

## CALIFORNIA HOUSING FINANCE AGENCY POLICIES AND PROCEDURES

**Policy Number:** AD-FS-001

**Subject:** Out-of-State Travel

**Policy Statement:** The California Housing Finance Agency (CalHFA) is the affordable housing lender for the State of California and generates its funds from the financial marketplace. CalHFA's operations are self-funded. It has its own credit rating and raises its own capital in a competitive and ever changing financial market. As a lender, its staff must regularly develop new lender markets, foster investment banking relationships, meet with financial rating agencies, audit its loan servicers, train new lenders – most of who are located outside of the State of California, and learn of proposed changes in regulatory requirements and trends in the financial marketplace which are not published or available outside of conferences. Employees need to be proactive in understanding trends and provide input to promote California's affordable housing. In addition, because housing finance is a national industry, the majority of the conferences and training opportunities are not available in California.

It is imperative that employees travel out of state to stay current regarding the mission critical functions of the Agency and to keep abreast of the changes in the financial industry. Typically, staff at the Chief level or higher can be approved for travel out of state. Other staff may be approved if a strong mission critical need is presented, such as staff that travels to out-of-state lenders who then reimburse the Agency. Each Division Chief is responsible for monitoring their annual budget for out-of-state travel.

### **General Information:**

For employees and members of the CalHFA Board of Directors to travel out of state, a justification must be provided to include the purpose of the trip, that this training or other business purpose cannot be accomplished in California, and an explanation of why it is in the best interest of the Agency to attend.

Authorization must be obtained **prior** to the commencement of any out-of-state travel (i.e., to any location outside of California). In submitting requests for out-of-state travel, the requestor must justify the mission critical need for the out-of-state travel and the benefits to be gained. Additionally, the requestor should allow as much time as possible to obtain all the prior approvals required. As conferences are usually scheduled more than a month in advance, early pre-approvals would allow the requestor to take advantage of any early registration rates offered.

**Out-of-state travel for any purpose** requires that **CalHFA employees complete an [Out-of-State Travel Request form](#)** with the pertinent information, attach a copy of the agenda, **and obtain prior approval** of the 1) Supervisor, 2) Division Director, 3) Budget Officer and 4) Executive Director, respectively. Board members' Out-of-State Travel Request form must be

approved by the Budget Officer and Executive Director. The Agency will reimburse out-of-state travel for Board Members eligible for per diem pursuant to Health & Safety Code Section 50909. For out-of-state travel for exempt employees and Board Members, a copy of the fully executed form will be forwarded to the Deputy Secretary, Fiscal Policy and Administration, Business, Consumer Services and Housing Agency, 915 Capitol Mall, Suite 350-A, Sacramento, CA 95814 by the assistant to the Executive Director.

**Out-of-state travel for the purpose of attending training** requires that **requestors also complete a [Request for Training/Education form](#)** with the pertinent information **and obtain the prior approval** of the 1) Supervisor, 2) Division Director, 3) Training Officer, 4) Budget Officer and, if applicable, 5) Executive Director, respectively.

Requestors proposing out-of-state travel will be responsible for any arrangements made prior to obtaining the required prior approvals should the travel be denied.

For reimbursement of expenses, the appropriate pre-approved form(s) (i.e., Out-of-State Travel Request form and, if required, Request for Training/Education form) must be submitted with the requestor's completed Travel Expense Claim form to the appropriate supervisor/manager and Accounting Office for review and approval. Out-of-state travel expenses will be approved in accordance with California Department of Human Resources travel reimbursement laws and rules.

Additionally, requestors need to be mindful of out-of-state travel to "**sensitive locations.**" These locations include areas such as Las Vegas, New Orleans, Hilton Head, and Miami. Where the benefit of out-of-state trips to "sensitive locales" can be acquired at venues in "less sensitive locations" during the year, employees need to keep in mind the unnecessary attention that such out-of-state travel may draw to the Agency.

