CalHFA BOARD OF DIRECTORS

California Housing Finance Agency
Board of Directors

May 14, 2015

Department of Consumer Affairs
1747 North Market Blvd.
Sacramento, CA
(916) 574-7307

10:00 a.m.

1. Roll Call.

2. Approval of the minutes of the March 17, 2015 Board of Directors meeting 001

3. Chairman/Executive Director comments.

4. Report of the Chair of the Audit Committee.

5. Discussion, recommendation and possible action to adopt CalHFA Gift Ticket/Pass Distribution Policy. (Victor James/Misty Miller)
   Resolution 15-05 109

6. Discussion, recommendation and possible action regarding final loan commitment for the following projects: (Jim Morgan/Ruth Vakili)

NUMBER	DEVELOPMENT	LOCALITY	UNITS
14-026-R/S	Virginia Terrace	Barstow/ San Bernardino	76

A. **Resolution 15-06** 115

NUMBER	DEVELOPMENT	LOCALITY	UNITS
15-001-R/S	Park Place	Los Angeles/ Los Angeles	142

B. **Resolution 15-07** 145

7. Discussion, recommendation and possible action regarding the adoption of a resolution to amend Resolution 15-01 authorizing the Agency's single family bond indentures, the issuance of single family bonds, short term credit facilities for homeownership purposes, and related financial agreements and contracts for services. (Tim Hsu)
Resolution 15-08 171

8. Discussion, recommendation and possible action regarding the adoption of a resolution authorizing the Agency's single family non-bond strategies. (Tim Hsu)
Resolution 15-09 187

9. Discussion, recommendation and possible action regarding the adoption of a resolution to amend Resolution 15-02 authorizing the Agency's multifamily bond indentures, the issuance of multifamily bonds, short term credit facilities for multifamily purposes, and related financial agreements and contracts for services. (Tim Hsu)
Resolution 15-10 195

10. Discussion, recommendation and possible action regarding the adoption of a resolution authorizing the Agency's multifamily non-bond strategies. (Tim Hsu)
Resolution 15-11 211

11. Discussion, recommendation and possible action regarding the adoption of the Agency's Strategic Business Plan and Operating Budget for Fiscal Year 2015/2016. (Tia Boatman Patterson/Senior Staff) 219

Attachments:

A. FY 2014-15 Business Plan Update 227

B. FY 2015-16 Proposed Business Plan 233

C. FY 2015-16 CalHFA Budget:

1. Consolidated CalHFA and MIS Operating Budget 237
2. CalHFA Operating Budget 239
3. MIS Operating Budget 241
4. Summary of Personnel and Division Budgets 243
5. Summary of Personnel and Salaries by Division 245
6. 2245 CA Housing Finance Agency – Position/Salary Detail 247
7. Out of State Travel 253
8. Schedule of Contracts 255
9. Revenue/Resource Detail 259

D. Business Plan:
Resolution 15-12 261

E. Operating Budget:
Resolution 15-13 263

Bd.Table:#269212v1
BdMtg:05-14-15

12. Update on the status of the Mental Health Services Act's Housing Loan Program and discussion regarding CalHFA's future participation in the Housing Loan Program. (Tia Boatman Patterson)

13. Reports:

A. Report of Issuance of Multifamily Taxable Refunding 265

B. Report of Multifamily TCLP LOC Replacement 271

C. Report of pending Single Family TCLP LOC Replacement 273

D. Report of Multifamily conduit issuance in FY 2014-2015..275

E. Update on Homeownership Loan Portfolio 277

F. Legislative Update ....[handout]

14. Discussion of other Board matters.

15. Public testimony: Discussion only of other matters to be brought to the Board's attention.

16. Adjournment

17. Handouts

NOTES**

PARKING: Pubic parking at Department of Consumer Affairs is free.

FUTURE MEETING DATES: Next CalHFA Board of Directors Meeting will be July 14, 2015, at the Burbank Airport Marriott, Burbank, California.

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STATE OF CALIFORNIA

CALIFORNIA HOUSING FINANCE AGENCY

BOARD OF DIRECTORS

PUBLIC MEETING

Burbank Airport Marriott Hotel & Convention Center
2500 North Hollywood Way
Burbank, California

Tuesday, March 17, 2015
10:00 a.m.

Reported by: DANIEL P. FELDHAUS
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A P P E A R A N C E S

Board of Directors Present

MATTHEW JACOBS
(CalHFA Board Chair)
Co-Managing Partner
Bulldog Partners, LLC

TIA BOATMAN PATTERSON
Executive Director
California Housing Finance Agency
State of California

VINCENT P. BROWN
for John Chiang
State Treasurer
State of California

ANNA CABALLERO
Secretary
Business, Consumer Services & Housing Agency
State of California

CLAUDIA CAPPIO
Director
Department of Housing and Community Development
State of California

JANET FALK
formerly Vice President, Real Estate Development
Mercy Housing

THERESA GUNN
for Debbie Endsley
Acting Secretary
Department of Veterans Affairs
State of California

MICHAEL A. GUNNING
Vice President
Personal Insurance Federation of California

JONATHAN C. HUNTER
Consultant
JCHunter Consulting

A P P E A R A N C E S

Board of Directors Present
continued

TIENA JOHNSON-HALL
SVP, Community Development Finance Officer
BBVA Compass

DALILA SOTELO
Principal
The Sotelo Group

Participating CalHFA Staff

SHERYL ANGST
Housing Finance Officer

DON CAVIER
Chief Deputy Director
State of California

KENNETH H. GIEBEL
Director of Marketing

TIMOTHY HSU
Director
Financing Division

VICTOR J. JAMES II
General Counsel
Legal Division

JAMES S.L. MORGAN
Acting Deputy Director
Multifamily Programs

JOJO OJIMA
Office of the General Counsel
Legal Division

DIANE RICHARDSON
Director
State Legislation Division
and California Mortgage Assistance Corporation

A P P E A R A N C E S

Participating CalHFA Staff
continued

RUTH VAKILI
Multifamily Loan Officer
Multifamily Programs

Public Testimony

MIKE AWADIS
First Southwest Company

Table of Contents

Item		Page
1.	Roll Call	8
2.	Approval of the minutes of the September 16, 2014, Board of Directors meeting	9
3.	Chairman/Executive Director Comments . . .	11, 16
4.	Report of the Audit Committee Chairman	12
5.	Mid-year update on business and operations of the Agency	18
6.	Discussion, recommendation, and possible action regarding the adoption of a resolution authorizing the Agency's single family bond indentures, the issuance of single family bonds, short-term credit facilities for homeownership purposes, and related financial agreements and contracts for services	
	Resolution 15-01	30
	Motion	45
	Vote	45
7.	Discussion, recommendation, and possible action regarding the adoption of a resolution authorizing the Agency's multifamily bond indentures, the issuance of multifamily bonds, short-term credit facilities for multifamily purposes, and related financial agreements and contracts for services	
	Resolution 15-02	47
	Motion	48
	Vote	49

Table of Contents

Item		Page
8.	Discussion, recommendation, and possible action regarding the adoption of a resolution authorizing applications to the California Debt Limit Allocation Committee for private activity bond allocations for the Agency's homeownership and multifamily programs	
	Resolution 15-03	49
	Motion	52
	Vote	52
9.	Discussion of Security and Exchange Commission's (SEC's) Municipalities Continuing Disclosure Cooperation Initiative	53
	A. Second Update on Security and Exchange Commission's Municipalities Continuing Disclosure Cooperation Initiative	
	B. CalHFA's Municipalities Continuing Disclosure Cooperation Initiative Questionnaire for Self-Reporting Entities	
	C. CalHFA's Disclosure Procedures and Policies	
10.	Update on Multifamily production, conduit issuances and discussion, recommendation and possible action regarding final loan commitment for the following project: 14-024-R/N Ocean View Senior Apartments Pacifica/San Mateo, 100 units	
	Resolution 15-04	59
	Motion	84
	Vote	85

Table of Contents

Item		**Page**
11.	Update on Single Family lending production and presentations on CalHFA's Re-Fi Program and CalHFA's TBA Business Model by Mike Awadis Senior VP, First Southwest	86
12.	Reports:	
	A. Audit Reports	106
	B. Financing	106
	C. Mortgage Insurance Services Biennial Program Evaluation Report	106
	D. Legislative Update	106
	E. Update on *Keep Your Home California Program*	106
13.	Closed session under Government Code section 11126(e)(2)(C)(i); consideration to initiate litigation	85
14.	Discussion of other Board matters	107
15.	Public testimony: Discussion only of other matters to be brought to the Board's attention	107
16.	Adjournment	107
Reporter's Certificate		108

BE IT REMEMBERED that on Tuesday, March 17, 2015, commencing at the hour of 10:02 a.m., at Burbank Airport Marriott Hotel & Convention Center, 2500 North Hollywood Way, Burbank, California, before me, DANIEL P. FELDHAUS, CSR #6949, RDR and CRR, the following proceedings were held:

--oOo--

CHAIR JACOBS: All right, let’s start up.
Let’s do a roll call, if you please.
MS. OJIMA: Thank you.
Ms. Caballero?
MS. CABALLERO: Here.
MS. OJIMA: Thank you.
Ms. Cappio?
MS. CAPPIO: Here.
MS. OJIMA: Mr. Brown for Mr. Chiang?
MR. BROWN: Present.
MS. OJIMA: Thank you.
Ms. Gunn for Ms. Endsley?
MS. GUNN: Here.
MS. OJIMA: Ms. Falk?
MS. FALK: Here.
MS. OJIMA: Mr. Gunning?
MR. GUNNING: Here.
MS. OJIMA: Ms. Johnson-Hall?

MS. JOHNSON-HALL: Here.

MS. OJIMA: Mr. Hunter?

MR. HUNTER: Here.

MS. OJIMA: Mr. Prince?

(No response)

MS. OJIMA: Ms. Sotelo?

MS. SOTELO: Here.

MS. OJIMA: Mr. Alex?

(No response)

MS. OJIMA: Mr. Cohen?

(No response)

MS. OJIMA: Ms. Boatman Patterson?

MS. BOATMAN PATTERSON: Here.

MS. OJIMA: Thank you.

MR. Jacob?

MR. JACOB: Here.

MS. OJIMA: We have a quorum.

CHAIR JACOBS: Great. Thanks, JoJo.

--oOo--

Item 2. Approval of Minutes of September 16, 2014, Board of Directors meeting

CHAIR JACOBS: Let's go to the minutes from the September 16th delightful meeting that we had.

Everyone has had these minutes for a while.

Does anyone want to move to approve

the minutes?

MS. SOTELO: I move approval of the minutes.

CHAIR JACOBS: Do we have a second?

MR. GUNNING: Second.

CHAIR JACOBS: Great.

MS. OJIMA: Mr. Gunning?

MR. GUNNING: Yes.

MS. OJIMA: Thank you.

Ms. Caballero?

MS. CABALLERO: Aye.

MS. OJIMA: Ms. Cappio?

MS. CAPPIO: Aye.

MS. OJIMA: Mr. Brown?

MR. BROWN: Abstain.

MS. OJIMA: Thank you.

Ms. Gunn?

MS. GUNN: Aye.

MS. OJIMA: Ms. Falk?

MS. FALK: Aye.

MS. OJIMA: Mr. Gunning?

MR. GUNNING: Aye.

MS. OJIMA: Ms. Johnson-Hall?

MS. JOHNSON-HALL: Aye.

MS. OJIMA: Mr. Hunter?

MR. HUNTER: Aye.

MS. OJIMA: Ms. Sotelo?

MS. SOTELO: Aye.

MS. OJIMA: Mr. Jacobs?

CHAIR JACOBS: Aye.

MS. OJIMA: The minutes have been approved.

--oOo--

Item 3. Chairman/Executive Director Comments

CHAIR JACOBS: Mr. Brown, would you like to say hello and introduce yourself to the Board?

We're glad to have you on board here.

MR. BROWN: Sure. Glad to be here.

I am the backup for Tim Schaefer on this assignment. But there are many familiar faces here, because I have a long, rich history in state government.

Just for the public and for the other Board members, my last state assignment, I was Chief Deputy Director of the Department of Finance. So I did three very difficult budgets for Governor Schwarzenegger. Was COO for State Controller Wesley. I spent almost nine years as part of CalPERS' executive team.

And I did leave CalPERS because of my disagreements with Mr. Buenrostro over management and running CalPERS. And he will be sentenced on the 13th.

And I've been out of state service for the last six years. I've been CEO of Alameda County Retirement

System and CEO of Santa Barbara Retirement System.

I'm glad to rejoin state service for Treasurer John Chiang. I look forward to working for him for the next four years.

Although this is not one of my primary assignments, I have a number of assignments, including the Administrative Deputy for Treasurer's office, as well as CDIAC, hospital financing, and all the educational financing. And because of my previous background, I'm pretty much the backup for most of the financing for you.

So I'm glad to join you today, and I look forward to the discussion.

CHAIR JACOBS: Thank you.

I think on our agenda, we've got the Executive Director's comments. But we're going to save that for your general report, I think.

MS. BOATMAN PATTERSON: Yes.

--oOo--

Item 4. Report of the Audit Committee Chairman

CHAIR JACOBS: So let's jump to Michael, the Audit Committee report.

MR. GUNNING: Sure.

Thank you, Mr. Chairman, Members of the Board. I guess it has been a while, but the Audit Committee came down and diligently met, even though the meeting was canceled. But we were here, and heard from our auditor, CliftonLarsonAllen. And it was the audit of the Housing Finance Fund and the Single Fund.

In that audit, there were two findings.

One was the overstatement of an allowance for a loan loss for the single-family mortgage receivables in the amount of $39 million.

And the second was with Section 8 Housing Assistance Program for six out of 18 files that were found, there was some problems with sending those to the owners of the properties.

They've been corrected. It's interesting to report that staff actually found the $39 million error, and has subsequently figured out how to correct that going forward.

Before I continue, we talked about a couple things, but I didn't know if any of the other members wanted to share their thoughts with the Board.

Dalila or Matt?

CHAIR JACOBS: I guess my one question is, you know, the auditors did their job; and there would have been no way, the way they were assigned to do their audit, to have found the overstatement of reserves.

MR. GUNNING: Right.

CHAIR JACOBS: And, by nature, this is a

conservative agency.

I guess one question would be -- and this may be solved by the overall assessment that the Director has going now, of just the various business silos. And is there a way that we could have found this earlier? Probably not. But I think the overall assessment of the Agency is the right step, just so that we're looking at the different silos and understanding who is accounting for what.

And it may be helpful for some of the new folks, particularly now that we have a new Treasurer, just in the next agenda, and send out just an org. chart, so people can understand what the different business complements are. And let's make sure that there's no overlaps.

I think this was an excess of conservatism, but -- and that may solve it.

Would you agree with that?

MS. SOTELO: But it was in our favor.

CHAIR JACOBS: In our favor, yes.

MR. GUNNING: It was conservative, as you say.

CHAIR JACOBS: Yes.

MS. SOTELO: And I think just to your point, I think that one of the things that we need to figure out is how to operationalize the checks-and-balance system, and having a third-party auditor, and understanding how to hold them accountable for performance under their contract; and understanding, you know, really what they're looking at, and how to report back discrepancies before it gets to the point where, you know, it's not going to be in our favor and it's too late to catch.

So I think that if we can figure out a way, the Director can figure out a way to operationalize those checks and balances; and then a metrics for performance evaluation of the auditor, I think that would be helpful.

MR. GUNNING: We also have an outstanding issue that Victor reminded me of, which is almost a year ago we looked at the charter for this committee and we haven't picked that up since our roles and responsibilities and duties. So I think I'm going to try to schedule a meeting for us here in the next three months to talk about all this stuff, and then also report out to the Board the result of that.

CHAIR JACOBS: And it may make sense, just with the organizational overview to share that with the Audit Committee specifically, just given what happened before.

MR. GUNNING: That's it, Mr. Chairman.

CHAIR JACOBS: All right. Great. Thanks.

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

CHAIR JACOBS: Tia, let's jump into your report.

MS. BOATMAN PATTERSON: Good morning.

I think I want, as a first order of business, I wanted to bring up my chief deputy that was recently brought on board in February.

So if Don Cavier could come up and join me.

And I think this gets at an issue we were just discussing about the business components and, operationally, some of the things that we're doing.

And I'll give Don just a brief few minutes to introduce himself, tell a little bit about his background; but you'll all be pleasantly surprised and very pleased that we brought him on.

MR. CAVIER: Good morning, Chair Jacobs and Members of the Board. I'm Don Cavier. And I come to the Agency by way of the Sacramento Housing and Redevelopment Agency, where I've spent the last 17 years of my career, the last eight of which were as the Director of Finance for SHRA.

And for those of you that don't know SHRA, it is a joint powers authority between the City and County of Sacramento. And we administered two housing authorities, two redevelopment agencies, and administered the federal entitlement funds like CDBG and HOME. And so we did a lot of gap financing and affordable housing development, issuing conduit bond issues, and providing the gap financing on some of those housing deals.

And so I'm very excited about the opportunity and grateful for the opportunity to serve this Board and the Agency moving forward and developing affordable housing up and down the state of California.

Thank you.

MS. BOATMAN PATTERSON: He is being a little modest. He was an auditor in his former life.

MR. CAVIER: Oh, yes. That's right.

I forgot to mention, prior to SHRA, I worked in the mortgage banking industry and underwriting, and internal audit as well. And I'm a certified internal auditor.

MS. BOATMAN PATTERSON: How many plus years of awards did you receive as Director of Finance?

MR. CAVIER: We received, I believe, 23 years in a row, consecutive years for the Government Finance Officers' Association's Award for Excellence in Financial Reporting; and for the three years that we actually applied, we received the Meritorious Budget Awards from the California Society of Municipal Finance Officers.

MS. BOATMAN PATTERSON: You see my joy.

Item 5. Mid-year update on business and operations of the Agency

MS. BOATMAN PATTERSON: So early on, when I first came on board, one of the first things, orders of business that we took on was hiring an outside consultant to provide an organizational assessment, so that we could make sure that our operations and our staffing were matching our business models.

And so I'm pleased to report that the very first phase of that organizational assessment has been completed.

We've already found some things that were immediately apparent to us, and we've implemented on our single-family side. We did things as simple as moving production and lending on one floor.

We've implemented some of our I.T. changes, so that we could take in electronic files. And some of those things were actually, early on, observations of the assessment. And I am pleased to report as of February, we hit a high in our single-family lending of $50 million. And that's the highest that we've been, post housing crisis.

So just implementing some of the things from the organizational assessment are already coming to fruition.

So I will give more about the organizational assessment in May, when we have further details out. And I'll be sharing that with the Board prior to May. But we have been pleasantly surprised by some of the things that we're finding and some of just the grouping and just aligning things that we're doing.

One of my primary goals as the executive director is to focus on our core functions as an agency, and building our capacities in our multifamily programs.

We want to do this in three ways:

Through collaboration with our local partners and our state partners. I'm pleased to report that we have continued our collaborative relationship with our sister agency, Housing and Community Development, and the Department of Veterans Affairs. We have successfully worked together. And HCD recently put out a NOFA on our Prop. 41 funds.

We are also working collaboratively with the Caltrans agency, and we're working on an affordable housing program with the 710 freeway.

And we want to be able to begin aligning our resources, both internally and externally. And so we're looking at, those ways, and so that we can make sure that we're meeting the policy objectives of the state.

One of the ways in which we have already started those discussions, is meeting with TCAC, CDLAC, HCD, and CalHFA. We've already started a series of discussions about identifying the State's policy priorities in housing. And it's a very exciting time.

Also, we want to make sure that we are taking advantage of all of our financing tools available to housing finance agencies. So I had the opportunity to attend both the October annual National Council of State Housing Agencies Conference, and I was in the Legislative Conference in March. And so one of the biggest things coming online now is our Multifamily projects, in which we will be taking advantage of the federal financing bank HUD partnership. And I think we've nicknamed it the "synthetic Ginnie Mae." And you've probably all heard me talking about this. But this is going to provide very competitive financing on our Multifamily side, and getting us back into the lending game.

So far, there have been two jurisdictions, two states that have taken advantage of this project, and both of those states they were both more simpler transactions in which it was a refinance, and that was the City of New York Housing Finance Agency and the State of Massachusetts Housing Finance Agency.

And then when we met with Treasury when we were in Washington, D.C., last -- was it two weeks ago? I'm trying to remember. It was early March. Treasury was very pleased that we would be the third in line to take advantage of that project -- take advantage of that new financing tool.

And you'll be hearing more as staff comes online and talks about the Ocean View Project, because that's one of the projects that we're going to be using that financing for; and to be the third in the nation to use this new financing tool is pretty exciting. Plus, ours is going to be a little more complicated because it's not just going to be a refinancing.

So there will be two projects that we have in the pipeline that we know right now we will be taking advantage of these -- that financing.

I will be providing an org. chart, because that's one of the things the organizational assessment has -- is helping us to update and modify, so we'll be getting that to you. And we won't wait until the next meeting to get that to you. We'll make sure we get that to you. As soon as they're getting updated, we'll get that out to the Board.

So we are looking at some of the operational checks and balances. That is why Don was brought on board, and to be my right hand and to help run the Agency.

And so with his background in both policy programs, finance, and operations, it’s a good mix to have on our team. And so we’re very excited about that.

So Don will be able to delegate some of the day-to-day operations, and he’ll be able to look at some of our internal operations and continue on with the organizational assessment as I reshift and focus my attention and work on more policy and programs.

And so that’s when I want to be able to engage the Board on some of our policies and programs going forward. We want to be able to, like I said, use our internal resources more wisely. So I wanted to go over just briefly the chart that we had.

In our presentation, we’ll make sure that we are actually providing a readable copy. Jan and I had a conversation before the Board meeting. And just another -- a bar or two that actually talked about midyear revenue and a total, and what we projected, and then what we actually brought in. So let me just provide those dollar amounts because it’s not reflected on the chart without having to add it up and figure it out.

But our midyear projected budget that we thought we would receive in single-family and multifamily revenues was $24.9 million that we anticipated to bring in by midyear. The actual amount of revenue that we have brought in is $25.2 million. And we actually also had a one-time funding due to some prepayments of $42 million. So the actual amount of revenue we've brought in to date or through the midyear is $67 million. And so we're doing quite well. We had planned or projected, like I said, that we would bring in 25.2. A majority of these funds are from legacy revenues. And so our goal is to make sure that when we're doing projected new revenues, that we're actually basing that on data, and we're not just -- so we have some data behind us on the single-family side because we've had a year of lending. But on the multifamily side, what we're going to do is we're going to bring forward actual pipeline projects, so that we can have -- we've been kind of guessing because we were out of the lending game. But now that we're trying to get back into the lending game, we'll be able to have more realistic numbers on the new revenue side. So that's very exciting.

Lastly, I want to really thank Claudia Cappio. There is no way that I could be sitting in this chair and making some of the progress we have made if she had not been a soldier with the team behind her to get us on the right track.

When we were looking in 2009 at this Agency, I think one of the things, when I was sitting in your shoes on the other side of the table, Claudia came forward, and she said, “I don’t know if I’m winding up or winding down, but I’m here to do the hard work.”

Well, she was winding up. And I’m thankful that I’m able to sit in this seat after she sat in this seat. There was $3.5 billion in variable-rate debt that we couldn’t provide the credit for and we didn’t have the liquidity. And so over the years, that $3.5 billion debt, we’ve had some credit replacements that have come in on our Multifamily side, that debt is down to $572 million. And we will be out of that program by the end of the year.

(Applause)

MS. CAPPIO: Yes, Tim wins the bet if it’s early.

MS. BOATMAN PATTERSON: So when we presented to Treasury, when I was in D.C., they were elated. They were absolutely elated. They were very pleased with the work that we have done.

So thank you to my sister, Claudia Cappio.

And that concludes my kind of overview. And I’m available, should you have any questions.

CHAIR JACOBS: Thank you.

Any questions?

MS. CABALLERO: Tia, the savings that you show are from vacancies and for contract costs.

MS. BOATMAN PATTERSON: Yes.

MS. CABALLERO: Talk a little bit about the contract costs that you've avoided.

MS. BOATMAN PATTERSON: I believe we had some -- we had budgeted for some strategic priority -- a contract for, like, some strategic policy priorities. And then Don is coming and giving me a cheat sheet as we speak.

So, okay, what contract was that? Do we know?

We have some consulting and professional services contracts that we didn't go forward with. And that was about $700,000.

We also had a supplemental software lending licensing fee, that was $230,000.

And what does "LPS" stand for?

MS. CAPPIO: That's another software system.

MS. BOATMAN PATTERSON: Another software program?

And that was another $400,000.

MR. CAVIER: In savings.

MS. BOATMAN PATTERSON: In savings.

MR. CAVIER: It had accidentally been budgeted for a three-year contract in one year. And so that, in and of itself, translated into a savings that we would have to budget in subsequent years.

MS. BOATMAN PATTERSON: And on the salary savings -- is that $2.3 million?

MR. CAVIER: $2.3 million.

MS. BOATMAN PATTERSON: And that was because when I -- during the organizational assessment, we kind of put a self-imposed hiring freeze and promotion freeze until we kind of got through our initial phase and we knew what resources were needed, where. And so we have now started backfilling positions and putting people and promoting people on an as-needed basis as the assessment has been completed.

So that's, in part, where the savings came from on the salary side.

MS. CABALLERO: Okay, thank you.

MS. BOATMAN PATTERSON: Oh, and then the housing costs, we had a reimbursement of $230,000. Because we fronted the cash for the housing cost study, between the HCD, CalHFA, and the CDLAC and TCAC. And we received reimbursements back for our share.

MS. CABALLERO: I was just trying to get a sense of whether these are things that are deferred, that are going to have to show up down the road, or whether we just went without --

MS. BOATMAN PATTERSON: We went without.

MS. CABALLERO: -- for the contracts?

MS. BOATMAN PATTERSON: We went without. Bare bones.

MS. CABALLERO: Thank you.

CHAIR JACOBS: Ms. Falk?

MS. FALK: Yes. As I've mentioned before, my concern has been on the revenue side. And I wanted to ask you where you see that going. We talked a couple meetings ago about legacy revenue going down.

MS. BOATMAN PATTERSON: Right.

MS. FALK: And what do the projections look like out in the future, and is there some point in which we will get those projections looking out three, five, ten years?

MS. BOATMAN PATTERSON: Right.

So as part of the organizational assessment, too, there was a lot of angst on everyone's part about new lending activity. And if we did not bring on new lending activity immediately, and there was this feeling of two years; that if we didn't do what we needed to do to bring in additional lending within two years, that we would be wrapping it down.

And going through and doing a comprehensive analysis of our legacy income and projected new revenue, we have a longer tail than that. We have a much longer tail than that. And so that was one of the things that was good to know early on, so we could then, instead of focusing so much on new lending activity and just trying to get things out the door, that we were actually more strategic and more aligning our resources and working with our state and local partners.

And so when you look at that tail, it's more of a six- to eight-year tail, as opposed to a two-year tail. And at some point -- and Tim has brought it up in his analysis; and Claudia, my predecessor, brought it up -- there's going to be this intersection where it's, if you're not bringing in new revenue, you really are eating your seed corn. But we haven't got quite there yet.

And we have a good -- and so what I've represented to staff is, instead of looking at this on a year-by-year basis, because we were basically in crisis mode, we can have a five-year strategic plan. So that's the next step after the organizational assessment is completed, to come up with a true five-year strategic plan in conjunction with the adoption of the statewide housing plan, so that our lending activities are marrying the policy priorities of the State of California.

MS. FALK: Good.

CHAIR JACOBS: Dalila?

MS. SOTELO: Mr. Chairman, I just had a quick comment and just a quick question.

And welcome, Don. I'm very, very glad to have you on the team. Very experienced. So very happy about that.

I just wanted to point out, you know, the summary that you gave us that in February you hit $50 million in the single-family housing side. That's incredible. That's fantastic.

And I think I wanted to just ask you, is that a correlation to some of the organizational efficiencies as you reported; or is that, you know, now that our product is easier to use and our third-party vendors are pushing us forward a little bit more in the marketplace? What do you attribute that to?

MS. BOATMAN PATTERSON: I'm attributing it to all of that, Dalila.

MS. SOTELO: All?

MS. BOATMAN PATTERSON: Because I think the fact that we got out and we asked the lenders, we did our lender training, we were there on the ground, we implemented our new software program, we -- all of those things were happening simultaneously.

So I think they all were a contributing factor to us being able to break that barrier and then to have a trajectory that's going to be going forward.

MS. SOTELO: That’s great.

And I would just ask that when you report back on the organizational assessment, if we could just get a sense of what the scope of work was for the third-party consultant, like, what areas were actually looked at, that would just be helpful to us.

MS. BOATMAN PATTERSON: Okay, I can actually get that out to you because I have the scope of work. So I can get that out to the Board members so that you know now what it is that he is working on.

MS. SOTELO: Great. Thank you.

CHAIR JACOBS: Any further questions?

(No response)

CHAIR JACOBS: All right, great.

Thank you.

--oOo--

Item 6. Discussion, recommendation, and possible action regarding the adoption of a resolution authorizing the Agency’s single family bond indentures, the issuance of single family bonds, short-term credit facilities for homeownership purposes, and related financial agreements and contracts for services (Resolution 15-01)

CHAIR JACOBS: All right. Let’s move on to the single-family bonds and then the multis.

Who is going to be presenting?

Tim?

MR. HSU: Good morning, Mr. Chairman, and good morning, Members of the Board.

As Tia said, these are exciting times to be at CalHFA. I think that the questions that we're wrestling with today are very different from the questions that we were wrestling with some three or four years ago.

I'm going to open up with a quick rating update and using this as a segue into covering, really quickly, the progress that we're making on de-leveraging your balance sheet, and also using as a segue into these bond financing resolutions.

Over the last four months or so, we have gotten two upgrades from the rating agencies: The first one that you see here, on the top of this chart, is our single-family indenture. It's referred to as HMRB, Home Mortgage Revenue Bonds.

We received an upgrade last month from Moody's out of the Baa2 rating into A3. And this is a very significant development that I'll come back to in a second.

And then back in December of last year, our Multifamily III indenture got upgraded to AA+. So this actually has the same rating now as Uncle Sam with S&P, which is hard to believe.

So coming back to this upgrade on the single-family side, we now have two single-A ratings for this indenture. And this is now, I think, sort of reachable, if you will, from some of the private banks' point of view, in terms of providing us credit. And we now actually have four banks that have offered us letters of credit to replace TCLP.

So to Tia's point earlier, this particular upgrade I think gave us that final piece of the puzzle to provide the visibility for the end game, if you will.

We kind of always knew that the HMRB would be sort of the drama, if you will, of whether or not we complete this process this year. And now, we can see what that end game is going to look like.

And we have four offers, three of them are actionable. By that, I mean, that the fourth offer is with a bank that has its own rating challenges. So we think we're going to put that one aside.

We're talking to three banks. We're talking to -- I had breakfast this morning with a bank, and one of the credit analysts from a bank -- and he's sitting in the audience, so I wanted to make sure I impress him.

I won't point him out and embarrass him.

So we think we are in very good shape. We think we're in very good shape. We had three actionable offers. We had a meeting with someone yesterday, saying that one of the banks that we're talking to is threatening to offer us $250 million, which would be great. We didn't ask for that much.

The need in this space is about half -- it's $500 million, which sounds less than half a billion. And we now have $325 million, so that gap of $175 million could be provided by one bank or two banks.

So we think that the end is near, in a good way. We can replace CCLP and get out of this reliance on a federal facility, which has helped us tremendously, no doubt. But the commitment to get out of this program from Claudia, down to Tia, has been unwavering. And to get out of it, I think, is a big accomplishment.

So I hope that kind of reinforces sort of the point I've been making to the Board for a good part of 18, 24 months, is that the legacy risks that we have been so focused on three or four years ago, is much better contained. And the focus really should be about the future, which is about lending activities.

And so speaking of lending -- this is my segue into the bond financing resolutions -- so traditionally, we fund our lending activities using bonds, using the issuance of bonds, or specifically, the issuance of private-activity revenue bonds. And most of the time, they are tax-exempt bonds.

So today, the deliberation or our conversation is about bond-financing resolutions, which we typically come to the Board in March and ask for authority for our issuance activities this coming year. But as we've been talking to the Board about over the last couple years -- and Tia mentioned earlier about this new program that's kind of coming down the pike, affectionately referred to as "synthetic Ginnie Mae," which is going to provide a very competitive lending cost for permanent lending in a multifamily space. But on the single-family side, you also know that late lending activities have been using this sort of called TBA model.

So all these financing activities are actually not bond-related. They are using a different technique, which has sort of outstripped the scope, if you will, of these typical bond-financing resolutions that we have come to the Board for authority on.

So the idea that we have -- again, today, our ask is on these typical traditional bond-financing resolutions; but the idea is that in May, we'll come back to the Board and create two separate resolutions: One for single-family and one for multifamily on these other activities, other financing activities that we are relying on.

And to be sure, these are financing techniques that we have separately requested from the Board for authority. So, for example, this TBA model, we requested from the Board in 2013 for authority, and we received authority; and that's why were able to proceed.

But the thought is that they are taking such a big chunk of our lending activities, perhaps we should also wrap it into these annual authorizations in the spirit of open and transparency; and also for new Board members, so that they can sort of appreciate the full scope of what we are offering across the spectrum.

So, again, today we're requesting the bond-financed activities; and in May, we'll come back with non-bond-financed activities.

So, Resolution 15-01. So, what we typically ask for is a single-family resolution to request for the authority to issue bonds for this coming year, and ensure the resolution is broken up into three parts.

The first part deals with Debt-Management Bonds. So this is sort of an area in which we're -- when we talked about sort of replacing TCLP and the need to sort of continue -- de-leveraging our balance sheet, this is the area, Article I, that kind of allows us to do that.

And in Article II -- as an aside, there are times in which, when we do a restructuring of bonds, that we need to pledge some unencumbered assets from outside the bond indentures to make the refunding work. So this particular Article I also authorizes the Executive Director the ability to pledge up to $50 million to make the restructuring work. And I believe that she also needs to provide a certificate that net, net, this is economic positive to the Agency.

So Article II deals with new-money bonds. And the new-money bonds, at the moment, requires the underlying assets to be MBSs, and the bonds will be fixed-rate, and there is no authority to use swaps on those transactions.

The significant thing about that is that this particular Article II is currently inactive. So, again, because the single-family lending activities is going through this TBA model.

And Article III, which is not on my slide here, has to deal with the authority to do -- offering documents and also execute related documents on issuing new bonds or old bonds.

So in general, those are the sort of, roughly speaking, the three articles.

So I'll pause for questions.

MR. HUNTER: Is this date correct?

MS. JOHNSON-HALL: That's the first question I had.

MR. HSU: Which date?

MR. HUNTER: 2016?

MR. HSU: Yes, it is correct, because it's meant to -- it's meant to cover the 12 months from now. For the next 12 months, from today to 12 months from now. Yes.

MS. JOHNSON-HALL: Understood. But if that's a hard date, 12 months from now, you could slip by about two weeks.

MR. HSU: Right. So this is just a shorthand here.

So in the resolution, it speaks to 60 days from our first -- it's good until 60 days from our first meeting, our meeting in March.

So should we meet --

MS. JOHNSON-HALL: Okay, so you have a --

MR. HSU: Yes, so there's a little bit of wiggle room there in the actual resolution.

MS. JOHNSON-HALL: Right. And I just wanted to underline, you said a pledge of up to $50 million, but it's also $50 million, and no more than 10 percent of the refunded bonds.

MR. HSU: That’s correct.

MS. JOHNSON-HALL: Okay.

MR. HSU: That’s correct. So in general, this is something that we covered before, that we have two large bond resolutions where a lot of our equities are residing. So there is a single-family indenture, HMRB; and there’s a multifamily indenture, Multifamily III.

And we also have an unencumbered pot of assets, which are mostly in unencumbered loans. And that is sort of a source that can help us complete the de-leveraging.

The one thing that Victor caught, was that on page 121 of your board package -- this is section 18 of the resolution, there’s a typo there. I think on that top paragraph, it talks about Number “14-02.” That should be “15-02.”

So this particular resolution also authorizes the ability for us to acquire a warehouse line. And the way this is restructured is that we basically say that the warehouse line for single family and warehouse line for multifamily would be under the same cap. And that’s why it needs to refer correctly to the multifamily resolution, which is now “15-02,” and not “14-02.”

Yes?

MS. FALK: Is it, we don’t usually put a cap on the new money bonds? It’s just an unlimited dollar amount?

MR. HSU: So when we -- there is a cap on how much we apply to CDLAC, which is two resolutions to come. But if we have existing volume cap, that’s for tax-exempt. And coupling it with just sort of new that may come this year, that will become the natural cap. But there’s not a hard cap in the resolution.

MS. CAPPIO: Hi, Tim.

MR. HSU: Hi, Claudia.

MS. CAPPIO: I wanted to go to -- I mean these resolutions are all clear to me and it’s an annual thing. But in terms of what you see -- so this is crystal-ball time, okay, or Magic 8-Ball, whichever you want.

MR. HSU: I love these.

MS. CAPPIO: Right. In terms of what you are looking at, does this give you enough room?

I mean, for the first time, we can take a little more room, I think, than previous years, because we’re more -- we have more liquidity. So does this meet the needs or foreseeable needs of what you consider to be the level of activity we’re going to be doing?

I know we could always come back for more, but I just want to leave you that, so that…

MR. HSU: I think so.

I mean, I think one of the things that we spent a lot of time talking about is that at some point during the crisis, if you will, we started mixing these bond-financing resolutions with some restrictions on the assets.

MS. CAPPIO: Right.

MR. HSU: So the single-family resolution actually says that the loans we make must be wrapped by the GSEs to make into MBSs. So that kind of crept in here. And on the multifamily side, which we'll talk about in a little bit, we put the restriction on, that they must be at least -- the loans must at least carry this HUD FHA risk share on it.

So the question is that, are those things that we want to continue to sort of live with as a restriction going forward?

And I think that's sort of a good discussion to have with the Board. And we could also have that discussion in light of this other resolution we're talking about. Because this other resolution we're talking about is meant to deal with non-bond finance strategies; and that is a place that we can continue to think about, just the kind of assets that we want to acquire.

You look puzzled, Matt. I'm sorry.

CHAIR JACOBS: No, I'm just thinking about durations. And the one thing on single-family is when we're in a low-rate environment, is like how do we predict the durations? How long are people going to hold onto these, because rates can't go lower. And so it's -- you know.

MS. CAPPIO: I don't know. It recently happened in Switzerland. Just saying.

CHAIR JACOBS: No, I mean, what are we modeling for the durations on these loans? If people might keep them longer than the average? Or is there a way to deal with it?

MR. HSU: We have somebody here to talk about a TBA program, and he knows about this space better than most people I know.

But I think that the single-family MBSs, the prepayment speed is somewhere around 200 to 250 percent PSA. And what that means is about 12 to 15 percent of the loans prepay throughout the course of the year. So if you start with a hundred loans at the start of the year, something like 12 loans will refinance or prepay over a year.

So I think that question of what kind of assets that we want to work with is actually one of the key questions strategically, when we talk -- you know, when

Tia talked earlier about this five-year plan, it's actually one of the much more core existential questions for the Agency. Because the Agency is very much structured for a certain time -- a certain kind of loan, that is whole loan.

We're really not -- there's some other HFAs out there that are structured for sort of acquiring MBSs; but we were structured for whole loans. So as you look across the organization, you'll see that we have loan servicing. Well, we don't have to have loan servicing if we're doing just MBSs. We have certain functions within, that are there only because we're acquiring uninsured whole loans.

And the models that we are using now are a little bit different from that -- what we would build for. And whether or not we want to go back to that or sort of embrace the future -- embrace what we have now, going forward, that's one of the sort of core questions that we need to answer.

Does that help, Claudia?

MS. CAPPIO: It does.

MR. HSU: Okay.

MS. CAPPIO: And I guess I'm going to reserve that when we are all ready to review what you come up with and what that balance is. And I presume that will be part of the business plan and five-year plan as we move forward, the existential questions.

MS. SOTELO: Well, and I would add to that question the policy implications of our mission, right, and serving the communities that we need to serve --

MS. CAPPIO: Exactly.

MS. SOTELO: -- and having a public policy discussion around the marketplace, and really, who we're serving.

CHAIR JACOBS: And the multis-versus-singles question.

MS. SOTELO: Right.

MS. BOATMAN PATTERSON: It's all of that.

MS. SOTELO: And what regions within the state, you know. All sorts of regions within the state, so…

MR. HSU: Yes, so I couldn't agree with that more. Because if we do MBSs, then we'll have people at D.C. define for us what the credit box is.

But if we do whole loans, we can define our own credit box. And that is sort of a key difference. And if the folks in D.C. don't understand what's going on in California and they continue to define things in a certain way, then we're going to diverge.

CHAIR JACOBS: And I guess, broadly -- Claudia, your department, you have State mandates and State goals on environmental concerns, transit -- all of these things. And we don't want D.C. defining that.

MS. CAPPIO: Exactly.

And I guess toward that end of the larger picture, if I may, we have been talking or bantering about a longer meeting. So when the staff is ready, I would welcome a longer meeting with some of these questions, because it is really critical stuff. We are at the intersection of really needing to figure it out differently. We've all known that, and you're working toward that. And a longer meeting on some of these questions and issues would be welcome.

MS. BOATMAN PATTERSON: Anticipating that was one of the reasons why we did not bring forward those resolutions now, because we figured we'd have the benefit of more analysis from our organizational assessment, we'll have some offsite meetings about business planning, and be able to engage on those bigger policy questions when we bring forth those resolutions. That was our thinking.

MS. CAPPIO: Great.

MR. HSU: I want to make sure that we all know that we have really good friends in D.C., though.

We have partners in D.C.

MS. CAPPIO: They came through for us.

MR. HSU: That's right. We have partners in D.C.

MS. JOHNSON-HALL: Well, I was just going to say, just the rating change alone speaks to the level of partnering and relationship that you have. That is not an easy task for anyone, let alone -- it's actually a tougher task for a quasi governmental agency than it is for any other type of agency.

So congratulations to Tim and Tia. That is phenomenal. Thank you.

MS. BOATMAN PATTERSON: Thank you.

MR. HUNTER: So I'll move adoption of Resolution 15-01, with the correction noted on page 121, line 11, to read Resolution "15-02."

MS. JOHNSON-HALL: And Tiena Johnson-Hall, I second.

CHAIR JACOBS: JoJo, call the roll.

MS. OJIMA: Thank you.

Ms. Caballero?

MS. CABALLERO: Aye.

MS. OJIMA: Ms. Cappio?

MS. CAPPIO: Aye.

MS. OJIMA: Mr. Brown?

MR. BROWN: Aye.

MS. OJIMA: Ms. Gunn?

MS. GUNN: Aye.

MS. OJIMA: Ms. Falk?

MS. FALK: Aye.

MS. OJIMA: Mr. Gunning?

MR. GUNNING: Aye.

MS. OJIMA: Ms. Johnson-Hall?

MS. JOHNSON-HALL: Aye.

MS. OJIMA: Mr. Hunter?

MR. HUNTER: Aye.

MS. OJIMA: Ms. Sotelo?

MS. SOTELO: Aye.

MS. OJIMA: Mr. Jacobs?

CHAIR JACOBS: Aye.

MS. OJIMA: Resolution 15-01 has been approved with the correction.

CHAIR JACOBS: Great.

MS. JOHNSON-HALL: Well done.

MR. HSU: Thank you.

Just replying to Tiena's compliments a little bit. We all stand on the shoulders of giants; and my staff, they're wonderful.

And I have a lot of support from Tia and also from Claudia. And I think that we made a lot of good decisions in terms of unwinding our balance sheet over the last four or five years, that it's finally paying off.

In any sense, I feel that these rating upgrades are long overdue; but they kind of came in the nick of time, because we need to finish this process this year.

So good timing is everything.

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Item 7. Discussion, recommendation, and possible action regarding the adoption of a resolution authorizing the Agency's multifamily bond indentures, the issuance of multifamily bonds, short-term credit facilities for multifamily purposes, and related financial agreements and contracts for services (Resolution 15-02)

MR. HSU: So moving on to Resolution 15-02. So this is a mirror resolution but for multifamily. So the articles are structured the same way. Article I is about Debt-Management Bonds. We're dealing with legacy bonds and risks to our new money activities. And here, the difference is that we are actually -- we could actually issue new bonds for Multifamily lending activities; whereas on the single-family side, the new money issuing capacity is definitely dormant.

So later on, you'll hear about this project, Ocean View. So it's quite possible, if all goes well, we'll issue some bonds for Ocean View for the acquisition period; and then it will be taken out, as Tia mentioned earlier, by this synthetic Ginnie Mae program.

And Article III, again, is about the related documents to be executed, like offering documents, things like that, for the issuance of new bonds or for the issuance of these Debt-Management Bonds.

And I believe no typos in this resolution.

There is, as a segue into something that's important, there are provisions in the multifamily resolution for conduit issuances.

So over the last couple weeks, we revised our Conduit Issuance Program a lot, to streamline it, to make it more competitive in pricing. I think that we've had a couple sort of industry insiders look at the program, and I think that generally the reception is very, very good. So we expect that particular program to sort of take off in the next six months or so.

I'll take any questions.

MS. SOTELO: I move approval of the resolution.

CHAIR JACOBS: Do we have a second?

MS. JOHNSON-HALL: Tiena Johnson-Hall. I second.

MS. OJIMA: Thank you.

Ms. Caballero?

MS. CABALLERO: Aye.

MS. OJIMA: Ms. Cappio?

MS. CAPPIO: Aye.

MS. OJIMA: Mr. Brown?

MR. BROWN: Aye.

MS. OJIMA: Ms. Gunn?

MS. GUNN: Aye.

MS. OJIMA: Ms. Falk?

MS. FALK: Aye.

MS. OJIMA: Mr. Gunning?

MR. GUNNING: Aye.

MS. OJIMA: Ms. Johnson-Hall?

MS. JOHNSON-HALL: Aye.

MS. OJIMA: Mr. Hunter?

MR. HUNTER: Aye.

MS. OJIMA: Ms. Sotelo?

MS. SOTELO: Aye.

MS. OJIMA: Mr. Jacobs?

CHAIR JACOBS: Aye.

MS. OJIMA: Resolution 15-02 has been approved.

MR. HSU: Thank you.

CHAIR JACOBS: All right, great.

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Item 8 Discussion, recommendation, and possible action regarding the adoption of a resolution

authorizing applications to the California Debt Limit Allocation Committee for private activity bond allocations for the Agency's homeownership and multifamily programs (Resolution 15-03)

CHAIR JACOBS: Let's move on to CDLAC.

MR. HSU: Yes. So last, but not least, is we also request from the Board, at the same time we asked for these financing resolutions, an amount not to exceed for us to apply to CDLAC for tax-exempt volume cap. So we're requesting for single-family, $250 million; and for multifamily, $250 million.

So last year, when we did this particular resolution, I believe someone had asked, it will be useful if we know what we did in the prior year.

So in 2014, we did not apply for single-family volume cap.

As I mentioned earlier, the lending activities is not being financed using tax-exempt bonds; it's being financed using this TBA model. And on the Multifamily side, we receive a $200 million carryover. So both numbers were below what we got authority for. Last year, we also asked for $250 million.

I think that -- as you know, there's a lot of discussions around some of these state-level agencies and departments about how do we better use tax-exempt volume cap, not just in housing but in different sectors. So we are hoping that, you know, one of these times we could be using more tax-exempt volume cap. And that's sort of a conversation we could have over time. But we think that these two caps that we show here, this is sufficient for our purposes this year.

CHAIR JACOBS: Any questions?

MR. BROWN: Yes, one question.

Tim, have you had conversations with CDLAC folks yet in regards to…?

This is pretty standard.

MR. HSU: You mean, have we had conversations on whether 250 is a number that they would approve?

MR. BROWN: Yes, just general conversations about the direction that you guys will go this year.

MR. HSU: Yes. Like, for example, when we say that we didn't apply in 2014, for example, that's through conversations with Sean and his staff, Misty.

So we don't put in an application blind. We put in an application after we talk to Sean and Misty. It's sort of like, we'd like to bat at 1.000. So when we put it in, we get it because we talked to --

MR. BROWN: Having sat on CDLAC, I understand.

MR. HSU: Yes, yes. So we sort of prime the pump and we make sure that we hit it out of the park. So if we apply for a certain amount, we always get it.

CHAIR JACOBS: Any questions?

(No response)

CHAIR JACOBS: Do we have a motion?

MR. BROWN: I'll make a motion.

CHAIR JACOBS: Great.

MS. SOTELO: I'll second it.

MS. OJIMA: Thank you.

Ms. Caballero?

MS. CABALLERO: Aye.

MS. OJIMA: Ms. Cappio?

MS. CAPPIO: Aye.

MS. OJIMA: Mr. Brown?

MR. BROWN: Aye.

MS. OJIMA: Ms. Gunn?

MS. GUNN: Aye.

MS. OJIMA: Ms. Falk?

MS. FALK: Aye.

MS. OJIMA: Mr. Gunning?

MR. GUNNING: Aye.

MS. OJIMA: Ms. Johnson-Hall?

MS. JOHNSON-HALL: Aye.

MS. OJIMA: Mr. Hunter?

MR. HUNTER: Aye.

MS. OJIMA: Ms. Sotelo?

MS. SOTELO: Aye.

MS. OJIMA: Mr. Jacobs?

CHAIR JACOBS: Aye.

MS. OJIMA: Resolution 15-03 has been approved.

CHAIR JACOBS: Great.

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Item 9 Discussion of Security and Exchange Commission's (SEC's) Municipalities Continuing Disclosure Cooperation Initiative

CHAIR JACOBS: All right, we have you for the SEC.

MR. HSU: So I'm not going to press my luck, I'm three for three.

This particular item does not require action from the Board, it's just an update.

So let me first refresh our memories on what this is. So this is Municipalities Continuing Disclosure Cooperation Initiative. So I'm going to refer to it as "MCDC," going forward. It sounds more fun.

So in March of last year, the Security Exchange Commission, SEC, issued what I'll refer to as a confession of your failures to comply with this rule -- or I think that their words are "self-reporting." So I say "confession." Any failures to comply with this rule, 15c2-12.

So what is this rule? What this rule generally states is that the underwriters have obligations to make sure that the issuers have in their offering documents continuing disclosure obligations, meaning, that they need to show from year-to-year their financial statements, for example. And so that's sort of one big sort of item.

And then the other thing is that should that particular issuer be doing new bond issues, they need to also disclose any failures in the last five years to comply with this Rule 15c2-12, meaning, that you have continued disclosure obligations and somehow you failed to comply with them.

So in the last five years, we have had opportunities when we issue bonds to make the statement that we are in compliance with 15c2-15.

When this particular initiative came up, there was a lot of discussion about what is a material failure versus an immaterial failure, what is a foot fault versus, you know, jaywalking.

So we believe that the statements or the representations that we made are true. But what we decided to do is that we went ahead and filed sort of a list of failures or failings that we've found -- we determined to be immaterial, but we went ahead and filed in the spirit, again, of openness and transparency.

So it's some of these things. So I just want to go through them so that you also get a sense of this. So we had maybe a dozen instances in which we filed our financial statements late. And most of them were something like two or three days late. Because the reporting requirement is 180 days from the reporting date. So, for example, if it's a 6/30 financial closing date, you're supposed to file within 180 days.

We, prior to this initiative, sort of looked at that somewhat liberally, and sometimes filed at the end of the year, on December 31st. But what we didn't realize was that it was really 180 days, and it's really going to be December 29th that you had to file, and not on December 31st.

So we had a bunch of instances like that. And we obviously have taken corrective actions to correct that.

We did have one or two instances in which we filed certain disclosures related to the offering documents, something like that 17-day range. That only happened once.

And there was also one instance in which we did not report on a particular downgrade. So if you go back to some of the rating charts, in sort of that middle 2011, when things were really a bit too exciting, that we had one downgrade that we didn’t report; but then we got another downgrade three months later, and we did report.

And we also had another instance in which we said that we got downgraded from a lower rating to a higher rating. So we just didn’t get the wording right. Because if you look at this, it’s, you know, a mistake. So we said that we got downgraded from a lower rating to a higher rating, whereas we should have said we got downgraded from a higher rating to a lower rating.

And there was a bunch of instances in which -- and this was a hot topic of this particular initiative, that a lot of these bond insurers got downgraded throughout the financial crisis. And when they got downgraded, it also impacted the bonds that were insured.

But this is very public. This is things that, you know, actually made it onto The Wall Street Journal front page. So most of the issuers didn’t put onto -- the reporting goes through the system called EMMA, which stands for “electronic municipal” -- something, something. And the report -- you’re technically supposed to report onto EMMA, but most issuers didn’t do this with respect to these bond insurers.

So we went ahead and we had, I believe, seven instances in which -- when the bond insurers got downgraded, we didn't post it into EMMA.

So, again, we believe all these are -- they're not material, but we went ahead and filed. And I believe that this is -- this is one of those things that sort of bridge between Claudia and Tia; and both of them I think agree that, for the sake of openness and transparency, that we went ahead and filed these things we deemed to be immaterial. And we haven't heard from them since. So, so far, so good.

CHAIR JACOBS: Any questions?

MR. BROWN: Just a general comment.

Just to let you know that Tim Schaefer, who is the primary deputy for this board, we've had a lot of discussions about the SEC initiative. And this will be one of the areas that we'll be putting some focus on, going forward in the Treasurer's office.

MR. HSU: So in response to that, we have also, as part of this process, adopted a set of formal procedures and policies regarding disclosure and continued disclosure. And much of our policy is actually modeled after the Treasurer's office policy.

And, obviously, the policy is to ensure that we meet all our 15c2-12 obligations and any other contractual covenant obligations that may come from our continuing disclosure agreement.

And as part of all this, too, that we will make sure that we have training. I think that in the policy, it suggests that we will have training at least once a year, to make sure that the people who are actually looking at the policy, know what the policy is. And it's only really as good as the people and not the policy. So I think that we should mirror well in terms of emphasis and focus on this effort.

MS. BOATMAN PATTERSON: And, Tim, I'm going to ask you to follow up with Tim Schaefer in the Treasurer's office to review our policy, since we recently adopted that in, like, December or January, I think it was.

MR. HSU: That's correct.

MS. BOATMAN PATTERSON: And so with the new Treasurer and the new Treasurer's administration coming on, that might be a good time -- opportunity for you to provide him with that briefing.

MR. HSU: Yes, we're glad to do that.

I believe that at some point we had sent our policies and procedures over to the Public Finance folks at the Treasurer's office, to see if we have comments.

Again, much of our policy is modeled after the Treasurer's office.

And also that the policy I believe is meant to adopt some of the best practices out there, in terms of this particular effort. And I think that it also does that as well.

CHAIR JACOBS: I think also, just Tim, as a matter of routine, perhaps if errors are picked up prior to getting reported to the SEC, if you would communicate them to Audit, just a matter of practice. Just have it.

MR. HSU: Okay, we'll get you that.

CHAIR JACOBS: Great.

