**Industrial Areas Foundation (IAF) Foreclosure Prevention Plan:
Principal Reduction for Borrowers with Severe Negative Equity**

Background

In the month of September 2009, there were more than 98,000 homes in Los Angeles County in some phase of the foreclosure process. We are in a crisis that is de-stabilizing our neighborhoods and families. Since the fall of 2008, when this crisis first became apparent, One LA, an affiliate of the Industrial Areas Foundation, has organized hundreds of endangered Los Angeles homeowners to evaluate their financial capacity for homeownership and to monitor negotiations with lenders. We found in this community--similar to many low and moderate income California communities - homeowners have severe negative equity.[1] Yet, viable candidates often were not offered modifications. When modifications were offered, they failed to offer a long-term, sustainable solution by failing to address inflated principal balances.

In response, One L.A., with the support of Neighborhood Legal Services of Los Angeles County (NLS-LA), devised a strategy to keep families in their homes and local communities viable. <u>The plan offers a one-time, long-term solution that results in homeowners obtaining modified mortgages consistent with the home's true value and reasonable, affordable payments.</u> The key is using publicly financed "soft second" mortgages together with principal reductions to ensure that modifications are in the financial interest of banks and investors, as well as homeowners.

Elements of the One-LA Plan

The One-LA Plan applies to homeowners who are unable to achieve a sustainable repayment through the federal government's Home Affordable Modification Program (HAMP) alone. It has three key elements:

1. <u>Soft Second Loan to Homeowner</u>: Invest public funds as soft second mortgages that are used to provide an immediate payment to the lender <u>after</u> the lender agrees to write down principal to current market value. Public loans are sized to compensate for the value, in today's dollars, of the principal write-down, and to achieve a positive net present value calculation on the loan modification. A typical public loan ranges from $15,000 to $40,000.
2. <u>Reduce Interest Rate and Extend Loan Term Consistent with HAMP</u>: To reach the target affordability level of 31%, lenders reduce the mortgage interest rate to a minimum two percent (2%) for five (5) years, fixed at market rates for the life of the loan. If, at that reduced rate, the payment remains over 31% of gross income, the loan term is extended up to 40 years to further reduce monthly payments.
3. <u>Equity Share:</u> Publicly financed soft second loans are documented with promissory notes and deeds of trust, require no monthly payments and are repaid upon sale or transfer of the property. When homes increase in value, the public will earn a proportionate share of appreciated equity.

Advantages of One LA Plan

- Reduces the chance of re-default through reasonable loan amounts and terms consistent with property's value.
- Keeps families in their homes, stabilizes neighborhoods and the housing market;
- Invests in local communities with public funds that increase in value as the housing market recovers;
- Higher return for investors than foreclosure or HAMP alone; it works in cases where HAMP alone is insufficient;

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[1] On average, One LA-IAF homeowners' mortgage debt amounts to 141% of current property values.

Industrial Areas Foundation (IAF) Foreclosure Prevention Plan:
Principal Reduction for Borrowers with Severe Negative Equity

Example

In the sample case below, the current mortgage amount significantly exceeds the current market value of the home and the homeowner, who has suffered a reduction in work hours, is struggling to make a first mortgage payment that is now 55% of the family's monthly income. Between the first and second liens, this homeowner has severe negative equity, with mortgage debt totaling 200% of the property value; HAMP alone will not fix this. The lender may have an incentive to foreclose because the recovery under HAMP does not far exceed the value of the recovery under foreclosure. Moreover, with mortgage debt totaling 200% of the current property value, the risk of redefault is near certain.

With the addition of the public soft second, however, the Net Present Value of cash flow to the lender is higher than what would be recovered in HAMP or foreclosure. In addition, instead of a severely under water HAMP modification, the homeowner secures a shorter term loan with a more realistic chance of repayment.

Sample Case: Current 1st Mortgage Amount: $410,000 Current 2nd Mortgage Amount: $100,365 Current Home Value: $255,000 Current Monthly Payment: $2,219 Current DTI Ratio (1st): 55% Current Combined Loan to Value: 200%	Immediate Foreclosure & Resale at 28% Average Discount to Current Mkt Value	HAMP Mod Alone: Interest Rate Reduction, Extended Term, Deferred Principal	One LA Program: HAMP Interest Rate Reduction with Public 2nd
Assumptions:	6 month holding	2.00%	2.00%
Term		40 Years	31.5 Years
Public Equity Participation Loan			
Payoff to 1st: $8,212[2]			
Payoff to 2nd: $5,238[3]		-	$13,450
Lender's Principal Forgiveness		-	$146,388
Lender's Deferred Principal		$116,000	-
Turnover		7.5 years	7.5 years
Redefault probability		94%	60%
Net Present Value of Cash Flow to Lender	**$ 176,863**	**$ 183,373**	**$ 193,875**
Resultant Debt to Income (DTI) Ratio		31%	31%
Resultant 1st Mortgage Loan to Value		161%	100%
Resultant Combined Loan to Value		200%	105%

