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RESOLUTION 13-08

RESOLUTION AUTHORIZING THE USE OF THE
SINGLE FAMILY LENDING TBA MODEL

WHEREAS, the California Housing Finance Agency (the "Agency") has been working to develop a viable financing model in order to finance Agency Single Family Lending products with minimal risk to the Agency;

WHEREAS, on May 19, 2011, the Board of Directors adopted Resolution 11-06 which states "it is the policy of the Board to require staff to present new financing strategies and new loan products for full discussion and approval by majority vote of the Board prior to implementation by the Agency;"

WHEREAS, the Board of Directors has authorized the use of securities in addition to the use of Agency tax-exempt bond financing for homeownership;

WHEREAS, the Agency has developed a financing model ("Single Family Lending TBA Model") in which FHA first mortgages are purchased by a Master Servicer who securitizes the pool of FHA loans. Such securities are purchased momentarily by the Agency and immediately sold to the Hedge Facilitator at a previously agreed upon price. The Agency will hire and pay the Hedge Facilitator and Master Servicer (if payment is required) for services rendered. The Hedge Facilitator will assume all financial risk. As a result, this Single Family Lending TBA Model involves the use of securities with minimal risk to the Agency in order to finance Single Family Lending products;

WHEREAS, at the January 17, 2013 Board of Directors Meeting, Agency staff introduced the Single Family Lending TBA Model to the Board of Directors for discussion purposes, and at the March 7, 2013 Board of Directors Meeting, the Single Family Lending TBA Model was presented to the Board of Directors by Agency staff for risk analysis;

WHEREAS, the Board of Directors has considered the recommendations of the Agency staff and desires to approve the use of the Single Family Lending TBA Model;

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

1. The Agency is hereby authorized to use the Single Family Lending TBA Model in order to finance Agency Single Family Lending products.

I hereby certify that this is a true and correct copy of Resolution 13-08 adopted at a duly constituted meeting of the Board of Directors of the Agency held on May 9, 2013, at Sacramento, California.

ATTEST: 
Secretary