Any questions?

(No response)

MR. HSU: Thank you.

CHAIR JACOBS: Thanks, Tim.

MR. HSU: Thank you.

CHAIR JACOBS: Is the oversight committee report agendized, or no?

I think it was distributed but not agendized.

Yes, okay.

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Item 10 Update on Multifamily production, conduit issuances and discussion, recommendation and possible action regarding final loan commitment for Ocean View Senior Apartments 14-024-R/N, in Pacifica/San Mateo, 100 units

(Resolution 15-04)

CHAIR JACOBS: Okay, great. Let's jump on to Ocean View.

MR. MORGAN: Good morning. It's good to be back in front of the Board to share what we've done for this fiscal year, and also the enhancements we've made to our programs during these past nine months to improve our production.

I'm going to talk about the conduit, the MHSA, the Preservation Loan Program, and also --

MS. BOATMAN PATTERSON: Did you introduce yourself?

MR. MORGAN: Hi. Jim Morgan, Acting Deputy Director for Multifamily Programs. And Ruth Vakili, who is our project officer from Multifamily Programs, who will be doing the Ocean View presentation.

So I'll be providing you with a brief update with the conduit, MHSA housing program, our Preservation Loan Program, and then the lead in to Ocean View.

With our conduit program, currently, we've done three projects at $40 million so far in conduit issuances, and we have two more in the queue, which is going to give us another $40 million in conduit issuance, which has been a good -- a nice piece of business for us this year.

And as Tim mentioned earlier, you know, two weeks ago, we finalized our revisions to our new conduit issuer program. And with stakeholder input, we've implemented those, they're on our Web site. We've done a Listserv e-mail news release. And with input from senior managers, stakeholders, it's been a really productive and communicative product where we've restructured our -- we've reduced our issuer fee to be more competitive; and with a slight reduction for nonprofits, we've reduced our annual admin fee.

We've incorporated a formal conduit issuer application process to delve into the details of the issuance; and also have incorporated a local review assessment, to reach out to the JPAs and housing authorities to receive input from them, if they have funds in the deal or any issuances with the developer or their management company.

With regards to MHSA, we have been -- that program was implemented in 2007 with a goal of -- to fund the statewide creation of 10,000 affordable housing units, using the MHSA program, with 2,500 of those units, MHSA units.

So, you know, the program today: $400 million was allocated. We're at $351 million total allocation. We've done 157 total projects. And that has created

9,500 affordable housing units, which out of that 9,500, 2,300 are MHSA.

So it's tracking -- with the remaining $51 million, it's tracking to meet the goal of the DHCS, 10,000 affordable and 2,500 of those MHSA units. That has kept us busy.

Just the last four years, since July of 2011, we've done 91 projects and $120 million, representing 1,100 units. So our staff has been busy on the MHSA side. And it's been successful.

With regards to that update, this program -- our interagency agreement with DHCS expires May 30, 2016. So currently, we're in discussions with DHCS as far as to modify and extend that program, and try to get a temperature from other county DMHs, county -- department mental health county agencies, to see what they would like going forward, and how much money would they -- if they were king and queen for a day, how much money would they put forward to continue the program.

So those discussions have just started. So that would be MHSA 2.0.

So the program has been robust.

Some of the issues are some of the pricing issues that we'll discuss; and if DHCS wants to take a step back, then what would CalHFA's role be going forward, and what would our purpose be there, and how would we perform?

So that's been a very successful program. And we hope to possibly continue going forward in some capacity.

And then with the Preservation Loan Program, currently, we've closed five projects this year, 540 units for $40 million. And in the queue, we have another $30 million of closings coming down the pike.

So it's been busy with the MHSA, some in the conduit, and the Preservation Loan Program.

And as was mentioned earlier, on the horizon, is our synthetic Ginnie Mae. And we're trying to figure out an acronym for that. We were going to call it "SG," "It's 'so good' to be back" loan program. So we're working on an acronym for that.

CHAIR JACOBS: I've been calling it "Synnie Ginnie."

MS. CAPPIO: It's good.

MR. MORGAN: Yes, I like it.

So hopefully, we'll have an update at the May Board for that.

And in addition, in working with our -- in tandem with our Preservation Loan Program, we're currently working with our General Counsel and Counsel staff to establish some parameters for the use of our internal funds and the restriction on each of those funds in which they can be used for our loan products, more specifically, projects in our portfolio that are in need of recapitalization, and those mission-driven purposes that we have, like, extending affordability and buying down affordability.

So before I get into the lead into Ocean View, and it's a perfect lead into Ocean View, are there any questions?

MS. SOTELO: I think my only request would be that prior to engaging in further discussions around the MHSA program, we look at cost efficiencies of running that program internally to CalHFA.

I think it's a wonderful program. I think it's the right program to do. It's good public policy on all fronts, and it's been very successful. But I think that we have to be realistic about the cost to the Agency and how it moves forward.

MR. MORGAN: Thank you, Dalila.

Yes, that is part of one of the parameters that we're looking at.

MS. BOATMAN PATTERSON: Jim, did you mention that we were doing a report, a detailed report on MHSA, that we were going to be putting that out in mid April?

MR. MORGAN: Yes, well, as far as progress and where we're at?

MS. BOATMAN PATTERSON: Right.

MR. MORGAN: Yes.

MS. BOATMAN PATTERSON: A comprehensive report on what we've done.

MR. MORGAN: On the program, yes. I'll give them the highlights and we'll give them a little more detail.

CHAIR JACOBS: Is there collaboration on Veterans Affairs on that?

MS. BOATMAN PATTERSON: On MHSA?

CHAIR JACOBS: Yes.

MS. BOATMAN PATTERSON: MHSA is a collaboration through the Department of Health and Human Services.

MR. MORGAN: Health Care Services, DHCS.

MS. BOATMAN PATTERSON: And that's one of the issues that has come forward: How do we potentially marry MHSA and Veterans? And so those are some ongoing conversations.

But initially, that partnership was with Department of Health and Human Services.

MR. MORGAN: And if there is a decision, how we move forward can also marry well with the Veterans Housing and Homelessness Prevention Program, the Prop. 41

funds.

CHAIR JACOBS: Yes, there was just recently the survey of homeless in Southern Cal -- I guess, statewide. There are a lot of veterans in that pool.

MR. MORGAN: All right, so hopefully, now we'll have -- on to the Ocean View project. Ruth will present that. And this is one of many more to come with the "So Good to be Back" program.

Ruth?

MS. VAKILI: I'm going to be able to show you some very nice pictures. Because as the name connotes, the Ocean View project has actually a view of the ocean. It is one block from the ocean. The property is one lot block from the ocean.

It's a senior housing project, a hundred units, extremely well-located in the City of Pacifica, the only affordable housing project in the city.

As you can see, I went in some of the units. These residents, many of them have a beautiful view of the ocean. And you have services right next door in the retail center.

Directly across the street, you have the senior center which you can see right here, another great view.

There is shopping within a half mile; a post office across the street. So it's extremely well located, especially for the senior population.

This is a view of the front entrance of the property.

And we’ve shown some pictures of the interior of the community rooms and some of the units.

This unit, I actually want to point out. I wish I’d have gotten a different shot. This unit has been upgraded in the kitchen, whereas before, most of the units still have the avocado-green countertops, the old appliances. We all know what those look like. And so they’re in need of substantial rehab in these units.

This one actually looks pretty darn nice.

Ocean View consists of two buildings, and they’re connected by a pedestrian bridge.

You can see that although the front looks very nice, there’s been a lot of good improvements over the years that have been done, that have been necessary.

There’s still a great deal of improvement left. You can see some degradation of the siding and belly bands. The property is going to undergo a comprehensive rehab.

You can see here, although some of the windows are new and replaced about seven or eight years ago, there’s still a lot of repairs to be done. Some of the existing windows from when the property was built back in 1973, are remaining. So those will be removed and new windows replaced.

Here is a picture of the existing windows.

The property will be affordable to the senior housing population.

Do I need to speak up?

MS. BOATMAN PATTERSON: *(Nodding head.)*

MS. VAKILI: I always feel like I'm talking too loud. In this case, it's not loud enough. Okay.

The age restrictions for this property are 55-years-plus. And the rents, as you can see, compared to market, are extremely affordable. They're between 35 to 75 percent of market in Pacifica. As you can imagine, the market rents in this area are very high.

The rent levels for the property range between 50 to 60 percent AMI.

The property will have 31 new Section 8 vouchers, which will assist not only in financing the property, but also in making the rent even more affordable for the existing tenants.

Some of the things I wanted to go into a little more detail about, was the collaboration that went into not only this new financing structure, but in the previous financing structure. You have the City of Pacifica involved and also you have the County of

San Mateo involved in providing affordable housing funds that not only helped to acquire the property back in 2000, when it was at risk of going to market, but also these same partners are involved in the property today.

The County of San Mateo is going to extend their existing loans and the affordability of the property.

And as I mentioned before, the County has allocated 31 Section 8 vouchers for the project.

All of this goes into being able to substantially rehabilitate the property. As you can see from the pictures, there is a great need.

The interior of the units have never been upgraded. As I said before, some of the exteriors have been. There's still a great deal of work yet to do.

And, fortunately, BRIDGE Housing has come in alongside as a developer. They're buying the property from National Church Residences, which will enable them to substantially rehabilitate the property, extend affordability, and bring in new CalHFA financing.

As you can see, on page 2, the property is being sold from the current owner, National Church Residences, to BRIDGE Housing, who will then sell the property from BRIDGE Housing Ventures, Inc., to the new borrower, which is Ocean View Housing Associates.

There are two different sales transactions involved, and there will be a time lapse of between five to seven business days between these transactions.

This is done in order to avoid tax consequences related to the forgiveness of the City of Pacifica loans. And the differential between the price from Sale 1 to Sale 2 will be in the form of a seller carry-back. This will be also a subordinate loan.

In addition to the seller carryback, you'll have a new CalHFA loan. And that loan will be an acquisition of $18,075,000, at 3 percent fixed, for 18 months.

During the 18-month rehab period, we'll also have provided a gap loan of $1.960 million from our earned surplus, and that's at 2 percent simple interest.

The conversion in 18 months will roll into a CalHFA first mortgage of $9.850 million at 4.75 percent for 40 years. And the gap loan will remain. It will be in the subordinate position, second to our first, of $1.960 million, for 55 years.

Other financing provided will continue to be the County of San Mateo, who will extend their loan and their affordability. And they have an existing HEART loan, and they have also an existing HOME CDBG loan. Both of those will be extended to 55-year terms.

I think that wraps it up.

Are there any questions?

CHAIR JACOBS: Did BRIDGE look at adding units on the property? I couldn't tell from the images if it was fully built out or…

MS. VAKILI: It's fully built out.

CHAIR JACOBS: Janet?

MS. FALK: The new permanent loan, it says it's a 40-year amortization. But what is the term? When is it due?

MS. VAKILI: Forty years.

MS. FALK: It is a 40-year loan?

MS. VAKILI: Yes.

MS. FALK: Okay, it's not 40, due in 15?

MR. MORGAN: No. They could prepay, Janet, at the end of the compliance period.

MS. FALK: Great.

MR. MORGAN: But it's a hard maturity at 40 years.

MS. CABALLERO: So who is the nonprofit that ultimately has to swear to the 501(c)(3)? It took me a while to kind of draw my little drawing as to who was doing what, and who was the borrower and who was the seller, and when. And I can't figure out who is a 501(c)(3).

MS. VAKILI: The 501(c)(3) is BRIDGE Housing Ventures, Inc.

MS. CABALLERO: Okay.

MR. JAMES: So the permanent financing will be to Ocean View Housing Associates, a Limited Partnership; but it will not be structured as a 501(c)(3), and it will not use 501(c)(3) funds in the final closing of this.

MS. CABALLERO: Well, they were listed as the borrower; and that's why it was confusing to me. There were two --

MR. JAMES: Well, go ahead.

CHAIR JACOBS: Janet, walk us through this.

She's done this a million times.

MS. CABALLERO: Thank you.

MS. FALK: In order to use the tax credits and get an investor to come in, you have to set up a partnership. So that's why.

And somewhere in the general partner, there is a 501(c)(3), but it's not going to be 501(c)(3) bonds.

MS. CABALLERO: Okay, all right.

MS. FALK: BRIDGE is involved. All those entities are BRIDGE entities.

CHAIR JACOBS: There has to be a for-profit to benefit from the --

MS. CABALLERO: I get it. Okay.

It was just confusing me, because it was listed as the borrower, and then ultimately I understood that BRIDGE Housing Ventures was going to be…

MS. BOATMAN PATTERSON: I think the confusion came in because there's an intermediate step that we're usually taking --

MS. CABALLERO: That's right.

MS. BOATMAN PATTERSON: -- that we don't usually take.

MS. CABALLERO: That's exactly right.

MR. MORGAN: Usually, it's A to B, and this is A to B to C.

MS. BOATMAN PATTERSON: Right, yes.

MS. SOTELO: Right, and on page 2 it goes through the 501(c)(3) bond structure as it gets retired.

MS. BOATMAN PATTERSON: Right.

MS. CABALLERO: Right, that was what was confusing.

MS. BOATMAN PATTERSON: Exactly. It was getting confusing because of that intermediate step.

MS. VAKILI: And if you think that this was confusing, wait until we get to the closing.

It's going to be a lot of fun.

MR. GUNNING: Mr. Chairman?

MS. SOTELO: So, I had a couple -- sorry.

MR. GUNNING: Just a random question. Do you know who insures this property?

MR. MORGAN: As far as the property?

MR. GUNNING: Yes. Who is providing the insurance loan?

MR. MORGAN: I do not know that, but we can find out.

MR. GUNNING: There's a bill in the Legislature that has to do with that subject matter, particularly Section 8 residents; so I'm very curious about this.

MR. MORGAN: Okay.

CHAIR JACOBS: Ms. Sotelo?

MS. SOTELO: So I had one programmatic observation, and then just a couple of questions.

I assume that we're getting this -- we're negotiating with the borrower because we already had a loan product in place and that's why they're coming to us, rather than them just coming off of the -- you know, coming out of the blue to get our financing.

Is that correct?

MS. VAKILI: I'd say that's mostly true. But also, I think that our program has become competitive enough to attract -- and we are attracting borrowers from outside of our portfolio who are coming to us for financing.

MS. SOTELO: Okay, so would you consider this both a refinancing of our debt and new issuance? Or --

MS. VAKILI: Yes.

MS. SOTELO: -- this is purely just a new issuance?

MR. MORGAN: Yes, and just to let you know, Dalila, this has been an asset we've been working on with the previous ownership, through National Church Residences, for the last five or six years. And they're headquartered -- they're sitused out of Columbus, Ohio. And they wanted just to dispose of their West Coast assets. And this had been a challenge. So this has been in our portfolio for a while. And we've just had the opportunity to be able to finance it. And it will be a new bond, new recapitalization. And as Tim mentioned, hopefully we'll be able to utilize this, use the synthetic Ginnie Mae for this loan.

MS. SOTELO: And how was the decision made about using Earned Surplus to fill the gap?

MS. VAKILI: What we had originally, when we first started talking with BRIDGE, we knew that with the financing structure involved, it would necessitate a gap loan. The question really is, what source we're going to use. And so there was a lot of discussion --

MS. BOATMAN PATTERSON: Let me see if I can address this.

One of the things that the Board had asked, is us looking at program income and using it as a reinvestment into our own portfolio and making sure that we preserved the affordability of our own portfolio.

So when we are looking at Earned Surplus as a gap financing tool, there's some policy parameters that we want to look at. One, is it in our portfolio; is it in physical need -- is it in need of physical rehabilitation? Is it in a high-cost area? Is it at risk of going market if we don't continue to keep it in our portfolio? And are we buying down or getting additional affordability when we put in our money?

And when we looked overall at those policy parameters, Ocean View fit every single one of those policy parameters. And so those are the kind of things that we're talking about internally, is reinvesting our program income, and getting -- and meeting other additional state policy goals. And so that's how the determination was made.

In going forward, those are the parameters we'll be looking at when we talk about an overall preservation -- a portfolio preservation program, and using our income to put back into our projects.

MS. SOTELO: That's excellent.

CHAIR JACOBS: Yes, Ms. Caballero?

MS. CABALLERO: Just as a footnote to that, one of the things that was interesting to me, as I was looking through the detail about who was forgiving loans and who money was owed to, this is a county that has very little affordable housing; that has invested very little money in affordable housing.

And so one of the -- I was really glad to see that the City of Pacifica basically waived their -- made a contribution to the project, I guess is the best way to say it, and wondered why the County didn't do the same. They still have the same obligation. And it just seems to me that at some point, we need to start considering, in the future, as we look at what counties and cities prioritize affordable housing, and what don't; that they have to play ball, too.

And I don't know how to do that as a financing organization.

MS. BOATMAN PATTERSON: Right. And we did look at the County Housing Authority actually did come to the table with the Section 8 vouchers.

MS. CABALLERO: That's true. That's true.

MS. BOATMAN PATTERSON: And so we tried to make sure, this was truly a federal, state, and local partnership.

MS. CABALLERO: That’s good.

MS. BOATMAN PATTERSON: Because we made sure that we were bringing in our access to certain federal programs, the State of California. And everyone rolled up their sleeves to make sure that this project could work.

MS. CABALLERO: Well, that’s good. But County CDBG funds don’t necessarily need to be repaid back. So, anyway, that’s just having said that --

MS. BOATMAN PATTERSON: We’ll continue to look at that, to bring them to the table too.

MS. CABALLERO: Yes, exactly.

CHAIR JACOBS: And to that point, we had a project also in San Mateo County, I think, that did not max out the use of the site. They rehabbed and spent a lot of money at the rehab without adding units. And it might be one of those things in those counties that if you ask them, we would strongly suggest or make the documents open to adding the second level of financing for an infill piece or something along those lines.

MS. SOTELO: It just impacts our gap loan, right? So if the County had been willing to refinance their debt or forgive their debt, our capital would not be as high.

MS. CABALLERO: That’s right.

MS. BOATMAN PATTERSON: That’s true.

MS. JOHNSON-HALL: I would ask, going forward, the next time you do a presentation, because this is a portfolio transaction, that we have a little bit more context on the portfolio itself, on the project itself, and the operations of the project.

I did get a chance to look at it, and it’s going to be fine.

I would not expect that a beach property would do anything but do well going forward. But it would have been nice to hear a little bit -- because this is a portfolio deal -- to hear what the change in the financing, if any, would have -- what the impact would have to the property itself going forward.

But the information is here. But I would like us to include that as part of the presentation going forward.

MR. MORGAN: Okay, we will do that.

MR. HUNTER: So sort of in line with that, there were several things that I looked at that I thought were kind of interesting about this deal.

One is that the property was originally built in 1973, so it’s 40 years in service, which is fairly impressive.

But the other is, it struck me that there was a lot of refinancing back in 2000 specifically for the purpose of rehabilitation. And I'm wondering -- it doesn't seem that that rehab has held up well. As we're thinking about it, now being 15 years out, and it needs significant rehab. And so then I was wondering, well, I wonder what they did with the replacement reserves, or whether they funded the reserves adequately.

I was pleased to see in the operating pro forma, that there is a healthy contribution to reserves. It's also notable that there's still a significant cash flow, even after the debt service in the reserves. So maybe they should put more in reserves to be sure we don't get into this problem in another 15 years.

But then I also noticed that it actually, in my thinking, is changing ownership from National Church Residence to BRIDGE. And I'm just -- the condition of the property raised some questions for me about how good the management has been over the last 15 years. And so that was part of why I started looking at that. And then seeing that it is shifting over to BRIDGE, I'm fairly comfortable with their property management records. So I just hope that the reserves are adequately funded, and that we don't come back in 15 years and have the same level of need.

MR. MORGAN: So, Jonathan, yes, for this project, it was on its 30-year -- getting up to its 30-year maturity. And this is back when we were underwriting to tenant-based vouchers. And the scope and work that was going into it was based on those tenant-based vouchers, the last that we ever underwrite to tenant-based vouchers.

Also, too, there was a threat of this project going to market because it’s Pacifica and it’s Highway 1, it’s seniors. And so National Church Residences -- and it’s nonprofit, you mentioned -- stepped in and acquired it.

And we took it, and we approved an acq/rehab loan. And during that process, the voucher money got cut. So the rehab budget got cut in half; and we were making every attempt to shore up what we can do and extend those rehab dollars. But it’s been a -- you know, it’s been a brick-by-brick, fill-the-hole-in-the-dam process since.

MR. HUNTER: Okay.

MR. MORGAN: And so National Church Residences was able to go out and secure HEART money to do some siding and some windows. They were able to secure some funds with reserve money to do some roofing. But it just -- to answer your question, you’re right, it did not get the rehab attention that it needed; but it was a victim of circumstance as well.

MR. HUNTER: So then I just had one other question.

Do we anticipate any problems with the HUD waiver on the vouchers?

MS. VAKILI: We have submitted the waiver. We're also in contact with HUD. This is a waiver request that's been done multiple times by different entities. HUD is very well aware of the issue, and so we're walking through this with them. We're not anticipating any problems with this.

MR. MORGAN: Yes. HUD headquarters has already contacted us, and they're processing it.

MS. FALK: Are there many residents who are between 55 and 62? Do you know?

MR. HUNTER: At this point, there wouldn't be any, because it's -- the existing rules are 62-plus. So this is just -- by changing -- this would apply to a vacancy, should it come up; right?

MS. BOATMAN PATTERSON: It would have to be -- so, future.

MS. VAKILI: There are currently about 21. In fact, the project manager just said 21 that are below 62.

Presently, the age restriction is 55. So it's -- you know, presently, quite a number.

MS. FALK: So it's needed for the existing residents to prevent displacement?

MS. VAKILI: Absolutely.

CHAIR JACOBS: One more question for you.

Mr. Brown?

MR. BROWN: Yes, just a brief question. But I also want to -- I think Mr. Morgan reminded me of some of my rich history, actually, was the cleanup deputy of Cal Mortgage many moons ago. So that reminded me of that, some things I had to do there.

As noted, I just have gotten recently involved again. And if you could just briefly talk about the role of TCAC with the tax credits, and how it fits into this project.

MS. VAKILI: Well, the BRIDGE housing has already applied for tax credits, and they're awaiting the award. They are going out to the investor market to get offers. And tax credits are a very important part of this financing structure. We're projecting that equity contributions will be $11.915 million.

So during construction, we're anticipating about $2.6 million of equity infusion. So as a part of the whole financing structure, tax credits are very important to this project.

MS. BOATMAN PATTERSON: And just to clarify, this is the 4 percent tax credits, the ones that are undersubscribed, as opposed to the 9 percent competitive, which I think that's what you were inquiring about.

MR. BROWN: Okay. Yes, many moons ago, I was sitting up there, and people fighting over the tax credits.

MS. BOATMAN PATTERSON: This is the 4 percent side.

MR. MORGAN: And then we have another 55 years of affordability, Mr. Brown.

MR. BROWN: Okay.

CHAIR JACOBS: Any further questions?

(No response)

CHAIR JACOBS: We do have a motion?

MS. FALK: Move approval of the project.

MS. CAPPIO: Second.

CHAIR JACOBS: Perfect.

Let's take a vote.

MS. OJIMA: That was Ms. Cappio?

Thank you.

Ms. Caballero?

MS. CABALLERO: Aye.

MS. OJIMA: Ms. Cappio?

MS. CAPPIO: Aye.

MS. OJIMA: Mr. Brown?

MR. BROWN: Aye.

MS. OJIMA: Ms. Gunn?

MS. GUNN: Aye.

MS. OJIMA: Ms. Falk?

MS. FALK: Aye.

MS. OJIMA: Mr. Gunning?

MR. GUNNING: Aye.

MS. OJIMA: Ms. Johnson-Hall?

MS. JOHNSON-HALL: Aye.

MS. OJIMA: Mr. Hunter?

MR. HUNTER: Aye.

MS. OJIMA: Ms. Sotelo?

MS. SOTELO: Aye.

MS. OJIMA: Mr. Jacobs?

CHAIR JACOBS: Aye.

MS. OJIMA: Resolution 15-04 has been approved.

MR. MORGAN: Thank you.

CHAIR JACOBS: Thanks.

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Item 13 Closed session under Government Code section 11126(e)(2)(C)(i); consideration to initiate litigation

CHAIR JACOBS: All right, let's take a break to go into closed session; and some people could use a break, anyway. We're going to have lunch brought in during closed session; and resume with the informational items on our agenda.

Thanks.

(The CalHFA Board of Directors met in closed session from 11:32 a.m. to 12:18 p.m.)

CHAIR JACOBS: We are back in open session.

--o0o--

Item 11. Update on Single Family lending production and presentations on CalHFA's Re-Fi Program and CalHFA's TBA Business Model by Mike Awadis Senior VP, First Southwest

CHAIR JACOBS: Going back to the informational items, the reports -- oh, actually, no, before that, Item 11.

MS. BOATMAN PATTERSON: Number 11.

CHAIR JACOBS: The gentleman from Southwest.

Is Mike here?

MS. BOATMAN PATTERSON: Mike, you're up. You and Ken.

MR. AWADIS: Would you like me to go first?

MS. BOATMAN PATTERSON: Yes. Let me give you a little interim.

We have a lot of new board members, and I really wanted them to understand what the TBA model for our single-family was; because even though I was on the Board for about a year, and everyone kept talking about the TBA model, I think it was Dalila and I in Idaho, in listening to your presentation in Idaho, that we were like, "Oh, that has very little risk. Well, this is great."

So I've invited -- we wanted Mike here to come, so that the Board members would really understand what this TBA model is. And so that's why he is here to do this presentation.

MR. AWADIS: Thank you. Thank you, Tia, for that.

My name is Mike Awadis. I am from First Southwest Company. And we have the pleasure to work with CalHFA staff on the implementation of your TBA program, which I'll get into in a moment.

Just by way of color, we started doing TBA programs with state HFAs going back to 2012. But it was really becoming evident that it was very difficult for housing finance agencies to continue to fund their first mortgages using the traditional methods, which is issuing tax-exempt debt. And that market has changed drastically in the last five years since the crisis.

Now, we had some stimulus programs from Treasury, where Treasury was buying bonds directly from

HFAs. But when those programs ended, it was really becoming very difficult.

So I have quite a deck that I'm going to try to simplify as much as possible in -- Tia, what do I have? Five minutes, ten minutes, maybe?

MS. BOATMAN PATTERSON: Five.

MR. AWADIS: Five?

MS. BOATMAN PATTERSON: Maybe seven.

MR. GIEBEL: And I get a minute.

MR. AWADIS: So usually I cover this presentation in 45 minutes. So if I'm talking a little fast…

(Brief discussion off record at 12:19 regarding PowerPoint equipment setup.)

MR. AWADIS: Okay, wonderful.

So what is TBA? I know it's a kind of a funny name. But TBA is really, in its simplest form, it's "to be announced." To be announced is a market in which mortgage-backed securities, what we consider to be agency-eligible mortgage-backed securities -- these are Fannie Maes, Freddie Macs, and Ginny Maes -- trade on the open market.

Now, mortgage-backed securities, I think you probably already know this, is just simply a debt obligation; and the most common form of mortgage-backed securities are MBSs or pass-through MBSs.

What makes this market work so well is simply liquidity.

So the mortgage-backed securities market is the second biggest debt market in the world outside of U.S. Treasuries.

So on a given day, anywhere between $250 billion and $300 billion of this paper trades between broker/dealers and primary dealers. So it's a huge market, lots of liquidity. Every investor, every broker/dealer, every primary market maker participates in this space. And what makes it even better is that we have international buyers love this paper because it's a great way for them to invest dollars in the United States. It gets them a little better returns than what Treasuries do, but, you know, it's got the same safety net.

The vast majority of the MBSs, really 90 percent of them, trade in what we call the "TBA" or the "forward market." What makes the TBA market work efficiently from the purpose of the mortgage lenders -- and HFA is one of them -- is that it's a great tool for the buyer or the seller to hedge their pipeline.

You know, every day CalHFA makes mortgages to first-time home buyers. There's risk involved in that mortgage from the time the loan is originated, all the way to the time that the loan is delivered. Usually, that's about 90 days. A lot can happen in a mortgage market and interest rates in 90 days.

So what we do as the hedge provider or hedge administrator, TBA administrator for CalHFA, is that we take on all of that interest-rate risk. We hedge the risk for CalHFA. So CalHFA, when they make a commitment to a borrower via a lender, they're not taking an interest-rate risk. And what they're doing at rate lock, is you're essentially locking in -- you're locking in your gain on sale on that MBS. And that's the key that I want to emphasize here.

I'm not going to get into some of SIFMA stuff, what mandates to be TBA-eligible MBS.

This is a slide that I'd like to share with you, basically speaks to the liquidity aspect of MBSs.

If you look, this chart goes back from 2005 to 2010. And I picked that time frame, because that's a time period where HFAs were very big issuers of tax-exempt debt to financing of family activity.

As you can see, the municipal bond market on a given day is, let's call it a $20 billion market. You compare that to Treasuries, which are trading anywhere between, you know, $500 billion to $600 billion a day.

You move over back to the Agency mortgage-backed security market, that's anywhere from $250 billion to $350 billion. And then you go all the way to the right, which is where corporate bonds are, that's a very, very small market.

Now, when you compare to the municipal market, we're talking every municipal investment that's being issued, that's including, you know, your General Obligation bonds and everything else. I mean, if you get down to HFA business, I mean, it's not even a fraction of what's being traded. So liquidity is what drives this demand.

Now, here's a quick slide I want to go over which basically emphasizes the benefits of the TBA market compared to when you issue tax-exempt debt.

The TBA market, first of all, provides a no-risk forward commitment mortgage program for the HFA, with no cost of issuance and no negative arbitrage and any issuance expenses.

In today's market, it produces a significantly lower mortgage rate than you can do by issuing tax-exempt debt.

It's a great source to fund down-payment assistance to first-time home buyers. You know, today it's very difficult to sell premium bonds. You can generate premium to the TBA market to fund down-payment assistance.

It gives you the flexibility to adjust your rates with the market, instead of just issuing debt and staying there.

It affords the HFA the option to pay higher lender compensation.

You can finance non-first-time home buyers using the TBA market. You can't do that with bonds.

It's lender-friendly. You know, lenders, as much as they love your programs, they hate the paperwork nature of your programs. With these programs, you can eliminate most paperwork and make it easier for the lenders to originate.

You can combine this program with mortgage credit certificates. Essentially, you're lowering the net borrowing costs for the borrower when you add an MCC behind a loan.

Perfect timing: You can offer refinances with those programs. You can't do that with issuing bonds.

And it's significantly more profitable in today's market for the HFA to do these programs than it is to do traditional tax-exempt financing.

Now, there are a couple of advantages that I think are worth noting, and I'll be quick.

Because it doesn’t require the issuance of tax-exempt debt, now you’ve got other players competing in the space. Namely, we have a couple of agencies in the state here. We have CalRural CHF that’s doing a statewide program, even though their jurisdiction is generally limited to 32 or 33 counties and some additional things.

And then there’s also a subsidiary -- or maybe they’re not a subsidiary, but an affiliated organization that they have called National Homebuyers Fund, and that entity is now expanded into 25 states, doing this type of lending in 25 states, competing with other state HFAs. So that’s obviously a threat to the model.

And then, of course, you don’t have the ongoing issuer fee that you get when you issue tax-exempt debts, because most of your gain is gain on sale.

Now, some of this has been alluded to earlier. This is CalHFA’s production going back to July of 2014. You can see a 45-degree angle, and it’s growing.

Tia, I know, you mentioned earlier that you have done $50 million in the last two months. I’ll go out on a limb right now and say that March is going to be another record month. You know, we’re only halfway through the month and you’ve already done $35 million.

So production is doing great, and it’s because of all the great changes the staff have introduced and the efficiencies that were brought forward.

And I know I talked a little bit about market volatility. I mean, the Fed is talking tapering. They want to end a lot of the stimulus programs. Clearly, you see what's going on with the interest rates.

So without a hedge product like this, it would be very difficult to manage the interest-rate risk that's out there. And that's what you're getting with this.

That is just about as fast as I could talk.

MS. BOATMAN PATTERSON: Good job.

MR. AWADIS: All right, I'd be happy to take questions, if there are any.

CHAIR JACOBS: Do we have any questions?

MR. GIEBEL: Just a couple things.

I'm Ken Giebel, by the way. I wear a couple hats. For those of you that don't know me, I run the Single-Family operation which now includes the Portfolio Management -- and I'll make a comment about that shortly.

And I also supervise the Marketing, which for us going forward, is going to become more important because it will separate us from our competition. And when we come back to you, we will marry the Single-Family with what we're talking about in a digital marketing campaign. It's kind of the future where things are going, and we're going with it. It doesn't require a huge investment, dollar-wise, as traditional media does; but you need bodies who know what they're doing. It's where you go and it's your content. Facebook, that's the digital marketing. Google, all that type of stuff.

The good thing is, we can do an ROI, and everything we purchase digitally.

I can't do that right now with some of the media channels, traditional that we use.

So Sheryl Angst is over here to my right.

Sheryl runs the secondary marketing. That really is all about managing the TBA process with our master servicer, U.S. Bank. And she works daily with Mike because every morning at 7:30, we have to post the rate. And that rate can change sometimes two or three times during the day, so we're on the market. And if we don't do it, Mike can tell you, in a judicious, quick way, we lose money. And we don't -- nobody likes to lose money, because we have a very thin margin on these fees.

I'll just go into mine. I can't talk as fast as him. I can talk fast, but I'll try. Okay.

Just, I gave you some slides on our production. If you have questions, I'll take those. But I just wanted to give you a little bit of an update as of last Thursday. Someone asked, "Where do you think this is going?" We will just tell you where we think it's going. And then we'll talk about some things that we're doing between now and the end of the fiscal year, which will start next fiscal year, okay.

Just to let you know, as of 3/13, the report I gave you was of 2/28. We have purchased 576 loans for $136 million. We have a pipeline as of last Thursday -- and this is a net. We have about a 17.7 percent fallout through the process. Even when they lock, we'll still lose some loans. That's 633, and that's worth about $143 million. Between March, April, May, and June, we anticipate we should get another 500 net reservations. That's worth about $181 million. That assumes interest rates stay where they are in the areas we do business, which I put in your charts. It has not changed. We are in Inland Empire. We are in Valley. We are in outer East Bay in the Bay Area. A little bit in San Diego. We actually do business in Alameda. And if you would like to see by county, we can do all that.

But that's where we do business. We have a sales price that's basically four seventeen, which in those markets, is more than adequate.

And when we've added our down-payment assistance to it, the 6,500 on what we call the ZIP Extra, it made all the difference in the world.

So for the spring, going forward -- which is a bit of a higher selling season in California in the summer -- and as you know, spring started around January in California, and our business kicked up then, let me just tell you why we think we're in a good position.

Our contract for another master servicer for broker business, which is about 20 percent of the business in California, and for certain ethnic markets like Asian and Hispanic, which is about 50 percent of our first-mortgage business, that is particularly important because the percentage of business that mortgage brokers do in those markets is higher than the state average. And the state of California does the most mortgage underwriting by brokers in the country.

Two, so that contract is with First Mortgage Corporation. We should have it back within five days. We can immediately start as soon as our I.T. department can get this loaded, because that will be priced slightly different than U.S. Bank, our other master servicer. It's a broker business. So for some reason, they count it as a little riskier.

We've always asked U.S. Bank to show us the numbers on that, and we haven't ever seen them; but that's okay.

The other thing is, we are talking to Freddie. We had a conversation with them this morning. They are also going to have a kind of a Fannie, 97-percent product for us. I think it will help us. Certain lenders prefer doing business with Freddie because of their underwriting system; and two, I think on some underwriting standards, they will be a little bit more flexible. Like, right now, with First Mortgage Corporation, we need Fannie Mae to approve that. And we've been asking since November, and we still don't have an answer, and Freddie will do it tomorrow. So that's kind of -- they're much more flexible right now.

Plus, Tia and Tim and I and Tony have been working with both Freddie and Fannie on an HFA manufactured home product; and we're -- I think they're getting close. And we've kind of put them on the spot. The other HFAs have asked for that.

On our FHA product, we want to add the ZIP Extra money, the $6,500. We can't do that until we get a statute change. But in the meantime, I have petitioned HUD to give us a waiver on that. They have given us waivers before. We're asking. It's in D.C.; I don't know if we'll get it. But I can tell you if we add that money, that additional down-payment assistance, that part, our FHA product will probably go up 50 percent, maybe even higher than that. And it will help more people, especially in the Hispanic market, because they tend to go to FHA products.

And then one last thing. So -- I know, I'm getting the signal.

MS. BOATMAN PATTERSON: Get to the refi.

MR. GIEBEL: Okay. We're going to get to the refi. But I just want to let you know, what we've done on our reorg. is, we have cross-trained all our people in Portfolio Management in Single-Family. Because when your volume triples, we need more people. So on the first half review, we've gone from three to seven. In the second half review, where we actually cut the checks on down-payment assistance, we've gone from two to four. And those people have come from Portfolio Management, and they've all been cross-trained.

This morning, we moved two from second half, to first half. We still want to keep our three-day promise to our lenders.

With that, we're going to get into the refi. We think this is an opportunity, just to give you a little bit of background, we don't see it as a big volume business at all. But we have 161 loans going out the door every month of our existing portfolio. And when HUD changed the M.I. and reduced it 50 basis points from the first of the year, our subordinations have quadrupled. So all those people who took FHA loans with us and have the CHDAPs on them, we're getting them all the time to -- we either subordinate them or they pay off. So that's another, where we've moved a lot of staff to.

I'm going to just put the borrower benefits down and what we're doing. At the end, we'll talk about the biggest issue that we have with this proposal.

But, two, it gives the CalHFA borrowers, 2008 and prior, who have higher interest rates on their first, an opportunity to refi a lower mortgage rate, which would put some money in their pocket. They can pay off their junior loans. A lot of them have either two or three CalHFA junior loans. That would be a CHAP, in the old days -- we don't have that any more -- a CHDAP or a HiCAP.

It eliminates mortgage insurance. They have the opportunity, if they have enough equity, to get out of it; or, two, to pay it up-front.

We are going to provide them with the ZIP product which would help them do this and take care of some of the refi's needs.

And also, our biggest opportunity is with our Energy Efficient program, our grant program. They can take that, take the grant, and make their homes more energy-efficient at virtually no cost to them, and still lower their mortgage payment.

CalHFA's benefits are four-fold:

It would pay down our HMRB bond indenture. Like I said, the volume is an issue.

It would generate some fee income. We won't own these loans. They'll go to U.S. Bank under our TBA model right now.

It will recapture some down-payment assistance, which we recycle.

And, again, it would promote energy-efficiency from our standpoint.

MS. BOATMAN PATTERSON: And, Ken, can you get into how many people you think we may be able to help?

MR. GIEBEL: Well, we built in, if we get 2 percent, we have 15,000 mortgages that we are servicing in our six left servicers. About half of that, CalHFA services. So if we get one or two percent of that, we'll get 150 loans.

And, two, we have 34,000 CHDAP-only loans sitting out there, not with our first. And -- well, you would subtract the 15,000.

We'll have a shot.

Those are our marketing targets.

Go ahead. Sheryl is going to talk about

marketing, where we're going to go first and second. We're really not interested in just offering these to the general market. We want to target our borrowers and give them a better deal.

MS. BOATMAN PATTERSON: One minute.

MR. GIEBEL: Go.

MS. ANGST: Let's see how fast I can talk.

Again, as Ken said, we are going to first target existing CalHFA clients. We have 15,000 to have existing mortgages and the 34,000 have subordinate loans.

We've already developed community outreach, and we're going to plan to target audience to promote refinancing.

We are going to limit the refinancing opportunities to certain CalHFA preferred loan officers, so it will not be open to all of our approved lenders.

We're going to utilize the current CalHFA underwriting guidelines, the 45 DTI, the 640 FICO score, et cetera, that's in play now, so to minimize the risk. And we are definitely going to promote the Energy Efficiency, because we believe this will be our biggest opportunity.

We're going to open it up to the conventional products, both the CalHFA conventional and the CalPLUS conventional with the ZIP. The ZIP will be used for down -- excuse me, ZIP will be used for paying off closing costs or the mortgage insurance premium. And, again, we're going to do the CalHFA EEM Plus grant program. And we think we will have minimal business with the other two FHA products.

Again, general terms.

The borrower cannot take cash out. We're going to do what's called a limited cash-out refi, which will pay off the existing first mortgage and any closing costs and down-payment assistance which was used to purchase the loan. If they do not want to pay off the down-payment assistance, we can subordinate subordinates again.

Again, the ZIP can be used for the up-front M.I. or to pay the closing costs; and we have got to adhere to all CalHFA, U.S. Bank, and First Mortgage guidelines, as well as the GSE.

MR. GIEBEL: Our only challenge on this, just FYI, we do not have a sales-price limit on this, but we do have an income limit, because it's 120 AMI, because that's in our statutes. That will be a challenge for people. Because on our portfolio, which is mostly 2008 and prior, those people, we would assume their incomes went up. So that is our biggest challenge in refis.

A lot of people like FHA on their streamline, no income limits, okay.

CHAIR JACOBS: Dalila?

MS. SOTELO: So that leads me to the question that I was having when you talked about who your target market was going to be.

What is the policy rationale for targeting our existing portfolio as opposed to going out and outreaching to the marketplace and getting new people to sign up for a CalHFA loan?

MS. BOATMAN PATTERSON: Because I think people out in the marketplace have taken advantage of refi programs.

We are late to the game. We should have come out with a refi program to help these borrowers out years ago, when everybody else was going and getting assistance and refinancing. And so those folks have taken advantage.

These folks have -- we're just late to the party. And so we're offering it to our portfolio because they didn't have an opportunity to go out to the market -- or didn't go out to the market.

MS. SOTELO: So given that we may hit this problem of the 120 percent cap, because it's in our statute, is that something that we can have the policy authority to amend legislatively, or recommend that we amend it legislatively for the purposes of this? Because the policy objective of that would be to not penalize people for increasing their incomes; and wealth creation is a good policy objective.

MS. BOATMAN PATTERSON: Right.

And one of the things we had been talking about internally is -- I will be going back and revisiting with the legal staff about -- okay, 120 was at the time that they were initially qualified. Do we really need to have them meet it if they're just staying in the existing program, they're not doing any cash money out; and do those income limits actually apply?

So we'll be revisiting that with our legal department. And you may see us bringing something to the Board on that 120 --

MS. SOTELO: Okay.

MS. BOATMAN PATTERSON: -- if we see ourselves running into programs. That's why Ken is bringing it to your attention.

MR. GIEBEL: And, Dalila, just FYI, and I can tell you that since January, 60 percent of the mortgages are refis; and that's across the country.

MS. SOTELO: Right, right. I mean, that's where the market is going.

MR. GIEBEL: So we're seeing this in our

portfolios because of the rates. Like I say, we've got 300 since January subordinations. That's not all the -- that's not the payoffs. We have 13 -- since July 1, 13.7, or almost $14 million in CHDAP money -- down-payment assistance has come back into CalHFA. So there's a lot going on.

CHAIR JACOBS: Thanks, Ken.

MR. GIEBEL: Thank you.

CHAIR JACOBS: Thanks, guys.

MR. AWADIS: Thank you, all. I appreciate it.

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Item 12. Reports

CHAIR JACOBS: All right, I know we've got a number of reports that were included in our packages.

Did anyone have any questions about any of them? Or some auditor's reports and some stuff on the remaining derivatives and ventures outstanding.

Does anyone want to review any of those?

(No response)

Item 15. Public testimony

CHAIR JACOBS: Any members of the public wish to speak to the Board?

(No response)

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Item 14. Discussion of other Board matters

CHAIR JACOBS: Any other board matters that anyone wishes to bring up?

(No response)

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Item 16. Adjournment

CHAIR JACOBS: Amazing. Okay.

Thank you, everyone.

Thank you, staff.

And with that, we will close.

(The gavel sounded.)

(The meeting of the Board of Directors concluded at 12:45 p.m.)

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 2nd day of April 2015.

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

State of California

M E M O R A N D U M

To: Board of Directors **Date:** May 14, 2015

Victor James, General Counsel
From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: Adoption of California Housing Finance Agency Gift Ticket/Pass Distribution Policy (Resolution 15-05)

Background

In order for CalHFA staff to receive and distribute tickets and passes for events which are entertainment, amusement or recreational in nature, the Fair Political Practices Commission (FPPC) requires that the attached Gift/Ticket Distribution Policy be adopted by CalHFA's governing body, and contain, at a minimum, the below three provisions:

1. The public purposes of the Agency for which tickets or passes may be distributed.

2. The distribution of any ticket or pass to, or at the behest of, an Agency official accomplishes a stated purpose of the policy.

3. A transfer prohibition on any ticket received by an Agency official except to members of the official's immediate family for their personal use, or no more than one guest solely for their attendance at the event.

Section 18946 defines "ticket" and "pass" as follows:

- A "ticket" is anything that provides access, entry, or admission to a specific future event or function and for which similar tickets are sold to the public to view, listen to, or otherwise take advantage of the attraction or activity for which the ticket is sold and includes any benefits that the ticket provides."

- A "pass" is a ticket that provides repeated access, entry, or admissions to a facility or series of events for which similar passes are sold to the public."

Proposed Policy

The policy provides that all tickets/passes distributed must be in furtherance of one or more of the following governmental and/or public purposes:

a. To promote affordable housing programs.
b. To promote programs, services and products for homeowners who have suffered a financial hardship.
c. To provide CalHFA opportunities to market its programs and products to advance affordable housing policies.

d. To reward a CalHFA employee for her or his exemplary service to the public.
e. To promote employment retention, including enhancement of employee morale.
f. To use in a CalHFA employee competition or drawing.
g. To use for any purpose substantially similar to the above listed purposes.

The policy provides that:

- All tickets/passes must be distributed to CalHFA employees by the Executive Director (or designee) in accomplishment of one or more of the above governmental and/or public purposes.

- An employee may not transfer a ticket/pass to anyone except to members of the CalHFA employee's immediate family for their personal use, or no more than one guest solely for their attendance at the event.

- Tickets/passes distributed must be posted on the Agency's website.

The Agency may need to amend the policy from time to time, and we propose to do so without further Board approval, as may be appropriate.

Staff respectfully requests the Board's approval of the California Housing Finance Agency Gift Ticket/Pass Distribution Policy, including authorization to amend the policy from time to time, as may be appropriate without further Board approval.

Attachments:

1. California Housing Finance Agency Gift Ticket/Pass Distribution Policy.

2. Resolution 15-05.

Attachment 1

California Housing Finance Agency Gift Ticket/Pass Distribution Policy

1. **Definitions.**
    a. "CalHFA" or "Agency" is the California Housing Finance Agency.
    b. "FPPC" is the Fair Political Practices Commission.
    c. "Policy" is this California Housing Finance Agency Gift Ticket/Pass Distribution Policy.
    d. "Ticket/Pass" is a "ticket" or "pass" as defined in FPPC Regulations 18944.1 and 18946.
    e. "Agency Head" is the CalHFA Executive Director or designee.
    f. "Form 802" is the "Agency Report of Ceremonial Role Events and Ticket/Pass Distributions"

2. **Purpose of Policy.** The purpose of this Policy is to ensure that every ticket/pass received by CalHFA from public and private entities and individuals is distributed in furtherance of governmental and/or public purposes.

3. **Limitation.** This policy shall only apply to CalHFA's distribution of a ticket/pass to a CalHFA employee.

4. **Ticket/Pass Distribution Public Purposes.** CalHFA may accomplish one or more of the following governmental and/or public purposes through the distribution of a ticket/pass to a CalHFA employee:
    a. To promote affordable housing programs.
    b. To promote programs, services and products for homeowners who have suffered a financial hardship.
    c. To provide CalHFA opportunities to market its programs and products to advance affordable housing policies.
    d. To reward a CalHFA employee for her or his exemplary service to the public.
    e. To promote employment retention, including enhancement of employee morale.
    f. To use in a CalHFA employee competition or drawing.
    g. To use for any purpose substantially similar to the above listed purposes.

    The above list is illustrative rather than exhaustive.

5. **Public Purpose Requirements.** The distribution of any ticket/pass by CalHFA to its employee shall be done by the Agency Head and shall accomplish a governmental and/or public purpose.

6. **Transfer Prohibition.** The transfer by any CalHFA employee of any ticket/pass distributed to such CalHFA employee pursuant to this Policy to any other person, except to members of the CalHFA employee's immediate family for their personal use, or no more than one guest solely for their attendance at the event, is prohibited.

7. **Website Posting.** This policy shall be posted on the CalHFA website.

8. **Website Disclosure.** The distribution of a ticket/pass pursuant to this Policy shall be posted on the CalHFA website within thirty (30) days after ticket/pass distribution. Such posting shall use Form 802.

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Attachment 2

RESOLUTION 15-05

RESOLUTION APPROVING PROPOSED ADOPTION OF
CALIFORNIA HOUSING FINANCE AGENCY
GIFT TICKET/PASS DISTRIBUTION POLICY

WHEREAS, the California Housing Finance Agency ("CalHFA or "Agency") through its Board of Directors ("Board") is authorized to adopt a gift ticket/pass distribution policy; and

WHEREAS, the Board has determined that the proposed policy is necessary and appropriate for adoption by the Agency,

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

1. The attached "California Housing Finance Agency Gift Ticket/Pass Distribution Policy" is hereby approved.

2. The staff is directed to take such action as may be necessary to carry out this policy.

3. The staff is authorized to amend such policy, from time to time, as may be appropriate, without further Board approval.

I hereby certify that this is a true and correct copy of Resolution 15-05 adopted at a duly constituted meeting of the Board of Directors of the Agency held on May 14, 2015, at Sacramento, California.

ATTEST: ________________________
Secretary

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CALIFORNIA HOUSING FINANCE AGENCY
Final Commitment
Virginia Terrace Apartments
Barstow, San Bernardino County, CA
CalHFA # 14-026-R/S

SUMMARY

This is a Final Commitment request for acquisition/rehabilitation and permanent financing. Security for the acquisition/rehabilitation and permanent loan will be a 76-unit affordable family apartment complex known as Virginia Terrace Apartments (**"Project"**), located at 615 East Virginia Way, Barstow, California. SFC-VT LP, a California limited partnership (**"Borrower"**) whose general partners are Step Forward Communities, a California Non Profit Public Benefit Corporation (**"Step Forward"**), and TCD Development Services LLC (**"TCD"**), a California limited liability company. The tax credit investor limited partner will be CREA Virginia Terrace LLC, a California limited liability company (**"CREA"**). Triton Community Development LLC, a California limited liability company is the Developer.

The Project is a 76-unit affordable family apartment project built in 1981. The property consists of seven two-story garden-style apartment buildings located on 4.5 acres. The current owner, Lincoln Virginia Associates Limited, a California limited partnership, has entered into an agreement to sell the property to the Borrower, which expires on July 27, 2015.

The Project is in average to good condition for a development of its age. The property was well managed and maintained over the years, but the amount of rehabilitation required to extend its life is still substantial. About one-third ($942,922) of the proposed rehabilitation cost will result in approximately 30% energy savings for the Project.

The Project has three existing HUD loans that will be restructured into new debt and will be assigned to Step Forward. The new debt will be subordinate to the proposed CalHFA HUD Risk Share debt and paid back through residual receipts.

LOAN TERMS

Acquisition/Rehabilitation

First Mortgage	$5,600,000
Interest Rate	3.75%, fixed*
Term	12 Months, interest only
Loan Fee	1%, payable at closing
Financing	Tax-Exempt
Credit Enhancement	HUD Risk Share

Permanent

First Mortgage	$4,165,000
Interest Rate	5.00% fixed*
Term	40 year amortization
Prepayment	Allowable, at par after year 15
Financing	Tax-Exempt
Credit Enhancement	HUD Risk Share

*Interest rates quoted are for underwriting purposes only, subject to change and will not be locked until 30 days prior to acquisition/rehabilitation closing.

As security for its loans, CalHFA will record a senior lien deed of trust against the real property; the acquisition/rehabilitation financing is subject to the assignment by the Borrower of tax credit equity, the HAP contract, and all rights under non-CalHFA financing commitments and all HUD Risk Share approvals.

OTHER SOURCES & RESTRICTIONS

- The existing $327,400 HUD 1st Mortgage (Current Balance $263,679) will be paid off at closing. The existing Regulatory Agreement will be terminated;

- The existing $1,732,000 HUD 2nd Mortgage (Current Balance $1,304,529) will be paid down by $601,908 to a **new balance of $702,621** at closing and assigned to Step Forward as a modified residual receipts loan with a 40-year term and a 1.00% interest rate. The existing Regulatory Agreement will be terminated;

- The existing $590,641 HUD 3rd Mortgage plus accrued interest of $71,401(**new balance $662,042**) will be assigned to Step Forward as a modified residual receipts loan with a 40-year term and a 1.00% interest rate. The existing Regulatory Agreement will be terminated;

- The Project has proposed that it will receive $2,740,931 worth of tax credits from CREA; the current price is estimated to be $0.94 for every $1.00 of tax credits;

- The Borrower will defer $195,027 (19%) of the total $1,019,136 in developer fee it has proposed to receive.

The HUD debt will be restructured and assigned to Step Forward, the qualifying nonprofit general partner of the Borrower under HUD guidelines issued through Housing Notice 10-22, if the following criteria are met:

- The existing Use Agreement shall be modified to have a term of 50 years and will be recorded ahead of the CalHFA HUD Risk Share Regulatory Agreement and Deed of Trust;
- A new HUD Accommodation Agreement shall be recorded ahead of the CalHFA HUD Risk Share Regulatory Agreement and Deed of Trust that prevents the property from being sold or transferred without HUD's consent for at least 10 years;
- The restructured debt shall be assigned only to a qualifying nonprofit;
- The first mortgage ($327,400) shall be paid off at closing; and

- The second mortgage ($1,732,000) shall be paid down by $601,908.

CalHFA has requested that the new HUD Accommodation Agreement contain the same language as the modified Use Agreement which states that the instrument is not considered a lien. If this is not accomplished then CalHFA will require other satisfactory evidence to ensure that the priority of the Use Agreement and Accommodation Agreement do not conflict with the HUD Risk Share requirements.

A San Bernardino County Housing Authority Regulatory Agreement, related to a 1993 bond financing that was paid off with subsequent HUD financing, is recorded against the property. The Regulatory Agreement remains in force as long as the Project has a Section 8 HAP and restricts 20% of the units at 80% AMI.

Sales Transaction

The purchase price of the Project is $3,112,986 and is calculated as follows:

		Cash Required*
Contract cash price:	$1,200,000	
Less: Estimated Replacement Reserve Balance:	($317,264)	$882,736
1st Mortgage HUD Note to be Paid Off:	$263,769	$263,769
2nd Mortgage HUD Note to be Paid Down and Assigned:	$1,304,529	$601,908
3rd Mortgage HUD Note to be Assigned:	$662,042	
Cash Needed to Close:		$1,748,323
Debt to be Assumed/Assigned:		$702,621
		$662,042
Totals:	$3,112,986	$3,112,986

*Cash required by the buyer (Borrower) funded with acquisition/rehabilitation loan proceeds.