2 Estimate based on presently available information..
3 Estimate based on presently available information.

Proposed Update to Business Plan

Presentation to CalHFA Board of Directors

March 26, 2010

Major Assumptions

- Economy
  - Flat to modest recovery
- Unemployment
  - Lagging economic recovery
  - Improving slightly but not until 4Q 2010 or 1Q 2011
- Interest rates
  - General level "drifting upwards" through 2010
  - Mortgage rates increasing after Fed purchases end
- Home Sales
  - Demand increasing 3Q and 4Q 2010 and into 2011
- Home Prices
  - Another 10% decline
  - Very modest increases by 4Q 2010

Major Assumptions – Cont'd

- Agency Fund Balances
  - Adequate to fund capital reserve requirements
  - Sufficient to meet real estate losses, credit adjustments and general obligations of the Agency
- Tax-exempt bond market
  - Improving in 3Q and 4Q 2010 and into 2011
- Agency liquidity
  - Sufficient to fund Agency operations, insurance claim payments and other financial obligations
- No HAT funds available for DPA, Special Lending or Multifamily or Asset Management programs
  - HAT funds needed for Agency liquidity
  - G.O. bonds funds available for DPA

Available Capital

- Homeownership Lending
  - New Issue Bond Program
    - $1 billion in U.S. Treasury purchase of Agency bonds – ends 12/31/10 – only three "draws" during 2010 – rate locked in December 2009
    - Private market sales – 3:2 ratio
    - Combined capital supports $1.7 billion in lending
    - Cost of funds should support competitive interest rate as mortgage rates rise over FY 2010-11
  - G.O. Bond funds for Downpayment Assistance
- Multifamily Lending
  - New Issue Bond Program
    - $380 million in U.S. Treasury purchases of Agency bonds – ends 12/31/10 – only three "draws" during 2010 – rate locked in December 2009
    - Restrictions of the NIBP for Multifamily limit use of this capital
    - Cost of funds supports a competitive interest rate in the current market
- Loss Mitigation
  - Portion of TARP Foreclosure Prevention funds -- $700 million
  - Assumes some CalHFA borrowers will qualify

California Housing Finance Agency (CalHFA)
Housing Finance Fund

Balance Sheet as of December 31, 2009			
ASSETS		**LIABILITIES AND EQUITY**	
Cash and Investments	$ 2,198,916,252	Bonds Payable	$ 8,001,392,186
Loan Receivable, net	7,935,286,832	Other Liabilities	744,660,894
		Equity	
		Invested in Capital assets	725,141
Other Assets	265,490,982	Restricted by Indenture	579,647,072
		Restricted by Statute	1,073,268,773
Total Assets	$ 10,399,694,066		$10,399,694,066

Risk Management

- New Lending -- Homeownership Lending
  - MBS Business Model
- New Lending – Multifamily Lending
  - Conduit financing
  - Risk share
- Loss Mitigation and Claims Management
  - Loan servicing
    - New operations call center
    - Acquire some loans from underperforming servicers
    - Foreclosure prevention through loan modifications
  - Aggressive REO management
  - Working with Genworth on effective claims management
    - Monitor Genworth financial strength and manage relationship
- Capital structure
  - Credit ratings management
  - Counterparty risk – Swap Providers

California Housing Finance Agency (CalHFA)
Housing Finance Fund

Revenues, Expenses, and Changes in Fund Equity as of December 31, 2009

OPERATING REVENUES		OPERATING EXPENSES	
Interest Income program loans, net	$ 202,673,008	Interest	$ 188,226,023
Interest Income investments, net	18,924,579	Mortgage servicing fees	8,576,405
Decrease in fair value of investments	(47,112)	Operating expenses	18,951,671
Other loan and commitment fees	13,338,994	Other expenses	169,784,552
Other revenues	42,472,324		
Total Operating Revenues	$ 277,361,793	Total Operating Expenses	$ 385,538,651
Operating Income (Loss) before transfers			**($108,146,858)**