**CalHFA FY 2015-16 Out of State Travel Requests**

Mission Critical Travel	Destination	# of Exempt Employees Attending	# Board Members Attending *	# of Non-Exempt Employees Attending (Excluded and Represented Employees)	Projected Cost (including airfare, rental car, meals, etc.)	Justification (i.e. Mission Critical; List benefits to the Dept.; Auditing; Litigation Related; Function required by statute, contract, or executive directive; NCSHA Sponsored Meetings; Meetings with Rating Agencies, GSE's; Lender Trainings ). As a lender, CalHFA must regularly develop new lender markets, foster investment banking relationships, meet with rating agencies and loan servicers -most located outside the State of California.	Impact if Denied
2015 NCSHA Annual Conference	Nashville, TN	5	5	5	\$ 37,500.00	Annual meeting with national HFAs regarding professional development in various housing related program areas including communications, finance, governance, legal, human relations, information technology, management, homeownership, rental and special needs housing	Loss of cost savings and efficiencies for not meeting business partners in one location, resulting in the inability to collaborate and strengthen lending products for affordable housing initiatives with HFAs across the country.
2016 NCSHA HFA Institute	Washington, DC	1		2	\$ 7,500.00	Training event designed to strengthen understanding of program fundamentals and explore advanced techniques for administering various housing programs and initiatives	Failure to obtain in-depth instruction on essential HFA programs.
2016 NCSHA Legislative Conference	Washington, DC	3	3	1	\$ 17,500.00	To receive current updates on legislative and regulatory activities and priorities, industry perspectives, and the solutions to the latest issues and challenges, and to collaborate with experienced HFA practitioners, Congressional and Federal staff, and noted industry leaders through events and roundtable sessions	Loss of cost savings and efficiencies for not meeting business partners in one location, resulting in the inability to strengthen understanding in common and shared affordable housing initiatives with HFAs and key Federal and Congressional leaders.
Fannie Mae's HFA Institute	Washington, DC	2		2	\$ 8,000.00	Required by federal partners. To obtain the most current information on Fannie Mae's HFA Preferred Program (A NCSHA sponsored HFA Conference)	Not attending could jeopardize CalHFA's participation in Fannie Mae's HFA Preferred Program.
Smith's Research Conference	Ft Lauderdale, FL	1			\$ 2,000.00	Addresses challenges in today's housing finance industry. Explores issues facing the market and help develop actionable solutions and look for opportunities for housing sector investors.	Missed opportunity to obtain strategies, and valuable and critical information regarding investor matters.
Idaho Housing	Boise, ID	1			\$ 1,500.00	Outreach with potential contractor to become master servicer.	Failure to expedite program delivery. Impacts to processing times and credit overlays.
ACI Mortgage Servicing Compliance	Washington DC, or other locations			2	\$ 2,300.00	Acquire/maintain knowledge regarding complicated, evolving and frequently changing federal rules concerning mortgage loan servicing compliance and best practices applicable to CalHFA in-house and outside SF loan servicing operations	Failure to obtain important information and knowledge resulting in increased reliance on expensive outside counsel and risk of non-compliance by CalHFA staff and resulting litigation.
2016 Western HUD Lender's Conference	TBD	3		1	\$ 5,600.00	Consortium of HUD approved multifamily lenders to share with and provide updates on FHA multifamily insurance programs including updates from HUD national office, updates and revisions to appraisal evaluations and engineering, updates to asset management, legal and loan closing requirements	Failure to hear from HUD HUB Directors, HUD National Headquarters staff, and other HUD senior management to address challenges and issues that impact CalHFA and its lending initiatives.

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HUD TRACS Annual Meeting	Washington DC			1	\$ 2,000.00	Required by federal partners. Tenant Rental Assistance Certification System (TRACS) Mission critical to learn of the latest changes and HUD regarding occupancy related issues, software updates, and new HUD initiatives	Failure to obtain the most current and critical information regarding HUD matters.
HUD 811 Convening	Washington DC			2	\$ 4,000.00	Required by federal partners. HUD 811 program has offered a "convening" of states that have been awarded funds. California was the first state to have an executed Rental Assistance Contract with an owner. CalHFA has been asked to discuss the new HUD system that handles the PRA subsidy payments as well as to discuss our experience with the payment process so far.	Failure to obtain information on program changes as well as provide important feedback on the Agency's experience with the 811 program so far.
REAC Training	Washington DC			5	\$ 10,000.00	REAC training is required by HUD to become certified REAC Inspectors. If our Inspectors are certified, the agency would no longer need to contract for this work	CalHFA would need to continue to contract the REAC inspections on our Risk Share developments.
McCracken User Conference	Boston, MA			2	\$ 6,000.00	Agency recently updated from Version 14.2 to Version 17 and staff needs training on the new version of the Multifamily servicing software.	Failure to obtain critical training will result in staff inefficiencies and missed deadlines.
US Bank Conference	Minneapolis, MN	1		1	\$ 2,200.00	Master Servicer Conference	Will not participate in business planning discussions.
NCSHA Executive Development Seminar		2			\$ 10,000.00	Bi-annual executive development program. Topics covered in the seminar include, transformational strategies and identifying growth opportunities, change management, improved decision making, negotiation and conflict management, building high performance teams and situational leadership.	Failure to provide executive management with high level training regarding organizational transformation, change management and organizational performance.
Hardest Hit Fund Conference		1			\$ 2,500.00	Summit with US Treasury officials, representatives from other Hardest Hit Fund states, GSEs and large banks to discuss barriers and solutions related to the use of Hardest Hit Funds.	Failure to meet with Treasury officials face to face to negotiate changes to the program and to develop program parameters for use of program income generated by the Hardest Hit Funds.
Hardest Hit Fund Conference (To be reimbursed by KYHC)		1			\$ -	Summit with US Treasury officials, representatives from other Hardest Hit Fund states, GSEs and large banks to discuss barriers and solutions related to the use of Hardest Hit Funds.	Failure to meet with Treasury officials face to face to negotiate changes to the program and to develop program parameters for use of program income generated by the Hardest Hit Funds.
Rating Agency Visit	New York, NY	4			\$ 8,000.00	Required annual management review with Moody's	Potential negative comments on Agency management. Failure to educate rating agencies regarding specific business risks that influence our ratings on debt issuance.

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Black Knight (Information Exchange)	Florida			3	\$ 6,000.00	Conference given by our servicing system provider to learn new and upcoming system developments.	Failure to obtain critical training will result in staff inefficiencies and missed deadlines.
MBA Servicing				2	\$ 4,500.00	Presentation of new laws and regulations to keep up with best practices in the industry.	Failure to obtain critical training will result in staff inefficiencies and missed deadlines.
Servicer Audits	Various States			3	\$ -	Out of state travel to conduct servicer audits (Expenses are reimbursed)	N/A
Lender Trainings and Recertification	Various States			3	\$ -	Out of state travel to conduct lender trainings and lender recertification's (Expenses are reimbursed)	N/A
<b>Totals</b>		<b>25</b>	<b>5</b>	<b>35</b>	<b>\$ 137,100.00</b>		

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