PROPOSED RENTS

Unit Type	Rent	Rent Level	# Units	# of Persons
One Bedroom	$569	CalHFA 50%	3	4.5
One Bedroom	$653	CalHFA 60%	4	6
One Bedroom	$653	TCAC 60%	6	9
Two Bedroom	$683	CalHFA 50%	9	27
Two Bedroom	$709	CalHFA 60%	14	42
Two Bedroom	$709	TCAC 60%	24	72
Three Bedroom	$758	CalHFA 50%	3	13.5
Three Bedroom	$883	CalHFA 60%	5	22.5
Three Bedroom	$883	TCAC 60%	7	31.5
Three Bedroom		Manager's	1	4.5
Total Units/Persons			76	232.5

Section 8 Rents

	Rent	#Units
One Bedroom	$645	13
Two Bedroom	$760	47
Three Bedroom	$861	15

Financing/Subsidy Summary

Source	Total Subsidy	Subsidy/Unit
HUD Loan Assigned to Step Forward	$1,364,633	$18,195
Estimated value of 20-year HAP	$2,208,240	$29,443
Total Subsidy Provided	$3,572,873	$47,638

HOUSING ASSISTANCE PAYMENT ("HAP") CONTRACT

The project currently has a 20-year Section 8 Housing Assistance Payment contract ("HAP") for 75 units with eight years remaining on the term. The Borrower has applied for a contract renewal for the 75 units that will have a 20-year term. The renewed 20-year HAP will be executed prior to loan closing.

PROJECT DESCRIPTION

Project Location

- The Project is located in the City of Barstow at 615 East Virginia Way in San Bernardino County in a neighborhood that is a mix of multifamily residences, commercial office buildings and shopping.
- The Project is approximately 0.15 miles from Interstate 15 to the south, which provides access to Victorville (approximately 32 miles to the southwest) and San Bernardino (approximately 71 miles to the southwest). Las Vegas, NV is approximately 157 miles to the northeast; Barstow benefits economically from traffic stopping on the way to Las Vegas. East Virginia Way intersects Barstow Road which provides access to Interstate 15.
- Access to public transportation is excellent; the Barstow Area Transit System (BAT) serves Barstow and nearby communities in San Bernardino County. BAT operates three fixed bus routes that run daily and provide access to downtown Barstow, the local hospital, and other major commercial corridors with a bus stop located within easy walking distance 0.09 miles south of the project.
- The Project is less than a mile from elementary, middle and high schools.
- The Barstow Library and the Post Office are located less than a mile from the Project.
- The 30-bed acute care hospital is located 0.35 miles from the Project.
- A retail center is adjacent to the Project and a major grocery store is 0.6 miles away.
- Barstow's employment centers are all located within 5-10 miles of the Project.

Site

- The 4.45 acre site is rectangular in shape with sloping (inward) topography.
- The site is designated Flood Zone X.
- According to a seismic study by Partner Engineering and Science, Inc., dated December 3, 2014, the property is not within a documented Alquist-Priolo special studies earthquake zone.
- The site is zoned as MU, Mixed Use Land Use that allows medium to low density multifamily residential development under the RM-2 sub zoning, which limits density to 26 units per acre. The Project density is approximately 17 units per acre and is in compliance with the permitted use.

Improvements

- This 76-unit, garden style project was built in 1981 and consists of seven (7) two-story residential buildings. The buildings are wood frame with stucco siding exterior, concrete slab foundations, and pitched roofs with asphalt shingles.
- There are 142 uncovered covered tenant parking spaces.
- The unit mix consists of 13 one-bedroom units, each 578 square feet, 47 two-bedroom units, each 755 square feet, and 16 three-bedroom townhouse units each 978 square feet.
- The one and two-bedroom units have a gas-fired wall-mounted heater and a wall-mounted cooling unit. The three-bedroom units have split-systems that include a pad-

mounted condenser and electric furnace. All units have a gas oven/cooktop and vented hood, a refrigerator, cabinets and carpeting/vinyl flooring.
- There is a picnic/BBQ area, playground and a laundry room with 5 washers and 5 dryers.
- Domestic hot water is provided via a gas-fired 30-gallon tank in each unit.

PHYSICAL NEEDS ASSESSMENT/SCOPE OF WORK

- The Project is in average to good condition for a development of its age. The seller has replaced some systems and performed preventative maintenance over the years, but the amount of rehabilitation required to extend the life of the project is still substantial.
- The proposed scope of rehabilitation increases energy efficiency through installation of Energy Star appliances, energy-efficient lighting, dual-pane Low E windows, new HVAC equipment, new water heaters, new roofing and a photo voltaic solar system. According to the energy study approximately $942,922 or about one-third of the rehabilitation budget will result in overall savings of 30%, which exceeds TCAC and CDLAC minimums.
- Based on the current audited operating budget, the energy savings and improvements to the building are estimated to decrease the operating budget by at least $40,000 or 19%.

The proposed scope of rehabilitation work is currently estimated to be $2,735,960 or $36,000 per unit (excluding overhead, profit, general conditions and insurance). Major elements include:

- **Site work ($530,432)** – repaving, slurry seal entire parking lot, storm drainage upgrades, repair and replace fences and gates, replace BBQ and playground fixtures and equipment, upgrade ADA access, landscaping, sidewalk repair/replacement and project signage.

- **Exterior ($949,822)** – replace stair landings and railings, rough and finish carpentry, new 30-year roof overlay on 5 buildings and roof replacement on two buildings, recoat landings and balconies, replace windows and sliders, exterior paint, install photovoltaic solar system, and construction cleanup.

- **Interiors ($669,950)** – light demolition of units, replace kitchen and bathroom countertops, replace bathroom mirrors, lath and plaster, new wallboard, new vinyl and carpet flooring, interior painting, appliances (ranges, range hoods, and refrigerators), and kitchen and bathroom cabinets.

- **Plumbing/Mechanical/Electrical ($585,756**) – upgrade bathrooms to ADA, new kitchen and bathroom faucets, new low-flow toilets, new bathroom sinks, new HVAC, new energy-efficient light fixtures for all units, new smoke detectors and new humidistat fans in bathrooms.

Work is expected to begin mid-July 2015 and to be completed within 6 months.

Relocation

- There will be no permanent relocation required.
- Renovations are expected to be completed in multiple phases of four units per day. Kitchen and bath remodels (including flooring) are expected to take no longer than one

day for each. All work is done while tenants are gone to work with minor inconvenience between phases. Sun Country Builders is very experienced at performing tenant-in-place renovation, and provided photographic evidence of how similar work was accomplished in a larger project without tenant displacement.

- The property manager will assist the tenants, if needed, with any temporary moving, claims for reimbursement and answering questions. The project budget has "other costs" which will provide a contingency for any unforeseen relocation costs.
- All tenants will be provided appropriate notice regarding the scope of work and how the work will affect access to their units and care of contents.

MARKET

Market Overview

The Primary Market Area ("PMA") for the property consists of the City of Barstow. The Secondary Market Area ("SMA") is San Bernardino County.

This year, the total population in the PMA is projected to be 29,148 and within the SMA the total population is projected to be 2,144,842. Population in the SMA is expected to grow 1% by 2018 and similarly within the SMA. The number of households in the PMA in 2013 was 10,074; household formation in the SMA is expected to grow less than 1% by 2018. Of the total population within the PMA, 49.3% are renters; for the SMA 39.2% of the population are renters.
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In 2014, the unemployment in the PMA was 9.7% and 7.7% in the SMA, compared to average unemployment rate in California of 6.9% for the same period. The PMA unemployment rate has decreased from a high of 17.5% in 2010 down to the current rate of 9.7%. The lowest unemployment rate in the last decade was 6.1% in 2006.

Nonfarm job growth in the SMA is expected to increase 16.5% by 2020 with the largest growth in the retail, industrial, and professional services (education, healthcare and social assistance) sectors. The largest employment sectors by industry within the SMA are retail, transportation, warehousing and utilities. Since 2012 job growth in the PMA has been steady at 2.2% per year.

Housing Supply and Demand

- Occupancy rates for market rate and affordable apartments in the PMA averaged 97.3%.
- Affordable family housing projects are on average 97% occupied, with some projects maintaining waiting lists. The Project has a waiting list of 45 households, and has a turnover rate of 4% compared to 30% for the PMA.
- Average market rent for a one-bedroom unit in the PMA is $650, for a two-bedroom unit $750, and for a three-bedroom unit $850.
- All of the comparable properties were built between 1984 and 1989. When the rehabilitation work is completed the subject property condition will be superior to the market.
- There are seven comparable market rate and affordable properties in the PMA and currently no new affordable family housing projects planned; no building permits have been issued for multifamily projects in Barstow since 2005.
- The market study determined that with the lack of new multifamily housing stock coming on line, and the low vacancy rates for the subject project and comparable properties, the subject project's renovation will not adversely affect the current rental market in the PMA.

PROJECT FEASIBILITY

Estimated Lease-up Period and Underwriting

- The Project is currently 100% leased and is anticipated to remain at this level. The CalHFA HUD Risk Share permanent loan was underwritten at Section 8 project based HAP rents, while using an operating budget that is reasonable and consistent with both the property's past operating budgets as well as comparable properties' operating budgets. The underwritten debt service coverage ratio based on the proposed loan terms is 1.19.

ENVIRONMENTAL

A Phase 1 Environmental Assessment performed by AEI Consultants Environmental and Engineering Services dated December 3, 2014 found that there are no Recognized Environmental Conditions (REC), Controlled Recognized Environmental Conditions (CREC), Historical Recognized Environmental Conditions (HREC), or any other environmental considerations present in connection with the project property. AEI recommended no further investigation for the property.

CalHFA's NEPA review consultant, AEM Consulting, has completed their compliance review of the Environmental Review Record (**"ERR"**), and the Project has received a full categorical exclusion.

SEISMIC REVIEW

A seismic report was conducted on November 25, 2014 by Partner Engineering and Science, Inc. The Probable Maximum Loss ("PML") for the Project is 9%. The damage ratio meets CalHFA's seismic risk criteria of a PML ratio of 20% or less, thus earthquake insurance is not required.

DEVELOPMENT TEAM

Borrower

<u>SFC-VT LP, a California limited partnership</u>

- The general partners are Step Forward and TCD. Step Forward is led by four individuals who have extensive background in social work, low income housing tax credits and multifamily housing development. TCD's principal, Bill Rice, has extensive experience in originating, structuring, financing and closing at-risk affordable housing developments. Since 1996 he has managed the financing of 43 apartment developments resulting in 2,822 units using debt from a variety of sources. Prior to 1996 Mr. Rice worked for two separate tax credit syndication firms and re-syndicated/redeveloped a large national affordable housing REIT.
- CREA Virginia Terrace LLC, a California limited liability company is the tax credit investor limited partner.

Management Agent

PMG, Inc. Real Estate Management

- PMG, Inc., a California corporation has and will manage the property. PMG provides full-service property and asset management, investor management and communication, and management of bond-financed multifamily housing.
- Since 1978 PMG has acquired and/or managed more than 117 apartment communities worth more than $500 million, housing over 30,000 residents in approximately 10,000 units.
- PMG also provides investment services to over 2,000 investor limited partners; services include investor reporting and distribution of both tax information and certified audits. PMG's chief executive officer is a CPA.
- PMG has expertise managing a variety of affordable housing projects, including tax credit, Section 8 and HUD properties.

Architect

Musser Architects, Inc.

- Musser Architects, Inc., a California corporation was formed in 1992 and is located in Costa Mesa.
- Musser has experience with a wide variety building types, including high-density multifamily housing, commercial, industrial, institutional, retail and recreational. Musser has successfully designed and managed the renovation of three apartment complexes in the Los Angeles area ranging from 218 to 480 units.
- The Borrower has engaged Musser to assist them in project design, renovation, and construction management during the rehabilitation process.

Contractor

Sun Country Builders, Inc.

- Sun Country Builders, Inc., a California corporation ("SCB") located in Vista was incorporated in 1979 and serves Southern California.
- SCB specializes in comprehensive rehabilitation of residential projects of all types, including historic structures.
- Projects range from stucco repair contracts of $200,000 up to a complete rehab contract of $16,400,000.
- SCL's completed project list includes projects developed by the Irving Company, Mercy Housing, and BRIDGE Housing, to name a few.
- SCL's list of completed projects includes over 40 with contracts valued at over $142,000,000 dollars.

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PROJECT SUMMARY — Board Approval

Acquisition, Rehab, Construction & Permanent Loans — **Project Number** 14-026-R/S

Project Full Name	Viginia Terrace	**Borrower Name:**	SFC - VT LP
Project Address	615 East Virginia Way	**Managing GP:**	Step Forward Communities
Project City	Barstow	**Developer Name:**	Triton Community Development LLC
Project County	San Bernardino	**Investor Name:**	CREA Virginia Terrace, LLC
Project Zip Code	92311	**Prop Management:**	PMG Property Management
		Tax Credits:	4
Project Type:	Acquisition /Rehab	**Total Land Area (acres):**	4.45
Tenancy/Occupancy:	Family	**Residential Square Footage:**	63,627
Total Residential Units:	76	**Residential Units Per Acre:**	17.08
Total Number of Buildings:	7		
Number of Stories:	2	**Covered Parking Spaces:**	0
Unit Style:	Townhomes & Flats	**Total Parking Spaces:**	142
Elevators:	none		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
CalHFA Loan	5,600,000	1.000%	12	--	3.750%
--	--	--	--	--	--
Step Forward Note (HUD)	702,621	--	12	--	1.000%
Step Forward Note (HUD)	662,042	--	12	--	1.000%
--	--	--	--	--	--
Construct/Rehab Net Oper. Inc.	102,914	--	--	--	--
Investor Equity Contribution	822,279	--	--	--	--
Total	**7,889,856**				

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
CalHFA Permanent Loan	4,165,000	--	40	40	5.000%
--	--	--	--	--	--
--	--	--	--	--	--
Step Forward Note (HUD)	702,621	--	40	40	1.000%
Step Forward Note (HUD)	662,042	--	40	40	1.000%
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
Deferred Developer Fees	195,027	NA	NA	NA	NA
Construct/Rehab Net Oper. Inc.	102,914	NA	NA	NA	NA
Investor Equity Contributions	2,740,931	NA	NA	NA	NA
Total	**3,038,872**				

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	12/24/14	**Capitalization Rate:**	7.00%
Investment Value ($)	8,710,000	**Restricted Value ($)**	4,630,000
Construct/Rehab LTC	72%	**Permanent Loan to Cost**	53%
Construct/Rehab LTV	64%	**Permanent Loan to Value**	90%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	Required	
Completion Guarantee Letter of Credit	Required	

Permanent Loan

Operating Expense Reserve Deposit	$302,727	Cash
Initial Replacement Reserve Deposit	$76,000	Cash
Annual Replacement Reserve Per Unit	$350	Cash

Date Prepared: 4/29/15 — Senior Staff Date: 4/30/15

*The HUD subsidy per unit is $17,956

UNIT MIX AND RENT SUMMARY **Board Approval**

Viginia Terrace **Project Number 14-026-R/S**

PROJECT UNIT MIX					
Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
Flat	1	1	636	13	19.5
Flat	2	1	817	47	141
Flat	3	2	1,060	16	72
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
				76	232.5

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	Number of Units Restricted For Each AMI Category						
	25%	45%	50%	60%	80%	100%	0%
CalHFA			15	60			
Tax Credits				75			
SBCHA					16		
HUD			15				
-							
-							

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents Number of Units	Unit Rent	Average Market Rents	Average Monthly Savings	% of Market Rents
Studios	CalHFA		-	-	-	-	-
	TCAC	50%	-	-		-	-
	CalHFA	50%	-	-		-	-
	CalHFA	60%	-	-		-	-
	TCAC	60%	-	-		-	-
	TCAC	100%	-	-		-	-
	CalHFA	-	-	-		-	-
1 Bedroom	CalHFA		-	-	$667	-	-
	TCAC	50%	-	-		-	-
	CalHFA	50%	3	$506		$161	76%
	CalHFA	60%	4	$590		$77	88%
	TCAC	60%	6	$590		$77	88%
	TCAC	100%	-	-		-	-
	CalHFA	-	-	-		-	-
2 Bedrooms	CalHFA		-	-	$750	-	-
	TCAC	50%	-	-		-	-
	CalHFA	50%	9	$604		$146	81%
	CalHFA	60%	14	$630		$120	84%
	TCAC	60%	24	$630		$120	84%
	TCAC	-	-	-		-	-
		-	1	-		-	-
3 Bedrooms	CalHFA		-	-	$864	-	-
	TCAC	50%	-	-		-	-
	CalHFA	50%	3	$635		$229	73%
	CalHFA	60%	5	$760		$104	88%
	TCAC	60%	7	$760		$104	88%
	TCAC	100%	-	-		-	-
	CalHFA	-	-	-		-	-
4 Bedrooms	CalHFA		-	-	-	-	-
	TCAC	50%	-	-		-	-
	CalHFA	50%	-	-		-	-
	CalHFA	60%	-	-		-	-
	TCAC	60%	-	-		-	-
	TCAC	100%	-	-		-	-
	CalHFA	-	-	-		-	-
5 Bedrooms	CalHFA		-	-	-	-	-
	TCAC	50%	-	-		-	-
	CalHFA	50%	-	-		-	-
	CalHFA	60%	-	-		-	-
	TCAC	60%	-	-		-	-
	TCAC	100%	-	-		-	-
	CalHFA	-	-	-		-	-
Date Prepared:	4/29/15					Senior Staff Date:	4/30/15

SOURCES & USES OF FUNDS					Board Approval
Viginia Terrace			Project Number		14-026-R/S
SOURCES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT SOURCES OF FUNDS SOURCES ($)	PER UNIT ($)	%
CalHFA Loan	5,600,000				0.0%
CalHFA Other Loan	-				0.0%
Step Forward Note (HUD)	702,621				0.0%
Step Forward Note (HUD)	662,042				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	102,914				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	822,279				0.0%
CalHFA Permanent Loan		4,165,000	4,165,000	54,803	48.6%
CalHFA Bridge Loan		-	-	-	0.0%
CalHFA Section 8 Loan		-	-	-	0.0%
Step Forward Note (HUD)		702,621	702,621	9,245	8.2%
Step Forward Note (HUD)		662,042	662,042	8,711	7.7%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		102,914	102,914	1,354	1.2%
Deferred Developer Fees		195,027	195,027	2,566	2.3%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		2,740,931	2,740,931	36,065	32.0%
TOTAL SOURCES OF FUNDS	**7,889,856**	**8,568,535**	**8,568,535**	**112,744**	**64.5%**
TOTAL USES OF FUNDS (BELOW)	**7,889,856**	**8,568,535**	**8,568,535**	**112,744**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**-**	**-**	**-**		

USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**7,889,856**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	230,000	-	230,000	3,026	2.7%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
Existing Improvements Value	2,282,985	-	2,282,985	30,039	26.6%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Paydown of HUD Debt)	600,000	-	600,000	7,895	7.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**3,112,985**	**-**	**3,112,985**	**40,960**	**36.3%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation	-	-	-	-	0.0%
Site Work	530,432	-	530,432	6,979	6.2%
Structures	2,205,528	-	2,205,528	29,020	25.7%
General Requirements	164,160	-	164,160	2,160	1.9%
Contractor Overhead	54,720	-	54,720	720	0.6%
Contractor Profit	164,160	-	164,160	2,160	1.9%
Contractor Bond	30,096	-	30,096	396	0.4%
Contractor Liability Insurance	47,059	-	47,059	619	0.5%
Personal Property	-	-	-	-	0.0%
Joint Trench/Utility Work	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**3,196,155**	**-**	**3,196,155**	**42,055**	**37.3%**

SOURCES & USES OF FUNDS					Board Approval
Viginia Terrace			Project Number	14-026-R/S	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**-**	**-**	**-**	**-**	**0.0%**
ARCHITECTURAL FEES					
Design	55,000	-	55,000	724	0.6%
Supervision	-	-	-	-	0.0%
TOTAL ARCHITECTURAL FEES	**55,000**	**-**	**55,000**	**724**	**0.6%**
SURVEY & ENGINEERING FEES					
Engineering	10,000	-	10,000	132	0.1%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	10,000	-	10,000	132	0.1%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	311,944	-	311,944	4,105	3.6%
Soft Cost Contingency Reserve	20,000	-	20,000	263	0.2%
TOTAL CONTINGENCY RESERVES	331,944	-	331,944	4,368	3.9%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
CalHFA Loan	-	-	-	-	0.0%
Step Forward Note (HUD)	-	-	-	-	0.0%
Step Forward Note (HUD)	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
CalHFA Loan	56,000	-	56,000	737	0.7%
CalHFA Other Loan	-	-	-	-	0.0%
Step Forward Note (HUD)	-	-	-	-	0.0%
Step Forward Note (HUD)	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating Inc	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	12,000	-	12,000	158	0.1%
Real Estate Taxes During Rehab	45,000	-	45,000	592	0.5%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Prevail	-	-	-	-	0.0%
Insurance During Rehab	-	-	-	-	0.0%
Title & Recording Fees	10,000	-	10,000	132	0.1%
Construction Management & Testing	-	-	-	-	0.0%
Predevelopment Interest Expense	-	-	-	-	0.0%
Bond Issuer Fee	-	-	-	-	0.0%
-	-	-	-	-	0.0%
TOTAL CONST/REHAB PERIOD COSTS	**123,000**	**-**	**123,000**	**1,618**	**1.4%**

SOURCES & USES OF FUNDS					Board Approval
Viginia Terrace			Project Number	14-026-R/S	
USES OF FUNDS	**CONST/REHAB $**	**PERMANENT $**	**TOTAL PROJECT USES OF FUNDS USES ($)**	**PER UNIT ($)**	**%**
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	5,000	-	5,000	66	0.1%
CalHFA Permanent Loan	-	-	-	-	0.0%
CalHFA Bridge Loan	-	-	-	-	0.0%
CalHFA Section 8 Loan	-	-	-	-	0.0%
Step Forward Note (HUD)	-	-	-	-	0.0%
Step Forward Note (HUD)	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	12,500	12,500	164	0.1%
Year 1 - Taxes & Special Assessments	45,000	-	45,000	592	0.5%
Year 1 - Insurance	-	-	-	-	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	**50,000**	**12,500**	**62,500**	**822**	**0.7%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
CalHFA Permanent Loan Legal Fees	-	-	-	-	0.0%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	10,000	-	10,000	132	0.1%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	80,000	-	80,000	1,053	0.9%
CalHFA Bond Counsel	-	-	-	-	0.0%
TOTAL LEGAL FEES	**90,000**	**-**	**90,000**	**1,184**	**1.1%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	302,727	302,727	3,983	3.5%
Initial Replacement Reserve Deposit	76,000	-	76,000	1,000	0.9%
Construction Defects Reserve	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**76,000**	**302,727**	**378,727**	**4,983**	**4.4%**
REPORTS & STUDIES					
Appraisal Fee	10,000	-	10,000	132	0.1%
Market Study Fee	8,000	-	8,000	105	0.1%
Physical Needs Assessment Fee	15,000	-	15,000	197	0.2%
Environmental Site Assessment Reports	8,000	-	8,000	105	0.1%
HUD Risk Share Environmental Review Fee	2,000	-	2,000	26	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	2,000	-	2,000	26	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**45,000**	**-**	**45,000**	**592**	**0.5%**

SOURCES & USES OF FUNDS					Board Approval
Viginia Terrace			Project Number	14-026-R/S	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	63,160	-	63,160	831	0.7%
CDLAC Fees	1,960	-	1,960	26	0.0%
Local Permits & Fees	7,500	-	7,500	99	0.1%
Local Impact Fees	-	-	-	-	0.0%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	7,500	-	7,500	99	0.1%
Furnishings	-	-	-	-	0.0%
Accounting & Audits	17,600	-	17,600	232	0.2%
Advertising & Marketing Expenses	-	-	-	-	0.0%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	750	-	750	10	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	45,618	-	45,618	600	0.5%
TOTAL OTHER COSTS	**144,088**	**-**	**144,088**	**1,896**	**1.7%**
SUBTOTAL PROJECT COSTS	**7,234,172**	**8,205,083**	**7,549,399**	**99,334**	**88.1%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	655,684	363,452	1,019,136	13,410	11.9%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Adminstration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**655,684**	**363,452**	**1,019,136**	**13,410**	**11.9%**
TOTAL PROJECT COSTS	**7,889,856**	**8,568,535**	**8,568,535**	**112,744**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Board Approval
Viginia Terrace	**Project Number**		**14-026-R/S**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 573,828	$ 7,550	87.63%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Section 8 Rent Subsidies	110,412	1,453	16.86%
Shelter Care Plus Rent Subsidies	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry and Vending Income	5,019	66	0.77%
Garage and Parking Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 689,259**	**$ 9,069**	**105.26%**
Less: Vacancy Loss	**$ 34,463**	**$ 453**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 654,796**	**$ 9,523**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 65,479	$ 862	$ 0
Management Fee	39,288	517	6.00%
Social Programs & Services	-	-	0.00%
Utilities	62,809	826	9.59%
Operating & Maintenance	107,563	1,415	16.43%
Ground Lease Payments	-	-	0.00%
Real Estate Taxes	4,519	59	0.69%
Other Taxes & Insurance	62,000	816	9.47%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES	**$ 341,658**	**$ 4,495**	**52.18%**
Operating Reserves	$ 26,600	$ 350	4.06%
TOTAL OPERATING EXPENSES	**$ 368,258**	**$ 4,845**	**56.24%**
NET OPERATING INCOME (NOI)	**$ 286,538**	**$ 3,770**	**43.76%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
CalHFA Permanent Loan	$ 241,002	$ 3,171	36.81%
CalHFA Section 8 Loan	$ -	-	0.00%
Step Forward Note (HUD)	$ -	-	0.00%
Step Forward Note (HUD)	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
TOTAL DEBT SERVICE PAYMENTS	**$ 241,002**	**$ 3,171**	**36.81%**
EXCESS CASH FLOWS AFTER DEBT SERVICE	**$ 45,536**	**$ 599**	**6.95%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**1.19 to 1**		
Date: 4/29/15		Senior Staff Date:	04/30/15

	A	B	C	D	E	F	G	H	I	J	K	L
1	**PROJECTED PERMANENT LOAN CASH FL0WS**											**Viginia Terrace**
2	**Board Approval**										**Project Number**	**14-026-R/S**
3		**YEAR**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
4	**RENTAL INCOME**	**CPI**										
5	Restricted Unit Rents	2.50%	573,828	588,174	602,878	617,950	633,399	649,234	665,465	682,101	699,154	716,633
6	Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
7	Commercial Rents	0.00%	-	-	-	-	-	-	-	-	-	-
8	Section 8 Rent Subsidies	2.50%	110,412	113,172	116,002	118,902	121,874	124,921	128,044	131,245	134,526	137,889
9	Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
10	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
11	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
12	Laundry and Vending Income	2.00%	5,019	5,119	5,222	5,326	5,433	5,541	5,652	5,765	5,881	5,998
13	Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
14	Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
15	**GROSS POTENTIAL INCOME (GPI)**		**689,259**	**706,465**	**724,101**	**742,178**	**760,706**	**779,696**	**799,161**	**819,112**	**839,561**	**860,520**
16	**VACANCY ASSUMPTIONS**	**Vacancy**										
17	Restricted Unit Rents	5.00%	28,691	29,409	30,144	30,897	31,670	32,462	33,273	34,105	34,958	35,832
18	Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
19	Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
20	Section 8 Rent Subsidies	5.00%	5,521	5,659	5,800	5,945	6,094	6,246	6,402	6,562	6,726	6,894
21	Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
22	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
23	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
24	Laundry and Vending Income	5.00%	251	256	261	266	272	277	283	288	294	300
25	Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
26	Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
27	**TOTAL PROJECTED VACANCY LOSS**		**34,463**	**35,323**	**36,205**	**37,109**	**38,035**	**38,985**	**39,958**	**40,956**	**41,978**	**43,026**
28	**EFFECTIVE GROSS INCOME (EGI)**		**654,796**	**671,142**	**687,896**	**705,069**	**722,670**	**740,711**	**759,203**	**778,156**	**797,583**	**817,494**
29	**OPERATING EXPENSES**	**CPI / Fee**										
30	Administrative Expenses	3.50%	65,479	67,771	70,143	72,598	75,139	77,769	80,490	83,308	86,223	89,241
31	Management Fee	6.00%	39,288	40,269	41,274	42,304	43,360	44,443	45,552	46,689	47,855	49,050
32	Utilities	3.50%	62,809	65,007	67,283	69,637	72,075	74,597	77,208	79,911	82,707	85,602
33	Operating & Maintenance	3.50%	107,563	111,328	115,224	119,257	123,431	127,751	132,222	136,850	141,640	146,597
34	Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-
35	Real Estate Taxes	1.25%	4,519	4,677	4,841	5,010	5,186	5,367	5,555	5,749	5,951	6,159
36	Other Taxes & Insurance	3.50%	62,000	64,170	66,416	68,741	71,146	73,637	76,214	78,881	81,642	84,500
37	Assisted Living/Board & Care	0.00%	-	-	-	-	-	-	-	-	-	-
38	Required Reserve Payments	1.00%	26,600	26,866	27,135	27,406	27,680	27,957	28,236	28,519	28,804	29,092
39	**TOTAL OPERATING EXPENSES**		**368,258**	**380,087**	**392,315**	**404,953**	**418,017**	**431,520**	**445,479**	**459,907**	**474,822**	**490,241**
40	**NET OPERATING INCOME (NOI)**		**286,538**	**291,055**	**295,582**	**300,116**	**304,654**	**309,191**	**313,724**	**318,249**	**322,760**	**327,253**
41	**DEBT SERVICE PAYMENTS**	**Lien #**										
42	CalHFA Permanent Loan	1	241,002	241,002	241,002	241,002	241,002	241,002	241,002	241,002	241,002	241,002
43	CalHFA Section 8 Loan	-	-	-	-	-	-	-	-	-	-	-
44	Step Forward Note (HUD)	2	-	-	-	-	-	-	-	-	-	-
45	Step Forward Note (HUD)	3	-	-	-	-	-	-	-	-	-	-
46	-	4	-	-	-	-	-	-	-	-	-	-
47	-	5	-	-	-	-	-	-	-	-	-	-
48	-	-	-	-	-	-	-	-	-	-	-	-
49	-	-	-	-	-	-	-	-	-	-	-	-
50	**TOTAL DEBT SERVICE PAYMENTS**		**241,002**	**241,002**	**241,002**	**241,002**	**241,002**	**241,002**	**241,002**	**241,002**	**241,002**	**241,002**
51	**CASH FLOW AFTER DEBT SERVICE**		**45,536**	**50,053**	**54,580**	**59,114**	**63,652**	**68,189**	**72,722**	**77,247**	**81,758**	**86,251**
52	**DEBT SERVICE COVERAGE RATIO**		**1.19**	**1.21**	**1.23**	**1.25**	**1.26**	**1.28**	**1.30**	**1.32**	**1.34**	**1.36**
53	Date Prepared:	04/29/15									Senior Staff Date:	4/30/15

	A	B	M	N	O	P	Q	R	S	T	U	V
1	**PROJECTED PERMANENT LOAN CASH FL0V**											**Viginia Terrace**
2	**Board Approval**										**Project Number**	**14-026-R/S**
3		**YEAR**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**
4	**RENTAL INCOME**	**CPI**										
5	Restricted Unit Rents	2.50%	734,548	752,912	771,735	791,028	810,804	831,074	851,851	873,147	894,976	917,350
6	Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
7	Commercial Rents	0.00%	-	-	-	-	-	-	-	-	-	-
8	Section 8 Rent Subsidies	2.50%	141,337	144,870	148,492	152,204	156,009	159,909	163,907	168,005	172,205	176,510
9	Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
10	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
11	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
12	Laundry and Vending Income	2.00%	6,118	6,241	6,365	6,493	6,623	6,755	6,890	7,028	7,168	7,312
13	Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
14	Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
15	**GROSS POTENTIAL INCOME (GPI)**		**882,003**	**904,023**	**926,592**	**949,725**	**973,436**	**997,739**	**1,022,648**	**1,048,180**	**1,074,349**	**1,101,172**
16	**VACANCY ASSUMPTIONS**	**Vacancy**										
17	Restricted Unit Rents	5.00%	36,727	37,646	38,587	39,551	40,540	41,554	42,593	43,657	44,749	45,868
18	Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
19	Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
20	Section 8 Rent Subsidies	5.00%	7,067	7,244	7,425	7,610	7,800	7,995	8,195	8,400	8,610	8,826
21	Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
22	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
23	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
24	Laundry and Vending Income	5.00%	306	312	318	325	331	338	345	351	358	366
25	Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
26	Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
27	**TOTAL PROJECTED VACANCY LOSS**		**44,100**	**45,201**	**46,330**	**47,486**	**48,672**	**49,887**	**51,132**	**52,409**	**53,717**	**55,059**
28	**EFFECTIVE GROSS INCOME (EGI)**		**837,903**	**858,822**	**880,262**	**902,239**	**924,764**	**947,852**	**971,516**	**995,771**	**1,020,632**	**1,046,114**
29	**OPERATING EXPENSES**	**CPI / Fee**										
30	Administrative Expenses	3.50%	92,365	95,597	98,943	102,406	105,990	109,700	113,540	117,514	121,627	125,883
31	Management Fee	6.00%	50,274	51,529	52,816	54,134	55,486	56,871	58,291	59,746	61,238	62,767
32	Utilities	3.50%	88,598	91,699	94,909	98,231	101,669	105,227	108,910	112,722	116,667	120,750
33	Operating & Maintenance	3.50%	151,728	157,039	162,535	168,224	174,112	180,206	186,513	193,041	199,797	206,790
34	Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-
35	Real Estate Taxes	1.25%	6,374	6,598	6,829	7,068	7,315	7,571	7,836	8,110	8,394	8,688
36	Other Taxes & Insurance	3.50%	87,457	90,518	93,686	96,965	100,359	103,872	107,507	111,270	115,164	119,195
37	Assisted Living/Board & Care	0.00%	-	-	-	-	-	-	-	-	-	-
38	Required Reserve Payments	1.00%	29,383	29,677	29,974	30,273	30,576	30,882	31,191	31,502	31,818	32,136
39	**TOTAL OPERATING EXPENSES**		**506,180**	**522,657**	**539,691**	**557,301**	**575,507**	**594,328**	**613,787**	**633,905**	**654,704**	**676,209**
40	**NET OPERATING INCOME (NOI)**		**331,723**	**336,164**	**340,571**	**344,938**	**349,257**	**353,523**	**357,729**	**361,866**	**365,927**	**369,904**
41	**DEBT SERVICE PAYMENTS**	**Lien #**										
42	CalHFA Permanent Loan	1	241,002	241,002	241,002	241,002	241,002	241,002	241,002	241,002	241,002	241,002
43	CalHFA Section 8 Loan	-	-	-	-	-	-	-	-	-	-	-
44	Step Forward Note (HUD)	2	-	-	-	-	-	-	-	-	-	-
45	Step Forward Note (HUD)	3	-	-	-	-	-	-	-	-	-	-
46	-	4	-	-	-	-	-	-	-	-	-	-
47	-	5	-	-	-	-	-	-	-	-	-	-
48	-	-	-	-	-	-	-	-	-	-	-	-
49	-	-	-	-	-	-	-	-	-	-	-	-
50	**TOTAL DEBT SERVICE PAYMENTS**		**241,002**	**241,002**	**241,002**	**241,002**	**241,002**	**241,002**	**241,002**	**241,002**	**241,002**	**241,002**
51	**CASH FLOW AFTER DEBT SERVICE**		**90,721**	**95,163**	**99,569**	**103,936**	**108,256**	**112,522**	**116,727**	**120,864**	**124,926**	**128,902**
52	**DEBT SERVICE COVERAGE RATIO**		**1.38**	**1.39**	**1.41**	**1.43**	**1.45**	**1.47**	**1.48**	**1.50**	**1.52**	**1.53**
53	Date Prepared:	04/29/15									Senior Staff Date:	4/30/15

	A	B	W	X	Y	Z	AA	AB	AC	AD	AE	AF
1	**PROJECTED PERMANENT LOAN CASH FL0|**											**Viginia Terrace**
2	**Board Approval**										**Project Number**	**14-026-R/S**
3		**YEAR**	**21**	**22**	**23**	**24**	**25**	**26**	**27**	**28**	**29**	**30**
4	**RENTAL INCOME**	**CPI**										
5	Restricted Unit Rents	2.50%	940,284	963,791	987,886	1,012,583	1,037,898	1,063,845	1,090,441	1,117,702	1,145,645	1,174,286
6	Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
7	Commercial Rents	0.00%	-	-	-	-	-	-	-	-	-	-
8	Section 8 Rent Subsidies	2.50%	180,923	185,446	190,082	194,834	199,705	204,698	209,815	215,060	220,437	225,948
9	Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
10	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
11	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
12	Laundry and Vending Income	2.00%	7,458	7,607	7,759	7,915	8,073	8,234	8,399	8,567	8,738	8,913
13	Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
14	Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
15	**GROSS POTENTIAL INCOME (GPI)**		**1,128,665**	**1,156,844**	**1,185,727**	**1,215,332**	**1,245,675**	**1,276,777**	**1,308,655**	**1,341,330**	**1,374,820**	**1,409,147**
16	**VACANCY ASSUMPTIONS**	**Vacancy**										
17	Restricted Unit Rents	5.00%	47,014	48,190	49,394	50,629	51,895	53,192	54,522	55,885	57,282	58,714
18	Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
19	Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
20	Section 8 Rent Subsidies	5.00%	9,046	9,272	9,504	9,742	9,985	10,235	10,491	10,753	11,022	11,297
21	Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
22	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
23	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
24	Laundry and Vending Income	5.00%	373	380	388	396	404	412	420	428	437	446
25	Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
26	Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
27	**TOTAL PROJECTED VACANCY LOSS**		**56,433**	**57,842**	**59,286**	**60,767**	**62,284**	**63,839**	**65,433**	**67,066**	**68,741**	**70,457**
28	**EFFECTIVE GROSS INCOME (EGI)**		**1,072,232**	**1,099,002**	**1,126,441**	**1,154,565**	**1,183,392**	**1,212,938**	**1,243,222**	**1,274,263**	**1,306,079**	**1,338,689**
29	**OPERATING EXPENSES**	**CPI / Fee**										
30	Administrative Expenses	3.50%	130,289	134,850	139,569	144,454	149,510	154,743	160,159	165,764	171,566	177,571
31	Management Fee	6.00%	64,334	65,940	67,586	69,274	71,004	72,776	74,593	76,456	78,365	80,321
32	Utilities	3.50%	124,977	129,351	133,878	138,564	143,414	148,433	153,628	159,005	164,570	170,330
33	Operating & Maintenance	3.50%	214,028	221,519	229,272	237,296	245,602	254,198	263,095	272,303	281,834	291,698
34	Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-
35	Real Estate Taxes	1.25%	8,992	9,307	9,632	9,969	10,318	10,680	11,053	11,440	11,841	12,255
36	Other Taxes & Insurance	3.50%	123,367	127,685	132,154	136,779	141,566	146,521	151,649	156,957	162,451	168,136
37	Assisted Living/Board & Care	0.00%	-	-	-	-	-	-	-	-	-	-
38	Required Reserve Payments	1.00%	32,457	32,782	33,109	33,441	33,775	34,113	34,454	34,798	35,146	35,498
39	**TOTAL OPERATING EXPENSES**		**698,443**	**721,432**	**745,201**	**769,777**	**795,188**	**821,463**	**848,632**	**876,724**	**905,772**	**935,810**
40	**NET OPERATING INCOME (NOI)**		**373,788**	**377,570**	**381,240**	**384,788**	**388,203**	**391,475**	**394,591**	**397,539**	**400,307**	**402,880**
41	**DEBT SERVICE PAYMENTS**	**Lien #**										
42	CalHFA Permanent Loan	1	241,002	241,002	241,002	241,002	241,002	241,002	241,002	241,002	241,002	241,002
43	CalHFA Section 8 Loan	-	-	-	-	-	-	-	-	-	-	-
44	Step Forward Note (HUD)	2	-	-	-	-	-	-	-	-	-	-
45	Step Forward Note (HUD)	3	-	-	-	-	-	-	-	-	-	-
46	-	4	-	-	-	-	-	-	-	-	-	-
47	-	5	-	-	-	-	-	-	-	-	-	-
48	-	-	-	-	-	-	-	-	-	-	-	-
49	-	-	-	-	-	-	-	-	-	-	-	-
50	**TOTAL DEBT SERVICE PAYMENTS**		**241,002**	**241,002**	**241,002**	**241,002**	**241,002**	**241,002**	**241,002**	**241,002**	**241,002**	**241,002**
51	**CASH FLOW AFTER DEBT SERVICE**		**132,786**	**136,568**	**140,238**	**143,786**	**147,201**	**150,473**	**153,589**	**156,537**	**159,305**	**161,878**
52	**DEBT SERVICE COVERAGE RATIO**		**1.55**	**1.57**	**1.58**	**1.60**	**1.61**	**1.62**	**1.64**	**1.65**	**1.66**	**1.67**
53	Date Prepared:	04/29/15									Senior Staff Date:	4/30/15

	A	B	AG	AH	AI	AJ	AK	AL	AM	AN	AO	AP
1	**PROJECTED PERMANENT LOAN CASH FL0|**											**Viginia Terrace**
2	**Board Approval**										**Project Number**	**14-026-R/S**
3		**YEAR**	**31**	**32**	**33**	**34**	**35**	**36**	**37**	**38**	**39**	**40**
4	**RENTAL INCOME**	**CPI**										
5	Restricted Unit Rents	2.50%	1,203,643	1,233,734	1,264,577	1,296,192	1,328,597	1,361,812	1,395,857	1,430,753	1,466,522	1,503,185
6	Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
7	Commercial Rents	0.00%	-	-	-	-	-	-	-	-	-	-
8	Section 8 Rent Subsidies	2.50%	231,597	237,387	243,321	249,404	255,639	262,030	268,581	275,296	282,178	289,232
9	Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
10	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
11	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
12	Laundry and Vending Income	2.00%	9,091	9,273	9,459	9,648	9,841	10,038	10,238	10,443	10,652	10,865
13	Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
14	Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
15	**GROSS POTENTIAL INCOME (GPI)**		**1,444,331**	**1,480,394**	**1,517,357**	**1,555,244**	**1,594,077**	**1,633,879**	**1,674,676**	**1,716,492**	**1,759,352**	**1,803,283**
16	**VACANCY ASSUMPTIONS**	**Vacancy**										
17	Restricted Unit Rents	5.00%	60,182	61,687	63,229	64,810	66,430	68,091	69,793	71,538	73,326	75,159
18	Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
19	Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
20	Section 8 Rent Subsidies	5.00%	11,580	11,869	12,166	12,470	12,782	13,102	13,429	13,765	14,109	14,462
21	Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
22	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
23	Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
24	Laundry and Vending Income	5.00%	455	464	473	482	492	502	512	522	533	543
25	Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
26	Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
27	**TOTAL PROJECTED VACANCY LOSS**		**72,217**	**74,020**	**75,868**	**77,762**	**79,704**	**81,694**	**83,734**	**85,825**	**87,968**	**90,164**
28	**EFFECTIVE GROSS INCOME (EGI)**		**1,372,114**	**1,406,374**	**1,441,489**	**1,477,482**	**1,514,373**	**1,552,185**	**1,590,942**	**1,630,667**	**1,671,384**	**1,713,118**
29	**OPERATING EXPENSES**	**CPI / Fee**										
30	Administrative Expenses	3.50%	183,786	190,219	196,876	203,767	210,899	218,280	225,920	233,827	242,011	250,482
31	Management Fee	6.00%	82,327	84,382	86,489	88,649	90,862	93,131	95,457	97,840	100,283	102,787
32	Utilities	3.50%	176,292	182,462	188,848	195,458	202,299	209,379	216,708	224,293	232,143	240,268
33	Operating & Maintenance	3.50%	301,907	312,474	323,410	334,730	346,445	358,571	371,121	384,110	397,554	411,468
34	Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-
35	Real Estate Taxes	1.25%	12,684	13,128	13,587	14,063	14,555	15,064	15,592	16,137	16,702	17,287
36	Other Taxes & Insurance	3.50%	174,021	180,112	186,416	192,940	199,693	206,683	213,916	221,404	229,153	237,173
37	Assisted Living/Board & Care	0.00%	-	-	-	-	-	-	-	-	-	-
38	Required Reserve Payments	1.00%	35,853	36,211	36,573	36,939	37,309	37,682	38,058	38,439	38,823	39,212
39	**TOTAL OPERATING EXPENSES**		**966,870**	**998,988**	**1,032,201**	**1,066,546**	**1,102,062**	**1,138,791**	**1,176,772**	**1,216,050**	**1,256,669**	**1,298,676**
40	**NET OPERATING INCOME (NOI)**		**405,245**	**407,386**	**409,288**	**410,936**	**412,310**	**413,395**	**414,170**	**414,617**	**414,715**	**414,442**
41	**DEBT SERVICE PAYMENTS**	**Lien #**										
42	CalHFA Permanent Loan	1	241,002	241,002	241,002	241,002	241,002	241,002	241,002	241,002	241,002	241,002
43	CalHFA Section 8 Loan	-	-	-	-	-	-	-	-	-	-	-
44	Step Forward Note (HUD)	2	-	-	-	-	-	-	-	-	-	-
45	Step Forward Note (HUD)	3	-	-	-	-	-	-	-	-	-	-
46	-	4	-	-	-	-	-	-	-	-	-	-
47	-	5	-	-	-	-	-	-	-	-	-	-
48	-	-	-	-	-	-	-	-	-	-	-	-
49	-	-	-	-	-	-	-	-	-	-	-	-
50	**TOTAL DEBT SERVICE PAYMENTS**		**241,002**	**241,002**	**241,002**	**241,002**	**241,002**	**241,002**	**241,002**	**241,002**	**241,002**	**241,002**
51	**CASH FLOW AFTER DEBT SERVICE**		**164,243**	**166,384**	**168,287**	**169,934**	**171,309**	**172,393**	**173,169**	**173,615**	**173,713**	**173,440**
52	**DEBT SERVICE COVERAGE RATIO**		**1.68**	**1.69**	**1.70**	**1.71**	**1.71**	**1.72**	**1.72**	**1.72**	**1.72**	**1.72**
53	Date Prepared:	04/29/15									Senior Staff Date:	4/30/15

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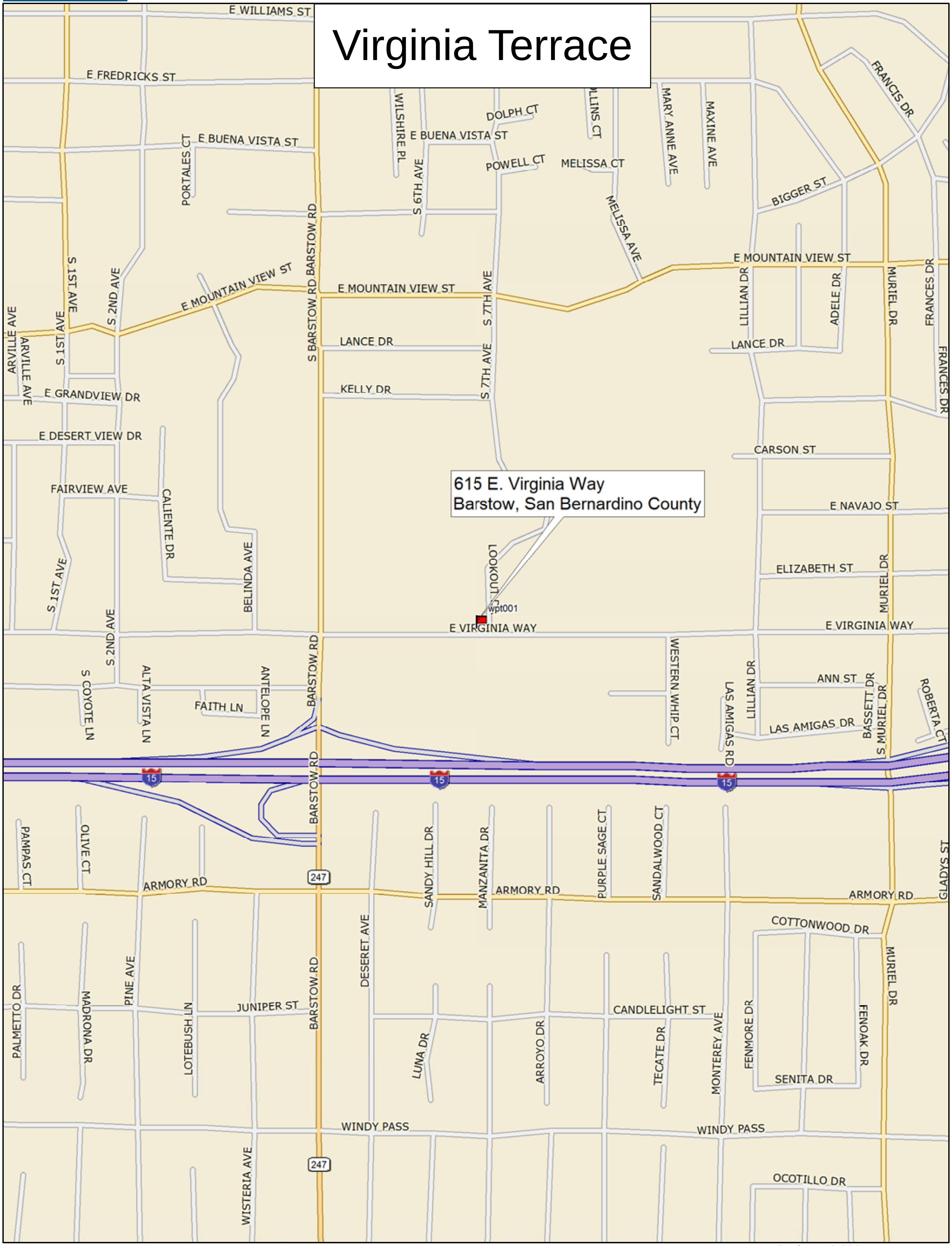
DeLorme Street Atlas USA® 2010

Virginia Terrace



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Scale 1 : 8,800

1" = 733.3 ft   Data Zoom 14-5

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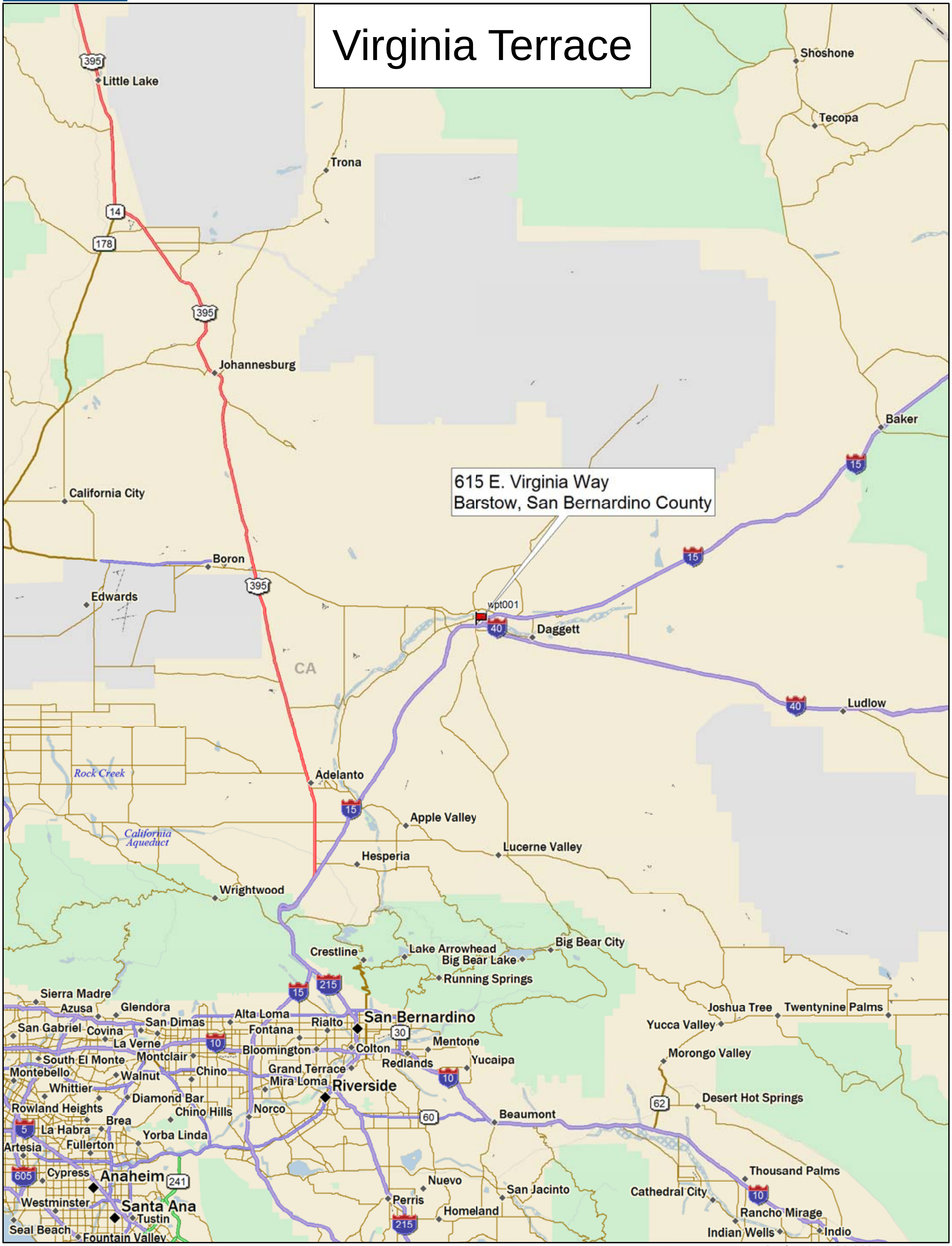

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MN (12.1°E)

Scale 1 : 1,100,000

1" = 17.36 mi

Data Zoom 7-5

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RESOLUTION 15-06

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of SFC-VT LP, a California limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in Barstow, San Bernardino County, California, to be known as Virginia Terrace Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Agency staff has determined or expects to determine prior to making a binding commitment to fund the loan for which the application has been made, that (i) the Agency can effectively and prudently raise capital to fund the loan for which the application has been made, by direct access to the capital markets, by private placement, or other means and (ii) any financial mechanisms needed to insure prudent and reasonable financing of loans can be achieved; and

WHEREAS, the Development has received a TEFRA Resolution as required by the Tax Equity and Fiscal Responsibility Act of 1983, and under 26 U.S.C. section 147(f); and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on March 19, 2015, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, the Executive Director is authorized to cause the Agency to file an application with the California Debt Limit Allocation Committee (“CDLAC”) for an allocation of California Qualified Private Activity Bonds for the Development, and to pay any fees required by CDLAC, and certify the posting of the required performance deposit; and

WHEREAS, the Board wishes to grant the staff the authority to enter into a loan commitment upon Agency staff determining in its judgment that reasonable and prudent financing mechanisms can be achieved;

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

1. The Executive Director, or in his/her absence, the Acting Chief of Multifamily Programs, is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT
14-026-R/S	Virginia Terrace Apartments Barstow, San Bernardino County, California	$5,600,000.00 Acq./Rehab Loan $4,165,000.00 Permanent Loan

The Board recognizes that in the event that staff cannot determine that reasonable and prudent financing mechanisms can be achieved, the staff will not enter into loan commitments to finance the Development. In addition, access to capital markets may require significant changes to the terms of loans submitted to the Board. Notwithstanding paragraph 2 below, the staff is authorized to make any needed modifications to the loan which in staff's judgment are directly or indirectly the result of the disruptions to the capital markets referred to above.