Divisional Business Activity Plans
Homeownership

Homeownership Programs

Homeownership will use a Master Servicer Bank of America, NA	Reps and Warrants transfer to Master Servicer as Servicer and Seller. Master Servicer pre-certifies loan files, purchases loan from CalHFA Lender, and sells and delivers loans to GSE.
Master Servicer Borrower EPD Provision (Lender Repurchase to BofA)	In using a Master Servicer for any CalHFA Loan Products, CalHFA Lenders also sign up directly with Master Servicer. Master Servicer has EPD repurchase provision; (if any of the borrower first four (4) monthly payments become delinquent ninety (90) days within the first year, the loan is subject to repurchase
CalHFA Early Payment Borrower Default Provision (Lender Repurchase to CalHFA)	For FNMA Affordable 100% product. CalHFA responsible for repurchase to Fannie if borrower EPD of 1st 6 payments becomes delinquent 120 days once loan is securitized. Worse case this could be 12 months out from when BofA purchased loan from Lender. CalHFA Implement a EPD provision; Either risk-share with Lender or impose same provision to Lender as imposed from Fannie to CalHFA(if CalHFA is triggered a repurchase, we trigger repurchase from Lender to CalHFA); See EPD example and recommendation attached: *Out of 17,871 CalHFA loans sold to Fannie, .2% would have triggered a first 6 mo EPD
MBS Model	Loans are swapped and securitized, with CalHFA purchasing MBS. MBS principal and interest are guaranteed by Fannie Mae or Ginnie Mae, both also assuming real estate risk. CalHFA debt receives higher ratings/lower COF.
Customer Service	Speed up process /Customer Service. Single-thread point of contact
Conditional Approval/Compliance & Purchase Review Credit Underwriting	Homeownership Reviews to also include validation of data used for Fannie Decision Engine (DU). 80% of Loans submitted include DU approval. Does CalHFA credit underwrite or do we not on CHDAP loans. *Out of ALL CHDAP's ever written ($225m) CalHFA has charged off $2m = 1%)

Homeownership Proposed Loan Products

CalHFA Borrower typically needs High LTV	Mirror FHA/VA Loan Program FHA: 96.5%: FICO 620 VA: 100%; FICO 620	Mirror FNMA Affordable Advantage (exclusive to HFA's) Conventional: 100%: FICO 620 with Fannie Mae DU approval, or FICO 680 with Manual Underwriting. 97%: FICO 660 with Manual Underwriting.
CalHFA Borrower typically needs DPA or closing costs assistance	CalHFA CHDAP (Underwriting guidelines to mirror first mortgage guidelines), Localities DPA/Closing Costs Programs	CalHFA CHDAP (Underwriting guidelines to mirror first mortgage guidelines), Localities DPA/Closing Costs Programs
CLTV	Mirror first mortgage program allowance: Estimate 105%CLTV	Mirror first mortgage program allowance: Maximum 105%CLTV
CalHFA Borrower typically has limited cash for down payment or closing costs. Borrower Contribution from own funds	Mirror FHA guidelines. However when CHDAP is used: borrower contribution: 1% or min of $1,000	Per FNMA Affordable Advantage guidelines. However when CHDAP is used: borrower contribution still: 1% or min of $1,000

Homeownership Lending Activity

Program	Product	$1^{ST} Mtg.	$2^{nd} Mtg.	Assumptions
FHA	96.5 LTV 1st	$120 M*		* Capital Market rates ramp up 1/8% to 1.00%
	CHDAP		$1.8 M	Use current FHA & CHDAP guidelines.
Fannie HFA Product	100% LTV 1st	$750 M**		Mirror Exclusiveness Program is extended past 9/30/10 expiration.
	CHDAP		$11 M	
SUB-TOTAL		$870 M	$12.8 M	Fannie Program terminates 3/31/11.
SFF	Currently suspended. If funding restored		$12 M	Average Sales Prices reduced from $242,700 to $206,300.
"Stand alone" CHDAP	Assuming no changes to current guidelines		$3.6 M	
TOTAL		$870 M	$28.4 M	Assumes May 1, 2010 Ramp up 3 months
Special Programs	Locality Programs (HELP/RDLP) $16M Habitat for Humanity ($420,000), SHBAP (suspended),		Existing Commitments	

* When Feds stop buying MBS's capital market rate will create better CalHFA rate differential.

** Full spread mortgage rate.

*/** Volume can increase with CHDAP Underwriting Changes (i.e CLTV, Borrower Contribution)
Wait to make change until CalHFA rate differential provide full spread on CalHFA FHA

Divisional Business Activity Plans
Multifamily

Multifamily

- New Issuance Bond Program (NIBP) as conduit issuer only Money to be spent by end of 2010, Does have challenges;
  - Deliver bonds to Treasury with either (FHA, Fannie Mae and Freddie Mac) credit enhancement, NO CalHFA enhancement
  - NIBP Conduit only provides NO RE, Loan or Bond Risk to CalHFA
  - Senior Loan Commitment to review and approve for Executive Director to sign
  - Anticipated 5 to 15 projects by year end 2010 when the program ends. Estimated fee income of $1 to $1.5 million based on potential of $200 million in volume
- FHA Risk Share Agreement for Permanent Lending
- CalHFA General Obligation Support for Permanent Lending in the Portfolio for Preservation deals
- Pursue Fannie Mae Seller Servicer Agreement

