**S.E.C. RULE 15c2-12**
**ANNUAL REPORT**

The California Housing Finance Agency (the "Issuer") hereby provides its annual report for the fiscal year ended **June 30, 2014** in connection with the following Bonds:

**Bond Issues:**

Housing Program Bonds (the "Bonds")
2006 Series A, dated May 2, 2006

**Annual Report:**

The Issuer's "Annual Report" (as defined in the Continuing Disclosure Agreement, dated April 1, 2006 as supplemented, with respect to the Bonds, hereinafter the "Disclosure Agreement") for the fiscal year ended **June 30, 2014** consists of information attached as required under the Annual Reports section of the Disclosure Agreement in compliance with S.E.C. Rule 15c2-12.

**Other Matters:**

This annual report is provided solely for purposes of the Disclosure Agreement. The filing of this report does not constitute or imply any representation (i) that all of the information provided is material to investors, (ii) regarding any other financial or operating information about the Issuer or the Bonds, or (iii) that no changes, circumstances or events have occurred since the end of the fiscal year to which this report relates (other than as contained in this report), or that no other information exists, which may have a bearing on the Issuer's financial condition, the security for the Bonds, or an investor's decision to buy, sell, or hold the Bonds. The information contained in this report has been obtained from sources that are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. No statement in this annual report should be construed as a prediction or representation about future financial performance of the Issuer.

The information provided herein may relate to bonds or other obligations of the Issuer in addition to the ones listed above.

CALIFORNIA HOUSING FINANCE AGENCY
By:

Date: November 26, 2014

Timothy Hsu
Director of Financing

The following information is being provided in accordance with the Continuing Disclosure Agreement for the bond issues mentioned below.

Housing Program Bonds
2006 Series A

The Issuer's Audited Financial Statements as of **June 30, 2014** are attached as Appendix A.

A description of all bonds issued by the Issuer and outstanding as of **November 1, 2014** is attached as Appendix B. (Please note that this table does not include bonds with $0 outstanding.)

There is no reserve requirement for this indenture.

A schedule of bond redemptions and the source of funds for such redemptions through **November 1, 2014** is attached as Appendix C.

The status of the Indenture mortgage loan portfolio as of **September 30, 2014** for single family loans, and **September 30, 2014** for multifamily loans, including the interest rates on the Mortgage Loans and the principal amount of the current Mortgage Loan portfolio is attached as Appendix D.

None of the single family downpayment assistance loans in the form of deferred payment second-lien loans are delinquent. There is one multifamily loan in the indenture that is delinquent. This loan is Bayless Gardens, which is 180 days overdue as of 11/1/2014. This loan has an unpaid principal balance of $280,321.22.

There have been no multifamily projects foreclosed upon under the Housing Program Bonds indenture.

There is no mortgage insurance on the mortgages held by the Housing Program Bonds Indenture.

The Indenture has received multifamily prepayments, listed below:

| **Loan Name:** | **Date of Prepayment:** | **Amount of Prepayment:** |
|---|---|---|
| San Antonio Terrace | 4/2/10 | $132,250.00 |
| Bayview Landing Senior Apt | 12/23/11 | 1,049,567.45 |
| Coronado Terrace | 12/23/11 | 1,361,968.11 |
| Denny Place | 3/11/13 | 305,535.63 |
| Willowood II | 3/11/13 | 352,189.63 |
| Woodbury Sr Citizen Apt. | 8/21/13 | 364,216.26 |
| Northridge Park | 8/27/13 | 2,892,546.63 |
| Elmer Gardens | 5/22/14 | 314,781.99 |
| | Total: | $6,773,055.70 |

# California Housing Finance Fund

AUDITED FINANCIAL STATEMENTS FOR
THE YEARS ENDED JUNE 30, 2014 AND 2013

Appendix A

EVERYDAY Heroes

California Housing Finance Agency

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**CALIFORNIA HOUSING FINANCE AGENCY**
**(A Component Unit of the State of California)**


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# INDEPENDENT AUDITORS' REPORT

Board of Directors
California Housing Finance Fund
Sacramento, California

## Report on the Financial Statements

We have audited the accompanying financial statements of the California Housing Finance Fund (the Fund), which is administered by the California Housing Finance Agency (the Agency), a component unit of the State of California which comprise the statements of net position as of June 30, 2014 and 2013, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2014 and 2013, and the changes in financial position and cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the Agency as of June 30, 2014, the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Emphasis of Matter Regarding a Correction of an Error***

As described in Note 3 of the financial statements, the Fund recorded a prior period adjustment to correctly record the allowance for loan loss. Our opinion is not modified with respect to that matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The combining program information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining program information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining program information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2014, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Bellevue, Washington
October 13, 2014

**CALIFORNIA HOUSING FINANCE FUND**
**Management Discussion and Analysis**
**of Financial Position and Results of Operations**
**As of and for the fiscal years ended June 2014 and 2013**

**Introduction – The California Housing Finance Agency**

The California Housing Finance Agency ("Agency") was created in 1975 by an act of the California Legislature and commenced operations in 1976. The Agency is a component unit of the State of California ("State") and is included in the State's Comprehensive Annual Financial Report. The Agency is authorized to administer the activities of the California Housing Finance Fund ("Fund"), the California Housing Loan Insurance Fund ("Mortgage Insurance Fund") and two state general obligation bond funds. The Agency is governed by a Board of Directors which consists of 13 voting members and three non-voting members. Of the 13 voting members, seven are appointed by the Governor, four are ex-officio and two are appointed by the Legislature. The statutory role of the Board is to: 1) enact the annual financing resolutions that permit the issuance of bonds and 2) enact the Agency's operating budget and business plan. Subject to the supervision of the Board, the Agency's day-to-day operational authority statutorily resides with the Agency's Executive Director. The annual audited financial statements of both the Fund and the Mortgage Insurance Fund are available on the Agency's website - www.calhfa.ca.gov.

Effective July 1, 2013, pursuant to the Governor's Reorganization Plan 2, the Agency was moved from being within the Business, Transportation and Housing Agency to being within the Department of Housing and Community Development. The Department does not have any administrative authority over the California Housing Finance Fund. Pursuant to Health and Safety Code section 51000, expenditures from the California Housing Finance Fund are administered by the Agency and are not subject to the supervision or approval of any other officer or division of state government. Further, pursuant to the Health and Safety Code section 51000.1, no officer or division of state government has the authority to transfer any sums of money from any fund or account of the Agency, except as authorized by the executive director of the Agency or designated trustee pertaining to bonds issued by the Agency.

The CalHFA Mortgage Assistance Corporation ("CalHFA MAC") is a nonprofit public benefit corporation organized under the laws and rules of the state of California and within the meaning of Section 501(c)(3) of the Internal Revenue Code. CalHFA MAC is organized as an entity separate from CalHFA and its purposes, amongst other things are 1) to "develop and administer programs permitted under the Emergency Economic Stabilization Relief Act of 2008 (EESA) and to act as an institution eligible to receive funds under EESA's Troubled Asset Relief Program," and 2) to "lessen the burdens of government by assisting CalHFA to prevent or mitigate the impact of foreclosures on low and moderate income persons within the State of California." Although CalHFA grants CalHFA MAC a license to use "CalHFA" in its name, both acknowledge they are separate entities. Both are created under different provisions of law; the sources of funding for each are different; the funds are maintained separately; each maintains its own set of books and records separately; operational decisions of CalHFA MAC are not under the direction or control of the Agency's Executive Director or the Agency's Governing Board. CalHFA MAC is solely responsible for its contractual and other obligations incident to running the Keep Your Home California ("KYHC") program. The annual audited financial statements of CalHFA MAC are available on the Keep Your Home California website - www.keepyourhomecalifornia.org.

The following Management Discussion and Analysis ("MD&A") applies only to the activities of the California Housing Finance Fund and should be read in conjunction with the Fund's financial statements and the notes to the financial statements. Operations of the Fund include the issuance of Agency bonds and notes to fund loans to qualified borrowers for single family houses and multifamily developments. The Agency is entirely self-funded and does not draw upon the general taxing authority of the State.

The financial statements present the totals of the programs and accounts of the Fund. The supplemental combining information of the Fund is organized by the following major categories: Homeownership Programs, Multifamily Rental Housing Programs, and Other Programs and Accounts. This supplemental information and additional information for specific programs and accounts is reported after the Notes to the financial statements.

The Homeownership Programs provide low cost mortgage capital to a network of approved lenders from whom the Fund purchases previously funded and closed loans secured by single family homes purchased by individual borrowers. However, there has been no new loan activity in Homeownership Programs since FY 2010. The Multifamily Rental Housing Programs are typically used to directly fund loans to developers and housing sponsors for the construction or acquisition of multifamily rental housing developments. Within the Multifamily Rental Housing Programs, the Multifamily Housing Revenue Bonds III indenture continues to participate in the FHA-HFA Multifamily Risk-Sharing Program with the U.S. Department of Housing and Urban Development (HUD). Interest rates on the Fund loans are generally below market rate; however, the programs are operated to be self-supporting. The Agency issues its own bonds and uses other available monies to provide the funding for these loan programs. Interest paid to bondholders is generally exempt from both state and federal tax; however, the Agency also issues federally-taxable bonds.

The Other Programs and Accounts category includes the Agency's Housing Assistance Trust ("HAT"), funded periodically from a portion of the Fund's operating income before transfers. The HAT provides a source of funding for low or very low income multifamily developments and other special purpose loans. Loans for these purposes generally would not produce sufficient revenues to support payments to bondholders. These loans typically accrue simple interest with repayment of principal and interest deferred for the term of the loan or until certain events occur, such as a sale of the property. Also included in this category are certain State-funded programs (i.e. Proposition 46 and Proposition 1C Programs and Mental Health Services Act Housing Program), which the Agency has been asked to administer for the State on a contract basis, and certain Federal Programs (i.e. Section 8 Housing Assistance Program and National Foreclosure Mitigation Counseling Program). The Agency also issues Mortgage Credit Certificates for first-time homebuyers. Operating expenses of the Agency's loan and bond programs are paid from an Operating Account. Other accounts maintained by the Agency provide security for the issuance of bonds, emergency contingencies and loan servicing operations.

**Summary of Financial Results 2014-2013**

- During the last quarter of FY 2014, the Agency discovered an error related to the allowance for loan loss. In the process of revising the allowance for loan loss methodology from an allowance by delinquency category to an allowance on a loan-by-loan basis, it was discovered that an overstatement of the allowance had been recorded as of FY 2013 in the amount of $39.5 million under the Home Mortgage Revenue Bonds ("HMRB") indenture. In order to correct this error, the financial results for FY 2013 and FY 2012 have been restated and the changes are reflected in the MD&A -see Note #3 – Prior Period Adjustment for an explanation of the adjustments to the Agency's net position.

- Conduit debt obligations previously reported in the Agency's financial statements were removed in FY 2014 -see Note #8- Bonds and Notes Payable and associated Interest Rate Swaps.

- Operating loss before transfers was $33 million for fiscal year 2014 compared to an operating loss of $53.4 million for fiscal year 2013. The operating results for fiscal year 2014 improved by $20.4 million, or 38.2%, when compared to fiscal year 2013.

- Other revenues were negative $47.4 million for fiscal year 2014 compared to $39.3 million in fiscal year 2013. The decrease was primarily due to the decrease in the fair value of the investment swaps for fiscal year 2014.

- The Fund's mortgage loan delinquencies declined as the California housing market continued to improve over the last fiscal year. The Fund's single family loan portfolio consists of 46.5% federally guaranteed loans and 53.5% conventional loans. The overall delinquency ratio of the Fund's single family loan portfolio improved to 9.7% or 1,564 delinquent loans as of June 30, 2014. By comparison, the delinquency ratio for the Agency's single family portfolio was 13% or 2,411 loans as of June 30, 2013. Overall, the total number of delinquent loans declined by 35.1% or 847 loans.

- Under the HMRB indenture, there was a total of $11.8 million in loans written-off during fiscal year 2014 due to the sale of foreclosed properties (net of insurance payment received) and on short sales (net of insurance payment received), of $0.9 million and $10.9 million, respectively. The remaining HMRB foreclosed properties were written down by $4.2 million to reflect anticipated losses, net of anticipated insurance payment, upon sale of the foreclosed properties.

- The net total allowance for loan loss reserve under the HMRB indenture decreased by $30.2 million changing from $69.6 million in fiscal year 2013 to $39.4 million in fiscal year 2014.

- In April 2014, the Agency issued bonds totaling $38.9 million under the Multifamily Housing Revenue Bonds III indenture. The Agency continued to actively manage and reduce the Fund's interest expense and exposures within the debt portfolio and redeemed $944 million of bonds during fiscal year 2014. There were no economic refundings made during the year.

- The Fund had $89.2 million in new loans receivable during fiscal year 2014. Of the $89.2 million, $49.4 million of new loans receivable were in Contract Administration Programs. Total program loans receivable decreased by $599.7 million. Decreases in program loans receivable for the homeownership loan portfolio were primarily due to the loan prepayments. Loan prepayments include all unscheduled principal payments applied to the unpaid principal balance of a loan such as principal received in loan payoff transactions, short sale and foreclosure transactions, and mortgage insurance claims, etc.

- During fiscal year 2014, $53.4 million was transferred into the Fund by the State pursuant to the Housing and Emergency Shelter Trust Fund Acts of 2002 and 2006. The funds were used to make loans and grants to borrowers and homeowners through programs administered by the Agency on a contract basis.

**Condensed Financial Information:**

**Condensed Schedule of Assets, Liabilities, and Net Position**

The following table presents condensed Schedule of Assets, Liabilities, and Net Position for the Fund as of June 30, 2014 and 2013 and the change from the prior year (dollars in millions):

**Condensed Statement of Net Position**

| | 2014 | Restated 2013 | Change |
|---|---|---|---|
| Assets | | | |
| Cash and investments | $ 1,585 | $ 1,900 | $ (315) |
| Program loans receivable-net | 3,906 | 4,506 | (600) |
| Other | 79 | 97 | (18) |
| Total Assets | 5,570 | 6,503 | (933) |
| Deferred Outflows of Resources | 25 | 127 | (102) |
| Liabilities | | | |
| Bonds payable-net | 3,533 | 4,499 | (966) |
| Notes payable | 63 | 81 | (18) |
| Other | 521 | 592 | (71) |
| Total Liabilities | 4,117 | 5,172 | (1,055) |
| Deferred Inflows of Resources | - | - | - |
| Net Position | | | |
| Invested in capital assets | 1 | 1 | - |
| Restricted net position | 1,477 | 1,457 | 20 |
| Total Net Position | $ 1,478 | $ 1,458 | $ 20 |

**Assets**

Of the Fund's assets, 98.6% is represented by cash and investments and program loans receivable. The Fund does not have a significant investment in capital assets, holding $0.8 million in furniture and equipment.

Total assets decreased by $933.1 million during fiscal year 2014. The Fund's cash and investments were $1.59 billion as of June 30, 2014, a decrease of $315.4 million from June 30, 2013. The cash and investments balance decrease is primarily due to the increase in bond redemption activity in Homeownership and Multifamily Programs.

Of the Fund's assets, 28.5% is in the form of cash and investments at fiscal year end. Of the Fund's investment balance, 4.3% is in investment agreements. The amount of funds invested in investment agreements during the 2014 fiscal year decreased by $39.4 million. Additionally, $1.04 billion of the Fund's investments are held in the State's Surplus Money Investment Fund ("SMIF") and earn a variable rate of interest. The amount of funds invested in SMIF during fiscal year 2014 decreased by $197.6 million.

The composition of cash and investments as of June 30, 2014 and 2013 and the changes from the prior year are shown in the table below (dollars in millions):

**Cash and Investments**

| | 2014 | Restated 2013 | Change |
|---|---|---|---|
| Investment agreements | $ 66 | $ 105 | $ (39) |
| SMIF | 1,040 | 1,238 | (198) |
| Open Commercial Paper | 35 | 32 | 3 |
| Securities | 403 | 490 | (87) |
| Cash | 41 | 35 | 6 |
| Total Cash and Investments | $ 1,585 | $ 1,900 | $ (315) |

Program loans receivable decreased by $599.7 million during fiscal year 2014 compared to fiscal year 2013. This decrease is primarily due to loan prepayments along with loan write-offs of $18.9 million and REO loan write-downs of negative $4.4 million in fiscal year 2014. Loan prepayments decreased to $490.9 million during fiscal year 2014 compared to $575.5 million received in fiscal year 2013. REO properties decreased by $6.7 million to $13.4 million during fiscal year 2014 compared to $20.1 million in fiscal year 2013.

As of June 30, 2014 and June 30, 2013, the fair values of interest rate swaps were in the negative position of $186.4 million and $217.7 million, respectively.

Other Assets decreased by $18.0 million during fiscal year 2014 when compared to fiscal year 2013. The decrease is primarily due to the decrease in the number of REO properties and decrease in accounts receivables.

**Liabilities**

The Fund's liabilities were $4.12 billion as of June 30, 2014, a decrease of $1.05 billion from June 30, 2013. Of the Fund's liabilities, 85.8% is in the form of bond indebtedness. The Fund's bonds payable at June 30, 2014 decreased by $969 million from the prior year mainly due to the scheduled principal payments, $944.0 million in bond redemptions offset by the $38.9 million of bonds issued. The Agency's governing statutes impose a cap of $13.15 billion for bonds and notes issued and outstanding within the Fund for the year ended June 30, 2014 and 2013.

All of the bonds issued by the Agency are reported within the Fund and the bonds reported no longer include the reporting of conduit bond obligations as liabilities in the accompanying financial statements along with the related assets. The conduit bonds are limited obligations of the Agency, payable solely from the revenues and other funds and money pledged and assigned under the applicable indenture, series indenture, or master pledge and assignment (see Note 8).

The Agency issues both tax-exempt and federally taxable bonds. During the 2014 fiscal year, federally taxable bonds outstanding decreased by $187.7 million and as of June 30, 2014 represent 25.2% of all bonds outstanding, while tax-exempt bonds outstanding decreased by $781.2 million and as of June 30, 2014 represent 74.8% of all bonds outstanding. The use of federally taxable bonds allows the Agency to leverage its allocation of the Private Activity Bond volume cap for the Homeownership Programs. This limitation is imposed by the federal government to regulate the issuance of tax-exempt bonds for private purposes. During fiscal year 2014, the Agency issued $38.9 million in tax-exempt bonds.

Shown below are the amounts of variable and fixed rate indebtedness, by tax status, as of June 30, 2014 and 2013 and the changes from the prior year (dollars in millions):

**Bonds Payable**

| | 2014 | Restated 2013 | Change |
|---|---|---|---|
| Tax-Exempt Bonds | | | |
| *Variable Rate | $ 1,002 | $ 1,513 | $ (511) |
| Fixed Rate | 1,637 | 1,907 | (270) |
| Total Tax-Exempt Bonds | 2,639 | 3,420 | (781) |
| Federally Taxable Bonds | | | |
| *Variable Rate | 510 | 660 | (150) |
| Fixed Rate | 378 | 416 | (38) |
| Total Federally Taxable Bonds | 888 | 1,076 | (188) |
| Total Bonds Outstanding | $ 3,527 | $ 4,496 | $ (969) |

* Certain variable rate bonds have been swapped to a fixed rate (see Note 8 to the Financial Statements).

All other liabilities decreased by $71.3 million during fiscal year 2014. The decrease was mainly due to the decrease in Derivative SWAP liability and decrease in deposits and other liabilities.

**Net Position**

All of the Fund's net position is restricted pursuant to trust agreements with bondholders and the Agency's enabling legislation or net investment in capital assets. The total net position of the Fund increased by $20.4 million primarily as a result of transfers to the Fund in the amount of $53.4 million offset by the $33 million of operating losses for fiscal year 2014.

**Revenues, Expenses, and Changes in Net Position**

The following table presents condensed schedules of revenues, expenses, and changes in net position for the Fund for the fiscal years ended June 30, 2014 and June 30, 2013 and the changes from the prior year (dollars in millions):

**Condensed Schedules of Revenues, Expenses, and Changes in Net Position**

| | 2014 | Restated 2013 | Change |
|---|---|---|---|
| Operating Revenues: | | | |
| Interest income program loans – net | $ 219 | $ 256 | $ (37) |
| Interest income investments – net | 22 | 31 | (9) |
| Increase (Decrease) in fair value of investments | - | (25) | 25 |
| Other loan fees | 30 | 32 | (2) |
| Other revenues | (47) | 39 | (86) |
| Total Operating Revenues | 224 | 333 | (109) |
| Operating Expenses: | | | |
| Interest | 122 | 172 | (50) |
| Mortgage servicing fees | 9 | 10 | (1) |
| Salaries & general expenses | 41 | 40 | 1 |
| Other expenses | 85 | 164 | (79) |
| Total Operating Expenses | 257 | 386 | (129) |
| Operating Loss before transfers | (33) | (53) | 20 |
| Transfers in | 53 | 39 | 14 |
| Increase(decrease) in net position | $ 20 | $ (14) | $ 34 |

**Operating Revenues**

Total operating revenues of the Fund were $223.5 million during fiscal year 2014 compared to $332.7 million during fiscal year 2013, a decrease of $109.2 million or 32.8%.

Interest income on program loans was $218.7 million during fiscal year 2014 compared to $256.3 million during fiscal year 2013, a decrease of $37.6 million. The decrease in interest income on program loans is primarily the result of a decrease in interest income on program loans and an increase in the yield reduction liability for the Fund's homeownership and multifamily loan portfolios. Overall, program loans receivable decreased $599.7 million or 13.3% at June 30, 2014 compared to June 30, 2013.

Interest income from investments decreased 28.1% to $22.5 million in fiscal year 2014 from $31.3 million in fiscal year 2013. The decrease is primarily due to the decrease in interest income from Investment Agreements. Investment Agreements decreased $39.4 million from $105.6 million at June 30, 2013 to $66.2 million as of June 30, 2014, while SMIF decreased $197.5 million from $1.24 billion to $1.04 billion.

The total changes in fair value of investments was negative $0.3 million in fiscal year 2014, a net increase of $25.2 million from fiscal year 2013, which had a negative fair value of investments of $25.5 million. The slight increase in the Treasury rates during fiscal year 2014 caused the value of the Fund's mortgage-backed securities to decline slightly. The gain or loss on the sale of securities in the fiscal year 2014 was $0.4 million compared to no activity for the fiscal year ended 2013.

Other loan fees decreased $1.4 million to $30.0 million in fiscal year 2014 compared to $31.4 million for fiscal year 2013.

Other revenues decreased by $86.7 million to negative $47.4 million during fiscal year 2014 compared to positive $39.3 million in fiscal year 2013. The decrease was primarily due to negative results of the effectiveness testing for derivative instruments. The change in fair value of the derivatives for FY 2014 was negative $70.3 million compared to negative $6.1 million for FY 2013.

**Operating Expenses**

Total operating expenses of the Fund were $256.5 million during fiscal year 2014 compared to $386.1 million during fiscal year 2013, a decrease of $129.6 million or 33.6%. The decrease is a combination of the decrease in bond interest expenses, allowance for loan loss, REO expenses, administrative fees expense, and swap expenses.

Bonds payable at June 30, 2014 decreased by $969 million from June 30, 2013 and bond interest and swap expense, which represents 47.7% of the Fund's total operating expenses, decreased by $49.6 million or 28.8% compared to fiscal year 2013. The decrease in bond interest and swap expense is attributed to the increased bond redemption activity and the Agency's participation

in the Temporary Credit and Liquidity Program ("TCLP") which provides replacement credit and facilities for existing variable rate debt for State and local Housing Finance Agencies.

