production Levels

	HAT FUNDED PROGRAMS	GO BOND PROGRAMS	PROP 63 (MHSA)	TOTAL
Single Family Programs:				
CHAP/HiCap DPA	$ 24,000,000		$ -	$ 24,000,000
CHDAP		$ 40,000,000		$ 40,000,000
SFF/ECTP		$ 11,400,000		$ 11,400,000
SHBAP	1,500,000			$ 1,500,000
Multifamily Programs:				
Acquisition program	5,000,000			$ 5,000,000
Residual Gap loan Program	5,000,000			$ 5,000,000
Portfolio Preservation	5,000,000			$ 5,000,000
Locality Programs (HELP / RDLP)		20,000,000		$ 20,000,000
Homeless / Special Needs			80,000,000	$ 80,000,000
Asset Management:				
Portfolio Assistance	8,000,000			$ 8,000,000
Total	$ 48,500,000	$ 71,400,000	$ 80,000,000	$199,900,000

Proposed Homeownership Business Plan FY 2008/09

FHA	97% LTV 1ST	$600 M	
	CHDAP		$18.0 M
	CHAP		$12.0 M
Conventional Uninsured	Under 80% LTV	$100 M	
Conventional Insured (FICO>620)	95% LTV 1ST	$300 M	
	CHDAP		$9.0 M
	CHAP/HICAP		$12.0 M
SUB-TOTAL		$1.0 B	$51.0 M
SFF/ECTP			$11.4 M
"Stand Alone" CHDAP			$7.0 M
REO (FICO >680) All conventional	100% LTV 1st	$200 M	
	CHDAP		$6 M
TOTAL		$1.2 B	$75.4 M
SHBAP	SELF-HELP CONST/ DEVEOPMENT	$1.5M	

- $1.0 Billion standard 1ST Mortgage Production
- $200 M New REO Program
  - 100% 30-yr fixed rate
- Increase FHA volume
- Underwriting changes
  - FICO scores
  - 95% LTV Conventional Loan
- HAT Funded DAP scaled back (CHAP/HICAP)
- HELP and Habitat for Humanities reallocated to fund DAP
- RDLP reallocated to CHDAP
- Continuing LOS Project

Proposed Mortgage Insurance Business Plan
FY 2008/09

- $500 Million Mortgage Insurance Production
  - $300 Million New ≤ 95% LTV
  - $200 Million 100% LTV REO Program
- $100 Million of ≤ 80% LTV (Gap Insured)
- Underwrite 1,600 CHDAP Stand Alone 1st Mortgages
- Increase Over 95% LTV Minimum Credit Score to 680
- Reduce Maximum LTV for Non-REO Program Loans to 95% LTV and Minimum 620 Credit Score
- Develop Program to Promote DAPs on ≤ 95% LTV and under loans to reduce share of 100% LTV loans

Proposal Multifamily Business Plan FY 2008/09

- Production Goal: $250 Million Annual +
  - Includes both Construction and Permanent Financing
- Multifamily Competitiveness
  - Interest rates, loan fees and processing
  - MHSA Homelessness Initiative
  - Partnership with Fannie Mae
  - Acquisition Program
  - Low Floater Program

Asset Management Market Conditions

- Rental market & occupancy rates remain strong
- Increasing operating costs putting squeeze on bottom line
- Portfolio aging:
    - Loan terms are expiring
    - Projects need rehabilitation, recapitalization
- Owners are aging:
    - Want exit strategy
    - Want equity take out
- Pressure to allow prepayment

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Resources for Managing Assets

- Identify and convince owners to sell through Preservation Sales program through Multifamily Programs
- $8M HAT funds dedicated for preservation & rehabilitation of existing portfolio
- $50M earned surplus funds for rehabilitation of HUD properties
- SB 707 - Extension of RHCP program 7-1-2008
- Watchlist - Identified most troubled properties and give greater agency attention and resources
- Report card project to evaluate how we are doing from loan close to 5 years out
- Continue efforts to create an in-house refinance program

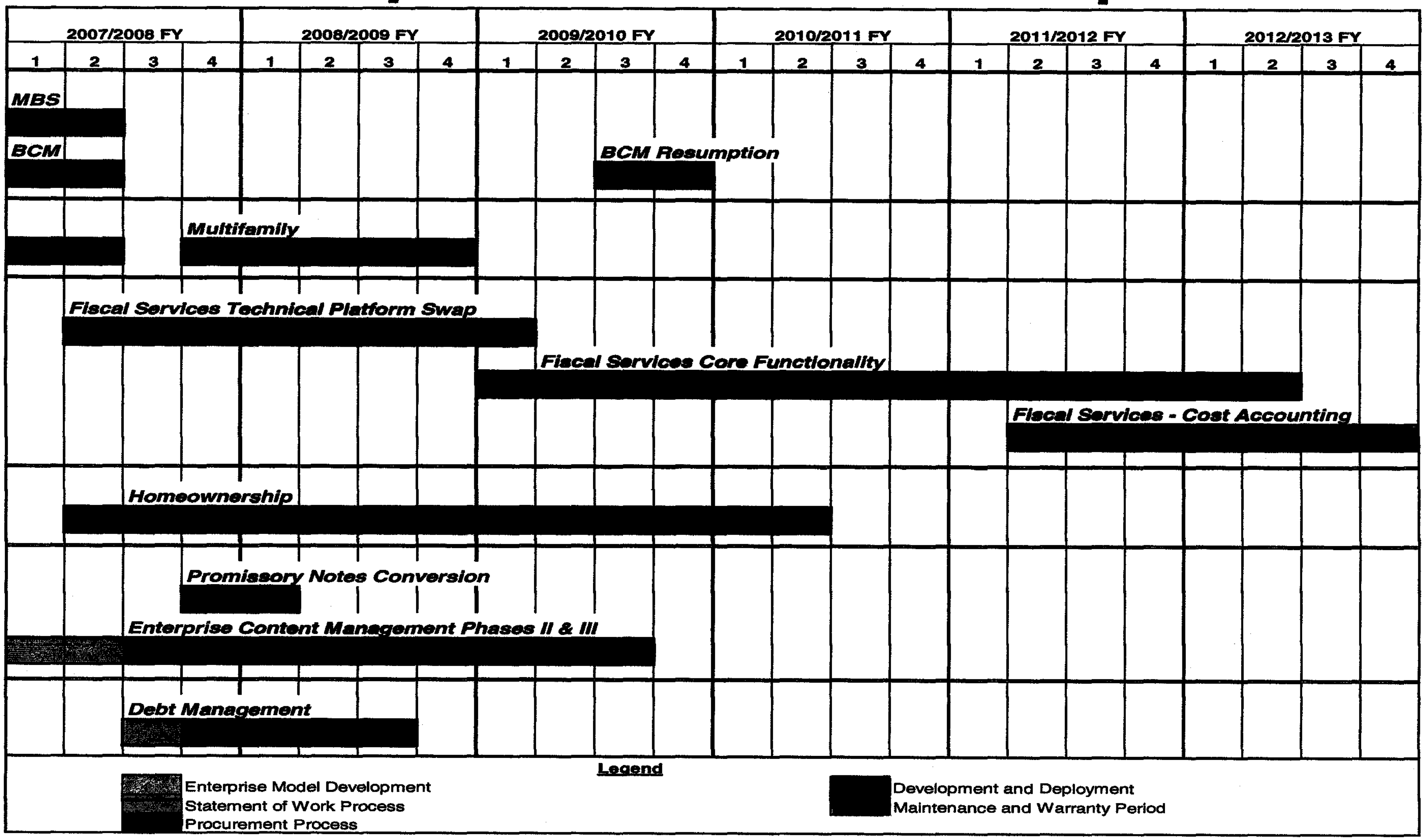
Business Plan – Other Considerations

- Strategic Initiatives
  - Major Agency resource commitment;
  - Homeownership, Fiscal Services & Doc Management
  - Sacramento Office Consolidation Update

Strategic Initiatives

- Homeownership
  - Loan Origination System
- Fiscal Services Re-Platforming – Phase 1
  - Phase 2 – Other FS Business Processes
  - Phase 3 – Cost Accounting
- Enterprise Content Management
  - Agency-wide Implementation of WorkSite
  - Imaging Promissory Notes
- Debt Management
- Sacramento Office Consolidation Update

Implementation Roadmap



Q & A

Re-calibrating CalHFA's Risk Profile

March 19, 2008

CalHFA
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Presentation Outline

1. Impact of Muni market dislocation on CalHFA debt portfolio
2. Re-pricing of market risk premium
3. CalHFA's existing debt profile and restructuring plans
4. Historical context and comparisons
5. Re-calibrating CalHFA's risk profile

