

**STATE OF CALIFORNIA
CALIFORNIA HOUSING FINANCE AGENCY**



**BOARD OF DIRECTORS
PUBLIC MEETING**



**Burbank Airport Hilton & Convention Center
2500 Hollywood Way
Burbank, California**

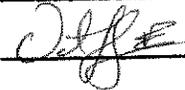
**Tuesday, November 13, 2012
10:00 a.m.**

Minutes approved by the Board
of Directors at its meeting held:



MAY 9, 2013

Attest: _____



Reported by: DANIEL P. FELDHAUS, CSR #6949, RDR, CRR

**Daniel P. Feldhaus, C.S.R., Inc.
Certified Shorthand Reporters
8414 Yermo Way, Sacramento, California 95828
Telephone 916.682.9482 Fax 916.688.0723
FeldhausDepo@aol.com**

A P P E A R A N C E SBoard of Directors Present

PETER N. CAREY
(Acting Board Chair)
President/CEO
Self-Help Enterprises

TIA BOATMAN PATTERSON
General Counsel
Sacramento Housing and Redevelopment Agency

CLAUDIA CAPPIO
Executive Director
California Housing Finance Agency
State of California

KATIE CARROLL
for Bill Lockyer
State Treasurer
State of California

RUSSIA CHAVIS
for Brian P. Kelly
Acting Secretary
Business, Transportation & Housing
State of California

MICHAEL A. GUNNING
Vice President
Personal Insurance Federation of California

JONATHAN HUNTER
Managing Director, Region 2
Corporation for Supportive Housing

JACK SHINE
Chairman
American Beauty Development Co.

LINN WARREN
Director
Department of Housing and Community Development
State of California

A P P E A R A N C E S

Participating CalHFA Staff

VICTOR J. JAMES
General Counsel

CARR KUNZE
Loan Officer

JAMES S.L. MORGAN
Loan Officer
Acting Chief of Multifamily Programs

JOJO OJIMA
Office of the General Counsel

DIANE RICHARDSON
Director of Legislation

--o0o--

PUBLIC TESTIMONY

BRANDON DINON
USA Properties Fund, Inc.

GRAHAM ESPLEY-JONES
BVH Development, LLC

LILLIAN LEW-HAILER
Senior Project Manager
LEED AP
Mid-Peninsula Housing

--o0o--

Table of Contents

<u>Item</u>	<u>Page</u>
1. Roll Call	7
2. Approval of the minutes of the September 20, 2012, Board of Directors meeting	8
3. Chairman/Executive Director Comments	9
4. Report of the Audit Committee Chairman	11
5. Discussion, recommendation, and possible action regarding final loan commitment for the following projects:	
Project Number 12-060-R/S	
Development: Logan's Plaza	
Locality: Compton/Los Angeles	
Units: 61	
Resolution 12-12	13
Motion	18
Vote	19
Project Number 12-050-R/N	
Development: Century Village	
Locality: Fremont/Alameda	
Units: 100	
Resolution 12-13	20
Motion	24
Vote	24
Project Number 12-052-R/S	
Development: Vintage at Stonehaven	
Locality: Yorba Linda/Orange	
Units: 125	
Resolution 12-14	25
Motion	29
Vote	29

Table of Contents

<u>Item</u>	<u>Page</u>
5. Discussion, recommendation, and possible action regarding final loan commitment for the following projects: <i>continued</i>	
Project Number 12-053-R/S	
Development: Vintage at Kendall	
Locality: San Bernardino/San Bernardino	
Units: 178	
Resolution 12-15	30
Motion	35
Vote	35
Project Number 12-044-R/S	
Development: Villa Anaheim	
Locality: Anaheim/Orange	
Units: 135	
Resolution 12-16	36
Motion	42
Vote	42
Project Number 12-061-R/S	
Development: Coronado Place	
Locality: Los Angeles/Los Angeles	
Units: 41	
Resolution 12-17	43
Motion	48
Vote	48
12. Reports	49
A. Homeownership Loan Portfolio Update	
B. Update on Variable-Rate Bonds and Interest-Rate Swaps	
C. Legislative Update	
D. Update on <i>Keep Your Home California</i> Program	

Table of Contents

<u>Item</u>		<u>Page</u>
7	Discussion of other Board matters	53
8.	Public testimony: Discussion only of other matters to be brought to the Board's attention	53
9.	Adjournment	54
	Reporter's Certificate	55

--o0o--

CalHFA Board of Directors Meeting – November 13, 2012

1 BE IT REMEMBERED on Tuesday, November 13, 2012,
2 commencing at the hour of 10:06 a.m., at Burbank Airport
3 Hilton & Convention Center, 2500 Hollywood Way, Burbank,
4 California, before me, DANIEL P. FELDHAUS, CSR #6949, RDR
5 and CRR, the following proceedings were held:

6 --oOo--

7 ACTING CHAIR CAREY: Welcome to the
8 November meeting of the Board of Directors of the
9 California Housing Finance Agency.

10 The first order of business is the roll call.

11 --oOo--

12 **Item 1. Roll Call**

13 MS. OJIMA: Thank you.

14 Mr. Gunning?

15 MR. GUNNING: Here.

16 MS. OJIMA: Mr. Hunter?

17 MR. HUNTER: Here.

18 MS. OJIMA: Ms. Carroll for Mr. Lockyer?

19 MR. LOCKYER: Here.

20 MS. OJIMA: Ms. Chavis for Mr. Kelly?

21 MR. KELLY: Here.

22 MS. OJIMA: Ms. Boatman Patterson?

23 MS. BOATMAN PATTERSON: Here.

24 MS. OJIMA: Mr. Shine?

25 MR. SHINE: Here.

CalHFA Board of Directors Meeting – November 13, 2012

1 MS. OJIMA: Mr. Smith?
2 MR. SMITH: Here.
3 MS. OJIMA: Mr. Warren?
4 MR. WARREN: Here.
5 MS. OJIMA: Mr. Alex?
6 *(No response)*
7 MS. OJIMA: Ms. Matosantos?
8 *(No response)*
9 MS. OJIMA: Ms. Cappio?
10 MS. CAPPPIO: Here.
11 MS. OJIMA: Mr. Carey?
12 ACTING CHAIR CAREY: Here.
13 MS. OJIMA: We have a quorum.
14 ACTING CHAIR CAREY: Thank you.
15 ---oOo---
16 **Item 2. Approval of Minutes**
17 ACTING CHAIR CAREY: The second item of
18 business is approval of the minutes of September 20th.
19 MR. HUNTER: I'll move approval.
20 ACTING CHAIR CAREY: It's been moved.
21 MR. WARREN: Second.
22 ACTING CHAIR CAREY: And seconded.
23 Roll call, please.
24 MS. OJIMA: Mr. Gunning?
25 MR. GUNNING: Aye.

CalHFA Board of Directors Meeting – November 13, 2012

1 MS. OJIMA: Mr. Hunter?
2 MR. HUNTER: Aye.
3 MS. OJIMA: Ms. Carroll?
4 MS. CARROLL: Aye.
5 MS. OJIMA: Ms. Chavis?
6 MS. CHAVIS: Aye.
7 MS. OJIMA: Ms. Boatman Patterson?
8 MS. BOATMAN PATTERSON: Aye.
9 MS. OJIMA: Mr. Shine?
10 MR. SHINE: Aye.
11 MS. OJIMA: Mr. Smith?
12 MR. SMITH: Aye.
13 MS. OJIMA: Mr. Warren?
14 MR. WARREN: Aye.
15 MS. OJIMA: Mr. Carey?
16 ACTING CHAIR CAREY: Aye.
17 MS. OJIMA: The minutes have been approved.
18 ACTING CHAIR CAREY: Thank you.