Salaries and general expenses slightly increased from $40.2 million during fiscal year 2013 to $41.1 million during fiscal year 2014 (as shown in the condensed statements of revenues, expenses and changes in net position).

**Operating Loss before Transfers**

Operating loss before transfers for fiscal year 2014 was $33 million compared to an operating loss of $53.4 million for fiscal year 2013. The $20.4 million decrease in operating loss before transfers is reflective of the activities mentioned above.

**Summary of Financial Results 2013-2012**

- Operating loss before transfers was $53.4 million for fiscal year 2013 compared to an operating loss of $82.3 million for fiscal year 2012. The operating results for fiscal year 2013 improved by $28.9 million, or 35.2%, when compared to fiscal year 2012.

- In July 2012, the Agency refunded $466.1 million of variable rate bonds issued under the HMRB indenture. The Agency continued to actively manage and reduce the Fund's interest expense and exposures within the debt portfolio and redeemed $1.72 billion of bonds during fiscal year 2013.

- The Fund's mortgage loan delinquencies declined slightly as the California housing market slowly improved over the last fiscal year. The Fund's single family loan portfolio consists of 45.2% federally guaranteed loans and 54.8% conventional loans. The overall delinquency ratio of the Fund's single family loan portfolio was 13% or 2,411 delinquent loans as of June 30, 2013. By comparison, the delinquency ratio for the Agency's single family portfolio was 13.6% or 2,901 loans as of June 30, 2012. Overall, the total number of delinquent loans declined by16.9% or 490 loans.

- Under the Home Mortgage Revenue Bonds ("HMRB") indenture, there was a total of $56.7 million of loans written-off during fiscal year 2013 due to the sale of foreclosed properties (net of insurance payment received) and on short sales (net of insurance payment received), of $33.2 million and $23.5 million, respectively. The remaining HMRB foreclosed properties were written down by $6.2 million to reflect anticipated losses, net of anticipated insurance payment, upon sale of the foreclosed properties.

- The net total allowance for loan loss reserve under the HMRB indenture decreased by $24.3 million changing from $93.9 million in fiscal year 2012 to $69.6 million in fiscal year 2013.

- The Fund had $179.8 million in new loans receivable during fiscal year 2013. Total program loans receivable decreased by close to $634.5 million at June 30, 2013. Decreases in program loans receivable for the homeownership loan portfolio were primarily due to the loan prepayments. Loan prepayments include all unscheduled principal payments applied to the unpaid principal balance of a loan such as principal received in loan payoff transactions, short sale and foreclosure transactions, and mortgage insurance claims, etc.

- Other revenues were $39.3 million for fiscal year 2013 compared to $18.6 million in fiscal year 2012. The increase was primarily due to the increase in the fair value of the investment swaps and increase in the multifamily prepayment penalties fees offset by the decrease in administrative fees revenue for fiscal year 2013.

- During fiscal year 2013, $38.6 million was transferred into the Fund by the State pursuant to the Housing and Emergency Shelter Trust Fund Acts of 2002 and 2006 and for other loan and grant programs administered by the Agency. The funds were used to make loans and grants to borrowers and homeowners through programs administered by the Agency on a contract basis.

**Condensed Financial Information:**

**Condensed Schedule of Assets, Liabilities, and Net Position**

The following table presents condensed Schedule of Assets, Liabilities, and Net Position for the Fund as of June 30, 2013 and 2012 and the change from the prior year (dollars in millions):

**Condensed Statement of Net Position**

| | Restated 2013 | Restated 2012 | Change |
|---|---|---|---|
| Assets | | | |
| Cash and investments | $ 1,900 | $ 2,789 | $ (889) |
| Program loans receivable-net | 4,506 | 5,140 | (634) |
| Other | 97 | 500 | (403) |
| Total Assets | 6,503 | 8,429 | (1,926) |
| Deferred Outflows of Resources | 127 | - | 127 |
| Liabilities | | | |
| Bonds payable | 4,499 | 6,167 | (1,668) |
| Notes payable | 81 | 88 | (7) |
| Other | 592 | 701 | (109) |
| Total Liabilities | 5,172 | 6,956 | (1,784) |
| Deferred Inflows of Resources | - | - | - |
| Net Position | | | |
| Invested in capital assets | 1 | 1 | - |
| Restricted net position, restated | 1,457 | 1,472 | (15) |
| Total Net Position, restated | $ 1,458 | $ 1,473 | $ (15) |

**Assets**

Of the Fund's assets, 98.5% is represented by cash and investments and program loans receivable. The Fund does not have a significant investment in capital assets, holding $1.0 million in furniture and equipment.

Total assets decreased by $1.93 billion during fiscal year 2013. The Fund's cash and investments were $1.9 billion as of June 30, 2013, a decrease of $888.8 million from June 30, 2012. The cash and investments balance decrease is primarily due to the increase in bond redemption activity in Homeownership and Multifamily Programs.

Of the Fund's assets, 29.2% is in the form of cash and investments at fiscal year end. Of the Fund's investment balance, 5.6% is in investment agreements. The amount of funds invested in investment agreements during the 2013 fiscal year decreased by $106.2 million. Additionally, $1.24 billion of the Fund's investments are held in the State's Surplus Money Investment Fund ("SMIF") and earn a variable rate of interest. The amount of funds invested in SMIF during fiscal year 2013 decreased by $74 million.

The composition of cash and investments as of June 30, 2013 and 2012 and the changes from the prior year are shown in the table below (dollars in millions):

**Cash and Investments**

| | Restated 2013 | Restated 2012 | Change |
|---|---|---|---|
| Investment agreements | $ 105 | $ 212 | $ (107) |
| SMIF | 1,238 | 1,312 | (74) |
| Open Commercial Paper | 32 | - | 32 |
| Securities | 490 | 705 | (215) |
| Cash | 35 | 560 | (525) |
| Total Cash and Investments | $ 1,900 | $ 2,789 | $ (889) |

Program loans receivable decreased by $634.3 million during fiscal year 2013 compared to fiscal year 2012. This decrease is primarily due to loan prepayments along with loan write-offs of $56.7 million in fiscal year 2013. Loan prepayments decreased to $575.5 million during fiscal year 2013 compared to $637.8 million received in fiscal year 2012. REO properties decreased $66.1 million to $20.1 million during fiscal year 2013 compared to $86.2 million in fiscal year 2012.

As of June 30, 2013 and June 30, 2012, the fair values of interest rate swaps were in the negative position of $217.7 million and $324.2 million, respectively.

Other Assets decreased by $402.5 million during fiscal year 2013 when compared to fiscal year 2012. The decrease is primarily due to the recording of the deferred outflow of resources related to interest rate swaps, decrease in the number of REO properties and decrease in cash collateral held by the swap counterparties.

**Liabilities**

The Fund's liabilities were $5.17 billion as of June 30, 2013, a decrease of $1.78 billion from June 30, 2012. Of the Fund's liabilities, 87.0% is in the form of bond indebtedness. The Fund's bonds payable at June 30, 2013 decreased by $1.67 billion from the prior year mainly due to the scheduled principal payments, $1.7 billion in bond redemptions offset by the $133.8 million of bonds issued. The Agency's governing statutes impose a cap of $13.15 billion for bonds and notes issued and outstanding within the Fund for the year ended June 30, 2013 and 2012.

All of the bonds issued by the Agency are reported within the Fund and the bonds reported no longer include the reporting of conduit bond obligations as liabilities in the accompanying financial statements along with the related assets. The conduit bonds are limited obligations of the Agency, payable solely from the revenues and other funds and money pledged and assigned under the applicable indenture, series indenture, or master pledge and assignment (see Note 8).

The Agency issues both tax-exempt and federally taxable bonds. During the 2013 fiscal year, federally taxable bonds outstanding decreased by $291.0 million and as of June 30, 2013 represent 23.9% of all bonds outstanding, while tax-exempt bonds outstanding decreased by $1.37 billion and as of June 30, 2013 represent 76.1% of all bonds outstanding. The use of federally taxable bonds allows the Agency to leverage its allocation of the Private Activity Bond volume cap for the Homeownership Programs. This limitation is imposed by the federal government to regulate the issuance of tax-exempt bonds for private purposes. During fiscal year 2013, the Agency did not issue tax-exempt bonds but issued $133.8 million in taxable bonds.

Shown below are the amounts of variable and fixed rate indebtedness, by tax status, as of June 30, 2013 and 2012 and the changes from the prior year (dollars in millions):

**Bonds Payable**

| | Restated 2013 | Restated 2012 | Change |
|---|---|---|---|
| Tax-Exempt Bonds | | | |
| *Variable Rate | $ 1,513 | $ 2,485 | $ (972) |
| Fixed Rate | 1,907 | 2,310 | (403) |
| Total Tax-Exempt Bonds | 3,420 | 4,795 | (1,375) |
| Federally Taxable Bonds | | | |
| *Variable Rate | 660 | 1,025 | (365) |
| Fixed Rate | 416 | 342 | 74 |
| Total Federally Taxable Bonds | 1,076 | 1,367 | (291) |
| Total Bonds Outstanding | $ 4,496 | $ 6,162 | $ (1,666) |

All other liabilities decreased by $109 million during fiscal year 2013. The decrease was mainly due to the decrease in Derivative SWAP liability.

**Net Position**

All of the Fund's net position is restricted pursuant to trust agreements with bondholders and the Agency's enabling legislation or net investment in capital assets. The total net position of the Fund decreased by $14.8 million primarily as a result of transfers to the Fund in the amount of $38.6 million offset by the $53.4 million of operating losses for fiscal year 2013.

**Revenues, Expenses, and Changes in Net Position**

The following table presents condensed schedules of revenues, expenses, and changes in net position for the Fund for the fiscal years ended June 30, 2013 and June 30, 2012 and the changes from the prior year (dollars in millions):

**Condensed Schedules of Revenues, Expenses, and Changes in Net Position**

| | Restated 2013 | Restated 2012 | Change |
|---|---|---|---|
| Operating Revenues: | | | |
| Interest income program loans – net | $ 256 | $ 289 | $ (33) |
| Interest income investments – net | 31 | 34 | (3) |
| Increase (Decrease) in fair value of investments | (25) | 42 | (67) |
| Other loan and commitment fees | 32 | 30 | 2 |
| Other revenues | 39 | 19 | 20 |
| Total Operating Revenues | 333 | 414 | (81) |
| Operating Expenses: | | | |
| Interest | 172 | 191 | (19) |
| Mortgage servicing fees | 10 | 12 | (2) |
| Salaries & general expenses | 40 | 41 | (1) |
| Other expenses | 164 | 252 | (88) |
| Total Operating Expenses | 386 | 496 | (110) |
| Operating Loss before transfers | (53) | (82) | 29 |
| Transfers in | 39 | 75 | (36) |
| Decrease in net position | $ (14) | $ (7) | $ (7) |

**Operating Revenues**

Total operating revenues of the Fund were $332.7 million during fiscal year 2013 compared to $413.9 million during fiscal year 2012, a decrease of $81.2 million or 19.6%.

Interest income on program loans was $256.3 million during fiscal year 2013 compared to $289.4 million during fiscal year 2012, a decrease of $33.2 million. The decrease in interest income on program loans is primarily the result of a decrease in interest income on program loans and a decrease in the yield reduction liability for the Fund's homeownership and multifamily loan portfolios. Overall, program loans receivable decreased $634.3 million or 12.3% at June 30, 2013 compared to June 30, 2012.

Interest income from investments decreased 8.8% to $31.3 million in fiscal year 2013 from $34.3 million in fiscal year 2012. The decrease is primarily due to the decrease in interest income from mortgage backed securities. Investment Agreements decreased $106.2 million from $211.9 million at June 30, 2012 to $105.6 million as of June 30, 2013, while SMIF decreased $74 million from $1.31 billion to $1.24 billion.

The total fair value of investments was negative $25.5 million in fiscal year 2013, a net decrease of $67.1 million from fiscal year 2012, which had a positive fair value of investments of $41.6 million. The increase in the Treasury rates during fiscal year 2013 caused the value of the Fund's mortgage-backed securities to decline. There was no gain or loss on the sale of securities in the fiscal year ending June 30, 2013.

Other loan and commitment fees increased $1.4 million to $31.4 million in fiscal year 2013 compared to $30 million for fiscal year 2012. The increase was primarily due to the increase in prepayment penalty fees. The prepayment penalty fees were $23.4 million and $1.3 million as of June 30, 2013 and June 30, 2012, respectively.

Other revenues increased by $20.7 million to $39.3 million during fiscal year 2013 compared to $18.6 million in fiscal year 2012. The increase was primarily due to the change in the fair value of investment swap revenue.

**Operating Expenses**

Total operating expenses of the Fund were $386.2 million during fiscal year 2013 compared to $496.2 million during fiscal year 2012, a decrease of $110.0 million or 22.2%. The decrease is a combination of the decrease in bond interest expenses, REO expenses, administrative fees expense, and swap expenses.

Bonds payable at June 30, 2013 decreased by $1.67 billion from June 30, 2012 and bond interest and swap expense, which represents 44.5% of the Fund's total operating expenses, decreased by $19 million or 10% compared to fiscal year 2012. The decrease in bond interest and swap expense is attributed to the increased bond redemption activity and the Agency's participation in the Temporary Credit and Liquidity Program ("TCLP") which provides replacement credit and facilities for existing variable rate debt for State and local Housing Finance Agencies.

Salaries and general expenses slightly decreased from $41.3 million during fiscal year 2012 to $40.2 million during fiscal year 2013 (as shown in the condensed statements of revenues, expenses and changes in net position).

**Operating Loss before Transfers**

Operating loss before transfers for fiscal year 2013 was $53.4 million compared to an operating loss of $82.3 million for fiscal year 2012. The $28.9 million decrease in operating loss before transfers is reflective of the activities mentioned above.

**Economic Factors**

Since the Agency is self-supporting, it does not draw upon the general taxing authority of the State. As the State of California's affordable housing lender, however, the Agency's operations can be directly impacted by several market/economic factors as follows:

- Trends in single family home prices – Beginning in FY 2010, the Agency sustained significant losses from the disposition of non-performing single family loans. Over the past fiscal year, however, the losses were significantly lower due to a more stable year for California home sale prices and an upward trend in single family home prices will have a positive impact on the Agency's profitability.

- Success of the lending programs - The Agency's multifamily lending program was reinstated in April 2013 and the Agency's single family lending program was reinstated in August 2013. Successful lending programs will improve the Agency's short-term and potentially long-term profitability.

- Trends in interest rates – The Agency has a significant interest-rate swap portfolio and fluctuations in interest rates impact the Agency's collateral posting requirements. In general, higher interest rates will reduce the collateral posting requirements and improve the Agency's liquidity profile, and lower interest rates will increase the collateral posting requirements and limit the Agency's liquidity profile.

- Trends in the Agency's credit ratings - The Agency now has primarily three credit ratings that materially impact its financial results: i) CalHFA's issuer credit rating (S&P A-/Moody's A3); ii) Home Mortgage Revenue Bonds (S&P A-/Moody's Baa2): and iii) Multifamily Housing Revenue Bonds III (S&P AA/Moody's A1) . FY 2014 was the first time since 2009 in which the rating agency's annual credit reviews resulted in a rating upgrade. During FY 2014, the Multifamily Housing Revenue Bonds III rating was decoupled from CalHFA's issuer credit rating. A positive trend in these three ratings would improve the Agency's prospects in its continued efforts to restructure the Agency's legacy capital structure.

**Request for Information**

Questions concerning any of the information presented in this financial report or requests for additional information should be addressed to:

CalHFA Financing Division
500 Capitol Mall, Suite 1400
Sacramento, CA 95814
Phone: 916.326.8650
Fax: 916.322.1464
financing@calhfa.ca.gov

**CALIFORNIA HOUSING FINANCE FUND**
**STATEMENTS OF NET POSITION**
**June 30, 2014 and June 30, 2013**
(Dollars in Thousands)

| | 2014 Totals | Restated 2013 Totals |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $ 40,507 | $ 34,732 |
| Investments | 1,141,498 | 1,375,758 |
| Current portion - program loans receivable, net of allowance | 124,730 | 154,984 |
| Interest receivable: | | |
| Program loans, net | 32,228 | 30,950 |
| Investments | 3,059 | 4,462 |
| Accounts receivable | 12,443 | 18,908 |
| Other assets | 13,869 | 3,576 |
| Total current assets | 1,368,334 | 1,623,370 |
| Noncurrent assets: | | |
| Investments | 403,112 | 489,991 |
| Program loans receivable, net of allowance | 3,781,555 | 4,350,968 |
| Deferred financing costs | - | 17,728 |
| Other assets | 17,509 | 21,504 |
| Total noncurrent assets | 4,202,176 | 4,880,191 |
| Total assets | 5,570,510 | 6,503,561 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Accumulated decrease in fair value of hedging derivatives | 25,042 | 126,717 |
| Deferred loss on refunding | 668 | - |
| Total Deferred outflows of resources | 25,710 | 126,717 |
| LIABILITIES | | |
| Current liabilities: | | |
| Bonds payable | 67,904 | 86,548 |
| Notes payable | 2,253 | 2,888 |
| Interest payable | 58,170 | 70,667 |
| Due to other government entities, net | 908 | 898 |
| Compensated absences | 4,034 | 4,263 |
| Deposits and other liabilities | 235,253 | 248,196 |
| Total current liabilities | 368,522 | 413,460 |
| Noncurrent liabilities: | | |
| Bonds payable | 3,464,848 | 4,411,988 |
| Notes payable | 61,342 | 78,170 |
| Due to other government entities, net | 35,621 | 28,888 |
| Other liabilities | 186,402 | 217,718 |
| Unearned revenues | 891 | 21,915 |
| Total noncurrent liabilities | 3,749,104 | 4,758,679 |
| Total liabilities | 4,117,626 | 5,172,139 |
| Commitments and contingencies (see notes 11 and 13) | | |
| DEFERRED INFLOWS OF RESOURCES | | |
| Accumulated decrease in fair value of hedging derivatives | - | - |
| NET POSITION | | |
| Net investment in capital assets | 842 | 962 |
| Restricted by indenture, restated | 491,187 | 386,812 |
| Restricted by statute | 986,565 | 1,070,365 |
| Total Net position | $ 1,478,594 | $ 1,458,139 |

See notes to financial statements.

**CALIFORNIA HOUSING FINANCE FUND**
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**
**Years Ended June 30, 2014 and June 30, 2013**
(Dollars in Thousands)

| | 2014 Totals | Restated 2013 Totals |
|---|---|---|
| OPERATING REVENUES | | |
| Interest income: | | |
| Program loans, net | $ 218,715 | $ 256,268 |
| Investments, net | 22,519 | 31,302 |
| Decrease in fair value of investments | (308) | (25,492) |
| Loan commitment fees | 668 | 2,090 |
| Other loan fees | 29,316 | 29,292 |
| Other revenues | (47,401) | 39,275 |
| Total operating revenues | 223,509 | 332,735 |
| SALARIES AND GENERAL EXPENSES | | |
| Interest | 122,277 | 171,835 |
| Amortization of bond discount and bond premium | (1,369) | (944) |
| Mortgage servicing expenses | 8,444 | 9,942 |
| (Reversal) provision for program loan losses | (13,022) | 52,196 |
| Salaries and general expenses | 41,053 | 40,199 |
| Other expenses | 99,133 | 112,881 |
| Total salaries and general expenses | 256,516 | 386,109 |
| Operating loss before transfers | (33,007) | (53,374) |
| Transfers in | 53,462 | 38,624 |
| Increase (decrease) in net position | 20,455 | (14,750) |
| Net position at beginning of year, as restated | 1,458,139 | 1,472,889 |
| Net position at end of year, as restated | $ 1,478,594 | $ 1,458,139 |

See notes to financial statements.

**CALIFORNIA HOUSING FINANCE FUND**
**STATEMENTS OF CASH FLOWS**
**Years Ended June 30, 2014 and June 30, 2013**
(Dollars in Thousands)

| | 2014 Totals | Restated 2013 Totals |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | $ 217,437 | $ 254,311 |
| Payments to suppliers | (20,290) | (21,591) |
| Payments to employees | (29,935) | (29,758) |
| Other receipts | 540,347 | 714,741 |
| Net cash provided by operating activities | 707,559 | 917,703 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Due from other government entities | 3,560 | 4,845 |
| Net cash provided by noncapital financing activities | 3,560 | 4,845 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Proceeds from sales of bonds | 38,814 | 133,760 |
| Payment of bond principal | (81,358) | (106,198) |
| Early bond redemptions | (943,972) | (1,700,310) |
| Interest paid on debt | (134,771) | (186,098) |
| Interfund transfers | 53,462 | 38,624 |
| Increase in deferred financing costs | 17,728 | 983 |
| Net cash used for capital and related financing activities | (1,050,097) | (1,819,239) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from maturity and sale of investments | 2,809,526 | 3,368,452 |
| Purchase of investments | (2,488,694) | (3,030,086) |
| Interest on investments, net | 23,921 | 33,346 |
| Net cash provided by investing activities | 344,753 | 371,712 |
| Net increase (decrease) in cash and cash equivalents | 5,775 | (524,979) |
| Cash and cash equivalents at beginning of year | 34,732 | 559,711 |
| Cash and cash equivalents at end of year | $ 40,507 | $ 34,732 |
| Reconciliation of operating loss to net cash provided by operating activities: | | |
| Operating loss | $ (33,007) | $ (53,374) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | | |
| Interest expense on debt | 122,277 | 171,835 |
| Interest on investments | (22,519) | (31,302) |
| Changes in fair value of investments | 308 | 25,491 |
| Amortization of bond discount | 27 | 173 |
| Amortization of deferred losses on refundings of debt | 4,229 | (1,531) |
| Amortization of bond issuance costs | - | 5,149 |
| Amortization of bond premium | (1,658) | (2,105) |
| Amortization of unearned revenue | (668) | (2,090) |
| Depreciation | 264 | 284 |
| (Reversal) provision for program loan losses | (13,022) | 52,196 |
| Provision for yield reduction payments | 3,240 | (8,038) |
| (Reversal) provision for nonmortgage investment excess | (58) | (396) |
| Effects of changes in operating assets and liabilities: | | |
| Purchase of program loans-net | (77,584) | (248,541) |
| Collection of principal from program loans, net | 696,966 | 896,896 |
| Interest receivable | (1,278) | (1,957) |
| Accounts receivable | 3,651 | 9,024 |
| Other assets | 91,234 | 194,225 |
| Compensated absences | (229) | 9 |
| Deposits and other liabilities | (12,942) | 17,825 |
| Unearned revenue | (51,672) | (106,070) |
| Net cash provided by operating activities | $ 707,559 | $ 917,703 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Noncash transfer of program loan to REO | $ 11,073 | $ 86,662 |

See notes to financial statements.

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## Note 1 – AUTHORIZING LEGISLATION AND ORGANIZATION

The California Housing Finance Fund ("Fund") is one of two continuously appropriated funds administered by the California Housing Finance Agency ("Agency"). The Agency was created by the Zenovich-Moscone-Chacon Housing and Home Finance Act ("Act"), as amended, as a public instrumentality, a political subdivision and a component unit of the State of California ("State"), and administers the activities of the Fund and the California Housing Loan Insurance Fund ("Mortgage Insurance Fund"). These funds allow the Agency to carry out its purpose of financing the housing needs of persons and families of low and moderate income within the State. The Agency is authorized to issue its bonds, notes and other obligations to fund loans to qualified borrowers for single family houses and multifamily developments. The Agency has no taxing power and is exempt from federal income taxes and state franchise taxes. Funding of loan programs on an on-going basis is derived principally from bond proceeds and interest earned on loans and investments.