CalHFA
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1. Impact of Muni market dislocation on CalHFA debt portfolio

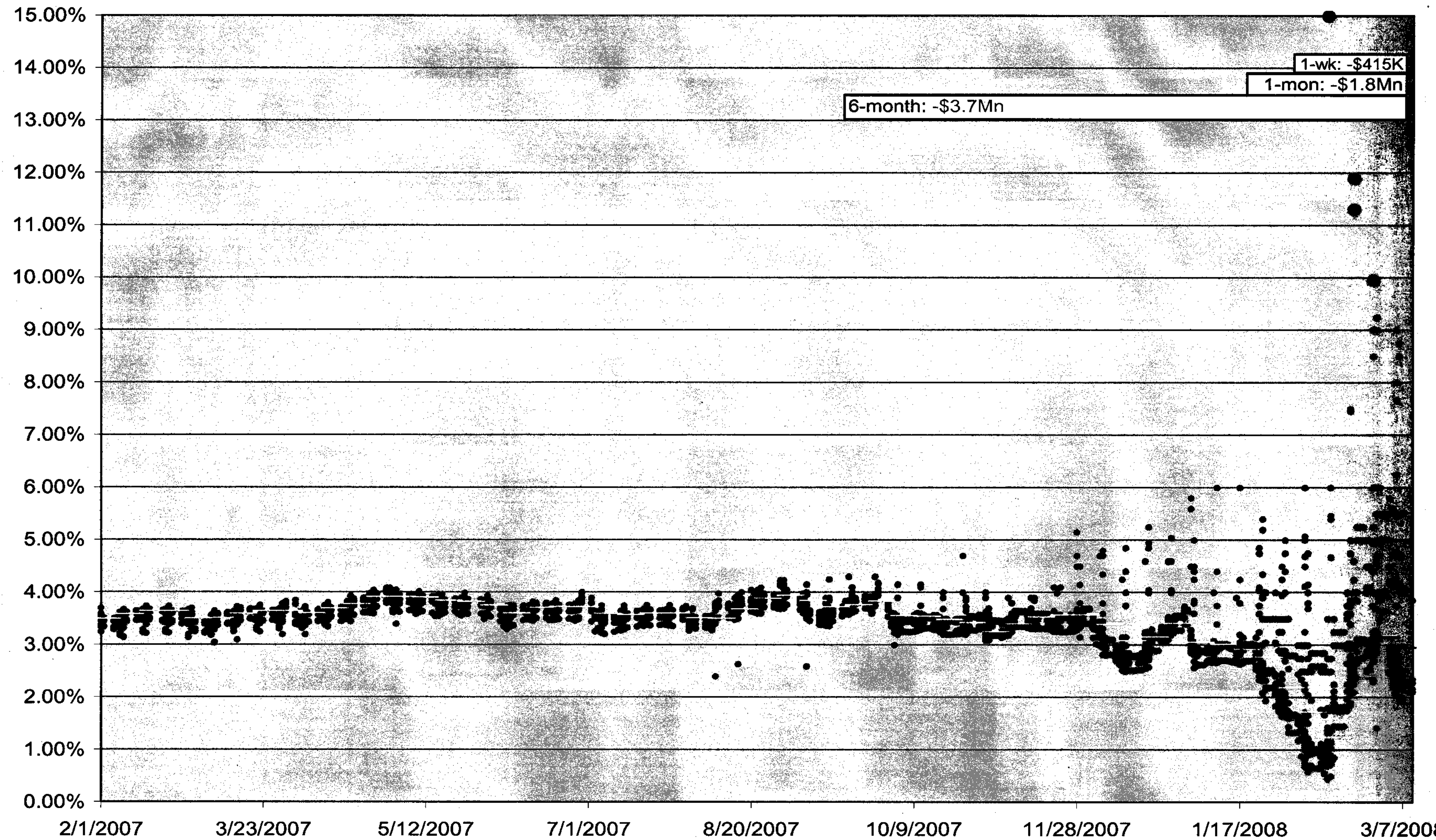
Dislocation of the auction-rate security market has increased our cost of funds

- The traditional investors of the auction-rate securities market have soured on the market due to lack of liquidity
- Rating agency downgrades of the bond insurers have further dislocated the Muni auction-rate market
- Prior to 2008, CalHFA has never had a failed auction
- To date, we have 16 failed auctions and the highest failed auction interest rate was 15%

Credit and liquidity concerns in money market eligible securities have also increased our cost of funds

- As credit concerns spread regarding the bond insurers, managers of money market funds categorically sold securities insured by troubled insurers.
- Again, liquidity is a key concern for investors
- Prior to the current market dislocations, there has never been a single draw on CalHFA's liquidity facilities
  - CalHFA had its first ever draw on a liquidity facility on an MBIA insured bond for $29Mn (remarketed by Bear Stearns).

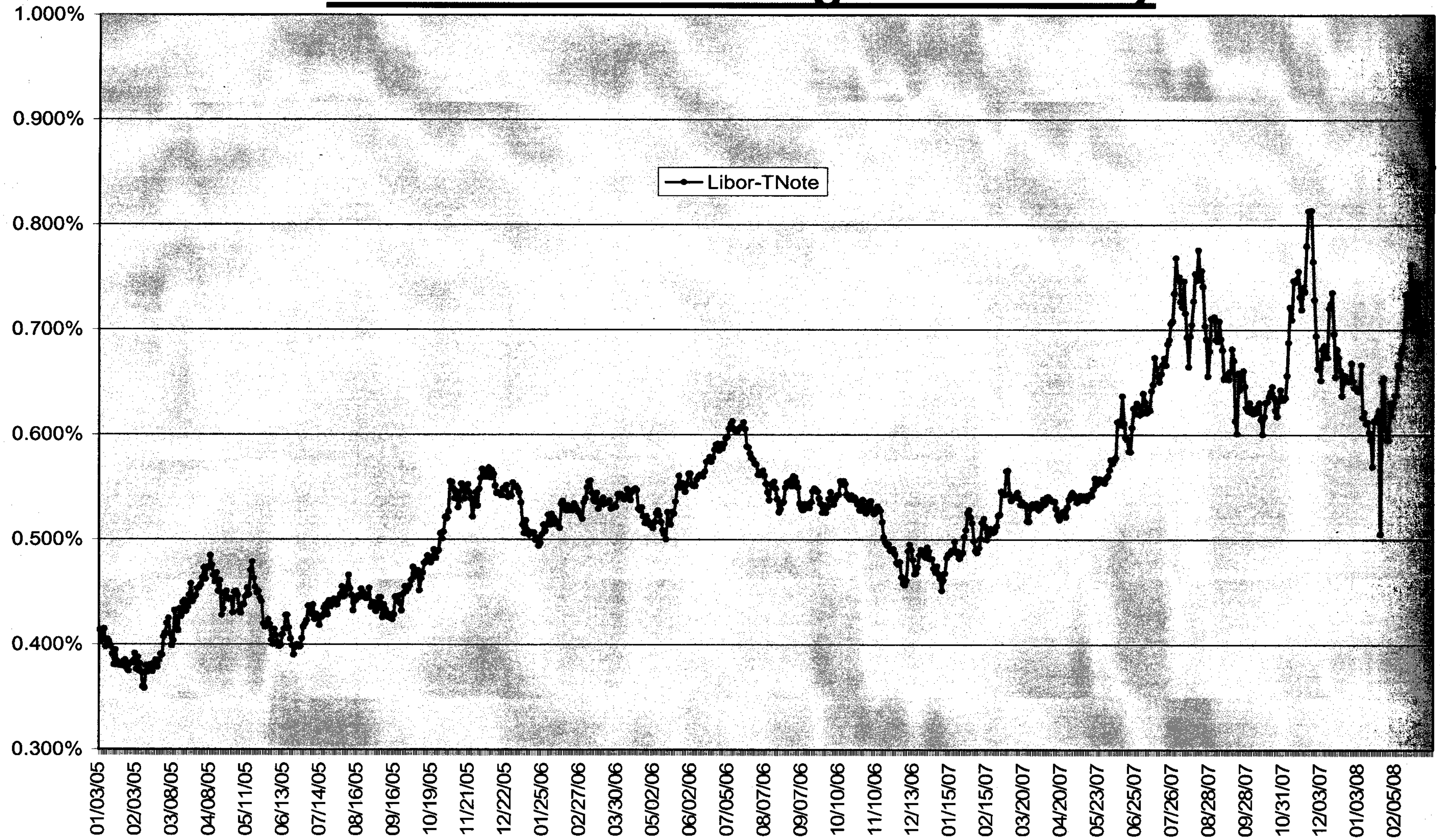
"Tainted CalHFA bonds" have increased cost of funds by $3.7Mn since 9/1/07