2. The Executive Director may modify the terms and conditions of the loan or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in his/her absence, the Acting Deputy Director of Multifamily Programs of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

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I hereby certify that this is a true and correct copy of Resolution 15-06 adopted at a duly constituted meeting of the Board of the Agency held on May 14, 2015, at Sacramento, California.

ATTEST:________________________
Secretary

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CALIFORNIA HOUSING FINANCE AGENCY
Final Commitment
Park Place Apartments
Los Angeles, Los Angeles County, CA
CalHFA # 15-001-S

SUMMARY

This is a Final Commitment request for permanent financing for a 142-unit family apartment complex known as Park Place Apartments, located at 7970 Woodman Avenue, Los Angeles California. The general partner of PPA Associates Ltd., a California Limited Partnership ("**Borrower**") is Foundation For Quality Housing Opportunities Inc. (**"FQHO"**). Gary Braverman is President of FQHO. Dangler, Inc., a California corporation (**"Dangler"**), which manages the project and all of the other properties in Mr. Braverman's portfolio, is a limited partner of Borrower. Gary Braverman is the principal of Dangler. Lehman Housing Tax Credit Fund VIII, L.P., and Lehman Tax Credit Advisor Inc. (collectively "**Lehman**") are the investor limited partner and special limited partner, respectively, of Borrower.

Park Place Apartments was built in 1966, and is a three-level residential building located on 2.63 acres. This is a family project consisting of 142 units ranging from studios, one-bedroom, two-bedroom and three-bedroom. The project has a community room with offices, classrooms and laundry room on the first floor, with 122 covered and 20 uncovered parking spaces. The building surrounds an interior courtyard with a play area, pool, spa and barbeque.

The property was purchased in 1998 by Gary Braverman and required major rehab, which commenced in 1999. Upgrades included re-siding, re-roofing, plumbing upgrades, expansion of the community room and seismic retrofit. Interior improvements included replacement of cabinets, some appliances, new water heaters and some window replacement. The rehab was financed utilizing tax credit equity, loans from the City of Los Angeles ("**City Loan**") of $1,100,000 and $125,000, a construction loan from East-West Bank and a loan from FQHO. This project is currently in the CalHFA portfolio. In 2000, CalHFA closed a permanent loan of $4,600,000 with a term of 30 years and a bridge loan of $650,000 for a term of 5 years. The CalHFA bridge loan has been repaid.

The project is in good condition, requiring only moderate rehab. The current refinance will facilitate the assignment by Lehman of its limited partnership interests to, and assumption of such limited partnership interests by, Dangler, Gary Braverman, Heidy Braverman & David Skinner, and Katherine Skinner, which will retire the obligation to Lehman. FQHO will remain the Borrower's general partner. Citibank, N.A. (**"Citibank"**) will provide a construction loan in the amount of $9,500,000 with a term of 12 months to the Borrower. The Citibank loan will pay-off the existing CalHFA first mortgage which has an outstanding balance of $3,406,823 and the yield maintenance fee in the amount of $783,511. The Citibank loan will in turn be paid off by a new CalHFA permanent loan.

LOAN TERMS

Permanent

First Mortgage	$11,300,000
Interest Rate	5.00% fixed*
Term	40 year amortization
Loan Fee:	1% nonrefundable, ½% payable upon execution of the Final Commitment Letter, and ½% payable upon closing the Citibank loan
Prepayment	Allowable, at par after year 15
Financing	Taxable
Credit Enhancement	HUD Risk Share

The existing CalHFA Regulatory Agreement will remain on title, senior to the Citibank construction loan, until the new CalHFA permanent loan closes. At or before the Citibank loan closing, CalHFA may amend the existing CalHFA Regulatory Agreement to extend the term to coincide with CDLAC's compliance period of 55 years. Upon closing the new CalHFA permanent loan, the existing CalHFA Regulatory Agreement will be terminated and a new CalHFA Regulatory Agreement will be recorded, extending affordability for a term of 40 years.

*This is an underwriting rate only. This interest rate is subject to change and will not be locked until 15 days prior to Borrower's closing the Citibank loan. If the Borrower fails to close the new CalHFA permanent loan or fails to borrow the entire amount of the new CalHFA permanent loan, CalHFA will be required to pay substantial fees to the U.S. Department of the Treasury to break the rate lock (the "**breakage fee**"). The amount of the breakage fee is currently estimated to be 20% to 30% of the permanent loan amount, or $2,260,000 to $3,390,000. To mitigate this risk, the Borrower will be required to execute a Note in the principal amount of the breakage fee which will be secured by a Deed of Trust recorded against the property, subordinate in lien priority only to the Citibank loan and to CalHFA's existing Regulatory Agreement.

OTHER SOURCES

An unsecured note in the amount of $2,325,198 for a term of 20 years at 0% interest rate will be held by FQHO. This note will be repayable via 50% of the project's residual receipts.

Existing Financing

<u>First Mortgage</u>

Note Amount	$4,600,000
Interest Rate	5.9%
Loan Term	30 years, fully amortized
Maturity	June 1, 2031
Current Prin. Bal	$3,406,823

<u>Seller Note</u>
FQHO & Dangler $1,199,144

The $1,199,144 unsecured seller note was made in order to cover construction costs incurred during the rehab in 1999. The interest rate is 0% and the note will be cancelled at the new CalHFA permanent loan closing.

Lehman intends to assign their limited partnership interests to new limited partners within the Borrower. Those new limited partners include, Dangler, Gary Braverman, Heidy Braverman & David Skinner, and Katherine Skinner. The transfer will be completed through an Assignment and Assumption Agreement at or before the Citibank loan closing. The limited partner transfer is subject to CalHFA's Transfer of Physical Assets review and approval process. Below is a summary of the proposed transaction:

Outstanding CalHFA loan	$3,406,823
CalHFA Yield Maintenance Fee	$783,511
Outstanding Balance of City Loan	$775,161
FQHQ & Dangler Loan	$1,199,144
Investor Payment	$3,328,560
FQHQ & Dangler Interest	$2,542,318
Title & Escrow	<u>$50,000</u>
=Total Sales Price	$12,085,517

Proposed Rents	Rent	Rent Level	Units	# of Persons
Studio	$682	50%	6	6
One Bedroom unit	$764	50%	3	6
One Bedroom unit	$815	50%	6	12
Two Bedroom unit	$897	50%	15	45
Three Bedroom units	$1,011	50%	5	15
Studio unit	$771	60%	16	16
One Bedroom unit	$817	60%	21	42
Two Bedroom unit	$1,048	60%	56	168
Three Bedroom unit	$1,195	60%	13	39
Three Bedroom Mgr.	$1,107		1	3
Total Units/Persons			**142**	**352**

PROJECT DESCRIPTION

Project Location

- The project is located on the corner of Woodman Avenue and Strathern Street, in the City of Los Angeles. Its location is considered to be the Panorama City area of Los Angeles.
- Panorama City is primarily an apartment community in the northeast part of the San Fernando Valley.

- The population rate in the Panorama City area is 2% higher than that of Los Angeles in general.
- Forty-eight (48%) percent of the population are renters.
- The project is located 1 mile west of the Hollywood 170 freeway and 3 miles northeast of the I-5 freeways.
- The project is well-situated, with a bus stop directly in front of the building entrance. The Metrolink light rail station is 1 mile southwest of the property. The Van Nuys and Bob Hope airports are 3 miles and 5 miles from the property respectively.
- Kaiser Permanente Medical Center and Hospital employs 3,000 people and is located one block north of the property.
- Other major employers are located within 1-5 miles from the project and are readily accessible via public transportation
- All major shopping/retail is within ¼ to one mile from the project.
- All levels of public schools are located within a one-mile radius, with an elementary and high school located within walking distance.

Site

- The site is 2.63 acres and is rectangular in shape with slightly sloping topography.
- The site is not in a flood zone and not within an Alquist-Priolo special studies earthquake zone.
- The site is zoned R3-1, a medium density residential land use. Based on current zoning, the property is considered a legally-conforming land use and complies with all requirements.

Improvements

- This 142-unit project was built in 1966 and consists of one three-story residential building of wood frame construction with stucco exterior and flat asphalt roofs.
- The project has a total of 142 parking spaces, 122 of which are covered and 20 of which are open spaces.
- The building is rectangular in shape, opening to an interior courtyard and perimeter parking at the rear of the site. Amenities include a gated entry and intercom system, lobby, 2 elevators, a community room, two classrooms, management offices, a pool, spa and playground.
- The unit mix consists of 22 studio/1-bath units, 30 one-bedroom/1 bath units; 61 two-bedroom, 1.5 bath units, 10 two-bedroom, 1.75 bath units, 13 three-bedroom/1.75 bath units and 6 three-bedroom, 2 bath units.
- Each unit features in-wall air conditioning, radiant electrical heat in the ceilings, dishwasher, garbage disposal, electric appliances, laminate countertops, electric water heater and a patio or balcony.

PHYSICAL NEEDS ASSESSMENT/SCOPE OF WORK

The project was substantially improved in 2000. Since then, it has been actively maintained and is in good condition. The scope of rehabilitation work totals $1,163,673 or $8,195 per unit (excluding hard cost contingency) and includes:

- Replacement of 50% of windows $291,100;
- Replace carpeting in 60% of all units $272,000;
- New Energy Star appliances $43,200;
- Replace countertops and cabinets $120,000;
- Elevator repairs $125,000;
- Upgrade sprinklers $5,400;
- Parking lot and concrete walkway repair/replacement $45,000;
- Replace hallway carpeting $20,000;
- Solar heating for pool/spa $15,000;
- Security cameras $18,000;
- Lighting upgrades $15,233;
- Profit and overhead $193,740;

Work is scheduled to commence in June 2015 and is projected to be completed within 6 months.

The rehab work will result in more energy efficiency and will reduce the level of on-going maintenance required. In addition, the seismic upgrades completed in 2000 have resulted in the project qualifying for a waiver of earthquake insurance. Overall these improvements will result in an operating cost decrease of 13% compared to the 2014 operating costs.

Relocation

There is no anticipated relocation.

MARKET

Market Overview

- The Housing Market Area ("**HMA**") is estimated to be within a five mile radius of the property. This area includes Van Nuys, Panorama City, North Hills, Burbank and Studio City areas of the San Fernando Valley.
- The Panorama City area of the City of Los Angeles is primarily an apartment community, with vacancy rates averaging less than 3%.
- In 2014, the median household income for the HMA was 4% higher than that of the City of Los Angeles.
- The population is expected to increase at a rate of .5% annually over the next five years.
- The largest employers in the San Fernando Valley area of Los Angeles include government, education and medical sectors.
- The unemployment rate for Los Angeles County is expected to be 6.6% in 2015.
- Rents for affordable housing projects are expected to increase in 2015 by 3% in the HMA.

Housing Supply and Demand

- Since 2013, new housing permits issued in the City of Los Angeles have increased 25% to 35% annually. Approximately 85% of these permits are for multifamily housing projects.

- There are no new market rate apartments planned and only one 34-unit affordable apartment project under construction in the HMA.
- Six comparable affordable housing projects in the project's HMA were surveyed, all at rents that are 50% and 60% AMI. Of these, the subject's rents are currently 11% lower than the comparable affordable housing projects.

PROJECT FEASIBILITY

Estimated Lease-up Period

- This project has averaged between 2% to 2.3% vacancy from 2011.
- As of April 1, 2015, the project is 100% occupied. However the appraisal estimated the average vacancy rate to be 2%, which is the typical turn-over rate.
- The appraisal concluded that there is sufficient demand in this market to maintain this average vacancy rate.
- If vacant, the project would have to capture **.**45% to 1% of the income-qualified renters in this market in order to lease the units offered at 50% AMI and between 2 to 4% of income-qualified renters in order to lease up the units offered at 60% AMI.
- The project, if vacant, would take an estimated 3 to 4 months to lease-up.

ENVIRONMENTAL

A Phase I Environmental Site Assessment Report dated February 6, 2015 determined that there is a potential that asbestos-containing materials ("**ACM**") and lead-based paint ("**LBP**") exist due to the age of the property. The recommendation is made that if these suspected areas are disturbed, recommended testing should take place and recommended remediation plan should be followed.

There is no work currently planned which would disturb suspected areas of ACM and LBP. There is currently an Operations and Maintenance Plan in place for any future work that may disturb suspected areas.

SEISMIC REVIEW

A seismic report was conducted on March 11, 2015 by Partner Engineering. The Probable Maximum Loss ("**PML**") for Park Side Apartments is 13%. The damage ratio meets CalHFA's seismic risk criteria of a PML ratio of 20% or less. Based on this criteria, earthquake insurance is not required.

DEVELOPMENT TEAM

Borrower

<u>PPA Associates Ltd, a California Limited Partnership</u>

The general partner of PPA Associates Ltd, a California Limited Partnership is FQHO (10% interest).

FQHO was incorporated in 1989 as a non-profit public benefit corporation to build, renovate and operate low income housing. Since its inception, FQHO has developed 10 affordable family and senior housing projects totaling over 600 units. Of the 10 projects developed by FQHO, three were financed by CalHFA and are in our portfolio. These projects are Park Place Apartments, Sierra Vista Senior Apartments and Vista Valle Townhomes.

Management Agent

Dangler Inc.

Dangler Inc. has successfully managed the Park Place Apartments since it was purchased in 1988. Formed in 1982, Dangler Inc. provides property management services for low and moderate income housing projects owned by FQHO. The properties are located throughout the greater Los Angeles area, including two in the CalHFA portfolio. Dangler Inc. is experienced with compliance requirements of entities such as CalHFA, the City of Los Angeles Housing Department, the California Tax Credit Allocation Committee, Redevelopment Agencies and the U.S. Department of Housing and Urban Development Section 8 program.

Gary Braverman is the principal of Dangler Inc. and along with Celestina Ramm, runs the day to day operations.

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PROJECT SUMMARY — Board Approval

Permanent Loan — **Project Number** 15-001-S

Project Full Name	Park Place Apartments	**Borrower Name:**	PPA Associates II, LP
Project Address	7970 Woodman Avenus	**Managing GP:**	Foundation for Quality Housing Opportunities
Project City	Los Angeles	**Developer Name:**	Gary Braverman
Project County	Los Angeles	**Investor Name:**	N/A
Project Zip Code	91402	**Prop Management:**	Dangler Inc.
		Tax Credits:	None
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	2.63
Tenancy/Occupancy:	Family	**Residential Square Footage:**	117,605
Total Residential Units:	142	**Residential Units Per Acre:**	54
Total Number of Buildings:	1		
Number of Stories:	3	**Covered Parking Spaces:**	122
Unit Style:	Flat	**Total Parking Spaces:**	142
Elevators:	2		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
--	--	--	12	--	--
--	--	--	--	--	--
Citi	9,500,000	1.000%	12	--	3.500%
Seller Note	2,718,054	--	12	--	0.000%
Construct/Rehab Net Oper. Inc.	477,901	--	--	--	--
--	--	--	--	--	--
Total	**12,695,955**	--	--	--	--

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
CalHFA Permanent Loan	11,300,000	1.000%	40	40	5.000%
--	--	--	--	--	--
--	--	--	--	--	--
Seller Note	2,325,198	--	20	--	0.000%
Construct/Rehab Net Oper. Inc.	477,901	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	NA	NA	NA	NA
--	--	NA	NA	NA	NA
Total	**14,103,099**	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	3/16/15	**Capitalization Rate:**	5.50%
Investment Value ($)	--	**Restricted Value ($)**	14,310,000
Construct/Rehab LTC	N/A	**Permanent Loan to Cost**	82%
Construct/Rehab LTV	N/A	**Permanent Loan to Value**	79%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	N/A
Completion Guarantee Letter of Credit	N/A

Permanent Loan

Operating Expense Reserve Deposit	$0	NA
Initial Replacement Reserve Deposit	$142,000	Cash
Annual Replacement Reserve Per Unit	$500	Cash

Date Prepared: 4/30/15 — Senior Staff Date: 4/23/15

UNIT MIX AND RENT SUMMARY

Board Approval

Park Place Apartments — **Project Number** **15-001-S**

PROJECT UNIT MIX					
Unit Type of Style	**Number of Bedrooms**	**Number of Baths**	**Average Size (Sq. Ft.)**	**Number of Units**	**Est. No. of Tenants**
Flat	-	1	498	22	22
Flat	1	1	680	30	60
Flat	2	2	899	71	213
Flat	3	2	1,180	19	57
-	-	-	-	-	0
-	-	-	-	-	0
				142	352

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	**Number of Units Restricted For Each AMI Category**						
	25%	**45%**	**50%**	**60%**	**80%**	**0%**	**0%**
CalHFA			29	113			
-							
-							
-							
-							
-							

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	**Restricting Agency**	**% of Area Median Income**	**Average Restricted Rents Number of Units**	**Unit Rent**	**Average Market Rents**	**Average Monthly Savings**	**% of Market Rents**
Studios			-	-	$900	-	-
	CalHFA	**45%**	-	-		-	-
	CalHFA	**50%**	5	$699		$201	78%
	TCAC	**50%**	1	$699		$201	78%
	TCAC	**60%**	16	$744		$156	83%
	CalHFA	**-**	-	-		-	-
	NA	**-**	-	-		-	-
1 Bedroom			-	-	$1,050	-	-
	CalHFA	**45%**	-	-		-	-
	CalHFA	**50%**	6	$792		$258	75%
	TCAC	**50%**	3	$740		$310	70%
	TCAC	**60%**	21	$779		$271	74%
	CalHFA	**-**	-	-		-	-
	NA	**-**	-	-		-	-
2 Bedrooms			-	-	$1,265	-	-
	CalHFA	**45%**	-	-		-	-
	CalHFA	**50%**	14	$848		$417	67%
	TCAC	**50%**	1	$848		$417	67%
	TCAC	**60%**	56	$999		$266	79%
	CalHFA	**-**	-	-		-	-
	NA	**-**	-	-		-	-
3 Bedrooms			-	-	$1,500	-	-
	CalHFA	**45%**	-	-		-	-
	CalHFA	**50%**	4	$978		$522	65%
	TCAC	**50%**	1	$978		$522	65%
	TCAC	**60%**	13	$1,135		$365	76%
	CalHFA	**-**	-	-		-	-
	Manager	**-**	1	$1,107		$393	74%
4 Bedrooms			-	-	-	-	-
	CalHFA	**45%**	-	-		-	-
	CalHFA	**50%**	-	-		-	-
	TCAC	**50%**	-	-		-	-
	TCAC	**60%**	-	-		-	-
	CalHFA	**-**	-	-		-	-
	NA	**-**	-	-		-	-
5 Bedrooms			-	-	-	-	-
	CalHFA	**45%**	-	-		-	-
	CalHFA	**50%**	-	-		-	-
	TCAC	**50%**	-	-		-	-
	TCAC	**60%**	-	-		-	-
	CalHFA	**-**	-	-		-	-
	NA	**-**	-	-		-	-
Date Prepared:	4/30/15					Senior Staff Date:	4/23/15

SOURCES & USES OF FUNDS					Board Approval
Park Place Apartments			Project Number		15-001-S

SOURCES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT SOURCES OF FUNDS		
	$	$	SOURCES ($)	PER UNIT ($)	%
CalHFA Loan	-				0.0%
CalHFA Other Loan	-				0.0%
Citi	9,500,000				0.0%
Seller Note	2,718,054				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Exisitng RFR	-				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	477,901				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	-				0.0%
CalHFA Permanent Loan		11,300,000	11,300,000	79,577	80.1%
CalHFA Bridge Loan		-	-	-	0.0%
CalHFA Section 8 Loan		-	-	-	0.0%
Seller Note		2,325,198	2,325,198	16,375	16.5%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Exisiting RFR		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		477,901	477,901	3,366	3.4%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		-	-	-	0.0%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		-	-	-	0.0%
TOTAL SOURCES OF FUNDS	**12,695,955**	**14,103,099**	**14,103,099**	**99,318**	**96.6%**
TOTAL USES OF FUNDS (BELOW)	**12,695,955**	**14,103,099**	**14,103,099**	**99,318**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**-**	**-**	**-**		

USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**12,695,955**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	-	-	-	-	0.0%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
Existing Improvements Value	10,052,862	1,199,144	11,252,006	79,239	79.8%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	783,511	-	783,511	5,518	5.6%
Existing Replacement Reserve (see below)	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other - Title & Escrow	50,000	-	50,000	352	0.4%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**10,886,373**	**1,199,144**	**12,085,517**	**85,109**	**85.7%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation	-	-	-	-	0.0%
Site Work	-	-	-	-	0.0%
Structures	969,933	-	969,933	6,831	6.9%
General Requirements	-	-	-	-	0.0%
Contractor Overhead	96,870	-	96,870	682	0.7%
Contractor Profit	96,870	-	96,870	682	0.7%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	-	-	-	-	0.0%
Personal Property	-	-	-	-	0.0%
Joint Trench/Utility Work	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**1,163,673**	**-**	**1,163,673**	**8,195**	**8.3%**

SOURCES & USES OF FUNDS			Board Approval		
Park Place Apartments			Project Number	15-001-S	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**-**	**-**	**-**	**-**	**0.0%**
ARCHITECTURAL FEES					
Design	10,000	-	10,000	70	0.1%
Supervision	-	-	-	-	0.0%
TOTAL ARCHITECTURAL FEES	**10,000**	**-**	**10,000**	**70**	**0.1%**
SURVEY & ENGINEERING FEES					
Engineering	-	-	-	-	0.0%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	-	-	-	-	0.0%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	298,767	-	298,767	2,104	2.1%
Soft Cost Contingency Reserve	-	-	-	-	0.0%
TOTAL CONTINGENCY RESERVES	298,767	-	298,767	2,104	2.1%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
CalHFA Loan	-	-	-	-	0.0%
Citi	-	-	-	-	0.0%
Seller Note	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
CalHFA Loan	-	-	-	-	0.0%
CalHFA Other Loan	-	-	-	-	0.0%
Citi	95,000	-	95,000	669	0.7%
Seller Note	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating Inc	-	-	-	-	0.0%
Citibank Application Fees	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	6,000	-	6,000	42	0.0%
Real Estate Taxes During Rehab	10,289	-	10,289	72	0.1%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Prevail	-	-	-	-	0.0%
Insurance During Rehab	35,000	-	35,000	246	0.2%
Title & Recording Fees	25,000	-	25,000	176	0.2%
Construction Management & Testing	-	-	-	-	0.0%
Predevelopment Interest Expense	-	-	-	-	0.0%
Bond Issuer Fee	-	-	-	-	0.0%
-	-	-	-	-	0.0%
TOTAL CONST/REHAB PERIOD COSTS	**171,289**	**-**	**171,289**	**1,206**	**1.2%**

SOURCES & USES OF FUNDS					Board Approval
Park Place Apartments			**Project Number**	**15-001-S**	
USES OF FUNDS	**CONST/REHAB $**	**PERMANENT $**	**TOTAL PROJECT USES OF FUNDS USES ($)**	**PER UNIT ($)**	**%**
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	5,000	-	5,000	35	0.0%
CalHFA Permanent Loan	57,000	56,000	113,000	796	0.8%
CalHFA Bridge Loan	-	-	-	-	0.0%
CalHFA Section 8 Loan	-	-	-	-	0.0%
Seller Note	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	10,000	10,000	70	0.1%
Year 1 - Taxes & Special Assessments	-	-	-	-	0.0%
Year 1 - Insurance	-	-	-	-	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	**62,000**	**66,000**	**128,000**	**901**	**0.9%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Citibank Construction/Rehab Loan Legal Fees	35,000	-	35,000	246	0.2%
CalHFA Permanent Loan Legal Fees	-	-	-	-	0.0%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	21,673	-	21,673	153	0.2%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	-	-	-	-	0.0%
CalHFA Bond Counsel	-	-	-	-	0.0%
TOTAL LEGAL FEES	**56,673**	**-**	**56,673**	**399**	**0.4%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	-	-	-	0.0%
Initial Replacement Reserve Deposit	-	142,000	142,000	1,000	1.0%
Construction Defects Reserve	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**-**	**142,000**	**142,000**	**1,000**	**1.0%**
REPORTS & STUDIES					
Appraisal Fee	10,000	-	10,000	70	0.1%
Market Study Fee	-	-	-	-	0.0%
Physical Needs Assessment Fee	15,000	-	15,000	106	0.1%
Environmental Site Assessment Reports	2,500	-	2,500	18	0.0%
HUD Risk Share Environmental Review Fee	2,000	-	2,000	14	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	2,000	-	2,000	14	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**31,500**	**-**	**31,500**	**222**	**0.2%**

SOURCES & USES OF FUNDS					Board Approval
Park Place Apartments			**Project Number**	**15-001-S**	
USES OF FUNDS	**CONST/REHAB $**	**PERMANENT $**	**TOTAL PROJECT USES OF FUNDS USES ($)**	**PER UNIT ($)**	**%**
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	-	-	-	-	0.0%
CDLAC Fees	-	-	-	-	0.0%
Local Permits & Fees	-	-	-	-	0.0%
Local Impact Fees	-	-	-	-	0.0%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	-	-	-	-	0.0%
Accounting & Audits	10,000	-	10,000	70	0.1%
Advertising & Marketing Expenses	-	-	-	-	0.0%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OTHER COSTS	**10,000**	**-**	**10,000**	**70**	**0.1%**
SUBTOTAL PROJECT COSTS	**12,690,275**	**14,103,099**	**14,097,419**	**99,278**	**100.0%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	-	-	-	-	0.0%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Adminstration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	5,680	-	5,680	40	0.0%
Other (Misc)	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**5,680**	**-**	**5,680**	**40**	**0.0%**
TOTAL PROJECT COSTS	**12,695,955**	**14,103,099**	**14,103,099**	**99,318**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Board Approval
Park Place Apartments	**Project Number**		**15-001-S**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 1,546,140	$ 10,888	103.29%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Section 8 Rent Subsidies	-	-	0.00%
Shelter Care Plus Rent Subsidies	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry and Vending Income	29,536	208	1.97%
Garage and Parking Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 1,575,676**	**$ 11,096**	**105.26%**
Less: Vacancy Loss	**$ 78,784**	**$ 555**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 1,496,892**	**$ 11,651**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 91,503	$ 644	$ 0
Management Fee	75,593	532	5.05%
Social Programs & Services	-	-	0.00%
Utilities	129,060	909	8.62%
Operating & Maintenance	257,321	1,812	17.19%
Ground Lease Payments	-	-	0.00%
Real Estate Taxes	20,578	145	1.37%
Other Taxes & Insurance	111,118	783	7.42%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES	**$ 685,173**	**$ 4,825**	**45.77%**
Operating Reserves	$ 71,000	$ 500	4.74%
TOTAL OPERATING EXPENSES	**$ 756,173**	**$ 5,325**	**50.52%**
NET OPERATING INCOME (NOI)	**$ 740,719**	**$ 5,216**	**49.48%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
CalHFA Permanent Loan	$ 653,859	$ 4,605	43.68%
CalHFA Section 8 Loan	$ -	-	0.00%
Seller Note	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
TOTAL DEBT SERVICE PAYMENTS	**$ 653,859**	**$ 4,605**	**43.68%**
EXCESS CASH FLOWS AFTER DEBT SERVICE	**$ 86,860**	**$ 612**	**5.80%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**1.13 to 1**		
Date: 4/30/15		Senior Staff Date:	04/23/15

PROJECTED PERMANENT LOAN CASH FL0WS											Park Place Apartments
Board Approval										Project Number	15-001-S
	YEAR	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
RENTAL INCOME	**CPI**										
Restricted Unit Rents	2.50%	1,584,794	1,624,413	1,665,024	1,706,649	1,749,315	1,793,048	1,837,875	1,883,821	1,930,917	1,979,190
Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	0.00%	-	-	-	-	-	-	-	-	-	-
Section 8 Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
Laundry and Vending Income	2.50%	30,274	31,031	31,807	32,602	33,417	34,253	35,109	35,987	36,886	37,809
Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**1,615,068**	**1,655,445**	**1,696,831**	**1,739,251**	**1,782,733**	**1,827,301**	**1,872,984**	**1,919,808**	**1,967,803**	**2,016,998**
VACANCY ASSUMPTIONS	**Vacancy**										
Restricted Unit Rents	5.00%	79,240	81,221	83,251	85,332	87,466	89,652	91,894	94,191	96,546	98,959
Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Section 8 Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
Laundry and Vending Income	5.00%	1,514	1,552	1,590	1,630	1,671	1,713	1,755	1,799	1,844	1,890
Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**80,753**	**82,772**	**84,842**	**86,963**	**89,137**	**91,365**	**93,649**	**95,990**	**98,390**	**100,850**
EFFECTIVE GROSS INCOME (EGI)		**1,534,315**	**1,572,672**	**1,611,989**	**1,652,289**	**1,693,596**	**1,735,936**	**1,779,334**	**1,823,818**	**1,869,413**	**1,916,149**
OPERATING EXPENSES	**CPI / Fee**										
Administrative Expenses	3.50%	94,706	98,020	101,451	105,002	108,677	112,481	116,417	120,492	124,709	129,074
Management Fee	5.05%	77,483	79,420	81,405	83,441	85,527	87,665	89,856	92,103	94,405	96,766
Utilities	3.50%	133,577	138,252	143,091	148,099	153,283	158,648	164,200	169,947	175,896	182,052
Operating & Maintenance	3.50%	266,327	275,649	285,296	295,282	305,617	316,313	327,384	338,843	350,702	362,977
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	20,835	21,564	22,319	23,100	23,909	24,746	25,612	26,508	27,436	28,396
Other Taxes & Insurance	3.50%	115,007	119,032	123,199	127,510	131,973	136,592	141,373	146,321	151,442	156,743
Assisted Living/Board & Care	0.00%	-	-	-	-	-	-	-	-	-	-
Required Reserve Payments	1.00%	71,000	71,710	72,427	73,151	73,883	74,622	75,368	76,122	76,883	77,652
TOTAL OPERATING EXPENSES		**778,935**	**803,648**	**829,189**	**855,586**	**882,868**	**911,066**	**940,211**	**970,336**	**1,001,473**	**1,033,659**
NET OPERATING INCOME (NOI)		**755,379**	**769,024**	**782,800**	**796,703**	**810,728**	**824,870**	**839,123**	**853,482**	**867,940**	**882,490**
DEBT SERVICE PAYMENTS	**Lien #**										
CalHFA Permanent Loan	1	653,859	653,859	653,859	653,859	653,859	653,859	653,859	653,859	653,859	653,859
CalHFA Section 8 Loan	-	-	-	-	-	-	-	-	-	-	-
Seller Note	2	-	-	-	-	-	-	-	-	-	-
-	3	-	-	-	-	-	-	-	-	-	-
-	4	-	-	-	-	-	-	-	-	-	-
-	5	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE PAYMENTS		**653,859**	**653,859**	**653,859**	**653,859**	**653,859**	**653,859**	**653,859**	**653,859**	**653,859**	**653,859**
CASH FLOW AFTER DEBT SERVICE		**101,521**	**115,166**	**128,942**	**142,845**	**156,870**	**171,011**	**185,265**	**199,623**	**214,081**	**228,631**
DEBT SERVICE COVERAGE RATIO		**1.16**	**1.18**	**1.20**	**1.22**	**1.24**	**1.26**	**1.28**	**1.31**	**1.33**	**1.35**
Date Prepared:	04/30/15									Senior Staff Date:	4/23/15

PROJECTED PERMANENT LOAN CASH FL0											Park Place Apartments
Board Approval										Project Number	15-001-S
	YEAR	11	12	13	14	15	16	17	18	19	20
RENTAL INCOME	CPI										
Restricted Unit Rents	2.50%	2,028,670	2,079,386	2,131,371	2,184,655	2,239,272	2,295,254	2,352,635	2,411,451	2,471,737	2,533,530
Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	0.00%	-	-	-	-	-	-	-	-	-	-
Section 8 Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
Laundry and Vending Income	2.50%	38,754	39,723	40,716	41,734	42,777	43,846	44,943	46,066	47,218	48,398
Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**2,067,423**	**2,119,109**	**2,172,087**	**2,226,389**	**2,282,049**	**2,339,100**	**2,397,577**	**2,457,517**	**2,518,955**	**2,581,929**
VACANCY ASSUMPTIONS	Vacancy										
Restricted Unit Rents	5.00%	101,433	103,969	106,569	109,233	111,964	114,763	117,632	120,573	123,587	126,677
Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Section 8 Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
Laundry and Vending Income	5.00%	1,938	1,986	2,036	2,087	2,139	2,192	2,247	2,303	2,361	2,420
Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**103,371**	**105,955**	**108,604**	**111,319**	**114,102**	**116,955**	**119,879**	**122,876**	**125,948**	**129,096**
EFFECTIVE GROSS INCOME (EGI)		**1,964,052**	**2,013,154**	**2,063,482**	**2,115,069**	**2,167,946**	**2,222,145**	**2,277,699**	**2,334,641**	**2,393,007**	**2,452,832**
OPERATING EXPENSES	CPI / Fee										
Administrative Expenses	3.50%	133,592	138,267	143,107	148,115	153,299	158,665	164,218	169,966	175,915	182,072
Management Fee	5.05%	99,185	101,664	104,206	106,811	109,481	112,218	115,024	117,899	120,847	123,868
Utilities	3.50%	188,424	195,019	201,844	208,909	216,221	223,788	231,621	239,728	248,118	256,802
Operating & Maintenance	3.50%	375,681	388,830	402,439	416,524	431,102	446,191	461,808	477,971	494,700	512,014
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	29,390	30,419	31,483	32,585	33,726	34,906	36,128	37,392	38,701	40,056
Other Taxes & Insurance	3.50%	162,229	167,907	173,784	179,866	186,161	192,677	199,421	206,400	213,625	221,101
Assisted Living/Board & Care	0.00%	-	-	-	-	-	-	-	-	-	-
Required Reserve Payments	1.00%	78,428	79,212	80,005	80,805	81,613	82,429	83,253	84,086	84,926	85,776
TOTAL OPERATING EXPENSES		**1,066,928**	**1,101,318**	**1,136,867**	**1,173,615**	**1,211,604**	**1,250,875**	**1,291,472**	**1,333,442**	**1,376,832**	**1,421,689**
NET OPERATING INCOME (NOI)		**897,124**	**911,836**	**926,615**	**941,454**	**956,343**	**971,270**	**986,226**	**1,001,199**	**1,016,175**	**1,031,143**
DEBT SERVICE PAYMENTS	Lien #										
CalHFA Permanent Loan	1	653,859	653,859	653,859	653,859	653,859	653,859	653,859	653,859	653,859	653,859
CalHFA Section 8 Loan	-	-	-	-	-	-	-	-	-	-	-
Seller Note	2	-	-	-	-	-	-	-	-	-	-
-	3	-	-	-	-	-	-	-	-	-	-
-	4	-	-	-	-	-	-	-	-	-	-
-	5	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE PAYMENTS		**653,859**	**653,859**	**653,859**	**653,859**	**653,859**	**653,859**	**653,859**	**653,859**	**653,859**	**653,859**
CASH FLOW AFTER DEBT SERVICE		**243,266**	**257,977**	**272,757**	**287,596**	**302,484**	**317,412**	**332,368**	**347,340**	**362,317**	**377,284**
DEBT SERVICE COVERAGE RATIO		**1.37**	**1.39**	**1.42**	**1.44**	**1.46**	**1.49**	**1.51**	**1.53**	**1.55**	**1.58**
Date Prepared:	04/30/15									Senior Staff Date:	4/23/15

PROJECTED PERMANENT LOAN CASH FL0											Park Place Apartments
Board Approval										Project Number	15-001-S
	YEAR	21	22	23	24	25	26	27	28	29	30
RENTAL INCOME	CPI										
Restricted Unit Rents	2.50%	2,596,869	2,661,790	2,728,335	2,796,544	2,866,457	2,938,119	3,011,572	3,086,861	3,164,032	3,243,133
Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	0.00%	-	-	-	-	-	-	-	-	-	-
Section 8 Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
Laundry and Vending Income	2.50%	49,608	50,848	52,120	53,423	54,758	56,127	57,530	58,968	60,443	61,954
Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**2,646,477**	**2,712,639**	**2,780,455**	**2,849,966**	**2,921,215**	**2,994,246**	**3,069,102**	**3,145,829**	**3,224,475**	**3,305,087**
VACANCY ASSUMPTIONS	Vacancy										
Restricted Unit Rents	5.00%	129,843	133,090	136,417	139,827	143,323	146,906	150,579	154,343	158,202	162,157
Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Section 8 Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
Laundry and Vending Income	5.00%	2,480	2,542	2,606	2,671	2,738	2,806	2,877	2,948	3,022	3,098
Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**132,324**	**135,632**	**139,023**	**142,498**	**146,061**	**149,712**	**153,455**	**157,291**	**161,224**	**165,254**
EFFECTIVE GROSS INCOME (EGI)		**2,514,153**	**2,577,007**	**2,641,432**	**2,707,468**	**2,775,154**	**2,844,533**	**2,915,647**	**2,988,538**	**3,063,251**	**3,139,833**
OPERATING EXPENSES	CPI / Fee										
Administrative Expenses	3.50%	188,444	195,040	201,866	208,931	216,244	223,813	231,646	239,754	248,145	256,830
Management Fee	5.05%	126,965	130,139	133,392	136,727	140,145	143,649	147,240	150,921	154,694	158,562
Utilities	3.50%	265,790	275,093	284,721	294,686	305,000	315,675	326,724	338,159	349,995	362,245
Operating & Maintenance	3.50%	529,935	548,483	567,680	587,548	608,113	629,397	651,425	674,225	697,823	722,247
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	41,458	42,909	44,411	45,965	47,574	49,239	50,962	52,746	54,592	56,503
Other Taxes & Insurance	3.50%	228,840	236,849	245,139	253,719	262,599	271,790	281,303	291,148	301,338	311,885
Assisted Living/Board & Care	0.00%	-	-	-	-	-	-	-	-	-	-
Required Reserve Payments	1.00%	86,633	87,500	88,375	89,259	90,151	91,053	91,963	92,883	93,812	94,750
TOTAL OPERATING EXPENSES		**1,468,065**	**1,516,012**	**1,565,584**	**1,616,836**	**1,669,826**	**1,724,615**	**1,781,264**	**1,839,836**	**1,900,399**	**1,963,021**
NET OPERATING INCOME (NOI)		**1,046,088**	**1,060,995**	**1,075,848**	**1,090,632**	**1,105,328**	**1,119,918**	**1,134,383**	**1,148,702**	**1,162,852**	**1,176,812**
DEBT SERVICE PAYMENTS	Lien #										
CalHFA Permanent Loan	1	653,859	653,859	653,859	653,859	653,859	653,859	653,859	653,859	653,859	653,859
CalHFA Section 8 Loan	-	-	-	-	-	-	-	-	-	-	-
Seller Note	2	-	-	-	-	-	-	-	-	-	-
-	3	-	-	-	-	-	-	-	-	-	-
-	4	-	-	-	-	-	-	-	-	-	-
-	5	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE PAYMENTS		**653,859**	**653,859**	**653,859**	**653,859**	**653,859**	**653,859**	**653,859**	**653,859**	**653,859**	**653,859**
CASH FLOW AFTER DEBT SERVICE		**392,229**	**407,136**	**421,990**	**436,774**	**451,470**	**466,060**	**480,525**	**494,843**	**508,993**	**522,953**
DEBT SERVICE COVERAGE RATIO		**1.60**	**1.62**	**1.65**	**1.67**	**1.69**	**1.71**	**1.73**	**1.76**	**1.78**	**1.80**
Date Prepared:	04/30/15									Senior Staff Date:	4/23/15

PROJECTED PERMANENT LOAN CASH FL0 — Park Place Apartments

Board Approval — Project Number 15-001-S

	YEAR	31	32	33	34	35	36	37	38	39	40
RENTAL INCOME	**CPI**										
Restricted Unit Rents	2.50%	3,324,211	3,407,317	3,492,500	3,579,812	3,669,307	3,761,040	3,855,066	3,951,443	4,050,229	4,151,485
Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	0.00%	-	-	-	-	-	-	-	-	-	-
Section 8 Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
Laundry and Vending Income	2.50%	63,503	65,090	66,717	68,385	70,095	71,847	73,644	75,485	77,372	79,306
Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**3,387,714**	**3,472,407**	**3,559,217**	**3,648,198**	**3,739,402**	**3,832,888**	**3,928,710**	**4,026,927**	**4,127,601**	**4,230,791**
VACANCY ASSUMPTIONS	**Vacancy**										
Restricted Unit Rents	5.00%	166,211	170,366	174,625	178,991	183,465	188,052	192,753	197,572	202,511	207,574
Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-
Section 8 Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
Shelter Care Plus Rent Subsidies	0.00%	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-
Laundry and Vending Income	5.00%	3,175	3,255	3,336	3,419	3,505	3,592	3,682	3,774	3,869	3,965
Garage and Parking Income	0.00%	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	0.00%	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**169,386**	**173,620**	**177,961**	**182,410**	**186,970**	**191,644**	**196,435**	**201,346**	**206,380**	**211,540**
EFFECTIVE GROSS INCOME (EGI)		**3,218,328**	**3,298,787**	**3,381,256**	**3,465,788**	**3,552,432**	**3,641,243**	**3,732,274**	**3,825,581**	**3,921,221**	**4,019,251**
OPERATING EXPENSES	**CPI / Fee**										
Administrative Expenses	3.50%	265,819	275,123	284,752	294,718	305,034	315,710	326,760	338,196	350,033	362,284
Management Fee	5.05%	162,526	166,589	170,753	175,022	179,398	183,883	188,480	193,192	198,022	202,972
Utilities	3.50%	374,923	388,046	401,627	415,684	430,233	445,291	460,877	477,007	493,702	510,982
Operating & Maintenance	3.50%	747,526	773,689	800,768	828,795	857,803	887,826	918,900	951,061	984,348	1,018,801
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	58,480	60,527	62,645	64,838	67,107	69,456	71,887	74,403	77,007	79,702
Other Taxes & Insurance	3.50%	322,801	334,099	345,793	357,896	370,422	383,387	396,805	410,693	425,068	439,945
Assisted Living/Board & Care	0.00%	-	-	-	-	-	-	-	-	-	-
Required Reserve Payments	1.00%	95,697	96,654	97,621	98,597	99,583	100,579	101,585	102,600	103,626	104,663
TOTAL OPERATING EXPENSES		**2,027,772**	**2,094,727**	**2,163,960**	**2,235,550**	**2,309,580**	**2,386,131**	**2,465,293**	**2,547,153**	**2,631,807**	**2,719,349**
NET OPERATING INCOME (NOI)		**1,190,556**	**1,204,060**	**1,217,296**	**1,230,237**	**1,242,853**	**1,255,112**	**1,266,982**	**1,278,428**	**1,289,414**	**1,299,902**
DEBT SERVICE PAYMENTS	**Lien #**										
CalHFA Permanent Loan	1	653,859	653,859	653,859	653,859	653,859	653,859	653,859	653,859	653,859	653,859
CalHFA Section 8 Loan	-	-	-	-	-	-	-	-	-	-	-
Seller Note	2	-	-	-	-	-	-	-	-	-	-
-	3	-	-	-	-	-	-	-	-	-	-
-	4	-	-	-	-	-	-	-	-	-	-
-	5	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE PAYMENTS		**653,859**	**653,859**	**653,859**	**653,859**	**653,859**	**653,859**	**653,859**	**653,859**	**653,859**	**653,859**
CASH FLOW AFTER DEBT SERVICE		**536,697**	**550,201**	**563,438**	**576,379**	**588,994**	**601,253**	**613,123**	**624,569**	**635,555**	**646,043**
DEBT SERVICE COVERAGE RATIO		**1.82**	**1.84**	**1.86**	**1.88**	**1.90**	**1.92**	**1.94**	**1.96**	**1.97**	**1.99**

Date Prepared: 04/30/15 — Senior Staff Date: 4/23/15

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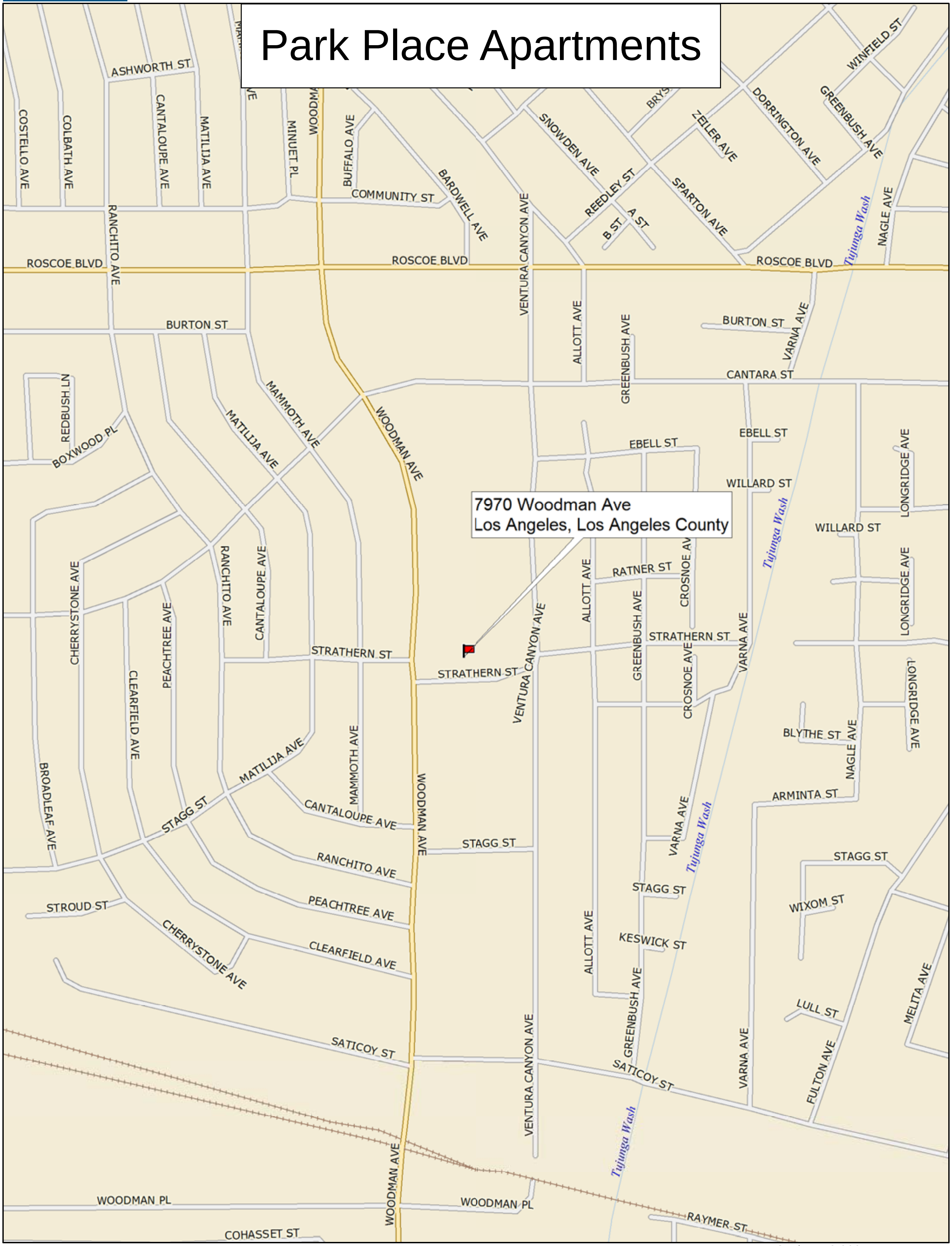
DELORME

DeLorme Street Atlas USA® 2010

Park Place Apartments



TN

MN (12.3°E)

Scale 1 : 8,800

1" = 733.3 ft

Data Zoom 14-5

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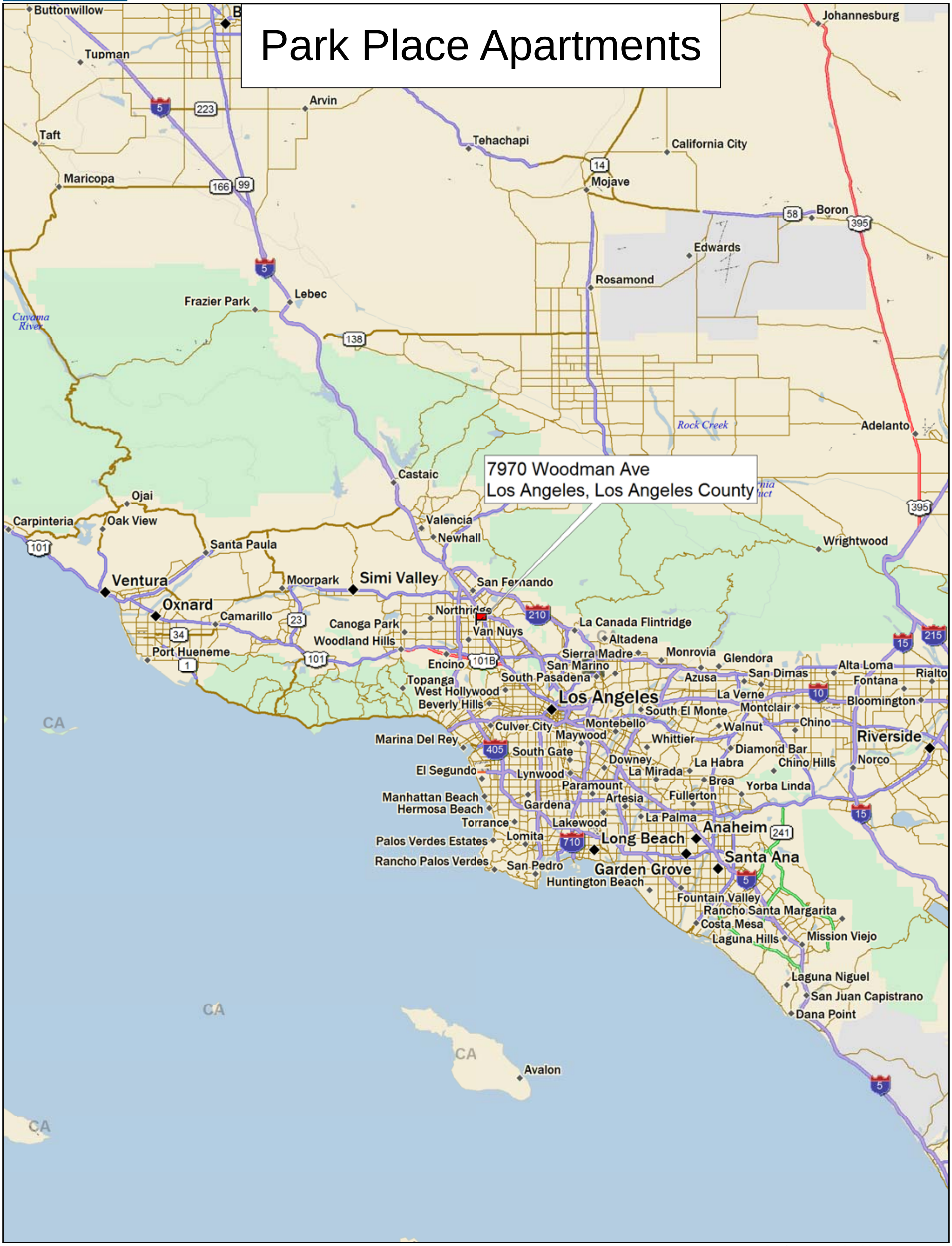
DeLorme Street Atlas USA® 2010



TN

MN (12.3°E)

Scale 1 : 1,100,000

1" = 17.36 mi

Data Zoom 7-5

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RESOLUTION 15-07

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of PPA Associates Ltd., a California limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in Los Angeles, Los Angeles County, California, to be known as Park Place Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Agency staff has determined or expects to determine prior to making a binding commitment to fund the loan for which the application has been made, that (i) the Agency can effectively and prudently raise capital to fund the loan for which the application has been made, by direct access to the capital markets, by private placement, or other means and (ii) any financial mechanisms needed to insure prudent and reasonable financing of loans can be achieved; and

WHEREAS, the Board wishes to grant the staff the authority to enter into a loan commitment upon Agency staff determining in its judgment that reasonable and prudent financing mechanisms can be achieved;

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

1. The Executive Director, or in his/her absence, the Acting Deputy Director of Multifamily Programs, is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT
15-001-S	Park Place Apartments Los Angeles, Los Angeles County California	$11,300,000.00 Permanent Loan

The Board recognizes that in the event that staff cannot determine that reasonable and prudent financing mechanisms can be achieved, the staff will not enter into loan commitments to finance the Development. In addition, access to capital markets may require significant changes to the terms of loans submitted to the Board. Notwithstanding paragraph 2 below, the staff is authorized to make any needed modifications to the loan which in staff's judgment are directly or indirectly the result of the disruptions to the capital markets referred to above.

2. The Executive Director may modify the terms and conditions of the loan or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in his/her absence, the Acting Deputy Director of Multifamily Programs of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution 15-07 adopted at a duly constituted meeting of the Board of the Agency held on May 14, 2015, at Sacramento, California.

ATTEST:_______________________
Secretary

State of California

M E M O R A N D U M

To: Board of Directors **Date:** April 30, 2015

Tim Hsu, Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: AMENDED AND RESTATED ANNUAL SINGLE FAMILY BOND FINANCING AUTHORIZATION, RESOLUTION 15-08

Resolution 15-08 amends and restates Resolution 15-01. It clarifies the Board's delegated authority to the Executive Director and the Secretary: i) to replace the Credit and Liquidity Facility currently provided by the GSEs; ii) to execute and acknowledge and to deliver to the Trustees one or more amendments to any Prior Indenture or any New Debt-Management Indenture; iii) to execute and acknowledge and to deliver to the Trustees one or more amendments to any series and/or supplemental indentures under any of the Prior Indentures or any New Debt-Management Indenture; iv) to execute and acknowledge and to deliver to the Trustees one or more amendments to Article I through XII of the RMR Indenture or to any New MBS Indenture; v) to execute and acknowledge and to deliver to the Trustees one or more amendments to any series and/or supplemental indentures under either Articles I through XII of the RMR Indenture or any new MBS Indenture; vi) to execute provisions of Article III for all bonds of the Agency (instead of only bonds issued under this Resolution).