19 --oOo--

20 **Item 3. Chairman/Executive Director Comments**

21 ACTING CHAIR CAREY: I'd like to just take one
22 moment to announce that I'm appointing Russia Chavis to
23 the Board's Compensation Committee, which is chaired by
24 Mr. Gunning. And Mr. Shine and I are the other two
25 members on that committee.

CalHFA Board of Directors Meeting – November 13, 2012

1 Thank you, Ms. Chavis, for agreeing to do that.

2 MS. CHAVIS: You're welcome.

3 ACTING CHAIR CAREY: And with that, I'll turn
4 the meeting over to our Executive Director.

5 MS. CAPPPIO: Great. Good morning.

6 I have a few items of note.

7 First, our TCLP, the Temporary Credit Liquidity
8 Program, through U.S. Treasury, was extended for two
9 years or three years -- 2015. So that is, all the
10 agreements are signed and done. That was good to get
11 completed.

12 Moody's, one of our rating agencies, has
13 extended their review now for up to 90 days, which means
14 we will be expecting a review early next year, or a final
15 rating early next year.

16 As for the Governor's Reorganization Plan
17 status report, both HCD and CalHFA worked on a project
18 implementation document. We submitted that to Business,
19 Transportation and Housing. It's under their review now.
20 And from there, they will go -- all those PIDs will go
21 into the Governor's office for their review and
22 consideration. We expect that to happen within the next
23 few weeks.

24 I'm not sure whether we'll get a chance to
25 review any comments that BT&H had, but that's the

1 procedure going along, is that it has gone to BT&H, and
2 now will get forwarded to the Governor's office.

3 The last item is that CalHFA was included in
4 two recent audits of the Bureau of State Audits.

5 The first one had to do with the adequacy of
6 databases in state government; and the second one was a
7 review of the disbursements and results of both Prop. 46
8 and Prop. 1-C.

9 We are included in those audits. They had no
10 findings or material significant comments for us, but we
11 were included in them.

12 They are -- if you would like to look further,
13 they are on the BSA Web site.

14 That's it.

15 ACTING CHAIR CAREY: Thank you.

16 --oOo--

17 **Item 4. Report of the Audit Committee Chairman**

18 ACTING CHAIR CAREY: With that, we will move on
19 to the report from the Audit Committee chairman,
20 Mr. Smith.

21 MR. SMITH: We met this morning to go over the
22 audit. And it was a very good audit from the staff
23 standpoint. We had no significant findings.

24 There were some minor issues that we discussed
25 related to the audit; and those related to just some

CalHFA Board of Directors Meeting – November 13, 2012

1 misstatements in how we, for example, book our REO sales.
2 And that resulted in a \$4 million correction, which is
3 really insignificant, given the numbers we're dealing
4 with. And it was just the way, the timing of when it was
5 booked. So that was one minor item.

6 The other minor item is how -- it was a cash
7 flow issue of when we get federal funds in, we've got
8 to -- by federal rules -- pay them out within three days,
9 three business days. And I think we're doing seven to
10 11 days, which is not bad, when you think about it. But
11 nevertheless, it's an issue that we need to deal with,
12 and we're coming up with ideas to do that.

13 The third issue was the derivative borrowing,
14 which we had last time as well, which is just a
15 correction in terms of a misstatement.

16 Those are the minor issues that came up in the
17 audit.

18 Overall, the audit went well. And, again,
19 there was no major issues. It was an unqualified audit.

20 If there's any questions from the rest of the
21 Board members, I'll be open to hear them, and the staff
22 is here to respond to them as well.

23 ACTING CHAIR CAREY: Any questions or comments?

24 *(No response)*

25 ACTING CHAIR CAREY: I would just say, I think

1 it was positive to hear the report and have effectively
2 gone through a transition of audit firms. I think it
3 affirms the responsibility of the Board in due diligence.
4 And I appreciate the work of the Committee.

5 Thank you for the report.

6 MR. SMITH: Thank you.

7 --oOo--

8 **Item 5. Discussion, Recommendation and Possible Action**
9 **regarding Final Loan Commitment for:**

10 **12-060-R/S Logan's Plaza, Compton/Los Angeles**

11 ACTING CHAIR CAREY: And now we have some
12 projects, which has been a rarity in recent years. It's
13 great.

14 And with that, we're on Item 5. And we'll move
15 through these projects one at a time.

16 And the first one is Logan's Plaza.

17 MR. MORGAN: Thank you, Mr. Carey, yes.

18 These are the last six projects for the
19 Agency's 2012 New Issue Bond Preservation Loan Program.

20 Carr Kunze is the loan officer for Logan's
21 Plaza and Century Village. He will be presenting those
22 two loans. And yours truly will be presenting the last
23 ones.

24 So we'll start off with Carr Kunze.

25 MR. KUNZE: Good morning, Mr. Chairman, Members

1 of the Board.

2 Just one quick change to the notes. The
3 investor entity has been changed to R4 Capital, a Limited
4 Liability Corporation.

5 Logan's Plaza is a 61-unit senior project
6 located in Compton. It is a hundred percent Section 8,
7 save for the two new units that are being added,
8 converted and added to it.

9 It was originally built in 1963. And a few
10 pictures -- I kind of jumped ahead -- of the existing
11 property.

12 The community room, a typical kitchen for the
13 property.

14 This is one of our earliest projects that were
15 financed by CalHFA, originally financed in 1977. And as
16 I said, it was built in 1963.

17 This development will be achieving a 17 percent
18 energy savings. And it will have also some ADA
19 improvements be made to it, some life-and-safety
20 improvements. Particularly, I note in those regards is
21 being brought up to market with the addition of a heat
22 pump. Therefore, heating and air-conditioning being
23 added to the units. Very important to this senior
24 population, and I think a very worthwhile improvement.

25 In addition -- well, all together, there are

1 some \$54,000 per unit in rehabilitation being done to the
2 property, a sizable sum, but representative of a property
3 that was originally built in 1963.

4 It has some good locational advantages,
5 including access to buses, transportation, a medical
6 center nearby, groceries, pharmacy.

7 There will be no permanent displacement. There
8 will be temporary relocation that is being accomplished
9 in phases. Six units at a time. Five weeks each.

10 The market analysis for the development shows
11 good, continuing support with a growing senior population
12 in the market area.

13 Amongst the upgrades that are being performed
14 are: Windows being upgraded to a low "E" window.
15 Additional insulation. Improved security. Attic
16 insulation. A cool roof, as that's characterized. Solar
17 PV power to the common areas. Kitchen and bath
18 improvements, of course. Hot water, solar. And then, as
19 I mentioned, air-conditioning via the heat pumps and
20 heating via the heat pumps, as well as modernization of
21 the elevators.