The Agency is governed by a Board of Directors which consists of 13 voting members and three non-voting members. Of the 13 voting members, seven are appointed by the Governor, four are ex-officio and two are appointed by the Legislature. The statutory role of the Board is to: 1) enact the annual financing resolutions that permit the issuance of bonds and 2) enact the Agency's operating budget and business plan. Subject to the supervision of the Board, the Agency's day-to-day operational authority statutorily resides with the Agency's Executive Director.

Effective July 1, 2013, pursuant to the Governor's Reorganization Plan 2, the Agency was moved from being within the Business, Transportation and Housing Agency to being within the Department of Housing and Community Development. The Department does not have any administrative authority over the California Housing Finance Fund. Pursuant to Health and Safety Code section 51000, expenditures from the California Housing Finance Fund are administered by the Agency and are not subject to the supervision or approval of any other officer or division of state government. Further, pursuant to the Health and Safety Code section 51000.1, no officer or division of state government has the authority to transfer any sums of money from any fund or account of the Agency, except as authorized by the executive director of the Agency or designated trustee pertaining to bonds issued by the Agency.

The Agency may also provide administrative, consulting and technical services in connection with the financing of housing developments; act as a State representative in receiving and allocating federal housing subsidies; and make grants, under certain circumstances, to housing sponsors (providing that grants may not be made with proceeds from the sale of bonds or notes).

The Agency is the administrator of the Home Purchase Assistance Fund, established by Section 51341 of the Health and Safety Code *et seq*. which is a state general obligation bond program, the funds of which are neither generated nor held within the Fund, and therefore, not included in the accompanying financial statements.

The accompanying financial statements are the financial statements of the Fund and do not include the financial position or the results of operations of the Housing Loan Insurance Fund which insures loans owned by the Agency and others to finance the acquisition, new construction or rehabilitation of residential structures in California. As of December 31, 2013, the Housing Loan Insurance Fund had total assets of $1 million and deficit of $81 million (not covered by this Independent Auditors' Report).

The accompanying financial statements are the financial statements of the Fund and do not include the financial position or the results of operations of CalHFA Mortgage Assistance Corporation ("CalHFA MAC") which is a nonprofit public benefit corporation and organized as an entity separate from CalHFA. As of September 30, 2013, CalHFA MAC had total assets of $198.6 million and net position of $26 thousand (not covered by this Independent Auditors' Report).

As a fund of a component unit of the State, the financial information of the Fund is included in the State's Comprehensive Annual Financial Report.

Programs and accounts are as follows:

*Home Mortgage Revenue Bonds*: The Home Mortgage Revenue Bonds provide financing for the Agency's Home Mortgage Program which purchases eligible mortgage loans, secured by trust deeds on newly constructed or existing single family homes, condominiums, planned unit developments and manufactured housing permanently attached to the land and originated and serviced by qualified lending institutions. All mortgage loans purchased under this program will be insured either by the Federal Housing Administration ("FHA"), the Mortgage Insurance Fund, the Department of Veterans Affairs ("VA"), a private mortgage guaranty insurance policy, or a combination thereof, covering a loss of up to fifty percent (50%), one hundred percent (100%) in the case of a FHA insured loan, of the outstanding principal amount of the mortgage loans.

*Housing Program Bonds:* The Housing Program Bonds Indenture was created to provide a vehicle for issuing debt to finance either multifamily or single family programs of the Agency. Bonds issued under this indenture are backed by the Agency's general obligation. As of June 30, 2014, the Agency has one series of bonds issued and outstanding under this indenture. These bonds were

issued to finance deferred payment, simple interest loans originated under certain of the Agency's down payment assistance programs, as well as to finance certain multifamily loans.

*Residential Mortgage Revenue Bonds:* The Residential Mortgage Revenue Bonds are issued by the Agency pursuant to a national initiative of the United States Treasury to assist state and local housing finance authorities by the Federal Program. The Bonds, issued as escrow bonds pursuant to the Indenture, are to be converted to long-term fixed-rate bonds. The Treasury has agreed, through government-sponsored agencies, to purchase certain mortgage revenue bonds at rates lower than the prevailing market intended to reduce the costs of funds to issuers to the making or financing of mortgage loans.

*Multifamily Loan Purchase Bonds*: On July 26, 2000, the Agency purchased 278 Department of Housing and Urban Development ("HUD") Section 236 loans with an aggregate unpaid principal balance of approximately $270 million. The purpose of this transaction was to enhance the ability of the Agency to assist affordable housing sponsors to refinance their projects and extend the period during which the units are offered at affordable rents to very-low-income and lower-income tenants. The Agency expects to provide the financing for many of these transactions.

*Multifamily Housing Revenue Bonds III*: The Multifamily Housing Revenue Bonds III are fixed or variable rate bonds collateralized by GNMA mortgage-backed securities and/or FHA insured loans and/or uninsured loans. The bonds provide financing for multi-unit rental housing developments which are utilized for occupancy by persons and families of low and moderate income. The loans may provide acquisition, construction (both for new construction and rehabilitation), and permanent financing for developments.

*Affordable Multifamily Housing Revenue Bonds:* The Affordable Multifamily Housing Revenue Bonds are issued under the Indenture in connection with the New Issue Bond Program of the HFA Initiative pursuant to the Memorandum of Understanding dated October 19, 2009 among Treasury, the Federal Housing Finance Agency, Fannie Mae and Freddie Mac to facilitate financing for various state and local housing finance agencies to serve homebuyers and low and moderate income renter.

*Housing Assistance Trust*: The Housing Assistance Trust ("HAT") is comprised of Agency investments in special purpose mortgage loans promoting both rental housing and homeownership, remaining investments in mortgage loans from fully redeemed bond indentures, and funds to assist in the development of single and multifamily projects through various low-interest loan and technical assistance programs. Also, included within HAT are funds held in trust representing Earned Surplus and Financial Adjustment Factor ("FAF") Savings from HUD Section 8 projects. Earned Surplus is to be used in lowering the rents for persons and families of low or moderate income in accordance with state law. FAF Savings are to be used in providing decent, safe, and sanitary housing, which is available for very-low income families and persons qualifying in accordance with federal law.

*Contract Administration Programs*: The Agency administers loan and grant programs for the Rental Housing Construction Program, the School Facilities Fee Assistance Program, the California Homebuyer's Down payment Assistance Program, National Foreclosure Mitigation Counseling Program, Mental Health Services Act Housing Program, and programs offered pursuant to the Housing and Emergency Shelter Trust Fund Act of 2002 and 2006. Funding of these programs was appropriated by the legislature or provided by voter authorized State bond programs to other departments and agencies within the State that have contracted with the Agency for this purpose. All monies transferred in accordance with the agreements and for the purposes of the program are considered assets of the Fund. The Fund had cash transfers in the amount of $53.5 million and $38.6 million for fiscal year 2014 and 2013, respectively.

*Supplementary Bond Security Account*: This account was established exclusively to secure issuances of bonds. This security may be accomplished by creating supplementary reserve accounts to provide for payment of the principal, interest, redemption premiums or sinking fund payments on bonds, or by insuring mortgage loans made with the proceeds of bond issues or to indemnify the Mortgage Insurance Fund for losses.

*Emergency Reserve Account:* This account was established by the Agency to meet its obligations and liabilities incurred in connection with its housing loan programs. This reserve is maintained at approximately one percent (1%) of the aggregate amount of the Agency's net program loans receivable.

*Loan Servicing:* The Agency services nearly all multifamily program loans, approximately 46.9% of the Agency's homeownership program loans in first lien position (as of June 30, 2014), and all junior or subordinate lien homeownership program loans and certain other loans for the California State Teachers' Retirement System and Fannie Mae. Loan servicing agreements require that the Agency hold and maintain escrow and reserve accounts, on behalf of borrowers, that are reported as "Deposits and Other Liabilities."

*Citigroup Global Markets:* The Loan Agreements were made and entered into by and between the Agency and Citibank, N.A., as lender, under the Zenovich-Moscone-Chacon Housing and Home Finance Act. Pursuant to the Loan Agreements, the proceeds of the Agency Loans will be used to retire certain indebtedness of the Agency including to refund and redeem all or a portion of certain Multifamily Rental Housing Bonds of the Agency that were originally issued to finance the Projects, and for other valid purposes of the Agency under the Act.

*Operating Account:* The Operating Account was established for purposes of depositing funds available to the Agency for payment of operating and administrative expenses of the Agency and financing expenditures not associated with specific bond funds.

**Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation and Accounting:* The Fund is accounted for as an enterprise fund. Accordingly, the accompanying financial statements have been prepared using the accrual method of accounting and on the basis of accounting principles generally accepted in the United States of America (hereinafter referred to as "Generally Accepted Accounting Principles").

*Recently Adopted Accounting Pronouncements:* The Agency adopted GASB 65 for the period ending June 30, 2014. In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for period beginning after December 15, 2012, with earlier application encouraged. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting period beginning after December 15, 2013. GASB 69 was determined to have no effect on the Agency. In April 2013, the GASB issued Statement No 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement will enhance comparability of financial statements among governments by requiring consistent reporting by both governments that extend nonexchange financial guarantees and those governments that receive nonexchange financial guarantees, effective for reporting periods beginning after June 15, 2013. GASB 70 was determined to have no effect on the Agency.

*New Accounting Pronouncements:* In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, effective for fiscal years beginning after June 15, 2014, with earlier applications encouraged. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions, and to improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities. In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68. The Agency will apply all applicable Statements, with effective date starting July 1, 2014.

*Use of Estimates*: The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates are used in determining the fair values of the interest rate swaps. The fair values of the swaps are based on factors such as future interest rates and a discount rate. Actual results could differ materially from those estimates.

*Cash and Cash Equivalents*: The Agency considers cash on hand, cash on deposit with financial institutions and cash held in money market funds to be cash and cash equivalents.

*Investments*: All investments are reported at fair value as determined by financial services providers or financial publications, except for certain non-participating fixed interest investment contracts which are valued using cost based measures. The net increase (decrease) in the fair value of investments includes both realized and unrealized gains and losses.

*Interest Rate Swap Agreements*: The Agency enters into interest rate swap agreements with swap counterparties to manage variable interest rate risk exposure resulting from the issuance of variable rate bonds. The interest rate swap agreements provide synthetic fixed rates of interest on the underlying bonds and are accounted for as matched swaps in accordance with settlement accounting. An interest rate swap is considered to be a matched swap if it is linked through designation with an asset or liability that is on the statements of net position, provided that it has the opposite interest characteristics of such Statements of net position item. Under settlement accounting, periodic net cash settlements under the swap agreements are treated as an increase or decrease in interest expense of the related bond liability over the lives of the agreements. While these swap contracts hedge floating rate bonds issued within the HMRB indenture, hedging expenses are a general obligation of the Agency that is often reimbursed with excess revenue transfers from the HMRB indenture. The interest rate swap agreements allow the Agency to manage the interest rate risk associated with variable rate debt.

*Program Loans Receivable, net*: Loans receivables are carried at their outstanding principal balances, less an allowance for loan losses.

*Allowance for Program Loan Losses*: The Agency's policy is to charge expenses for estimated probable losses which are established as an allowance for loan losses. The allowance is an amount that management believes will be adequate to absorb losses inherent in existing loans based on evaluations of collectability and prior loss experience. The evaluations take into consideration such factors as changes in the nature and volume of the portfolio, overall portfolio quality, loan concentrations, specific problem loans, delinquencies, and anticipated economic and other conditions that may affect the borrowers' ability to repay the loans. While management uses the best

information available to evaluate the adequacy of its allowance, future adjustments to the allowance may be necessary if actual experience differs from the factors used in making the evaluations.

*Other Real Estate Owned ("REO")*: Property acquired by the Agency through foreclosure is recorded at the lower of estimated fair value less estimated selling costs (fair value) or the carrying value of the related loan at the date of foreclosure and is included in "Other Assets" on the accompanying financial statements. At the time the property is acquired, if the fair value is less than the loan amounts outstanding, any difference is charged against the allowance for loan losses. After acquisition, valuations are periodically performed and, if the carrying value of the property exceeds the current fair value, a valuation allowance is established by a charge to operations. Subsequent increases in the fair value may reduce or eliminate the allowance. Operating costs on foreclosed real estate are expensed as incurred. Costs incurred for physical improvements to foreclosed real estate are capitalized if the value is recoverable through future sale.

*Bonds Payable and Notes Payable, net*: Bonds Payable and Notes Payable are carried at their outstanding principal balances plus unamortized bond premiums and less unamortized bond discounts and deferred losses on refundings.

*Bond Premium and Discount:* Premium and discount on bonds are deferred and amortized over the life of the related bond issue using the straight line method of amortization.

*Compensated Absences*: Agency employees accrue vacation or annual leave in varying amounts for each monthly period worked. Employees may accumulate leave time, subject to certain limitations, and upon retirement, termination, or death may be compensated for certain accumulated amounts at their then current rates of pay. The Agency records an expense for all accumulated leave that the Agency would be required to pay if all employees terminated their employment.

*Unearned Revenue*: Unearned revenue represents the receipt of certain loan fees from lenders and borrowers, which is generally recognized as revenue over the life of the associated loans. Also included in unearned revenue is the cumulative amount by which pass-through revenues exceed expenses and allowable costs of issuance of certain programs.

*Net Position:* Net Position is equal to assets plus deferred outflows of resources less the sum of liabilities plus deferred inflows of resources. Net position is classified as net investment in capital assets or restricted net position. Net investment in capital assets represents investments in office equipment and furniture net of depreciation. Restricted net position represents net position balances under the lien of bond indentures that are therefore pledged to bondholders. State statutes further restrict other net position of the Fund solely for purposes of the Agency and provide for a continuing appropriation of such assets for the benefit of bondholders.

*Extinguishment of Debt*: The Agency accounts for gains and losses associated with debt refundings by deferring such gains or losses and recognizing them as revenues or expenses over the shorter of the term of the bonds extinguished or the term of the refunding bonds. Gains or losses associated with debt redemptions and maturing principal, other than refundings, are recognized as income or expense at the date of the extinguishment.

*Operating Revenues and Expenses*: The Fund's primary operating revenue is derived from the investment of bond proceeds in the loan programs and investment securities. The primary expense is interest expense on bonds outstanding. Net interest income is an important measure of performance for the Fund. "Interest income program loans" and "interest income investments-net" are shown as operating revenues in the statements of Revenue, Expenses and Changes in Net Position.

*Other Operating Revenues and Expenses:* The Agency administers certain Section 8 contracts under the HUD guidelines of New Construction and Substantial Rehabilitation. Included in most contracts is an administrative fee earned by the Agency which totaled $1.4 million and $1.7 million for years ended June 30, 2014 and 2013, respectively. The Agency also administers National Foreclosure Mitigation Counseling Program ("FMC"). The HUD and FMC pass-through payments aggregated $61.1 million and $66.6 million for the years ended June 30, 2014 and 2013, respectively, and are reported as other operating revenues and expenses within Other Programs and Accounts.

**Note 3– PRIOR-PERIOD ADJUSTMENTS**

The Agency had a correction of an error related to the HMRB allowance for loan loss for the year ended June 30, 2013. The Agency discovered the HMRB allowance for loan loss was overstated by a total of $39.5 million - $16.4 million in fiscal year 2013 and $23.1 million in fiscal year 2012. The effect of which understated both the total net programs loan receivable and net position for each of the fiscal years. The Agency has restated net position as of July 1, 2012 by $23.1 million and adjusted the change in net position by $16.4 million.

| | | |
|---|---|---|
| Net position, July 1, 2012 as previously stated | $ | 1,449,812 |
| Adjustment to correct overstatement of mortgage receivable allowance | | 23,077 |
| Net position, July 1, 2012, as restated | $ | 1,472,889 |
| | | |
| Decrease in Net position, June 30, 2013, as previously stated | $ | (31,167) |
| Adjustment to correct overstatement of mortgage receivable allowance | | 16,417 |
| Decrease in Net position, June 30, 2013, as restated | $ | (14,750) |

**Note 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

The Fund utilizes a cash and investment pool maintained by the State Treasurer's office. Each program and account's portion of this pool is included in investments on the statements of net position. In addition, other types of investments are separately held by most of the programs and accounts.

*Cash and Cash Equivalents*: At June 30, 2014 and 2013, all cash and cash equivalents, totaling $40.5 million and $34.7 million, respectively, were covered by federal depository insurance or by collateral held by the Agency's agent in the Agency's name. As of June 30, 2014, the total cash balance at Bank of America was $32.3 million and of that balance, $4.1 million was identified as float balance and was not collateralized by the bank.

*Investments*: Investment of funds is restricted by the Act and the various bond resolutions and indentures of the Agency, generally, to certain types of investment securities, including direct obligations of the U.S. Government and its agencies, the State Treasurer's Pooled Money Investment Account, long term investment agreements which are issued by institutions rated within the top two ratings of a nationally recognized rating service, and other financial instruments. Investments of funds are also made in accordance with the Agency's Investment Policy.

The Agency entered into an U.S. Bank National Association Daily Liquid (open-ended) Commercial Paper (Open CP) agreement with U.S. Bank in March, 2013. The Open CP agreements are unsecured promissory notes issued by U.S. Bank National Association. The Open CP is not insured by Federal Deposit Insurance Corporation ("FDIC") or guaranteed by any governmental agency or authority, or by U.S. Bank. As of June 30, 2014 and 2013 the par value and market value of Open CP agreements were $34.7 million and $32.0 million, respectively.

The Agency is required to post collateral based on the Agency's current Long Term Debt Ratings assigned by either Standard and Poor's Rating Group or Moody's Investor Service, Inc., as set forth in each International Swap Dealers Association, Inc. ("ISDA") Master Agreement (see Note 7). The total cash and fair market value of investment securities posted as collateral at June 30, 2014 and 2013 was $56 million and $61.9 million, respectively.

Investments at June 30, 2014 and 2013 are as follows (dollars in thousands):

| | Fair Value June, 30 2014 | Fair Value June, 30 2013 |
|---|---|---|
| U.S. Agency Securities --- GNMA's | $ 206,050 | $ 250,223 |
| Federal Agency Securities | 197,062 | 239,768 |
| Investment Agreements --- Financial Institutions (at cost) | 41,936 | 61,381 |
| Other Investments: | | |
| Surplus Money Investment Fund --- State of California | 1,040,555 | 1,238,133 |
| US Bank NA Open CP | 34,718 | 32,011 |
| Other Investment Agreements (at cost) | 24,289 | 44,233 |
| Total Investments | $ 1,544,610 | $ 1,865,749 |
| | | |
| Current portion | 1,141,498 | 1,375,758 |
| Noncurrent portion | 403,112 | 489,991 |
| Total | $ 1,544,610 | $ 1,865,749 |

**Note 5 – INVESTMENT RISK FACTORS**

Investments by type at June 30, 2014 and 2013 consist of the following (dollars in thousands):

| | 2014 Totals | 2013 Totals |
|---|---|---|
| U.S. Agency Securities --- GNMA's | $ 206,050 | $ 250,223 |
| Federal Agency Securities | 197,062 | 239,768 |
| Investment Agreements --- Financial Institutions (at cost) | 66,225 | 105,614 |
| US Bank NA Open CP | 34,718 | 32,011 |
| Surplus Money Investment Fund --- State of California | 1,040,555 | 1,238,133 |
| Total Investments | $ 1,544,610 | $ 1,865,749 |

There are many factors that can affect the value of investments. Some, such as credit risk, custodial credit risk, and concentration of credit risk and interest rate risk, may affect both equity and fixed income securities. Equity and debt securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates. It is the investment policy of the Agency to invest substantially all of its funds in fixed income securities, which limits the Agency's exposure to most types of risk.

*Credit Risk*: Fixed income securities are subject to credit risk, which is the chance that an issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. Certain fixed income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government are not considered to have credit risk.

The credit risk profile for fixed income securities at June 30, 2014 and 2013 are as follows (dollars in thousands):

| | 2014 Totals | 2013 Totals |
|---|---|---|
| Fixed income securities: | | |
| U.S. government guaranteed | $ 403,112 | $ 489,991 |
| Guaranteed interest contracts: | | |
| Rated Aaa/NR | - | 6,059 |
| Rated Aa1/AA+ | - | 10 |
| Rated Aa2/AA- | 5,051 | 6,675 |
| Rated A1+/P1 | 34,718 | 32,011 |
| Rated A1/AA+ | 3,324 | 6,078 |
| Rated A1/AA- | 18,495 | 32,893 |
| Rated A2/A | 33,305 | 53,899 |
| Rated A3/NR | 6,050 | - |
| Total fixed income securities | $ 504,055 | $ 627,616 |

*Custodial Credit Risk*: Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be returned. At June 30, 2014, the Agency did not have any investments exposed to custodial credit. All investments are held by the State of California or by pledging financial institutions in the name of the Agency.

*Concentration of Credit Risk*: Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the Agency to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. Investments issued or guaranteed by the U.S. government and investments in external investment pools, such as the commingled funds managed by the Agency are not considered subject to concentration of credit risk. At June 30, 2014, no investments in any one issuer exceed 5% of the net position, except for securities issued by the U.S. government or its agencies.

*Interest Rate Risk*: Interest rate risk is the risk that the value of fixed income securities will decline due to decreasing interest rates. The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. At June 30, 2014, the Agency does not have any debt investments that are highly sensitive to changes in interest rates.

Effective duration is the approximate change in price of a security resulting from a 100 basis points (1 percentage point) change in the level of interest rates. It is not a measure of time. The guaranteed interest contracts are valued at par and therefore not subject to interest rate risk. The effective duration for U.S. government guaranteed fixed income securities at June 30, 2014 and 2013 are as follows:

| | 2014 | 2013 |
|---|---|---|
| Fixed income securities: | | |
| U.S. government guaranteed | 15.70 | 16.00 |

**Note 6 – PROGRAM LOANS RECEIVABLE**

Changes in program loans receivable for the years ended June 30, 2014 and 2013 are as follows (dollars in thousands):

| | 2014 Totals | Restated 2013 Totals |
|---|---|---|
| Beginning of year balance | $ 4,505,952 | $ 5,140,443 |
| Loans purchased/funded | 89,158 | 266,489 |
| Noncash transfers - REO | (11,073) | (86,662) |
| Amortized principal repayments | (195,023) | (234,687) |
| Prepayments | (490,870) | (575,547) |
| Principal Reduction Program | (11,719) | (18,094) |
| Chargeoffs | (14,568) | (55,365) |
| Unamortized Mortgage Discount | 146 | 146 |
| Transfer to REO- net of write-down | 6,691 | 66,059 |
| Allowance for loan loss | 27,591 | 3,170 |
| | $ 3,906,285 | $ 4,505,952 |
| Current portion | $ 124,730 | $ 154,984 |
| Noncurrent portion | 3,781,555 | 4,350,968 |
| Total | $ 3,906,285 | $ 4,505,952 |

**Note 7 – ALLOWANCE FOR PROGRAM LOAN LOSSES**

Changes in the allowance for program loan losses for the year ended June 30, 2014 and 2013 are as follows (dollars in thousands):

| | 2014 Totals | Restated 2013 Totals |
|---|---|---|
| Beginning of year balance | $ 173,528 | $ 176,697 |
| Provisions for program loan losses | (13,022) | 52,196 |
| Chargeoffs | (14,568) | (55,365) |
| End of year balance | $ 145,938 | $ 173,528 |

**Note 8 – BONDS AND NOTES PAYABLE AND ASSOCIATED INTEREST RATE SWAPS**

The Act empowers the Agency, on behalf of the Fund, to issue both federally taxable and tax exempt bonds and notes. Bonds and notes issued by the Agency are not debts of the State but are special and general obligations of the Agency payable solely from and collateralized by the revenues and other assets pledged under the respective indentures. The Act provides the Agency with the authority to have outstanding bonds or notes, at any one time, in the aggregate principal amount of $13.15 billion excluding refunding issues and certain taxable securities.