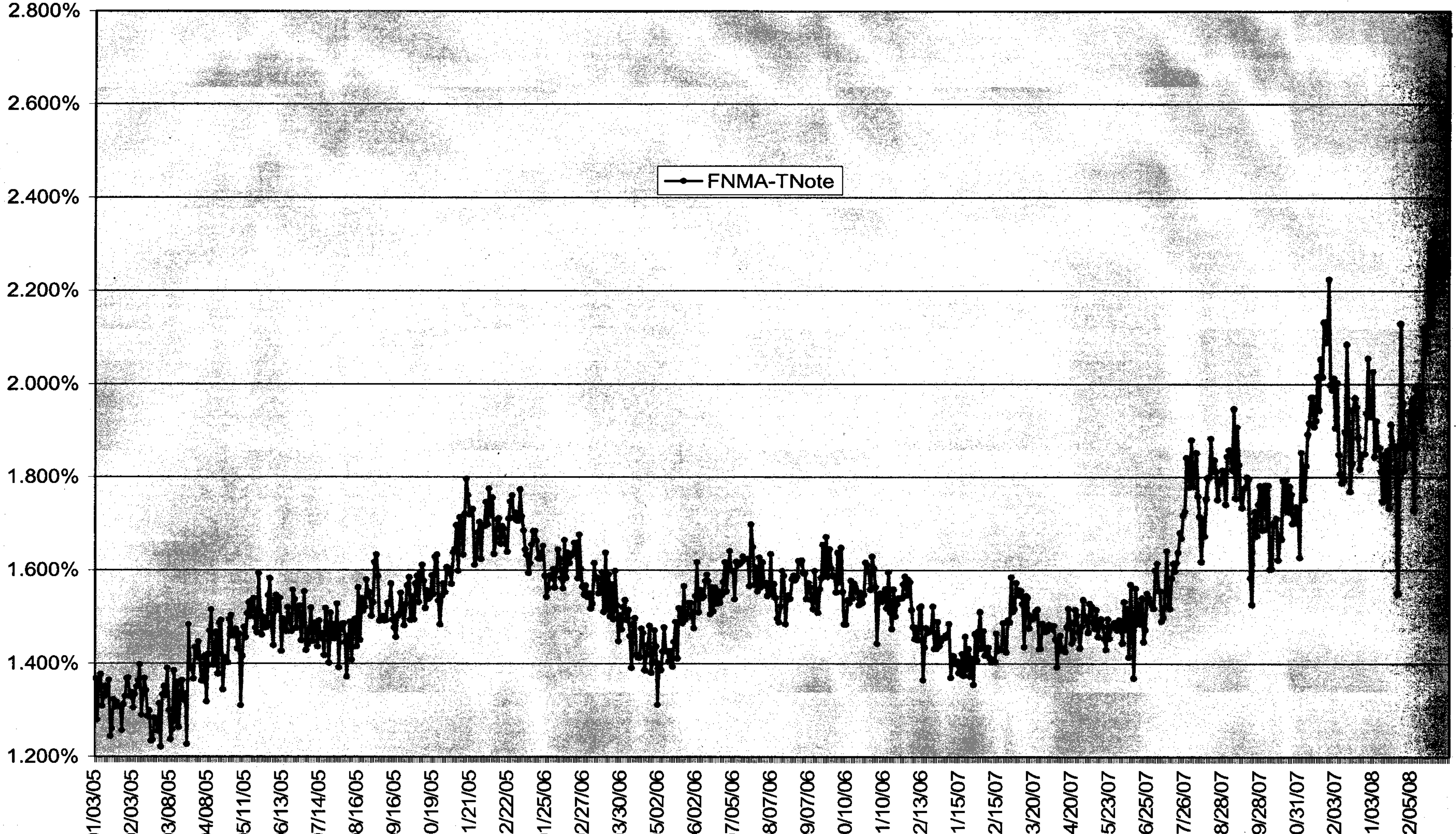
2. Re-pricing of market risk premium

- *Increased credit spreads*
- *Increased volatility*

Credit spread in the Libor swap market has been volatile and widening dramatically



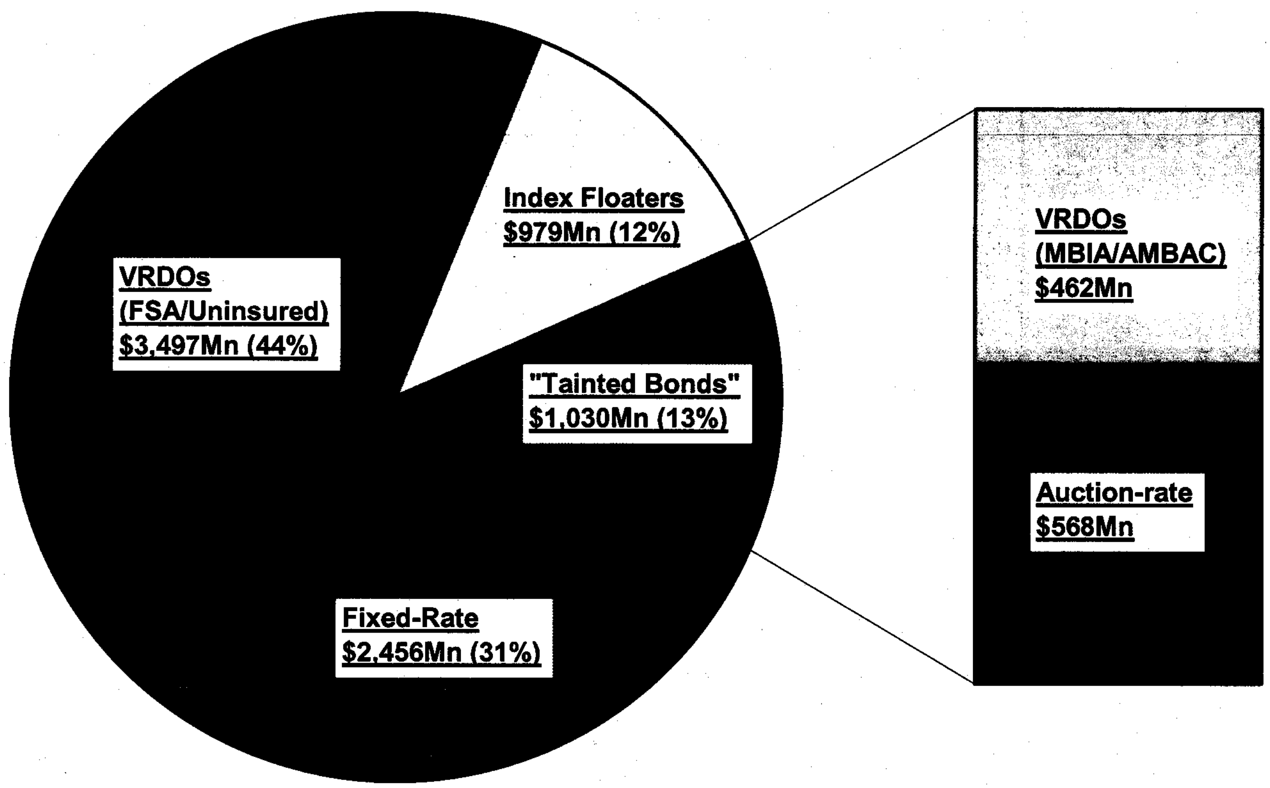
Spreads of FannieMae commitment rates to 10-Yr Treasury are at historic high