22 The permanent loan underwrites that an
23 81 percent loan-to-value, to the restricted value of the
24 property.

25 The rents to the development are at -- and

CalHFA Board of Directors Meeting – November 13, 2012

1 these would be the TCAC rents -- are some 60 percent --
2 I'm getting myself turned around here. The TCAC rents
3 are less than 80 percent of the market rents.

4 This development is having the advantage of
5 Section 8. Section 8, of course, is just below the
6 market -- some 95 percent of market.

7 I think that substantially concludes my
8 comments on the development.

9 ACTING CHAIR CAREY: Questions on this project?
10 Comments?

11 Yes, Mr. Gunning?

12 MR. GUNNING: Well, what is the staff looking
13 for, from the Board, in terms of these projects? Is it
14 just an awareness or comments or...?

15 MS. CAPPIO: I'm thinking that if you have any
16 concerns about how the structure of the loan is set up,
17 any aspect of the project as we have presented it to you,
18 now is your chance before we call the question about
19 having you approve the loan.

20 I mean, you are the fiduciary parents of these
21 loans. So I would move thoughtfully.

22 ACTING CHAIR CAREY: Okay, no questions?

23 *(No response)*

24 ACTING CHAIR CAREY: Okay, I think it's true
25 with all of these, I think it's remarkable that we are

1 able to reposition these projects, bringing phenomenal
2 energy savings, improvements, maintain this
3 affordability. I think it fulfills the role of the
4 Agency pretty nicely.

5 MS. CAPPPIO: And in an era where there is not
6 much new money, I think the emphasis on preservation and
7 rehabilitation is critical so that we can preserve the
8 affordable housing stock in California.

9 MR. SMITH: I assume that this is one of those
10 deals that if we didn't do this, the life of this project
11 would not be long.

12 MS. CAPPPIO: It would be limited.

13 MS. BOATMAN PATTERSON: So the affordability is
14 extended how long now? Until twenty- -- from 2019 --

15 MR. KUNZE: An additional 20 years now on the
16 Section 8 affordability and --

17 MS. BOATMAN PATTERSON: Okay.

18 MR. MORGAN: 17 years on our loan.

19 MR. KUNZE: -- and 17 years on our loan, right.

20 MS. BOATMAN PATTERSON: Okay. Beyond the 2019,
21 which it was supposed to originally expire?

22 MR. KUNZE: That's correct, right.

23 MS. BOATMAN PATTERSON: And this project hasn't
24 been rehabbed since 1977?

25 MR. KUNZE: It may have had a few minor

CalHFA Board of Directors Meeting – November 13, 2012

1 improvements to it, but --

2 MS. BOATMAN PATTERSON: But not a major --

3 MR. KUNZE: -- not a project improvement.

4 MS. BOATMAN PATTERSON: But not a major rehab?

5 MR. KUNZE: That's right.

6 MR. WARREN: Just a question, Carr.

7 I'm assuming the HAP contract is subject to
8 annual appropriation. Is that fair?

9 MR. KUNZE: That would be my understanding.
10 It's an annual appropriation, but it's a 20-year contract
11 that is being renewed -- being requested to be renewed.

12 MR. WARREN: Okay.

13 ACTING CHAIR CAREY: Before we entertain a
14 motion, I would open this up to public comment.

15 If there is anyone in the public that would
16 like to comment specifically on this project, I'd ask you
17 to indicate so.

18 *(No response)*

19 ACTING CHAIR CAREY: Seeing none, we do have a
20 resolution in front of us.

21 MR. GUNNING: Do you need a motion,
22 Mr. Chairman?

23 ACTING CHAIR CAREY: We need a motion.

24 MR. GUNNING: So moved.

25 Resolution 12-13.

CalHFA Board of Directors Meeting – November 13, 2012

1 MR. HUNTER: Second.

2 MS. CAPPIO: -12.

3 ACTING CHAIR CAREY: 12-12, sorry.

4 12-12. Moved and seconded.

5 Roll call, please.

6 MS. OJIMA: Thank you.

7 Mr. Gunning?

8 MR. GUNNING: Aye.

9 MS. OJIMA: Mr. Hunter?

10 MR. HUNTER: Aye.

11 MS. OJIMA: Ms. Carroll?

12 MS. CARROLL: Aye.

13 MS. OJIMA: Ms. Chavis?

14 MS. CHAVIS: Aye.

15 MS. OJIMA: Mr. Boatman Patterson?

16 MS. BOATMAN PATTERSON: Aye.

17 MS. OJIMA: Mr. Shine?

18 MR. SHINE: Aye.

19 MS. OJIMA: Mr. Smith?

20 MR. SMITH: Aye.

21 MS. OJIMA: Mr. Warren?

22 MR. WARREN: Aye.

23 MS. OJIMA: Mr. Carey?

24 ACTING CHAIR CAREY: Yes.

25 MS. OJIMA: Resolution 12-12 has been approved.

1 There will be double-pane windows. Increased wall and
2 attic insulation. Again, installation of heat pumps with
3 system. And water-saving features are also being
4 incorporated throughout the property.

5 There will, again, be no permanent displacement
6 of the residents. There will be temporary relocation.
7 The developer is going to be accomplishing this in two
8 phases, and taking half of the property at one time,
9 rehabilitating it, bringing in -- the tenants back into
10 the housing, and then doing the second half.

11 Again, a property with very good access to
12 schools, transportation, and services.

13 This is a project that is going to extend
14 affordability in an already very tight 98 percent
15 occupancy rental market in the high-tech area.

16 The rents, again, on this development, the
17 TCAC rents are about 70 percent below market -- of the
18 market rents, 30 percent lower.

19 And the permanent loan is being underwritten at some
20 65 percent loan-to-restricted-value.

21 That concludes my presentation on Century
22 Village.

23 ACTING CHAIR CAREY: Thank you.

24 Questions?

25 MR. WARREN: So the project is receiving the

CalHFA Board of Directors Meeting – November 13, 2012

1 benefit of a discount in rate for the energy efficiency.

2 Are the efficiencies translated into reduced
3 operating costs? And if so, what's your general sense as
4 to how the operating costs have been reduced because of
5 the energy requirements being put on the property?

6 MR. KUNZE: I think there might be a little bit
7 of reduction, perhaps, in the tenant's benefit insofar as
8 the solar. Solar hot water. But there will be then
9 really a benefit to the common charges of the solar
10 voltaic. So not a very real substantial reduction, but
11 there is some.

12 MR. WARREN: Okay, so the --

13 MR. KUNZE: I have Lillian Lew-Hailer of the
14 borrower.

15 Did I miss anything, Lillian, in that regard?

16 MS. LEW-HAILER: No, I would say that most of
17 the fixture-related energy efficiency matters that we're
18 taking benefit of the tenants. So, for example, we're
19 taking heat lamps out of the bathrooms and we're
20 replacing them with energy-efficient fans. That's just
21 going to be less on the tenant's utility bill.

22 The common measure -- so that the photovoltaic
23 will be related to the common light load, we are
24 increasing some of the lighting on the site to provide
25 better security, so there's a little bit of a balance

1 there. And then where we anticipate greater savings is
2 with the solar thermal system, to augment the central
3 hot-water system, boilers that are in each building. So
4 we haven't really quantified what we think the savings
5 will be. That's something that we usually do, post. But
6 there will be some operating savings to the property.

7 MR. WARREN: And just one other question, Carr,
8 I think through all of these presentations, and that is
9 the evaluation of seismic risk.