Attachments

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RESOLUTION NO. 15-08

AMENDED AND RESTATED RESOLUTION OF THE CALIFORNIA HOUSING FINANCE AGENCY AUTHORIZING THE AGENCY'S SINGLE FAMILY BOND INDENTURES, THE ISSUANCE OF SINGLE FAMILY BONDS, CREDIT FACILITIES FOR HOMEOWNERSHIP PURPOSES, AND RELATED FINANCIAL AGREEMENTS AND CONTRACTS FOR SERVICES

WHEREAS, the California Housing Finance Agency (the "Agency") has determined that there exists a need in California for providing financial assistance, directly or indirectly, to persons and families of low or moderate income to enable them to purchase or refinance moderately priced single family residences ("Residences");

WHEREAS, the Agency has determined that it is in the public interest for the Agency to assist in providing such financing by means of various programs, including whole loan and mortgage-backed securities programs (collectively, the "Program") to make loans to such persons and families, or to developers, for the acquisition, development, construction and/or permanent financing of Residences (the "Loans");

WHEREAS, pursuant to Parts 1 through 4 of Division 31 of the Health and Safety Code of the State of California (the "Act"), the Agency has the authority to issue bonds to provide sufficient funds to finance the Program, including the purchase of mortgage-backed securities ("MBSs") underlain by Loans, the payment of capitalized interest on the bonds, the establishment of reserves to secure the bonds, and the payment of other costs of the Agency incident to, and necessary or convenient to, the issuance of the bonds;

WHEREAS, the Agency, pursuant to the Act, has from time to time issued various series of its Home Mortgage Revenue Bonds (the "HMP Bonds"), its Housing Program Bonds (the "HP Bonds"), and its Residential Mortgage Revenue Bonds (the "RMR Bonds"), and is authorized pursuant to the Act to issue additional HMP Bonds, HP Bonds, and RMR Bonds (collectively with bonds authorized under this resolution to be issued under new indentures, the "Bonds") to provide funds to finance the Program;

WHEREAS, the Bonds may be issued for the primary purpose of purchasing MBSs ("MBS Bonds") or for debt management purposes of the Agency ("Debt-Management Bonds");

WHEREAS, pursuant to the Act, the Agency has the authority to enter into credit facilities for the purpose of financing the Program, including the making of Loans and the payment of other costs of the Agency incident to, and necessary or convenient to, the issuance of the bonds;

WHEREAS, the Agency wishes to replace the Credit and Liquidity Facility currently provided by Fannie Mae and the Federal Home Loan Mortgage Corporation (collectively, the "GSEs"); and

WHEREAS, the Agency previously adopted Resolution 15-01;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the "Board") of the California Housing Finance Agency as follows:

ARTICLE I

AMENDMENT AND RESTATEMENT OF RESOLUTION 15-01; AUTHORIZATION AND TERMS OF DEBT-MANAGEMENT BONDS

Section 1. **Amendment and Restatement of Resolution 15-01; Determination of Need and Amount of Debt-Management Bonds**. Resolution 15-01 is hereby amended and restated in its entirety by this Resolution.

The Agency is of the opinion and hereby determines that the issuance of one or more series of Debt-Management Bonds in an aggregate amount not to exceed the aggregate amount of Bonds and/or other qualified mortgage bonds (including bonds of issuers other than the Agency) to be redeemed in connection with such issuance is necessary to provide sufficient funds for the management of the Agency's existing debt related to the Program. In no event may proceeds of or allocable to Debt-Management Bonds be used to purchase Loans or MBSs.

Section 2. **Authorization and Timing of Debt-Management Bonds**. The Debt-Management Bonds are hereby authorized to be issued in such aggregate amount at such time or times on or before the day 60 days after the date on which is held the first meeting of the Board on or after March 1, 2016 at which a quorum is present, as the Executive Director of the Agency (the "Executive Director") deems appropriate, upon consultation with the Treasurer of the State of California (the "Treasurer") as to the timing of each such issuance; provided, however, that if the bonds are sold at a time on or before the day 60 days after the date on which is held such meeting, pursuant to a forward purchase or drawdown agreement providing for the issuance of such Debt-Management Bonds on or before October 1, 2017 upon specified terms and conditions, such Debt-Management Bonds may be issued on such later date.

Section 3. **Approval of Forms of Indentures Related to Debt-Management Bonds and Amendments**. The Executive Director and the Secretary of the Board of Directors of the Agency (the "Secretary") are hereby authorized and directed, for and on behalf and in the name of the Agency in connection with the issuance of Debt-Management Bonds, to execute and acknowledge and to deliver to the Treasurer as trustee and/or, if appropriate, to a duly qualified bank or trust company selected by the Executive Director to act, with the approval of the Treasurer, as trustee or co-trustee, fiscal agent or paying agent of the Agency (collectively, the "Trustees"), one or more new indentures, trust agreements or similar documents providing for the issuance of Debt-Management Bonds (the "New Debt-Management Indentures"), in one or more forms similar to one or more of the following (collectively, the "Prior Indentures"):

(a) those certain indentures pertaining to the HMP Bonds (the "HMP Indentures");

(b) that certain indenture pertaining to the HP Bonds (the "HP Indenture"); and/or

(c) that certain indenture relating to the RMR Bonds, as amended and supplemented (the "RMR Indenture"), other than Article XIII thereof.

Each such New Debt-Management Indenture may be executed, acknowledged and delivered with such changes therein as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof. Changes reflected in any New Debt-Management Indenture may include provision for a supplemental pledge of Agency moneys or assets (including but not limited to, a deposit from the Supplementary Bond Security Account created under Section 51368 of the Act) and provision for the Agency's general obligation to additionally secure the Debt-Management Bonds if appropriate in furtherance of the objectives of the Program; *provided* that such provisions may be therein included with respect to such Debt-Management Bonds *only* if and to the extent any such provision was made with respect to the bonds thereby refunded, and *provided further* that in each such case the Executive Director shall have determined that the inclusion of such provisions with respect to the Debt-Management Bonds is not expected to result in greater financial risk to the Agency or its General Fund than existed with respect to the bonds thereby refunded. *Notwithstanding* the immediately preceding sentence, any New Debt-Management Indenture may provide for the deposit and/or pledge of unpledged moneys or assets of the Agency (which may include mortgage loans and/or mortgage-backed securities) to additionally secure Debt-Management Bonds if appropriate in furtherance of the objectives of the Program, in an amount not to exceed 10% of the principal amount of the bonds thereby refunded; *provided* that the Executive Director shall have determined that any such deposit and/or pledge is expected to result in a net economic benefit to the Agency; and *provided further* that the aggregate amount of all such deposits and/or pledges authorized pursuant to this sentence and the last sentence of Section 4 of this resolution shall not exceed $50,000,000.

The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver to the Trustees one or more amendments to any Prior Indenture or any New Debt-Management Indenture, each with such provisions as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. **Approval of Forms of Series and Supplemental Indentures Related to Debt-Management Bonds and Amendments**. The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver with respect to each series of Debt-Management Bonds, if and to the extent appropriate, series and/or supplemental indentures (each a "Debt-Management Supplemental Indenture") under one of the Prior Indentures or a New Debt-Management Indenture and in substantially the form of the respective supplemental indentures previously executed and delivered or approved, each with such changes therein as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof. Changes reflected in any Debt-Management Supplemental Indenture may include provision for a supplemental pledge of

Agency moneys or assets (including but not limited to, a deposit from the Supplementary Bond Security Account created under Section 51368 of the Act) and provision for the Agency's general obligation to additionally secure the Bonds if appropriate in furtherance of the objectives of the Program; *provided* that such provisions may be therein included with respect to such Debt-Management Bonds only if and to the extent any such provision was made with respect to the bonds thereby refunded, and *provided further* that in each such case the Executive Director shall have determined that the inclusion of such provisions with respect to the Debt-Management Bonds is not expected to result in greater financial risk to the Agency or its General Fund than existed with respect to the bonds thereby refunded. *Notwithstanding* the immediately preceding sentence, any Debt-Management Supplemental Indenture may provide for the deposit and/or pledge of unpledged moneys or assets of the Agency (which may include mortgage loans and/or mortgage-backed securities) to additionally secure Debt-Management Bonds if appropriate in furtherance of the objectives of the Program, in an amount not to exceed 10% of the principal amount of the bonds thereby refunded; *provided* that the Executive Director shall have determined that any such deposit and/or pledge is expected to result in a net economic benefit to the Agency; and *provided further* that the aggregate amount of all such deposits and/or pledges authorized pursuant to this sentence and the last sentence of Section 3 of this resolution shall not exceed $50,000,000.

The Executive Director is hereby expressly authorized and directed, for and on behalf and in the name of the Agency, to determine in furtherance of the objectives of the Program those matters required to be determined under the applicable Prior Indenture or any New Debt-Management Indenture, as appropriate, in connection with the issuance of each such series, including, without limitation, any reserve account requirement or requirements for such series.

The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver to the Trustees one or more amendments to any series and/or supplemental indentures under any of the Prior Indentures or any New Debt-Management Indenture, each with such provisions as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. **Approval of Forms and Terms of Debt-Management Bonds**. The Debt-Management Bonds shall be in such denominations, have such registration provisions, be executed in such manner, be payable in such medium of payment at such place or places within or without California, be subject to such terms of redemption (including from such sinking fund installments as may be provided for) and contain such terms and conditions as each Debt-Management Supplemental Indenture as finally approved shall provide. The Debt-Management Bonds shall have the maturity or maturities and shall bear interest at the fixed, adjustable or variable rate or rates deemed appropriate by the Executive Director in furtherance of the objectives of the Program; provided, however, that no Debt-Management Bond shall have a term in excess of the maturity of the bonds thereby refunded or bear interest at a stated rate in excess of fifteen percent (15%) per annum, or in the case of variable rate bonds a maximum floating interest rate of twenty-five percent (25%) per annum. Any of the Debt-Management Bonds and the Debt-Management Supplemental Indenture(s) may contain such provisions as may be necessary to accommodate an option to put such Bonds prior to maturity for purchase by or on behalf of the Agency or a person other than the Agency, to accommodate the requirements of any provider of bond insurance or other credit enhancement or liquidity support or to accommodate the requirements of purchasers of indexed floaters, provided that variable-rate Debt-Management Bonds may not be issued to refund fixed-rate bonds.

Section 6. **Authorization of Financial Agreements Related to Debt-Management Bonds**. Subject to the limitation set forth in the last sentence of this Section, the Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, any and all agreements and documents designed (i) to reduce or hedge the amount or duration of any payment, interest rate, spread or similar risk, (ii) to result in a lower cost of borrowing when used in combination with the issuance or carrying of bonds or investments, or (iii) to enhance the relationship between risk and return with respect to the Program or any portion thereof (each of the foregoing a "Hedging Instrument"). To the extent authorized by law, including Government Code Section 5922, such agreements or other documents may include (a) interest rate swap agreements; (b) forward payment conversion agreements; (c) futures or other contracts providing for payments based on levels of, or changes in, interest rates or other indices; (d) contracts to exchange cash flows for a series of payments; (e) contracts, including, without limitation, interest rate floors or caps, options, puts or calls to hedge payment, interest rate, spread or similar exposure; (f) contracts to obtain guarantees, including guarantees of mortgage-backed securities or their underlying loans; or (g) letters of credit, standby bond purchase agreements, or other similar arrangements; and in each such case may be entered into in anticipation of the issuance of bonds at such times as may be determined by such officers. Such agreements and other documents are authorized to be entered into with parties selected by the Executive Director, after giving due consideration for the creditworthiness of the counterparties, where applicable, or any other criteria in furtherance of the objectives of the Program. *Notwithstanding* anything herein to the contrary, a Hedging Instrument may be entered into only for the purposes of amending, modifying or replacing a then-existing Hedging Instrument and may in no event increase the notional amount outstanding under the Hedging Instrument so amended, modified or replaced.

ARTICLE II

AUTHORIZATION AND TERMS OF MBS BONDS

Section 7. **Determination of Need and Amount of MBS Bonds**. The Agency is of the opinion and hereby determines that the issuance of one or more series of MBS Bonds, in an aggregate amount not to exceed the sum of the following amounts, is necessary to provide sufficient funds for the Program:

(a) the aggregate amount available for the retirement of Bonds and/or other qualified mortgage bonds and deemed replaced for federal tax law purposes with proceeds of such issuance,

(b) the aggregate amount of private activity bond allocations under federal tax law heretofore or hereafter made available to the Agency for such purpose, and

(c) if and to the extent interest on one or more of such series of Bonds is determined by the Executive Director to be intended not to be excludable from gross income for federal income tax purposes, $100,000,000.

Section 8. **Authorization and Timing of MBS Bonds**. The MBS Bonds are hereby authorized to be issued in such aggregate amount at such time or times on or before the day 60 days after the date on which is held the first meeting of the Board on or after March 1, 2016 at which a quorum is present, as the Executive Director of the Agency (the "Executive Director") deems appropriate, upon consultation with the Treasurer of the State of California (the "Treasurer") as to the timing of each such issuance; provided, however, that if the bonds are sold at a time on or before the day 60 days after the date on which is held such meeting, pursuant to a forward purchase or drawdown agreement providing for the issuance of such Bonds on or before October 1, 2017 upon specified terms and conditions, such Bonds may be issued on such later date.

Section 9. **Approval of Forms of Indentures Related to MBS Bonds and Amendments**. The Executive Director and the Secretary of the Board of Directors of the Agency (the "Secretary") are hereby authorized and directed, for and on behalf and in the name of the Agency in connection with the issuance of MBS Bonds, to execute and acknowledge and to deliver to the Trustees one or more new indentures, trust agreements or similar documents providing for the issuance of MBS Bonds (the "New MBS Indentures"), in one or more forms similar to Articles I through XII of the RMR Indenture.

Each such New MBS Indenture may be executed, acknowledged and delivered with such changes therein as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof. Changes reflected in any New MBS Indenture may include provision for a supplemental pledge of Agency moneys or assets (including but not limited to a deposit from the Supplementary Bond Security Account created under Section 51368 of the Act) to additionally secure the MBS Bonds if appropriate in furtherance of the objectives of the Program.

The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver to the Trustees one or more amendments to Articles I through XII of the RMR Indenture or to any New MBS Indenture, each with such provisions as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 10. **Fixed-Rate Bonds Only; No Hedging Instruments**. MBS Bonds shall be issued only as fixed-rate bonds, and no Hedging Instrument shall be entered into with respect to MBS Bonds.

Section 11. **Approval of Forms of Series and Supplemental Indentures Related to MBS Bonds and Amendments**. The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver with respect to each series of MBS Bonds, if and to the extent appropriate, series and/or supplemental indentures (each an "MBS Supplemental Indenture";

together with the Debt-Management Supplemental Indenture, the "Supplemental Indenture") under either Articles I through XII of the RMR Indenture or a new MBS Indenture and in substantially the form of the respective supplemental indentures previously executed and delivered or approved, each with such changes therein as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof. Changes reflected in any MBS Supplemental Indenture may include provision for a supplemental pledge of Agency moneys or assets (including but not limited to, a deposit from the Supplementary Bond Security Account created under Section 51368 of the Act) to additionally secure the Bonds if appropriate in furtherance of the objectives of the Program.

The Executive Director is hereby expressly authorized and directed, for and on behalf and in the name of the Agency, to determine in furtherance of the objectives of the Program those matters required to be determined under Articles I through XII of the RMR Indenture or any New MBS Indenture, as appropriate, in connection with the issuance of each such series, including, without limitation, any reserve account requirement or requirements for such series.

The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver to the Trustees one or more amendments to any series and/or supplemental indentures under either Articles I through XII of the RMR Indenture or any new MBS Indenture, each with such provisions as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 12. **Approval of Forms and Terms of MBS Bonds**. The MBS Bonds shall be in such denominations, have such registration provisions, be executed in such manner, be payable in such medium of payment at such place or places within or without California, be subject to such terms of redemption (including from such sinking fund installments as may be provided for) and contain such terms and conditions as each MBS Supplemental Indenture as finally approved shall provide. The MBS Bonds shall have the maturity or maturities and shall bear interest at the fixed rate or rates deemed appropriate by the Executive Director in furtherance of the objectives of the Program; provided, however, that no MBS Bond shall have a term in excess of thirty-five (35) years or bear interest at a stated rate in excess of fifteen percent (15%) per annum.

ARTICLE III

PROVISIONS APPLICABLE TO ALL BONDS OF THE AGENCY

Section 13. **Authorization of Disclosure**. The Executive Director is hereby authorized to circulate one or more Preliminary Official Statements relating to the Bonds and, after the sale of the Bonds, to execute and circulate one or more Official Statements relating to the Bonds, and the circulation of such Preliminary Official Statements and such Official Statements to prospective and actual purchasers of the Bonds is hereby approved. The Executive Director is further authorized to hold information meetings concerning the Bonds and to distribute other information and material relating to the Bonds. Circulation of Preliminary

Official Statements and Official Statements and distribution of information and material as provided above in this Section may be accomplished through electronic means or by any other means approved therefor by the Executive Director, such approval to be conclusively evidenced by such circulation or distribution.

Section 14. **Authorization of Sale of Bonds**. The Bonds are hereby authorized to be sold at negotiated or competitive sale or sales, including but not limited to private placements and public offerings. The Executive Director is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver one or more purchase contracts (including one or more forward purchase agreements) relating to the Bonds, by and among the Agency, the Treasurer and such underwriters or other purchasers as the Executive Director may select (the "Purchasers"), in the form or forms approved by the Executive Director upon consultation with the Agency's legal counsel, such approval to be evidenced conclusively by the execution and delivery of said purchase contract by the Executive Director.

The Treasurer is hereby authorized and requested, without further action of the Board and unless instructed otherwise by the Board, to sell each series of Bonds at the time and place and pursuant to the terms and conditions set forth in each such purchase contract as finally executed. The Treasurer is hereby further authorized and requested to deposit the proceeds of any good faith deposit to be received by the Treasurer under the terms of a purchase contract in a special trust account for the benefit of the Agency, and the amount of said deposit shall be retained by the Agency, applied at the time of delivery of the applicable Bonds as part of the purchase price thereof, or returned to the Purchasers, as provided in such purchase contract.

Section 15. **Authorization of Execution of Bonds**. The Executive Director is hereby authorized and directed to execute, and the Secretary is hereby authorized to attest, for and on behalf and in the name of the Agency and under its seal, the Bonds, in an aggregate amount not to exceed the amount authorized hereby, in accordance with the Prior Indenture(s), the Supplemental Indenture(s), the New Debt-Management Indenture(s) or the New MBS Indenture(s) and in one or more of the forms set forth in the Prior Indenture(s), the Supplemental Indenture(s), the New Debt-Management Indenture(s) or the New MBS Indenture(s), as appropriate.

Section 16. **Authorization of Delivery of Bonds**. The Bonds, when so executed, shall be delivered to the Trustees to be authenticated by, or caused to be authenticated by, the Trustees. The Trustees are hereby requested and directed to authenticate, or cause to be authenticated, the Bonds by executing the certificate of authentication and registration appearing thereon, and to deliver the Bonds when duly executed and authenticated to the Purchasers in accordance with written instructions executed on behalf of the Agency by the Executive Director, which instructions said officer is hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and deliver. Such instructions shall provide for the delivery of the Bonds to the Purchasers upon payment of the purchase price or prices thereof.

Section 17. **Authorization of Program Documents**. The Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, all documents they deem necessary or appropriate in connection with the Program, including, but not limited to, one or more mortgage purchase and servicing agreements (including mortgage-backed security pooling agreements) and one or more loan servicing agreements with such lender or lenders or such servicer or servicers as the Executive Director may select in accordance with the purposes of the Program, and any such selection of a lender or lenders or a servicer or servicers is to be deemed approved by this Board as if it had been made by this Board. The proceeds of MBS Bonds to be issued under the authority of this Resolution shall be used to purchase MBSs guaranteed by Fannie Mae, Freddie Mac, Ginnie Mae, or other appropriate guarantor and shall not be used to purchase whole loans. The MBSs to be purchased may be underlain by loans that have terms of 30 years or less.

The Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more mortgage sale agreements with such purchasers as the Executive Director may select in accordance with the objectives of the Program, including but not limited to such agreements with Fannie Mae, Freddie Mac or other government-sponsored enterprise or similar entity for such sales in bulk or otherwise. Any such sale of Loans may be on either a current or a forward purchase basis.

The Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, contracts to conduct foreclosures of mortgages owned or serviced by the Agency with such attorneys or foreclosure companies as the Executive Director may select in accordance with the objectives of the Program.

The Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, contracts for the sale of foreclosed properties with such purchasers as the Executive Director may select in accordance with the objectives of the Program. Any such sale of foreclosed properties may be on either an all cash basis or may include financing by the Agency. The Executive Director and the other officers of the Agency are also authorized to enter into any other agreements, including but not limited to real estate brokerage agreements and construction contracts necessary or convenient for the rehabilitation, listing and sale of such foreclosed properties.

The Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, (i) contracts or agreements for the purchase or sale of mortgage-backed securities; (ii) servicing agreements, including master servicing agreements, in connection with the operation of a program of mortgage-backed securities; (iii) agreements with government-sponsored enterprises, or other secondary market issuers or guarantors of mortgage-backed securities; and (iv) such other program documents as are necessary or appropriate for the operation of a program of mortgage-backed securities.

Section 18. **Authorization of Credit Facilities**. The Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more short-term or long-term credit facilities, including but not limited to repurchase agreements, for the purposes of (i) financing the purchase of Loans and/or mortgage-backed securities on an interim basis, prior to the financing thereof with Bonds, whether issued or to be issued; (ii) financing expenditures of the Agency incident to, and necessary or convenient to, the issuance of Bonds, including, but not limited to, Agency expenditures to pay costs of issuance, capitalized interest, redemption price of prior bonds of the

Agency, costs relating to credit enhancement or liquidity support, costs relating to investment products, or net payments and expenses relating to interest rate hedges and other financial products; and (iii) enabling the Agency to restructure existing debt and related purposes, including, but not limited to, the redemption of existing bonds and the acquisition of bonds that have been put to liquidity providers as bank bonds. Any such credit facility may be from any appropriate source, including, but not limited to, the Pooled Money Investment Account pursuant to Government Code Section 16312; provided, however, that the aggregate outstanding principal amount of credit facilities authorized under this resolution or Resolution No. 15-02 (the multifamily financing resolution adopted at the same meeting), as amended from time to time, may not at any time exceed $200,000,000 (separate and apart from the amount of Bonds authorized by Sections 1 and 7 of this resolution).

The Executive Director and the other officers of the Agency are hereby authorized to use available Agency moneys (other than and in addition to the proceeds of bonds) (i) to make or purchase Loans and/or mortgage-backed securities to be financed by bonds (including bonds authorized by prior resolutions of this Board) in anticipation of draws on a credit facility, the issuance of Bonds or the availability of Bond proceeds for such purposes and (ii) to purchase Agency bonds to enable the Agency to restructure its debt and for related purposes as authorized under Resolution No. 08-42 and any future Board resolutions thereto amendatory or supplemental.

In furtherance and not in limitation of the foregoing, the Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more short-term or long-term credit and/or liquidity facilities, with one or more banks or other financial institutions, to replace the Credit and Liquidity Facility currently provided by the GSEs.

Section 19. **Ratification of Prior Actions; Not a Repeal of Prior Resolutions**. All actions previously taken by the Agency relating to the implementation of the Program, the issuance of the Bonds, the issuance of any prior bonds (the "Prior Bonds"), the execution and delivery of related financial agreements and related program agreements and the implementation of any credit facilities as described above, including, but not limited to, such actions as the distribution of the Agency's Lender Program Manual, Mortgage Purchase and Servicing Agreement, Servicing Agreement, Developer Agreement, Servicer's Guide, Program Bulletins and applications to originate and service loans, and the sale of any foreclosed property, are hereby ratified.

This resolution is not intended to repeal in whole or in part any prior resolution of the Agency with respect to the authority granted to the Executive Director and the other officers of the Agency in relation to Prior Bonds and related agreements, including but not limited to (i) the authority to determine in furtherance of the objectives of the Program those matters required to be determined in relation to Prior Bonds, whether under indentures or other related agreements, and (ii) the authority to amend, modify or replace financial agreements of the types described in Section 6 of this resolution.

Section 20. **Authorization of Related Actions and Agreements**. The Treasurer and any duly authorized deputy thereof and the Executive Director and the officers of the Agency and any other persons authorized in writing by the Executive Director are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all agreements and documents which they deem necessary or advisable in order to consummate the issuance, sale, delivery, remarketing, conversion and administration of Bonds and Prior Bonds and otherwise to effectuate the purposes of this resolution, including declaring the official intent of the Agency for purposes of U.S. Treasury Regulations Section 1.150-2, and including executing and delivering any amendment or supplement to any agreement or document relating to Bonds or Prior Bonds in any manner that would be authorized under this resolution if such agreement or document related to Bonds is authorized by this resolution. Such agreements may include, but are not limited to, remarketing agreements, tender agreements or similar agreements regarding any put option for the Bonds or Prior Bonds, broker-dealer agreements, market agent agreements, auction agent agreements or other agreements necessary or desirable in connection with the issuance of Bonds in, or the conversion of Bonds or Prior Bonds to, an indexed rate mode, agreements for the investment of moneys relating to the Bonds or Prior Bonds, reimbursement agreements, letters of credit, intercreditor agreements or other arrangements relating to any credit enhancement or liquidity support or put option provided for the Bonds or Prior Bonds, continuing disclosure agreements and agreements for necessary services provided in the course of the issuance of the bonds, including but not limited to, agreements with bond underwriters and placement agents, private placement purchasers, bond trustees, bond counsel and financial advisors and contracts for consulting services or information services relating to the financial management of the Agency, including advisors or consultants on interest rate swaps, cash flow management, and similar matters, and contracts for financial printing and similar services.

This resolution shall constitute full, separate, complete and additional authority for the execution and delivery of all agreements and instruments described in this resolution, without regard to any limitation in the Agency’s regulations and without regard to any other resolution of the Board that does not expressly amend and limit this resolution.

The Executive Director and the officers of the Agency and any other persons authorized in writing by the Executive Director are hereby authorized and directed, jointly and severally, in connection with the issuance of bonds authorized under this resolution, to use funds of the Agency to purchase MBSs, make a capital contribution with respect to such bonds, establish reserves to secure such bonds, and pay other costs of the Agency incident to, and necessary or convenient to, the issuance of such bonds.

Section 21. **Additional Delegation**. All actions by the Executive Director approved or authorized by this resolution may be taken by the Chief Deputy Director of the Agency, the Director of Financing of the Agency, the Financing Risk Manager of the Agency or any other person specifically authorized in writing by the Executive Director, and except to the extent otherwise taken by another person shall be taken by the Chief Deputy Director during any period in which the office of the Executive Director is vacant.

SECRETARY'S CERTIFICATE

I, Victor James, Secretary of the Board of Directors of the California Housing Finance Agency, do hereby certify that the foregoing is a full, true, and correct copy of Resolution No. 15-__ duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 14th day of May, 2015, of which meeting all said directors had due notice; and that at said meeting said Resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

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 14th day of May, 2015.

[SEAL]

____

Victor James
Secretary of the Board of Directors of the
California Housing Finance Agency

SECRETARY'S CERTIFICATE

I, Victor James, Secretary of the Board of Directors of the California Housing Finance Agency, hereby certify that the foregoing is a full, true, and correct copy of Resolution No. 15-__ duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 14th day of May, 2015, of which meeting all said directors had due notice; and that at said meeting said Resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true, and correct copy of the original Resolution adopted at said meeting and entered in said minutes; and that said Resolution has not been amended, modified or rescinded in any manner since the date of its adoption, and the same is now in full force and effect.

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 ___ day of ________________, 2015.

[SEAL]

____

Secretary of the Board of Directors of the
California Housing Finance Agency

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State of California

M E M O R A N D U M

To: Board of Directors **Date:** April 30, 2015

Tim Hsu, Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: ANNUAL SINGLE FAMILY NON-BOND FINANCING AUTHORIZATION RESOLUTION 15-09

Resolution 15-09 would give the Executive Director the authority necessary to finance various single-family programs with non-bond financing mechanisms. The following summarize the main authorizations contained in each of the three articles.

ARTICLE I – AUTHORIZATION OF MBS SECURITIZATION STRATEGIES AND LOAN PRODUCTS

Article I authorizes the utilization of the MBS securitization model as the Agency's non-bond single-family lending platform.

ARTICLE II – FUNDING AUTHORIZATION FOR ALL WHOLE LOAN PRODUCTS

Article II authorizes up to $20,000,000 for the purchase of first lien whole loans using Agency funds.

Article II authorizes up to $5,000,000 for the purchase of subordinate whole loans using Agency funds, but there shall be no limit on subordinate loans financed with securitization proceeds.

ARTICLE III – PROVISIONS APPLICABLE TO ALL SINGLE FAMILY LOAN PRODUCT ACTIVITIES

Article III authorizes the Executive Director to enter into all documents necessary or appropriate in connection with all non-bond financed single-family loan product activities.

Article III authorizes the Executive Director: i) to acquire a short-term or long-term credit facility from lenders; ii) to provide a short-term or long-term credit facility to the master servicer(s).

Attachments

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RESOLUTION NO. 15-09

RESOLUTION OF THE CALIFORNIA HOUSING FINANCE AGENCY AUTHORIZING THE AGENCY'S SINGLE FAMILY NON-BOND FINANCING MECHANISMS FOR HOMEOWNERSHIP PURPOSES, AND RELATED FINANCIAL AGREEMENTS AND CONTRACTS FOR SERVICES

WHEREAS, the California Housing Finance Agency (the "***Agency***") has determined that there exists a need in California for providing financial assistance, directly or indirectly, to persons and families of low and moderate income to enable them to purchase or refinance moderately priced single family homes;

WHEREAS, the Agency has determined that it is in the public interest for the Agency to assist in providing such financing by means of various programs, including whole loans and mortgage-backed securities programs (collectively, the "***Program***") to make or finance loans to such persons and families, to local public entities or to developers, for the acquisition, development, construction and/or permanent financing of homes (the "***Loans***");

WHEREAS, pursuant to Parts 1 through 4 of Division 31 of the Health and Safety Code of the State of California (the "***Act***"), the Agency may invest in, purchase, or make commitments to purchase, and take assignments from qualified mortgage lenders of mortgage loans, and purchase mortgage-backed securities ("***MBSs***") underlain by Loans;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the "***Board***") of the California Housing Finance Agency as follows:

ARTICLE I

AUTHORIZATIONOF MBS SECURITIZATION STRATEGIES AND LOAN PRODUCTS

<u>Section 1.</u> The Agency's single family lending division is hereby authorized to utilize the MBS securitization model as the Agency's non-bond single family lending platform. This model requires the Agency to engage a master servicer(s). A subset of MBS securitization, the TBA model, is an example of non-bond lending, the use of which was previously authorized by the Board in Resolution 13-09. The Agency's underwriting requirements will conform to Fannie Mae, Freddie Mac, or Ginnie Mae ("***GSE***"), Federal Housing Administration ("***FHA***") products and programs, and occasionally be combined with additional Agency overlays, such as those previously approved by the Board in Resolutions 13-18 and 14-08, to determine loan product requirements. The Agency shall offer a variety of first loan options, consistent with GSE and FHA guidelines. Agency staff shall periodically update the Board on program and product modifications.

ARTICLE II

FUNDING AUTHORIZATION FOR ALL WHOLE LOAN PRODUCTS

Section 2. Funding of First Lien Whole Loans. The Agency may purchase up to Twenty Million and no/100s Dollars ($20,000,000.00) of first lien whole loans using Agency funds.

Section 3. Funding of Subordinate Loans. The Agency may purchase subordinate loans using Agency funds or funds that the Agency controls or administers. The upper limit on subordinate loans purchased by the Agency using the Agency's own funds shall be Five Million and no/100s Dollars ($5,000,000.00), but there shall be no monetary limit if the subordinate loans are financed with securitization proceeds. Current examples of down-payment assistance loans include the "Zip" and "Plus" subordinate products financed through the TBA model.

ARTICLE III

PROVISIONS APPLICABLE TO ALL SINGLE FAMILY LOAN PRODUCT ACTIVITIES

Section 4. Authorization of Program Documents. The Executive Director and other employees authorized by Section 8 ("***Authorized Employees***") are hereby authorized to enter into, for and in the name and on behalf of the Agency, all documents they deem necessary or appropriate in connection with the Program, including, but not limited to, one or more mortgage purchase and servicing agreements (including mortgage-backed security pooling agreements) and one or more loan servicing agreements with such lender or lenders or such servicer or servicers, as the Executive Director may select in accordance with the purposes of the Program, and any such selection of a lender or lenders or a servicer or servicers is to be deemed approved by this Board as if it had been made by this Board. The Executive Director and Authorized Employees of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more mortgage sale agreements with such purchasers as the Executive Director may select in accordance with the objectives of the Program, including but not limited to such agreements with GSEs or similar entity for such sales in bulk or otherwise. Any such sale of Loans may be on either a current or a forward purchase basis. The Executive Director and Authorized Employees of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, agreements required for CalHFA to participate in the GSE's loan programs. The Executive Director and Authorized Employees of the Agency are hereby authorized to enter into agreements to employ a financial advisor and/or acquire pipeline management software to assist in managing the loan pipeline.

The Executive Director and Authorized Employees of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, inter-Agency agreements, monitoring agreements, memoranda of understanding, and similar such agreements for the facilitation of cooperative partnerships with other public entities.

The Executive Director and Authorized Employees of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, contracts to conduct foreclosures of mortgages owned or serviced by the Agency with such attorneys or foreclosure companies as the Executive Director may select in accordance with the objectives of the Program.

The Executive Director and Authorized Employees of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, contracts for the sale of foreclosed properties with such purchasers as the Executive Director may select in accordance with the objectives of the Program. Any such sale of foreclosed properties may be on either an all cash basis or may include financing by the Agency. The Executive Director and Authorized Employees of the Agency are also authorized to enter into any other agreements, including but not limited to real estate brokerage agreements and construction contracts necessary or convenient for the rehabilitation, listing and sale of such foreclosed properties.

The Executive Director and Authorized Employees of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency: (i) contracts or agreements for the purchase or sale of mortgage-backed securities; (ii) servicing agreements, including master servicing agreements, in connection with the operation of a program of mortgage-backed securities; (iii) agreements with GSEs, or other secondary market issuers or guarantors of mortgage-backed securities; (iv) master trade confirmation or similar agreements with a hedge facilitator; (v) contracts and agreements with broker-dealers to hedge the Agency's loan commitments and all related documents required to carry out the activities described in the Agency's Master Hedge Policy; and (vi) such other program documents as are necessary or appropriate for the operation of a program of mortgage-backed securities.

<u>Section 5. Authorization of Credit Facilities.</u>

(a) Acquiring Credit Facilities from Lenders. The Executive Director and Authorized Employees of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more short-term or long-term credit facilities, including but not limited to repurchase agreements, for the purposes of financing the purchase of Loans and/or mortgage-backed securities on an interim basis.

(b) Providing Credit Facilities to master servicers. The Agency may utilize Agency funds to provide a warehouse line of credit to the master servicer(s).

<u>Section 6. Ratification of Prior Actions; Not a Repeal of Prior Resolutions.</u> All actions previously taken by the Agency relating to the implementation of the Program, the execution and delivery of related financial agreements and related program agreements and the implementation of any credit facilities as described above, including, but not limited to, such actions as the distribution of the Agency's Lender Program Manual, Mortgage Purchase and Servicing Agreement, Servicing Agreement, Developer Agreement, Servicer's Guide, Program Bulletins and applications to originate and service loans, and the sale of any foreclosed property, are hereby ratified.

This resolution is not intended to repeal in whole or in part any prior resolution of the Agency with respect to the authority granted to the Executive Director and Authorized Employees of the Agency in relation to related agreements, including but not limited to the authority to determine in furtherance of the objectives of the Program those matters required to be determined.

Section 7. Authorization of Related Actions and Agreements. The Executive Director and Authorized Employees of the Agency and any other persons authorized in writing by the Executive Director are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all agreements and documents which they deem necessary or advisable in order to consummate the purchase and sale of residential home loans and mortgage-backed securities. This resolution shall constitute full, separate, complete and additional authority for the execution and delivery of all agreements and instruments described in this resolution, without regard to any limitation in the Agency's regulations and without regard to any other resolution of the Board that does not expressly amend and limit this resolution.

Section 8. Additional Delegation. All actions by the Executive Director approved or authorized by this resolution may be taken by the Chief Deputy Director of the Agency, the Director of Financing of the Agency, the Financing Risk Manager of the Agency or any other person specifically authorized in writing by the Executive Director, and except to the extent otherwise taken by another person shall be taken by the Chief Deputy Director during any period in which the office of the Executive Director is vacant.

Section 9. Duration of Authority. The authority granted under this resolution shall remain in full force and effect until the day 60 days after the first date after March 1, 2016 on which is held a meeting of the Board of Directors of the Agency at which a quorum is present.

SECRETARY'S CERTIFICATE

I, Victor J. James, II, Secretary of the Board of Directors of the California Housing Finance Agency, do hereby certify that the foregoing is a full, true, and correct copy of Resolution No. 15-09 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 14th day of May, 2015, of which meeting all said directors had due notice; and that at said meeting said Resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

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 17th day of March, 2015.

[SEAL]

VICTOR J. JAMES, II
Secretary of the Board of Directors of the
California Housing Finance Agency

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State of California

M E M O R A N D U M

To: Board of Directors **Date:** April 30, 2015

Tim Hsu, Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: AMENDED AND RESTATED ANNUAL MULTIFAMILY BOND FINANCING AUTHORIZATION, RESOLUTION 15-10

Resolution 15-10 amends and restates Resolution 15-02. It expands the Board's delegated authority to the Executive Director under Article II, Section 9: i) to approve the financing of uninsured mortgage loans that are subordinate to the Agency's first lien financing for a Development if the Executive Director determines that the risks with regard to financing the uninsured subordinate loans are acceptable and are outweighed by the benefits to the Agency; ii) to permit such uninsured loans to be used to secure New Money Bonds.

Attachments

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RESOLUTION NO. 15-10

AMENDED AND RESTATED RESOLUTION OF THE CALIFORNIA HOUSING FINANCE AGENCY AUTHORIZING THE FINANCING OF THE AGENCY'S MULTIFAMILY HOUSING PROGRAM, THE ISSUANCE OF MULTIFAMILY BONDS, THE AGENCY'S MULTIFAMILY BOND INDENTURES, CREDIT FACILITIES FOR MULTIFAMILY PURPOSES, AND RELATED FINANCIAL AGREEMENTS AND CONTRACTS FOR SERVICES

WHEREAS, the California Housing Finance Agency (the "***Agency***") has determined that there exists a need in California for the financing of mortgage loans for the acquisition, construction, rehabilitation, refinancing or development of multi-unit rental housing developments for the purpose of providing housing for persons and families of low or moderate income (the "***Developments***");

WHEREAS, the Agency has determined that it is in the public interest for the Agency to assist in providing such financing by means of an ongoing program (the "***Program***") to make or acquire, or to make loans to lenders to make or acquire, mortgage loans, or to act as a conduit bond issuer, for the purpose of financing such Developments (the "***Loans***");

WHEREAS, pursuant to Parts 1 through 4 of Division 31 of the Health and Safety Code of the State of California (the "***Act***"), the Agency has the authority to issue bonds to provide sufficient funds to finance the Program, including the making of Loans, the payment of capitalized interest on the bonds, the establishment of reserves to secure the bonds, and the payment of other costs of the Agency incident to, and necessary or convenient to, the issuance of the bonds;

WHEREAS, pursuant to the Act, the Agency has the authority to enter into credit facilities and certain other agreements for the purpose of financing the Program, including the making of Loans and the payment of other costs of the Agency incident to, and necessary or convenient to, the issuance of the bonds; and

WHEREAS, Resolution No. 15-02 is amended, replaced and superseded in its entirety by this Resolution No. 15-10.

NOW, THEREFORE, BE IT RESOLVED, by the California Housing Finance Agency as follows:

ARTICLE I
AUTHORIZATION AND TERMS OF REFUNDING BONDS

<u>Section 1</u>. <u>Determination of Need and Amount of Refunding Bonds</u>. The Agency is of the opinion and hereby determines that the offer, sale and issuance of one or more series of multifamily housing revenue bonds ("***Refunding Bonds***") in an aggregate amount not to exceed the aggregate amount of prior multifamily bonds of the Agency to be redeemed or maturing in

connection with such issuance (the related "***Refunded Bonds***") is necessary to provide sufficient funds for the management of the Agency's existing debt related to the Program.

Section 2. Authorization and Timing of Refunding Bonds. The Refunding Bonds described in Section 1 are hereby authorized to be issued for the purpose of financing, refinancing or carrying existing Loans. Refunding Bonds may be issued at such time or times on or before the day 60 days after the first date after March 1, 2016 on which is held a meeting of the Board of Directors of the Agency (the "***Board***") at which a quorum is present, as the Executive Director of the Agency (the "***Executive Director***") deems appropriate, upon consultation with the Treasurer of the State of California (the "***Treasurer***") as to the timing of each such issuance; provided, however, that if the Refunding Bonds are sold at a time on or before the day 60 days after the date on which is held such meeting, pursuant to a forward purchase agreement providing for the issuance of such Refunding Bonds on a later date on or before October 1, 2017, upon specified terms and conditions, such Refunding Bonds may be issued on such later date.

Section 3. Approval of Refunding Bond Indentures and Certain Other Financing Documents Related to Refunding Bonds.

(a) Refunding Bonds may be issued under and pursuant to any one or more of the following (collectively, the "***Refunding Bond Prior Indentures***"):

(1) The Affordable Multifamily Housing Revenue Bonds Indenture, dated as of December 1, 2009;

(2) The Multifamily Housing Revenue Bond III Indenture, dated as of March 1, 1997;

(3) Article XIII of the Residential Mortgage Revenue Bonds Indenture, dated as of December 1, 2009, or any successor provision; or

(4) Any stand-alone conduit indenture or comparable document authorized pursuant to Section 10.

(b) The Executive Director and the Secretary of the Board (the "***Secretary***") are hereby authorized and directed, for and on behalf and in the name of the Agency, if appropriate, to execute and acknowledge and to deliver with respect to each series of Refunding Bonds, either a stand-alone conduit indenture (which may include a supplemental indenture) specified in subsection (a)(4) of this Section 3 (a "***Refunding Bond Conduit Indenture***") or a supplemental indenture (a "***Refunding Bond Supplemental Indenture***" and, collectively with the Refunding Bond Conduit Indentures, "***Refunding Bond Indentures***") under any other Refunding Bond Prior Indenture specified in this Section 3 in substantially the form of any supplemental indenture or series indenture executed or approved in connection with any of the Refunding Bond Prior Indentures, in each case with such changes therein as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

The Executive Director is hereby expressly authorized and directed, for and on behalf and in the name of the Agency, to determine in furtherance of the objectives of the Program those matters required to be determined under the applicable Refunding Bond Indenture in connection with the issuance of each such series of Refunding Bonds.

(c) For each series of Refunding Bonds, the Executive Director is hereby authorized and directed to execute, and the Secretary is hereby authorized to attest, for and in the name and on behalf of the Agency and under its seal, if and to the extent appropriate, a reimbursement agreement, letter of credit agreement, standby bond purchase agreement, or other arrangement with respect to credit enhancement or liquidity support, and any intercreditor agreement related thereto, in substantially the forms of the reimbursement agreements, letter of credit agreements, standby bond purchase agreements, other such arrangements and intercreditor agreements contemplated under the Refunding Bond Indentures or used in connection with the Refunded Bonds.

(d) Any Refunding Bond Indenture, reimbursement agreement, letter of credit agreement, standby bond purchase agreement, or other arrangement with respect to credit enhancement or liquidity support, and any intercreditor agreement related thereto, executed in connection with the issuance of Refunding Bonds may include such modifications as the Executive Director may deem necessary or desirable in furtherance of the objectives of the Program, including, but not limited to, one or more of the following purposes:

(1) For the Agency's general obligation to pay any debt secured thereby, or

(2) For risk sharing provisions dividing between the Agency and any credit provider, mortgage lender, commercial bank or other financial institution and/or FHA, in such manner as the Executive Director may deem necessary or desirable in furtherance of the objectives of the Program, the credit and financing risks relating to Refunding Bonds and the Developments financed by such Refunding Bonds;

Provided, however, that in each such case the Executive Director shall have determined that the inclusion of such provisions with respect to the Refunding Bonds is not expected to result in greater financial risk to the Agency or its General Fund than existed with respect to the related Refunded Bonds.

<u>Section 4</u>. <u>Approval of Forms and Terms of Refunding Bonds</u>. Refunding Bonds shall be in such denominations, have such registration provisions, be executed in such manner, be payable in such medium of payment at such place or places within or without California, be subject to such terms of redemption (including from such sinking fund installments as may be provided for) and contain such terms and conditions as each Refunding Bond Indenture as finally approved shall provide. Refunding Bonds shall have the maturity or maturities and shall bear interest at the fixed, adjustable or variable rate or rates deemed appropriate by the Executive Director in furtherance of the objectives of the Program; provided, however, that no Refunding Bond other than a Conduit Bond (as defined in Section 10, as to which the terms of such Section 10 shall apply) shall bear interest at a stated rate in excess of fifteen percent (15%) per annum or

have a final maturity later than forty-five years from the earlier of the date of issuance of the Refunded Bonds or, if the Refunded Bonds were refunding bonds, the original bonds in the series of refunding.

Refunding Bonds and the related Refunding Bond Indenture(s) may contain such provisions as may be necessary to accommodate an option to put such Refunding Bonds prior to maturity for purchase by or on behalf of the Agency or a person other than the Agency, to accommodate the requirements of any provider of bond insurance or other credit enhancement or liquidity support or to accommodate the requirements of purchasers of indexed floating-rate bonds.

No Variable Rate Refunding of Fixed Rate Bonds. Other than Conduit Bonds, as to which the terms of Section 10 shall apply, variable rate Refunding Bonds may not be issued to refund fixed rate bonds.

Section 5. Authorization of Other Financial Agreements Related to Refunding Bonds. The Executive Director and the other employees of the Agency authorized pursuant to Section 19 (the "***Authorized Employees***") are hereby authorized to enter into, for and in the name and on behalf of the Agency, any and all agreements and documents designed to amend, modify or replace existing agreements and documents that related to Refunded Bonds to: (a) reduce or hedge the amount or duration of any payment, interest rate, spread or similar risk with respect to Refunding Bonds or related investments; (b) result in a lower cost of borrowing when used in combination with the issuance or carrying of Refunding Bonds or related investments; or (c) enhance the relationship between risk and return with respect to the existing debt of the Program or any portion thereof; provided, however, that the aggregate notional amount of such agreements related to the Program may not be increased. Such agreements and other documents are authorized to be entered into with parties selected by the Executive Director, after giving due consideration for the creditworthiness of the counterparties, when applicable, or any other criteria in furtherance of the objectives of the management of the debt of the Program.

ARTICLE II
AUTHORIZATION AND TERMS OF NEW MONEY BONDS

Section 6. Determination of Need and Amount of New Money Bonds. The Agency is of the opinion and hereby determines that the offer, sale and issuance of one or more series of multifamily housing revenue bonds ("***New Money Bonds***") in an aggregate amount not to exceed the sum of the following amounts is necessary to provide sufficient funds for new lending under the Program:

(a) The aggregate amount of private activity bond allocations under federal tax law heretofore or hereafter made available to the Agency for such purpose; and

(b) If and to the extent the Bonds are "qualified 501(c)(3) bonds" under federal tax law, are not "private activity bonds" under federal tax law, or are determined by the Executive Director to be intended not to be tax-exempt for federal income tax purposes, $150,000,000.

<u>Section 7</u>. <u>Authorization and Timing</u>. The New Money Bonds described in Section 6 are hereby authorized to be issued for the purpose of financing, carrying or "warehousing" new Loans for the acquisition, construction, rehabilitation, refinancing or development of Developments. New Money Bonds may be issued at such time or times on or before the day 60 days after the first date after March 1, 2016 on which is held a meeting of the Board at which a quorum is present, as the Executive Director deems appropriate, upon consultation with the Treasurer as to the timing of each such issuance; provided, however, that if the New Money Bonds are sold at a time on or before the day 60 days after the date on which is held such meeting, pursuant to a forward purchase agreement providing for the issuance of such New Money Bonds on a later date on or before October 1, 2017, upon specified terms and conditions, such New Money Bonds may be issued on such later date.

<u>Section 8</u>. <u>Approval of New Money Bond Indentures and Certain Other Financing Documents</u>.

(a) New Money Bonds may be issued under and pursuant to any one or more of the following (collectively, the "***New Money Bond Prior Indentures***"):

(1) The Affordable Multifamily Housing Revenue Bonds Indenture, dated as of December 1, 2009;

(2) The Multifamily Housing Revenue Bond III Indenture, dated as of March 1, 1997; or

(3) Any stand-alone conduit indenture or comparable document authorized pursuant to Section 10.

(b) The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, if appropriate, to execute and acknowledge and to deliver with respect to each series of New Money Bonds, either a stand-alone conduit indenture (which may include a supplemental indenture) specified in subsection (a)(3) of this Section 8 (a "***New Money Bond Conduit Indenture***" and, collectively with the Refunding Bond Conduit Indentures, "***Conduit Indentures***") or a supplemental indenture (a "***New Money Bond Supplemental Indenture***," and, collectively with the New Money Bond Conduit Indentures, "***New Money Bond Indentures***") under any other New Money Bond Prior Indentures specified in this Section 8 in substantially the form of any supplemental indenture or series indenture executed or approved in connection with such New Money Bond Prior Indentures, in each case with such changes therein as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

The Executive Director is hereby expressly authorized and directed, for and on behalf and in the name of the Agency, to determine in furtherance of the objectives of the Program those matters required to be determined under the applicable New Money Bond Indenture in connection with the issuance of each such series of New Money Bonds.

<u>Section 9</u>. <u>Approval of Forms and Terms of New Money Bonds</u>. New Money Bonds shall be in such denominations, have such registration provisions, be executed in such manner, be payable in such medium of payment at such place or places within or without California, be subject to such terms of redemption (including from such sinking fund installments as may be provided for) and contain such terms and conditions as each New Money Bond Indenture as finally approved shall provide. New Money Bonds shall have the maturity or maturities and shall bear interest at fixed or convertible rates deemed appropriate by the Executive Director in furtherance of the objectives of the Program.

New Money Bonds and the related New Money Bond Indenture(s) may contain such provisions as may be necessary to accommodate an option to put such New Money Bonds prior to maturity for purchase by or on behalf of the Agency or a person other than the Agency, and/or to accommodate the requirements of any provider of bond insurance or other credit enhancement.

No Variable Rate Bonds or Hedges; Insurance or Credit Enhancement Required. Other than a Conduit Bond, as to which the terms of Section 10 shall apply: (a) no New Money Bond shall be issued bearing a variable rate of interest or have a term in excess of fifty years or bear interest at a stated rate in excess of fifteen percent (15%) per annum; (b) the Agency shall not enter into any swaps or other hedging agreements with respect to any New Money Bonds; and (c) all first lien mortgage loans securing New Money Bonds shall carry FHA risk sharing insurance or other mortgage insurance or comparable credit enhancement. The Executive Director may approve the financing of uninsured mortgage loans that are subordinate to the Agency's first lien financing for a Development if the Executive Director determines that the risks with regard to financing the uninsured subordinate mortgage loans are acceptable and are outweighed by the benefits to the Agency. Loans that may be uninsured, as authorized in this paragraph, may also be used to secure New Money Bonds.

<u>Section 10</u>. <u>Conduit Issuances</u>. The following provisions shall apply to limited obligation bonds (as described herein, "***Conduit Bonds***") issued on behalf of Development sponsors for which, by the terms of the documents providing for the issuance of such Conduit Bonds: (a) the Agency is not liable for payment of the principal of, premium or interest on such Conduit Bonds, except from revenues received from loans made with the proceeds of such Conduit Bonds ("***Conduit Loans***"); (b) the Agency has not contributed or pledged any funds or assets to such Conduit Bonds other than revenues derived from or related to such Conduit Loans; and (c) there is otherwise no obligation of or material financial risk to the General Fund of the Agency under the terms of such Conduit Bonds:

(1) Conduit Bonds may be issued under and pursuant to any Indenture or comparable document meeting the requirements for Conduit Bonds described in the first paragraph of this Section 10, including but not limited to the following:

(i) The form of Fannie Mae stand-alone conduit Indenture approved by Resolution No. 09-02;

(ii) The form of Freddie Mac stand-alone conduit Indenture approved by Resolution No. 09-02;

(iii) The form of stand-alone conduit Master Pledge and Assignment approved by Resolution No. 09-02; and

(iv) The form of FHA/GNMA stand-alone conduit Indenture approved by Resolution No. 10-08.

(2) Conduit Bonds may be issued as drawdown bonds for which the bond purchaser purchases Bonds in installments as funds are needed by the Development sponsor. For purposes of Sections 2 and 7, the date of the initial draw for any issue of drawdown Conduit Bonds shall be considered the issue date of such issue.

(3) Conduit Bonds may be issued with variable rates of interest and have such maturity dates and other terms as set forth in the applicable Conduit Indenture.

(4) Conduit Bonds may otherwise have such commercially reasonable terms as may be approved by the Executive Director, such approval to be evidenced by the execution and delivery of the documents relating to such Conduit Bonds in accordance with this Resolution.

(5) For each series of Conduit Bonds, the Executive Director is hereby authorized and directed to execute, and the Secretary is hereby authorized to attest, for and in the name and on behalf of the Agency and under its seal, if and to the extent appropriate, any and all necessary documents, including but not limited to reimbursement agreements, letter of credit agreements or other arrangements with respect to liquidity or credit enhancement, and any intercreditor or subordination agreements related thereto.

ARTICLE III
PROVISIONS APPLICABLE TO ALL BONDS OF THE AGENCY

Section 11. Authorization of Disclosure. The Executive Director is hereby authorized to circulate one or more preliminary official statements relating to Refunding Bonds and/or New Money Bonds (collectively, "***Bonds***") and to execute and circulate one or more official statements relating to Bonds, and the circulation of such preliminary official statement and such official statement to prospective and actual purchasers of Bonds is hereby approved. The Executive Director is further authorized to hold information meetings concerning Bonds and to distribute other information and material relating to Bonds, including by posting of such information on one or more websites maintained by or at the direction of the Agency.

Section 12. Authorization of Sale of Bonds. Bonds are hereby authorized to be sold at negotiated or competitive sale or sales, including but not limited to private placements and public offerings. The Executive Director is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver one or more agreements, by and among the Agency, the Treasurer, if applicable, and such purchasers or underwriters as the Executive Director may select (the "***Purchasers***"), relating to the sale of the Bonds, in such form as the Executive Director may approve upon consultation with the Agency's legal counsel, such approval to be evidenced conclusively by the execution and delivery of said agreements by the Executive Director.

