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RESOLUTION 15-12

AGENCY BUSINESS PLAN

FISCAL YEAR 2015/2016

WHEREAS, pursuant to the Zenovich-Moscone-Chacon Housing and Home Finance Act (“Act”), the California Housing Finance Agency (“Agency”) has the authority to engage in activities to reduce the cost of mortgage financing for home purchase and rental housing development, including the issuance of bonds and the insuring of mortgage loans;

WHEREAS, the Agency’s statutory objectives include, among others, increasing the range of housing choices for California residents, meeting the housing needs of persons and families of low or moderate income, maximizing the impact of financing activities on employment and local economic activity, and implementing the objectives of the California Statewide Housing Plan;

WHEREAS, while the improving California economy and real estate markets continue to present opportunity for the Agency, financial challenges remain within changing credit and capital markets;;

WHEREAS, the Agency must responsibly manage real estate related risk and liquidity for operating expenses and financial obligations;

WHEREAS, the Agency has presented to the Board of Directors a Business Plan, for fiscal year 2015/16, with its goals, key strategies and action items designed to assist the Agency meet its financial obligations, its statutory objectives, support the housing needs of the people of California and to provide the Agency with the necessary road map to continue its reemergence as a leading affordable housing lender providing bond financing and mortgage financing well into the future;

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

1. The 2015/16 Business Plan, as presented by the written presentation attached hereto and made a part hereof, and any additional presentations made at the meeting, is hereby fully endorsed and adopted.

2. In implementing the Business Plan, the Agency shall strive to satisfy all the capital adequacy, liquidity reserve, credit and other reserve and any other requirements necessary to maintain the Agency’s general obligation credit ratings and the current credit ratings on its debt obligations, to comply with the requirements of the Agency’s providers of credit enhancement, liquidity, and interest rate swaps and to satisfy any other requirements of the Agency’s bond and insurance programs.

3. The updated Business Plan is necessarily based on various economic, fiscal and legal assumptions. Therefore, for the Agency to respond to changing circumstances, and subject to the provisions of Resolution 11-06, the Executive Director shall have the authority to adjust the Agency’s day-to-day activities to reflect actual economic, fiscal and legal circumstances to attain goals and objectives consistent with the intent of the updated Business Plan.

48 I hereby certify that this is a true and correct copy of Resolution 15-12 adopted at a duly constituted
49 meeting of the Board of the Agency held on May 14, 2015, in Sacramento, California.

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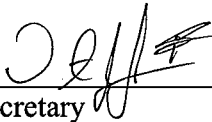
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ATTEST: 
Secretary

Attachment

CalHFA Strategic Business Plan FY2015-16

Mission: *To create and finance progressive housing solutions so more Californians have a place to call home.*

Goals of Organization:

- CalHFA:** 1) *Reinvigorate lending activities. Grow the Agency's balance sheet and increase future income.*
 2) *Align lending activities with State housing policy and increase operational efficiency.*
KYHC: 3) *Help prevent avoidable foreclosures by providing assistance to eligible homeowners who have financial hardship and/or significant negative equity*

Strategy

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4-7
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Key Strategy	Action Items	Due Dates	Item Owner
1 Generate income via single-family lending opportunities	A <ul style="list-style-type: none"> Revenue generated from new single-family lending of \$6.0Mn during FY 2015-16 Long-term asset generation of \$10.6Mn during FY 2015-16 	06/30/16	HO
	B <ul style="list-style-type: none"> Target 1st mortgage loan production of \$600Mn during FY 2015-16 Target DPA loan production of \$75Mn FY 2015-16 	06/30/16	HO
	C Add ZIP Extra loan to FHA first loans	09/30/15	HO
	D Add mortgage broker business through First Mortgage master servicing	07/31/15	HO
	E Complete lender manual as a resource to lenders working with CalHFA	09/30/15	HO
	F Explore participation in Freddie Mac HFA program	06/30/16	HO
	G Issue 1,300 Mortgage Credit Certificates to first-time homebuyers	06/30/16	HO
2 Generate income via multifamily lending opportunities	A <ul style="list-style-type: none"> Revenue generated from multifamily programs of \$1.2Mn during FY 2015-16 Long-term asset generation of \$5.3Mn during FY 2015-16 	06/30/16	MF
	B Target multifamily lending of \$100Mn during FY 2015-16	06/30/16	MF
	C Increase multifamily lending through training and procedure development	Ongoing	MF
	i) Adopt policies for use of CalHFA's subsidy funds (Earned Surplus, FAF Savings, RHCP)	07/31/15	MF
	ii) Grow capacity to underwrite multifamily loans	09/30/15	MF
	iii) Create preservation strategy for CalHFA portfolio projects	07/31/15	MF
	D Grow the MF conduit issuer program Target \$100Mn of issuance during FY 2015-16	06/30/16	Fin
3 Strengthen capital reserves and improve liquidity position	A Eliminate TCLP obligations	07/31/15	Fin
	B Develop internal capacity to hedge MBS using the TBA market	12/31/15	Fin
	C Develop tools to better manage CalHFA's allocation of capital and risk	06/30/16	RM