10 So is there a percentage now that the Agency is
11 looking at as far as an acceptable level of seismic risk?

12 And maybe it's a question for you, Jim, but...

13 MR. MORGAN: Yeah, Linn, we offered the
14 opportunity for the borrowers to seek a seismic waiver.
15 And based on the Agency's conditions, that there is a
16 probable maximum loss of 20 percent or less. And out of
17 all the projects, only three sought waivers, and had met
18 our requirements for seismic or for earthquake insurance
19 waiver, so...

20 But there is a -- we do have our seismic-study
21 requirements that were provided to third-party seismic
22 reviews, and we're able to meet the threshold on some of
23 the projects, not necessarily this one.

24 But the option was to seek -- if they wanted to
25 seek the waiver, it was incumbent upon them to obtain the

CalHFA Board of Directors Meeting – November 13, 2012

1 seismic study and see if it would meet our requirements
2 of a 20 percent probable maximum loss, or less.

3 Otherwise, earthquake insurance is continued.
4 These are portfolio deals. They all have earthquake
5 insurance currently. And if they wanted to reduce that
6 operating cost and they chose to seek a waiver, they
7 could. Otherwise, earthquake insurance continues.

8 MR. WARREN: Okay, thank you.

9 ACTING CHAIR CAREY: Other questions?

10 *(No response)*

11 ACTING CHAIR CAREY: Well, once again, this is
12 an opportunity for the public to have input on this
13 decision. If there is anyone who would like to make a
14 comment, please indicate so.

15 *(No response)*

16 ACTING CHAIR CAREY: Seeing none, we have
17 Resolution 12-13 in front of us.

18 MR. HUNTER: I'll move adoption of Resolution
19 12-13.

20 ACTING CHAIR CAREY: It's been moved.

21 MR. GUNNING: Second.

22 ACTING CHAIR CAREY: And seconded.

23 Roll call, please.

24 MS. OJIMA: Thank you.

25 Mr. Gunning?

CalHFA Board of Directors Meeting – November 13, 2012

1 MR. GUNNING: Aye.
2 MS. OJIMA: Mr. Hunter?
3 MR. HUNTER: Aye.
4 MS. OJIMA: Ms. Carroll?
5 MS. CARROLL: Aye.
6 MS. OJIMA: Ms. Chavis?
7 MS. CHAVIS: Aye.
8 MS. OJIMA: Ms. Boatman Patterson?
9 MS. BOATMAN PATTERSON: Aye.
10 MS. OJIMA: Mr. Shine?
11 MR. SHINE: Aye.
12 MS. OJIMA: Mr. Smith?
13 MR. SMITH: Aye.
14 MS. OJIMA: Mr. Warren?
15 MR. WARREN: Aye.
16 MS. OJIMA: Mr. Carey?
17 ACTING CHAIR CAREY: Aye.
18 MS. OJIMA: Resolution 12-13 has been approved.
19 ACTING CHAIR CAREY: Okay, thank you.
20 --oOo--
21 **Item 5. Discussion, Recommendation and Possible Action**
22 **regarding Final Loan Commitment for:**
23 **12-052-R/S Vintage at Stonehaven**
24 **Yorba Linda/Orange**
25 ACTING CHAIR CAREY: We'll move on to Vintage

CalHFA Board of Directors Meeting – November 13, 2012

1 Stonehaven Apartments in Yorba Linda.

2 MR. MORGAN: Thank you.

3 Vintage at Stonehaven in Yorba Linda is a USA
4 Multifamily Development project. It's a 125-unit senior
5 project in Yorba Linda. Acquisition rehab in the amount
6 of \$13,650,000, and permanent loan amount of \$13,650,000
7 as well.

8 The project is located about 1.1 mile north of
9 the Riverside Freeway, Highway 91.

10 And the amount of approximate rehab is about
11 \$25,000 a unit. This project also is implementing energy
12 efficiencies to the tune of about 33 percent in increased
13 energy efficiencies, which equate to a 35 basis-point
14 discount in the interest rate.

15 Rents here in the northern part of Orange
16 County/Yorba Linda are 42 to 58 percent below market.
17 This project has an 81 percent loan-to-value.

18 This project, Linn, qualified for a seismic
19 waiver. The probable maximum loss on this was 9 percent.

20 And there are two corrections to this write-up.
21 The borrower, after we had gone through the analysis of
22 the acquisition rehab area, and in trying to obtain an
23 audit and a good cost certification, has requested, and
24 we agreed, to amend on page 134, that the acquisition
25 rehab period be for an 18-month period in order to be

CalHFA Board of Directors Meeting – November 13, 2012

1 able to complete the construction and to complete the
2 audit and costs in a significant amount of time. And so
3 that would correlate into a 15 and a half year term.

4 Also, too, on page 138, under the management
5 agent, USA Multifamily Management, that paragraph,
6 "Approximately serves 32" should be "70" projects, and
7 the units of "3,500" should be "10,000." I just wanted
8 to make those corrections for the record.

9 With regard to the scope of rehab, \$1.9 million
10 is to the units in the building. There will be upgraded
11 HVAC, windows, Energy Star appliances, and upgraded
12 electrical and plumbing.

13 USA will also be the contractor for this
14 project.

15 And for this project as well, there is limited
16 affordable housing stock. This project -- in this area,
17 there's been two affordable housing project permits
18 issued in the last 25 years, and one of them, which is
19 Vintage at Stonehaven. So definitely a needed commodity
20 in the area.

21 That concludes my presentation.

22 MS. BOATMAN PATTERSON: I have a couple
23 questions.

24 MR. MORGAN: Sure.

25 MS. BOATMAN PATTERSON: So this is a newer

CalHFA Board of Directors Meeting – November 13, 2012

1 project than we saw for preservation.

2 So this is about a 15-year-old project.

3 MR. MORGAN: Yes.

4 MS. BOATMAN PATTERSON: And it had 15 years of
5 affordability left in it.

6 MR. MORGAN: Yes.

7 MS. BOATMAN PATTERSON: And so how much more
8 affordability are you going to get in it? Is it --

9 MR. MORGAN: Well, just with the tax write-off,
10 it will be 55 years.

11 MS. BOATMAN PATTERSON: So an additional
12 55 years above that?

13 MR. MORGAN: Yes.

14 MS. BOATMAN PATTERSON: Okay, and when you all
15 underwrite these, the useful life of the rehab that's
16 going into it, do you match the useful life with the
17 terms? Or how do you -- what's the minimum useful life
18 in the rehab that you ask for?

19 MR. MORGAN: Usually, it's 25 to 30 years,
20 minimum, economic life.

21 MS. BOATMAN PATTERSON: Okay.

22 MR. MORGAN: This loan has a balloon payment
23 of 17 years. But usually, we're underwriting full
24 amortization, 25, 30 years of economic life.