The Agency, on behalf of the Fund, as part of its interest rate risk management program, has entered into interest rate swap agreements with various counterparties wherein the Agency has agreed to pay fixed or variable rates of interest and receive floating rate payments.

Bonds payable and the terms, outstanding notional amounts, and fair value of associated interest rate swaps as of June 30, 2014 are as follows (dollars in thousands):

| | Bonds | | | | | |
|---|---|---|---|---|---|---|
| Bond Issue | Type of Bond | Interest Rate Range | Final Maturity Date | Outstanding Fixed | Outstanding Variable | Total |
| Home Mortgage Revenue Bonds: | | | | | | |
| 2000 Series J | Tax-Exempt | | | | | |
| 2000 Series N | Tax-Exempt | 0.070% | 2031 | | $ 13,475 | $ 13,475 |
| 2000 Series V | Taxable | 0.440% | 2032 | | 10,120 | 10,120 |
| 2000 Series V | Taxable | 0.440% | 2032 | | 13,475 | 13,475 |
| 2000 Series X-2 | Tax-Exempt | | | | | |
| 2000 Series Z | Taxable | 0.420% | 2031 | | 29,715 | 29,715 |
| 2001 Series D | Taxable | 0.550% | 2022 | | 35,505 | 35,505 |
| 2001 Series G | Taxable | 0.490% | 2029 | | 28,290 | 28,290 |
| 2001 Series J | Tax-Exempt | | | | | |
| 2001 Series K | Taxable | 0.480% | 2032 | | 37,610 | 37,610 |
| 2001 Series N | Tax-Exempt | | | | | |
| 2001 Series O | Taxable | 0.510% | 2032 | | 35,420 | 35,420 |
| 2001 Series S | Taxable | 0.550% | 2023 | | 25,070 | 25,070 |
| 2001 Series U | Tax-Exempt | 0.070% | 2032 | | 18,000 | 18,000 |
| 2001 Series V | Taxable | 0.370% | 2031 | | 13,600 | 13,600 |
| 2002 Series B | Tax-Exempt | | | | | |
| 2002 Series C | Taxable | 0.490% | 2033 | | 21,210 | 21,210 |
| 2002 Series F | Tax-Exempt | | | | | |
| 2002 Series H | Taxable | 0.490% | 2022 | | 15,875 | 15,875 |
| 2002 Series J | Tax-Exempt | 0.070% | 2033 | | 36,100 | 36,100 |
| 2002 Series L | Taxable | 0.490% | 2024 | | 17,940 | 17,940 |
| 2002 Series M | Tax-Exempt | 0.060% | 2025 | | 18,390 | 18,390 |
| 2002 Series P | Tax-Exempt | | | | | |
| 2003 Series H | Tax-Exempt | 0.070% | 2032 | | 16,650 | 16,650 |
| 2003 Series I | Taxable | 0.420% | 2033 | | 27,415 | 27,415 |
| 2003 Series K | Tax-Exempt | 0.060% | 2033 | | 25,005 | 25,005 |
| 2003 Series L | Taxable | 0.420% | 2034 | | 20,850 | 20,850 |
| 2003 Series M | Tax-Exempt | 0.070% | 2034 | | 51,665 | 51,665 |
| 2003 Series N | Taxable | 0.450% | 2034 | | 20,660 | 20,660 |
| 2004 Series A | Tax-Exempt | | | | | |
| 2004 Series E | Tax-Exempt | 0.060% | 2035 | | 53,495 | 53,495 |
| 2004 Series F | Taxable | 0.430% | 2035 | | 33,675 | 33,675 |
| 2004 Series G | Tax-Exempt | | | | | |

**Swaps**

| Type | Fixed Rate Paid By Agency | Floating Rate Received By Agency | Effective Date | Termination Date | Outstanding Notional/Applicable Amount | Fair Value |
|---|---|---|---|---|---|---|
| Fixed payer | 4.9000% | LIBOR @ 65% | 5/25/00 | 8/1/30 | $ 17,775 | $ (3,846) |
| Fixed payer | 4.5275% | LIBOR @ 65% | 10/5/00 | 8/1/15 | 7,670 | (190) |
| Fixed payer | 7.0960% | 6 mo LIBOR | 10/5/00 | 8/1/14 | 2,075 | (12) |
| Fixed payer | 4.5100% | LIBOR @ 65% | 12/13/00 | 8/1/31 | 20,540 | (3,926) |
| Fixed payer | 6.8430% | 3 mo LIBOR | 12/13/00 | 8/1/16 | 8,565 | (494) |
| Fixed payer | 6.2150% | 3 mo LIBOR+.26% | 1/25/01 | 8/1/19 | 22,250 | (2,489) |
| Fixed payer | 6.0100% | 3 mo LIBOR+.20% | 4/5/01 | 2/1/16 | 8,965 | (499) |
| Fixed payer | 4.1430% | LIBOR @ 65% | 5/31/01 | 8/1/24 | 23,460 | (2,031) |
| Fixed payer | 3.9910% | LIBOR @ 65% | 7/26/01 | 8/1/18 | 3,650 | (302) |
| Fixed payer | 6.3600% | 3 mo LIBOR+.27% | 7/26/01 | 8/1/20 | 26,020 | (3,323) |
| Fixed payer | 5.5300% | 3 mo LIBOR+.31% | 10/10/01 | 8/1/18 | 14,315 | (1,027) |
| Fixed payer | 4.1300% | SIFMA less .15% | 12/6/01 | 8/1/32 | 31,440 | (3,939) |
| Fixed payer | 3.8880% | LIBOR @ 65% | 4/18/02 | 8/1/27 | 31,535 | (4,976) |
| Fixed payer | 3.9940% | LIBOR @ 65% | 6/6/02 | 2/1/24 | 25,125 | (3,178) |
| Fixed payer | 3.8630% | LIBOR @ 65% | 8/8/02 | 8/1/32 | 42,265 | (4,158) |
| Fixed payer | 3.7280% | LIBOR @ 65% | 10/17/02 | 8/1/22 | 35,755 | (3,162) |
| Fixed payer | 3.1480% | LIBOR @ 65% | 12/12/02 | 8/1/22 | 45,800 | (3,621) |
| Fixed payer | 3.0875% | LIBOR @ 60%+.26% | 8/1/04 | 8/1/30 | 19,450 | (1,287) |
| Fixed payer | 3.6100% | LIBOR @ 60%+.26% | 2/1/05 | 2/1/34 | 38,205 | (3,980) |

| Bond Issue | Type of Bond | Interest Rate Range | Final Maturity Date | Outstanding Fixed | Outstanding Variable | Total |
|---|---|---|---|---|---|---|
| | | | Bonds | | | |
| 2004 Series G | Tax-Exempt | | | | | |
| 2004 Series I | Tax-Exempt | | | | | |
| 2005 Series A | Tax-Exempt | 0.060% | 2035 | | 72,440 | 72,440 |
| 2005 Series B | Tax-Exempt | | | | | |
| 2005 Series B | Tax-Exempt | 0.060% | 2035 | | 71,780 | 71,780 |
| 2005 Series D | Tax-Exempt | 0.070% | 2038 | | 37,125 | 37,125 |
| 2005 Series F | Tax-Exempt | 0.060% | 2037 | | 27,570 | 27,570 |
| 2005 Series F | Tax-Exempt | 0.060% | 2038 | | 58,945 | 58,945 |
| 2005 Series H | Tax-Exempt | | | | | |
| 2006 Series C | Tax-Exempt | 0.060% | 2037 | | 10,385 | 10,385 |
| 2006 Series C | Tax-Exempt | 0.060% | 2037 | | 71,120 | 71,120 |
| 2006 Series D | Tax-Exempt | 4.250% - 4.400% | 2017 | 19,500 | | 19,500 |
| 2006 Series E | Tax-Exempt | 4.600% - 5.000% | 2026 | 34,600 | | 34,600 |
| 2006 Series F | Tax-Exempt | | | | | |
| 2006 Series F | Tax-Exempt | 0.050% | 2041 | | 35,310 | 35,310 |
| 2006 Series G | Tax-Exempt | 3.700% - 3.875% | 2016 | 9,470 | | 9,470 |
| 2006 Series H | Tax-Exempt | 5.750% | 2030 | 9,850 | | 9,850 |
| 2006 Series I | Tax-Exempt | 4.600% - 4.875% | 2041 | 53,105 | | 53,105 |
| 2006 Series J | Tax-Exempt | 4.125% - 4.150% | 2016 | 5,605 | | 5,605 |
| 2006 Series K | Tax-Exempt | 4.550% - 5.500% | 2042 | 107,380 | | 107,380 |
| 2006 Series L | Tax-Exempt | 4.100% - 4.150% | 2016 | 7,080 | | 7,080 |
| 2006 Series M | Tax-Exempt | 4.625% - 5.000% | 2042 | 84,775 | | 84,775 |
| 2007 Series A | Taxable | 5.720% | 2032 | 84,120 | | 84,120 |
| 2007 Series B | Taxable | 0.420% | 2042 | | 40,000 | 40,000 |
| 2007 Series C | Taxable | 0.420% | 2042 | | 20,000 | 20,000 |
| 2007 Series D | Tax-Exempt | 4.200% - 4.400% | 2018 | 27,065 | | 27,065 |
| 2007 Series E | Tax-Exempt | 4.700% - 5.000% | 2042 | 88,810 | | 88,810 |
| 2007 Series F | Tax-Exempt | 4.550% - 4.700% | 2017 | 19,570 | | 19,570 |
| 2007 Series G | Tax-Exempt | 4.950% - 5.500% | 2042 | 90,870 | | 90,870 |
| 2007 Series H | Tax-Exempt | | | | | |
| 2007 Series H | Tax-Exempt | 0.050% | 2042 | | 41,930 | 41,930 |
| 2007 Series I | Tax-Exempt | 4.200% - 4.350% | 2017 | 7,580 | | 7,580 |
| 2007 Series J | Tax-Exempt | 5.750% | 2047 | 9,655 | | 9,655 |
| 2007 Series K | Tax-Exempt | 0.050% | 2037 | | 4,710 | 4,710 |
| 2007 Series K | Tax-Exempt | 0.050% | 2038 | | 25,000 | 25,000 |
| 2007 Series M | Taxable | 5.835% | 2032 | 74,455 | | 74,455 |
| 2007 Series N | Taxable | 0.420% | 2043 | | 60,000 | 60,000 |
| 2008 Series A | Tax-Exempt | 3.900% - 4.500% | 2020 | 26,015 | | 26,015 |
| 2008 Series B | Tax-Exempt | 4.800% - 5.000% | 2028 | 11,710 | | 11,710 |
| 2008 Series C | Tax-Exempt | | | | | |
| 2008 Series C | Tax-Exempt | | | | | |
| 2008 Series C | Tax-Exempt | 0.050% | 2041 | | 3,310 | 3,310 |
| 2008 Series C | Tax-Exempt | 0.050% | 2041 | | 7,760 | 7,760 |
| 2008 Series D | Tax-Exempt | 0.050% | 2043 | | 1,680 | 1,680 |
| 2008 Series D | Tax-Exempt | 0.050% | 2043 | | 2,595 | 2,595 |
| 2008 Series D | Tax-Exempt | 0.050% | 2043 | | 1,355 | 1,355 |
| 2008 Series D | Tax-Exempt | 0.050% | 2043 | | 3,865 | 3,865 |
| 2008 Series D | Tax-Exempt | 0.050% | 2031 | | 8,445 | 8,445 |
| 2008 Series D | Tax-Exempt | 0.050% | 2031 | | 9,940 | 9,940 |
| 2008 Series D | Tax-Exempt | 0.050% | 2043 | | 4,210 | 4,210 |
| 2008 Series E | Tax-Exempt | | | | | |
| 2008 Series F | Tax-Exempt | 0.050% | 2032 | | 12,415 | 12,415 |
| 2008 Series G | Taxable | 6.000% | 2025 | 50,000 | | 50,000 |
| 2008 Series H | Taxable | 4.950% | 2020 | 60,275 | | 60,275 |
| 2008 Series I | Taxable | | | | | |

**Swaps**

| Type | Fixed Rate Paid By Agency | Floating Rate Received By Agency | Effective Date | Termination Date | Outstanding Notional/Applicable Amount | Fair Value |
|---|---|---|---|---|---|---|
| Fixed payer | 4.0821% | LIBOR @ 60%+.26% | 8/1/04 | 2/1/35 | 1,645 | (5) |
| Fixed payer | 3.5600% | LIBOR @ 60%+.26% | 8/4/04 | 2/1/33 | 11,980 | (1,199) |
| Fixed payer | 3.8040% | LIBOR @ 60%+.26% | 4/5/05 | 8/1/35 | 72,440 | (12,184) |
| Fixed payer | 3.0490% | LIBOR @ 60%+.26% | 7/1/05 | 2/1/16 | 12,010 | (261) |
| Fixed payer | 3.7260% | LIBOR @ 60%+.26% | 7/1/05 | 2/1/35 | 2,430 | (124) |
| Fixed payer | 3.1580% | LIBOR @ 60%+.26% | 5/19/05 | 2/1/36 | 35,130 | (526) |
| Fixed payer | 3.3860% | LIBOR @ 60%+.26% | 7/28/05 | 2/1/38 | 32,135 | (1,030) |
| Fixed payer | 3.8570% | LIBOR @ 62%+.25% | 12/15/05 | 2/1/36 | 24,860 | (915) |
| Fixed payer | 4.0590% | LIBOR @ 62%+.25% | 4/19/06 | 2/1/37 | 56,835 | (3,102) |
| Fixed payer | 4.2550% | LIBOR @ 62%+.25% | 7/27/06 | 8/1/40 | 36,000 | (1,584) |
| Fixed payer | 4.1360% | LIBOR @ 62%+.25% | 7/27/06 | 2/1/41 | 60,000 | (4,348) |
| Fixed payer | 4.0480% | LIBOR @ 62%+.25% | 8/8/07 | 2/1/31 | 50,000 | (3,928) |
| Fixed payer | 4.2360% | LIBOR @ 62%+.25% | 8/8/07 | 2/1/38 | 50,000 | (5,008) |
| Fixed payer | 3.9870% | LIBOR @ 63%+.24% | 11/7/07 | 8/1/32 | 25,000 | (1,424) |
| Fixed payer | 4.0400% | LIBOR @ 63%+.24% | 11/7/07 | 2/1/38 | 25,000 | (1,391) |
| Fixed payer | 4.8000% | LIBOR @ 65% | 4/6/00 | 2/1/23 | 2,225 | (546) |
| Fixed payer | 4.1430% | LIBOR @ 65% | 5/31/01 | 8/1/24 | 9,715 | (1,890) |
| Fixed payer | 3.9940% | LIBOR @ 65% | 6/6/02 | 2/1/24 | 7,005 | (1,354) |
| Fixed payer | 3.8630% | LIBOR @ 65% | 8/8/02 | 8/1/32 | 7,760 | (1,768) |
| Fixed payer | 4.9000% | LIBOR @ 65% | 5/25/00 | 8/1/30 | 1,680 | (607) |
| Fixed payer | 4.1430% | LIBOR @ 65% | 5/31/01 | 8/1/24 | 2,595 | (428) |
| Fixed payer | 3.9910% | LIBOR @ 65% | 7/26/01 | 8/1/18 | 1,355 | (166) |
| Fixed payer | 4.1300% | SIFMA less .15% | 12/6/01 | 8/1/32 | 3,865 | (823) |
| Fixed payer | 4.8500% | LIBOR @ 65% | 11/18/08 | 2/1/17 | 11,275 | (448) |
| Fixed payer | 4.8000% | LIBOR @ 65% | 4/6/00 | 2/1/23 | 8,070 | (911) |
| Fixed payer | 4.8000% | LIBOR @ 65% | 11/18/00 | 2/1/17 | 4,210 | (464) |
| Fixed payer | 4.6600% | LIBOR @ 65% | 11/18/08 | 2/1/16 | 4,255 | (154) |
| Fixed payer | 3.8700% | LIBOR @ 65% | 11/18/08 | 8/1/17 | 12,415 | (590) |
| Fixed payer | 6.1950% | LIBOR | 8/1/02 | 8/1/14 | 505 | (3) |

| Bond Issue | Type of Bond | Interest Rate Range | Final Maturity Date | Outstanding Fixed | Outstanding Variable | Total |
|---|---|---|---|---|---|---|
| | | | Bonds | | | |
| 2008 Series I | Taxable | | | | | |
| 2008 Series J | Tax-Exempt | 4.850% - 5.125% | 2018 | 21,355 | | 21,355 |
| 2008 Series K | Tax-Exempt | 5.300% - 5.550% | 2033 | 81,720 | | 81,720 |
| 2008 Series L | Tax-Exempt | 5.200% - 5.550% | 2038 | 99,705 | | 99,705 |
| Housing Program Bonds: | | | | | | |
| 2006 Series A | Tax-Exempt | 4.750% - 4.950% | 2036 | 40,390 | | 40,390 |
| Residential Mortgage Revenue Bonds: | | | | | | |
| 2009 Series A-5 | Tax-Exempt | 3.160% | 2041 | 327,060 | | 327,060 |
| 2009 Series A-6 | Tax-Exempt | 3.270% | 2030 | 69,950 | | 69,950 |
| 2010 Series A | Tax-Exempt | 2.000% - 4.625% | 2027 | 17,420 | | 17,420 |
| 2011 Series A | Tax-Exempt | 1.750% - 4.750% | 2028 | 47,850 | | 47,850 |
| 2013 Series A | Taxable | 2.900% | 2042 | 79,631 | | 79,631 |
| 2013 Series B | Taxable | 2.900% | 2042 | 29,641 | | 29,641 |
| Multifamily Loan Purchase Bonds: | | | | | | |
| 2000 Series A | Taxable | Variable | 2017 | | 3,759 | 3,759 |
| Multifamily Housing Revenue Bonds III: | | | | | | |
| 1997 Series A | Tax-Exempt | 5.950% - 6.000% | 2038 | 52,275 | | 52,275 |
| 1998 Series A | Tax-Exempt | 5.400% - 5.500% | 2038 | 23,610 | | 23,610 |
| 1998 Series B | Tax-Exempt | 5.400% - 5.500% | 2039 | 57,860 | | 57,860 |
| 1998 Series C | Tax-Exempt | 5.200% - 5.300% | 2022 | 3,470 | | 3,470 |
| 1999 Series A | Tax-Exempt | 5.200% - 5.375% | 2036 | 26,930 | | 26,930 |
| 2000 Series B | Tax-Exempt | | | | | |
| 2000 Series D | Tax-Exempt | | | | | |
| 2001 Series D | Tax-Exempt | 0.051% | 2021 | | 520 | 520 |
| 2001 Series E | Tax-Exempt | 0.063% | 2036 | | 30,295 | 30,295 |
| 2001 Series F | Tax-Exempt | 0.052% | 2032 | | 10,710 | 10,710 |
| 2001 Series G | Tax-Exempt | 0.130% | 2025 | | 2,885 | 2,885 |
| 2001 Series G | Tax-Exempt | 0.130% | 2036 | | 9,895 | 9,895 |
| 2001 Series G | Tax-Exempt | 0.130% | 2036 | | 7,730 | 7,730 |
| 2002 Series A | Tax-Exempt | | | | | |
| 2002 Series A | Tax-Exempt | | | | | |
| 2002 Series B | Tax-Exempt | | | | | |
| 2002 Series C | Tax-Exempt | | | | | |
| 2002 Series C | Tax-Exempt | | | | | |
| 2002 Series D | Tax-Exempt | 0.051% | 2033 | | 3,795 | 3,795 |
| 2002 Series E | Tax-Exempt | 0.063% | 2037 | | 2,915 | 2,915 |
| 2002 Series E | Tax-Exempt | 0.063% | 2037 | | 11,795 | 11,795 |
| 2003 Series C | Tax-Exempt | 0.384% | 2038 | | 25,915 | 25,915 |
| 2004 Series A | Tax-Exempt | | | | | |
| 2004 Series B | Tax-Exempt | 0.884% | 2036 | | 1,610 | 1,610 |
| 2004 Series B | Tax-Exempt | 0.884% | 2036 | | 5,530 | 5,530 |
| 2004 Series B | Tax-Exempt | 0.884% | 2036 | | 4,880 | 4,880 |
| 2004 Series B | Tax-Exempt | 0.884% | 2036 | | 11,720 | 11,720 |
| 2004 Series B | Tax-Exempt | 0.884% | 2036 | | 1,520 | 1,520 |
| 2004 Series C | Tax-Exempt | 0.302% | 2037 | | 5 | 5 |
| 2004 Series C | Tax-Exempt | 0.302% | 2037 | | 6,630 | 6,630 |
| 2004 Series D | Tax-Exempt | 0.302% | 2039 | | 41,330 | 41,330 |
| 2005 Series A | Tax-Exempt | | | | | |
| 2005 Series B | Tax-Exempt | | | | | |
| 2005 Series B | Tax-Exempt | | | | | |