Multifamily – Cont'd

- Continue lending on MSHA program;
  - Anticipated 30 to 50 projects in 2010/2011 fiscal year for estimated fees generated of $1 million or more
- TCAC consulting/underwriting ARRA funds for tax credit projects through 2011;
  - Anticipated 90 projects in 2010/2011 fiscal year for estimated fee income of $1.3 million

Divisional Business Activity Plans
Asset Management

Asset Management Business Activity

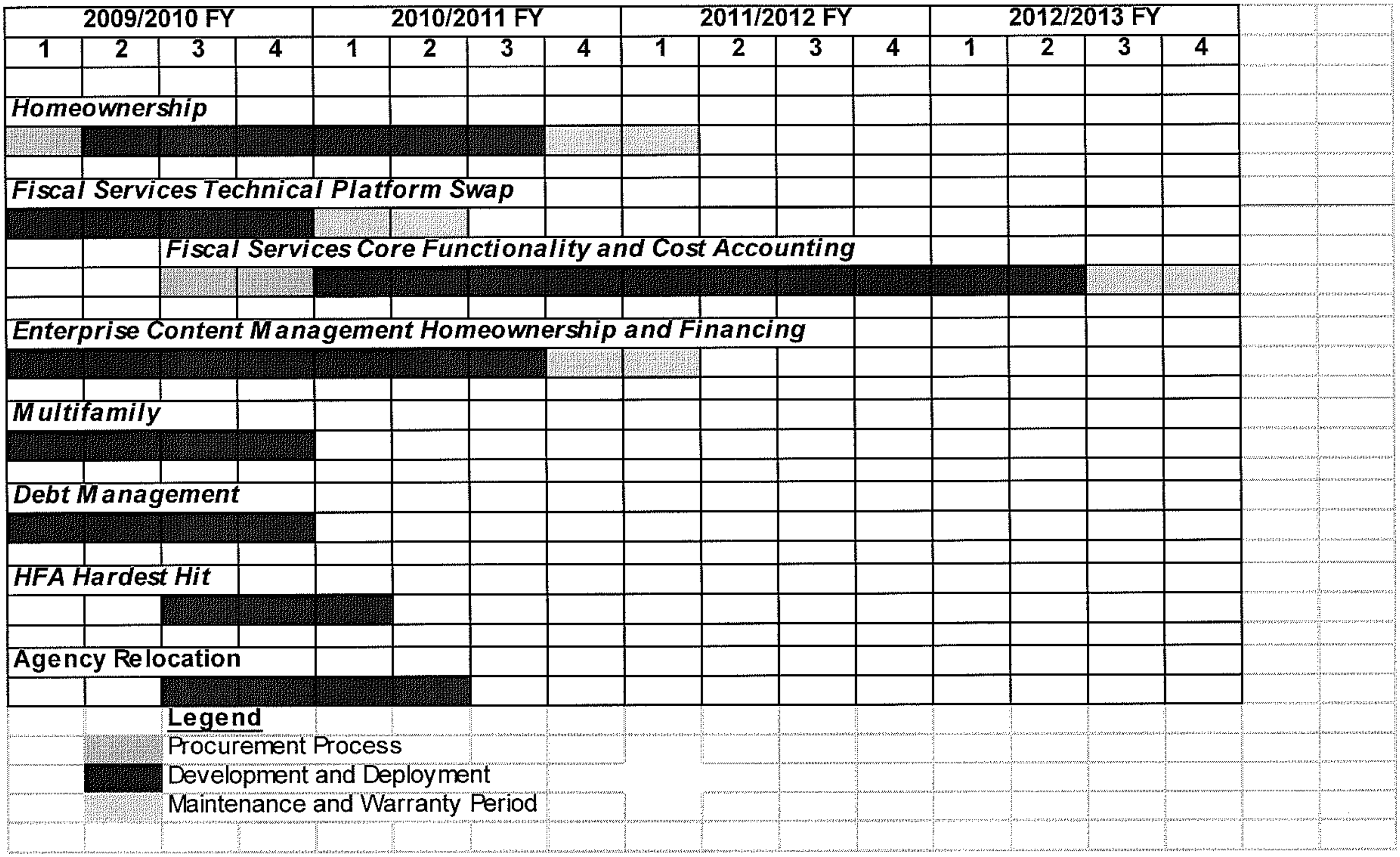
- Over 500 multi-family loans
  - Over $6B in asset value
  - Over $2B in portfolio loan balances
  - $2.5M per year Earned Surplus fees collected
  - $1.3M per year Administration Fee - Section 8
  - Only 6 foreclosures – none since 1995
- Administer
  - $67M/year Section 8 Housing Assistant Payment Subsidy
  - $6.3M MHSA Capital Operating Subsidy
  - $1.8M RHCP Annuity Lending

Divisional Business Activity Plans
Strategic Projects

Strategic Initiatives

- **Homeownership**
- **Fiscal Services**
  - Technical Re-Platform
  - Core Functionality and Cost Accounting
- **Enterprise Content Management**
  - Homeownership
  - Financing
- **Multifamily**
- **Debt Management**
- **HFA Hardest Hit**
- **Agency Relocation**