3. CalHFA's existing debt profile and restructuring plans

Overall, 13% of CalHFA's debt must be restructured

Total Debt Outstanding: $7,962Mn



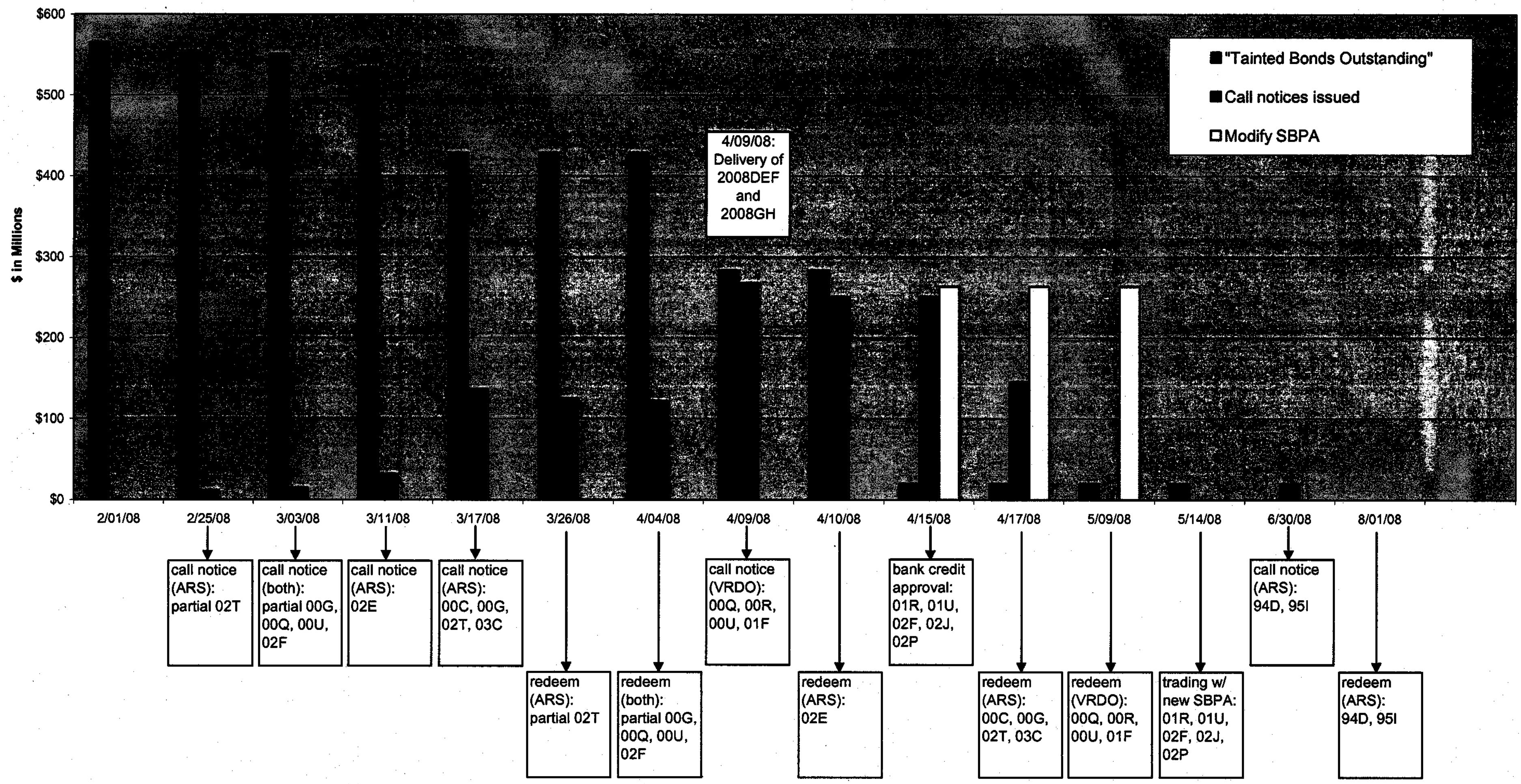
Restructuring requires $575Mn of new liquidity facilities

	Over Full-Spread	Modify SBPA	Apr '08 Tax-Exempt Restructuring	Apr '08 Taxable Restructuring	Total
VRDOs					
HMRB		$265	$91	$55	$412
General Obligations		$51			$51
Auction					
HMRB	$20		$85	$49	$154
General Obligations	$275		$139		$414
	$295	$316	$315	$104	$1,031
Liquidity for Apr '08					
- HMRB restructuring			$85		
- G-O restructuring			$139		
- new money: Jan/Mar			$76		
MF commitments			$300	-> has been identified	
Liquidity for later					
- G-O restructuring	$275	-> to be identified			
Total liquidity required:					$575

Liquidity facilities are extremely difficult to acquire in today's credit environment

- In 2006, an RFP solicited more than $3 billion of capacity
  - 3-yr for 10 bps
- Today, many RFPs receive no responses
  - 3-yr for 35-40 bps
- Prior to the current market dislocations, there has never been a single draw on liquidity facilities in the market
  - Today, there is widespread draws on the liquidity facilities. Weaker underlying credits in the single-A category are hit especially hard.
  - Maintaining our double-A rating is critical.

Timeline for restructuring the “tainted HMRB Bonds”



The costs of executing the restructurings are high

- The liquidity premium demanded today will be the highest in our entire portfolio (3-yr for 40 bps)
- The modifications of SBPAs are giving the liquidity banks an opportunity to demand higher premiums and more favorable terms
- Restructurings result in a present value loss of up to $10Mn (this is due to the tax treatment of the transfer swaps), but this loss is still preferable to terminating the swaps which could cost up to twice as much

Moody's is undertaking a "top-to-bottom" review of our ratings

- Concern that any negative action from Moody's would impact the performance of our uninsured variable rate bond portfolio of $3.9Bn
- Investors have become extremely sensitive to negative news

HMRB's rating is one notch higher from Moody's

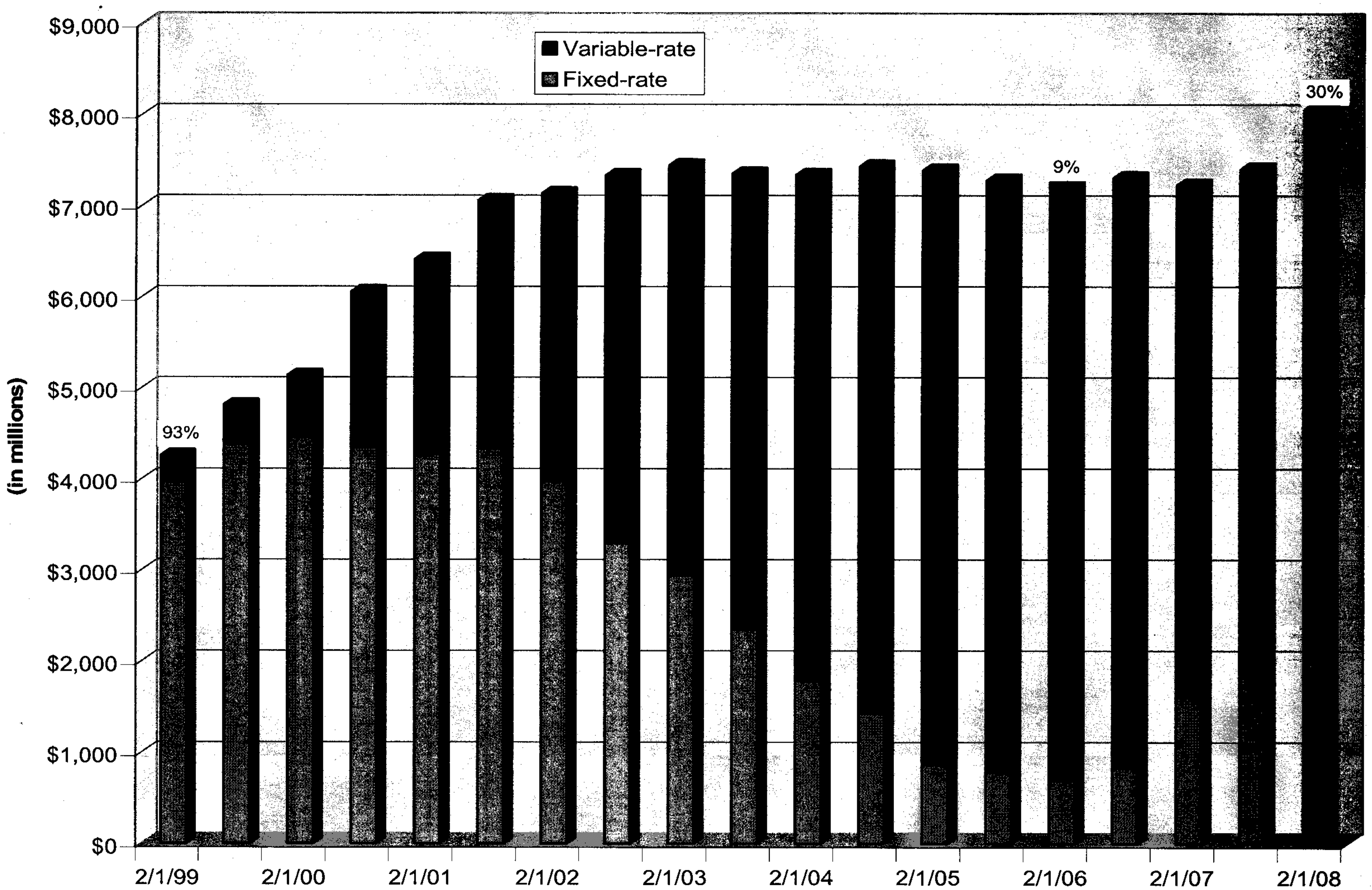
S&P		Moody's	
AAA		Aaa	
AA+		Aa1	
AA		Aa2	*HMRB*
AA-	*HMRB*	Aa3	
A+		A1	