**Swaps**

| Type | Fixed Rate Paid By Agency | Floating Rate Received By Agency | Effective Date | Termination Date | Outstanding Notional/Applicable Amount | Fair Value |
|---|---|---|---|---|---|---|
| Fixed payer | 7.1100% | LIBOR | 11/18/08 | 8/1/22 | 27,025 | (5,858) |
| Fixed payer | 4.5850% | LIBOR @ 64% | 7/12/00 | 2/1/31 | 1,015 | (157) |
| Fixed payer | 4.3950% | LIBOR @ 64% | 11/18/08 | 2/1/31 | 11,890 | (2,583) |
| Fixed payer | 4.4520% | SIFMA less .20% | 6/28/01 | 8/1/22 | 1,895 | (267) |
| Fixed payer | 4.7120% | SIFMA less .15% | 6/28/01 | 2/1/36 | 42,775 | (9,987) |
| Fixed payer | 4.0290% | SIFMA less .20% | 2/1/02 | 2/1/32 | 12,100 | (1,674) |
| Fixed payer | 4.2050% | SIFMA less .15% | 2/1/02 | 8/1/36 | 2,900 | (445) |
| Fixed payer | 4.2050% | SIFMA less .15% | 2/1/02 | 8/1/36 | 35,175 | (6,438) |
| Fixed payer | 4.5950% | SIFMA less .15% | 2/1/04 | 2/1/34 | 8,430 | (1,877) |
| Fixed payer | 4.5000% | SIFMA less .15% | 8/1/02 | 8/1/32 | 14,775 | (2,850) |
| Fixed payer | 4.8900% | SIFMA less .15% | 2/2/04 | 2/1/37 | 10,375 | (2,788) |
| Fixed payer | 4.0370% | SIFMA less .20% | 2/1/03 | 2/1/35 | 21,080 | (3,463) |
| Fixed payer | 4.4050% | SIFMA less .15% | 2/1/04 | 2/1/37 | 12,465 | (2,748) |
| Fixed payer | 4.6380% | SIFMA less .15% | 8/1/05 | 8/1/37 | 14,605 | (3,500) |
| Fixed payer | 4.0850% | SIFMA less .20% | 2/3/03 | 2/1/35 | 10,460 | (1,923) |
| Fixed payer | 4.1510% | SIFMA less .15% | 2/3/03 | 2/1/35 | 13,845 | (2,591) |
| Fixed payer | 4.5710% | SIFMA less .15% | 11/1/04 | 8/1/37 | 37,120 | (9,264) |
| Fixed payer | 3.0590% | LIBOR @ 60%+.21% | 8/1/04 | 8/1/34 | 17,230 | (1,656) |
| Fixed payer | 3.6920% | LIBOR @ 60%+.26% | 8/1/06 | 8/1/36 | 11,340 | (1,376) |
| Fixed payer | 3.3300% | LIBOR @ 60%+.26% | 8/1/04 | 8/1/34 | 4,740 | (388) |
| Fixed payer | 4.9783% | SIFMA less .15% | 8/1/06 | 2/1/39 | 11,755 | (2,166) |
| Fixed payer | 4.5390% | SIFMA less .15% | 8/1/04 | 8/1/34 | 2,245 | (331) |
| Fixed payer | 3.4350% | LIBOR @ 60%+.21% | 2/1/05 | 8/1/25 | 6,750 | (743) |
| Fixed payer | 3.5640% | SIFMA less .20% | 7/1/05 | 8/1/35 | 2,105 | (282) |
| Fixed payer | 3.9540% | SIFMA less .15% | 6/15/05 | 8/1/35 | 2,410 | (303) |
| Fixed payer | 4.0790% | SIFMA less .15% | 2/1/07 | 2/1/37 | 22,215 | (3,145) |

| Bond Issue | Type of Bond | Interest Rate Range | Final Maturity Date | Bonds Outstanding Fixed | Bonds Outstanding Variable | Bonds Total |
|---|---|---|---|---|---|---|
| 2005 Series B | Tax-Exempt | | | | | |
| 2005 Series C | Tax-Exempt | 4.000% - 4.900% | 2036 | 7,835 | | 7,835 |
| 2005 Series D | Tax-Exempt | 0.060% | 2038 | | 15,805 | 15,805 |
| 2005 Series E | Tax-Exempt | 4.450% - 5.125% | 2038 | 18,655 | | 18,655 |
| 2006 Series A | Tax-Exempt | | | | | |
| 2006 Series A | Tax-Exempt | | | | | |
| 2006 Series A | Tax-Exempt | | | | | |
| 2007 Series B | Tax-Exempt | | | | | |
| 2007 Series B | Tax-Exempt | | | | | |
| 2007 Series C | Tax-Exempt | 0.051% | 2042 | | 5,000 | 5,000 |
| 2007 Series C | Tax-Exempt | 0.051% | 2040 | | 4,535 | 4,535 |
| 2008 Series A | Tax-Exempt | 0.051% | 2040 | | 7,415 | 7,415 |
| 2008 Series B | Tax-Exempt | 0.063% | 2036 | | 16,890 | 16,890 |
| 2008 Series B | Tax-Exempt | 0.063% | 2038 | | 9,230 | 9,230 |
| 2008 Series C | Tax-Exempt | 0.071% | 2038 | | 5,290 | 5,290 |
| 2008 Series C | Tax-Exempt | 0.071% | 2036 | | 12,625 | 12,625 |
| 2008 Series C | Tax-Exempt | 0.708% | 2038 | | 740 | 740 |
| 2014 Series A | Tax-Exempt | 0.850% - 4.800% | 2049 | 38,915 | | 38,915 |
| Affordable Multifamily Housing Revenue Bonds: | | | | | | |
| 2009 Series A-21 | Tax-Exempt | 2.320% | 2046 | 53,920 | | 53,920 |
| 2009 Series A-22 | Tax-Exempt | 2.320% | 2039 | 35,180 | | 35,180 |
| | | | | 2,014,862 | 1,512,069 | 3,526,931 |
| Unamortized discount | | | | | | (215) |
| Unamortized premium | | | | | | 6,036 |
| | | | | | | $ 3,532,752 |

**Swaps**

| Type | Fixed Rate Paid By Agency | Floating Rate Received By Agency | Effective Date | Termination Date | Outstanding Notional/Applicable Amount | Fair Value |
|---|---|---|---|---|---|---|
| Fixed payer | 3.9570% | SIFMA less .15% | 8/1/07 | 2/1/38 | 3,630 | (476) |
| Fixed payer | 3.7010% | LIBOR @ 60%+.26% | 2/1/06 | 2/1/38 | 27,420 | (4,368) |
| Fixed payer | 4.042% * HR | 97% SIFMA & HR | 6/15/06 | 8/1/27 | 5,720 | (704) |
| Fixed payer | 4.381% * HR | 97% SIFMA & HR | 6/15/06 | 8/1/39 | 8,595 | (1,257) |
| Fixed payer | 4.492% * HR | 97% SIFMA & HR | 6/15/06 | 2/1/41 | 3,925 | (611) |
| Fixed payer | 3.9370% | LIBOR @ 64%+.25% | 7/12/07 | 2/1/22 | 1,910 | (189) |
| Fixed payer | 4.2220% | LIBOR @ 64%+.25% | 8/1/09 | 2/1/40 | 5,585 | (1,010) |
| Fixed payer | 3.7280% | LIBOR @ 63%+.30% | 2/1/08 | 8/1/42 | 5,620 | (631) |
| Fixed payer | 3.9190% | LIBOR @ 63%+.30% | 11/1/09 | 8/1/40 | 13,260 | (2,128) |
| Fixed payer | 3.2950% | LIBOR @ 61%+.24% | 11/1/09 | 8/1/40 | 9,755 | (1,496) |
| Fixed payer | 3.3850% | SIFMA less .15% | 8/1/03 | 8/1/36 | 20,285 | (2,086) |
| Fixed payer | 4.2950% | SIFMA less .15% | 8/1/05 | 2/1/38 | 25,820 | (2,947) |
| Fixed payer | 3.8830% | LIBOR @ 60%+.26% | 12/1/04 | 8/1/38 | 8,085 | (1,670) |
| Fixed payer | 3.9680% | LIBOR @ 60%+.26% | 7/1/05 | 2/1/36 | 12,625 | (2,518) |
| Fixed payer | 4.0600% | LIBOR @ 60%+.26% | 2/1/06 | 8/1/38 | 8,395 | (1,887) |
| | | | | | $ 1,516,605 | $ (186,402) |

**Note Payable:** The Agency entered into a loan agreement with Citibank N.A. on March 1, 2010. The Agency received funds for special bond redemptions in exchange for a total note payable of $95.1 million. The loan is collateralized by multifamily loan receivables. The outstanding maturity dates for the multifamily loan receivables range from September 1, 2015 to January 1, 2046 and the interest rates range from 5.25% to 9.00%. The Agency collects and remits the mortgage payments less servicing fees to Citibank on 27 multifamily loans. The Citibank loans note payable balance was $63.6 million and $81.1 million as of June 30, 2014 and 2013, respectively, as included in Notes Payable in the combined statements of net position. The table below provides a summary of the note payment requirements for the next five years and in five year increments thereafter (dollars in thousands).

| Fiscal Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2015 | $ 2,253 | $ 3,342 | $ 5,595 |
| 2016 | 2,339 | 3,210 | 5,549 |
| 2017 | 2,388 | 3,093 | 5,481 |
| 2018 | 2,529 | 2,962 | 5,491 |
| 2019 | 2,685 | 2,823 | 5,508 |
| 2020-2024 | 15,262 | 11,759 | 27,021 |
| 2025-2029 | 16,302 | 7,512 | 23,814 |
| 2030-2034 | 13,003 | 3,392 | 16,395 |
| 2035-2039 | 4,058 | 1,096 | 5,154 |
| 2040-2044 | 2,017 | 468 | 2,485 |
| 2045-2046 | 759 | 33 | 792 |
| Total | $ 63,595 | $ 39,690 | $ 103,285 |

**Conduit Debt Obligations:** Beginning in 2009, the Agency has issued conduit housing revenue debt obligations to provide financial assistance for the acquisition, construction, and development of multifamily rental housing. They are limited obligations of the Agency, payable solely from the revenues and other funds and money pledged and assigned under the applicable indenture, series indenture, master pledge and assignment, or funding loan agreement. For the year ended June 30, 2014, the Agency elected to only disclose the conduit debt obligations in the notes to the financial statements. For the year ended June 30, 2013, the Agency adjusted the statement of net position by decreasing “Cash and cash equivalents” by $0.3 million, “Current portion-program loans receivable, net allowance” by $0.1 million, “Interest Receivable: Program loans, net” by $24 thousand, “Program loans receivable, net of allowance” by $320.0 million, “Current liabilities: Bonds payable” by $19.4 million, “Interest payable” by $23 thousand, and “Noncurrent liabilities: Bonds payable” by $300.9 million. Furthermore for the year ended June 30, 2013, the Agency adjusted the statements of cash flows by decreasing “Proceeds from sales of bonds” by $2.8 million, “Payment of bond principal” by $0.6 million, and “Early bond redemptions” by $23.5 million.

The Agency had 31 series of conduit debt obligations aggregating $341.0 million as of June 30, 2014 and 27 series of conduit debt obligations aggregating $320.4 million as of June 30, 2013. For the years ended June 30, 2014 and 2013, all the authorized conduit debt obligations were issued. For the years ended June 30, 2014 and 2013, the Agency issued $39.2 million and $2.5 million in conduit debt obligations, respectively.

The Agency may collect amounts from borrowers for application processing, issuance fees, administration fees, special issuer fees, unearned revenue-prepaid administration fees, and California Debt Limit Allocation Committee (CDLAC) performance fees. If the conduit debt obligations are issued, the CDLAC performance fees are returned. For the year ended June 30, 2014, the Agency collected $13 thousand in issuance fees, $2.6 million in administration fees, $0.2 million in special issuer fees, and $0.4 million in unearned revenue-prepaid administration fees. For the year ended June 30, 2013, the Agency collected $0.2 million in issuance fees, $1.9 million in administration fees, $0.3 million in special issuer fees, and $0.3 million in unearned revenue-prepaid administration fees. The collected amounts are used to pay the Agency’s operating expenses.

**Reconciliation of Bonds Payable:** Changes in bonds payable for the years ended June 30, 2014 and 2013 are as follows (dollars in thousands):

| | 2014 Totals | Restated 2013 Totals |
|---|---|---|
| Beginning of year balance | $ 4,498,536 | $ 6,167,877 |
| New bonds issued | 38,915 | 133,760 |
| Scheduled maturities | (63,893) | (99,328) |
| Redemptions | (943,972) | (1,700,310) |
| Amortized discount | 27 | 173 |
| Amortized premium | (1,657) | (2,105) |
| Amortized deferred loss | - | 988 |
| Additions to deferred loss | - | (2,519) |
| Reclassified deferred loss to deferred outflow | 4,898 | - |
| Additions to discount | (102) | - |
| End of year balance | $ 3,532,752 | $ 4,498,536 |
| | | |
| Current portion | $ 67,904 | $ 86,548 |
| Noncurrent portion | 3,464,848 | 4,411,988 |
| Total | $ 3,532,752 | $ 4,498,536 |

**Variable Rate Debt and Debt Service Requirements:** The Agency's variable rate debt is typically related to remarketed rates or common indices such as the Securities Industry and Financial Markets Association ("SIFMA") or the London Inter-Bank Offered Rate ("LIBOR") and resets periodically. The interest calculations shown in the table below are based on the variable rate in effect at June 30, 2014, and may not be indicative of the actual interest expense that will be incurred by the Fund. As rates vary, variable rate bond interest payments and net swap payments will vary. The table below provides a summary of debt service requirements and net swap payments for the next five years and in five year increments thereafter (dollars in thousands).

| Fiscal Year | Fixed/Variable Unswapped | | Variable Swapped | | Interest Rate | |
|---|---|---|---|---|---|---|
| Ending June 30 | Principal | Interest | Principal | Interest | Swaps, Net | Total |
| 2015 | $ 60,460 | $91,049 | $ 7,440 | $ 930 | $ 59,235 | $ 219,114 |
| 2016 | 110,810 | 87,887 | 7,555 | 998 | 54,277 | 261,527 |
| 2017 | 100,365 | 84,064 | 8,105 | 993 | 49,760 | 243,287 |
| 2018 | 91,784 | 80,041 | 16,140 | 964 | 45,877 | 234,806 |
| 2019 | 83,160 | 76,435 | 16,685 | 909 | 42,208 | 219,397 |
| 2020-2024 | 511,670 | 332,847 | 98,285 | 3,687 | 166,938 | 1,113,427 |
| 2025-2029 | 551,950 | 230,872 | 130,550 | 2,587 | 118,379 | 1,034,338 |
| 2030-2034 | 624,350 | 133,212 | 264,000 | 1,211 | 67,388 | 1,090,161 |
| 2035-2039 | 357,570 | 70,784 | 178,415 | 281 | 19,022 | 626,072 |
| 2040-2044 | 254,222 | 22,341 | 38,595 | 39 | 930 | 316,127 |
| 2045-2049 | 14,025 | 1,684 | | | | 15,709 |
| 2050 | 795 | 19 | | | | 814 |
| Total | $ 2,761,161 | $ 1,211,235 | $ 765,770 | $ 12,599 | $ 624,014 | $ 5,374,779 |

As of June 30, 2014, the difference between the gross bonds payable and the net bonds payable was $5.8 million. This represented the aggregate of the unamortized bond premium and bond discount.

**Objective of the Interest Rate Swaps***:* In order to protect against rising rates, the Agency primarily entered into swaps to establish synthetic fixed rates for a like amount of the Agency's variable rate bond obligations. The majority of the Agency's interest rate swap transactions are structured for the Agency to pay a fixed interest rate while receiving a variable interest rate (fixed payer swaps) and exceptions are listed under Basis Risk Associated with Interest Rate Swaps. Synthetic fixed rates provide the Agency with a significantly lower fixed cost of funds compared to issuing fixed-rate bonds; however, the increased risks related to the synthetic fixed rates have the effect of increasing costs to the Agency.

**Terms, Fair Value and Credit Risk***:* The terms and fair values of the outstanding fixed payer swaps as of June 30, 2014 are summarized in the table at the beginning of Note 8. The terms and fair values of the outstanding basis swaps are summarized in the table under Basis Risk.

The fair value of the swaps is reported as "Derivative swap asset" within "Other assets" or as "Derivative swap liability" within "Other liabilities" in the statements of net position. The accumulated decrease or increase in the fair value of the effective swaps is reported as "Accumulated decrease in fair value of hedging derivatives" within "Deferred outflow of resources" or "Accumulated increase in fair value of hedging derivatives" within "Deferred inflow of resources" in the statements of net position. Alternatively, the gain or loss on the fair value of the ineffective swaps is reported as "Investment swap revenue" within "Other revenues" in the statements of revenues, expenses and changes in net position.

The Agency did not pay or receive any cash when swap transactions were initiated except for in-substance assignments. For the year ended June 30, 2014, 29 swaps with associated outstanding bonds were considered investment derivatives because they no longer met the criteria for effectiveness. Accordingly, the accumulated changes in fair value that were reported as deferred outflow of resources of $52.5 million as of June 30, 2013, along with the decrease in the fair value of the swaps for the year ended June 30, 2014 of $2.9 million are reported as "Investment swap revenue" within "Other revenues" for the year ended June 30, 2014. For the year ended June 30, 2013, 13 swaps with associated outstanding bonds were considered investment derivatives because they no longer met the criteria for effectiveness. Accordingly, the accumulated changes in fair value that were reported as deferred outflow of resources of $13.6 million as of June 30, 2012, along with the decrease in the fair value of the swaps for the year ended June 30, 2013 of $4.4 million are reported as "Investment swap revenue" within "Other revenues" for the year ended June 30, 2013. The following table summarizes the swap fair value activity in the statements of net position as of June 30, 2014 and 2013 and the statements of revenues, expenses, and changes in net position for the years ended June 30, 2014 and 2013 (dollars in thousands):

| | 2014 | 2013 |
|---|---|---|
| Statements of Net Position: | | |
| Derivative swap asset | $ 215 | $ 137 |
| Accumulated decrease in fair value of hedging derivatives | 25,042 | 126,717 |
| Derivative swap liability | 186,402 | 217,718 |
| Statements of Revenues, Expenses, and Changes in Net Position: | | |
| Investment swap revenue | $ (70,280) | $ (6,124) |

Except as discussed under rollover risk, the Agency's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bonds payable" category.

As of June 30, 2014, the Agency executed interest rate swap transactions with 11 swap counterparties. All of the Agency's interest rate swap agreements require the Agency to post collateral if its general obligation credit ratings, as issued by Moody's and Standard and Poor's fall below a certain level and if the fair value of the swaps breach a certain threshold. The collateral can be posted in several forms: cash, mortgage-backed securities, or treasuries. If the Agency does not post collateral, the interest rate swap can be terminated by the counterparty. The cash collateral and securities collateral are reported as "Current assets: Other Assets" and "Noncurrent assets: Investments," respectively, in the statements of net position. As of June 30, 2014, the Agency posted cash and fair value of mortgage-backed securities as collateral with swap counterparties in the amounts of $13.3 million and $42.7 million, respectively. As of June 30, 2013, the Agency posted cash and fair value of mortgage-backed securities as collateral in the amounts of $3.1 million and $58.7 million, respectively.

Because interest rates are generally lower than the rates in effect at inception of the swap agreements, the Agency's fixed payer swap agreements had an aggregate negative fair value of $186.4 million as of June 30, 2014 and $217.7 million as of June 30, 2013. Fair values are as reported by the Agency's dealer counterparties and are estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

As of June 30, 2014, the Agency's swap portfolio had an aggregate asset position of $0.2 million. This represents the maximum loss that would be reported at the reporting date if all counterparties failed to perform as contracted. However, this maximum exposure is eliminated by the applicable counterparty swap liabilities included in the $186.4 million total. Therefore, the Agency has no net exposure to credit risk.

The following table shows the number of fixed payer swaps and outstanding notional amounts by the counterparties' respective credit ratings as of June 30, 2014 (dollars in thousands).

| Moody's | Standard & Poors | Outstanding Notional Amount | Number of Swap Transactions |
|---|---|---|---|
| Aa1 | AA- | $ 25,000 | 1 |
| Aa2 | AAA | 191,610 | 7 |
| Aa3 | A+ | 834,065 | 48 |
| A2 | A+ | 188,320 | 12 |
| A2 | A | 12,100 | 1 |
| Baa1 | A- | 173,140 | 5 |
| Baa2 | A- | 82,615 | 4 |
| Baa2 | BBB | 9,755 | 1 |
| | | $ 1,516,605 | 79 |

**Interest Rate Risk:** The Agency is exposed to interest rate risk on its fixed payer swaps. As the LIBOR or the SIFMA swap index decreases, the Agency's net payments on the swaps increase.

**Basis Risk:** All of the Agency's interest rate swaps contain an element of basis risk, the risk that the floating rate component of the swap will not match the floating rate of the underlying bonds. This risk arises because floating rates paid by swap counterparties are based on indices, which consist of market-wide averages, while interest paid on the Agency's variable rate bonds is specific to individual bond issues.

Historically, the Agency's variable rate tax-exempt bonds trade at a slight discount to the SIFMA index. For those swaps associated with tax-exempt bonds for which the Agency receives a variable rate payment based on a percentage of LIBOR, the Agency is exposed to basis risk should the relationship between SIFMA and LIBOR converge.

Multiple swap formulas have been used by the Agency. As of June 30, 2014, the formulas for the swap portfolio utilized the SIFMA, the 1 month LIBOR, the 3 month LIBOR, and the 6 month LIBOR rates. As of June 30, 2014, rates for the SIFMA, the 1 month LIBOR, the 3 month LIBOR, and the 6 month LIBOR were 0.06%, 0.16%, 0.23%, and 0.33% respectively. The swap formulas will continue to be monitored for its effectiveness in case the Agency chooses to enter into any future interest rate swaps. In addition, the Agency holds 8 basis swaps as a means to change the variable rate formula received for $167.6 million of swap notional amount. These basis swaps changed the variable rate formula received from counterparties from 65% of LIBOR to those described in the following table as of June 30, 2014 (dollars in thousands):

| Bond Issue | Variable Rate Paid By Agency | Floating Rate Received By Agency */** | Effective Date | Termination Date | Outstanding Notional/Applicable Amount | Fair Value |
|---|---|---|---|---|---|---|
| Home Mortgage Revenue Bonds: | | | | | | |
| 2000 Series C | LIBOR @ 65% | LIBOR @ 85%-0.019% | 2/1/04 | 2/1/17 | $ 15,485 | $ 9 |
| 2000 Series J | LIBOR @ 65% | LIBOR @ 85%-0.019% | 2/1/04 | 8/1/30 | 19,455 | 27 |
| 2000 Series U | LIBOR @ 65% | LIBOR @ 85%-0.019% | 2/1/04 | 8/1/15 | 7,670 | 1 |
| 2000 Series X-2 | LIBOR @ 65% | LIBOR @ 85%-0.019% | 2/1/04 | 8/1/31 | 20,540 | 27 |
| 2001 Series N | LIBOR @ 65% | LIBOR @ 85%-0.019% | 2/1/04 | 8/1/18 | 5,005 | 9 |
| 2002 Series B | LIBOR @ 65% | LIBOR @ 85%-0.019% | 2/1/04 | 8/1/27 | 31,535 | 32 |
| 2002 Series F | LIBOR @ 65% | LIBOR @ 85%-0.019% | 2/1/04 | 2/1/24 | 32,130 | 58 |
| 2002 Series M | LIBOR @ 65% | LIBOR @ 85%-0.019% | 2/1/04 | 8/1/22 | 35,755 | 52 |
| | | | | | $ 167,575 | $ 215 |

* The notional amount and the amortization of these swaps mirror the initial 65% of LIBOR swaps, basically overlaying the swaps so that the effective rate received from the counterparties are the rates shown in the table above.

**The variable interest rate received by the counterparties is dependent on the LIBOR interest rate at the time of settlement. The rate shown in the table is the effective rate at June 30, 2014.

**Termination Risk:** Counterparties to the Agency's interest rate swap agreements have ordinary termination rights that require settlement payments by the Agency or the counterparty based on the fair value of the swap at the date of termination.

**Rollover Risk:** The Agency is exposed to rollover risk on interest rate swaps that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these swaps terminate, the Agency will be re-exposed to the risks being hedged by the swaps. The fixed payer interest rate swaps' termination dates and associated debts' maturities are listed in the previous bonds payable and interest rate swap table.