25 MS. BOATMAN PATTERSON: Okay.

CalHFA Board of Directors Meeting – November 13, 2012

1 ACTING CHAIR CAREY: Other questions?
2 Comments?
3 *(No response)*
4 ACTING CHAIR CAREY: Okay, this is an
5 opportunity for the public to make comment. If there's
6 anyone wishing to comment on this project, please
7 indicate.
8 *(No response)*
9 ACTING CHAIR CAREY: Seeing none, we have
10 Resolution 12-14 before us.
11 MR. WARREN: I'll move approval, Mr. Chair.
12 ACTING CHAIR CAREY: Thank you.
13 MR. HUNTER: I'll second.
14 ACTING CHAIR CAREY: It's been moved and
15 seconded.
16 Roll call, please.
17 MS. OJIMA: Thank you.
18 Mr. Gunning?
19 MR. GUNNING: Aye.
20 MS. OJIMA: Mr. Hunter?
21 MR. HUNTER: Aye.
22 MS. OJIMA: Ms. Carroll?
23 MS. CARROLL: Aye.
24 MS. OJIMA: Ms. Chavis?
25 MR. CHAVIS: Aye.

CalHFA Board of Directors Meeting – November 13, 2012

1 MS. OJIMA: Ms. Boatman Patterson?

2 MS. BOATMAN PATTERSON: Aye.

3 MS. OJIMA: Mr. Shine?

4 MR. SHINE: Aye.

5 MS. OJIMA: Mr. Smith?

6 MR. SMITH: Aye?

7 MS. OJIMA: Mr. Warren?

8 MR. WARREN: Aye.

9 MS. OJIMA: Mr. Carey?

10 ACTING CHAIR CAREY: Aye.

11 MS. OJIMA: Resolution 12-14 has been approved.

12 ACTING CHAIR CAREY: Thank you.

13 --oOo--

14 **Item 5. Discussion, Recommendation, and Possible Action**
15 **regarding Final Loan Commitment for:**

16 **12-053-R/S Vintage at Kendall,**

17 **San Bernardino/San Bernardino**

18 ACTING CHAIR CAREY: Moving on to Vintage at
19 Kendall apartments in San Bernardino.

20 MR. MORGAN: Yes, Vintage at Kendall. The same
21 developer, USA Multifamily Properties is the developer.

22 This loan is a \$10,580,000 acq. rehab, again,
23 with the same permanent loan amount.

24 178-unit senior project in San Bernardino.

25 This project will have a restricted 20 units for MHSA,

1 which is the Mental Health Services Act, which will cover
2 tenants. They'll be reserved for previously homeless or
3 at-risk homeless mentally ill tenants.

4 This subsidy, the MHSA permanent loan in this
5 project is for \$2,339,720.

6 In the write-up, we have a loan term of
7 20 years for the MHSA loan. That permanent loan term
8 will be 55 years, to be coterminous with the TCAC
9 regulatory agreement. So there is a correction there.

10 Also, too, the same corrections that I had in
11 that previous write-up, on page 156. This will be an
12 18-month construction interest-only, term 15-and-a-half-
13 year permanent loan.

14 And the same corrections on page 160 with
15 regards to the management agent. 70 market-rate
16 developments representing 10,000 units, and not 3,500.
17 I just want to get those corrections out there.

18 This one would qualify for a 25 basis-point
19 discount with its 20 percent energy savings. Again, the
20 majority of the rehabilitation, about \$23,000 a unit, is
21 to the building and the units, with a significant part in
22 the HVAC upgrade.

23 This project also, too, has a -- its
24 loan-to-value is 82 percent loan-to-value.

25 We have reserved for a senior project \$500 per

1 unit per year as part of the debt service.

2 This project, too, also qualified for a seismic
3 waiver.

4 And for rent levels -- for the MHSA rents,
5 these are rents that are 30 percent of SSI. So for this
6 particular project, it would be \$184 a month for those
7 20 units. And because of that deep subsidy, we had a
8 part of the MHSA program is the Capital Operating Subsidy
9 Reserve, which we've built in at approximately a million
10 dollars, a million dollars-plus, to subsidize those
11 additional service costs.

12 So if you incorporate those rents compared to
13 market rate, just those rents below are 75 percent below
14 market.

15 And that concludes my presentation.

16 I'll show you some pictures. I'm trying to be
17 multi-coordinated, and failing.

18 ACTING CHAIR CAREY: Great.

19 Questions?

20 MR. HUNTER: Are there current vacancies? How
21 are the MHSA --

22 MR. MORGAN: Yes, they're going to roll. The
23 average vacancy here is 8 to 10 percent. So as they turn
24 over units, they'll reserve those units for the MHSA
25 tenants. And they will only put MHSA tenants in as the

CalHFA Board of Directors Meeting – November 13, 2012

1 vacancies come up.

2 ACTING CHAIR CAREY: Other questions?

3 MR. WARREN: Yes. And for this project, who
4 is the service provider to handle the MHSA residents?

5 Or is there a service plan in place to deal
6 with the at-risk tenants?

7 MR. MORGAN: Yes, there is. Let me see my
8 write-up.

9 I thought I had the MHSA -- there is a service
10 provider, I just don't happen to have the name of who is
11 providing that service.

12 MR. WARREN: Perhaps the borrower can comment.

13 MR. DINON: Brandon of USA Properties.

14 The supportive service provider is Agewise
15 Support Services. They work with San Bernardino
16 Department of Behavioral Health to provide specifically
17 senior assistance to the homeless. So they've paired us
18 up with that provider, and we also have our social
19 services provider that will provide services to the
20 entire project. So we will get double coverage of
21 services. And there is also a senior volunteer group,
22 that consists of 11 to 17 seniors in the community that
23 will come out and assist and provide service to those
24 residents as well.

25 MS. BOATMAN PATTERSON: Is the service plan

1 part of a requirement under the regulatory agreement,
2 that that continue in place that they have a service
3 provider?

4 MR. DINON: Correct. As part of the MHSA,
5 which is program and application funding.

6 ACTING CHAIR CAREY: Brandon, could we have
7 your last name for the record?

8 MR. DINON: Brandon Dinon, D-I-N-O-N.

9 ACTING CHAIR CAREY: Thank you.

10 Other questions?

11 MR. WARREN: Just to be clear, on the
12 financing, so, of the two million plus MHSA, half is
13 approximately for operating subsidy and half is the
14 capital contribution. Is that how it's breaking out,
15 Jim?

16 MR. MORGAN: It's a permanent loan for
17 \$2,339,000 and a capital operating subsidy --

18 MR. WARREN: On top of that?

19 MR. MORGAN: Yes.

20 MR. WARREN: So what's the total MHSA
21 contribution for the project?

22 MR. MORGAN: About 3.3.

23 ACTING CHAIR CAREY: Other questions?

24 Comments?

25 *(No response)*

CalHFA Board of Directors Meeting – November 13, 2012

1 ACTING CHAIR CAREY: This is an opportunity for
2 public comment. If anyone in the audience would like to
3 comment on this particular project, please indicate.