CalHFA's G-O ratings are both on the low-end of the double-A category

S&P		Moody's	
AAA		Aaa	
AA+		Aa1	
AA		Aa2	
AA-	*G-O*	Aa3	*G-O*
A+		A1	

4. Historical context and comparisons

HMRB's debt profile has changed dramatically during a period marked by declining market risk premium and volatility



CalHFA's swap portfolio is impressive both as a ratio of debt and absolute dollar amount

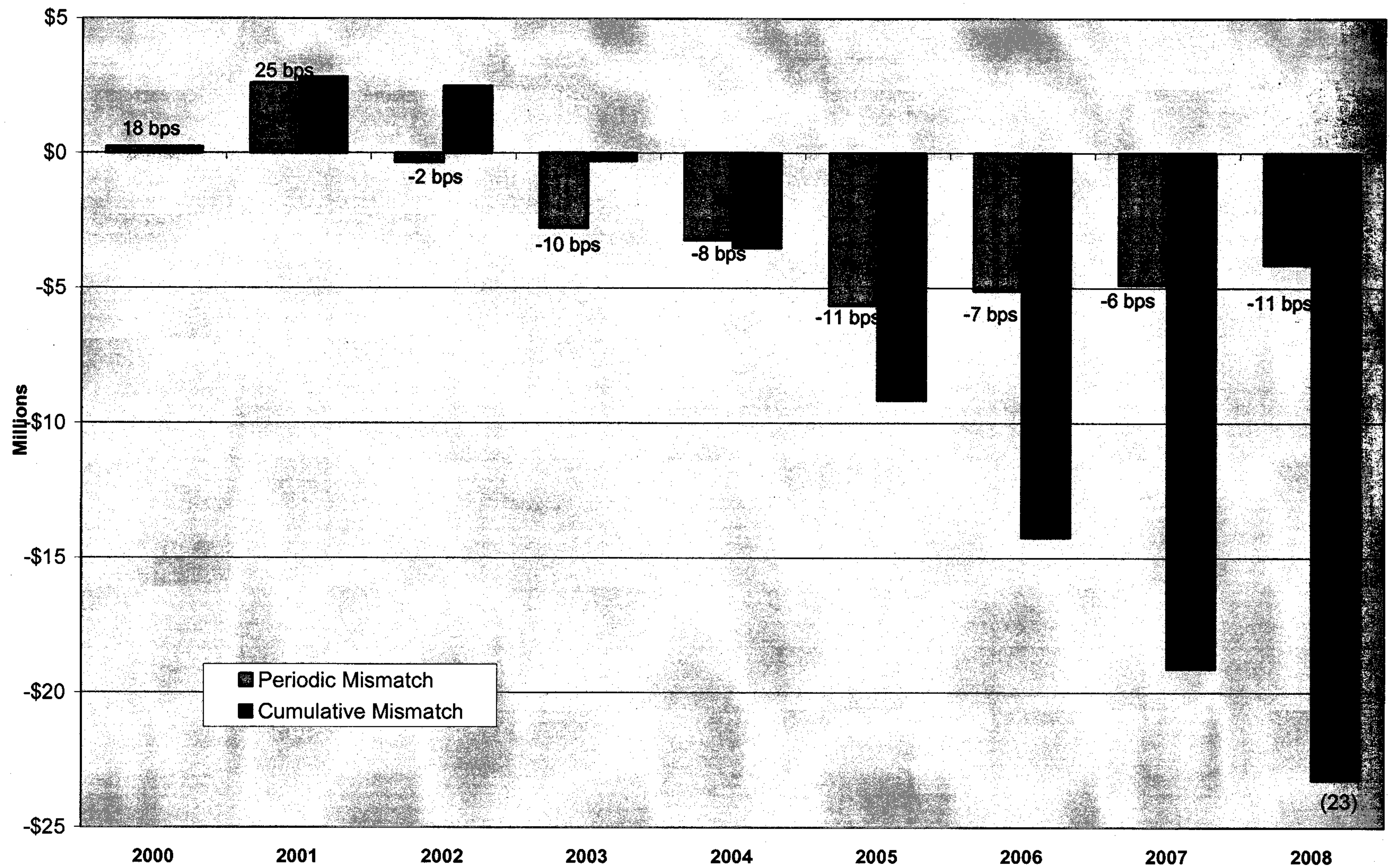
Counterparty	Ratings	Notional Outstanding (in millions)	%
Bear Stearns	Aaa/AAA	$806	17%
Citigroup Financial Products	Aa3/AA	$698	15%
Merrill Lynch	A1/A+	$640	14%
Lehman Brothers	Aaa/AAA	$485	10%
Merrill Lynch DP	Aaa/AAA	$360	8%
Goldman Sachs	Aaa/AAA	$336	7%
AIG	Aa2/AA	$314	7%
Merrill Lynch/MLDP	Aaa/AAA	$279	6%
JPMorgan	Aaa/AA	$211	5%
Bank of America	Aaa/AA+	$207	4%
Morgan Stanley	Aa3/AA-	$137	3%
BNP Paribas	Aa1/AA+	$88	2%
UBS AG	Aaa/AA	$51	1%
Bank of New York	Aaa/AA-	$25	1%
		$4,637	
	Total Debt	$7,964	
	Swaps/Debt	58%	

For now, we do not bear any credit risks; however, the swaps' market values is 20% of Agency equity

Counterparty	Ratings	Mark-to-Market (in millions)	%
Merrill Lynch	A1/A+	($70)	25%
Lehman Brothers	Aaa/AAA	($52)	18%
Bear Stearns	Aaa/AAA	($49)	18%
Citigroup Financial Products	Aa3/AA	($40)	14%
Merrill Lynch DP	Aaa/AAA	($15)	5%
AIG	Aa2/AA	($14)	5%
Goldman Sachs	Aaa/AAA	($14)	5%
JPMorgan	Aaa/AA	($10)	4%
BNP Paribas	Aa1/AA+	($5)	2%
Merrill Lynch/MLDP	Aaa/AAA	($4)	1%
Bank of America	Aaa/AA+	($3)	1%
UBS AG	Aaa/AA	($3)	1%
Bank of New York	Aaa/AA-	($1)	0%
Morgan Stanley	Aa3/AA-	($1)	0%
		($281)	

CalHFA's total equity as of 6/30/07	$1,392
Mark-to-Market / Equity	20%

CalHFA's cumulative basis mismatch through 2/1/08 is a loss of $23Mn



5. Re-calibrating CalHFA's Risk Profile

Re-calibrating our risk profile as the market and rating agencies re-price risk

- We accumulated our existing risk profile during a period of declining market risk premium (credit spreads and volatility).
- Our variable rate bond issuance strategy (hedged in the interest rate swap market) has provided significant programmatic benefits including:
  - New loan products
  - Increased production levels
  - Reduced loan interest rates
- As the market and the rating agencies re-price risk, we also must re-assess our risk profile.