**Over Hedged Bonds:** All notional amounts (or "applicable amounts") of the fixed payer swaps match the principal amounts of the associated debt with the following exceptions as of June 30, 2014 (dollars in thousands):

| Bond Issue | Bonds Outstanding | Swap Notional Amount | Unmatched Swap | Fair Value |
|---|---|---|---|---|
| Home Mortgage Revenue Bonds | | | | |
| 2000 Series J * | | $ 17,775 | $ 17,775 | $ (3,820) |
| 2000 Series X2 * | | 20,540 | 20,540 | (3,899) |
| 2001 Series J | | 23,460 | 23,460 | (2,031) |
| 2001 Series N * | | 3,650 | 3,650 | (293) |
| 2001 Series U | $ 18,000 | 31,440 | 13,440 | (1,684) |
| 2002 Series B * | | 31,535 | 31,535 | (4,944) |
| 2002 Series F * | | 25,125 | 25,125 | (3,120) |
| 2002 Series J | 36,100 | 42,265 | 6,165 | (607) |
| 2002 Series M * | 18,390 | 35,755 | 17,365 | (1,510) |
| 2002 Series P | | 45,800 | 45,800 | (3,621) |
| 2004 Series A | | 19,450 | 19,450 | (1,287) |
| 2004 Series G | | 38,205 | 38,205 | (3,980) |
| 2004 Series G | | 1,645 | 1,645 | (5) |
| 2004 Series I | | 11,980 | 11,980 | (1,199) |
| 2005 Series B | | 12,010 | 12,010 | (261) |
| 2005 Series H | | 24,860 | 24,860 | (915) |
| 2006 Series F | | 36,000 | 36,000 | (1,584) |
| 2006 Series F | 35,310 | 60,000 | 24,690 | (1,789) |
| 2007 Series H | 41,930 | 50,000 | 8,070 | (808) |
| 2007 Series H | | 50,000 | 50,000 | (3,928) |
| 2007 Series K | 4,710 | 25,000 | 20,290 | (1,156) |
| 2008 Series C | | 2,225 | 2,225 | (546) |
| 2008 Series C | | 9,715 | 9,715 | (1,890) |
| 2008 Series C | 3,310 | 7,005 | 3,695 | (714) |
| 2008 Series D | 8,445 | 11,275 | 2,830 | (112) |
| 2008 Series E | | 4,255 | 4,255 | (154) |
| 2008 Series I | | 505 | 505 | (3) |
| 2008 Series I | | 27,025 | 27,025 | (5,858) |
| Multifamily Housing Revenue Bonds III | | | | |
| 2000 Series B | | 1,015 | 1,015 | (157) |
| 2000 Series D | | 11,890 | 11,890 | (2,583) |
| 2001 Series D | 520 | 1,895 | 1,375 | (193) |
| 2001 Series E | 30,295 | 42,775 | 12,480 | (2,914) |
| 2001 Series F | 10,710 | 12,100 | 1,390 | (192) |
| 2001 Series G | 2,885 | 2,900 | 15 | (2) |
| 2001 Series G | 9,895 | 35,175 | 25,280 | (4,627) |
| 2001 Series G | 7,730 | 8,430 | 700 | (156) |
| 2002 Series A | | 14,775 | 14,775 | (2,850) |
| 2002 Series A | | 10,375 | 10,375 | (2,788) |
| 2002 Series B | | 21,080 | 21,080 | (3,463) |
| 2002 Series C | | 12,465 | 12,465 | (2,748) |
| 2002 Series C | | 14,605 | 14,605 | (3,501) |
| 2002 Series D | 3,795 | 10,460 | 6,665 | (1,225) |
| 2002 Series E | 2,915 | 13,845 | 10,930 | (2,046) |
| 2002 Series E | 11,795 | 37,120 | 25,325 | (6,321) |
| 2004 Series A | | 17,230 | 17,230 | (1,656) |
| 2004 Series B | 1,610 | 11,340 | 9,730 | (1,181) |
| 2004 Series B | 1,520 | 2,245 | 725 | (107) |
| 2004 Series B | 11,720 | 11,755 | 35 | (6) |
| 2004 Series C | 6,630 | 6,750 | 120 | (13) |
| 2005 Series A | | 2,105 | 2,105 | (282) |
| 2005 Series B | | 2,410 | 2,410 | (303) |
| 2005 Series B | | 22,215 | 22,215 | (3,145) |
| 2005 Series B | | 3,630 | 3,630 | (476) |
| 2005 Series D | 15,805 | 27,420 | 11,615 | (1,850) |

| Bond Issue | Bonds Outstanding | Swap Notional Amount | Unmatched Swap | Fair Value |
|---|---|---|---|---|
| Multifamily Housing Revenue Bonds III (continued) | | | | |
| 2006 Series A | | 5,720 | 5,720 | (704) |
| 2006 Series A | | 8,595 | 8,595 | (1,257) |
| 2006 Series A | | 3,925 | 3,925 | (611) |
| 2007 Series B | | 5,585 | 5,585 | (1,011) |
| 2007 Series B | | 1,910 | 1,910 | (189) |
| 2007 Series C | 4,535 | 13,260 | 8,725 | (1,400) |
| 2007 Series C | 5,000 | 5,620 | 620 | (70) |
| 2008 Series A | 7,415 | 9,755 | 2,340 | (359) |
| 2008 Series B | 16,890 | 20,285 | 3,395 | (349) |
| 2008 Series B | 9,230 | 25,820 | 16,590 | (1,894) |
| 2008 Series C | 5,290 | 8,085 | 2,795 | (577) |
| 2008 Series C | 740 | 8,395 | 7,655 | (1,720) |
| Total | $ 333,120 | $ 1,143,460 | $ 810,340 | $ (106,644) |

*Includes Basis Swap.

**Note 9 – NONMORTGAGE INVESTMENT AND MORTGAGE YIELD**

In accordance with Federal law, the Agency is required to rebate to the Internal Revenue Service ("IRS") the excess of the amount actually earned on all nonmortgage investments (derived from investing the bond proceeds) over the amount that would have been earned had those investments borne a rate equal to the yield on the bond issue, plus any income attributable to such excess. As of June 30, 2014 and 2013, the Fund had liabilities to the IRS totaling $1.1 million and $1.2 million, respectively, and reported in the statements of net position as "Due to IRS" within "Due to other government entities." For the years ended June 30, 2014 and 2013, the net effects of changes in the liability account have been recorded as increases in "Interest income: Investments" in the statements of revenues, expenses and changes in net position.

Additionally, the Agency has identified all the bond series that were issued as variable rate plans of finance and subject to review and monitoring of mortgage yield excess. As of June 30, 2014 and 2013, the Fund had liabilities to the IRS totaling $13.0 million and $9.8 million, respectively, and reported in the statements of net position as "Due to IRS" within "Due to other government entities." For the years ended June 30, 2014 and 2013, the net effects of changes in the liability account have been recorded as a decrease and an increase, respectively, in "Interest income: Program loans" in the statements of revenues, expenses and changes in net position. The Agency will continue to monitor the status of mortgage yield compliance to mitigate further liability.

**Note 10 – PENSION PLAN AND OTHER EMPLOYEE BENEFITS**

The Fund contributes to the Public Employees' Retirement Fund ("PERF") as part of the State of California, the primary government. The PERF is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employment Retirement System ("CalPERS"). CalPERS provides retirement, death, disability and post retirement health care benefits to members as established by state statute. CalPERS issues a publicly available Comprehensive Annual Financial Report ("CAFR") that includes financial statements and required supplementary information for the Public Employees' Retirement Fund. A copy of that report may be obtained from CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, CA 95229-2703 or via the internet at www.calpers.ca.gov.

For the CalPERS fiscal year ended June 30, 2014 the employer contribution rates were 21.203% - 21.355% for the period from July 2013 to June 2014. The employer contribution rates were 20.503% - 20.457% for July 2012 to June 2013.

The Fund's contributions to the PERF for the years ended June 30, 2014 and 2013 were $7.2 million and $8 million, respectively, equal to the required contributions for each fiscal year.

Required contributions are determined by actuarial valuation using the individual entry age normal actuarial cost method. The most recent actuarial valuation available is as of June 30, 2013 which actuarial economic assumptions included (a) 7.5% investment rate of return compounded annually (net of administrative expenses and investment expenses), (b) individual employee's future pay growth of 2.75% inflation component, .25% per annum productivity component, and an annual merit increase based on the member's length of service and (c) overall payroll growth factor of 3.00% annually (2.75% inflation component and .25% per annum productivity component). The non-economic assumptions are based upon the most recent CalPERS Experience Study (covering the period June 30, 1997 through June 30, 2007) that was completed and adopted by the CalPERS Board in April 2010.

The most recent actuarial valuation of the PERF indicated that there was an unfunded actuarial accrued liability. The amount of the underfunded liability applicable to each agency or department cannot be determined. For trend information, which presents CalPERS progress in accumulating sufficient assets to pay benefits when due, please see the June 30, 2013 CalPERS CAFR.

The Other Postemployment Benefits ("OPEB") is a cost-sharing multiple-employer defined benefit healthcare plan administered by CalPERS. The State of California is required to include the information in its financial reports. State Controller's Office sets the employer contribution rate based on the annual required contribution ("ARC") of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Agency's estimated unfunded OPEB liabilities were $21.5 million and $17.9 million for the year ended June 30, 2014 and June 30, 2013. As of June 30, 2014, the allocated contribution of OPEB from the Fund was $1.9 million, compared to $2.5 million for the year ended June 30, 2013. CalPERS issues a publicly available CAFR that includes financial statements and required supplementary information for the OPEB.

**Note 11 – COMMITMENTS**

As of June 30, 2014, the Agency had no outstanding commitments and conditionally approved loan reservation to fund Homeownership Program loans and had outstanding commitments to fund Multifamily Program loans totaling $5.2 million. As of June 30, 2014, the Agency had proceeds available from bonds issued to fund $0.9 million of Homeownership Program loans and $14.5 million of Multifamily Program loans.

**Note 12 – LEASES**

The Agency has three office locations in California and has entered into three separate lease agreements for office space. The Base Rent Schedules are as follows (dollar in thousands):

| Fiscal years ended June 30 | 500 Capitol Mall Tower, LLC (Sacramento Office) Lease ends 7/31/23 | Harsch Investment Properties, LLC (West Sacramento Office) Lease ends 5/31/16 | Slauson Investors, LLC (Culver City Office Lease ends 2/28/19 | Total |
|---|---|---|---|---|
| 2014 | $ 2,280 | $ 291 | $ 122 | $ 2,693 |
| 2015 | 2,325 | 302 | 235 | 2,862 |
| 2016 | 2,372 | 268 | 242 | 2,882 |
| 2017 | 2,419 | | 249 | 2,668 |
| 2018 | 2,468 | | 257 | 2,725 |
| 2019-2023 | 13,099 | | 154 | 13,253 |
| 2024 | 228 | | | 228 |
| Total | $ 25,191 | $ 861 | $ 1,259 | $ 27,311 |

**Note 13 – ARRANGEMENTS WITH THE MORTGAGE INSURANCE FUND**

All operating and administrative expenses of the Agency are initially paid from the Fund including certain operating and administrative expenses in support of mortgage guarantee insurance programs which are reported in the Mortgage Insurance Fund. Monthly, the Fund charges the Mortgage Insurance Fund for these expenses and is reimbursed from the share of premiums from policies still in force and the remaining amount is used to pay outstanding claims of the Mortgage Insurance Fund.

The Agency Board of Directors approved Resolution 03-19 on March 20, 2003 authorizing the Agency to utilize the resources of the fund to support the mortgage guaranty insurance programs of the Agency in the following two ways: 1) the Executive Director of the Agency is authorized to create one or more supplementary reserve accounts within the Supplementary Bond Security Account ("SBSA")of the Fund to indemnify the Mortgage Insurance Fund for losses incurred or to pay claims against the Mortgage Loan Insurance Fund in connection with loans financed by the Agency, and 2) the Executive Director of the Agency may establish an inter-fund credit agreement by which the Mortgage Insurance Fund may borrow such sums from the Fund as may be required to maintain the claims paying rating of any credit rating service.

Subsequently, the Agency Executive Director established an inter-fund credit agreement in the amount of $10 million in which the Mortgage Insurance Fund may borrow from the Fund as needed for the purpose of paying claims arising out of policies of mortgage guarantee insurance and costs and expenses related to the payment of such claims. This inter-fund credit agreement expired on May 1, 2013.

Resolution 03-19 authorized the Executive Director of the Agency to create one or more supplementary reserve accounts within the SBSA of the California Housing Finance Fund to indemnify the Mortgage Insurance Fund for losses incurred or to pay claims. The amendment places a limitation on the indemnity obligation to an aggregate amount not to exceed $135 million. In August 2011, the cap was reached and the aggregate total of $135 million in gap claim payments was paid from May 2008 to August 2011. As of June 30, 2014, the allowance for loan loss reserve established under the HMRB indenture decreased $30.2 million from $69.6 million to $39.4 million.

Effective March 1, 2003, the Mortgage Insurance Fund entered into a reinsurance treaty and administrative services agreement with Genworth Mortgage Insurance Corporation ("Genworth"). This agreement cedes to Genworth a 75% quota share of the insurance risk for most loans insured by the Mortgage Insurance Fund and provides for certain administrative services to be performed by Genworth. Prior to February 2011, Genworth was paying the full amount of the loss (100%) to the insured and was billing the Mortgage Insurance Fund for its portion of the loss (25%) each month. Effective February 1, 2011, Genworth is paying for their portion of the loss (75%) directly to the insured and the Mortgage Insurance Fund is paying for its portion of the loss (25%) directly to the insured. As of June 30, 2014, there was no cash or investments remaining in the Mortgage Insurance Fund to pay outstanding claims. The California Housing Finance Fund has written off foreclosed loans insured by the Housing Loan Insurance Fund. As of June 30, 2014, the reserve amount established under the HMRB indenture was $39.4 million.

**Note 14 – LITIGATION**

Certain lawsuits and claims arising in the ordinary course of business have been filed or are pending against the Agency. Based upon information available to the Agency, its review of such lawsuits and claims and consultation with counsel, the Agency believes the liability relating to these actions, if any, would not have a material adverse effect on the Fund's financial statements.

**Note 15 – RELATED PARTY TRANSACTIONS**

CalHFA MAC entered into an administrative agreement with CalHFA for support services, which include an allocation of CalHFA staff to provide program oversight, administrative and legal support, and direct reimbursement for goods and services of outside vendors. Due to its status as a state governmental agency, CalHFA enjoys the benefit of discounts for goods and services with strategic business partners. The administrative agreement enables CalHFA MAC to leverage these discounts by providing for CalHFA to purchase goods and services during program implementation and ongoing operations. CalHFA MAC reimburses CalHFA for these items at the actual cost expended. CalHFA MAC had liabilities to CalHFA of $177 thousand and $93 thousand for the fiscal year ended June 30, 2014 and June 30, 2013, respectively. These amounts were comprised of accounts payable and accrued expenses resulting from unbilled vendor invoices for materials and services. Additionally, actual cash reimbursements paid to CalHFA totaled $0.6 million and $1.1 million for the fiscal year ended June 30, 2014 and June 30, 2013, respectively.

CalHFA MAC also leases office space from the CalHFA under an operation lease with a term of four years and five months that expires December 31, 2017.

**Note 16 – SUBSEQUENT EVENTS**

As of October 13, 2014, there were no subsequent events.

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**CALIFORNIA HOUSING FINANCE FUND**
**STATEMENTS OF NET POSITION**
**WITH ADDITIONAL COMBINING INFORMATION**
**June 30, 2014**
(Dollars in Thousands)

| | HOMEOWNERSHIP PROGRAMS | MULTIFAMILY RENTAL HOUSING PROGRAMS | OTHER PROGRAMS AND ACCOUNTS | COMBINED TOTALS |
|---|---|---|---|---|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | $ 6,316 | $ 22 | $ 34,169 | $ 40,507 |
| Investments | 356,951 | 62,903 | 721,644 | 1,141,498 |
| Current portion - program loans receivable | 70,360 | 31,667 | 22,703 | 124,730 |
| Interest receivable - Program loans | 11,351 | 5,408 | 15,469 | 32,228 |
| Interest receivable - Investments | 1,980 | 450 | 629 | 3,059 |
| Accounts receivable | 7,947 | - | 4,496 | 12,443 |
| Due (to) from other funds | (6,999) | - | 6,999 | - |
| Other assets | 51 | 461 | 13,357 | 13,869 |
| Total current assets | 447,957 | 100,911 | 819,466 | 1,368,334 |
| Noncurrent assets: | | | | |
| Investments | 275,592 | 68,856 | 58,664 | 403,112 |
| Program loans receivable | 2,471,918 | 765,285 | 544,352 | 3,781,555 |
| Deferred financing costs | - | - | - | - |
| Other assets | 16,617 | - | 892 | 17,509 |
| Total Noncurrent assets | 2,764,127 | 834,141 | 603,908 | 4,202,176 |
| Total Assets | 3,212,084 | 935,052 | 1,423,374 | 5,570,510 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Accumulated decrease in fair value of hedging derivatives | - | 21,965 | 3,077 | 25,042 |
| Deferred loss on refunding | - | 668 | | 668 |
| Total Deferred outflows of resources | - | 22,633 | 3,077 | 25,710 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Bonds payable | 49,704 | 18,200 | - | 67,904 |
| Notess payable | - | - | 2,253 | 2,253 |
| Interest payable | 28,011 | 13,134 | 17,025 | 58,170 |
| Due (from) to other government entities | (112) | - | 1,020 | 908 |
| Compensated absences | - | - | 4,034 | 4,034 |
| Deposits and other liabilities | 3,451 | 287 | 231,515 | 235,253 |
| Total current liabilities | 81,054 | 31,621 | 255,847 | 368,522 |
| Noncurrent liabilities: | | | | |
| Bonds payable | 2,833,580 | 631,268 | - | 3,464,848 |
| Notess payable | - | - | 61,342 | 61,342 |
| Due to other government entities | 3,013 | 11,123 | 21,485 | 35,621 |
| Other liablities | - | 86,923 | 99,479 | 186,402 |
| Unearned revenues | - | - | 891 | 891 |
| Total noncurrent liabilities | 2,836,593 | 729,314 | 183,197 | 3,749,104 |
| Total Liabilities | 2,917,647 | 760,935 | 439,044 | 4,117,626 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Accumulated increase in fair value of hedging derivatives | - | - | - | - |
| NET POSITION | | | | |
| Net investment in capital assets | - | - | 842 | 842 |
| Restricted by indenture | 294,437 | 196,750 | - | 491,187 |
| Restricted by statute | - | - | 986,565 | 986,565 |
| Total Net position | $ 294,437 | $ 196,750 | $ 987,407 | $ 1,478,594 |

**CALIFORNIA HOUSING FINANCE FUND**
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**
**WITH ADDITIONAL COMBINING INFORMATION**
**Year Ended June 30, 2014**
(Dollars in Thousands)

| | HOMEOWNERSHIP PROGRAMS | MULTIFAMILY RENTAL HOUSING PROGRAMS | OTHER PROGRAMS AND ACCOUNTS | COMBINED TOTALS |
|---|---|---|---|---|
| OPERATING REVENUES | | | | |
| Interest income: | | | | |
| Program loans and loan agreements -- net | $ 151,623 | $ 46,199 | $ 20,893 | $ 218,715 |
| Interest income - Investments -- net | 14,457 | 3,651 | 4,411 | 22,519 |
| Increase (decrease) in fair value of investments | 2,010 | (569) | (1,749) | (308) |
| Loan commitment fees | - | - | 668 | 668 |
| Other loan fees | 44 | 6,513 | 22,759 | 29,316 |
| Other revenues | 631 | (45,016) | (3,016) | (47,401) |
| Total Operating revenues | 168,765 | 10,778 | 43,966 | 223,509 |
| SALARIES AND GENERAL EXPENSES | | | | |
| Interest | 81,760 | 25,549 | 14,968 | 122,277 |
| Amortization of bond discount and bond premium | (1,567) | 198 | - | (1,369) |
| Mortgage servicing fees | 8,440 | 2 | 2 | 8,444 |
| (Reversal) provision for estimated loan losses | (18,069) | 3,540 | 1,507 | (13,022) |
| Salaries and general expenses | - | - | 41,053 | 41,053 |
| Other expenses | 33,757 | 10,776 | 54,600 | 99,133 |
| Total salaries and general expenses | 104,321 | 40,065 | 112,130 | 256,516 |
| Operating income (loss) income before transfers | 64,444 | (29,287) | (68,164) | (33,007) |
| Transfers in | - | - | 53,462 | 53,462 |
| Transfers intrafund | 2,406 | 66,812 | (69,218) | - |
| Increase (decrease) in net position | 66,850 | 37,525 | (83,920) | 20,455 |
| Net position at beginning of year, as restated | 227,587 | 159,225 | 1,071,327 | 1,458,139 |
| Net position at end of year, as restated | $ 294,437 | $ 196,750 | $ 987,407 | $ 1,478,594 |

**CALIFORNIA HOUSING FINANCE FUND**
**STATEMENTS OF CASH FLOWS**
**WITH ADDITIONAL COMBINING INFORMATION**
**Year Ended June 30, 2014**
(Dollars in Thousands)

| | HOMEOWNERSHIP PROGRAMS | MULTIFAMILY RENTAL HOUSING PROGRAMS | OTHER PROGRAMS AND ACCOUNTS | COMBINED TOTALS |
|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | $ 154,375 | $ 46,395 | $ 16,667 | $ 217,437 |
| Payments to suppliers | (8,946) | (141) | (11,203) | (20,290) |
| Payments to employees | - | - | (29,935) | (29,935) |
| Other receipts (payments) | 527,306 | 55,509 | (42,468) | 540,347 |
| Net cash provided by (used for) operating activities | 672,735 | 101,763 | (66,939) | 707,559 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Intrafund transfers | 2,406 | 66,812 | (69,218) | - |
| Changes in due from other government entities | (26) | - | 3,586 | 3,560 |
| Net cash provided by (used for) noncapital financing activities | 2,380 | 66,812 | (65,632) | 3,560 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Proceeds from sales of bonds | - | 38,814 | - | 38,814 |
| Payment of bond principal | (37,840) | (26,054) | (17,464) | (81,358) |
| Early bond redemptions | (795,017) | (148,955) | - | (943,972) |
| Interest paid on debt | (87,595) | (26,854) | (20,322) | (134,771) |
| Interfund transfers | - | - | 53,462 | 53,462 |
| Increase in deferred financing costs | 14,903 | 2,822 | 3 | 17,728 |
| Net cash (used for) provided by capital and related financing activities | (905,549) | (160,227) | 15,679 | (1,050,097) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Proceeds from maturity and sale of investments | 1,851,650 | 381,235 | 576,641 | 2,809,526 |
| Purchase of investments | (1,640,170) | (393,787) | (454,737) | (2,488,694) |
| Interest on investments | 15,509 | 3,753 | 4,659 | 23,921 |
| Net cash provided by (used for) investing activities | 226,989 | (8,799) | 126,563 | 344,753 |
| Net (decrease) increase in cash and cash equivalents | (3,445) | (451) | 9,671 | 5,775 |
| Cash and cash equivalents at beginning of year | 9,761 | 473 | 24,498 | 34,732 |
| Cash and cash equivalents at end of year | $ 6,316 | $ 22 | $ 34,169 | $ 40,507 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES: | | | | |
| Operating income (loss) | $ 64,444 | $ (29,287) | $ (68,164) | $ (33,007) |
| Adjustments to reconcile operating (loss) income to net cash provided by (used for) operating activities: | | | | |
| Interest expense on debt | 81,760 | 25,549 | 14,968 | 122,277 |
| Interest on investments | (14,457) | (3,651) | (4,411) | (22,519) |
| Changes in fair value of investments | (2,010) | 569 | 1,749 | 308 |
| Amortization of bond discount | 27 | - | - | 27 |
| Amortization of deferred losses | 2,797 | 1,432 | - | 4,229 |
| Amortization of bond premium | (1,658) | - | - | (1,658) |
| Amortization of unearned revenue | - | - | (668) | (668) |
| Depreciation | - | - | 264 | 264 |
| (Reversal) provision for estimated loan losses | (18,069) | 3,540 | 1,507 | (13,022) |
| Provision for yield reduction payments | 830 | 2,410 | - | 3,240 |
| Provision (Reversal) for nonmortgage investment excess | 37 | (95) | - | (58) |
| Effect of changes in operating assets and liabilities: | | | | |
| (Purchase) sale of program loans-net | (2,863) | 6,463 | (81,184) | (77,584) |
| Collection of principal from program loans - net | 559,783 | 61,439 | 75,744 | 696,966 |
| Interest receivable | 2,752 | 196 | (4,226) | (1,278) |
| Accounts receivable | 4,064 | - | (413) | 3,651 |
| Due (from) to other funds | (1,946) | - | 1,946 | - |
| Increase in other assets and deferred outflow | 9 | 36,957 | 54,268 | 91,234 |
| Compensated absences | - | - | (229) | (229) |
| Deposits and other liabilities | (1,268) | (147) | (11,527) | (12,942) |
| Unearned revenue | (1,497) | (3,612) | (46,563) | (51,672) |
| Net cash provided by (used for) operating activities | $ 672,735 | $ 101,763 | $ ( 66,939 ) | $ 707,559 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | | | |
| Noncash transfer of program loan to REO | $ 11,073 | $ - | $ - | $ 11,073 |