4 *(No response)*

5 ACTING CHAIR CAREY: Seeing none, we have
6 Resolution 12-15 before us.

7 MR. HUNTER: I'll move adoption of 12-15.

8 MR. GUNNING: Second it.

9 ACTING CHAIR CAREY: It's been moved and
10 seconded.

11 Roll call, please.

12 MS. OJIMA: Mr. Gunning?

13 MR. GUNNING: Aye.

14 MS. OJIMA: Mr. Hunter?

15 MR. HUNTER: Aye.

16 MS. OJIMA: Ms. Carroll?

17 MS. CARROLL: Aye.

18 MS. OJIMA: Ms. Chavis?

19 MR. CHAVIS: Aye.

20 MS. OJIMA: Ms. Boatman Patterson?

21 MS. BOATHMAN PATTERSON: Aye.

22 MS. OJIMA: Mr. Shine?

23 MR. SHINE: Aye.

24 MS. OJIMA: Mr. Smith?

25 MR. SMITH: Aye.

1 MS. OJIMA: Mr. Warren?

2 MR. WARREN: Aye.

3 MS. OJIMA: Mr. Carey?

4 ACTING CHAIR CAREY: Aye.

5 MS. OJIMA: Resolution 12-15 has been approved.

6 ACTING CHAIR CAREY: Thank you.

7 --oOo--

8 **Item 5. Discussion, Recommendation and Possible Action**
9 **regarding Final Loan Commitment for:**

10 **12-044-R/S Villa Anaheim, Anaheim/Orange**

11 ACTING CHAIR CAREY: And we will move on to
12 Villa Anaheim apartments in Anaheim.

13 MR. MORGAN: All right, another senior project.
14 135-unit senior project in Anaheim, California.
15 Acquisition rehab amount is \$11,500,000. The permanent
16 loan is \$9 million.

17 This also has a current loan with Century
18 Housing which will be paid down from \$4,755,000 to
19 \$909,599.

20 This project itself was also -- on page 178,
21 is going to be an 18-month, interest-only term for the
22 construction period, and then 15 and a half years for the
23 permanent-loan period.

24 The project is 100 percent affordable, rents
25 18 to 40 percent below market.

1 This project also has a ground lease with the
2 Centralia School District that is built into its
3 operating budget. So the base lease is -- at an annual
4 cost of about \$203,000 a year. It has a base lease of
5 \$136,000. It's adjusted annually based on the HUD annual
6 adjustment factor and based on a percentage of net cash
7 receipts. So it equates to about \$200,000 a year out of
8 operating.

9 The amount of rehab for this project is \$36,000
10 a unit. The gut rehab of the interior units in the
11 building is about \$1.6 million. The building itself is
12 \$2.3 million, with about \$696,000 for the roof.

13 There has been some termite infestation, so we
14 have a 15 percent hard-cost contingency to cover whatever
15 testing that's done, and anything that arises.

16 This project has had approximately about
17 \$750 million worth of work the last three years, to
18 upkeep with the termite damage on a going-forward basis.

19 And with this -- and this project also, too, a
20 73 percent loan-to-value. \$500 per unit per annum on the
21 replacement reserve.

22 And this one, Linn, also has a seismic waiver.

23 The relocation is also \$282,000 for relocation
24 for tenants.

25 ACTING CHAIR CAREY: Questions?

CalHFA Board of Directors Meeting – November 13, 2012

1 MS. BOATMAN PATTERSON: The regulation -- the
2 regulatory term is extended. There was 16 years left.
3 And so is it an additional 16? Or is it going to --

4 MR. MORGAN: 55.

5 MS. BOATMAN PATTERSON: 55?

6 MR. MORGAN: 55, yes.

7 ACTING CHAIR CAREY: Other questions?

8 MS. CARROLL: So on the ground lease then, what
9 is the remaining term after the loan payoff?

10 MR. MORGAN: Yes, it's being rewritten, at
11 least 55 years. It could go up to 90.

12 As it exists, it has a 90-year loan term. And
13 as it exists, it's the "no later of 30 years or the
14 payoff of the CalHFA loan," which will be taking place.

15 So they're currently meeting with the board,
16 the school board district. And 55 years is being
17 recommended. But currently, it goes up to 90 years on
18 the current lease. But 55 years is being recommended.

19 MS. BOATMAN PATTERSON: Okay, so that loan is
20 contingent upon the ground lease going concurrent with
21 that loan?

22 MR. MORGAN: Yes.

23 MS. BOATMAN PATTERSON: So that we don't have
24 an issue of the ground lease expiring?

25 MR. MORGAN: That's right. And we forward it

CalHFA Board of Directors Meeting – November 13, 2012

1 to the developer, to forward to the School District our
2 board write-up and documentation.

3 Everything seems in place, yes.

4 ACTING CHAIR CAREY: Other questions?

5 *(No response)*

6 ACTING CHAIR CAREY: This one is a legally
7 nonconforming use, I notice.

8 Are there risk issues to be taken into account
9 with a project that's a legally nonconforming use? I
10 mean, I would stand typically in that case, if a
11 significant percentage of the project were destroyed, it
12 couldn't be rebuilt.

13 MR. MORGAN: Yeah. If it's 51 percent of the
14 project, it couldn't be rebuilt.

15 And, obviously, there is a risk to that. But
16 we haven't really -- we look at that, and at the end of
17 the day, what we have in reserves, insurance coverage --
18 whatever the resources were to build it. But I don't --
19 other than going for a conditional use to improve the
20 density, it hasn't been an issue. It doesn't mean it **is**
21 an issue.

22 ACTING CHAIR CAREY: The other thing I noticed
23 is that the relocation conditions are a little bit
24 different.

25 And I was puzzled by the -- if a tenant chooses

CalHFA Board of Directors Meeting – November 13, 2012

1 to move out during the work, that they'll have to sign a
2 new lease in order to return.

3 Am I reading that correctly?

4 It's on page 180.

5 MR. MORGAN: I don't think they have to sign a
6 new lease. That's just a --

7 MS. CAPPIC: There's a representative here.

8 MR. MORGAN: Oh, Graham.

9 MR. ESLEY-JONES: I'm Graham Esley-Jones.
10 I'm the developer.

11 I think there is an impression, and probably
12 true for older developments, that in every case that
13 scenario would probably be the case, that if a tenant
14 were to move out, they would need to sign a new lease
15 when they moved in with the other developer.

16 ACTING CHAIR CAREY: Did you say, if they chose
17 to relocate because of the work being done in the unit,
18 they would have to sign a new lease to move back in?

19 MR. ESLEY-JONES: Their lease will be in
20 abeyance during the term of the renovation period. Upon
21 move-in to the project, they will be recertified. And
22 during that process, a new lease will be signed.

23 ACTING CHAIR CAREY: It seems to me as
24 discouraging someone to exercise a right to relocate
25 during the rehabilitation.

CalHFA Board of Directors Meeting – November 13, 2012

1 MR. ESPLEY-JONES: They will be offered the
2 option to utilize either on-site relocation or off-site
3 relocation. In the event that the off-site relocation is
4 elected -- it's tenant-elective, if they choose to
5 utilize that, that election, the process would be that
6 the tenant would be required to sign a new lease when
7 they reoccupy the project.

8 MR. GUNNING: Instead of staying.

9 MR. WARREN: Some clarity here. I had thought,
10 under the Uniform Relocation Act, that nothing would
11 impair their ability to come back --

12 MR. ESPLEY-JONES: Correct.

13 MR. WARREN: -- and reoccupy that unit.

14 And so what you're saying is, there will be a
15 new lease, but let's say a credit check is done and it
16 comes back poor. Would they have the ability then to
17 reoccupy that unit in spite of the credit check
18 situation?

19 MR. ESPLEY-JONES: Correct.

20 MR. WARREN: And there's no impairment --

21 MR. ESPLEY-JONES: There is no impairment --

22 MR. WARREN: -- is what we're trying to get at.

23 MR. ESPLEY-JONES: -- to their tenancy,
24 correct.

25 MR. WARREN: All right. Mr. Chairman, I think

CalHFA Board of Directors Meeting – November 13, 2012

1 that's what the crafters used, "no impairment to return"
2 other than a new lease.