Strategic Initiatives Timeline



State of California

MEMORANDUM

To: Board of Directors **Date:** March 22, 2010

Bruce D. Gilbertson, Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: Homeownership Loan Portfolio Update

Attached for your information is a report summarizing the Agency's Homeownership loan portfolio:

- Delinquencies as of January 31, 2010 by insurance type,
- Delinquencies as of January 31, 2010 by product (loan) type,
- Delinquencies as of January 31, 2010 by loan servicer,
- Delinquencies as of January 31, 2010 by county,
- A graph of CalHFA's 90-day+ ratios for FHA and Conventional loans (for the period of January 2000 through January 2010),
- A graph of 90-day+ ratios for CalHFA's three Conventional loan (products) types, for the period of January 2008 through January 2010,
- Real Estate Owned (REO) at February 28, 2010,
- Gains/ (Losses) on the Disposition of 1st Trust Deeds, January 1 through December 31, 2008, and January 1 through December 31, 2009, January 1 through February 28, 2010, and
- Write-Offs of subordinate loans, January 1 through December 31, 2008, January 1 through December 31, 2009, and January 1 through February 28, 2010

California Housing Finance Agency

CalHFA

HOMEOWNERSHIP LOAN PORTFOLIO
DELINQUENCY, REO and LOSS REPORT

Reconciled Loan Delinquency Summary
All Active Loans By Insurance Type
As of January 31, 2010

	Loan Count	Balance	Percent	DELINQUENCY RATIOS 30-Day	60-Day	90(+) Day	Total
Federal Guaranty							
FHA	14,528	$ 1,987,923,201	33.20%	5.50%	2.62%	11.74%	19.86%
VA	397	63,088,444	1.05%	4.03%	0.76%	10.58%	15.37%
RHS	99	19,526,526	0.33%	2.02%	1.01%	16.16%	19.19%
Conventional loans							
with MI							
CalHFA MI Fund	8,993	2,453,654,008	40.98%	3.95%	2.21%	16.51%	22.67%
without MI							
Orig with no MI	5,947	1,236,214,161	20.65%	2.51%	1.23%	5.80%	9.53%
MI Cancelled*	1,575	227,481,298	3.80%	2.35%	0.76%	2.48%	5.59%
Total CalHFA	31,539	$ 5,987,887,638	100.00%	4.31%	2.12%	11.52%	17.94%

*Cancelled per Federal Homeowner Protection Act of 1998, which grants the option to cancel the MI with 20% equity.

Reconciled Loan Delinquency Summary
All Active Loans By Loan Type
As of January 31, 2010

	Loan Count	Balance	Percent	DELINQUENCY RATIOS 30-Day	60-Day	90(+) Day	Total
30-yr level amort							
FHA	14,528	$ 1,987,923,201	33.20%	5.50%	2.62%	11.74%	19.86%
VA	397	63,088,444	1.05%	4.03%	0.76%	10.58%	15.37%
RHS	99	19,526,526	0.33%	2.02%	1.01%	16.16%	19.19%
Conventional - with MI	4,323	1,069,060,086	17.85%	3.31%	1.80%	11.45%	16.56%
Conventional - w/o MI	6,550	1,231,658,880	20.57%	2.41%	0.96%	4.35%	7.73%
40-yr level amort							
Conventional - with MI	703	206,639,281	3.45%	4.98%	2.70%	18.92%	26.60%
Conventional - w/o MI	230	46,625,610	0.78%	2.17%	1.30%	6.52%	10.00%
5-yr IOP, 30-yr amort							
Conventional - with MI	3,967	1,177,954,642	19.67%	4.46%	2.57%	21.60%	28.64%
Conventional - w/o MI	742	185,410,969	3.10%	3.10%	2.56%	11.32%	16.98%
Total CalHFA	31,539	$ 5,987,887,638	100.00%	4.31%	2.12%	11.52%	17.94%
Weighted average of conventional loans:				3.28%	1.72%	11.32%	16.31%