**CALIFORNIA HOUSING FINANCE FUND**
**STATEMENTS OF NET POSITION**
**HOMEOWNERSHIP PROGRAMS**
**June 30, 2014**
(Dollars in Thousands)

| | HOME MORTGAGE REVENUE BONDS | SINGLE FAMILY HOUSING PROGRAM BONDS | RESIDENTIAL MORTGAGE REVENUE BONDS |
|---|---|---|---|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | $ 6,027 | $ 10 | $ 277 |
| Investments | 314,476 | 1,947 | 37,259 |
| Current portion - program loans receivable | 59,615 | - | 8,689 |
| Interest receivable - Program loans | 9,943 | 116 | 1,110 |
| Interest receivable - Investments | 1,376 | - | 582 |
| Accounts receivable | 7,258 | - | 591 |
| Due (to) from other funds | (7,666) | 662 | (882) |
| Other assets | 33 | - | 18 |
| Total current assets | 391,062 | 2,735 | 47,644 |
| Noncurrent assets: | | | |
| Investments | 79,557 | - | 189,257 |
| Program loans receivable | 2,126,443 | 33,790 | 282,760 |
| Deferred financing costs | - | - | - |
| Other assets | 14,744 | | 1,873 |
| Total Noncurrent assets | 2,220,744 | 33,790 | 473,890 |
| Total Assets | 2,611,806 | 36,525 | 521,534 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Accumulated decrease in fair value of hedging derivatives | - | - | - |
| Deferred loss on refunding | - | - | - |
| Total Deferred outflows of resources | - | - | - |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Bonds payable | 37,569 | - | 12,135 |
| Notess payable | - | - | - |
| Interest payable | 24,116 | 824 | 3,071 |
| Due from other government entities | (112) | - | - |
| Deposits and other liabilities | 3,342 | 1 | 102 |
| Total current liabilities | 64,915 | 825 | 15,308 |
| Noncurrent liabilities: | | | |
| Bonds payable | 2,303,723 | 40,390 | 489,467 |
| Notess payable | - | - | - |
| Due to other government entities | 3,013 | - | - |
| Other liablities | - | - | - |
| Unearned revenues | - | - | - |
| Total noncurrent liabilities | 2,306,736 | 40,390 | 489,467 |
| Total Liabilities | 2,371,651 | 41,215 | 504,775 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Accumulated increase in fair value of hedging derivatives | - | - | - |
| NET POSITION | | | |
| Net investment in capital assets | - | - | - |
| Restricted by indenture | 240,155 | (4,690) | 16,759 |
| Restricted by statute | - | - | - |
| Total Net position | $ 240,155 | $ (4,690) | $ 16,759 |

| RESIDENTIAL MORTGAGE REVENUE BONDS OVERCOLLATERALIZATION | TOTAL HOMEOWNERSHIP PROGRAMS |
|---|---|
| $ 2 | $ 6,316 |
| 3,269 | 356,951 |
| 2,056 | 70,360 |
| 182 | 11,351 |
| 22 | 1,980 |
| 98 | 7,947 |
| 887 | (6,999) |
| - | 51 |
| 6,516 | 447,957 |
| | |
| 6,778 | 275,592 |
| 28,925 | 2,471,918 |
| - | - |
| | 16,617 |
| 35,703 | 2,764,127 |
| | |
| 42,219 | 3,212,084 |
| | |
| - | - |
| - | - |
| - | - |
| | |
| - | 49,704 |
| - | - |
| - | 28,011 |
| - | (112) |
| 6 | 3,451 |
| 6 | 81,054 |
| | |
| - | 2,833,580 |
| - | - |
| - | 3,013 |
| - | - |
| - | - |
| - | 2,836,593 |
| | |
| 6 | 2,917,647 |
| | |
| - | - |
| | |
| - | - |
| 42,213 | 294,437 |
| - | - |
| $ 42,213 | $ 294,437 |

**CALIFORNIA HOUSING FINANCE FUND**
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**
**HOMEOWNERSHIP PROGRAM**
**Year Ended June 30, 2014**
(Dollars in Thousands)

| | HOME MORTGAGE REVENUE BONDS | SINGLE FAMILY HOUSING PROGRAM BONDS | RESIDENTIAL MORTGAGE REVENUE BONDS |
|---|---|---|---|
| OPERATING REVENUES | | | |
| Interest income: | | | |
| Program loans and loan agreements -- net | $ 131,694 | $ 1,595 | $ 15,934 |
| Interest income - Investments -- net | 6,084 | 5 | 8,110 |
| Increase (decrease) in fair value of investments | 370 | - | 1,643 |
| Loan commitment fees | - | - | - |
| Other loan fees | 7 | - | 2 |
| Other revenues | 589 | - | 41 |
| Total Operating revenues | 138,744 | 1,600 | 25,730 |
| SALARIES AND GENERAL EXPENSES | | | |
| Interest | 62,044 | 2,060 | 17,656 |
| Amortization of bond discount and bond premium | (1,567) | - | - |
| Mortgage servicing fees | 7,361 | - | 1,009 |
| (Reversal) provision for estimated loan losses | (22,479) | 536 | 3,894 |
| Salaries and general expenses | - | - | - |
| Other expenses | 26,077 | 478 | 7,280 |
| Total salaries and general expenses | 71,436 | 3,074 | 29,839 |
| Operating income (loss) before transfers | 67,308 | (1,474) | (4,109) |
| Transfers in | - | - | - |
| Transfers intrafund | (22,321) | 24,725 | 12,592 |
| Increase (decrease) in net position | 44,987 | 23,251 | 8,483 |
| Net position at beginning of year, as restated | 195,168 | (27,941) | 8,276 |
| Net position at end of year, as restated | $ 240,155 | $ (4,690) | $ 16,759 |

| RESIDENTIAL MORTGAGE REVENUE BONDS OVERCOLLATERALIZATION | TOTAL HOMEOWNERSHIP PROGRAMS |
|---|---|
| $ 2,400 | $ 151,623 |
| 258 | 14,457 |
| (3) | 2,010 |
| - | - |
| 35 | 44 |
| 1 | 631 |
| 2,691 | 168,765 |
| - | 81,760 |
| - | (1,567) |
| 70 | 8,440 |
| (20) | (18,069) |
| - | - |
| (78) | 33,757 |
| (28) | 104,321 |
| 2,719 | 64,444 |
| - | - |
| (12,590) | 2,406 |
| (9,871) | 66,850 |
| 52,084 | 227,587 |
| $ 42,213 | $ 294,437 |

**CALIFORNIA HOUSING FINANCE FUND**
**SUPPLEMENTAL STATEMENTS OF CASH FLOWS -**
**HOMEOWNERSHIP PROGRAMS**
**Year Ended June 30, 2014**
(Dollars in Thousands)

| | HOME MORTGAGE REVENUE BONDS | SINGLE FAMILY HOUSING PROGRAM BONDS | RESIDENTIAL MORTGAGE REVENUE BONDS |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | $ 134,017 | $ 1,738 | $ 16,154 |
| Payments to suppliers | (7,820) | (6) | (1,048) |
| Payments to employees | - | - | - |
| Other receipts (payments) | 467,161 | 3,176 | 51,276 |
| Net cash provided by operating activities | 593,358 | 4,908 | 66,382 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Intrafund transfers | (22,321) | 24,725 | 12,592 |
| Changes in due from other government entities | (26) | - | - |
| Net cash (used for) provided by provided by noncapital financing activities | (22,347) | 24,725 | 12,592 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Proceeds from sales of bonds | - | - | - |
| Payment of bond principal | (24,770) | - | (13,070) |
| Early bond redemptions | (656,575) | (29,335) | (109,107) |
| Interest paid on debt | (67,069) | (2,115) | (18,411) |
| Interfund transfers | - | - | - |
| Increase in deferred financing costs | 13,369 | 415 | 1,119 |
| Net cash (used for) provided by capital and related financing activities | (735,045) | (31,035) | (139,469) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from maturity and sale of investments | 1,487,837 | 34,804 | 315,767 |
| Purchase of investments | (1,333,791) | (33,440) | (263,842) |
| Interest on investments | 6,989 | 5 | 8,253 |
| Net cash provided by (used for) investing activities | 161,035 | 1,369 | 60,178 |
| Net decrease in cash and cash equivalents | (2,999) | (33) | (317) |
| Cash and cash equivalents at beginning of year | 9,026 | 43 | 594 |
| Cash and cash equivalents at end of year | $ 6,027 | $ 10 | $ 277 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES: | | | |
| Operating income (loss) | $ 67,308 | $ (1,474) | $ (4,109) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Interest expense on debt | 62,045 | 2,060 | 17,655 |
| Interest on investments | (6,084) | (5) | (8,110) |
| Changes in fair value of investments | (370) | - | (1,643) |
| Amortization of bond discount | 27 | - | - |
| Amortization of deferred losses | 594 | - | 2,203 |
| Amortization of bond premium | (1,658) | - | - |
| Amortization of unearned revenue | - | - | - |
| Provision for estimated loan losses | (22,479) | 536 | 3,894 |
| Provision for yield reduction payments | 830 | - | - |
| Provision for nonmortgage investment excess | 37 | - | - |
| Effect of changes in operating assets and liabilities: | | | |
| (Purchase) sale of program loans-net | (3,141) | - | 324 |
| Collection of principal from program loans - net | 493,856 | 3,960 | 56,287 |
| Interest receivable | 2,322 | 143 | 221 |
| Accounts receivable | 4,627 | - | (589) |
| Due (from) to other funds | (1,948) | (280) | 284 |
| Decrease (increase) in other assets and deferred outflow | 8 | - | 1 |
| Compensated absences | - | - | - |
| Deposits and other liabilities | (1,198) | (32) | (36) |
| Unearned revenue | (1,418) | - | - |
| Net cash provided by (used for) operating activities | $ 593,358 | $ 4,908 | $ 66,382 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | | |
| Noncash transfer of program loan to REO | $ 10,560 | $ - | $ 466 |

| RESIDENTIAL MORTGAGE REVENUE BONDS OVERCOLLATERALIZATION | TOTAL HOMEOWNERSHIP PROGRAMS |
|---|---|
| $ 2,466 | $ 154,375 |
| (72) | (8,946) |
| - | - |
| 5,693 | 527,306 |
| 8,087 | 672,735 |
| | |
| (12,590) | 2,406 |
| - | (26) |
| (12,590) | 2,380 |
| | |
| - | - |
| - | (37,840) |
| - | (795,017) |
| - | (87,595) |
| - | - |
| - | 14,903 |
| - | (905,549) |
| | |
| 13,242 | 1,851,650 |
| (9,097) | (1,640,170) |
| 262 | 15,509 |
| 4,407 | 226,989 |
| | |
| (96) | (3,445) |
| 98 | 9,761 |
| $ 2 | $ 6,316 |
| | |
| $ 2,719 | $ 64,444 |
| | |
| - | 81,760 |
| (258) | (14,457) |
| 3 | (2,010) |
| - | 27 |
| - | 2,797 |
| - | (1,658) |
| - | - |
| (20) | (18,069) |
| - | 830 |
| - | 37 |
| | |
| (46) | (2,863) |
| 5,680 | 559,783 |
| 66 | 2,752 |
| 26 | 4,064 |
| (2) | (1,946) |
| - | 9 |
| - | - |
| (2) | (1,268) |
| (79) | (1,497) |
| $ 8,087 | $ 672,735 |
| | |
| $ 47 | $ 11,073 |

**CALIFORNIA HOUSING FINANCE FUND**
**STATEMENTS OF NET POSITION**
**MULTIFAMILY RENTAL HOUSING PROGRAMS**
**June 30, 2014**
(Dollars in Thousands)

| | MULTIFAMILY LOAN PURCHASE BONDS | MULTIFAMILY HOUSING REVENUE BONDS II | MULTIFAMILY HOUSING REVENUE BONDS III | MULTIFAMILY HOUSING PROGRAM BONDS |
|---|---|---|---|---|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | $ - | $ - | $ 22 | $ - |
| Investments | 343 | - | 38,616 | 1,356 |
| Current portion - program loans receivable | 2,500 | - | 26,732 | 1,563 |
| Interest receivable - Program loans | - | - | 3,277 | 1,667 |
| Interest receivable - Investments | - | - | 327 | - |
| Accounts receivable | - | - | - | - |
| Due from other funds | - | - | - | - |
| Other assets | - | - | 292 | - |
| Total current assets | 2,843 | - | 69,266 | 4,586 |
| Noncurrent assets: | | | | |
| Investments | - | - | 31,150 | - |
| Program loans receivable | 933 | - | 636,765 | 20,501 |
| Deferred financing costs | - | - | - | - |
| Other assets | - | - | - | - |
| Total Noncurrent assets | 933 | - | 667,915 | 20,501 |
| Total Assets | 3,776 | - | 737,181 | 25,087 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Accumulated decrease in fair value of hedging derivatives | - | - | 21,965 | - |
| Deferred loss on refunding | - | - | 668 | - |
| Total Deferred outflows of resources | - | - | 22,633 | - |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Bonds payable | - | - | 16,460 | - |
| Notess payable | - | - | - | - |
| Interest payable | 20 | - | 12,389 | - |
| Deposits and other liabilities | - | - | 285 | - |
| Total current liabilities | 20 | - | 29,134 | - |
| Noncurrent liabilities: | | | | |
| Bonds payable | 3,759 | - | 470,199 | - |
| Notes payable | - | - | - | - |
| Due to other government entities | - | - | 11,123 | - |
| Other liablities | - | - | 86,923 | - |
| Unearned revenues | - | - | - | - |
| Total noncurrent liabilities | 3,759 | - | 568,245 | - |
| Total Liabilities | 3,779 | - | 597,379 | - |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Accumulated increase in fair value of hedging derivatives | - | - | - | - |
| NET POSITION | | | | |
| Net investment in capital assets | - | - | - | - |
| Restricted by indenture | (3) | - | 162,435 | 25,087 |
| Restricted by statute | - | - | - | - |
| Total Net position | $ (3) | $ - | $ 162,435 | $ 25,087 |

| AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS | MULTIFAMILY RESIDENTIAL MORTGAGE REVENUE BONDS | TOTAL MULTIFAMILY RENTAL HOUSING PROGRAMS |
|---|---|---|
| $ - | $ - | $ 22 |
| 6,751 | 15,837 | 62,903 |
| 1,010 | (138) | 31,667 |
| 230 | 234 | 5,408 |
| 121 | 2 | 450 |
| - | - | - |
| - | - | - |
| 48 | 121 | 461 |
| 8,160 | 16,056 | 100,911 |
| | | |
| 37,706 | - | 68,856 |
| 52,618 | 54,468 | 765,285 |
| - | - | - |
| - | - | - |
| 90,324 | 54,468 | 834,141 |
| | | |
| 98,484 | 70,524 | 935,052 |
| | | |
| - | - | 21,965 |
| - | - | 668 |
| - | - | 22,633 |
| | | |
| 1,740 | - | 18,200 |
| - | - | - |
| 344 | 381 | 13,134 |
| 1 | 1 | 287 |
| 2,085 | 382 | 31,621 |
| | | |
| 87,360 | 69,950 | 631,268 |
| - | - | - |
| - | - | 11,123 |
| - | - | 86,923 |
| - | - | - |
| 87,360 | 69,950 | 729,314 |
| | | |
| 89,445 | 70,332 | 760,935 |
| | | |
| - | - | - |
| | | |
| - | - | - |
| 9,039 | 192 | 196,750 |
| - | - | - |
| $ 9,039 | $ 192 | $ 196,750 |

**CALIFORNIA HOUSING FINANCE FUND**
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**
**MULTIFAMILY PROGRAM**
**Year Ended June 30, 2014**
(Dollars in Thousands)

| | MULTIFAMILY LOAN PURCHASE BONDS | MULTIFAMILY HOUSING REVENUE BONDS II | MULTIFAMILY HOUSING REVENUE BONDS III | MULTIFAMILY HOUSING PROGRAM BONDS | R |
|---|---|---|---|---|---|
| OPERATING REVENUES | | | | | |
| Interest income: | | | | | |
| Program loans and loan agreements -- net | $ 369 | $ - | $ 38,016 | $ 1,453 | |
| Interest income - Investments -- net | - | - | 2,176 | 3 | |
| Decrease in fair value of investments | - | - | (493) | - | |
| Loan commitment fees | - | - | - | - | |
| Other loan fees | - | - | 5,106 | 1,407 | |
| Other revenues | - | - | (45,016) | - | |
| Total Operating revenues | 369 | - | (211) | 2,863 | |
| SALARIES AND GENERAL EXPENSES | | | | | |
| Interest | 368 | - | 20,809 | - | |
| Amortization of bond discount and bond premium | - | - | 198 | - | |
| Mortgage servicing fees | - | - | 2 | - | |
| Provision (reversal) for estimated loan losses | - | - | 2,876 | (78) | |
| Salaries and general expenses | - | - | - | - | |
| Other expenses | 1 | - | 8,209 | - | |
| Total salaries and general expenses | 369 | - | 32,094 | (78) | |
| Operating (loss) income before transfers | - | - | (32,305) | 2,941 | |
| Transfers in | - | - | - | - | |
| Transfers intrafund | - | (1) | 74,806 | (7,990) | |
| (Decrease) increase in net position | - | (1) | 42,501 | (5,049) | |
| Net position at beginning of year, as restated | (3) | 1 | 119,934 | 30,136 | |
| Net position at end of year, as restated | $ (3) | $ - | $ 162,435 | $ 25,087 | |

| AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS | MULITIFAMILY RESIDENTIAL MORTGAGE REVENUE BONDS | TOTAL MULTIFAMILY RENTAL HOUSING PROGRAMS |
|---|---|---|
| $ 2,968 | $ 3,393 | $ 46,199 |
| 1,465 | 7 | 3,651 |
| (76) | - | (569) |
| - | - | - |
| - | - | 6,513 |
| - | - | (45,016) |
| 4,357 | 3,400 | 10,778 |
| 2,085 | 2,287 | 25,549 |
| - | - | 198 |
| - | - | 2 |
| (18) | 760 | 3,540 |
| - | - | - |
| 1,644 | 922 | 10,776 |
| 3,711 | 3,969 | 40,065 |
| 646 | (569) | (29,287) |
| - | - | - |
| - | (3) | 66,812 |
| 646 | (572) | 37,525 |
| 8,393 | 764 | 159,225 |
| $ 9,039 | $ 192 | $ 196,750 |

**CALIFORNIA HOUSING FINANCE FUND**
**SUPPLEMENTAL STATEMENTS OF CASH FLOWS -**
**MULTIFAMILY RENTAL HOUSING PROGRAMS**
**Year Ended June 30, 2014**
(Dollars in Thousands)

| | MULTIFAMILY LOAN PURCHASE BONDS | MULTIFAMILY HOUSING REVENUE BONDS II | MULTIFAMILY HOUSING REVENUE BONDS III | MULTIFAMILY HOUSING PROGRAM BONDS |
|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | $ 369 | $ - | $ 38,271 | $ 1,312 |
| Payments to suppliers | (1) | - | (131) | - |
| Other receipts (payments) | 5,212 | - | 33,145 | 5,915 |
| Net cash provided by (used for) operating activities | 5,580 | - | 71,285 | 7,227 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Intrafund transfers | - | (1) | 74,806 | (7,990) |
| Net cash (used for) provided by provided by noncapital financing activities | - | (1) | 74,806 | (7,990) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Proceeds from sales of bonds | - | - | 38,814 | - |
| Payment of bond principal | (5,329) | - | (19,075) | - |
| Early bond redemptions | - | - | (148,955) | - |
| Interest paid on debt | (397) | - | (22,078) | - |
| Increase in deferred financing costs | - | - | 2,502 | - |
| Net cash (used for) provided by capital and related financing activities | (5,726) | - | (148,792) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Proceeds from maturity and sale of investments | 6,333 | - | 344,280 | 7,992 |
| Purchase of investments | (6,187) | - | (344,295) | (7,241) |
| Interest on investments | - | 1 | 2,275 | 3 |
| Net cash provided by (used for) investing activities | 146 | 1 | 2,260 | 754 |
| Net (decrease) increase in cash and cash equivalents | - | - | (441) | (9) |
| Cash and cash equivalents at beginning of year | - | - | 463 | 9 |
| Cash and cash equivalents at end of year | $ - | $ - | $ 22 | $ - |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES: | | | | |
| Operating (loss) income | $ - | $ - | $ (32,305) | $ 2,941 |
| Adjustments to reconcile operating (loss) income to net cash provided by (used for) operating activities: | | | | |
| Interest expense on debt | 368 | - | 20,809 | - |
| Interest on investments | - | - | (2,176) | (3) |
| Changes in fair value of investments | - | - | 493 | - |
| Amortization of bond discount | - | - | - | - |
| Amortization of deferred losses | - | - | 993 | - |
| Provision (reversal) for estimated loan losses | - | - | 2,876 | (78) |
| Provision for yield reduction payments | - | - | 2,410 | - |
| Provision for nonmortgage investment excess | - | - | (95) | - |
| Effect of changes in operating assets and liabilities: | | | | |
| Sale (purchase) of program loans-net | - | - | 6,463 | - |
| Collection of principal from program loans - net | 5,212 | - | 38,244 | 4,507 |
| Interest receivable | - | - | 255 | (140) |
| Increase (decrease) in other assets and deferred outflow | - | - | 37,077 | - |
| Deposits and other liabilities | - | - | (147) | - |
| Unearned revenue | - | - | (3,612) | - |
| Net cash provided by (used for) operating activities | $ 5,580 | $ - | $ 71,285 | $ 7,227 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | | | |
| Noncash transfer of program loan to REO | $ - | $ - | $ - | $ - |

| AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS | MULITIFAMILY RESIDENTIAL MORTGAGE REVENUE BONDS | TOTAL MULTIFAMILY RENTAL HOUSING PROGRAMS |
|---|---|---|
| $ 2,972 | $ 3,471 | $ 46,395 |
| (4) | (5) | (141) |
| (234) | 11,471 | 55,509 |
| 2,734 | 14,937 | 101,763 |
| | | |
| - | (3) | 66,812 |
| | | |
| - | (3) | 66,812 |
| | | |
| - | - | 38,814 |
| (1,650) | - | (26,054) |
| - | - | (148,955) |
| (2,091) | (2,288) | (26,854) |
| 146 | 174 | 2,822 |
| | | |
| (3,595) | (2,114) | (160,227) |
| | | |
| 15,275 | 7,355 | 381,235 |
| (15,881) | (20,183) | (393,787) |
| 1,467 | 7 | 3,753 |
| 861 | (12,821) | (8,799) |
| | | |
| - | (1) | (451) |
| - | 1 | 473 |
| $ - | $ - | $ 22 |
| | | |
| $ 646 | $ (569) | $ (29,287) |
| | | |
| 2,086 | 2,286 | 25,549 |
| (1,465) | (7) | (3,651) |
| 76 | - | 569 |
| - | - | - |
| 439 | - | 1,432 |
| (18) | 760 | 3,540 |
| - | - | 2,410 |
| - | - | (95) |
| | | |
| - | - | 6,463 |
| 965 | 12,511 | 61,439 |
| 4 | 77 | 196 |
| 1 | (121) | 36,957 |
| - | - | (147) |
| - | - | (3,612) |
| $ 2,734 | $ 14,937 | $ 101,763 |
| | | |
| $ - | $ - | $ - |

