

RESOLUTION 09-11

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WHEREAS, pursuant to the Zenovich-Moscone-Chacon Housing and Home Finance Act ("Act"), the California Housing Finance Agency ("Agency") has the authority to engage in activities to reduce the cost of mortgage financing for home purchase and rental housing development, including the issuance of bonds and the insuring of mortgage loans;

WHEREAS, the Agency's statutory objectives include, among others, increasing the range of housing choices for California residents, meeting the housing needs of persons and families of low or moderate income, maximizing the impact of financing activities on employment and local economic activity, and implementing the objectives of the California Statewide Housing Plan;

WHEREAS, the Agency desires to amend Resolution 08-18 adopted on May 14, 2008, which committed the Agency to a Business Plan for the fiscal years 2008/2009 through 2012/2013;

WHEREAS, the current global credit crisis and the continuing decline in California real estate markets have resulted in unprecedented challenges for the Agency;

WHEREAS, Moody's Investor's Service placed the Agency's Aa3 Issuer Credit Rating (ICR) on watch for possible downgrade on September 29, 2008 and the ICR rating continues on watch for downgrade as of this date, and Standard and Poor's affirmed the Agency's AA- ICR rating on February 27, 2009 but revised the outlook to negative;

WHEREAS, the Agency must minimize additional real estate related risk and preserve liquidity for operating expenses and financial obligations;

WHEREAS, the Agency has presented to the Board of Directors a Two-Year Business Plan covering fiscal year 2009/2010 through 2010/2011, with case based scenarios in order to adjust to the ever changing economic, fiscal and legal environment, which updated Business Plan is designed to assist the Agency to meet its financial obligations, its statutory objectives, support the housing needs of the people of California and to provide the Agency with the necessary road map to reemerge from this crisis as a leading affordable housing lender providing bond financing, mortgage financing, and mortgage insurance activities well into the future.

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

1. The updated 2009/10-2010/11 Business Plan, a copy of which is attached hereto and made a part hereof, is hereby fully endorsed and adopted.
2. In implementing the updated Business Plan, the Agency shall strive to satisfy

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all the capital adequacy, liquidity reserve, credit and other reserve and any other requirements necessary to maintain the Agency's general obligation credit ratings and the current credit ratings on its debt obligations, to comply with the requirements of the Agency's providers of credit enhancement, liquidity, and interest rate swaps and to satisfy any other requirements of the Agency's bond and insurance programs.

3. Because the updated Business Plan is necessarily based on various economic, fiscal and legal assumptions, in order for the Agency to respond to changing circumstances, the Executive Director shall have the authority to adjust the Agency's day-to-day activities to reflect actual economic, fiscal and legal circumstances in order to attain goals and objectives consistent with the intent of the updated Business Plan.

I hereby certify that this is a true and correct copy of Resolution 09-11 adopted at a duly constituted meeting of the Board of Directors of the Agency held on July 9, 2009, at Sacramento, California.

ATTEST: 
Secretary