The Treasurer is hereby authorized and requested, without further action of this Board and unless instructed otherwise by this Board, to sell the Bonds pursuant to the terms and conditions set forth in each such agreement as finally executed on behalf of the Agency. The Treasurer is hereby further authorized and requested to deposit the proceeds of any good faith deposit to be received by the Treasurer under the terms of such agreement in a special trust account for the benefit of the Agency, and the amount of such deposit shall be retained by the Agency, applied at the time of delivery of the applicable Bonds as part of the purchase price thereof, or returned to the Purchasers, as provided in such agreement.

Section 13. Authorization of Execution of Bonds. The Executive Director is hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest, for and on behalf and in the name of the Agency and under its seal, the Bonds, in an aggregate amount not to exceed the amount authorized hereby, in accordance with each Refunding Bond Indenture or New Money Bond Indenture in one or more of the forms set forth in such indenture.

Section 14. Authorization of Delivery of Bonds. The Bonds when so executed shall be delivered to the trustee or other authenticating agent ("***Trustee***") to be authenticated or caused to be duly and properly authenticated. The Trustee is hereby requested and directed to authenticate, or cause to be authenticated, the Bonds by the execution of the certificate of authentication and registration appearing thereon, and to deliver or cause to be delivered the Bonds when duly executed and authenticated to the Purchasers in accordance with written instructions executed on behalf of the Agency by the Executive Director, which instructions said officer is hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and deliver to the Trustee.

Section 15. Authorization of Program Documents. The Executive Director and the other Authorized Employees are hereby authorized and directed to execute all documents they deem necessary or appropriate in connection with the Program, including, but not limited to, regulatory agreements, loan agreements, origination and servicing agreements (or other loan-to-lender documents), servicing agreements, developer agreements, financing agreements, investment agreements, intercreditor agreements, subordination agreements, agreements to enter into escrow and forward purchase agreements, escrow and forward purchase agreements, refunding agreements and continuing disclosure agreements, in each case with such other parties as the Executive Director may select in furtherance of the objectives of the Program.

The Executive Director and the other Authorized Employees are hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more mortgage sale agreements with such purchasers as the Executive Director may select in accordance with the objectives of the Program. Any such sale of Loans may be on either a current or a forward purchase basis.

The Executive Director and the Authorized Employees are hereby authorized to enter into, for and in the name and on behalf of the Agency, contracts to conduct foreclosures of mortgages owned or serviced by the Agency with such attorneys or foreclosure companies as the Executive Director may select in accordance with the objectives of the Program.

The Executive Director and the other Authorized Employees are hereby authorized to enter into, for and in the name and on behalf of the Agency, contracts for the sale of foreclosed properties with such purchasers as the Executive Director may select in accordance with the objectives of the Program. Any such sale of foreclosed properties may be on an all cash basis or may include financing by the Agency. The Executive Director and the other Authorized Employees are also authorized to enter into any other agreements, including but not limited to real estate brokerage agreements and construction contracts, necessary or convenient for the rehabilitation, listing and sale of such foreclosed properties.

Section 16. Authorization of Credit Facilities. In addition, the Executive Director and the other Authorized Employees are hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more short-term or long-term credit facilities, including but not limited to repurchase agreements, for the purposes of: (a) financing the purchase of Loans on an interim basis, prior to the financing of such Loans with Bonds, whether issued or to be issued; (b) financing expenditures of the Agency incident to, and necessary or convenient to, the issuance of Bonds, including, but not limited to, Agency expenditures to pay costs of issuance, capitalized interest, redemption price of prior bonds of the Agency, costs relating to credit enhancement or liquidity support, costs relating to investment products, or net payments and expenses relating to interest rate hedges and other financial products; and (c) enabling the Agency to restructure existing debt and related purposes, including, but not limited to, the redemption of existing bonds and the acquisition of bonds that have been put to liquidity providers as bank bonds. Any credit facility entered into pursuant to this Section 16 may be from any appropriate source, including, but not limited to, the Pooled Money Investment Account pursuant to Government Code Section 16312; provided, however, that the aggregate outstanding principal amount of credit facilities authorized under this Section 16 or the comparable sections of Resolution No. 15-01 (the single family financing resolution adopted at the same meeting) may not at any time exceed $200,000,000 (separate and apart from the amount of bonds authorized by Sections 1 and 6 of this resolution and such other resolutions).

The Executive Director and the other Authorized Employees are hereby authorized to use available Agency moneys (other than and in addition to the proceeds of bonds): (1) to make or purchase loans to be financed by bonds (including bonds authorized by prior resolutions of this Board) in anticipation of draws on a credit facility, the issuance of Bonds or the availability of Bond proceeds for such purposes; and (2) to purchase Agency bonds to enable the Agency to restructure its debt and for related purposes as authorized under Resolution No. 08-42 and any future Board resolutions thereto amendatory or supplemental.

The Executive Director and the other Authorized Employees are hereby authorized to use available Agency moneys to purchase Agency bonds to enable the Agency to restructure its debt and for related purposes. Any Agency bonds so purchased shall remain outstanding for all purposes except to the extent that the Executive Director or the other Authorized Employees expressly provide for the retirement or redemption, and cancellation, of such bonds. Any Agency bonds so purchased may be purchased and resold, in each case on such terms as may be determined by the Executive Director and the other Authorized Employees in the best interests of the Agency. The Agency may establish any account or accounts as may be necessary or desirable in connection with the purchase of such bonds.

<u>Section 17</u>. <u>Ratification of Prior Actions; Not a Repeal of Prior Resolutions</u>.

(a) All actions previously taken by the officers of the Agency in connection with the implementation of the Program, the issuance of the Bonds, the issuance of any prior bonds (the "***Prior Bonds***"), the execution and delivery of related financial agreements and related program agreements and the implementation of any credit facilities as described above are hereby approved and ratified.

(b) This resolution is not intended to repeal in whole or in part any prior resolution of the Agency with respect to the authority granted to the Executive Director and the other Authorized Employees in relation to Prior Bonds and related agreements, including but not limited to: (i) the authority to determine in furtherance of the objectives of the Program those matters required to be determined in relation to Prior Bonds, whether under indentures or other related agreements; and (ii) the authority to amend, modify or replace financial agreements of the types described in Section 5 of this Resolution.

<u>Section 18</u>. <u>Authorization of Related Actions and Agreements</u>. The Treasurer and any duly authorized deputy thereof, the Executive Director, any other persons authorized in writing by the Executive Director and the other Authorized Employees are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all agreements and documents which they deem necessary or advisable in order to consummate the issuance, sale, delivery, remarketing, conversion and administration of Bonds and Prior Bonds and otherwise to effectuate the purposes of this resolution, including declaring the official intent of the Agency for purposes of U.S. Treasury Regulations Section 1.150-2, and including executing and delivering any amendment or supplement to any agreement or document relating to Bonds or Prior Bonds in any manner that would be authorized under this resolution if such agreement or document related to Bonds authorized by this resolution. Subject in all cases to the express limitations set forth above in this resolution, such agreements may include, but are not limited to, remarketing agreements, tender agreements or similar agreements regarding any put option for Bonds or Prior Bonds, broker-dealer agreements, market agent agreements, auction agent agreements or other agreements necessary or desirable in connection with the issuance of Bonds in, or the conversion of Bonds or Prior Bonds to, an auction rate mode or an indexed rate mode, agreements for the investment of moneys relating to the Bonds or Prior Bonds, reimbursement agreements, letter of credit agreements, intercreditor agreements or other arrangements relating to any credit enhancement or liquidity support or put option provided for the Bonds or the Prior Bonds, continuing disclosure agreements and agreements for necessary services provided in the course of the issuance of the bonds, including but not limited to, agreements with bond underwriters, remarketing agents, placement agents, private placement purchasers, bond trustees, bond counsel and financial advisors and contracts for consulting services or information services relating to the financial management of the Agency, including

advisors or consultants on interest rate swaps, cash flow management, and similar matters, and contracts for financial printing and similar services. The Executive Director, any persons authorized in writing by the Executive Director and the other Authorized Employees are hereby authorized and directed, jointly and severally, to provide as necessary for payment of costs of issuance related to Bonds and to provide for the Agency to contribute capital as necessary to facilitate the issuance of Bonds.

This resolution shall constitute full, separate, complete and additional authority for the execution and delivery of all agreements and instruments described in this resolution, without regard to any limitation in the Agency's regulations and without regard to any other resolution of the Board that does not expressly amend and limit this resolution.

Section 19. Additional Delegation. All actions by the Executive Director approved or authorized by this resolution may be taken by the Chief Deputy Director of the Agency, the Director of Financing of the Agency, the Financing Risk Manager of the Agency, the Director of Multifamily Programs of the Agency or, if the office of Director of Multifamily Programs of the Agency is vacant, the Housing Finance Chief for Multifamily Programs (but only with respect to Conduit Bonds issued in accordance with Section 10 hereof), or any other person specifically authorized in writing by the Executive Director, and except to the extent otherwise taken by another person shall be taken by the Chief Deputy Director during any period in which the office of the Executive Director is vacant.

SECRETARY'S CERTIFICATE

I, Victor J. James, II, 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. 15-10 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 14th day of May 2015, of which meeting all said directors had due notice; and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

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 14th day of May 2015.

[SEAL]

VICTOR J. JAMES, II
Secretary of the Board of Directors of the
California Housing Finance Agency

SECRETARY'S CERTIFICATE

I, Victor J. James, II, 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 the Resolution No. 15-10 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 14th day of May 2015, of which meeting all said directors had due notice; and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true, and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified, or rescinded in any manner since the date of its adoption, and the same is now in full force and effect.

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 ____ day of __________________, 2015.

[SEAL]

____
VICTOR J. JAMES, II
Secretary of the Board of Directors of the
California Housing Finance Agency

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State of California

M E M O R A N D U M

To: Board of Directors **Date:** April 30, 2015

Tim Hsu, Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: ANNUAL MULTIFAMILY NON-BOND FINANCING AUTHORIZATION RESOLUTION 15-11

Resolution 15-11 would give the Executive Director the authority necessary to finance various multifamily programs with non-bond financed sources. The following summarize the main authorizations contained in each of the three articles.

ARTICLE I – AUTHORIZATION AND TERMS OF BORROWING TO FINANCE THE PROGRAM

Article I authorizes up to $250,000,000 of Externally-Sourced Non-Bond Funds for new lending under the Program.

ARTICLE II – AUTHORIZATION AND TERMS OF USE OF AGENCY NON-BOND FUNDS TO FINANCE THE PROGRAM

Article II authorizes up to $50,000,000 the use of the Agency's Housing Assistance Trust funds for the purposes of this resolution.

Article II authorizes the use of Agency Non-Bond Funds for the purpose of: i) financing, carrying or warehousing, for future committed financing of the Agency by Externally-Sourced Non-Bond Funds; ii) new loans for the acquisition, construction, rehabilitation, refinancing or development of Developments, including providing subordinate or gap financing and to supplement interest rates or costs of the financing of loans by the Agency.

ARTICLE III – PROVISIONS APPLICABLE TO THE USE OF EXTERNALLY-SOURCED NON-BOND FUNDS AND AGENCY NON-BOND FUNDS AUTHORIZED UNDER THIS RESOLUTION

Article III authorizes the Executive Director to execute all documents they deem necessary or appropriate in connection with the Program.

Attachments

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RESOLUTION NO. 15-11

RESOLUTION OF THE CALIFORNIA HOUSING FINANCE AGENCY AUTHORIZING THE FINANCING OF THE AGENCY'S MULTIFAMILY HOUSING PROGRAM FROM NON-BOND SOURCES AND RELATED FINANCIAL AGREEMENTS AND CONTRACTS FOR SERVICES

WHEREAS, the California Housing Finance Agency (the "Agency") has determined that there exists a need in California for the financing of mortgage loans for the acquisition, construction, rehabilitation, refinancing or development of multi-unit rental housing developments for the purpose of providing housing for persons and families of low or moderate income (the "Developments");

WHEREAS, the Agency has determined that it is in the public interest for the Agency to assist in providing such financing by means of an ongoing program (the "Program") to make or acquire, or to make loans to lenders to make or acquire, mortgage loans, for the purpose of financing such Developments (the "Loans");

WHEREAS, pursuant to Parts 1 through 4 of Division 31 of the Health and Safety Code of the State of California (the "Act"), the Agency has the authority to borrow money and utilize its own funds as necessary to provide sufficient funds to finance the Program, including the making of Loans, and the payment of other costs of the Agency incident to, and necessary or convenient to, the borrowing of money or use of the Agency's own funds; and

WHEREAS, pursuant to the Act, the Agency has the authority to enter into credit facilities, certificates of participation, forward interest rate locks, forward purchase agreements, purchase and sale agreements, financing agreements, loan agreements and certain other agreements for the purpose of financing the Program, including the making of Loans and the payment of other costs of the Agency incident to, and necessary or convenient to, the financing of the Program from non-bond sources;

NOW, THEREFORE, BE IT RESOLVED, by the California Housing Finance Agency as follows:

ARTICLE I

AUTHORIZATION AND TERMS OF BORROWING TO FINANCE THE PROGRAM

Section 1. Determination of Need and Amount of Borrowing to Finance Programs. The Agency is of the opinion and hereby determines that the borrowing of funds from external non-bond sources ("Externally-Sourced Non-Bond Funds"), including but not limited to financing provided by the Federal Government, the selling or securitization of Loans within the Agency's portfolio ("Agency Loans"), the pledge of Agency Loans as collateral to secure financing, assigning or participations in Agency Loans, in an aggregate amount not to exceed the sum of $250,000,000 is necessary to provide sufficient funds for new lending under the Program.

Section 2. Authorization. The borrowing of Externally-Sourced Non-Bond Funds described in Section 1 is hereby authorized to be for the purpose of financing and/or refinancing Loans for the acquisition, construction, rehabilitation, refinancing or development of Developments

Section 3. Approval of Non-Bond Fund Financing Agreements and Certain Other Financing Documents. The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, if appropriate, to execute and acknowledge and to deliver with respect to the borrowing of Externally-Sourced Non-Bond Funds, financing agreements, loan agreements, certificates of participation, investment agreements, purchase and sale agreements, forward purchase agreements, forward rate-lock agreements, and other agreements as may be necessary.

Section 4. Approval of Forms and Terms of Externally-Sourced Non-Bond Funds. Externally-Sourced Non-Bond Funds shall be in such denominations, have such registration provisions, be executed in such manner, be payable in such medium of payment at such place or places within or without California and contain such terms and conditions as each agreement for the provision of Externally-Sourced Non-Bond Funds, as finally approved, shall provide. Externally-Sourced Non-Bond Funds shall have the maturity or maturities and shall bear interest at fixed or convertible rates deemed appropriate by the Executive Director in furtherance of the objectives of the Program.

Externally-Sourced Non-Bond Funds and the related agreements may contain such provisions as may be necessary to accommodate prepayment by or on behalf of the Agency or a person other than the Agency, and/or to accommodate the requirements of any provider of insurance or other credit enhancement.

Externally-Sourced Fund Terms. No Externally-Sourced Non-Bond Funds shall be borrowed at a variable rate of interest or have a term in excess of fifty years or bear interest at a stated rate in excess of fifteen percent (15%) per annum. All first-lien mortgage loans financed by Externally-Sourced Non-Bond Funds may or may not carry FHA risk sharing insurance or other mortgage insurance or comparable credit enhancement.

ARTICLE II

AUTHORIZATION AND TERMS OF USE OF AGENCY NON-BOND FUNDS TO FINANCE THE PROGRAM

Section 5. Determination of Need and Amount of Internal Agency Non-Bond Funds to Finance Programs. The Agency is of the opinion and hereby determines that the use of the funds of the Agency or from non-bond sources under Agency control (“Agency Non-Bond Funds”) is necessary to provide sufficient funds for new lending under the Program.

The use of the Agency’s Housing Assistance Trust (HAT) funds for the purposes authorized under this resolution shall not exceed $50,000,000.

Section 6. Authorization.

(a) The use of Agency Non-Bond Funds described in Section 5 is hereby authorized for the purpose of financing, carrying or warehousing, for future committed financing of the Agency by Externally-Sourced Non-Bond Funds or otherwise, or by other lenders, new Loans for the acquisition, construction, rehabilitation, refinancing or development of Developments, including providing subordinate or gap financing and to supplement interest rates or costs of the financing of Loans by the Agency as may be permitted under the statutes, regulations and/or agreements governing the use of such funds.

(b) Security/Affordability Protection: Agency Non-Bond Funds may also be used to provide supplemental financing for projects existing within the Agency's Loan portfolio that the Executive Director determines is necessary, reasonable and in the Agency's best interest for the purposes of (1) workouts to prevent defaults; (2) repairs for health and safety issues and related costs; (3) the preservation or enhancement of affordability; and (4) other purposes as determined by the Executive Director that advance the mission of the Agency.

ARTICLE III

PROVISIONS APPLICABLE TO THE USE OF EXTERNALLY-SOURCED NON-BOND FUNDS AND AGENCY NON-BOND FUNDS (COLLECTIVELY "NON-BOND FUNDS") AUTHORIZED UNDER THIS RESOLUTION

Section 7. Authorization of the use of Non-Bond Funds for Lending within the Program. The use of Non-Bond Funds is hereby authorized with regard to Programs as determined by the Executive Director and communicated to the Board.

Section 8. Authorization of Program Documents. The Executive Director and the other employees authorized pursuant to Section 11 ("Authorized Employees") are hereby authorized and directed to execute all documents they deem necessary or appropriate in connection with the Program, including, but not limited to, regulatory agreements, loan agreements, origination and servicing agreements (or other loan-to-lender documents), servicing agreements, developer agreements, financing agreements, investment agreements, intercreditor agreements, subordination agreements, agreements to enter into escrow and forward purchase agreements, escrow and forward purchase agreements, refunding agreements and continuing disclosure agreements, loan modification agreements, in each case with such other parties as the Executive Director may select in furtherance of the objectives of the Program.

The Executive Director and the other Authorized Employees are hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more mortgage sale agreements with such purchasers as the Executive Director may select in accordance with the objectives of the Program. Any such sale of Loans may be on either a current or a forward purchase basis.

The Executive Director and the Authorized Employees are hereby authorized to enter into, for and in the name and on behalf of the Agency, contracts to conduct foreclosures of mortgages owned or serviced by the Agency with such attorneys or foreclosure companies as the Executive Director may select in accordance with the objectives of the Program.

The Executive Director and the other Authorized Employees are hereby authorized to enter into, for and in the name and on behalf of the Agency, contracts for the sale of foreclosed properties with such purchasers as the Executive Director may select in accordance with the objectives of the Program. Any such sale of foreclosed properties may be on an all cash basis or may include financing by the Agency. The Executive Director and the other Authorized Employees are also authorized to enter into any other agreements, including but not limited to real estate brokerage agreements and construction contracts, necessary or convenient for the rehabilitation, listing and sale of such foreclosed properties.

Section 9. Ratification of Prior Actions; Not a Repeal of Prior Resolutions.

(a) All actions previously taken by the officers of the Agency in connection with the implementation of the Program, the execution and delivery of related financial agreements and related program agreements and the implementation of any credit facilities as described above are hereby approved and ratified.

(b) This resolution is not intended to repeal in whole or in part any prior resolution of the Agency with respect to the authority granted to the Executive Director and the other Authorized Employees in relation to the use of Non-Bond Funds and related agreements, including but not limited to (i) the authority to determine in furtherance of the objectives of the Program those matters required to be determined in relation to Non-Bond Funds, whether under indentures or other related agreements, and (ii) the authority to amend, modify or replace financial agreements of the types described in Section 3 of this Resolution.

Section 10. Authorization of Related Actions and Agreements. The Executive Director, any other persons authorized in writing by the Executive Director and the other Authorized Employees are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all agreements and documents which they deem necessary or advisable in order to consummate the borrowing of Externally-Sourced Non-Bond Funds and otherwise to effectuate the purposes of this resolution including executing and delivering any amendment or supplement to any agreement or document relating to the Externally-Sourced Non-Bond Funds in any manner that would be authorized under this resolution if such agreement or document related to Externally-Sourced Non-Bond Funds authorized by this resolution. Subject in all cases to the express limitations set forth above in this resolution, such agreements may include, but are not limited to, reimbursement agreements, letter of credit agreements, intercreditor agreements or other arrangements relating to any credit enhancement or liquidity support, continuing disclosure agreements and agreements for necessary services provided in the course of the borrowing of the Externally-Sourced Non-Bond Funds, including but not limited to, agreements with counsel and financial advisors and contracts for consulting services or information services relating to the financial management of the Agency, including advisors or consultants on interest rate swaps, cash flow management, and similar matters, and contracts for financial printing and similar services. The Executive Director, any persons authorized in writing by the Executive Director and the other Authorized Employees are hereby authorized and directed, jointly and severally, to provide as necessary for payment of costs of borrowing related to Externally-Sourced Non-Bond Funds and to provide for the Agency to contribute capital as necessary to facilitate the borrowing of Externally-Sourced Non-Bond Funds.

This resolution shall constitute full, separate, complete and additional authority for the execution and delivery of all agreements and instruments described in this resolution, without regard to any limitation in the Agency's regulations and without regard to any other resolution of the Board that does not expressly amend and limit this resolution.

Section 11. Additional Delegation. All actions by the Executive Director approved or authorized by this resolution may be taken by the Chief Deputy Director of the Agency, the Director of Financing of the Agency, the Financing Risk Manager of the Agency, the Director of Multifamily Programs of the Agency or any other person specifically authorized in writing by the Executive Director, and except to the extent otherwise taken by another person shall be taken by the Chief Deputy Director during any period in which the office of the Executive Director is vacant.

Section 12. Duration of Authority. The authority granted under this resolution shall remain in full force and effect until the day 60 days after the first date after March 1, 2016 on which is held a meeting of the Board of Directors of the Agency at which there is a quorum.

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. 15-11 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 14th day of May 2015, of which meeting all said directors had due notice; and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

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 14th day of May 2015.

[SEAL]

____
VICTOR J. JAMES, II
Secretary of the Board of Directors of the
California Housing Finance Agency

State of California

M E M O R A N D U M

To: **CalHFA Board of Directors** **Date:** May 14, 2015

From: **Tia Boatman-Patterson, Executive Director**
CALIFORNIA HOUSING FINANCE AGENCY

Subject: Agenda Item 11: Strategic Business Plan and Operating Budget for Fiscal Year 2015-16

Background

The strategic business plan and operating budget for Fiscal Year (FY) 2015-16 is provided for your approval. The business plan and budget were developed over the course of several weeks in which senior staff and department heads participated in a series of meetings to ensure that each department's budget proposal was aligned with the goals outlined in the Agency's proposed 2015-16 Business Plan.

At this time last year, CalHFA was faced with several significant challenges including: 1) the need to stabilize the Agency's balance sheet and improve the Agency's credit ratings, 2) the development and implementation of a strategy to replace the expiring Temporary Credit Liquidity Program (TCLP) provided by the U.S. Treasury, and 3) positioning the single family and multifamily lending programs to resume lending activities utilizing new lending models; Accordingly, the goals of the 2014-15 Strategic Business Plan were centered on addressing these challenges.

We are pleased to report that the efforts to stabilize the Agency's balance sheet have been successful. Through a series of debt restructuring efforts, including monetizing assets, bond redemption and refunding the Agency has realized additional cash flow, debt service savings and reduced balance sheet risk. Additionally, the efforts of our portfolio management and loan servicing departments have reduced REO activity and delinquency rates to a 5 year low. These actions resulted in a series of recent credit upgrades by Moody's and S&P which in turn have attracted the credit facilities needed to fully replace the expiring TCLP.

While there is still work to do, Agency lending activities have shown marked improvement during the fiscal year. Single family lending programs are expected to exceed business plan goals for the FY 2014-15 by closing approximately 1,055 first mortgages, 4,700 down payment assistance (DPA) loans, and 1,535 mortgage credit certificates (MCC) by the end of the fiscal year. Based upon recent trends, we expect this growth to continue throughout FY 2015-16.

The multifamily lending programs are expected to complete 2 acquisition/rehabilitation loans, 5 conduit issuance bond financings and 21 MHSA loans. While the multifamily program did not meet the lending goals for our HUD risk share products as outlined in last year's business plan, we are optimistic that the recently approved changes to our multifamily loan programs, as well as our continued efforts to take advantage of every opportunity available to lower our cost of funds, will position the multifamily program to successfully compete in the current market. For FY 2015-16 we anticipated a significant increase in lending activity for both the HUD Risk Share program and Conduit Issuance program.

With several of our critical legacy issues – e.g., credit ratings, short sales, delinquencies, REO's, etc., in a much more stable position, we intend to focus our efforts on new era lending activities. In doing so, we have strategically shifted staffing from portfolio management and loan servicing to single family lending as the workloads of those departments have diminished and lending activities have increased.

For the last several months, the Agency has been engaged in a formal process to assess the organizational needs of CalHFA as we transition from an era of crisis management into an era of financial stability and active lending. While we are still in the process of completing this organizational assessment, we have continued to limit the filling of vacant positions in order to ensure that the positions we fill meet the long term needs of the Agency as it moves back into lending and we continue our efforts to streamline processes and make the organization as efficient as possible. In addition, we intend to implement a comprehensive training and development program for key lending divisions to enhance their understanding of the current market conditions and generally accepted underwriting practices.

Business Plan

The Fiscal Year 2015-16 Strategic Business Plan consists of the following four goals for the Agency:

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; and

3. Through the Keep Your Home California Program, help prevent avoidable foreclosures by providing assistance to eligible homeowners who have financial hardship and/or significant negative equity.

In the month of March, directors and senior managers met in several all-day offsite meetings to develop the FY 2015-16 Strategic Business Plan. The business plan was informed by the changing conditions in the real estate market, collaboration efforts between related housing agencies and other state partners, internal analysis of operations developed during the initial phases of the organizational assessment and the successes and lessons learned from the prior year plan. As a part of the business plan and the budget we have incorporated resource projections to provide a complete picture of how the Agency funds operations and to demonstrate that the resources coming into the Agency are sufficient to support the cost of operations.

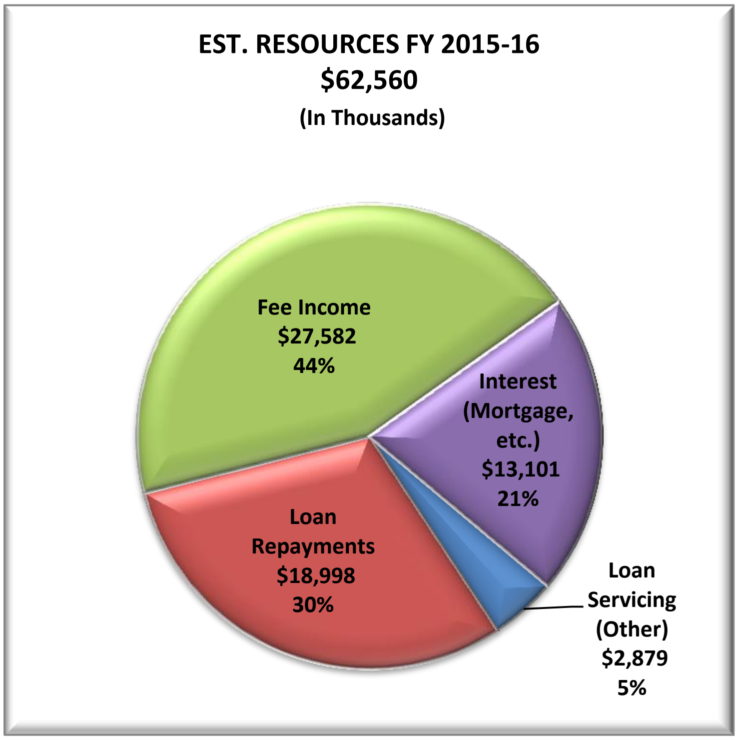
Highlights of the FY 2015-16 Business Plan which support the four goals previously outlined include:

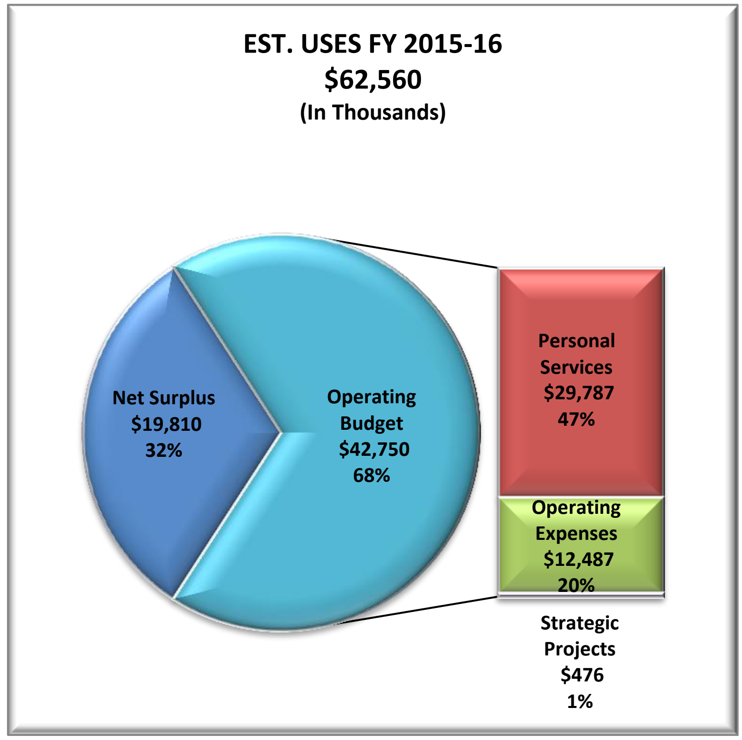
- Targeting $600 million in 1st mortgage loan purchases and $75 million in down payment assistance (DPA)
- Expand loan production pipeline with addition of mortgage broker platform and additional DPA assistance option
- Targeting $100 million in multifamily lending and $100 million in conduit issuance
- Adopt policy for use of potential subsidy funds (earned surplus, FAF savings and RHCP)
- Expanding internal underwriting capacity through targeted training and development
- Eliminate the TCLP obligations and develop the internal capacity to hedge MBS using TBA market
- Consolidate all West Sacramento staff into Agency Headquarters at 500 Capitol Mall and sublease West Sacramento facility.
- Eliminate unneeded vacant positions and continue to refine the Agency business plan and budgeting process.
- Develop IT governance structure to ensure IT priorities align with business plan goals
- Continue collaboration efforts with HCD, TCAC, CDLAC and other state partners to inform lending decisions and preservation strategies
- Continue to heavily market Keep Your Home California (KYHC) and revise program as needed to ensure funds are fully utilized to meeting the needs of eligible homeowners.

With the above plan in mind, a baseline budget for FY 2015-16 was developed.

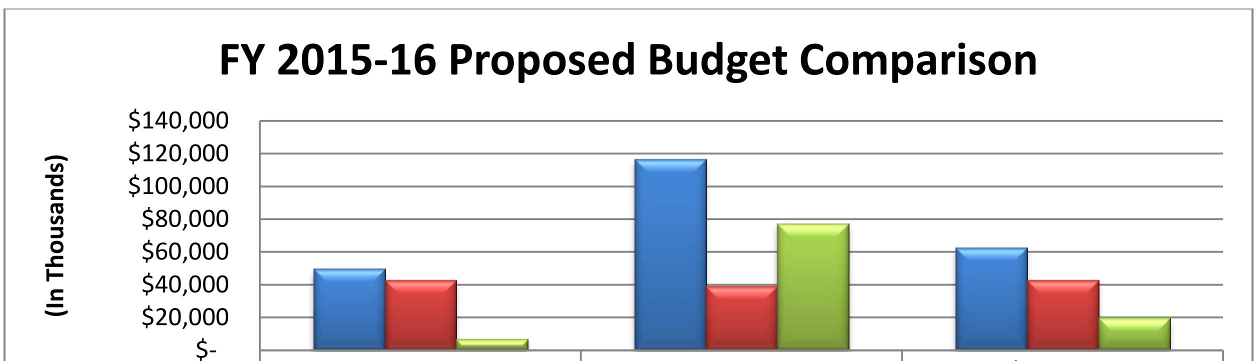
Budget Summary

The following charts provide a summary of the estimated resources for FY 2015-16 and how those resources will be deployed. As you can see from the charts below, staff anticipates that resources for FY 2015-16 will exceed operating costs by approximately $19.8 million. Any surplus funds will be used to support future lending and operational costs. In order to implement the goals and activities outlined in the Agency's strategic business plan, staff is recommending adoption of an operating budget of $42.8 million, of which $29.8 million will be used for personal services, $12.5 million for operating expenses and equipment and $476 thousand for strategic project contracts.





The next chart compares the adopted 2014-15 budget and the projected results of 2014-15 with the proposed 2015-16 budget. The spike in projected resources for 2014-15 is attributable to extraordinary multifamily loan prepayments and the associated yield maintenance fees in the amount of $60.3 million.



	Budget 2014-15	Projected 2014-15	Budget 2015-16 (Proposed)
Resources	$49,774	$116,578	$62,560
Operating Costs	$42,891	$39,251	$42,750
Net Surplus	$6,884	$77,327	$19,810

Resources

Agency resources are primarily generated from loan origination fees, principal and interest payments on loans, compliance monitoring fees, etc. The majority of the Agency's resources are currently generated from legacy lending activities, but as we move into the coming fiscal year we believe that there is a real opportunity to begin reversing this trend. While our reliance on legacy resources will continue for some time, the opportunity to grow the balance sheet and generate new revenues appears promising. Fees from the new single family TBA model are growing quickly and the Agency believes that FY 2015-16 will be the year that our multifamily lending under the new HUD risk share program and the conduit issuance bond program fully hit the market and generate meaningful revenue opportunities.

Resources for FY 2014-15 were originally budgeted at $49.8 million, but are projected to exceed budgetary expectations by $66.8 million due to several extraordinary multifamily loan prepayment and their corresponding yield maintenance fees. For FY 2015-16 resources available to cover operating costs are expected to be $62.5 million and are estimated to exceed operating costs by $19.8 million. The table below reflects the major resource categories administered by the Agency.

RESOURCES (In Thousands)	**Adopted Budget FY 2014-15**	**Projected FY 2014-15**	**Variance**	**Proposed Budget FY 2015-16**
Legacy Resources:				
Loan Servicing	$ 3,000	$ 2,000	$ (1,000)	$ 2,067
Insurance Release	$ 942	$ 1,373	$ 431	$ 813
Loan Repayments	$ 19,744	$ 29,133	$ 9,388	$ 18,646
Fee Income	$ 6,973	$ 7,309	$ 336	$ 18,458
Interest (mortgages/securities/cash)	$ 14,774	$ 12,619	$ (2,155)	$ 10,298
Extraordinary Items	$ -	$ 60,298	$ 60,298	$ -
	$ 45,433	$ 112,732	$ 67,298	$ 50,280
New Era Resouces:				
Fee Income:				
Single-family Programs	$ 2,581	$ 3,040	$ 459	$ 5,972
Multifamily Programs	$ 1,560	$ 486	$ (1,074)	$ 1,265
Multifamily Asset Management	$ 200	$ -	$ (200)	$ 200
MHSA origination fees	$ -	$ 321	$ 321	$ 370
Loan Repayments	$ -	$ -	$ -	$ 352
Fee Income	$ -	$ -	$ -	$ 1,317
Interest (mortgages/securities/cash)	$ -	$ -	$ -	$ 2,803
	$ 4,341	$ 3,846	$ (495)	$ 12,280
TOTAL Resources	**$ 49,774**	**$ 116,578**	**$ 66,804**	**$ 62,560**

Operating Budget

The Agency proposes a balanced operating budget in the amount of $42.8 million representing the operational activities and strategic projects for FY 2015-16. The FY 2015-16 proposed budget represents a $141 thousand or 0.3 percent net decrease in appropriations compared with the prior year. The modest change in annual appropriations is actually the net impact of some significant changes in salaries and benefits, professional services, central administrative services and strategic project contracts. Specifically, the Agency reduced salary and benefit costs by eliminating of 12.5 vacant full time equivalent (FTE) positions and reduced the amount of strategic capital projects funded in the FY 2015-16 budget. However, these reductions were offset by the following: 1) the impact of a 2.5% cost of living adjustment for all bargaining units except exempt staff, 2) increased costs for professional services to complete the next phases of the organizational assessment, and provide training and program development for our multifamily department and 3) increased costs for State Central Admin. Services (Prorate).

For FY 2015-16, the Agency is proposing that authorized full time equivalent positions be reduced from 296.9 FTE to 285.8 FTE (273 regular positions and 12.8 temporary positions), a net reduction of 11.1 positions compared with prior year.

The following table illustrates the changes in the FY 2015-16 proposed operating budget compared with FY 2014-15:

Fiscal Year 2015-16 Proposed Operating Budget
(In Thousands)

	Adopted FY 2013-14 Budget	Adopted FY 2014-15 Budget	Proposed FY 2015-16 Budget	Variance (FY 2015 to FY 2016)	
OPERATIONS					
Salaries and Benefits	28,817	29,984	29,597	(388)	-1.3%
Other	126	137	190	53	38.5%
General Expense	633	677	641	(36)	-5.3%
Communications	509	497	499	3	0.5%
Travel	381	390	414	24	6.2%
Training	115	134	160	27	19.9%
Facilities Operation	3,025	3,084	3,100	16	0.5%
Consulting & Professional Services	3,792	3,674	3,982	308	8.4%
Central Admin. Services	3,795	2,312	2,960	647	28.0%
Information Technology	600	663	602	(61)	-9.2%
Equipment	150	120	130	10	8.3%
Stategic Project Contracts	2,053	1,219	476	(743)	-61.0%
TOTAL	**$43,996**	**$42,891**	**$42,750**	**($141)**	**-0.3%**
FULL TIME EQUIVALENT POSITIONS (FTE)					
Regular/Ongoing Positions	300.5	285.5	273.0	(12.5)	-4.4%
Temporary Help	12.1	11.4	12.8	1.4	12.3%
TOTAL	**312.6**	**296.9**	**285.8**	**(11.1)**	**-4%**

Your approval of the strategic business plan and operating budget, along with the accompanying resolutions is requested.

Attachments

11-A FY 2014-15 Business Plan Update
11-B FY 2015-16 Proposed Business Plan
11-C FY 2015-16 CalHFA Budget:

1. Consolidated CalHFA and MIS Operating Budget
2. CalHFA Operating Budget
3. MIS Operating Budget
4. Summary of Personnel and Division Budgets
5. Summary of Personnel and Salaries by Division
6. 2245 CA Housing Finance Agency – Position/Salary Detail
7. Out of State Travel
8. Schedule of Contracts
9. Revenue/Resource Detail

11-D Business Plan Resolution 15-12
11-E Operating Budget Resolution 15-13

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CalHFA Strategic Business Plan FY 2014-2015 - UPDATED

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

Goals of Organization:			Strategy
CalHFA:	**1)**	*Stabilize the Agency's balance sheet. Improve operational efficiency.*	1-5
	2)	*Reinvigorate lending activities. Grow the Agency's balance sheet.*	6-9
	3)	*Re-organize State-level housing policy and resources.*	10-11
	4)	*Pursue new sources of capital and revenue and investigate new business opportunities*	
KYHC:	**5)**	*Help prevent avoidable foreclosures by providing assistance to eligible homeowners who have financial hardship and/or significant negative equity*	12

UPDATED - Status as of April 2015 - UPDATED

	Key Strategy		Action Items	Due Dates	Team Leader	Status
1	**Increase stability of capital structure and liquidity position.**	A	Reduce VRDO (variable rate bonds supported by US Treasury letter of credit) balance by $450Mn.	02/01/15	Tim	
		B	Reduce swap notional balance by $200Mn.	02/01/15	Tim	
2	**Reduce balance sheet risk by increasing loss mitigation efforts in the single family portfolio.**	A	Aggressively apply: i) CalHFA collections strategies; ii) CalHFA Loss Mitigation options to newly acquired Bank of America serviced loans	ongoing	Nick	
		B	Prepare a list of actionable recommendations for each servicer defining CalHFA's loss mitigation options. Audit to ensure a high level of participation.	ongoing	Nick	
		C	Refine loss mitigation process and identify ways to streamline the process.	04/01/14	Nick	
		D	Develop a unified servicer administration system to ensure compliance and timely reporting.	10/01/14	Nick	
		E	Update CalHFA Servicer Guide.	12/31/14	Nick	
		F	Aggressively mine CalHFA's loan portfolio to increase participation in KYHC's PRP (Principal Reduction Program).	03/10/14	Nick	
		G	Allow outside servicers to use the FHA HAMP Loan Modification Programs (to lower rates and/or extend terms).	03/07/14	Nick	

CalHFA Strategic Business Plan FY 2014-2015 - UPDATED

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

Goals of Organization:			Strategy
CalHFA:	**1)**	*Stabilize the Agency's balance sheet. Improve operational efficiency.*	1-5
	2)	*Reinvigorate lending activities. Grow the Agency's balance sheet.*	6-9
	3)	*Re-organize State-level housing policy and resources.*	10-11
	4)	*Pursue new sources of capital and revenue and investigate new business opportunities*	
KYHC:	**5)**	*Help prevent avoidable foreclosures by providing assistance to eligible homeowners who have financial hardship and/or significant negative equity*	12

UPDATED - Status as of April 2015 - UPDATED

	Key Strategy		Action Items	Due Dates	Team Leader	Status
3	**Reorganize and increase operational efficiencies and infrastructure to better position the Agency for future business opportunities.**	A	Train managers and supervisors to effect succession planning	ongoing	Jackie	
		B	Develop best practices for talent management and strategic hiring	ongoing	Jackie	
		C	Develop a master plan for a flexible workforce (internal CalHFA and possibly in relation to HCD)	ongoing	Jackie	
		D	Establish workload standards to control expenses and support the budget process	05/01/14	Jackie	
		E	All divisions shall assess work flow to increase organizational efficiency with emphasis on cost containment.	05/01/14	Jackie	
4	**Develop long-term strategies to monitor and mitigate enterprise risks.**	A	Review: i) Quality Assurance; ii) Risk Management; iii) Internal Controls/Compliance and develop a robust plan to address each topic	10/01/14	Tony	
		B	Continue to integrate the enterprise risk management effort into CalHFA's business processes. Formalize strategies for managing Agency risks.	10/01/14	Tony	
5	**Agency-wide IT integration of data collection, flow and reporting**	A	Determine divisional data requirements	08/31/14	Liane	
		B	Prioritize needs and define deliverables and scope	10/31/14	Liane	
		C	Ensure existing and future data is accessible from a common platform and compliant with the already adopted Enterprise Architecture	01/31/15	Liane	
		D	Design the Data Warehouse and Database	06/30/15	Liane	
		E	Extract / Cleanse / Transform / Verify Data in the Data Warehouse	09/30/15	Liane	
		F	Create user interface and reporting systems	06/30/16	Liane	

CalHFA Strategic Business Plan FY 2014-2015 - UPDATED

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

Goals of Organization:			Strategy
CalHFA:	**1)**	*Stabilize the Agency's balance sheet. Improve operational efficiency.*	1-5
	2)	*Reinvigorate lending activities. Grow the Agency's balance sheet.*	6-9
	3)	*Re-organize State-level housing policy and resources.*	10-11
	4)	*Pursue new sources of capital and revenue and investigate new business opportunities*	
KYHC:	**5)**	*Help prevent avoidable foreclosures by providing assistance to eligible homeowners who have financial hardship and/or significant negative equity*	12

UPDATED - Status as of April 2015 - UPDATED

	Key Strategy		Action Items	Due Dates	Team Leader	Status
6	**Generate income via multifamily lending opportunities.**	**A**	Pursue preservation and recapitalization of portfolio and non-portfolio projects. Target $130Mn (Low: $57Mn; Moderate $130Mn; High: $200Mn) by the end of FY2014-15	06/30/15	Jim	
			i) Seeking approval to implement 35/17 HUD Risk Share program, targeting experienced tax-credit developers.	07/01/14	Jim	
			ii) Implement HUD Risk Share permanent loan program	07/01/14	Jim	
			iii) Determine next phase of the MHSA (Mental Health Services Act) Program. Current draft bill (AB1929) under consideration. Collaborate with Dept of Health Care Services and HCD to provide technical support.	05/01/14	Jim	
			iv) Determine viability and possible implementation of HUD Risk Share Construction loan program	FY15-FY16	Jim	
			v) Apply to HUD's national office in DC to become a MAP (Multifamily Accelerated Processing) Lender.	09/01/14	Jim	
			vi) Collaborate with HCD and CalVets to expand multifamily housing opportunities for veterans (AB 639 / Proposition 41).	01/15/15	Jim	
		B	Continue the MF conduit issuer program. Target $48Mn (Low: $24Mn; Moderate $48Mn; High: $80Mn)	06/30/15	Jim	
		C	Create a multiyear plan to identify the use of the Earned Surplus Funds, RHCP (Rental Housing Construction Program) Funds and FAF (Financial Adjustment Factor) Savings Funds. Goal: multifamily lending/asset management usage waterfall.	Ongoing	Jim/Chris	

CalHFA Strategic Business Plan FY 2014-2015 - UPDATED

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Goals of Organization:			Strategy
CalHFA:	**1)**	*Stabilize the Agency's balance sheet. Improve operational efficiency.*	1-5
	2)	*Reinvigorate lending activities. Grow the Agency's balance sheet.*	6-9
	3)	*Re-organize State-level housing policy and resources.*	10-11
	4)	*Pursue new sources of capital and revenue and investigate new business opportunities*	
KYHC:	**5)**	*Help prevent avoidable foreclosures by providing assistance to eligible homeowners who have financial hardship and/or significant negative equity*	12

UPDATED - Status as of April 2015 - UPDATED

	Key Strategy		Action Items	Due Dates	Team Leader	Status
7	**Generate income via single-family lending opportunities.**	A	• Revenue targets for 1st mortgage Loans (Low: $2.2Mn; Moderate $3.2Mn; High: $4.9Mn) by the end of FY2014-15 • Revenue targets for DPA loans (Low: $1.1Mn; Moderate $1.3Mn; High: $1.6Mn) by the end of FY2014-15	06/30/15	Ken	
		B	Introduce Conventional mortgage products	05/15/14	Ken	
		C	Introduce EEM (energy efficient mortgage) products	05/15/14	Ken	
		D	Offer CalHFA mortgage products to non-first time homebuyers	07/01/14	Ken	
		E	Work with CalVET on offering our TBA Mortgage products and DPA loans. Develop a USDA mortgage product.	08/01/14	Ken	
		F	Develop a strategy for funding DPA (downpayment assistance) when CHDAP (CA G-O funded DPAs) funding is depleted	9/14 to 7/15	Ken	
		G	Develop framework for switching back to a bond funded mortgages	01/01/15	Ken	
		H	Develop product/program for using the $9M in recycled HPA (Home Purchase Assistance) funds	7/1/14 to 10/1/14	Ken	

CalHFA Strategic Business Plan FY 2014-2015 - UPDATED

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

Goals of Organization:

			Strategy
CalHFA:	**1)**	*Stabilize the Agency's balance sheet. Improve operational efficiency.*	1-5
	2)	*Reinvigorate lending activities. Grow the Agency's balance sheet.*	6-9
	3)	*Re-organize State-level housing policy and resources.*	10-11
	4)	*Pursue new sources of capital and revenue and investigate new business opportunities*	
KYHC:	**5)**	*Help prevent avoidable foreclosures by providing assistance to eligible homeowners who have financial hardship and/or significant negative equity*	12

UPDATED - Status as of April 2015 - UPDATED

	Key Strategy		Action Items	Due Dates	Team Leader	Status
8	**Generate income via multifamily asset management opportunities.**	**A**	Identify and evaluate possible multifamily housing needs related to the closure of redevelopment agencies.	12/31/14	Chris	
		B	Administer HCD's Tenant Based Rental Assistance (TBRA) for a two year period on a select number of multifamily projects.	07/01/14	Chris	
		C	Performance Based Contract Administration (PBCA) on pause. Anticipate another bidding process. Court invalidated the NOFA process for procurement.	ongoing FY15-FY16	Chris	
		D	Administer the HUD 811 Subsidy Program in collaboration with HCD, DHCS (Dept of Healthcare Services) and TCAC (Tax Credit Allocation Committee). Five year demonstration program focused on transitioning non-elderly disabled persons form nursing facilities to multifamily developments.	05/01/14	Chris	
9	**Generate savings in single-family loan servicing operations**	**A**	Assess the existing servicing platform (staffing, systems, organizational support) to maximize operational efficiencies	ongoing	Rhonda	
		B	Determined that acquiring more servicing rights through CalHFA as a Master Servicer is not economically feasible	done	Tim/Ken	
10	**Collaboration with HCD on "live" projects (not included in above SF or MF sections)**	**A**	Assess and enhance the social impact of affordable housing (e.g. educational and health outcomes).	Ongoing	Rick	
		B	Explore opportunities to finance manufactured housing.	07/01/15	Tony	
		C	Provide support to HCD servicing of single-family loans (1st liens and subordinates)	Ongoing	Rhonda	
		D	Streamline multifamily asset management functions and responsibilities	Ongoing	Rick	
		E	GRP (Governor's Reorganization Plan) follow-up	Ongoing	Claudia	
		F	Finalize affordable housing cost study.	07/01/14	Claudia	

CalHFA Strategic Business Plan FY 2014-2015 - UPDATED

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

Goals of Organization:			Strategy
CalHFA:	**1)**	*Stabilize the Agency's balance sheet. Improve operational efficiency.*	1-5
	2)	*Reinvigorate lending activities. Grow the Agency's balance sheet.*	6-9
	3)	*Re-organize State-level housing policy and resources.*	10-11
	4)	*Pursue new sources of capital and revenue and investigate new business opportunities*	
KYHC:	**5)**	*Help prevent avoidable foreclosures by providing assistance to eligible homeowners who have financial hardship and/or significant negative equity*	12

UPDATED - Status as of April 2015 - UPDATED

	Key Strategy		Action Items	Due Dates	Team Leader	Status
11	**Coordinate HCD and CalHFA functions to meet California's affordable housing needs.**	A	Finalize executive organizational chart with roles clearly communicated.	Ongoing	Claudia	
		B	Review organizational set up, staff functions and capabilities, funding sources to facilitate ongoing collaboration.	Ongoing	Claudia	
		C	Provide technical assistance to legislature and others regarding dedicated sources for affordable housing.	Ongoing	Claudia	
12	**Maximize use of KYHC program funds.**	A	Collaborate with other public and private sector entities to maximize and leverage potential benefits of foreclosure prevention resources.	Ongoing	Di	
		B	Measure program outcomes and assess barriers to eligibility.	Ongoing	Di	
		C	Submit program changes as needed to US Treasury to facilitate increased eligibility.	Ongoing	Di	
		D	Aggressively market programs to eligible homeowners, community groups and media to expand awareness.	Ongoing	Di	
		E	Aggressively pursue and on-board additional servicers.	Ongoing	Di	
		F	Monitor program recipients to assess level of homeownership sustainability facilitated by program assistance.	Ongoing	Di	

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:			Strategy
CalHFA:	**1)**	*Reinvigorate lending activities. Grow the Agency's balance sheet and increase future income.*	1-3
	2)	*Align lending activities with State housing policy and increase operational efficiency.*	4-7
KYHC:	**3)**	*Help prevent avoidable foreclosures by providing assistance to eligible homeowners who have financial hardship and/or significant negative equity*	8

	Key Strategy		Action Items	Due Dates	Item Owner
1	**Generate income via single-family lending opportunities**	**A**	• 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	• 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**	• 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

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

Goals of Organization:			Strategy
CalHFA:	**1)**	*Reinvigorate lending activities. Grow the Agency's balance sheet and increase future income.*	1-3
	2)	*Align lending activities with State housing policy and increase operational efficiency.*	4-7
KYHC:	**3)**	*Help prevent avoidable foreclosures by providing assistance to eligible homeowners who have financial hardship and/or significant negative equity*	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.*	1-3
	2)	*Align lending activities with State housing policy and increase operational efficiency.*	4-7
KYHC:	**3)**	*Help prevent avoidable foreclosures by providing assistance to eligible homeowners who have financial hardship and/or significant negative equity*	8

	Key Strategy		Action Items	Due Dates	Item Owner
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

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April 27, 2015

CALIFORNIA HOUSING FINANCE AGENCY
2015-16
CONSOLIDATED CALHFA AND MIS FUNDS OPERATING BUDGET
(DOLLARS IN THOUSANDS)

EXPENDITURE ITEM	Budgeted 2013-14	Actual 2013-14	Budgeted 2014-15	Projected Actual 2014-15	Proposed 2015-16
PERSONAL SERVICES					
Salaries and Wages	$21,346	$21,346	$21,116	$21,116	$21,511
Benefits	7,471	7,919	8,868	8,616	8,754
Estimated Savings (Vacancies)	0	(2,995)	0	(2,276)	(668)
Anticipated Salaries and Wages and Benefits	28,817	26,269	29,984	27,456	29,597
Temporary Help					
Students/Retired Annuitants	269	403	344	333	252
Contract	319	388	195	250	375
Overtime	118	107	94	84	98
Reimbursements					
KYHC (Outside Funding)	($580)	($392)	($496)	($369)	($534)
HCD	$0	($215)	$0	($171)	$0
TOTALS, Personal Services	$28,943	$26,561	$30,121	$27,583	$29,787
OPERATING EXPENSES AND EQUIPMENT					
General Expense	633	589	677	614	641
Communications	509	405	497	392	499
Travel	381	372	390	350	414
Training	115	62	134	76	160
Facilities Operation	3,025	2,855	3,084	3,068	3,100
Consulting & Professional Services	3,792	2,496	3,674	3,050	3,982
Central Admin. Serv.*	3,795	3,738	2,312	2,260	2,960
Information Technology	600	504	663	554	602
Equipment	150	102	120	85	130
TOTALS, Operating Expenses and Equipment	$13,000	$11,122	$11,551	$10,449	$12,487
TOTALS, Strategic Project Contracts	$2,053	$501	$1,219	$1,219	$476
TOTALS, EXPENDITURES	**$43,996**	**$38,184**	**$42,891**	**$39,251**	**$42,750**

*Represents CalHFA's allocated share of the State's central administrative costs.