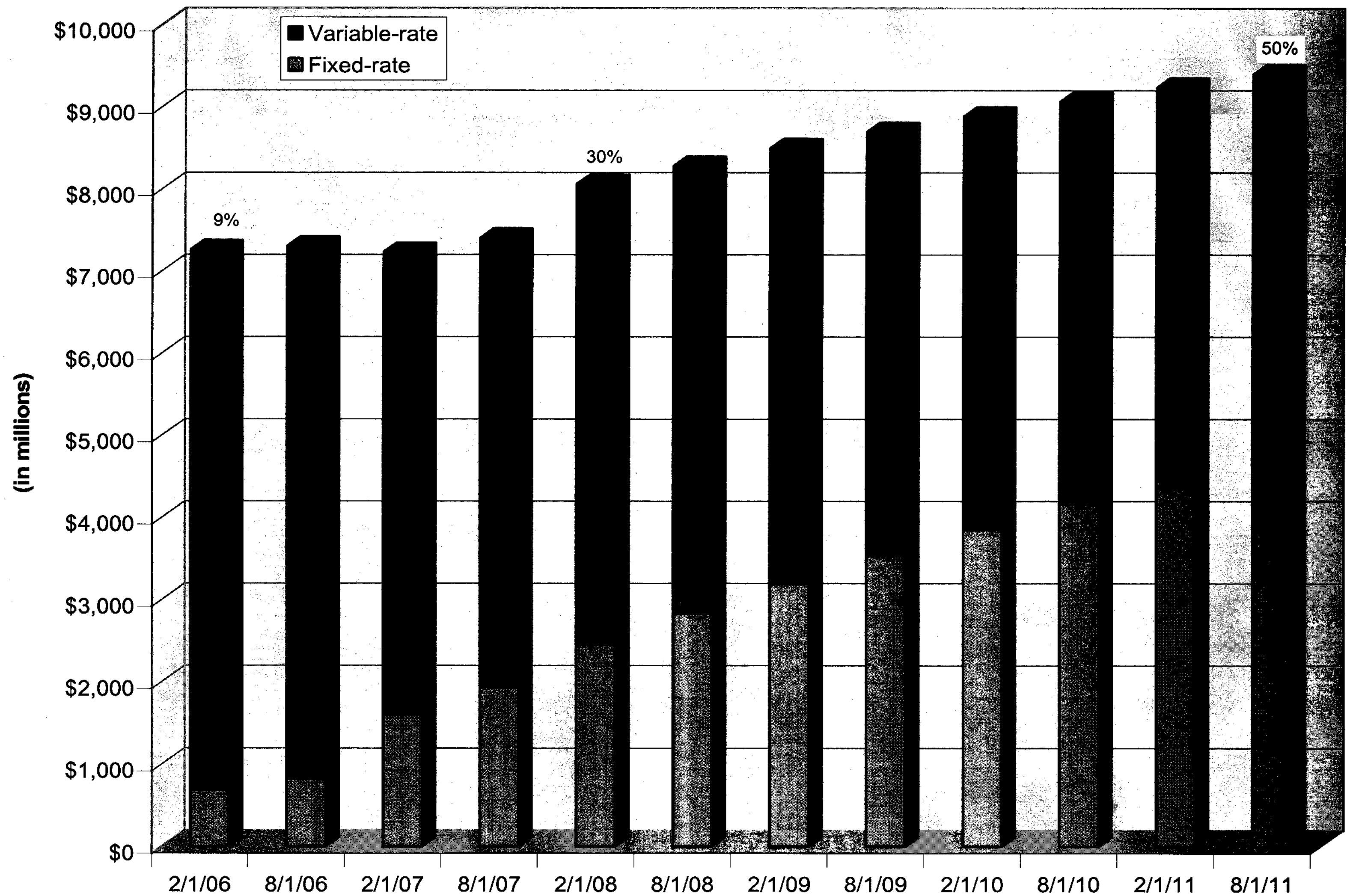
Re-assessment of our risk profile will require significant changes to our lending programs

- Borrowers must meet higher credit standards
  - Higher FICO scores
  - Lower LTV ratios and CLTV ratios
- Reliance on fixed-rate bond markets to raise capital.
  - Re-price loan products based on fixed-rate debt issuance.
- Reduced Business Plan Activity
  - Bond financed programs may be scaled back as fewer borrowers qualify at higher rates and enhanced credit requirements.
  - Borrowers may need to provide down payments or funds to close.
  - Reduced funding levels for HAT loans including DPA, HELP and Habitat for Humanity programs.

Target debt profile in 2011

- Although greater reliance on fixed-rate bond markets began in 2006 we must migrate the debt portfolio to a 50 / 50 balance of fixed and variable rates by 2011.
- This will require variable rate issuance activity to be no more than 25% of all debt issued annually and limited to higher public purpose lending programs.

Target debt profile reaches 50/50 by 2011



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PROJECT SUMMARY

PROJECT NUMBER: 08-002

Final Commitment

3/19/2008

Project:	**Bay Avenue Senior Apartments**		
Location:	750 Bay Avenue	***Developer:***	**First Community Housing**
City:	Capitola	***Partner:***	Bay Avenue Senior Housing LLC, GP
County:	Santa Cruz	***Investor:***	Unknown
Zip Code:	95010		

Project Type:	33 units new construction, 76 units rehab.	*No. of Buildings:*	6	
Occupancy:	Senior	*No. of Stories:*	5 two-story walk-up, 1 three story	
Total Units:	109	*Residential Space*	86,687	sq. ft.
Style Units:	Flats	*Office Space*	3,080	sq. ft.
Elevators:	Yes	*Commercial Space*	0	sq. ft.
Total Parking	81	*Gross Area*	89,767	sq. ft.
Covered	0	*Land Area*	201,062	sq. ft.
		Units per acre	24	

CalHFA Construction Financing	Amount	Rate	Term (Mths)
CalHFA Construction Financing -Taxable	$21,580,000	5.00%	24
CalHFA Construction Financing -Tax-exempt	$890,000		

Permanent Sources of Funds	Amount	Rate	Years
CalHFA First Mortgage	**$6,600,000**	**3.00%**	**35**
CalHFA Bridge Loan	**$0**	**0.00%**	**0**
CalHFA Gap Loan-Second Mortgage	**$0**	**3.00%**	**30**
MHP	$6,879,000	3.00%	55
City of Capitola-HOME	$1,900,000	3.00%	55
City of Capitola-RDA	$765,000	3.00%	55
AHP	$0	0.00%	30
Source 8	$0	0.00%	0
Source 9	$0	0.00%	0
Source 10	$0	0.00%	0
Income from Operations	$550,000		
Developer Contribution - city grant	$114,000		
Deferred Dev. Fee	$535,497		
GP Equity	$854,139		
Tax Credit Equity	$10,913,616		

Construction Valuation		Appraisal		Value Upon Completion	
Investment Value	$25,460,000	**Appraisal Date:**	**0/0/0**	**Restricted Value**	$7,326,000
Loan / Cost	82%	**Cap Rate:**	**0.00%**	**Perm. Loan / Cost**	23%
Loan / Value	85%			**Perm. Loan / Value**	90%

CalHFA Fees and Reserve Requirements

CalHFA Loan Fees	**Amount**
CalHFA Construction Loan Fee	$107,900
CalHFA Permanent Loan Fees	$16,500
Other Fee	$0

Required Reserves	**Amount**
Operating Expense Reserve	$80,782
Replacement Resv. Initial Deposit	$218,000
Repl. Reserve - Per unit/per year	$400
Capitalized Investor Reserve	$109,541
Rent-Up Reserve	$100,000

Construction Loan - Guarantees and Fees	
Completion Guarantee Fee	$14,633,069
Contractors Payment Bond	$14,633,069
Contractors Performance Bond	$14,633,069

Date: 3/19/2008 **Senior Staff Date:** 2/27/2008

Sources and Uses of Funds

Bay Avenue Senior Apartments
08-002
Final Commitment

SOURCES OF FUNDS:	Funds in during Construction ($)	Funds in at Permanent ($)	Total Development Sources: Total Sources of Funds ($)	Sources per Unit	%
CalHFA Construction Financing -Taxable	21,580,000				
CalHFA Construction Financing -Taxable	890,000				
Construction Only Source 3	0				
CalHFA First Mortgage		6,600,000	6,600,000	60,550	23%
CalHFA Gap Loan-Second Mortgage	0	0	0	0	0%
MHP	0	6,879,000	6,879,000	63,110	24%
City of Capitola-HOME	1,900,000	0	1,900,000	17,431	7%
City of Capitola-RDA	765,000	0	765,000	7,018	3%
AHP	0	0	0	0	0%
Source 8	0	0	0	0	0%
Source 9	0	0	0	0	0%
Source 10	0	0	0	0	0%
Source 11	0	0	0	0	0%
Source 12	0	0	0	0	0%
Income from Operations	550,000	0	550,000	5,046	2%
Developer Contribution - city grant	114,000	0	114,000	1,046	0%
Deferred Developer Fee	0	535,497	535,497	4,913	2%
GP Equity	0	854,139	854,139	7,836	3%
Tax Credit Equity	545,000	10,368,616	10,913,616	100,125	37%
Total Sources	**26,344,000**	**25,237,252**	**29,111,252**	**267,076**	**100%**
(Gap)/Surplus	0	0	0		

USES OF FUNDS:	Construction ($)	Permanent ($)	Total Development Costs: Total Uses of Funds ($)	Cost per Unit	%
LOAN PAYOFFS & ROLLOVERS					
Construction Loan payoffs		**22,470,000**			
ACQUISITION					
Lesser of Land Cost or Value	2,200,000	0	2,200,000	20,183	8%
Demolition	155,284	0	155,284	1,425	1%
Legal - Acquisition Related Fees	10,000	0	10,000	92	0%
Subtotal - Land Cost / Value	2,365,284	0	2,365,284		
Existing Improvements Value	3,900,000	0	3,900,000	35,780	13%
Off-Site Improvements	0	0	0	0	0%
Total Acquisition	**6,265,284**	**0**	**6,265,284**	**57,480**	**22%**
REHABILITATION					
Site Work	494,068	0	494,068	4,533	2%
Rehab to Structures	5,076,900	0	5,076,900	46,577	17%
General Requirements	255,345	0	255,345	2,343	1%
Contractors Overhead	426,431	0	426,431	3,912	1%
Contractors Profit	201,152	0	201,152	1,845	1%
Contractor's Bond	0	0	0	0	0%
General Liability Insurance	0	0	0	0	0%
Environmental Mitigation Expense	314,794	0	314,794	2,888	1%
Total Rehabilitation	**6,768,690**	**0**	**6,768,690**	**62,098**	**23%**
RELOCATION EXPENSES					
Relocation Expense	200,000	0	200,000	1,835	1%
Relocation Compliance Monitoring	0	0	0	0	0%
Total Relocation	**200,000**	**0**	**200,000**	**1,835**	**1%**

(Continued on Next 2 Pages)

DEVELOPMENT TEAM

Borrower/Developer

Tahoe Senior Housing II L.P., a California limited partnership.