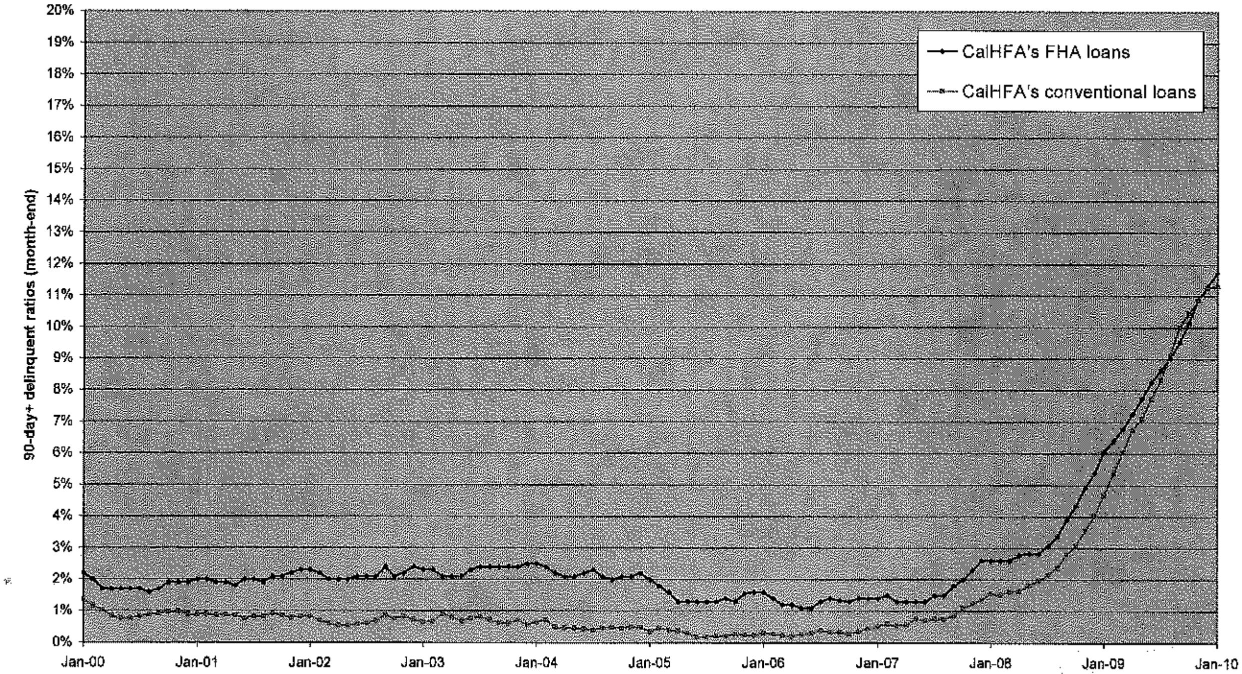
Reconciled Loan Delinquency Summary
All Active Loans By Loan Servicer
As of January 31, 2010

	Loan Count	Balance	Percent	DELINQUENCY RATIOS 30-Day	60-Day	90(+) Day	Total
CALHFA - LOAN SERVICING	10,975	$ 2,596,435,940	43.36%	3.54%	1.32%	10.39%	15.25%
GUILD MORTGAGE	6,897	1,299,000,093	21.69%	5.09%	2.52%	13.24%	20.85%
BAC HOME LOANS SERVICING, LP	5,650	953,697,486	15.93%	4.53%	2.80%	15.10%	22.42%
WELLS FARGO HOME MORTGAGE	2,719	343,922,054	5.74%	3.97%	2.02%	7.21%	13.20%
EVERHOME MORTGAGE COMPANY	2,350	243,094,834	4.06%	5.57%	2.30%	5.83%	13.70%
FIRST MORTGAGE CORP	1,198	255,655,860	4.27%	3.76%	3.67%	16.69%	24.12%
GMAC MORTGAGE CORP	1,060	156,229,444	2.61%	5.94%	2.45%	10.47%	18.87%
BANK OF AMERICA, NA	321	57,139,972	0.95%	3.43%	1.56%	13.40%	18.38%
WASHINGTON MUTUAL BANK	243	61,919,177	1.03%	0.82%	2.06%	10.29%	13.17%
CITIMORTGAGE, INC.	68	16,397,682	0.27%	1.47%	4.41%	16.18%	22.06%
DOVENMUEHLE MORTGAGE, INC.	50	1,882,488	0.03%	0.00%	0.00%	2.00%	2.00%
WESCOM CREDIT UNION	7	2,191,725	0.04%	14.29%	0.00%	28.57%	42.86%
PROVIDENT CREDIT UNION	1	320,882	0.01%	0.00%	0.00%	0.00%	0.00%
Total CalHFA	31,539	$ 5,987,887,638	100.00%	4.31%	2.12%	11.52%	17.94%