3 ACTING CHAIR CAREY: Thank you.

4 Any other questions from the Board?

5 *(No response)*

6 ACTING CHAIR CAREY: This is an opportunity, if
7 anyone in the public would like to comment on this
8 action, please indicate so.

9 *(No response)*

10 ACTING CHAIR CAREY: Seeing none, we have
11 Resolution 12-16 before us.

12 MR. WARREN: I'll move approval. I'm sorry.

13 MR. HUNTER: It's somebody else's turn.

14 I'll second.

15 MR. WARREN: I apologize, Mr. Chairman. I was
16 a little slow there.

17 MS. OJIMA: Mr. Warren, and Mr. Hunter is
18 second.

19 ACTING CHAIR CAREY: Okay, we have a motion and
20 a second.

21 Roll call, please.

22 MS. OJIMA: Thank you.

23 Mr. Gunning?

24 MR. GUNNING: Aye.

25 MS. OJIMA: Mr. Hunter?

CalHFA Board of Directors Meeting – November 13, 2012

1 MR. HUNTER: Aye.

2 MS. OJIMA: Ms. Carroll?

3 MS. CARROLL: Aye.

4 MS. OJIMA: Ms. Chavis?

5 MS. CHAVIS: Aye.

6 MS. OJIMA: Ms. Boatman Patterson?

7 *(No response)*

8 MS. OJIMA: Mr. Shine?

9 MR. SHINE: Aye.

10 MS. OJIMA: Mr. Smith?

11 MR. SMITH: Aye.

12 MS. OJIMA: Mr. Warren?

13 MR. WARREN: Aye.

14 MS. OJIMA: Mr. Carey?

15 ACTING CHAIR CAREY: Aye.

16 MS. OJIMA: Resolution 12-16 has been approved.

17 ACTING CHAIR CAREY: It is nice to serve on a

18 board where the height of tension is waiting for a motion

19 to be made.

20 --oOo--

21 **Item 5. Discussion, Recommendation and Possible Action**

22 **regarding Final Loan Commitment for:**

23 **12-061-R/S Coronado Place, Los Angeles/**

24 **Los Angeles**

25 ACTING CHAIR CAREY: And with that, we'll move

CalHFA Board of Directors Meeting -- November 13, 2012

1 on to Coronado Place in Los Angeles.

2 MR. MORGAN: All right, Coronado Place is a
3 41-unit family project in Los Angeles in the Westlake
4 District of Los Angeles, just right off of Wilshire
5 Boulevard. Just one mile from the 110, the 101, and the
6 10 freeway.

7 This project is a 1917, almost over a
8 hundred-year-old building that serves residents at
9 35 percent area median income and below.

10 The acq. rehab loan is for \$6 million. The
11 permanent loan is for \$1.91 million. Part of the
12 proceeds of this loan will pay off a LAHD CDBG loan grant
13 that's matured for \$495,000.

14 Also, too, it's subject to loan assumptions of
15 \$180,000 from LAHD, a million dollars -- \$1,001,975 of
16 loan assumptions from CRA-LA, and also a seller take-back
17 of \$2,209,670.

18 This also has a 100 percent HCD California
19 Housing Rehabilitation Program - Rental component,
20 CHRP-R. And currently, HCD approval is required to
21 modify the CHRP-R increases and rent levels for Coronado
22 Place.

23 This process has begun. And, CalHFA, HCD, and
24 the borrower, Deep Green Affordable, are still in
25 discussions and talking about the rent increases and

1 levels. But it is subject to that approval.

2 This loan had matured with CalHFA on June 1st,
3 2009. It was a balloon payment that has been allowed to
4 pay for the last three, almost four years, and in
5 desperate need of rehab. So we're able to step in with
6 a preservation loan program and provide over \$68,000 a
7 unit. A total of about 2.7 in rehab. Half a million
8 dollars -- almost half a million dollars is for the
9 elevator. Over \$320,000 for windows and brick facade to
10 keep up with the historic preservation value and meet
11 City of Los Angeles requirements.

12 This one also has a hefty hard-cost contingency
13 of about 15 percent of \$347,000. It also has received
14 an energy savings due to its -- a discounted interest
15 rate due to its implementation of energy efficiencies,
16 a 25 basis-point discount.

17 This one has a very good loan-to-value at
18 37 percent.

19 The TCAC dollars, the tax credit dollars on
20 this is \$1.07. And for this project, as far as the
21 developers, leaving in 77 percent of its deferred fee in
22 the project.

23 So at the end of the day, this is the deal that
24 sets precedent for what we're here for, for our
25 Preservation Loan Program.

CalHFA Board of Directors Meeting – November 13, 2012

1 So with that, I'll take questions.

2 MS. CHAVIS: In terms of the loan that's going
3 to be transferred from CRA-LA to LAHD, where is that in
4 the process? And does the Department of Finance need to
5 approve that loan transfer?

6 MR. MORGAN: A very good question.

7 So this loan was set for the Governance
8 Committee on October 29th and set for oversight on
9 November 3rd. The Governance Committee was canceled;
10 thus, not an oversight.

11 So the new Governance Committee is set for
12 November 29th, with an oversight on December 3rd, five
13 days' notice period with the Department of Finance, then
14 we have clearance.

15 From our experience with the Department of
16 Finance, and also in talking with LAHD, as long as
17 there's no cash-out, it's just a loan assumption, it
18 tends to go through those five days smoothly, with no
19 objection.

20 So that does put us up to a barrier -- not a
21 barrier, but very close -- a day or two before funding of
22 our New Issue Bond, and we're aware of that.

23 So we're asking for if a -- if the Governance
24 meeting is going to be prior to November 29th -- which
25 they're attempting to do -- to please let us see that

CalHFA Board of Directors Meeting – November 13, 2012

1 item.

2 ACTING CHAIR CAREY: Other questions?

3 MR. WARREN: Just a comment on the HCD loan,
4 Mr. Chairman.

5 The timing issue here, is AB 1699 was passed,
6 and it's effective January 1st. The guidelines are not
7 finalized yet. But that said, in anticipation of those
8 being finalized early next year, and take advantage of
9 the legislation, I believe the pro formas have been
10 modified to reflect that, and we're supportive of that.
11 I believe there is an amended resolution to that effect,
12 which would basically say that HCD needs to look at this,
13 or something along those lines.

14 So just where we're at, you know, we're getting
15 a little ahead of ourselves. But staff will be working
16 on this with CalHFA and resolving this very shortly. So
17 we should be in good shape.

18 ACTING CHAIR CAREY: And it's all in the
19 family.

20 MR. WARREN: Yes.

21 MR. HUNTER: I noted that there's a 30 percent
22 increase in the tenant rents.

23 Do we have any sense of how that's going to
24 impact the current tenants?

25 MR. MORGAN: Yes, with a 10 percent increase

CalHFA Board of Directors Meeting – November 13, 2012

1 per year for the next three years, based on unit -- or
2 based on tenant certifications, maybe one tenant would be
3 displaced. Maybe one for income purposes.

