

RESOLUTION NO. 12-11

RESOLUTION OF THE CALIFORNIA HOUSING FINANCE AGENCY
APPROVING EXTENSION OF TEMPORARY CREDIT AND LIQUIDITY FACILITIES FOR
MULTIFAMILY HOUSING REVENUE BONDS III AND HOUSING PROGRAM BONDS

WHEREAS, as a result of disruptions in the bond, capital and real estate markets, the California Housing Finance Agency (the "Agency") has since 2008 experienced pressure on its balance sheet and on its long-term unsecured credit rating, and has experienced significant capital and liquidity constraints;

WHEREAS, such marketplace disruptions have also had adverse effects on the Agency's bond portfolio, in particular as variable rate bonds supported by liquidity facilities provided by financial institutions for short incremental terms typically 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, such bonds are typically 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;

WHEREAS, in response to such marketplace disruptions affecting the Agency and other state and local housing finance agencies, on October 19, 2009, the United States Department of Treasury ("Treasury"), in conjunction with the Federal Housing Finance Agency and the two government sponsored enterprises, Fannie Mae and Freddie Mac (collectively, the "GSEs"), announced an initiative to aid state and local housing finance agencies (the "HFA Initiative");

WHEREAS, under the Temporary Credit and Liquidity Program ("TCLP") offered pursuant to the HFA Initiative, the GSEs delivered to U.S. Bank National Association, as trustee (the "Trustee") for the Agency's Multifamily Housing Revenue Bonds III, issued under an Indenture, dated as of March 1, 1997, by and between the Agency and the Trustee, as previously amended and supplemented, and its Housing Program Bonds, issued under a General Indenture, dated as of November 1, 2004, by and between the Agency and the Trustee, as previously amended and supplemented (collectively, the "Bonds"), certain Temporary Credit and Liquidity Facilities, each dated as of December 23, 2009 (the "Credit and Liquidity Facilities");

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 Bonds; and

WHEREAS, the Agency and the Trustee entered into certain Reimbursement Agreements, each dated as of December 23, 2009, subsequently amended as of September 28, 2012 (as amended, each a "Reimbursement Agreement" and, together with the Credit and Liquidity Facilities, the "TCLP Documents"), under which the Agency is obligated to reimburse the GSEs for draws made by the Trustee under the Credit and Liquidity Facilities;

WHEREAS, the Credit and Liquidity Facilities are currently scheduled to expire as of December 23, 2012;

WHEREAS, as a result of continuing stress in the financial markets, as well as reductions in the Agency's long-term unsecured credit rating resulting from increased delinquencies and foreclosures in the Agency's homeownership portfolio and other factors, the Agency is not currently in a position to replace the Credit and Liquidity Facilities with facilities provided by private parties, nor to replace the Bonds with fixed-rate obligations;

WHEREAS, the GSEs and Treasury have determined to extend the Credit and Liquidity Facilities and other credit and liquidity facilities provided under TCLP in respect of other bonds of the Agency until December 23, 2015;

WHEREAS, to effect such extensions, the GSEs and their counsel have prepared forms of a First Amendment to Standby Irrevocable Credit and Liquidity Facility and a Second Amendment to Reimbursement Agreement, each to be dated as of September 28, 2012 (the "Extension Documents), which Extension Documents extend the expiration date of the Credit and Liquidity Facilities and amend the original Reimbursement Agreements to add, among other provisions, certain new reporting requirements and financial terms applicable to the Agency;

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, the Board of Directors has by its Resolutions Nos. 12-01 and 12-02, adopted on January 19, 2012, previously authorized and directed execution and delivery of all documents necessary or appropriate in connection with the "Programs" as defined in such resolutions, including execution and delivery of the Extension Documents; and

WHEREAS, the GSEs and their counsel have requested that the Board of Directors by this resolution specifically affirm the Agency's determination to execute and deliver the Extension Documents;

NOW, THEREFORE, BE IT RESOLVED, by the California Housing Finance Agency that the Executive Director, the Director of Financing and the Secretary of the Board of Directors and other authorized officers of the Agency are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver each of the Extension Documents and any related or ancillary documents, to take such other actions as may be necessary or proper to permit the Agency's participation in the extension of TCLP, and to

make such amendments and changes to the Extension Documents and any related or ancillary documents as may be necessary or proper to permit the Agency's ongoing participation in TCLP, including amendments or changes necessary to be made after the effective date of the Extension Documents.

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. 12-11 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