The managing general partner is Carmel Senior Housing, Inc, a California nonprofit public benefit corporation, and a wholly controlled affiliate of American Baptist Homes of the West ("ABHOW").

American Baptist Homes of the West's original vision was to provide quality housing and health care for retired American Baptist ministers and missionaries. Today, its communities welcome all people, regardless of occupation or religious affiliation. Its first community, Pilgrim Haven, opened in 1949 in Los Altos, CA. Nearly 4,500 residents currently live in 30 communities located in four Western states. ABHOW is known for pioneering leadership in the concept of continuing care and for recent innovations in memory support care. Nine of its communities are accredited by the Continuing Care Accreditation Commission.

Management Agent

American Baptist Homes of the West

American Baptist Homes of the West ("ABHOW") currently owns and manages 19 HUD assisted elderly apartment communities and 10 continuing care retirement communities. The total number of elders served in the continuing care facilities is approximately 2,511 and approximately 1,588 seniors and disabled people are served in the affordable rental complexes.

All facilities are under central management of ABHOW's main office in Pleasanton, California. Every project is individually staffed with administrative, clerical, maintenance and grounds, and in many cases supportive services staff.

Architect

Borges Architectural Planning Group.

Founded in 1986, Borges Architectural Group, and its predecessor groups, have specialized in master planning and commercial design for office, retail, senior housing institutional and industrial properties in both the pubic and private sector.

Contractor

Broward Brothers, Inc.

Broward Brothers, Inc, a California General Building and engineering contractor was founded in 1990 and employs 175 people. Since it's founding they have constructed over 1,000 units of affordable/special needs housing.

HOMEOWNERSHIP LOAN PROGRAMS DELINQUENCY, REO and LOSS REPORT

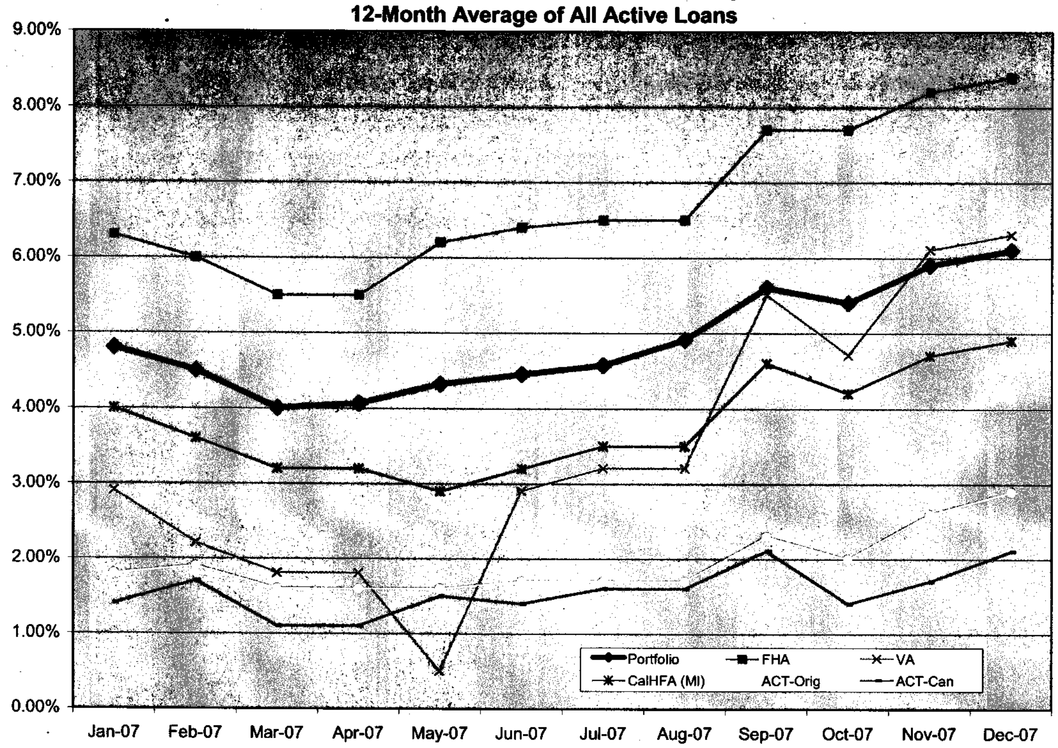
Dated March 5th, 2008

Fully Reconciled Mortgage Loan Delinquency Summary
All Active Loans (1)
(As of December 2007)

Insurer	Active Loans	Outstanding Dollars	30 Day	60 Day	90 Day	120 Day	Total Delinq. Ratio	12 Month Weighted Average Delinquency
FHA	15,241	$2,108,089,776	4.40%	1.40%	0.80%	1.80%	8.40%	6.76%
VA	504	$77,408,945	3.20%	1.20%	0.40%	1.60%	6.30%	3.53%
RHS	106	$22,669,218	0.90%	0.90%	0.00%	1.90%	3.80%	4.89%
ACT-Orig (2)	5,461	$1,186,392,136	1.60%	0.50%	0.10%	0.60%	2.90%	1.99%
ACT-Can (3)	1,740	$213,220,841	1.40%	0.20%	0.20%	0.20%	2.10%	1.57%
CalHFA (MI)	8,554	$2,370,536,525	2.10%	1.00%	0.50%	1.30%	4.90%	3.83%
Other (4)	19	$5,011,539	0.00%	0.00%	0.00%	0.00%	0.00%	1.26%
Portfolio:	31,625	$5,983,328,980	3.10%	1.10%	0.60%	1.40%	6.10%	4.93%

(1) Delinquency information is for whole loans only.
(2) ACT-Orig = Originated loans with no borrower paid mortgage insurance (Original LTV is 80% or less).
(3) ACT-Can = Loans in which borrower paid mortgage insurance is cancelled (Once LTV reaches less than 80%).
(4) Other = Private Mortgage Insurance provided by other than CalHFA Mortgage Insurance.

Fully Reconciled Mortgage Loan Delinquency Ratios
12-Month Average of All Active Loans



CalHFA Provided Mortgage Insurance
Primary Loan Portfolio Delinquency Summary (1)
(Information Submitted by Loan Servicers to CalHFA)

	Active Loans	Delinquent: Less than 120 Days (2)	Delinquent: 120+ Days	Loans in Foreclosure	Total	% of Portfolio
December Number of Loans	9,390	105	56	59	220	2.34%
December $ Amount	$2,596,782,688	$27,580,068	$14,642,747	$14,097,463	$56,320,278	2.17%
January Number of Loans	9,537	106	77	64	247	2.59%
January $ Amount	$2,640,393,800	$27,432,983	$20,525,676	$15,614,543	$63,573,202	2.41%
February Number of Loans	9,664	143	73	82	298	3.08%
February $ Amount	$2,676,429,848	$36,221,461	$19,586,760	$20,226,219	$76,034,440	2.84%

(1) Information does not correspond to fully reconciled data since loan servicers provide information on all loans in the pipeline as well as non-CalHFA insured loans.
(2) May not include all delinquencies since servicers are not required to report delinquencies less than 120 days.