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April 27, 2015

CALIFORNIA HOUSING FINANCE AGENCY
2015-16
CALHFA FUND OPERATING BUDGET
(DOLLARS IN THOUSANDS)

EXPENDITURE ITEM	Budgeted 2013-14	Actual 2013-14	Budgeted 2014-15	Projected Actual 2014-15	Proposed 2015-16
PERSONAL SERVICES					
Salaries and Wages	$21,183	$21,183	$21,025	$21,025	$21,415
Benefits	7,414	7,839	8,830	8,579	8,714
Estimated Savings (Vacancies)	0	(2,984)	0	(2,276)	(668)
Anticipated Salaries and Wages and Benefits	28,597	26,038	29,855	27,328	29,461
Temporary Help					
Students/Retired Annuitants	269	403	344	333	252
Contract	319	388	195	250	375
Overtime	118	107	94	84	98
Reimbursements					
KYHC (Outside Funding)	($580)	($392)	($496)	($369)	($534)
HCD	$0	($215)	$0	($171)	$0
TOTALS, Personal Services	$28,723	$26,329	$29,992	$27,455	$29,652
OPERATING EXPENSES AND EQUIPMENT					
General Expense	627	586	675	613	640
Communications	503	400	492	390	497
Travel	376	372	387	349	412
Training	114	62	133	76	159
Facilities Operation	3,008	2,840	3,075	3,060	3,092
Consulting & Professional Services	3,668	2,413	3,536	2,912	3,831
Central Admin. Serv.*	3,776	3,721	2,308	2,259	2,957
Information Technology	590	499	658	550	597
Equipment	140	102	120	85	130
TOTALS, Operating Expenses and Equipment	$12,802	$10,993	$11,384	$10,294	$12,315
Distributed Administration	(232)	(168)	(137)	(113)	(143)
TOTALS, Strategic Project Contracts	$2,053	$501	$1,219	$1,219	$476
TOTALS, EXPENDITURES	**$43,346**	**$37,655**	**$42,458**	**$38,855**	**$42,299**

*Represents CalHFA's allocated share of the State's central administrative costs.

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April 27, 2015

CALIFORNIA HOUSING FINANCE AGENCY
2015-16
MIS FUND OPERATING BUDGET
(DOLLARS IN THOUSANDS)

EXPENDITURE ITEM	Budgeted 2013-14	Actual 2013-14	Budgeted 2014-15	Projected Actual 2014-15	Proposed 2015-16
PERSONAL SERVICES					
Salaries and Wages	$163	$163	$91	$91	$96
Benefits	57	80	38	37	40
Estimated Savings (Vacancies)	0	(11)	0	0	0
Anticipated Salaries and Wages and Benefits	$220	$232	$129	$128	$136
Temporary Help					
Students/Retired Annuitants	0	0	0	0	0
Contract	0	0	0	0	0
Overtime	0	0	0	0	0
Reimbursements					
KYHC (Outside Funding)	$0	$0	$0	$0	$0
HCD	$0	$0	$0	$0	$0
TOTALS, Personal Services	$220	$232	$129	$128	$136
OPERATING EXPENSES AND EQUIPMENT					
General Expense	6	3	2	1	1
Communications	6	4	5	2	3
Travel	5	0	3	1	2
Training	1	0	1	0	1
Facilities Operation	17	16	9	8	8
Consulting & Professional Services	124	83	138	138	151
Central Admin. Serv.*	19	17	4	1	3
Information Technology	10	6	5	4	5
Equipment	10	0	0	0	0
TOTALS, Operating Expenses and Equipment	$198	$129	$166	$155	$173
Distributed Administration	$232	$168	$137	$113	$143
TOTALS, Strategic Project Contracts	$0	$0	$0	$0	$0
TOTALS, EXPENDITURES	**$650**	**$529**	**$433**	**$396**	**$451**

*Represents CalHFA's allocated share of the State's central administrative costs.

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April 27, 2015

CALIFORNIA HOUSING FINANCE AGENCY
2015-16

SUMMARY
PERSONNEL YEARS AND DIVISION BUDGETS

DIVISION	PERSONNEL YEARS Actual 2013-14	Budgeted 2014-15	Proposed 2015-16	DIVISION BUDGET AMOUNTS Actual 2013-14	Budgeted 2014-15	Proposed 2015-16
BOARD MEMBERS	0.0	0.0	0.0	$0	$30,100	$80,100
EXECUTIVE OFFICE	7.3	8.0	8.0	$1,014,024	$1,543,044	$1,665,358
ADMINISTRATION	17.9	23.0	22.0	$1,899,282	$2,302,758	$2,040,498
FINANCING	10.5	11.5	11.5	$1,459,290	$1,588,901	$1,746,542
MIS	1.7	1.0	1.0	$528,937	$432,740	$450,870
FISCAL SERVICES	47.0	50.0	48.0	$4,574,590	$5,201,432	$5,301,125
GENERAL COUNSEL	19.4	20.0	21.0	$2,687,641	$3,292,492	$3,474,607
MARKETING	7.3	8.0	8.0	$1,137,610	$1,501,165	$1,389,893
I.T.	17.9	21.0	21.0	$3,164,468	$4,489,728	$3,759,738
SINGLE FAMILY						
SINGLE FAMILY TOTALS	57.0	59.0	57.0	$5,770,371	$6,542,921	$6,284,586
SERVICING	25.5	30.0	21.0	$3,094,939	$3,935,967	$2,785,495
MULTIFAMILY	23.2	26.0	26.5	$2,859,104	$3,173,509	$3,700,364
ASSET MANAGEMENT	25.0	28.0	28.0	$3,051,046	$3,409,658	$3,865,751
INDIRECT COST POOL/TEMPS	14.8	11.4	12.8	$7,550,348	$5,942,143	$6,739,960
REIMBURSEMENTS	-	-	-	($607,345)	($496,000)	($534,223)
TOTAL PYS AND BUDGET AMOUNTS	274.5	296.9	285.8	$38,184,304	$42,890,558	$42,750,666

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April 27, 2015

CALIFORNIA HOUSING FINANCE AGENCY
2015-16

SUMMARY
PERSONNEL YEARS AND SALARIES

	PERSONNEL YEARS			SALARIES		
DIVISION	Actual 2013-14	Budgeted 2014-15	Proposed 2015-16	Actual 2013-14	Budgeted 2014-15	Proposed 2015-16
BOARD MEMBERS	0.0	0.0	0.0	$3,000	$5,000	$5,000
EXECUTIVE OFFICE	7.3	8.0	8.0	$685,250	$862,003	$886,520
ADMINISTRATION	17.9	23.0	22.0	$1,056,591	$1,400,534	$1,352,748
FINANCING	10.5	11.5	11.5	$988,162	$1,091,832	$1,132,776
MIS	1.7	1.0	1.0	$152,290	$91,356	$95,508
FISCAL SERVICES	47.0	50.0	48.0	$2,790,343	$3,217,135	$3,326,708
GENERAL COUNSEL	19.4	20.0	21.0	$1,681,962	$1,829,220	$1,933,562
MARKETING	7.3	8.0	8.0	$551,205	$612,792	$632,348
I.T.	17.9	21.0	21.0	$1,400,606	$1,726,393	$1,832,210
SINGLE FAMILY						
SINGLE FAMILY TOTALS	57.0	59.0	57.0	$3,789,091	$4,237,620	$4,305,432
SERVICING	25.5	30.0	21.0	$1,340,191	$1,709,132	$1,311,264
MULTIFAMILY	23.2	26.0	26.5	$1,804,274	$2,127,119	$2,236,524
ASSET MANAGEMENT	25.0	28.0	28.0	$1,909,629	$2,205,745	$2,460,036
TOTAL SALARIES	259.7	285.5	273.0	$18,152,594	$21,115,881	$21,510,636
Temporary Help	14.8	11.4	12.8	$790,794	$539,000	$626,000
Overtime	0.0	0.0	0.0	$107,360	$94,000	$98,000
Salary Savings	0.0	0.0	0.0	$0	$0	($667,974)
NET SALARIES	274.5	296.9	285.8	$19,050,748	$21,748,881	$21,566,662

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2245 CALIFORNIA HOUSING FINANCE AGENCY

ORGANIZATIONAL UNIT / Classification	Filled 2013-14	Authorized 2014-15	Proposed 2015-16	EXPENDITURES Actual 2013-14 (Salary Range)	Estimated 2014-15	Proposed 2015-16
OPERATIONS						
Executive Office						
Executive Office:						
Board Members	-	-		$100/day	$5,000	$5,000
Executive Director	1.0	1.0	1.0	12,500-17,500	175,000	175,000
Chief Deputy Director	-	1.0	1.0	11,522-15,833	175,000	175,000
Spec Asst to Director, C.E.A. A	1.0	1.0	1.0	6,173-8,874	111,552	111,552
Adm Asst II	1.0	1.0	1.0	4,400-5,508	66,096	69,096
Legislative Office:						
Director of Legislation and CalMAC	1.0	1.0	1.0	11,458-14,167	137,496	154,128
Staff Services Mgr II	0.1	1.0	1.0	5,576-6,929	80,724	83,148
Staff Services Mgr I	0.9	-	-	5,079-6,311	-	-
Assoc Govtl Prog Analyst	1.0	1.0	1.0	4,400-5,508	66,096	67,752
Adm Asst I	1.0	1.0	1.0	3,658-4,792	50,039	50,844
Office Techn-Typing	0.3	-	-	2,686-3,362	-	-
Totals, Executive Office	7.3	8.0	8.0	$688,250	$867,003	$891,520
Administration Division						
Special Consultant	0.5	-	-	11,667-15,833	-	-
Staff Services Mgr III	-	-	1.0	6,779-7,698	-	89,500
C.E.A. A	-	1.0	-	6,173-8,874	122,844	-
Budgets:						
Staff Services Mgr II	-	-	1.0	6,173-7,012	-	87,500
Staff Services Mgr I	1.0	1.0	-	5,079-6,311	75,732	-
Assoc Govtl Prog Analyst	2.0	2.0	2.0	4,400-5,508	116,800	129,000
Staff Services Analyst	-	-	1.0	3,658-4,579	-	55,000
Business Services:						
Staff Services Mgr I	1.0	1.0	1.0	5,079-6,311	75,732	79,176
Assoc Govtl Prog Analyst	2.0	2.0	2.0	4,400-5,508	132,192	138,192
Staff Services Analyst	0.6	1.0	1.0	3,658-4,579	53,352	55,476
Office Techn-Typing	0.5	1.0	-	2,686-3,362	39,168	-
Mgt Services Techn	-	-	1.0	2,495-3,529	-	37,104
Business Service Assistant-Spec	1.1	1.0	1.0	2,495-3,819	44,496	47,904
Mailing Machines Operator I	0.3	-	-	2,280-3,088	-	-
Office Asst-Gen	0.4	-	-	2,074-2,853	-	-
Central Scan Facility:						
Staff Info Systems Analyst-Spec	1.0	1.0	-	5,065-6,660	79,920	-
Info Systems Techn	-	1.0	1.0	2,480-3,849	38,400	35,000
Human Resources:						
Staff Services Mgr II	1.0	1.0	1.0	6,173-7,012	73,818	87,972
Staff Services Mgr I	0.4	1.0	-	5,079-6,311	73,524	-
Assoc Govtl Prog Analyst	1.0	1.0	1.0	4,400-5,508	66,096	69,096
Assoc Pers Analyst	2.2	3.0	3.0	4,400-5,508	198,304	207,288
Sr Pers Spec	-	1.0	-	3,658-4,579	53,352	-
Office Techn-Typing	0.9	3.0	3.0	2,686-3,362	108,000	126,540
Pers Spec	1.0	1.0	2.0	2,602-4,189	48,804	108,000
Mgt Services Techn	1.0	-	-	2,495-3,529	-	-
Totals, Administration Division	17.9	23.0	22.0	$1,056,591	$1,400,534	$1,352,748
Financing Division						
Director	1.0	1.0	1.0	11,524-15,833	189,996	189,996
Adm Asst I	0.5	0.5	0.5	3,658-4,792	27,912	30,060
Operating:						
Acctg Administrator III	1.0	1.0	1.0	6,779-7,698	92,376	96,576
Financing Ofcr	2.0	2.0	2.0	6,114-7,613	182,712	191,016
Financing Assoc	1.0	1.0	1.0	4,400-5,508	66,096	67,752
Risk Management and Mortgage Insurance:						
Risk Manager	1.0	1.0	1.0	8,333-11,458	137,496	137,496
Financing Ofcr	2.9	3.0	3.0	6,114-7,613	271,404	286,524
Housing Finance Ofcr	-	-	1.0	6,114-7,613	-	95,508

2245 CALIFORNIA HOUSING FINANCE AGENCY

ORGANIZATIONAL UNIT Classification	Filled 2013-14	Authorized 2014-15	Proposed 2015-16	EXPENDITURES Actual 2013-14 (Salary Range)	Estimated 2014-15	Proposed 2015-16
Financing Spec	0.1	1.0	1.0	4,833-6,050	70,488	75,900
Financing Assoc	1.0	-	-	4,400-5,508	-	-
Staff Services Analyst	-	1.0	1.0	3,658-4,759	53,352	57,456
Totals, Financing Division	10.5	11.5	12.5	$988,162	$1,091,832	$1,228,284
Fiscal Services Division						
Fiscal Services						
Comptroller, C.E.A. A	0.3	1.0	1.0	6,173-8,874	103,392	114,043
Deputy Comptroller, C.E.A. A	0.7	1.0	1.0	6,173-8,874	94,056	94,056
Bond Administration:						
Acctg Administrator II	1.0	1.0	1.0	5,576-6,929	83,148	86,940
Acctg Administrator I-Spec	2.0	2.0	2.0	4,833-6,050	140,976	151,800
Sr Acctg Officer-Spec	2.0	2.0	2.0	4,400-5,508	132,192	138,192
Financial Reporting:						
Acctg Administrator II	1.0	1.0	1.0	5,576-6,929	83,148	86,940
Acctg Administrator I-Spec	3.2	4.0	3.0	4,833-6,050	286,176	227,700
Assoc Acctg Analyst	-	-	1.0	4,619-5,874	-	72,250
Sr Acctg Officer-Spec	1.0	1.0	1.0	4,400-5,508	66,096	69,096
Fiscal Systems:						
Sr Adm Analyst-Acctg Sys	-	1.0	1.0	5,576-6,929	70,466	86,940
Staff Adm Analyst-Acctg Sys	1.0	-	-	5,079-6,311	-	-
Assoc Adm Analyst-Acctg Sys	1.0	2.0	2.0	4,619-5,784	136,181	145,152
Single Family:						
Acctg Administrator II	1.0	1.0	1.0	5,576-6,929	83,148	86,940
Acctg Administrator I-Supvr	1.0	2.0	1.0	5,079-6,311	147,048	77,625
Acctg Administrator I-Spec	1.0	1.0	1.0	4,833-6,050	72,600	75,903
Sr Acctg Officer-Supvr	1.0	-	1.0	4,622-5,743	-	70,639
Sr Acctg Officer-Spec	2.0	2.0	1.0	4,400-5,508	132,192	67,748
Acctg Officer-Spec	6.6	7.0	10.0	3,814-4,810	397,320	603,480
Accountant Trainee	4.2	4.0	-	3,240-3,864	180,048	-
Accountant I-Spec	2.0	2.0	2.0	2,870-3,593	84,972	90,168
Multifamily:						
Acctg Administrator II	1.0	1.0	1.0	5,576-6,929	83,148	86,940
Acctg Administrator I-Supvr	1.0	1.0	1.0	5,079-6,311	75,732	77,628
Acctg Administrator I-Spec	2.0	2.0	2.0	4,833-6,050	145,200	151,800
Sr Acctg Officer-Spec	2.0	2.0	2.0	4,400-5,508	128,352	138,192
Acctg Officer-Spec	2.7	3.0	3.0	3,841-4,810	168,120	181,044
Accountant Trainee	1.3	1.0	1.0	3,240-3,864	45,012	48,480
Operating:						
Acctg Administrator I-Supvr	1.0	1.0	1.0	5,079-6,311	73,524	77,628
Sr Acctg Officer-Spec	1.0	1.0	1.0	4,400-5,508	64,176	69,096
Acctg Officer-Spec	0.9	1.0	1.0	3,814-4,810	56,040	60,348
Accountant Trainee	0.7	1.0	1.0	3,240-3,864	45,012	48,480
Office Techn-Gen	1.0	1.0	1.0	2,638-3,305	39,660	41,460
Mgt Services Techn	0.4	-	-	2,495-3,529	-	-
Totals, Fiscal Services	47.0	50.0	48.0	$2,790,343	$3,217,135	$3,326,708
General Counsel Division						
General Counsel	1.0	1.0	1.0	10,833-14,167	170,004	170,004
Asst Chief Counsel	1.0	1.0	1.0	8,930-10,344	125,808	126,612
General Counsel:						
Housing Finance Spec	1.7	1.0	1.0	4,833-6,050	72,600	75,900
Sr Typist-Legal	1.0	1.0	2.0	2,589-3,621	43,452	80,807
Mgt Services Techn	0.7	-	-	2,495-3,529	-	-
Office Asst-Gen	1.0	1.0	-	2,074-2,853	29,064	-
Records Management:						
Staff Services Mgr I	0.3	1.0	1.0	5,079-6,311	73,524	79,176
Assoc Govtl Prog Analyst	-	-	1.0	4,400-5,508	-	69,096
Mgt Services Techn	0.3	1.0	1.0	2,495-3,529	42,348	44,280
Asset Management:						
Attorney IV	-	-	1.0	8,486-10,896	-	129,847
Attorney III	2.0	2.0	1.0	7,682-9,857	232,020	111,560

2245 CALIFORNIA HOUSING FINANCE AGENCY

ORGANIZATIONAL UNIT Classification	Filled 2013-14	Authorized 2014-15	Proposed 2015-16	EXPENDITURES Actual 2013-14 (Salary Range)	Estimated 2014-15	Proposed 2015-16
Housing Finance Spec	1.0	1.0	1.0	4,833-6,050	72,600	75,900
Single Family:						
Attorney III	2.7	3.0	3.0	7,682-9,857	350,304	363,723
Housing Finance Spec	1.0	1.0	1.0	4,833-6,050	72,600	75,900
Multifamily:						
Attorney III	2.7	3.0	3.0	7,682-9,857	350,304	363,723
Housing Finance Spec	2.0	2.0	2.0	4,833-6,050	145,200	113,850
Legal Asst	1.0	1.0	1.0	3,386-4,239	49,392	53,184
Totals, General Counsel Division	19.4	20.0	21.0	$1,681,962	$1,829,220	$1,933,562
Marketing Division						
C.E.A. A	1.0	1.0	1.0	6,173-8,874	106,812	114,043
Marketing:						
Sr Marketing Spec	1.0	1.0	-	5,328-6,671	80,052	-
Information Officer II	-	-	2.0	5,312-6,601	-	170,965
Staff Services Mgr I-Spec	2.0	2.0	-	5,079-6,311	153,864	-
Information Officer I	-	-	1.0	4,400-5,508	-	62,148
Staff Services Analyst	0.1	1.0	1.0	3,658-4,759	48,000	48,804
Mgt Services Techn	0.9	-	-	2,495-3,529	-	-
Digital Media						
Sr Info Systems Analyst-Sup	0.7	1.0	1.0	5,850-7,689	89,580	96,468
Staff Info Systems Analyst-Spec	0.3	-	-	5,065-6,660	-	-
Associate Info Systems Analyst-Spec	0.3	1.0	1.0	4,619-6,074	70,764	76,200
Graphic Designer III	1.0	1.0	1.0	4,367-5,468	63,720	63,720
Totals, Marketing Division	7.3	8.0	8.0	$551,205	$612,792	$632,348
Information Technology Division						
Chief Information Officer	1.0	1.0	1.0	8,333-11,458	137,496	137,496
Application Systems Development & Support:						
Data Processing Manager III	-	1.0	1.0	7,118-8,486	98,868	101,292
Sr Programmer Analyst-Supvr	1.0	-	-	5,850-7,689	-	-
Sr Programmer Analyst-Spec	2.1	4.0	4.0	5,571-7,322	341,232	367,440
Staff Programmer Analyst-Spec	2.9	2.0	2.0	5,065-6,660	157,512	157,512
Assoc Info Systems Analyst-Spec	-	1.0	1.0	4,619-6,074	70,764	70,764
Security Administration & Workstation Support:						
Data Processing Manager III	-	-	1.0	7,118-8,486	-	98,606
Data Processing Manager II	1.0	1.0	-	5,849-7,688	89,568	-
Staff Info Systems Analyst-Spec	0.8	1.0	2.0	5,065-6,660	69,186	150,276
Assoc Info Systems Analyst-Spec	1.3	2.0	2.0	4,619-6,074	143,652	143,652
Asst Info Systems Analyst	0.7	-	-	3,106-5,050	-	-
Info Systems Techn	0.6	1.0	-	2,480-3,849	38,400	-
Infrastructure & Telecommunication Support:						
Systems Software Spec III-Supvr	1.0	1.0	1.0	6,416-8,433	101,191	105,804
Systems Software Spec II-Tech	2.0	2.0	2.0	5,561-7,310	177,360	183,408
Staff Info Systems Analyst-Spec	1.8	2.0	3.0	5,065-6,660	157,512	239,760
Assoc Info Systems Analyst-Spec	1.7	2.0	1.0	4,619-6,074	143,652	76,200
Totals, Information Technology Division	17.9	21.0	21.0	$1,400,606	$1,726,393	$1,832,210
Temporary Help	3.9	3.4	2.8	207,754	154,000	126,000
Overtime	-	-	-	11,354	27,000	28,000
Totals, Operations	131.2	144.9	143.3	$9,376,227	$10,925,909	$11,351,380
PROGRAMS						
Single Family						
Director of Homeownership Program	0.8	1.0	1.0	11,667-15,833	168,000	124,008
Totals, Single Family Administration	0.8	1.0	1.0	$120,685	$168,000	$124,008
QA & Support:						
Housing Finance Ofcr	1.0	1.0	-	6,114-7,613	91,356	-
Housing Finance Spec	1.0	1.0	-	4,833-6,050	72,600	-
Totals, QA & Support	2.0	2.0	-	$163,009	$163,956	$0
Lending:						
Leads Program:						
Housing Finance Ofcr	1.0	1.0	-	6,114-7,613	91,356	-

2245 CALIFORNIA HOUSING FINANCE AGENCY

ORGANIZATIONAL UNIT Classification	Filled 2013-14	Authorized 2014-15	Proposed 2015-16	EXPENDITURES Actual 2013-14 (Salary Range)	Estimated 2014-15	Proposed 2015-16
Lender Admin/Recertification/Training:						
Housing Finance Ofcr	1.0	1.0	-	6,114-7,613	91,356	-
Housing Finance Spec	1.0	2.0	-	4,833-6,050	145,200	-
Loan Admin/Special Programs/Leads Program:						
Housing Finance Ofcr	1.0	1.0	-	6,114-7,613	91,356	-
Housing Finance Spec	2.0	2.0	-	4,833-6,050	145,200	-
Housing Finance Trainee	1.0	1.0	-	2,817-3,819	44,496	-
Loan Production:						
Housing Finance Ofcr	1.3	1.0	-	6,114-7,613	91,356	-
Housing Finance Spec	2.5	2.0	-	4,833-6,050	145,200	-
Housing Finance Assoc	6.3	5.0	-	4,400-5,508	320,880	-
Office Techn-Gen	1.0	1.0	-	2,638-3,305	39,660	-
Office Asst-Gen	1.0	1.0	-	2,074-2,853	33,240	-
Secondary Marketing and Loan Purchasing:						
Housing Finance Ofcr	-	1.0	-	6,114-7,613	88,692	-
Housing Finance Assoc	-	1.0	-	4,400-5,508	64,176	-
Special Projects:						
Housing Finance Chief	1.0	1.0	-	7,453-8,464	101,568	-
Totals, Lending	20.1	21.0	-	$1,370,225	$1,493,736	$0
Mortgage Insurance:						
Housing Finance Chief	0.7	-	-	7,453-8,464	-	-
Housing Finance Ofcr	-	1.0	-	6,114-7,613	91,356	-
Housing Finance Assoc	1.0	-	-	4,400-5,508	-	-
Totals, Mortgage Insurance	1.7	1.0	-	$152,290	$91,356	$0
Portfolio Management						
Housing Finance Chief	-	1.0	-	7,453-8,464	98,604	-
Housing Finance Ofcr	1.0	-	-	6,114-7,613	-	-
Housing Finance Spec	4.0	4.0	-	4,833-6,050	290,400	-
Housing Finance Assoc	-	1.0	-	4,400-5,508	66,096	-
REO Disposition:						
Housing Finance Ofcr	1.0	1.0	-	6,114-7,613	88,692	-
Housing Finance Spec	6.0	6.0	-	4,833-6,050	435,600	-
Housing Finance Assoc	10.1	12.0	-	4,400-5,508	783,552	-
Housing Finance Asst	0.3	-	-	3,658-4,759	-	-
Office Techn-Typing	-	1.0	-	2,686-3,362	39,168	-
REO Administration:						
Housing Finance Ofcr	0.6	-	-	6,114-7,613	-	-
Housing Finance Spec	3.7	3.0	-	4,833-6,050	219,000	-
Housing Finance Assoc	6.7	6.0	-	4,400-5,508	390,816	-
Office Techn-Typing	0.1	-	-	2,686-3,362	-	-
Office Asst -Typing	0.6	-	-	2,143-2,911	-	-
Totals, Portfolio Management	34.1	35.0	-	$2,135,172	$2,411,928	$0
Lender Services and Leads Unit:						
Housing Finance Ofcr	-	-	2.0	6,114-7,613	-	191,016
Housing Finance Spec	-	-	2.0	4,833-6,050	-	147,000
Housing Finance Assoc	-	-	2.0	4,400-5,508	-	138,192
Totals, Lender Services and Leads Unit	-	-	6.0	$0	$0	$476,208
Secondary Marketing:						
Housing Finance Ofcr	-	-	1.0	6,114-7,613	-	87,876
Housing Finance Spec	-	-	2.0	4,833-6,050	-	151,800
Housing Finance Assoc	-	-	-	4,400-5,508	-	-
Totals, Secondary Marketing	-	-	3.0	$0	$0	$239,676
Specialized Services Section:						
Housing Finance Chief	-	-	1.0	7,453-8,464	-	106,188
Special Programs:						
Housing Finance Ofcr	-	-	1.0	6,114-7,613	-	95,508
Housing Finance Spec	-	-	2.0	4,833-6,050	-	151,800
QA & Support:						
Housing Finance Ofcr	-	-	1.0	6,114-7,613	-	95,508
Housing Finance Spec	-	-	1.0	4,833-6,050	-	75,900

2245 CALIFORNIA HOUSING FINANCE AGENCY

ORGANIZATIONAL UNIT / Classification	Filled 2013-14	Authorized 2014-15	Proposed 2015-16	Actual 2013-14 (Salary Range)	Estimated 2014-15	Proposed 2015-16
				EXPENDITURES		
Special Projects and Budget Administration:						
Housing Finance Ofcr	-	-	1.0	6,114-7,613	-	95,508
Totals, Specialized Services Section	-	-	7.0	$0	$0	$620,412
Loan Production and Portfolio Management Section:						
Housing Finance Chief	-	-	1.0	7,453-8,464	-	106,188
Servicer Administration Unit:						
Housing Finance Spec	-	-	4.0	4,833-6,050	-	303,600
Housing Finance Assoc	-	-	1.0	4,400-5,508	-	69,096
Loss Mitigation:						
Housing Finance Ofcr	-	-	1.0	6,114-7,613	-	83,688
Housing Finance Spec	-	-	5.0	4,833-6,050	-	379,500
Housing Finance Assoc	-	-	6.0	4,400-5,508	-	414,576
Housing Finance Trainee	-	-	2.0	2,817-3,819	-	95,808
Office Techn-Typing	-	-	1.0	2,686-3,362	-	37,164
Loan Production Unit:						
Housing Finance Ofcr	-	-	1.0	6,114-7,613	-	77,760
Housing Finance Spec	-	-	2.0	4,833-6,050	-	151,800
Housing Finance Assoc	-	-	8.0	4,400-5,508	-	552,768
Systems Support Unit:						
Housing Finance Spec	-	-	1.0	4,833-6,050	-	75,900
Housing Finance Assoc	-	-	1.0	4,400-5,508	-	69,096
REO Short Sale and Closeout:						
Housing Finance Spec	-	-	2.0	4,833-6,050	-	151,800
Housing Finance Assoc	-	-	4.0	4,400-5,508	-	276,384
Totals, Loan Production and Portfolio Management	-	-	40.0	$0	$0	$2,845,128
Totals, Single Family	58.7	60.0	57.0	$3,941,381	$4,328,976	$4,305,432
Servicing						
Housing Finance Chief	1.0	1.0	1.0	7,453-8,464	101,568	106,188
Customer Service:						
Housing Finance Spec	-	1.0	1.0	4,833-6,050	70,488	75,900
Housing Finance Assoc	2.8	3.0	1.0	4,400-5,508	192,528	69,096
Office Techn-Typing	4.4	7.0	3.0	2,686-3,362	278,876	168,672
Mgt Services Techn	-	-	3.0	2,495-3,529	-	132,840
Office Asst-Gen	0.9	-	-	2,074-2,853	-	-
Collections:						
Housing Finance Ofcr	1.0	1.0	-	6,114-7,613	91,356	-
Staff Services Mgr I	-	-	1.0	5,079-6,311	-	79,176
Housing Finance Spec	0.2	-	-	4,833-6,050	-	-
Housing Finance Asst	1.0	3.0	1.0	3,658-4,759	160,056	50,304
Housing Finance Trainee	2.6	2.0	-	2,817-3,819	88,992	-
Default Management:						
Housing Finance Ofcr	1.0	1.0	1.0	6,114-7,613	88,692	95,508
Housing Finance Spec	0.4	1.0	1.0	4,833-6,050	70,488	70,488
Housing Finance Assoc	4.4	4.0	4.0	4,400-5,508	262,464	271,008
Housing Finance Asst	3.1	3.0	1.0	3,658-4,759	160,056	48,192
Housing Finance Trainee	1.0	-	-	2,817-3,819	-	-
Office Techn-Typing	0.7	1.0	1.0	2,686-3,362	39,168	39,168
Office Asst-Typing	-	1.0	-	2,143-2,911	33,912	-
Office Asst-Gen	-	-	1.0	2,074-2,853	-	34,236
System Administration:						
Housing Finance Spec	-	1.0	1.0	4,833-6,050	70,488	70,488
Housing Finance Assoc	1.0	-	-	4,400-5,508	-	-
Totals, Servicing	25.5	30.0	21.0	$1,340,191	$1,709,132	$1,311,264
Multifamily Programs						
Programs Administrator	0.2	1.0	1.0	11,667-15,833	168,000	168,000
Housing Finance Chief	1.0	1.0	1.0	7,453-8,464	100,728	106,188
Adm Asst I	1.0	1.0	1.0	3,658-4,792	57,499	59,664
Loan Underwriting:						
Housing Finance Ofcr	2.7	3.0	-	6,114-7,613	243,072	-
Housing Finance Spec	0.3	-	3.0	4,833-6,050	-	227,700

2245 CALIFORNIA HOUSING FINANCE AGENCY

ORGANIZATIONAL UNIT Classification	Filled 2013-14	Authorized 2014-15	Proposed 2015-16	EXPENDITURES Actual 2013-14 (Salary Range)	Estimated 2014-15	Proposed 2015-16
Loan Officers:						
Housing Finance Ofcr	6.0	7.0	7.0	6,114-7,613	624,780	668,556
Construction Services:						
Sr Housing Constrn Insp	1.0	1.0	1.0	8,115-10,155	121,860	124,908
Housing Constrn Insp	1.0	1.0	1.0	7,472-9,354	108,984	115,056
Sr Design Ofcr	1.0	1.0	0.5	5,439-6,804	75,808	42,684
Loan Administration & Disbursements:						
Staff Services Mgr I	1.0	1.0	1.0	5,079-6,311	75,732	81,108
Loan Administration:						
Housing Finance Spec	1.8	2.0	2.0	4,833-6,050	145,200	151,800
Housing Finance Assoc	1.2	1.0	1.0	4,400-5,508	66,096	69,096
Housing Finance Asst	3.0	4.0	5.0	3,658-4,759	213,408	287,280
Disbursements:						
Housing Finance Spec	1.0	1.0	1.0	4,833-6,050	72,600	75,900
Housing Finance Assoc	-	-	1.0	4,400-5,508	-	58,584
Housing Finance Asst	1.0	1.0	-	3,658-4,759	53,352	-
Totals, Multifamily Programs	23.2	26.0	26.5	$1,804,274	$2,127,119	$2,236,524
Asset Management						
C.E.A. A	-	1.0	1.0	6,173-8,874	115,644	106,488
Asset Management:						
Housing Finance Chief	1.0	1.0	1.0	7,453-8,464	101,568	106,188
Housing Maint Insp	6.0	6.0	6.0	6,898-8,629	621,288	636,840
Housing Finance Ofcr	4.9	5.0	5.0	6,114-7,613	447,024	600,504
Housing Finance Spec	6.1	6.0	8.0	4,833-6,050	435,600	607,200
Housing Finance Assoc	2.0	4.0	3.0	4,400-5,508	256,704	207,288
Housing Finance Asst	2.0	2.0	2.0	3,658-4,759	106,704	103,344
Housing Finance Trainee	-	-	1.0	2,817-3,819	-	47,904
Office Techn-Typing	2.0	1.0	-	2,686-3,362	40,344	-
Office Techn-Gen	1.0	1.0	-	2,638-3,305	38,508	-
Mgt Services Techn	-	1.0	1.0	2,495-3,529	42,361	44,280
Totals, Asset Management	25.0	28.0	28.0	$1,909,629	$2,205,745	$2,460,036
Temporary Help	10.9	8.0	10.0	583,040	385,000	500,000
Overtime	-	-	-	96,006	67,000	70,000
Totals, Programs	143.3	152.0	142.5	$9,674,521	$10,822,972	$10,883,256
Totals Regular/Ongoing Positions Before Salary Savings	259.7	285.5	273.0	$18,152,594	$21,115,881	$21,510,636
Salary Savings	-	-	-	$0	$0	($667,974)
TOTALS, CalHFA AUTHORIZED POSITIONS	**274.5**	**296.9**	**285.8**	**$19,050,748**	**$21,748,881**	**$21,566,662**
Regular/Ongoing Positions w/ Salary Savings	*259.7*	*285.5*	*273.0*	*18,152,594*	*21,115,881*	*20,842,662*
Temporary Help	*14.8*	*11.4*	*12.8*	*790,794*	*539,000*	*626,000*
Overtime	-	-	-	*107,360*	*94,000*	*98,000*

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)	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 opportunity to collaborate and strengthen our understanding in common and shared 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	Loss of opportunity 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 advance relationships with experienced HFA practitioners, Congressional and Federal staff, and noted industry leaders through events and roundtable sessions	Loss of opportunity 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	Obtain 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 in Idaho to become Master Servicer	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	Lack of 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	Loss of opportunity 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.
HUD TRACS Annual Meeting	Washington DC			1	$ 2,000.00	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	Loss of opportunity to obtain the most current and critical information regarding HUD matters.
HUD 811 Convening	Washington DC			2	$ 4,000.00	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.	Loss of the opportunity to obtain information on program changes as well as provide important feedback on the Agency's experience with the 811 program so far.

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)	Impact if Denied
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.	Loss of opportunity for critical training and can 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.	Loss of opportunity 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.	Loss of opportunity 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.	Loss of opportunity 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. Loss of opportunity to educate rating agencies regarding specific business risks that influence our ratings on debt issuance.
Black Knight (Information Exchange)	Florida			3	$ 6,000.00	Conference given by our servicing system provider to learn new and upcoming system developments.	Loss of opportunity for critical training and can 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.	Loss of opportunity for critical training and can 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
	Totals	**25**	**5**	**35**	**$ 137,100.00**		

*Agency will reimburse out of state travel expenses for Board Members eligible for per diem pursuant to Health & Safety Code Section 50909

April 27, 2015

CalHFA Contracts for FY 2015/16

DIVISION CONTRACTS	Contracts allocated and charged elsewhere Proposed 2015/16	Consulting and Professional Services Proposed 2015/16	Remarks
REGULAR ONGOING CONTRACTS			
AGENCY WIDE			
Cornerstone		600	Security Monitoring
CRESA Partners, Inc.		10,000	Broker to secure a suitable tenant for West Sac Office
Capital Delivery, LLC	42,000		Courier Service
Direct Hit Pest Control	500		West Sacramento Office Pest Control
Waste Management	2,000		Trash Pick Up (West Sac)
ABM	35,000		Janitorial Services (West Sac)
Guaranteed Records Management (GRM)	15,000		Records Retention Services for Culver City Office
Paper Cuts	1,500		Recycling and Shredding/Destruction for Culver City Office
Zoom Imaging	140,000		Copier Service
Pacific Storage	135,000		Records Storage
Miles Treaster	14,000		Equipment Storage
Coast to Coast	5,000		Copier service for Culver City Office
International Mailing Equipment	7,500		Postage meter maintenance
A+ Storage	35,000		Equipment storage and moving services
Airco Commercial Services	5,000		HVAC Maintenance for West Sac
Ergonomic Consultants	5,000		Ergonomic evaluations
	442,500	**10,600**	
EXECUTIVE			
Management Consulting Services		300,000	Potential expansion of organizational assessment
Facilitator for Senior Staff annual offsite meeting		20,000	Facilitator for annual offsite senior staff business planning meeting
Executive Total:	**0**	**320,000**	
BOARD MEMEBERS			
Daniel P. Feldhaus, CSR		25,000	Court Reporter services for Board Meetings
Board Memebers Total:	**0**	**25,000**	
ADMINISTRATION			
State Controller's Office		2,000	Leave Accounting
Weintraub Tobin		50,000	Attorney services for workplace investigations, mediation, and expert witness work as necessary
HR Consulting Services		60,000	HR Consultation Services
CalHR	30,000		HR Systems & Exam Services
CalHR	600		PIE Web Access
Administration Total:	**30,600**	**112,000**	
INFORMATION TECHNOLOGY			
Enterasys		10,000	Ongoing Switch Maintenance
Image Access West, Inc.	7,500		KoFax Maintenance
Airco Commercial Services	8,000		Server Room Heat Pump/HVAC Maintenance
GBH Communications	3,500		Video Conferencing Equipment Maintenance and Support
Beyond Trust	3,500		Support and maintenance of our vulnerability software
SiteImprove Analytics	8,000		Web Analytics (Multiyear contract)
NACR	32,000		Software Maintenance and Upgrade for one -X Attendant r3
Iron Mountain	3,500		Tape Pickup and Delivery
Nortridge Software	12,000		Software License/Maintenance
Sabah International	2,500		Fire Suppression
	80,500	**10,000**	

CalHFA Contracts for FY 2015/16

DIVISION CONTRACTS	Contracts allocated and charged elsewhere Proposed 2015/16	Consulting and Professional Services Proposed 2015/16	Remarks
FINANCING			
DBC Software (SS & C Technologies)		55,000	Cash Flow Projection Software (2 Licenses)
Bloomberg		25,000	Financial services used to monitor interest rate swap markets and fixed income markets
SWAP Financial Group, LLC	25,000		Advises Agency on interest rate swap agreements and changes in laws regarding swaps
Municipal Advisor	50,000		Advisor to assist with Federal regulation compliance for municipal bond issuers
PowerSeller	25,000		Software for tracking and managing single family pipeline hedging
Financing Total:	**100,000**	**80,000**	
FISCAL SERVICES			
Audits			
CliftonLarsonAllen		243,100	Housing Finance Fund Financial Audit
CLA Consulting		12,100	Consulting and comfort letters
Other			
MF Servicing Software Package		190,000	Multifamily Loan Servicing ASP - Ongoing
Arbitrage Services		40,000	Tax Compliance Calculations
State Controller's Office	6,000		Expedited Claims
Fiscal Services Total:	**6,000**	**485,200**	
GENERAL COUNSEL			
Litigation related			
Bankruptcy/Consultation Services		10,000	Bankruptcy
Cal Attorney General		150,000	Homeowner loan and routine litigation
Single Family Borrower Matters		15,000	Homeowner loan and routine litigation
Orrick		500,000	Litigation
Non-litigation related			
HUD Counsel		50,000	Washington DC counsel for federal HUD matters/Risk Share
Orrick		150,000	Hourly bond & finance advice
Lexis Nexis	7,000		Online resource for up to date changes in CA law
Legal Total:	**7,000**	**875,000**	
MARKETING			
Marketing/Digital Marketing/PR		425,000	Agency Promotion and Printing
Fuze Digital Solutions, LLC		14,400	Web Enhancements
Lazzarone Photography		5,000	Photographer for Annual Report
Design Forge		20,000	Consultant for Annual Report
Website Revision and Focus Groups		30,000	Consultant to assist with design, navigation, content and functionality updates to Agency website
Mobile App Developments		7,500	Development and implementation of a multifunctional mobile app for CalHFA partners & homebuyers
KP Corp	10,000		Mail House
Avant Page	4,000		Spanish translation of business literature
Robinson Anderson & Associates	20,000		Printing (1st printer source)
Paul Baker Printing	10,000		Printing (2nd printer source)
Marketing Total:	**44,000**	**501,900**	
SINGLE FAMILY			
All Regs		30,000	Quarterly enhancements to the CalHFA Servicer Guide
First American Title		200,000	Title searches for our modifications and short sale requests
SF Data Research		51,000	Property valuation/ownership verification service
Brooks Systems		2,000	Used to determine APR, as necessary
Citrix Webinars		13,000	Used for lender training presentations
Vernazza Wolfe Associates		5,000	Data Services
Lending Total:	**0**	**301,000**	

April 27, 2015

CalHFA Contracts for FY 2015/16

DIVISION CONTRACTS	Contracts allocated and charged elsewhere Proposed 2015/16	Consulting and Professional Services Proposed 2015/16	Remarks
SERVICING			
Black Knight Mortgage Processing		350,000	Single Family Loan Servicing ASP - ongoing
Servicing Printing and Mailing		160,000	Loan payment coupons, tax forms, etc
Check Processors, Inc.		20,000	Lock Box Service
McBride Edwards LLP		50,000	Servicing Auditor
Equifax	15,000		Credit Reports
Sprint	150,000		Property Inspection Service
First American Data Tree	25,000		Appraisals, property data information system
Corelogic Tax Services	20,000		Property Inspection Service
National Reconveyance Center	40,000		Research, release, and record reconveyances for PIF 1st Mortgages
Nationwide Title Clearing	175,000		Research, release, and record reconveyances for PIF subordinate loans - online
Law Offices of Les Zieve	50,000		Legal Services in foreclosures, evictions, and backruptcies
Servicing Total:	475,000	580,000	
MIS			
CliftonLarsonAllen		65,000	Housing Loan Insurance Fund Financial Audit
Experian		1,000	Credit reporting contract required by Genworth for loss mitigation purposes
Milliman USA		85,000	Insurance and reinsurance performance metrics and reporting and capital adequacy modeling
MIS Total:	0	151,000	
MULTIFAMILY			
Multifamily Financial Consultant		150,000	Review and update the program guidelines, policies and procedures for the Preservation Loan Program
Multifamily Policy and Planning		150,000	Services to assist CalHFA in its review of Multifamily policies, procedures and programs
GTG Partners		100,000	Physical Needs Assessment (PNA) Consultant
Multifamily Total:	0	400,000	
ASSET MANAGEMENT			
Reaction Inspection Services		7,500	REAC inspections for Section 8 properties per HUD
24/7 Markan Family Mobile Notary		13,000	REAC inspections for Section 8 properties per HUD
Housing Development Software		110,000	Maintenance fee for software/Host set-up and license fees
Asset Management Total:	0	130,500	
CALHFA REGULAR ONGOING CONTRACT TOTALS	**1,185,600**	**3,831,200**	**($3,831K on CalHFA Consulting and Professional Services Line)**
MIS REGULAR ONGOING CONTRACT TOTALS	**0**	**151,000**	**($151K on MIS Consulting and Professional Services Line)**
TOTAL ONGOING CONTRACTS	**1,185,600**	**3,982,200**	**($3,982 on Combined Consulting and Professional Services Line)**
GRAND TOTAL OF ALL CONTRACTS	**5,167,800**		

CalHFA Contracts for FY 2015/16

DIVISION CONTRACTS	Contracts allocated and charged elsewhere Proposed 2015/16	Consulting and Professional Services Proposed 2015/16	Remarks
STRATEGIC PROJECT CONTRACTS			
I.T.			
Fiscal Services			
QBIX		1,000	General Ledger Report Upgrades
Single Family			
Public Consulting Group		100,000	Programming Support
Enterprise Content Management			
Sharepoint Technical Expertise		20,000	Technical Support
Microsoft Exchange Upgrade/Lync Implementaion		10,000	Technical Expertise
Macroview, Inc.		10,000	Technical Support
Relocation of W Sac office to CalHFA HQ at 500 Capitol Mall			
VoiP Set up Costs		5,000	One time set up costs for phone transfer for West Sac to Headquarters
VoiP Transfer		25,000	Transfer of phone system from West Sac to Headquarters
Cabling and Fire Suppression Removal		20,000	Removal of Cabling and Fire Suppression in West Sac Office
Security			
Network Infrastructure Assessment		30,000	External Vendor Security Assessment
Agency			
VoiP Upgrade		155,000	Upgrade current phone system including software and hardware
TBD		100,000	Agency-wide data integration
CALHFA STRATEGIC PROJECT CONTRACT TOTALS		**476,000**	
MIS STRATEGIC PROJECT CONTRACT TOTALS		**0**	
TOTAL STRATEGIC PROJECT CONTRACTS		**476,000**	**($476K on Strategic Project Contracts Line)**
ALL CalHFA Total Contracts		**5,492,800**	
ALL MIS Total Contracts		**151,000**	
Sum:		**5,643,800**	
TOTAL, EXPENDITURES		**5,643,800**	

Items in Red are not included in Consulting Services totals. The budget and expenses for these contracts are allocated and charged elsewhere.

California Housing Finance Agency
Fiscal Year 2014-2016
Actual / Projected Revenues

	Budget FY 2014-15	Projected FY 2014-15	Proposed FY 2015-16
Legacy activities			
Income from single-family loan servicing	$ 3,000,000	$ 2,000,000	$ 2,066,521
Release of earthquake insurance	$ 941,859	$ 1,372,869	$ 812,642
Mortgage and MBS repayments and maturities:			
- HELP loans (maturities)	$ 11,604,950	$ 13,648,727	$ 9,497,028
- Unencumbered multifamily loans (repayments) and MBS (repayments)	$ 8,139,326	$ 15,483,827	$ 9,148,762
Fee income:			
- Administrative fees from bond indentures	$ 4,900,777	$ 4,922,092	$ 8,919,475
- Multifamily equity released from indentures	$ -	$ -	$ 8,000,000
- HAP administrative fees	$ 1,057,678	$ 1,303,685	$ 1,359,720
- Multifamily servicing fees (MHSA and Citi)	$ 1,015,000	$ 1,083,373	$ 178,416
Interest on mortgages/securities/cash:			
- HELP loans	$ 3,661,041	$ 3,542,036	$ 3,233,432
- Unencumbered multifamily loans	$ 7,836,689	$ 6,513,867	$ 5,147,531
- Unencumbered MBS	$ 2,716,100	$ 2,190,786	$ 1,476,226
- Float Earnings (invested in State's SMIF)	$ 560,000	$ 372,037	$ 440,324
Extraordinary activities:			
Multifamily loans (prepayments)	$ -	$ 45,228,503	$ -
Prepayment yield maintenance	$ -	$ 15,069,764	$ -
Total Legacy Activities	$ 45,433,421	$ 112,731,567	$ 50,280,077
New activities (Moderate Scenario)			
Single-family Program:			
- Fee income from sale of MBS	$ 1,200,000	$ 1,373,151	$ 3,464,125
- Fee income from origination of CHDAP	$ 1,335,000	$ 1,551,926	$ 2,408,664
- Fee income from origination of MCC	$ 46,000	$ 115,175	$ 99,450
Multifamily Program (all HUD Risk-share insured):			
- Loan fees from acq-rehab financings:			
- fully amortizing permanent loans	$ 380,000	$ 236,750	$ 590,000
- 30-35 year amortizing but due in 17+ years	$ 750,000	$ -	$ -
- Loan fees from permanent-only financings:			
- fully amortizing permanent loans	$ 280,000	$ -	$ 410,000
- Conduit financings:	$ 150,000	$ 248,801	$ 265,000
Multifamily Asset Management:			
- HUD 811	$ 100,000	$ -	$ 100,000
- HCD's Tenant Based Rental Assistance	$ 100,000	$ -	$ 100,000
MHSA origination fees:	$ -	$ 320,685	$ 369,894
Total New Activities	$ 4,341,000	$ 3,846,488	$ 7,807,133
New Era Sources of Liquidity			
Mortgage repayments and maturities:			
Repayment of ZIP Loans (currently purchased)			$ 5,449
MF New Era Loans - released from Indenture			$ 346,795
Fee income:			
Administrative Fees (conduits financed during or prior to fy 2014/15)			$ 199,571
Administrative Fees (conduits financed during or prior to fy 2015/16)			$ -
Servicing Fees MHSA			$ 1,117,856
Interest on mortgages/securities/cash:			
Investment Income (SMIF)			$ 3,142
MF spread			$ 2,800,000
MF spread			$ -
Total New Era	$ -	$ -	$ 4,472,814
Total Resource Inflows	**$ 49,774,421**	**$ 116,578,055**	**$ 62,560,024**
Total Agency Operating Costs	$ (42,890,558)	$ (39,251,000)	$ (42,749,666)
Projected Net Surplus	$ 6,883,863	$ 77,327,055	$ 19,810,358

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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.

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

ATTEST: ______________________
Secretary

Attachment

RESOLUTION 15-13

CALHFA OPERATING BUDGET

FISCAL YEAR 2015/2016

WHEREAS, the Board of Directors of the California Housing Finance Agency has reviewed its proposed operating budget for the 2015/2016 fiscal year;

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The operating budget attached hereto is hereby approved for operations of the California Housing Finance Agency Fund for fiscal year 2015/2016.

I hereby certify that this is a true and correct copy of Resolution 15-13 adopted at a duly constituted meeting of the Board of the Agency held on May 14, 2015, in Sacramento, California.

ATTEST: ________________________
Secretary

Attachment

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State of California

M E M O R A N D U M

To: Board of Directors

Date: April 29, 2015

Timothy Hsu, Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: REPORT OF BOND SALE
MULTIFAMILY HOUSING REVENUE BONDS III, 2015 SERIES A

On April 14, 2015, the Agency issued $174,180,000 of bonds under the Multifamily Housing Revenue Bonds III (MHRB III) indenture. This is the second multifamily bond issuance for which all bonds were issued as fixed rate bonds since 2008 under the MHRB III indenture. The bonds were issued as taxable fixed rate bonds. The 2015 Series A bonds are backed by our general obligation and rated A1/AA+ by Moody's and Standard & Poor's respectively.

The bonds have been issued to refund $174,180,000 of prior CalHFA bond series. A total of 59 prior multifamily loans will be transferred as a result of the refunding. Attached is a listing of the projects to be financed by the 2015 Series A bonds.

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OLD LOANS TRANSFERRED FROM PRIOR BOND ISSUES

Name of Development	Location (City and County)	Permanent Loan Amount		Loan Interest Rate
Loans Transferred from MHRB III 1997 Series A:				
Arbor Terraces	San Jose, Santa Clara	$ 3,097,542		6.75%
Ashwood Village Apts.	Modesto, Stanislaus	4,018,114		6.75%
Cordova Village	Chula Vista, San Diego	1,726,325		6.75%
Lark Ellen	West Covina,	4,778,648		6.75%
	Los Angeles	0		6.75%
Panas Place	Santa Rosa,	2,884,564		6.75%
	Sonoma	0		6.75%
Parkside Glen	San Jose, Santa Clara	9,992,580		6.75%
Pecan Court	Napa,	934,405		6.75%
	Napa	0		6.75%
Renwick Square	Elk Grove, Sacramento	4,752,163		6.75%
Schoolhouse Court	Napa,	669,817		6.75%
	Napa	0		6.75%
Stonegate Apts.	San Jose, Santa Clara	7,470,292		6.75%
Villa Savannah (1)	San Jose, Santa Clara	4,956,473	(1)	6.75%
	Subtotals	$ 45,280,924		
Loans Transferred from MHRB III 1998 Series A:				
Bermuda Gardens	San Leandro, Alameda	$ 2,103,148		6.45%
Britton Street (2)	San Francisco,	185,500	(2)	6.00%
	San Francisco	0		6.00%
Center Pointe Villas (3)	Norwalk, Los Angeles	661,387	(3)	6.05%
Hookston Manor	Pleasant Hill, Contra Costa	3,016,862		5.90%
Owl's Landing	Livermore,	3,939,536		6.35%
	Alameda	0		6.35%
Park Place Apts.	Van Nuys,	3,406,392		5.90%
	Los Angeles	0		6.20%
Rancho Carrillo Family Apts.	Carlsbad, San Diego	5,735,623		6.05%
Tahoe Valley Townhomes	S. Lake Tahoe, El Dorado	1,851,230		6.20%
West Oaks Apts.	Santa Rosa,	2,525,983		6.50%
	Sonoma	0		6.50%
Windmere II	Davis,	1,662,116		6.35%
	Yolo	0		6.35%
	Subtotals	$ 25,087,778		
Loans Transferred from MHRB III 1998 Series B:				
The Arbors	Hercules,	$ 1,949,939		5.90%
	Contra Costa	0		5.90%

OLD LOANS TRANSFERRED FROM PRIOR BOND ISSUES

Name of Development	Location (City and County)	Permanent Loan Amount		Loan Interest Rate
Brannan Court	Sacramento, Sacramento	611,562		9.95%
CCBA Senior Garden	San Diego,	1,544,752		6.05%
	San Diego	0		6.05%
Center Pointe Villas (3)	Norwalk, Los Angeles	9,496,857	(3)	6.05%
Farley Place	Belvedere, Marin	427,520		7.50%
Gravenstein North Apts.	Sebastopol, Sonoma	461,379		7.50%
The Lakes	Selma, Fresno	1,092,298		7.25%
Lincoln Gardens	Woodland, Yolo	976,249		7.50%
Meadow Glen Apts.	Pittsburg, Contra Costa	761,015		7.50%
Mercy Village Folsom	Folsom,	1,457,327		3.50%
	Sacramento	0		3.50%
Montebello Senior Villas	Montebello, Los Angeles	2,906,428		5.90%
Montevista Apts.	Milpitas, Santa Clara	19,672,293		6.75%
Northstar Apts.	Davis,	723,289		6.75%
	Yolo	0		6.75%
Ridgeview Commons	Pleasanton, Alameda	5,813,721		5.50%
Stone Pine Meadow	Tracy,	2,044,294		6.75%
	San Joaquin	0		6.75%
Storke Ranch	Isla Vista,	1,201,850		6.75%
	Santa Barbara	0		6.75%
Swan's Market	Oakland,	681,061		6.75%
	Alameda	240,000		3.00%
		0		6.75%
Villa Maria Apts.	San Diego,	1,843,750		6.75%
	San Diego	0		6.75%
Villa Savannah (1)	San Jose, Santa Clara	3,777,738	(1)	6.75%
Village Place	San Diego, San Diego	757,984		6.00%
Villaggio I	Carson,	4,308,504		6.75%
	Los Angeles	0		6.75%
Villaggio II	Carson,	3,463,459		6.75%
	Los Angeles	0		6.75%
	Subtotals	$ 66,213,270		
Loans Transferred from MHRB III 1998 Series C:				
Corinthian House	Campbell, Santa Clara	$ 915,925		7.25%
Morse Court	Sunnyvale, Santa Clara	1,350,148		5.40%
Ocean Park Villas	Santa Monica, Los Angeles	937,279		9.05%

OLD LOANS TRANSFERRED FROM PRIOR BOND ISSUES

Name of Development	Location (City and County)	Permanent Loan Amount		Loan Interest Rate
Sycamore Square	Hayward, Alameda	1,180,899		5.70%
Villa Jardin	Sacramento, Sacramento	388,169		6.20%
	Subtotals	$ 4,772,420		
Loans Transferred from MHRB III 1999 Series A:				
Breezewood Village	La Mirada, Los Angeles	$ 3,527,503 0		6.05% 6.05%
Britton Street (2)	San Francisco, San Francisco	87,904	(2)	6.00%
Canyon Run Apts.	Healdsburg, Sonoma	2,485,084 0		6.05% 6.05%
Detroit Street	West Hollywood, Los Angeles	207,710 0		5.90% 5.90%
Light Tree Apts.	East Palo Alto, San Mateo	4,292,433		5.90%
Maplewood Apts.	Lakeside, San Diego	2,223,311		5.90%
Sierra Meadows	Fresno, Fresno	6,367,441		7.50%
	Subtotals	$ 19,191,386		
Loans Transferred from MHRB III 2005 Series C:				
Plaza de las Flores	Sunnyvale, San Mateo	$ 7,680,695		5.50%
Loans Transferred from MHRB III 2005 Series E:				
Gish Apartments	San Jose, Santa Clara	$ 2,203,554		3.00%
Hemet Estates	Hemet, Riverside	3,071,748		5.30%
Dana Strand	Wilmington, Los Angeles	1,623,683		5.50%
Sterling Village	San Bernardino, San Bernardino	3,576,350		5.30%
Villa Montgomery	Redwood City, San Mateo	4,215,699		5.90%
Sunset Heights	Rancho Cucamonga, San Bernardino	1,309,591 1,635,106		5.30% 5.20%
	Subtotals	$ 17,635,732		
	Total	$ 185,862,205		

(1) This loan is financed by the 1997 Series A and 1998 Series B Bonds.
(2) This loan is financed by the 1998 Series A and 1999 Series A Bonds.
(3) This loan is financed by the 1998 Series A and 1998 Series B Bonds.

