

RESOLUTION 12-10

RESOLUTION APPROVING EXTENSION OF PARTICIPATION IN
US TREASURY DEPARTMENT
TEMPORARY CREDIT AND LIQUIDITY PROGRAM
WITH RESPECT TO HOME MORTGAGE REVENUE BONDS

WHEREAS, the California Housing Finance Agency (the "Agency") has from time to time issued its Home Mortgage Revenue Bonds of various series as variable rate demand bonds (the "HMRB VRDBs"); and

WHEREAS, variable rate demand bonds such as the HMRB VRDBs are required to be supported by liquidity facilities typically provided by financial institutions for short incremental terms, can be "put" by investors for purchase, and when not successfully remarketed by remarketing agents, or in the event of expiration of such facilities without extension or replacement, are required to be purchased by the providers of such facilities, and any bonds so purchased ("bank bonds") may bear interest at rates higher than they otherwise would bear and may require repayment earlier than otherwise would be required; and

WHEREAS, the United States Department of Treasury ("Treasury"), in conjunction with the Federal Housing Finance Agency, and two government sponsored enterprises, Fannie Mae and Freddie Mac (collectively, the "GSEs") in 2009 established a Temporary Credit and Liquidity Program (the "TCLP") to aid state and local housing finance agencies having outstanding variable rate demand bonds that had become or faced becoming bank bonds as a result of increasing investor "puts" and expiration of facilities that had become difficult or impractical to extend or replace; and

WHEREAS, in 2009 the TCLP authorized the GSEs to provide liquidity and credit support facilities for approximately three years to replace such existing facilities; and

WHEREAS, the Board of Directors of the Agency, by Resolution 09-14, adopted on November 19, 2009, authorized participation in the TCLP to obtain such GSE credit and liquidity facilities with respect to the Agency's variable rate demand bonds, including the HMRB VRDBs; and

WHEREAS, on December 23, 2009, pursuant to the TCLP, the GSEs delivered Standby Irrevocable Temporary Credit and Liquidity Facilities (the "HMRB TCLFs") for all of the then-outstanding HMRB VRDBs, which became effective January 21, 2010, replacing the existing standby bond purchase agreement liquidity facilities for such bonds, and the Agency entered into related reimbursement agreements with the GSEs and bond indenture amendments for the benefit of the GSEs; and

WHEREAS, the HMRB TCLFs currently are scheduled to expire on December 23, 2012, and the HMRB VRDBs would be required to be purchased with draws on such facilities and would become bank bonds in the event that such facilities were to expire without extension or replacement; and

WHEREAS, Treasury and the GSEs have announced an extension of the TCLP for state and local housing finance agencies (the "TCLP Extension"), pursuant to which the GSEs are authorized to extend the terms of their Standby Irrevocable Temporary Credit and Liquidity Facilities for an additional three years, in exchange for such agencies' agreement to new TCLP requirements; and

WHEREAS, such new TCLP requirements include an increase in fees for the availability of the facilities, an increase in rates of interest that would be payable on any bank bonds until repaid and on any credit support advances until reimbursed, modification of bank bond principal repayment provisions such that principal would remain payable ten years after the original facility expiration date rather than ten years after the new extended facility expiration date, minimum counterparty credit rating requirements for any new interest rate exchange agreements, additional information reporting requirements, and a new fee that would be payable in the event of an issuer's failure to meet agreed-upon targets for annual reductions (such as by redemption, interest rate mode conversion, or arrangement of replacement facilities) in the principal amount of variable rate demand bonds covered by the GSE facilities during their three-year extended term; and

WHEREAS, in light of unavailability or limited availability and relative costs of liquidity facilities from alternative providers and limited current opportunities for reducing the outstanding amount of the HMRB VRDBs, it is desirable for the Agency at this time to participate in the TCLP Extension with respect to all of the HMRB VRDBs currently outstanding; and

WHEREAS, the Board of Directors of the Agency, by Resolution 12-01, adopted on January 19, 2012, has previously authorized and directed the execution and delivery of all agreements and documents and the taking of all actions necessary or advisable in order to consummate the remarketing and administration of prior bonds issued for single family homeownership purposes, including amendments to credit and liquidity facilities; and

WHEREAS, representatives of the GSEs and their counsel have requested that the Board of Directors of the Agency specifically authorize and affirm the Agency's determination to execute all agreements and documents and take all actions required in connection with the TCLP Extension for the outstanding HMRB VRDBs;

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

1. The Executive Director and the officers of the Agency, including the Director of Finance, are hereby authorized and directed to execute such agreements and other documents, including, without limitation, amendments to the HMRB TCLFs, to related reimbursement agreements and to related bond indentures, and take such other actions, including, without limitation, distribution of disclosure documents to investors, as they deem necessary or proper to permit the Agency to participate in the TCLP Extension with respect to all outstanding HMRB VRDBs.

SECRETARY'S CERTIFICATE

I, Victor James, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 12-10 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 20th day of September, 2012, of which meeting all said directors had due notice; and that at said meeting said resolution was adopted by the following vote:

AYES: GUNNING, HUNTER, CARROLL (for Lockyer), SHINE, CHAVIS (for Kelly),
WARREN, BOATMAN PATTERSON, CAREY

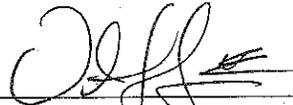
NOES: NONE

ABSTENTIONS: NONE

ABSENT: SMITH

IN WITNESS WHEREOF, I have executed this certificate and affixed the seal of the Board of Directors of the California Housing Finance Agency hereto this 20th day of September, 2012.

[SEAL]



VICTOR JAMES
Secretary of the Board of Directors of the
California Housing Finance Agency