Home Ownership Loan Programs Active Loans and Real Estate Owned Summary

Active Loans	Calendar Year 2007	2008 YTD (as of 12-31-07)
FHA/RHS	15,347	15,347
Conventional	15,774	15,774
VA	504	504
Portfolio	31,625	31,625

Trustee Sales Held	Calendar Year 2007	Calendar Year 2008 (through 02/08)
FHA/RHS	70	34
% of Portfolio	0.46%	0.22%
Conventional	50	28
% of Portfolio	0.32%	0.18%
VA	0	0
% of Portfolio	0.00%	0.00%
Portfolio	120	62
Total %	0.38%	0.20%

Current Inventory of REO by types of insurer
(As of February 2008)

Insurer	# of Properties	Dollars
CalHFA MI	64	$16,871,045
FHA	43	$8,899,086
ACT-Orig	4	$700,793
RHS	2	$439,968
Total	113	$26,910,892

Trustee Sales Held

Trustee Sales Held	Calendar Year 2007	Calendar Year 2008 (through 02/08)
Third Party	21	3
Reverted to CalHFA	99	59
of the Reverted		
FHA/VA/USDA	57	32
Conventional	42	27
Portfolio	120	62

2008 Year to Date REO Uninsured Losses[1]
(As of February 2008)

1st TD Sale Gain(Loss)	($142)
Subordinate Write-Off	($864,306)
Total Gain(Loss)	($864,448)

(1) Includes both reconciled and unreconciled gains/losses to date.

Composition of 1st Trust Deed Gain/(Loss)
(Portfolio as of December 2007; Trustee Sales Held YTD 2008

Loan Type	Active Loans	Outstanding Dollars	Trustee Sales Held	% (of loans)	Gain/(Loss)
FHA/RHS	15,347	$2,130,758,994	34	0.22%	($114)
Conventional	15,774	$3,775,161,041	28	0.18%	($29)
VA	504	$77,408,945	-	0.00%	$0
	31,625	$5,983,328,980	62	0.20%	($142)

Composition of Subordinate Write-Offs by Loan Type[1]
(As of February 2008)

Loan Type	Active Loans	Outstanding Dollars	Write-Offs	%	Write-Off Dollars	%
CHAP/HiCAP	11,241	$127,085,658	50	0.44%	$590,655	0.46%
CHDAP/ECTP/HiRAP	18,007	$156,165,306.82	35	0.19%	$273,651	0.18%
Other [2]	348	$4,381,391	-	0.00%	-	0.00%
	29,596	$287,632,355	85	0.29%	$864,306	0.30%

(1) Does not include FNMA and CalSTRS subordinates (non-agency loans serviced by in house loan servicing)
(2) Includes HPA, MDP, OHPA, and SSLP.

Financing Agenda Item

- **Resolution 08-08 Amending and Restating Board Resolution 08-04 (the Prior Resolution) to Include a New Form of Bond Indenture to Be Used for Financing Subordinate Multifamily Loans**

CalHFA℠
Affordable Housing is our Business

Multifamily Bond Reauthorization Resolution 08-08

Amends Section 3 of the Prior Resolution:

- **To Allow Bond Issuance Under New Indenture**
  - **Multifamily Housing Revenue Bonds Subordinate Loan Indenture**

Multifamily Housing Revenue Bonds Subordinate Loan Indenture (MHRSL)

- Limited Obligation, Conduit Revenue Bond
- To Finance Subordinate Loans for MF Properties
- Unrated Securities, Private Placement
- No Additional Credit Enhancement from CalHFA
- Plan to Finance Tax-Exempt Second Mortgage for Grand Plaza Apartments in April 2008

Financing Reports

- Recent Bond Sales
  - Single Family Bonds
- Variable Rate Bonds and Swaps

CalHFA℠
Affordable Housing is our Business

Recent Bond Issues

Date of Issue	Bond Series	$ Amount
01/29/08	Home Mortgage Revenue Bonds 2008 Series A, B & C	$150,000,000

New Single Family Bonds

- $150 M HMRB 2008 Series ABC
- $43 M issued as insured fixed-rate bonds
- $36 M issued as uninsured fixed-rate bonds
- $70 M issued as variable rate demand obligations
  - Swapped to fixed (transferred swaps)
- Proceeds for purchase of over 600 new loans

Report on Variable Rate Bonds and Swaps

Variable Rate Debt as of February 1, 2008

($ in Millions)

	Tied Directly to Variable Rate Assets	Swapped to Fixed Rate	Not Swapped or Tied to Variable Rate Loans	Total Variable Rate Debt
HMRB	$ 2	$ 3,729	$ 579	$ 4,310
MHRB	172	867	26	1,065
HPB	0	35	76	111
DDB	0	0	0	0
TOTALS	$174	$ 4,631	$ 681	$ 5,486

Types of Variable Rate Debt

($ in Millions)

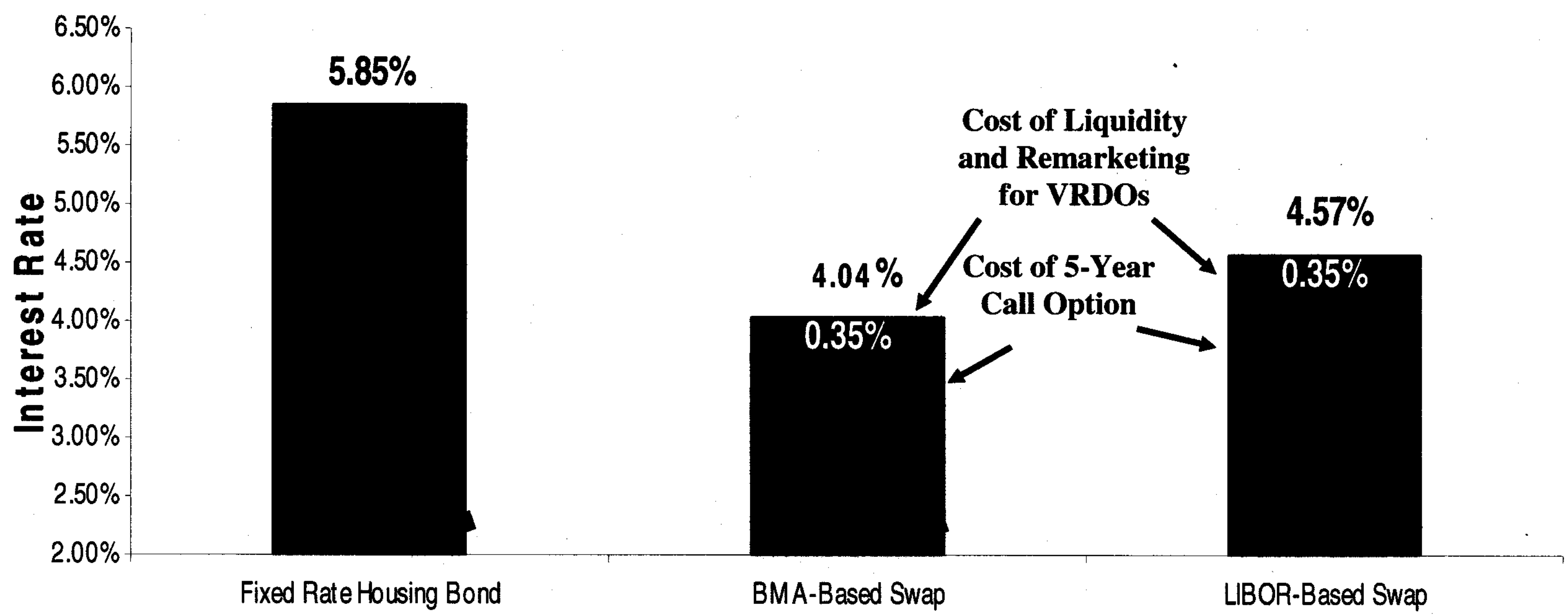
	Auction Rate & Similar Securities	Indexed Rate Bonds	Variable Rate Demand Obligations	Total Variable Rate Bonds
HMRB	$ 154	$ 979	$ 3,178	$ 4,311
MHRB	394	0	671	1,065
HPB	0	0	111	111
DDB	0	0	0	0
TOTALS	$ 548	$ 979	$ 3,960	$ 5,487

Fixed Payer Interest Rate Swaps

($ in Millions)

	Tax-Exempt	Taxable	Totals
HMRB	$3,110	$625	$3,735
MHRB	867	0	867
HPB	35	0	35
TOTALS	$4,012	$625	$4,637

Comparative Costs of Funds for Fixed-Rate Bonds and Synthetic Fixed-Rate Bonds (Variable Rate Bonds Swapped to Fixed) (All Rates as of March 3, 2008)



BMA-Based Swap: BMA Index x 101%

LIBOR-Based Swap: 63% LIBOR + 24 bps

Basis Mismatch through February 1, 2008
All Tax-Exempt Swaps