OLD LOANS TRANSFERRED FROM PRIOR BOND ISSUES

Name of Development	Location (City and County)	Permanent Loan Amount	Loan Interest Rate

State of California

M E M O R A N D U M

To: Board of Directors Date: April 30, 2015

Timothy Hsu, Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: REPORT OF ISSUANCE OF SUBSTITUTE LETTERS OF CREDIT FROM CITIBANK, N.A.

On May 6, 2015 $74,450,000 of existing multifamily variable rate bonds received new credit enhancement in the form of direct-pay Letter of Credit (LOC) from Citibank, N.A. The Citibank, N.A. LOC is substituting CalHFA's previous LOCs with Fannie Mae and Freddie Mac on the bonds, pursuant to the U.S. Treasury's Temporary Credit and Liquidity Program (TCLP). The LOC from Citibank is scheduled to expire three years from the issuance date.

All of the TCLP facilities currently expire on or before December 23, 2015. After this LOC conversion, the Agency will no longer have bonds supported by TCLP in the multifamily bond program.

The bonds are rated Aa2/VMIG-1 by Moody's and AA+/A-1+ by S&P.

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State of California

M E M O R A N D U M

To Board of Directors **Date:** April 28, 2015

Timothy Hsu, Director of Financing
From: CALIFORNIA HOUSING FINANCE AGENCY

Subject: TEMPORARY CREDIT & LIQUIDITY PROGRAM (TCLP) - HMRB LOC REPLACEMENT

The Temporary Credit and Liquidity Facility provided to CalHFA by the US Treasury in December 2009 expires on December 23, 2015. The Agency is currently working to replace this facility for all covered bonds under the HMRB indenture on June 17, 2015. The variable rate bonds which will require a replacement Letter of Credit (LOC) total $510.7 million.

Proposals for Direct Pay LOCs were received from 6 banks totaling $750 million and proposals for floating rate notes were received from 2 banks totaling $300 million. After evaluating the offers, 4 banks were chosen to provide the LOC's:

Bank of Tokyo – Mitsubishi	$150.00Mn
Bank of America, N.A	$146.72Mn
RBC Capital Markets, Inc.	$140.00Mn
Sumitomo Mitsui Banking Corp.	$ 73.98Mn

The LOCs will have 3 year terms.

The Agency greatly appreciates the US Treasury for making the TCLP available to CalHFA. The TCLP has helped the Agency manage its variable rate debt over the past five years. With the finalization of this transaction, the Agency will have honored its commitment made to Treasury to completely exit the TCLP by the expiration date.

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State of California

M E M O R A N D U M

To: Board of Directors Date: April 30, 2015

Timothy Hsu, Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: UPDATE OF CONDUIT ISSUANCE PROGRAM

The CalHFA Conduit Issuer Program (Conduit Program) is designed to facilitate both for-profit and non-profit developers in accessing tax-exempt and taxable bonds for the financing of family and senior affordable and mixed-income housing developments. The goals of the program are to increase and preserve the supply of affordable rental housing, maintain a quality living environment, leverage private sector funds to the greatest extent possible, and to cooperate with local jurisdictions to advance affordable housing goals.

CalHFA made numerous program changes early this year to be more competitive on fees and added a locality review process in place to address any of the locality concerns. In addition to generating fee income for the Agency, the Conduit Program is an entry point for developers, lenders, bond counsels, and financial advisors to become more familiar with all of CalHFA multifamily programs and resources.

Conduits completed in FY14-15:

Project Name	City	Project Type	Units	Closing Date	Loan Amount
1. Edgewater Isle	San Mateo	Senior	92	4/9/2015	18,846,000
2. Esperanza-Colosimo	San Francisco	Family/Senior	50	8/27/2014	12,500,000
3. Las Brisas Apartments	Cudahy	Family	100	11/6/2014	12,300,000
4. The Alexander Apts	Fullerton	Senior	95	9/23/2014	15,500,866
			337		$59,146,866

Conduit pipeline:

Project Name	City	Project Type	Units	Closing Date	Loan Amount
(Pre-Application)					
1. Antelope Valley	Lancaster	Family	120	8/31/2015	$2,400,000
(Application submitted)					
2. Downtown Hayward Senior	Hayward	Senior	60	7/15/2015	17,500,000
(Final Commitment)					
3. Betel Apartments	San Francisco	Family	50	6/26/2015	18,000,000

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State of California

M E M O R A N D U M

To: Board of Directors

Date: April 29, 2015

Tim Hsu, Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: Homeownership Loan Portfolio Report and Highlights for March 31, 2015

- The overall delinquency rate has decreased from a high of 17.94% in January 2010 to 7.41% in March 2015.
  - The delinquency rate for FHA loans has decreased from a high of 19.86% in January 2010 to 8.43% in March 2015.
  - The delinquency rate for Conventional loans has decreased from a high of 16.31% in January 2010 to 6.44% in March 2015.
- Conventional loans with MI continue to have the highest delinquency rate at 10.06% (comparing all conventional and FHA loans)
- The REO inventory reached its peak of 1,391 loans, between the third and fourth quarters of 2010 (315 FHA loans and 1,076 Conventional loans) it is now 63 loans (17 FHA loans and 46 Conventional loans).
- The annualized foreclosure rate for Conventional loans is 1.3 % compared to a high of 10% in 2010.
- As of March 2015, loans modified starting in 2011 have a lower default rate, which parallels the introduction of the Keep Your Home California (KYHC) Program. The loans modified starting in 2012 have an even lower default rate, which parallels the increase in the principal reduction program (PRP) maximum payment from $50,000 to $100,000.
- Since 2011 we have modified 605 loans (FHA and conventional) that received KYHC's Principal Reduction Program (PRP) funds, for a total of $37.2 million. In the first quarter of 2013, after changes in PRP criteria, the average dollar amount of PRP received reached a high of $63 thousand per loan. For the month of March 2015 the average is approximately $35.3 thousand per loan.
- "Cure" rates for modified loans (current at time of modification): 83%
- "Cure" rates for modified loans (delinquent at time of modification): 67%

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Cal HFA California Housing Finance Agency

HOMEOWNERSHIP LOAN PORTFOLIO DELINQUENCY, REO & SHORT SALE, UNINSURED LOSS, AND LOAN MODIFICATION REPORT

March 31, 2015

Reconciled Loan Delinquency Summary
All Active Loans By Insurance Type

	Loan Count	Balance	% of Balance	DELINQUENCY RATIOS - % of Loan Count: Loan Count	30-Day	Loan Count	60-Day	Loan Count	90(+) Day	Totals: Count	%
Federal Guaranty											
FHA	6,751	$ 674,395,470	30.40%	274	4.06%	95	1.41%	200	2.96%	569	8.43%
VA	151	14,187,698	0.64%	9	5.96%	1	0.66%	6	3.97%	16	10.60%
RHS	72	12,231,109	0.55%	4	5.56%	0	0.00%	3	4.17%	7	9.72%
Conventional loans											
with MI											
CalHFA MI Fund	2,643	646,995,462	29.16%	105	3.97%	27	1.02%	134	5.07%	266	10.06%
without MI											
Orig with no MI	3,490	598,720,187	26.99%	77	2.21%	19	0.54%	76	2.18%	172	4.93%
MI Cancelled*	1,603	272,063,451	12.26%	27	1.68%	5	0.31%	28	1.75%	60	3.74%
Total CalHFA	14,710	$ 2,218,593,378	100.00%	496	3.37%	147	1.00%	447	3.04%	1,090	7.41%
Weighted average of conventional loans:				209	2.70%	51	0.66%	238	3.08%	498	6.44%

*Cancelled per Federal Homeowner Protection Act of 1998, which grants the option to cancel the MI with 20% equity.

Note: In accordance with CalHFA's policy, *no trustee sale is permitted between December 15 and January 5 of any year without CalHFA's prior written approval.*

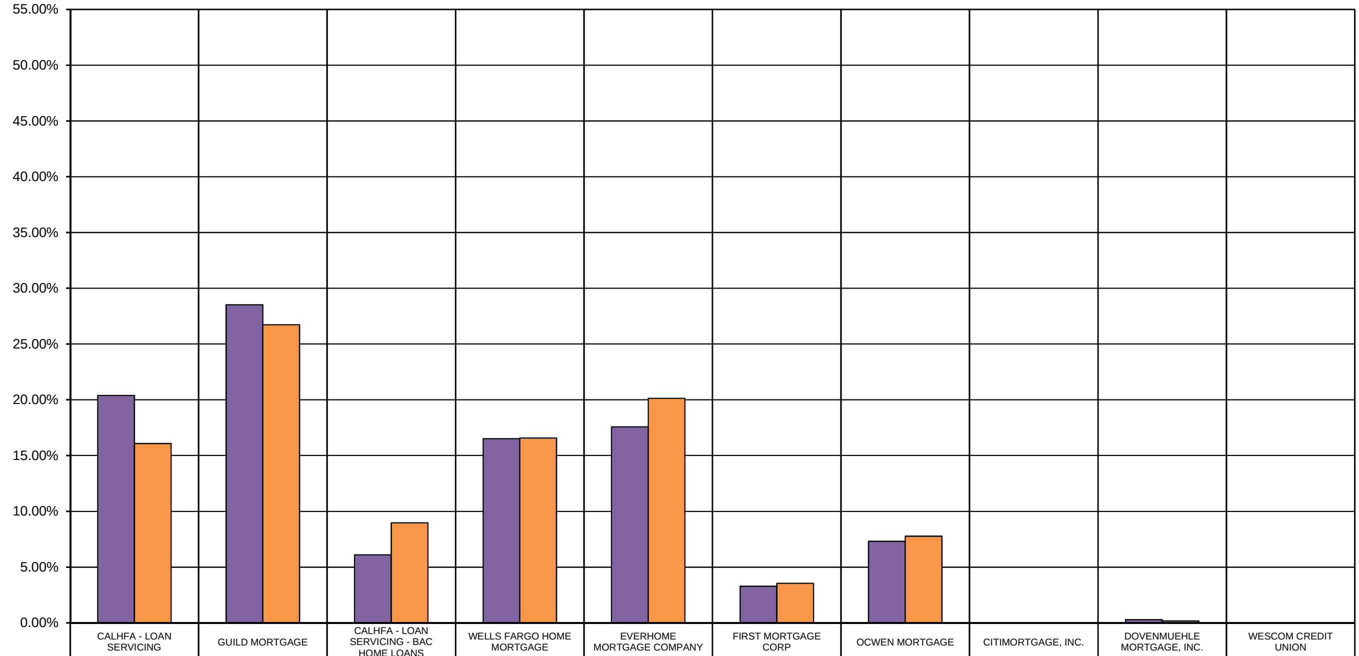
Reconciled Loan Delinquency Summary
All Active Loans By Loan Type

	Loan Count	Balance	% of Balance	DELINQUENCY RATIOS - % of Loan Count: Loan Count	30-Day	Loan Count	60-Day	Loan Count	90(+) Day	Totals: Count	%
30-yr level amort											
FHA	6,751	$ 674,395,470	30.40%	274	4.06%	95	1.41%	200	2.96%	569	8.43%
VA	151	14,187,698	0.64%	9	5.96%	1	0.66%	6	3.97%	16	10.60%
RHS	72	12,231,109	0.55%	4	5.56%	0	0.00%	3	4.17%	7	9.72%
Conventional - with MI	1,187	253,124,166	11.41%	45	3.79%	12	1.01%	46	3.88%	103	8.68%
Conventional - w/o MI	4,549	750,499,607	33.83%	90	1.98%	17	0.37%	83	1.82%	190	4.18%
40-yr level amort											
Conventional - with MI	248	67,075,431	3.02%	15	6.05%	4	1.61%	16	6.45%	35	14.11%
Conventional - w/o MI	161	30,692,655	1.38%	5	3.11%	4	2.48%	6	3.73%	15	9.32%
***5-yr IOP, 30-yr amort**											
Conventional - with MI	1,208	326,795,865	14.73%	45	3.73%	11	0.91%	72	5.96%	128	10.60%
Conventional - w/o MI	383	89,591,377	4.04%	9	2.35%	3	0.78%	15	3.92%	27	7.05%
Total CalHFA	14,710	$ 2,218,593,378	100.00%	496	3.37%	147	1.00%	447	3.04%	1,090	7.41%
Weighted average of conventional loans:				209	2.70%	51	0.66%	238	3.08%	498	6.44%

*As of February 1, 2015 all IOP loans (except 9 loans which were modified) were converted to fixed (amortizing) loans.

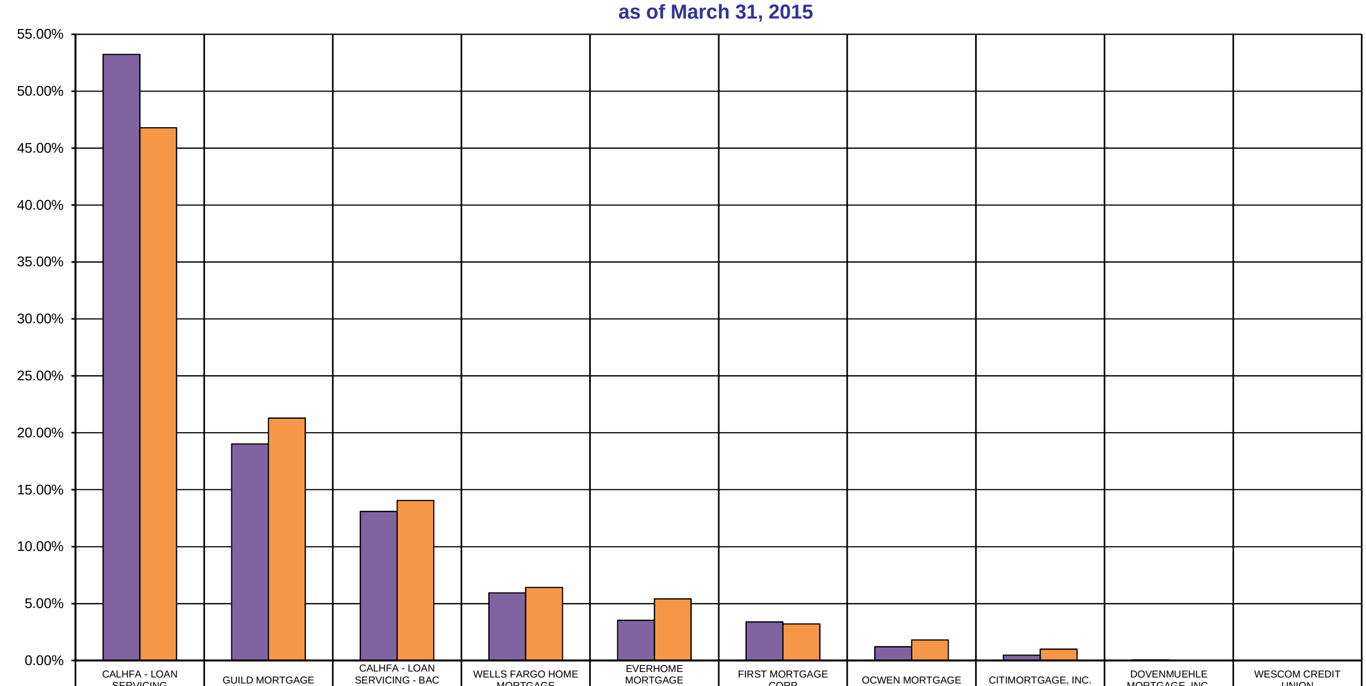
California Housing Finance Agency

CalHFA FHA Loan Portfolio Performance Comparison by Servicer
(% of Total Loan Count vs. % of Total Delinquent Loan Count)
as of March 31, 2015



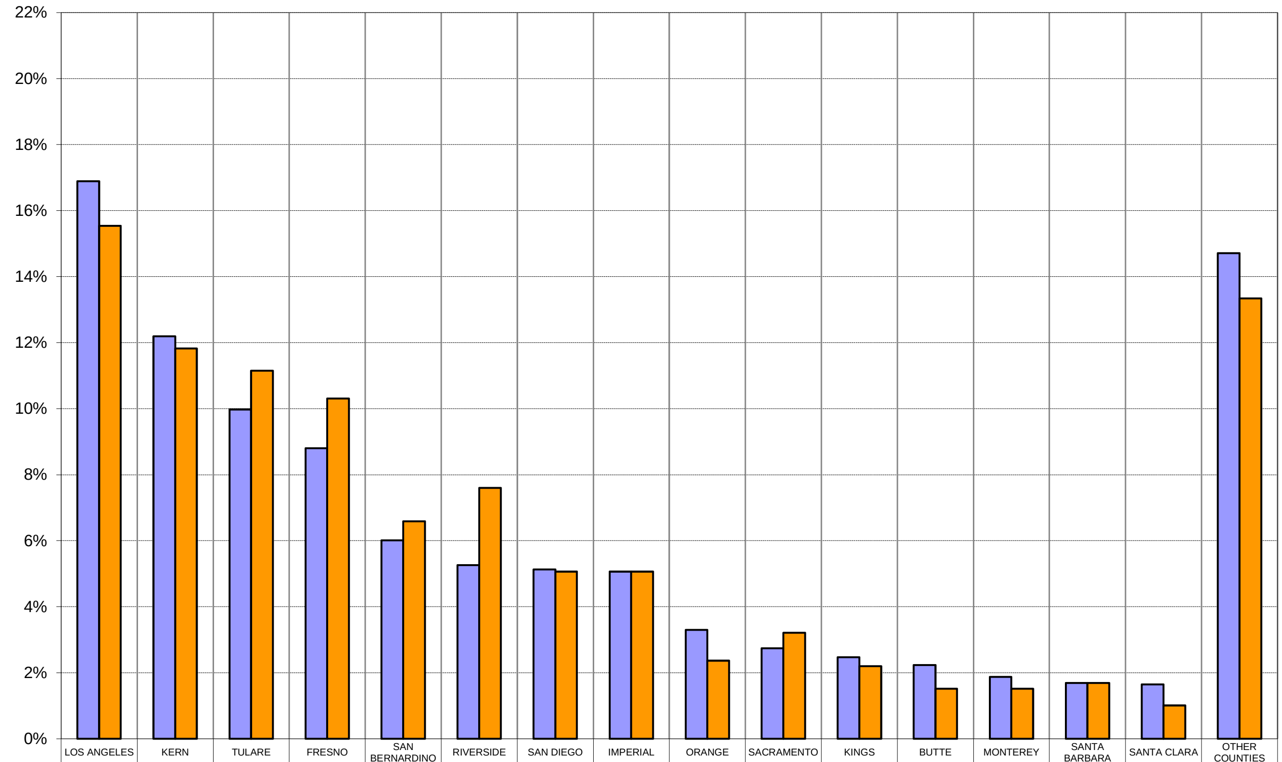
	CALHFA - LOAN SERVICING	GUILD MORTGAGE	CALHFA - LOAN SERVICING - BAC HOME LOANS	WELLS FARGO HOME MORTGAGE	EVERHOME MORTGAGE COMPANY	FIRST MORTGAGE CORP	OCWEN MORTGAGE	CITIMORTGAGE, INC.	DOVENMUEHLE MORTGAGE, INC.	WESCOM CREDIT UNION
% of Total Loan Count	20.39%	28.52%	6.09%	16.52%	17.58%	3.28%	7.31%	0.00%	0.30%	0.00%
% of Total Delinquent Loan Count	16.07%	26.73%	8.97%	16.58%	20.14%	3.55%	7.78%	0.00%	0.17%	0.00%

CalHFA Conventional Loan Portfolio Performance Comparison by Servicer
(% of Total Loan Count vs. % of Total Delinquent Loan Count)
as of March 31, 2015



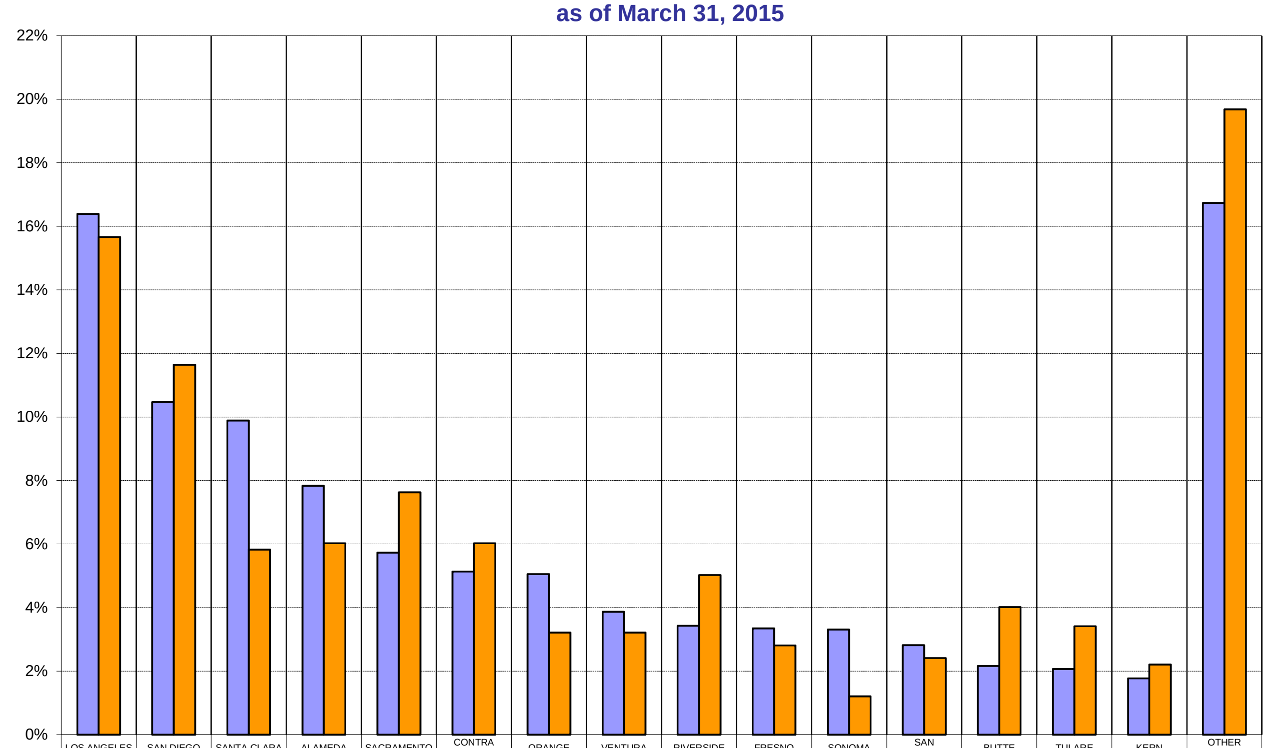
	CALHFA - LOAN SERVICING	GUILD MORTGAGE	CALHFA - LOAN SERVICING - BAC HOME LOANS	WELLS FARGO HOME MORTGAGE	EVERHOME MORTGAGE COMPANY	FIRST MORTGAGE CORP	OCWEN MORTGAGE	CITIMORTGAGE, INC.	DOVENMUEHLE MORTGAGE, INC.	WESCOM CREDIT UNION
% of Total Loan Count	53.23%	19.03%	13.08%	5.95%	3.54%	3.40%	1.22%	0.47%	0.06%	0.03%
% of Total Delinquent Loan Count	46.79%	21.29%	14.06%	6.43%	5.42%	3.21%	1.81%	1.00%	0.00%	0.00%

CalHFA FHA Loan Portfolio Performance Comparison by County
(% of Total Loan Count vs. % of Total Delinquent Loan Count)
as of March 31, 2015



	LOS ANGELES	KERN	TULARE	FRESNO	SAN BERNARDINO	RIVERSIDE	SAN DIEGO	IMPERIAL	ORANGE	SACRAMENTO	KINGS	BUTTE	MONTEREY	SANTA BARBARA	SANTA CLARA	OTHER COUNTIES
% of Total Loan Count	16.89%	12.19%	9.98%	8.80%	6.01%	5.26%	5.13%	5.06%	3.30%	2.74%	2.47%	2.24%	1.88%	1.69%	1.65%	14.71%
% of Total Delinquent Loan Count	15.54%	11.82%	11.15%	10.30%	6.59%	7.60%	5.07%	5.07%	2.36%	3.21%	2.20%	1.52%	1.52%	1.69%	1.01%	13.34%

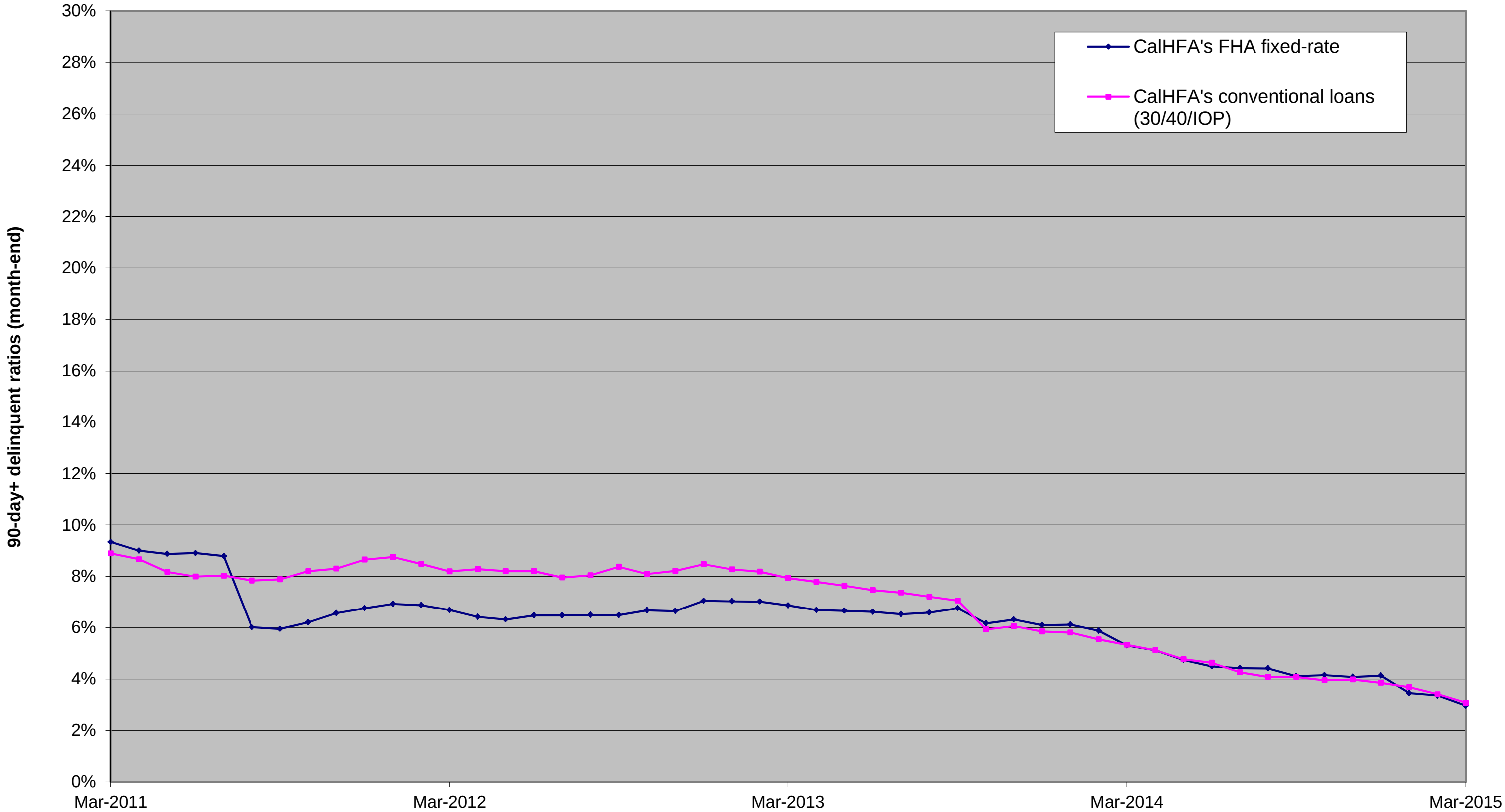
CalHFA Conventional Loan Portfolio Performance Comparison by County
(% of Total Loan Count vs. % of Total Delinquent Loan Count)
as of March 31, 2015



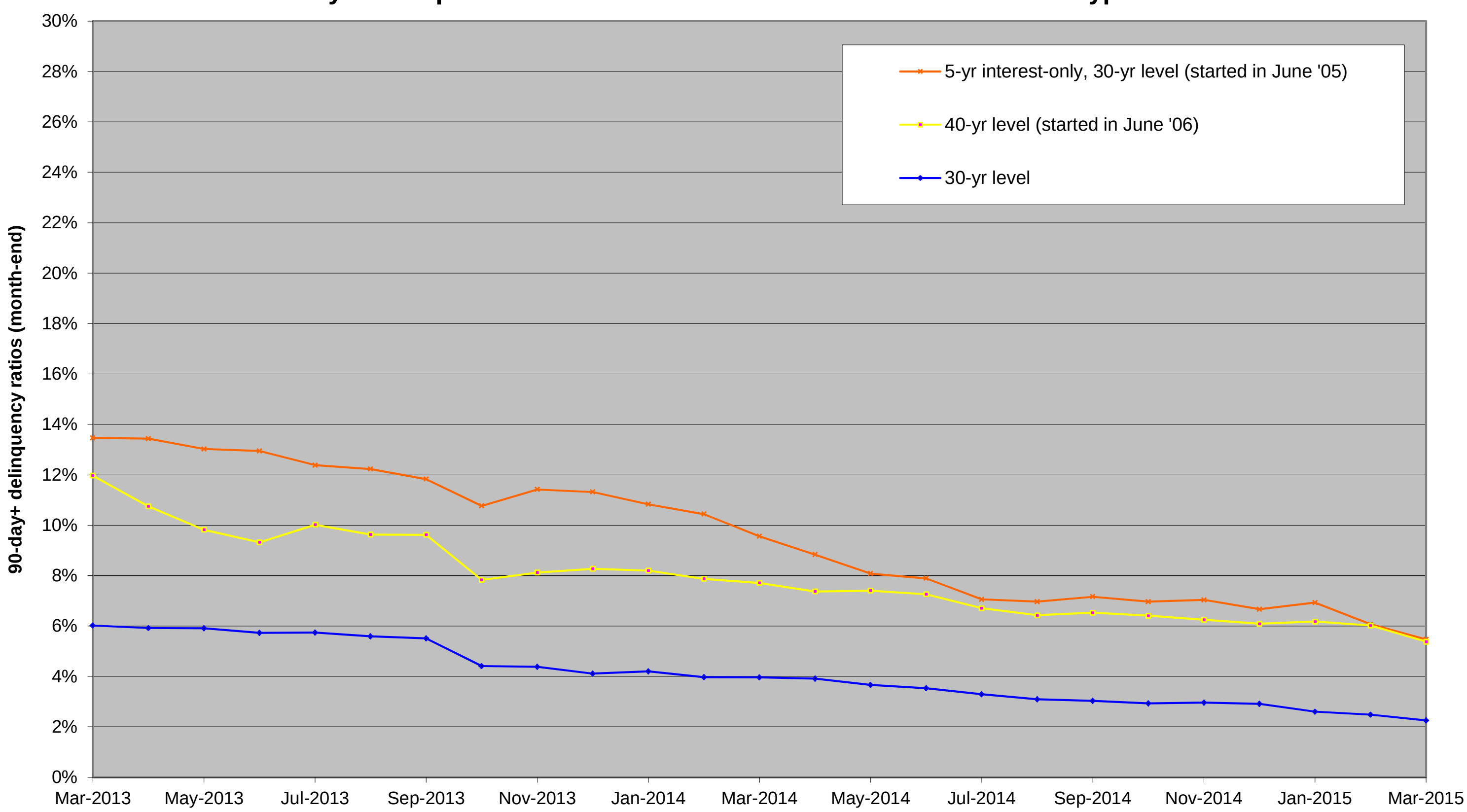
	LOS ANGELES	SAN DIEGO	SANTA CLARA	ALAMEDA	SACRAMENTO	CONTRA COSTA	ORANGE	VENTURA	RIVERSIDE	FRESNO	SONOMA	SAN BERNARDINO	BUTTE	TULARE	KERN	OTHER COUNTIES
% of Total Loan Count	16.39%	10.47%	9.89%	7.83%	5.73%	5.13%	5.05%	3.87%	3.43%	3.35%	3.31%	2.82%	2.16%	2.07%	1.77%	16.74%
% of Total Delinquent Loan Count	15.66%	11.65%	5.82%	6.02%	7.63%	6.02%	3.21%	3.21%	5.02%	2.81%	1.20%	2.41%	4.02%	3.41%	2.21%	19.68%

CalHFA California Housing Finance Agency

90 day+ delinquent ratios for CalHFA's FHA and weighted average of all Conventional Loans



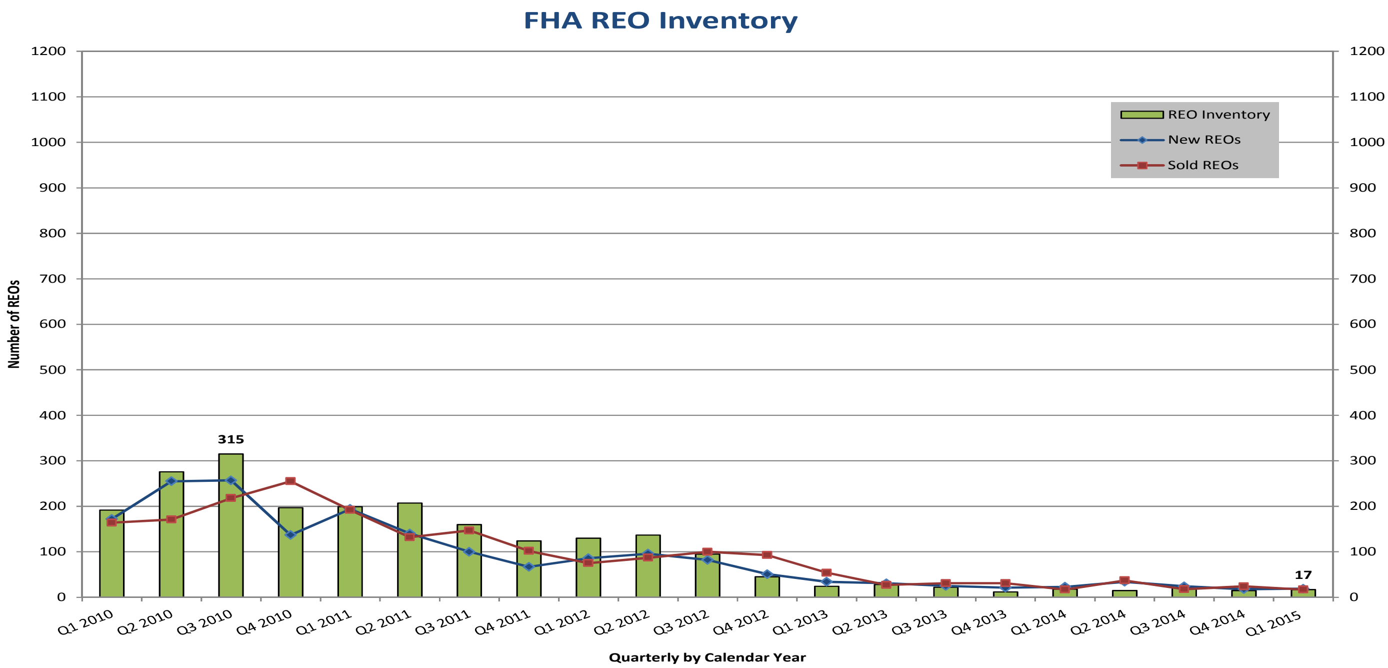
90 day+ delinquent ratios for CalHFA's Three Conventional Loan Types

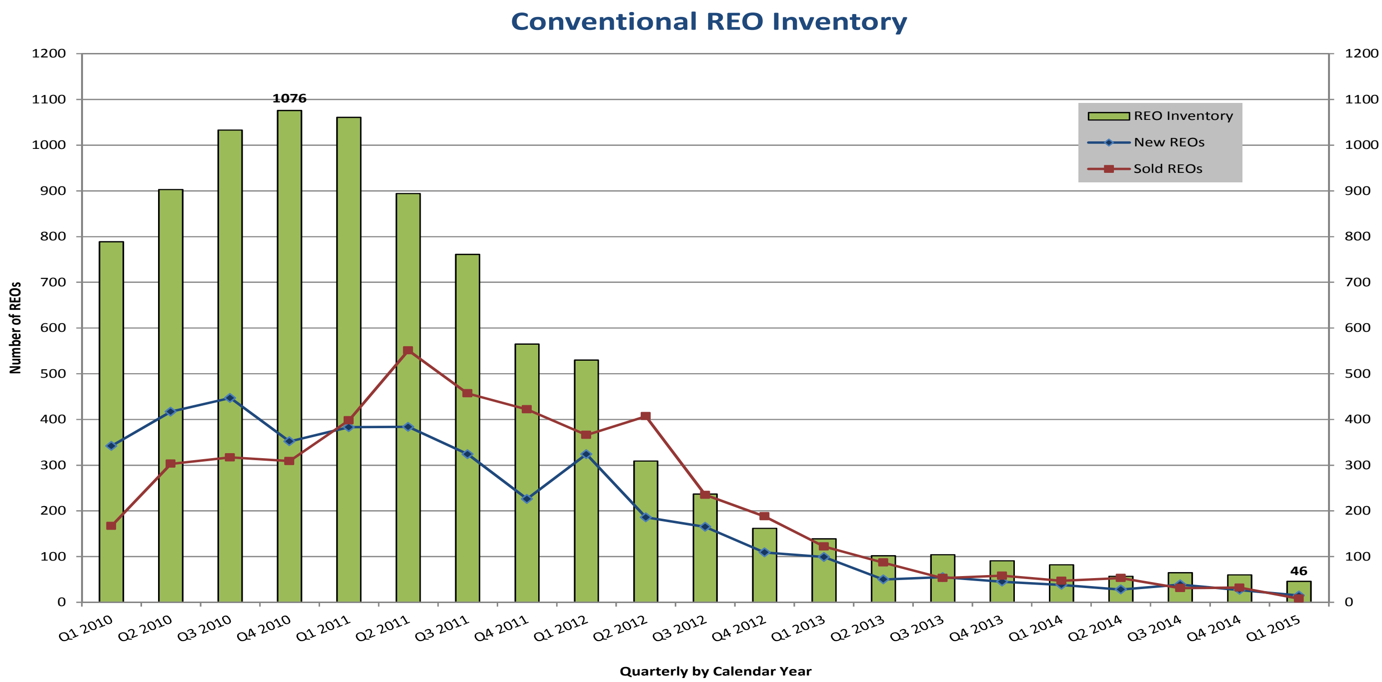


Real Estate Owned

Calendar Year 2015 (As of March 31, 2015)												
			*Trustee Sales			Disposition of REO(s)						
Loan Type	Beginning Balance # of Loans	Prior Calendar Adj.	Reverted to CalHFA Jan-Feb	Reverted to CalHFA March	Total Trustee Sales	Repurchased by Lender Jan-Feb	Market Sale(s) Jan-Feb	Repurchased by Lender March	Market Sale(s) March	Total Disposition of REO(s)	Ending Balance # of Loans	UPB of REO's Owned
FHA/RHS/VA	15	0	7	12	19	11		6		17	17	$ 3,131,483
Conventional	60	0	22	4	26		24		16	40	46	9,460,621
Total	75	0	29	16	45	11	24	6	16	57	63	$ 12,592,104

*3rd party trustee sales are not shown in this table (title to these loans were never transferred to CalHFA). There were eight (8) 3rd party sales in calendar year 2008, eighteen (18) 3rd party sales in calendar year 2009, thirty nine (39) 3rd party sales in calendar year 2010, twenty two (22) 3rd party sales in calendar year 2011, fourty one (41) 3rd party sales in calendar year 2012, fifty nine (59) 3rd party sales in calendar year 2013, fourty three (43) 3rd party sales in calendar 2014, and there are four (4) 3rd party sales to date 2015.

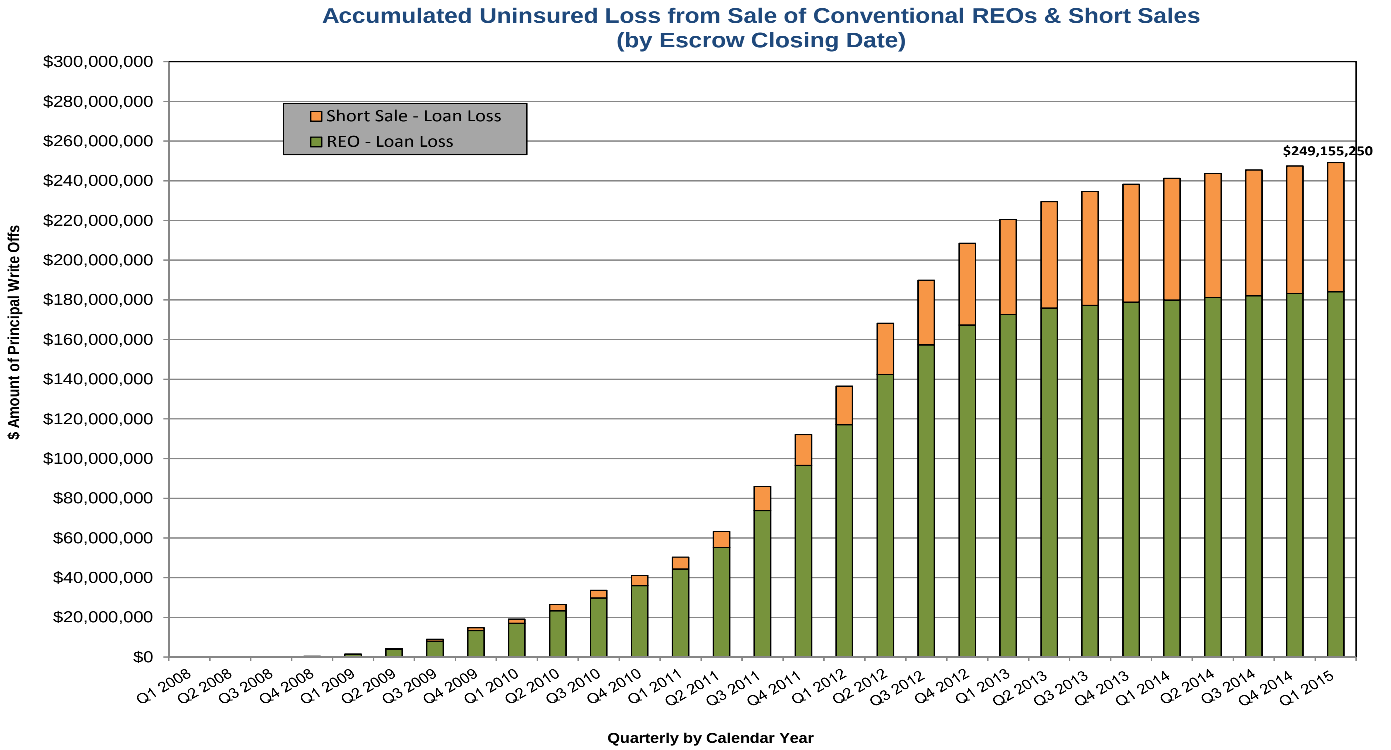


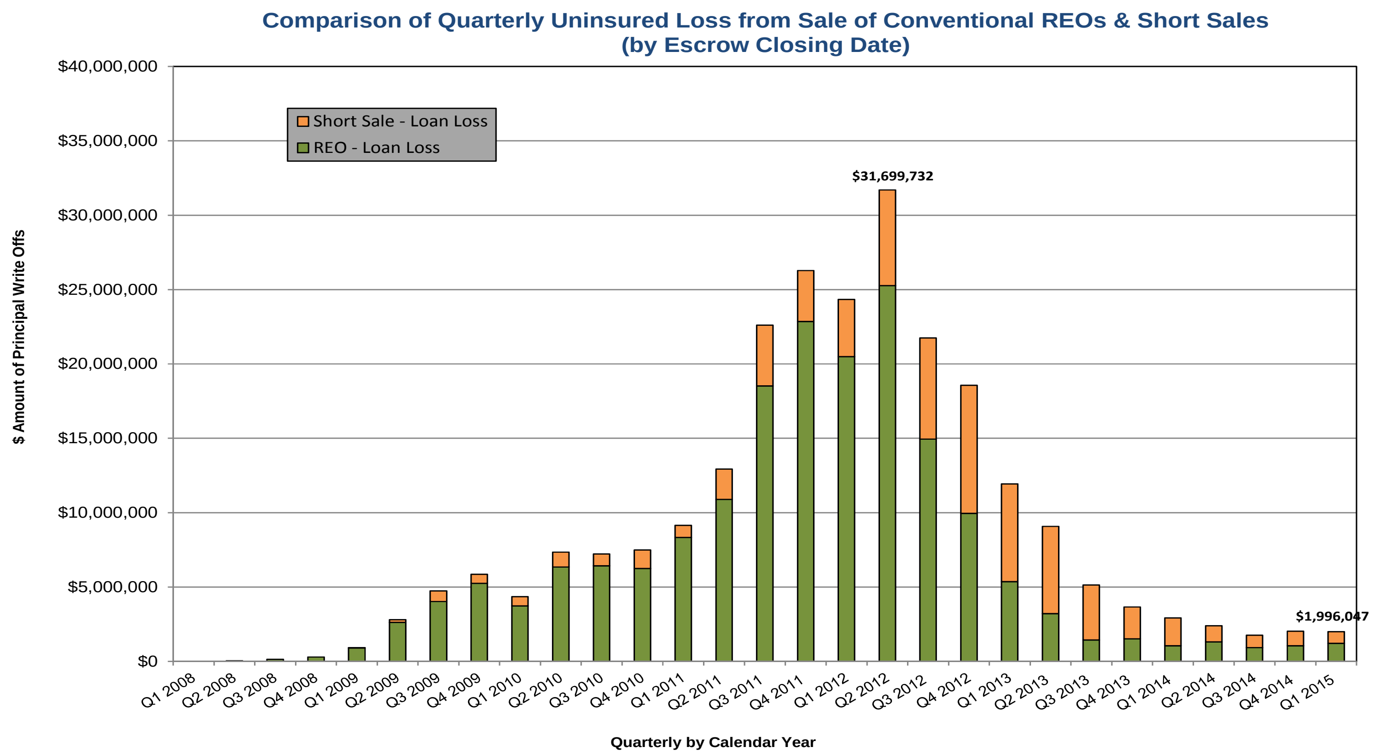


Cal HFA California Housing Finance Agency

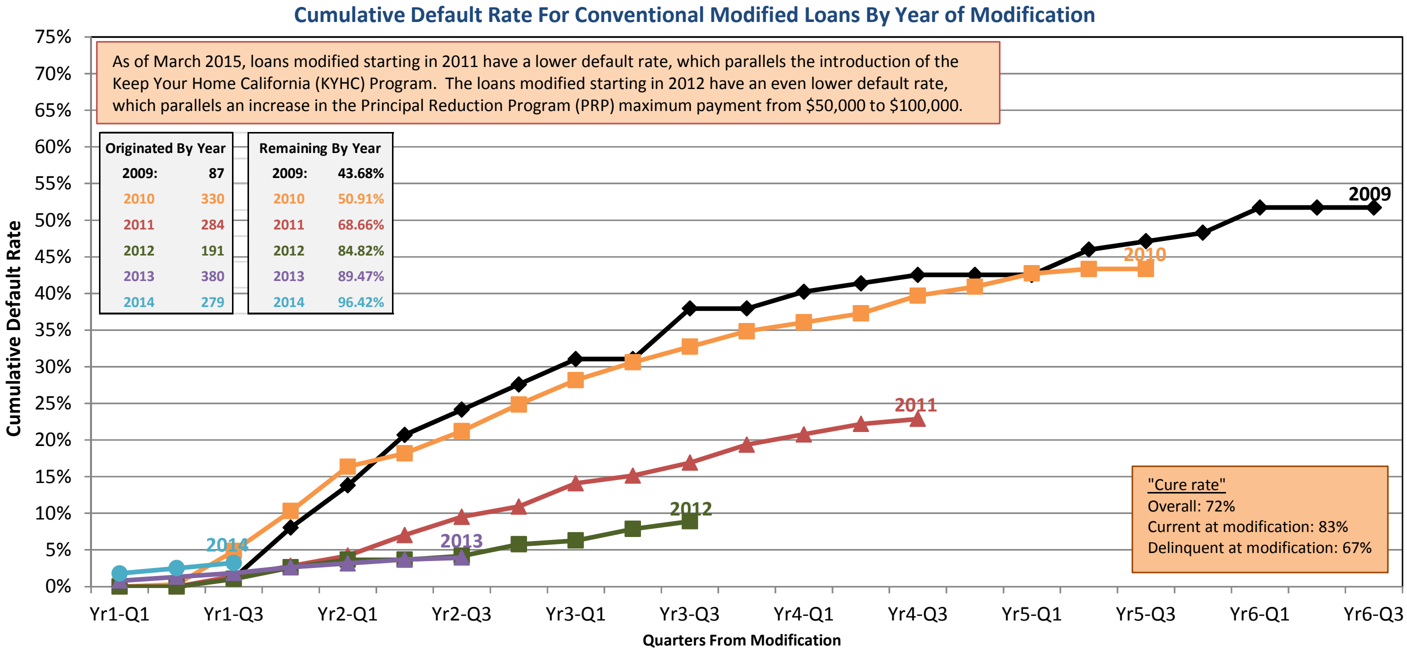
2015 Year to Date Composition of 1st Trust Deed Loss
(As of March 31, 2015)

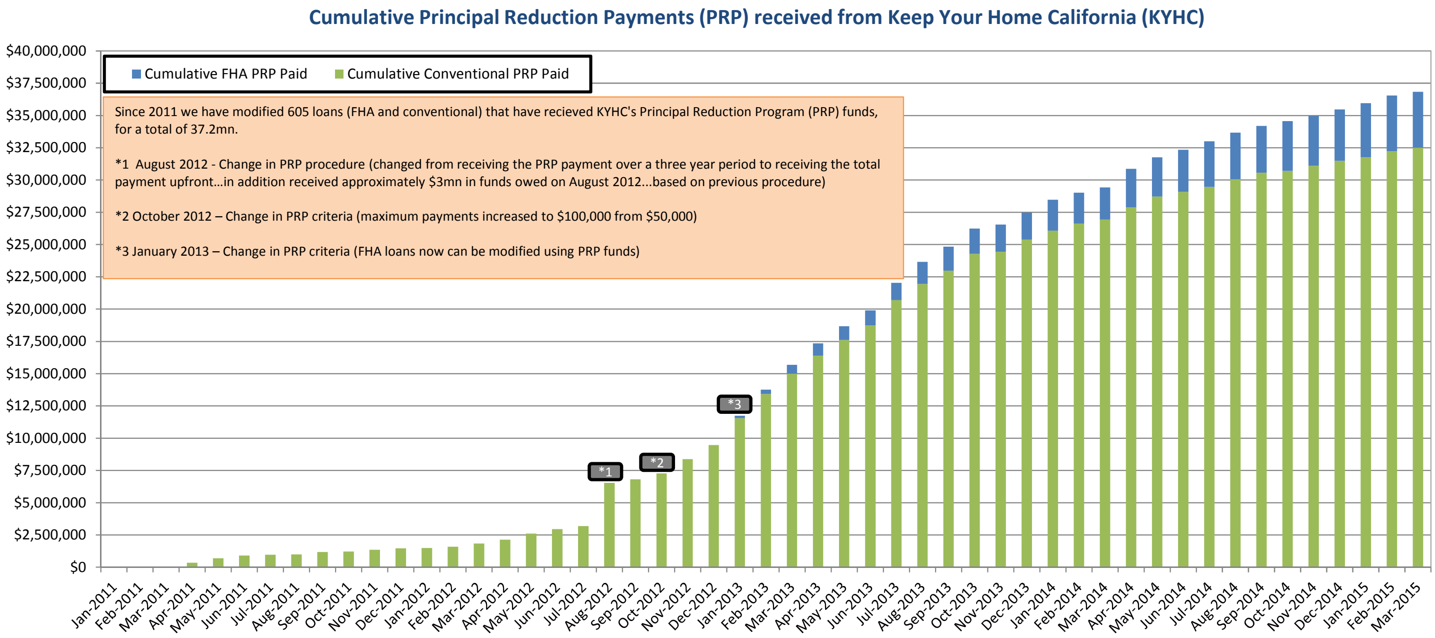
Loan Type	Disposition: Repurchased by Lender	Disposition: Market Sales	Disposition: Short Sales	Disposition: Loan Balance at Sales	Principal Write-Offs
FHA/RHS/VA	17		4	$ 3,837,623	
Conventional		40	18	14,487,219	$ (1,996,047)
	17	40	22	$ 18,324,842	$ (1,996,047)





CalHFA California Housing Finance Agency





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