CalHFA Strategic Business Plan FY2015-16

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Strategy

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4-7
8

Key Strategy	Action Items	Due Dates	Item Owner
4 Complete organizational assessment and implement recommendations that increase operational efficiencies	A Consolidate all Sacramento staff at 500 Capitol Mall	09/30/15	BS
	B Eliminate vacant positions determine to be unneeded	07/01/15	Budget
	C Finalize CalHFA organizational structure with functional roles clearly communicated	Ongoing	ED
	D Continue to refine budget and business plan development	04/30/16	CDD
5 Develop long-term strategies to monitor and mitigate enterprise risks	A Formalize strategies for managing Agency risks and continuously integrate the enterprise risk management effort into CalHFA's business processes	ongoing	RM
	B Review: i) Quality Assurance; ii) Risk Management; iii) Internal Controls/Compliance and develop a robust plan to address each topic	06/30/16	RM
6 Agency-wide IT integration of data collection, flow and reporting	A Develop IT governance structure and strategic plan that aligns IT priorities with business plan goals	09/30/15	CDD
	B Develop records management policy and update records retention schedule	07/31/15	GC
	C Identify and train IT liaisons in all business units	12/31/15	CDD
	D Expand and improve electronic loan file submission process from lenders	12/31/15	PM
	E Reassess uses and needs for the electronic content management system	09/30/15	IT
7 Enhance program delivery of affordable housing through continued collaboration with HCD and other partners.	A In collaboration with DHCS and HCD, determine next phase of the MHSA Program	09/30/15	MF
	B Assess program goals and performance measures and determine the best practices and viability of the HOME TBRA and HUD 811 programs going forward	06/30/16	AM
	C Explore the creation of an integrated gap financing effort amongst state affordable housing entities	12/31/15	MF
	D Continue collaboration with HCD and CalVets to expand multifamily housing opportunities for veterans	Ongoing	MF
	E Provide technical assistance to legislature and others regarding dedicated sources for affordable housing	Ongoing	ED
	F Further collaborate with HCD and TCAC on asset management functions	06/30/16	AM
	G Explore development of new programs to meet California's affordable housing needs	06/30/16	ED

CalHFA Strategic Business Plan FY2015-16

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Goals of Organization:

Strategy

- CalHFA: 1)** *Reinvigorate lending activities. Grow the Agency's balance sheet and increase future income.*
- 2)** *Align lending activities with State housing policy and increase operational efficiency.*
- KYHC: 3)** *Help prevent avoidable foreclosures by providing assistance to eligible homeowners who have financial hardship and/or significant negative equity*

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4-7
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	Key Strategy	Action Items	<u>Due Dates</u>	<u>Item Owner</u>
8	Maximize use of KYHC program funds	A Submit program changes as needed to US Treasury to facilitate increased eligibility	Ongoing	KYHC
B Aggressively market programs to eligible homeowners, community groups and media to expand awareness		Ongoing	KYHC	
C Aggressively pursue and on-board additional servicers		Ongoing	KYHC	
D Collaborate with other public and private sector entities to maximize and leverage potential benefits of foreclosure prevention resources		Ongoing	KYHC	
E Measure program outcomes and assess barriers to eligibility		Ongoing	KYHC	
F Monitor program recipients to assess level of homeownership sustainability facilitated by program assistance		Ongoing	KYHC	