4 ACTING CHAIR CAREY: Other questions or
5 comments?

6 *(No response)*

7 ACTING CHAIR CAREY: There is a revised
8 resolution, which is available in the back of the room.
9 I think all the Board members have it up here.

10 But before we move to that, if there is anyone
11 in the audience who would like to address this item,
12 please indicate so.

13 *(No response)*

14 ACTING CHAIR CAREY: Seeing none, we have a
15 revised Resolution 12-17.

16 *(No response)*

17 ACTING CHAIR CAREY: Reports?

18 MR. HUNTER: I'll move adoption of 12-17.

19 ACTING CHAIR CAREY: Thank you.

20 MR. GUNNING: Second.

21 ACTING CHAIR CAREY: And the tension builds.
22 Thank you.

23 Roll call, please.

24 MS. OJIMA: Thank you.

25 Mr. Gunning?

CalHFA Board of Directors Meeting -- November 13, 2012

1 MR. GUNNING: Aye.

2 MS. OJIMA: Mr. Hunter?

3 MR. HUNTER: Aye.

4 MS. OJIMA: Ms. Carroll?

5 MS. CARROLL: Aye.

6 MS. OJIMA: Ms. Chavis?

7 MS. CHAVIS: Aye.

8 MS. OJIMA: Ms. Boatman Patterson?

9 MS. BOATMAN PATTERSON: Aye.

10 MS. OJIMA: Mr. Shine?

11 MR. SHINE: Aye.

12 MS. OJIMA: Mr. Smith?

13 MR. SMITH: Aye.

14 MS. OJIMA: Mr. Warren?

15 MR. WARREN: Aye.

16 MS. OJIMA: Mr. Carey?

17 ACTING CHAIR CAREY: Aye.

18 MS. OJIMA: Resolution 12-17 has been approved.

19 ACTING CHAIR CAREY: Thank you.

20 --o0o--

21 **Item 6. Reports**

22 ACTING CHAIR CAREY: Any particular information

23 to share on the reports?

24 MS. CAPPPIO: Just at the dais, we do have

25 reports on the latest numbers from the KYHC program. We

CalHFA Board of Directors Meeting – November 13, 2012

1 are getting some traction from the revisions to the
2 principal-reduction portion of that program. And I would
3 be glad, or Di would be glad to address any questions or
4 comments.

5 ACTING CHAIR CAREY: Questions or comments on
6 the reports?

7 Yes?

8 MR. GUNNING: No, I wouldn't mind just an
9 update on *Keeping Your Home*.

10 MS. CAPPIO: Sure.

11 ACTING CHAIR CAREY: Sure.

12 MR. GUNNING: It seems like we're being
13 successful. And I would like to give Di a chance
14 to gloat.

15 ACTING CHAIR CAREY: Di, would you be willing
16 to give us a brief update on *Keep Your Home*?

17 MS. RICHARDSON: Good morning, Mr. Chairman,
18 Members.

19 Things are going very well. You know, I don't
20 have new program changes to announce to you. We made the
21 changes that we talked about at the last meeting.

22 And, you know, servicer participation is really
23 picking up. I think I've got more than 40 servicers
24 currently participating in the Principal Reduction
25 Program now.

1 Still really working on the big five. I do
2 have verbal commitments from each of them. The situation
3 with them is, it's a resource issue. They have to
4 request the resources to make the changes to their
5 technology platforms. I have been told that those are
6 in progress and that those are moving along.

7 I actually was hoping to have Bank of America
8 fully on board before we met today. But I think we're
9 pretty close with them. We're discussing a few little
10 fine points, but I'm confident that that will happen
11 soon.

12 Chase, Wells, Citi, they're all making very
13 positive noises in talking to us almost every day.

14 Fannie and Freddie, as you know, came out with
15 their new guidance, and they're being very helpful in
16 working with new servicers and helping them explain how
17 they expect that process to work with their loans, which
18 has been really good. And it's actually been really
19 helpful with us, to help us get some of the second-tier
20 servicers to sign on for the program.

21 NACA just finished their *Save the Dream* tour
22 here in California. And we've several loans that are
23 currently in our pipeline now from that.

24 There's a big *Hope Now* event on December 4th.
25 And we'll expect to see another big swell from that.

CalHFA Board of Directors Meeting – November 13, 2012

1 We've got several marketing -- you know, we've
2 always got several marketing things going on.

3 I'm going to sort of pat myself on the back,
4 and let you know that we did win an award at the NCHSA
5 conference for our tireless and innovative marketing
6 efforts, you know, leaving no stone unturned.

7 I'm happy to answer any specific questions that
8 you have.

9 ACTING CHAIR CAREY: Any questions?

10 MR. GUNNING: Congratulations.

11 MS. RICHARDSON: Thank you.

12 ACTING CHAIR CAREY: Great. Very positive.

13 One thing I noted in the reports, it looks like
14 a dramatic reduction in REO properties.

15 MS. CAPPIO: *(Nodding head.)*

16 ACTING CHAIR CAREY: To what do you attribute
17 that?

18 MS. CAPPIO: Well, you could give it a couple
19 of spins. But it is one data point that says people are
20 back in the market, investing again. So our inventory is
21 down.

22 Without those data points being connected in
23 any way, I can't go beyond that. But, yes, it is
24 dramatic. And we're taking it as a sign that people
25 are -- and I'm going to say people, because who knows who

1 is investing? There's various theories about who is
2 investing. But that is a very big change in the last
3 eight months.

4 And in addition to that, they're all above the
5 appraised value -- or nearly all above the appraised
6 value.

7 ACTING CHAIR CAREY: Great.

8 MS. CAPPIO: So people are looking to reinvest
9 in the housing market. A good sign.

10 ACTING CHAIR CAREY: Yes, having other people
11 own is a good thing.

12 MS. CAPPIO: Yes, exactly right.

13 --oOo--

14 **Item 7. Discussion of other Board matters**

15 ACTING CHAIR CAREY: Okay, *Other Board Matters?*

16 *(No response)*

17 --oOo--

18 **Item 8. Public testimony**

19 ACTING CHAIR CAREY: With that, this is an
20 opportunity for anyone in the public to address the Board
21 on a matter that's not on the agenda.

22 If there is anyone who wishes to do so, please
23 indicate.

24 *(No response)*

25 ACTING CHAIR CAREY: Seeing none, I will

1 mention that we have \$10 parking stickers for anybody
2 parked in the parking lot.

3 MS. CAPPIO: Just take one.

4 ACTING CHAIR CAREY: Just take one. They're
5 very tempting.

6 --o0o--

7 **Item 9. Adjournment**

8 ACTING CHAIR CAREY: And with that, we are
9 adjourned.

10 *(The gavel sounded.)*

11 *(The Board of Directors meeting concluded*
12 *at 11:01 a.m.)*

13 --o0o--

14

15

16

17

18

19

20

21

22

23

24

25

REPORTER'S CERTIFICATE

I hereby certify that the foregoing proceedings were duly reported by me at the time and place herein specified;

That the testimony of said witnesses was reported by me, a duly certified shorthand reporter and a disinterested person, and was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for either or any of the parties to said deposition, nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand on the 28th day of November 2012.

DANIEL P. FELDHAUS
California CSR #6949
Registered Diplomate Reporter
Certified Realtime Reporter

**THIS PAGE
INTENTIONALLY
LEFT BLANK**