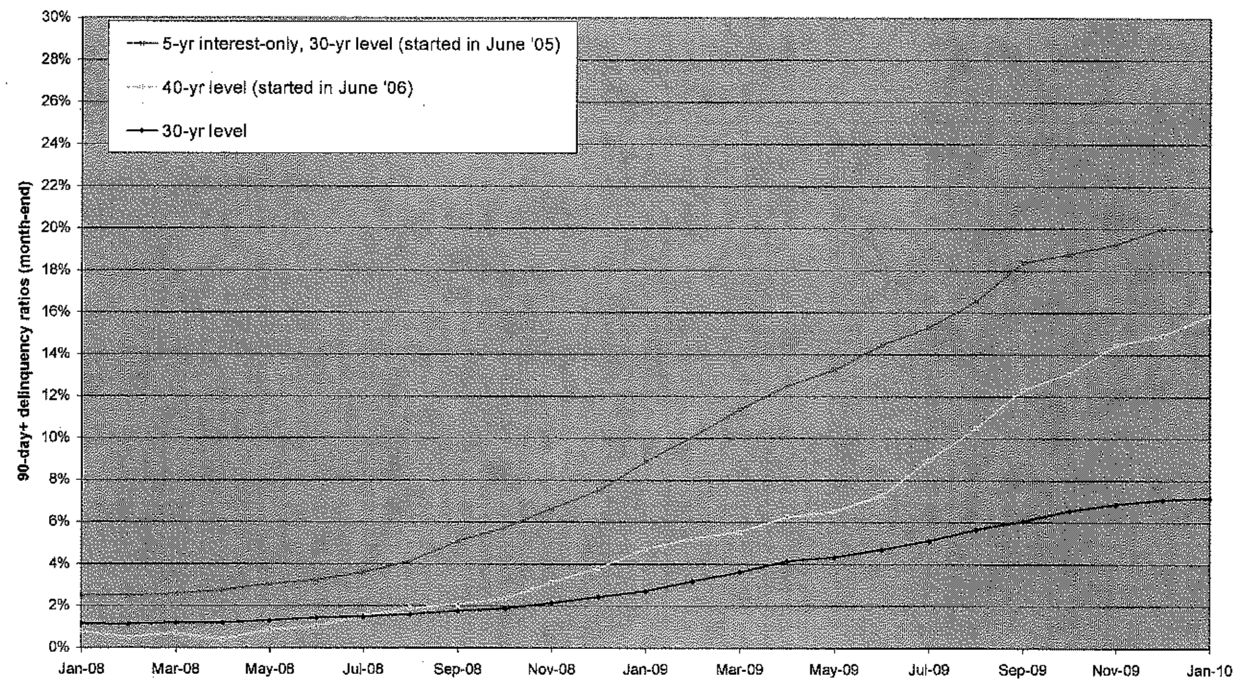
Reconciled Loan Delinquency Summary
All Active Loans By County
As of January 31, 2010

	Loan Count	Balance	Percent	DELINQUENCY RATIOS 30-Day	60-Day	90-Day+	Total
LOS ANGELES	4,895	$ 1,039,657,316	17.36%	4.07%	2.15%	9.23%	15.44%
SAN DIEGO	3,209	724,857,666	12.11%	3.80%	2.34%	15.36%	21.50%
KERN	1,983	233,853,431	3.91%	5.60%	3.08%	12.25%	20.93%
SANTA CLARA	1,940	548,849,045	9.17%	2.22%	0.82%	5.26%	8.30%
RIVERSIDE	1,827	317,633,395	5.30%	5.64%	2.85%	20.53%	29.01%
SAN BERNARDINO	1,764	319,681,889	5.34%	5.22%	2.78%	21.37%	29.37%
SACRAMENTO	1,638	318,986,674	5.33%	4.64%	2.75%	14.53%	21.92%
ORANGE	1,635	378,819,879	6.33%	3.24%	1.28%	7.77%	12.29%
TULARE	1,617	162,797,357	2.72%	6.43%	2.04%	10.58%	19.05%
FRESNO	1,564	153,787,430	2.57%	6.07%	2.69%	8.63%	17.39%
ALAMEDA	1,225	311,282,870	5.20%	2.12%	1.31%	5.71%	9.14%
CONTRA COSTA	1,026	241,805,852	4.04%	3.80%	1.75%	11.89%	17.45%
VENTURA	721	201,449,697	3.36%	3.05%	0.83%	9.85%	13.73%
IMPERIAL	709	76,225,751	1.27%	5.64%	1.97%	11.99%	19.61%
SONOMA	553	120,587,831	2.01%	3.80%	1.81%	7.41%	13.02%
OTHER COUNTIES	5,233	837,611,552	13.99%	4.05%	2.03%	10.13%	16.20%
Total CalHFA	31,539	$ 5,987,887,638	100.00%	4.31%	2.12%	11.52%	17.94%

90-day+ delinquent ratios for CalHFA's FHA and weighted average of all conventional loans



90-day+ delinquent ratios for CalHFA's Three Conventional Loan Types



Real Estate Owned

Calendar Year 2010 (As of February 28, 2010)											
		*Trustee Sales			Disposition of REO(s)						
Loan Type	Beginning Balance # of Loans	Reverted to CalHFA Jan	Reverted to CalHFA Feb	Total Trustee Sales	Repurchased by Lender Jan	Market Sale(s) Jan	Repurchased by Lender Feb	Market Sale(s) Feb	Total Disposition of REO(s)	Ending Balance # of Loans	UPB of REO's Owned
FHA/RHS/VA	187	44	50	94	49		28		77	204	$ 44,750,595
Conventional	619	107	119	226		63		47	110	735	176,118,322
Total	806	151	169	320	49	63	28	47	187	939	$ 220,868,917

Calendar Year 2009						
		*Trustee Sales	Disposition of REO(s)			
Loan Type	Beginning Balance # of Loans	Reverted to CalHFA 2009	Repurchased by Lender 2009	Market Sale(s) 2009	Ending Balance # of Loans	UPB of REO's Owned
FHA/RHS/VA	51	588	452		187	$ 40,850,369
Conventional	226	929		536	619	150,498,899
Total	277	1517	452	536	806	$191,349,268

Calendar Year 2008						
		*Trustee Sales	Disposition of REO(s)			
Loan Type	Beginning Balance # of Loans	Reverted to CalHFA 2008	Repurchased by Lender 2008	Market Sale(s) 2008	Ending Balance # of Loans	UPB of REO's Owned
FHA/RHS/VA	33	231	212	1	51	$ 11,206,593
Conventional	42	255		71	226	52,475,997
Total	75	486	212	72	277	$ 63,682,590

**3rd party trustee sales are not shown in the tables (title to these loans were never transferred to CalHFA). There were eight (8) 3rd party sales in calendar year 2008, eighteen (18) 3rd party sales year 2009, and there are five (5) 3rd party sales to date for 2010.*

Calendar Year 2008[1] / 2009[2] / 2010[3] Year to Date REO Uninsured Losses[4]			
	2008	2009	2010
1st TD Sale Estimated Gain/(Loss)	$ (656,632)	$ (13,401,725)	$ (2,365,142)
Subordinate Write-Off	(6,421,515)	(18,398,180)	(2,450,753)
Total Gain(Loss)/Write-Offs	$ (7,078,147)	$ (31,799,905)	$ (4,815,895)

(1) For the period of January 1, 2008 thru December 31, 2008.
(2) For the period of January 1, 2009 thru December 31, 2009.
(3) For the period of January 1, 2010 thru February 28, 2010.
(4) Includes both reconciled and unreconciled gains/losses to date.

2010 Year to Date Composition of 1st Trust Deed Gain/(Loss)
(As of February 28, 2010)

	Disposition				
Loan Type	Repurchased by Lender	Market Sales	Loan Balance at Trustee Sale	Estimated Indenture Gain/(Loss)	(1)Estimated GAP Loss
FHA/RHS/VA	77		$ 15,928,317		
Conventional		110	29,935,474	$ (2,365,142)	$ (3,753,901)
	77	110	$ 45,863,791	$ (2,365,142)	$ (3,753,901)

(1) The MI Fund provides GAP Insurance as necessary to meet bond indenture requirements that all loans have a minimum of 50% of the unpaid principal balance of each loan insured for the life of the loan. The Agency currently has agreed to indemnify, but only from available funds of the Agency, the MI Fund to the extent of any claims paid by the MI Fund with respect to GAP Insurance. For this purpose, available funds means moneys in the Housing Finance Fund not pledged to secure any other obligation of the Agency, but only to the extent made available under an agreement between the MI Fund and the Housing Finance Fund, as such agreement may be amended by the Agency from time to time.

2010 Year to Date Composition of Subordinate Write-Offs by Loan Type[1]
(As of February 28, 2010)

	Active Loans		Write-Offs			
Loan Type	**Active Loans**	**Dollar Amount**	**Number of Write-Offs**	**% (of Portfolio)**	**Dollar Amount**	**% (of Portfolio)**
CHAP/HiCAP	12,177	$129,873,476	131	1.08%	$1,380,559	1.06%
CHDAP/ECTP/HiRAP	21,605	181,042,983	139	0.64%	1,070,195	0.59%
Other [2]	289	3,810,716	0	0.00%	0	0.00%
	34,071	$314,727,175	270	0.79%	$2,450,753	0.78%

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

Homeownership Borrower Profile

FY 2004-09 Averages/Year	
Total 1st Mortgage Loans	
New Construction	1,112
Resale	3,758
Total 2nd Mortgage Loans	
With CalHFA 1st Mtgs (does not includes grants)	3,585 (74%)
Low Income borrower %	44.153%
Average Income	$59,762
Median Income	$57,886
Average Sales Price	$275,109
Median Sales Price	$261,200
Average Loan Amount	$243,608
New Construction	$227,686
Resale	$248,520

2007-09 FY Averages

Average DTI	45.71%
Average Housing Ratio	37.83%
Average LTV	88.47%
Average FICO	702
Low Income borrower %	43.28%

Year to Date Averages

	07-08	08-09
Average DTI	46.0%	45.0%
Average Housing Ratio	38.0%	38.0%
Average LTV	89.49%	87.0%