**CALIFORNIA HOUSING FINANCE FUND**
**STATEMENTS OF NET POSITION**
**OTHER PROGRAMS AND ACCOUNTS**
**June 30, 2014**
(Dollars in Thousands)

| | HOUSING ASSISTANCE TRUST | CONTRACT ADMINISTRATION PROGRAMS | SUPPLEMENTAL BOND SECURITY ACCOUNT | EMERGENCY RESERVE ACCOUNT |
|---|---|---|---|---|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | $ 5,371 | $ 1,126 | $ - | $ - |
| Investments | 121,853 | 325,059 | 15,681 | 32,165 |
| Current portion - program loans receivable | 18,229 | 2,238 | - | - |
| Interest receivable - Program loans | 1,570 | 13,565 | - | - |
| Interest receivable - Investments | 296 | 173 | 9 | 18 |
| Accounts receivable | 792 | - | - | 98 |
| Due from (to) other funds | 315 | 1,876 | 10,376 | - |
| Other assets | 13,328 | - | - | - |
| Total current assets | 161,754 | 344,037 | 26,066 | 32,281 |
| Noncurrent assets: | | | | |
| Investments | 58,664 | - | - | - |
| Program loans receivable | 151,779 | 331,289 | - | - |
| Deferred financing costs | - | - | - | - |
| Other assets | 50 | - | - | - |
| Total Noncurrent assets | 210,493 | 331,289 | - | - |
| Total Assets | 372,247 | 675,326 | 26,066 | 32,281 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Accumulated decrease in fair value of hedging derivatives | 3,077 | - | - | - |
| Deferred loss on refunding | - | - | - | - |
| Total Deferred outflows of resources | 3,077 | - | - | - |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Bonds payable | - | - | - | - |
| Notess payable | - | - | - | - |
| Interest payable | 16,680 | - | - | - |
| Due to other government entities | - | 685 | - | - |
| Compensated absences | - | - | - | - |
| Deposits and other liabilities | 3 | 2,363 | - | - |
| Total current liabilities | 16,683 | 3,048 | - | - |
| Noncurrent liabilities: | | | | |
| Bonds payable | - | - | - | - |
| Notess payable | - | - | - | - |
| Due to other government entities | - | - | - | - |
| Other liablities | 99,479 | - | - | - |
| Unearned revenues | - | - | - | - |
| Total noncurrent liabilities | 99,479 | - | - | - |
| Total Liabilities | 116,162 | 3,048 | - | - |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Accumulated increase in fair value of hedging derivatives | - | - | - | - |
| NET POSITION | | | | |
| Net investment in capital assets | - | - | - | - |
| Restricted by indenture | - | - | - | - |
| Restricted by statute | 259,162 | 672,278 | 26,066 | 32,281 |
| Total Net position | $ 259,162 | $ 672,278 | $ 26,066 | $ 32,281 |

| LOAN SERVICING | LOAN WAREHOUSING | CITIGROUP GLOBAL MARKETS | OPERATING ACCOUNT | TOTAL OTHER PROGRAMS AND ACCOUNTS |
|---|---|---|---|---|
| $ 23,146 | $ - | $ 26 | $ 4,500 | $ 34,169 |
| 208,806 | - | - | 18,080 | 721,644 |
| - | - | 2,236 | - | 22,703 |
| - | - | 334 | - | 15,469 |
| 121 | - | - | 12 | 629 |
| 3,132 | - | - | 474 | 4,496 |
| (6,507) | - | - | 939 | 6,999 |
| - | - | - | 29 | 13,357 |
| 228,698 | - | 2,596 | 24,034 | 819,466 |
| | | | | |
| - | - | - | - | 58,664 |
| - | - | 61,284 | - | 544,352 |
| - | - | - | - | - |
| - | - | - | 842 | 892 |
| - | - | 61,284 | 842 | 603,908 |
| | | | | |
| 228,698 | - | 63,880 | 24,876 | 1,423,374 |
| | | | | |
| - | - | - | - | 3,077 |
| - | - | - | - | - |
| - | - | - | - | 3,077 |
| | | | | |
| - | - | - | - | - |
| - | - | 2,253 | - | 2,253 |
| - | - | 345 | - | 17,025 |
| - | - | - | 335 | 1,020 |
| - | - | - | 4,034 | 4,034 |
| 222,763 | - | - | 6,386 | 231,515 |
| 222,763 | - | 2,598 | 10,755 | 255,847 |
| | | | | |
| - | - | - | - | - |
| - | - | 61,342 | - | 61,342 |
| - | - | - | 21,485 | 21,485 |
| - | - | - | - | 99,479 |
| - | - | - | 891 | 891 |
| - | - | 61,342 | 22,376 | 183,197 |
| | | | | |
| 222,763 | - | 63,940 | 33,131 | 439,044 |
| | | | | |
| - | - | - | - | - |
| | | | | |
| - | - | - | 842 | 842 |
| - | - | - | - | - |
| 5,935 | - | (60) | (9,097) | 986,565 |
| $ 5,935 | $ - | $ (60) | $ (8,255) | $ 987,407 |

**CALIFORNIA HOUSING FINANCE FUND**
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**
**OTHER PROGRAMS AND ACCOUNTS**
**Year Ended June 30, 2014**
(Dollars in Thousands)

| | HOUSING ASSISTANCE TRUST | CONTRACT ADMINISTRATION PROGRAMS | SUPPLEMENTAL BOND SECURITY ACCOUNT | EMERGENCY RESERVE ACCOUNT |
|---|---|---|---|---|
| OPERATING REVENUES | | | | |
| Interest income: | | | | |
| Program loans and loan agreements -- net | $ 12,832 | $ 8,061 | $ - | $ - |
| Interest income - Investments -- net | 3,506 | 716 | 61 | 75 |
| (Decrease) increase in fair value of investments | (1,749) | - | - | - |
| Loan commitment fees | - | - | - | - |
| Other loan fees | 5,829 | - | - | - |
| Other revenues | (65,018) | 1,436 | - | - |
| Total Operating revenues | (44,600) | 10,213 | 61 | 75 |
| SALARIES AND GENERAL EXPENSES | | | | |
| Interest | 14,968 | - | - | - |
| Mortgage servicing fees | 2 | - | - | - |
| (Reversal) provision for estimated loan losses | (3,594) | 5,156 | - | - |
| Salaries and general expenses | - | - | - | - |
| Other expenses | 236 | 12,123 | - | - |
| Total salaries and general expenses | 11,612 | 17,279 | - | - |
| Operating (loss) income before transfers | (56,212) - | (7,066) | 61 | 75 - |
| Transfers in | - | 53,462 | - | - |
| Transfers intrafund | (81,676) | (320) | - | - |
| (Decrease) increase in net assets | (137,888) | 46,076 | 61 | 75 |
| Net position at beginning of year, as restated | 397,050 | 626,202 | 26,005 | 32,206 |
| Net position at end of year, as restated | $ 259,162 | $ 672,278 | $ 26,066 | $ 32,281 |

| LOAN SERVICING | LOAN WAREHOUSING | CITIGROUP GLOBAL MARKETS | OPERATING ACCOUNT | TOTAL OTHER PROGRAMS AND ACCOUNTS |
|---|---|---|---|---|
| $ - | $ - | $ - | $ - | $ 20,893 |
| 2 | - | - | 51 | 4,411 |
| - | - | - | - | (1,749) |
| - | - | - | 668 | 668 |
| 4,465 | - | - | 12,465 | 22,759 |
| 60,140 | - | - | 426 | (3,016) |
| 64,607 | - | - | 13,610 | 43,966 |
| - | - | - | - | 14,968 |
| - | - | - | - | 2 |
| - | - | (55) | - | 1,507 |
| - | - | - | 41,053 | 41,053 |
| 60,757 | - | - | (18,516) | 54,600 |
| 60,757 | - | (55) | 22,537 | 112,130 |
| 3,850 | - | 55 | (8,927) | (68,164) |
| - | - | - | - | 53,462 |
| (4,000) | - | - | 16,778 | (69,218) |
| (150) | - | 55 | 7,851 | (83,920) |
| 6,085 | - | (115) | (16,106) | 1,071,327 |
| $ 5,935 | $ - | $ (60) | $ (8,255) | $ 987,407 |

**CALIFORNIA HOUSING FINANCE FUND**
**SUPPLEMENTAL STATEMENTS OF CASH FLOWS -**
**OTHER PROGRAMS AND ACCOUNTS**
**Year Ended June 30, 2014**
(Dollars in Thousands)

| | HOUSING ASSISTANCE TRUST | CONTRACT ADMINISTRATION PROGRAMS | SUPPLEMENTAL BOND SECURITY ACCOUNT | EMERGENCY RESERVE ACCOUNT |
|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | $ 12,475 | $ 4,140 | $ - | $ - |
| Payments to suppliers | (3) | - | - | - |
| Payments to employees | - | - | - | - |
| Other (payments) receipts | (45,872) | (31,431) | 2,363 | 11 |
| Net cash (used for) provided by operating activities | (33,400) | (27,291) | 2,363 | 11 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Intrafund transfers | (81,676) | (320) | - | - |
| Due from (to) other government entities | - | - | - | - |
| Net cash (used for) provided by noncapital financing activities | (81,676) | (320) | - | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Payment of bond principal | - | - | - | - |
| Interest paid on debt | (20,230) | - | - | - |
| Interfund transfers | - | 53,462 | - | - |
| Increase in deferred financing costs | - | - | - | - |
| Net cash (used for) provided bycapital and related financing activities | (20,230) | 53,462 | - | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Proceeds from maturity and sale of investments | 322,995 | 108,236 | 8 | 3,914 |
| Purchase of investments | (186,045) | (134,874) | (2,433) | (4,003) |
| Interest on investments - net | 3,723 | 727 | 61 | 77 |
| Net cash (used for) provided by investing activities | 140,673 | (25,911) | (2,364) | (12) |
| Net increase (decrease) in cash and cash equivalents | 5,367 | (60) | (1) | (1) |
| Cash and cash equivalents at beginning of year | 4 | 1,186 | 1 | 1 |
| Cash and cash equivalents at end of year | $ 5,371 | $ 1,126 | $ - | $ - |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES: | | | | |
| Operating (loss) income | $ (56,212) | $ (7,066) | $ 61 | $ 75 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Interest expense on debt | 14,968 | - | - | - |
| Interest on investments | (3,506) | (716) | (62) | (75) |
| Changes in fair value of investments | 1,749 | - | - | - |
| Amortization of bond premium | - | - | - | - |
| Amortization of deferred revenue | - | - | - | - |
| Depreciation | - | - | - | - |
| (Reversal) provision for estimated loan losses | (3,594) | 5,156 | - | - |
| Provision for nonmortgage investment excess | - | - | - | - |
| Effect of changes in operating assets and liabilities: | | | | |
| (Purchase) sale of program loans-net | (31,750) | (49,434) | - | - |
| Collection of principal from program loans - net | 27,601 | 30,710 | - | - |
| Interest receivable | (357) | (3,920) | - | - |
| Accounts receivable | (114) | - | - | 11 |
| Due (from) to ther funds | (8,863) | (1,597) | 2,364 | - |
| Increase (Decrease) in other assets and deferred outflow | 54,395 | - | - | - |
| Compensated absences | - | - | - | - |
| Deposits and other liab | - | (424) | - | - |
| Unearned revenue | (27,717) | - | - | - |
| Net cash provided by (used for) operating activities | $ (33,400) | $ (27,291) | $ 2,363 | $ 11 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | | | |
| Noncash transfer of program loan to REO | $ - | $ - | $ - | $ - |

| LOAN SERVICING | LOAN WAREHOUSING | CITIGROUP GLOBAL MARKETS | OPERATING ACCOUNT | TOTAL OTHER PROGRAMS AND ACCOUNTS |
|---|---|---|---|---|
| $ - | $ - | $ 52 | $ - | $ 16,667 |
| - | - | - | (11,200) | (11,203) |
| - | - | - | (29,935) | (29,935) |
| (11,942) | - | 17,432 | 26,971 | (42,468) |
| (11,942) | - | 17,484 | (14,164) | (66,939) |
| (4,000) | - | - | 16,778 | (69,218) |
| - | - | - | 3,586 | 3,586 |
| (4,000) | - | - | 20,364 | (65,632) |
| - | - | (17,464) | - | (17,464) |
| - | - | (92) | - | (20,322) |
| - | - | - | - | 53,462 |
| - | - | - | 3 | 3 |
| - | - | (17,556) | 3 | 15,679 |
| 103,007 | - | - | 38,481 | 576,641 |
| (86,746) | - | - | (40,636) | (454,737) |
| 20 | - | - | 51 | 4,659 |
| 16,281 | - | - | (2,104) | 126,563 |
| 339 | - | (72) | 4,099 | 9,671 |
| 22,807 | - | 98 | 401 | 24,498 |
| $ 23,146 | $ - | $ 26 | $ 4,500 | $ 34,169 |
| $ 3,850 | $ - | $ 55 | $ (8,927) | $ (68,164) |
| - | - | - | - | 14,968 |
| (2) | - | - | (50) | (4,411) |
| - | - | - | - | 1,749 |
| - | - | - | - | - |
| - | - | - | (668) | (668) |
| - | - | - | 264 | 264 |
| - | - | (55) | - | 1,507 |
| - | - | - | - | - |
| - | - | - | - | (81,184) |
| - | - | 17,433 | - | 75,744 |
| - | - | 51 | - | (4,226) |
| (409) | - | - | 99 | (413) |
| 760 | - | - | 9,282 | 1,946 |
| - | - | - | (127) | 54,268 |
| - | - | - | (229) | (229) |
| (16,141) | - | - | 5,038 | (11,527) |
| - | - | - | (18,846) | (46,563) |
| $ (11,942) | $ - | $ 17,484 | $ (14,164) | $ (66,939) |
| $ - | $ - | $ - | $ - | $ - |

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**CALIFORNIA HOUSING FINANCE AGENCY**

**OUTSTANDING INDEBTEDNESS**

**The following table decribes the bonds of the Agency issued and outstanding as of 11/1/2014**

**Home Mortgage Revenue Bond** **Single Family**

| Bond Series | Tax Status | Dated Date * | Delivery Date | Bonds Issued *** | Bonds Outstanding ** | $ Amount of Fixed-Rate Bonds Outstanding | $ Amount of Variable Rate Bonds Outstanding |
|---|---|---|---|---|---|---|---|
| HMRB 2000N | AMT | 5/25/2000 | 5/25/2000 | $50,000,000.00 | $11,715,000.00 | $0.00 | $11,715,000.00 |
| HMRB 2000V | Taxable | 10/5/2000 | 10/5/2000 | $102,000,000.00 | $23,595,000.00 | $0.00 | $23,595,000.00 |
| HMRB 2000Z | Taxable | 12/13/2000 | 12/13/2000 | $102,000,000.00 | $29,715,000.00 | $0.00 | $29,715,000.00 |
| HMRB 2001D | Taxable | 1/25/2001 | 1/25/2001 | $112,000,000.00 | $35,505,000.00 | $0.00 | $35,505,000.00 |
| HMRB 2001G | Taxable | 4/5/2001 | 4/5/2001 | $105,000,000.00 | $28,290,000.00 | $0.00 | $28,290,000.00 |
| HMRB 2001K | Taxable | 5/31/2001 | 5/31/2001 | $144,000,000.00 | $37,610,000.00 | $0.00 | $37,610,000.00 |
| HMRB 2001O | Taxable | 7/26/2001 | 7/26/2001 | $126,000,000.00 | $35,420,000.00 | $0.00 | $35,420,000.00 |
| HMRB 2001S | Taxable | 10/10/2001 | 10/10/2001 | $80,745,000.00 | $25,070,000.00 | $0.00 | $25,070,000.00 |
| HMRB 2001U | AMT | 12/6/2001 | 12/6/2001 | $63,060,000.00 | $15,070,000.00 | $0.00 | $15,070,000.00 |
| HMRB 2001V | Taxable | 12/6/2001 | 12/6/2001 | $66,000,000.00 | $13,600,000.00 | $0.00 | $13,600,000.00 |
| HMRB 2002H | Taxable | 6/6/2002 | 6/6/2002 | $70,000,000.00 | $14,150,000.00 | $0.00 | $14,150,000.00 |
| HMRB 2002J | AMT | 8/8/2002 | 8/8/2002 | $103,570,000.00 | $32,315,000.00 | $0.00 | $32,315,000.00 |
| HMRB 2002L | Taxable | 8/8/2002 | 8/8/2002 | $59,500,000.00 | $17,750,000.00 | $0.00 | $17,750,000.00 |
| HMRB 2002M | AMT | 10/17/2002 | 10/17/2002 | $95,680,000.00 | $15,420,000.00 | $0.00 | $15,420,000.00 |
| HMRB 2003H | AMT | 8/7/2003 | 8/7/2003 | $150,000,000.00 | $12,780,000.00 | $0.00 | $12,780,000.00 |
| HMRB 2003I | Taxable | 8/7/2003 | 8/7/2003 | $50,000,000.00 | $27,415,000.00 | $0.00 | $27,415,000.00 |
| HMRB 2003M | AMT | 11/20/2003 | 11/20/2003 | $150,000,000.00 | $45,490,000.00 | $0.00 | $45,490,000.00 |
| HMRB 2003N | Taxable | 11/20/2003 | 11/20/2003 | $50,000,000.00 | $20,660,000.00 | $0.00 | $20,660,000.00 |
| HMRB 2004E | AMT | 5/20/2004 | 5/20/2004 | $129,105,000.00 | $46,700,000.00 | $0.00 | $46,700,000.00 |
| HMRB 2004F | Taxable | 5/20/2004 | 5/20/2004 | $50,000,000.00 | $33,675,000.00 | $0.00 | $33,675,000.00 |
| HMRB 2005A | AMT | 1/20/2005 | 1/20/2005 | $200,000,000.00 | $66,055,000.00 | $0.00 | $66,055,000.00 |
| HMRB 2005B | AMT | 3/30/2005 | 3/30/2005 | $200,000,000.00 | $65,510,000.00 | $0.00 | $65,510,000.00 |
| HMRB 2005D | AMT | 5/19/2005 | 5/19/2005 | $176,000,000.00 | $20,230,000.00 | $0.00 | $20,230,000.00 |
| HMRB 2005F | AMT | 7/28/2005 | 7/28/2005 | $180,000,000.00 | $80,585,000.00 | $0.00 | $80,585,000.00 |
| HMRB 2006C | AMT | 4/19/2006 | 4/19/2006 | $175,000,000.00 | $74,780,000.00 | $0.00 | $74,780,000.00 |
| HMRB 2006D | Non-Amt | 7/27/2006 | 7/27/2006 | $20,000,000.00 | $15,735,000.00 | $15,735,000.00 | $0.00 |
| HMRB 2006E | AMT | 7/27/2006 | 7/27/2006 | $100,000,000.00 | $34,600,000.00 | $34,600,000.00 | $0.00 |
| HMRB 2006F | AMT | 7/27/2006 | 7/27/2006 | $120,000,000.00 | $32,875,000.00 | $0.00 | $32,875,000.00 |
| HMRB 2006G | Non-Amt | 9/28/2006 | 9/28/2006 | $29,490,000.00 | $5,185,000.00 | $5,185,000.00 | $0.00 |
| HMRB 2006H | AMT | 9/28/2006 | 9/28/2006 | $75,200,000.00 | $7,875,000.00 | $7,875,000.00 | $0.00 |
| HMRB 2006I | AMT | 9/28/2006 | 9/28/2006 | $165,310,000.00 | $53,105,000.00 | $53,105,000.00 | $0.00 |
| HMRB 2006J | AMT | 10/19/2006 | 10/19/2006 | $32,790,000.00 | $3,955,000.00 | $3,955,000.00 | $0.00 |
| HMRB 2006K | AMT | 10/19/2006 | 10/19/2006 | $267,210,000.00 | $103,035,000.00 | $103,035,000.00 | $0.00 |
| HMRB 2006L | AMT | 1/25/2007 | 1/25/2007 | $50,185,000.00 | $5,590,000.00 | $5,590,000.00 | $0.00 |
| HMRB 2006M | AMT | 1/25/2007 | 1/25/2007 | $219,815,000.00 | $82,615,000.00 | $82,615,000.00 | $0.00 |
| HMRB 2007A | Taxable | 4/26/2007 | 4/26/2007 | $90,000,000.00 | $81,990,000.00 | $81,990,000.00 | $0.00 |
| HMRB 2007B | Taxable | 5/30/2007 | 5/30/2007 | $40,000,000.00 | $40,000,000.00 | $0.00 | $40,000,000.00 |
| HMRB 2007C | Taxable | 6/28/2007 | 6/28/2007 | $20,000,000.00 | $20,000,000.00 | $0.00 | $20,000,000.00 |
| HMRB 2007D | AMT | 5/16/2007 | 5/16/2007 | $76,010,000.00 | $22,980,000.00 | $22,980,000.00 | $0.00 |
| HMRB 2007E | AMT | 5/16/2007 | 5/16/2007 | $193,990,000.00 | $86,665,000.00 | $86,665,000.00 | $0.00 |
| HMRB 2007F | AMT | 8/8/2007 | 8/8/2007 | $48,260,000.00 | $16,540,000.00 | $16,540,000.00 | $0.00 |
| HMRB 2007G | AMT | 8/8/2007 | 8/8/2007 | $201,740,000.00 | $85,645,000.00 | $85,645,000.00 | $0.00 |
| HMRB 2007H | AMT | 8/8/2007 | 8/8/2007 | $100,000,000.00 | $38,610,000.00 | $0.00 | $38,610,000.00 |
| HMRB 2007I | AMT | 11/7/2007 | 11/7/2007 | $17,280,000.00 | $6,415,000.00 | $6,415,000.00 | $0.00 |
| HMRB 2007J | AMT | 11/7/2007 | 11/7/2007 | $92,720,000.00 | $7,065,000.00 | $7,065,000.00 | $0.00 |
| HMRB 2007K | AMT | 11/7/2007 | 11/7/2007 | $50,000,000.00 | $27,730,000.00 | $0.00 | $27,730,000.00 |
| HMRB 2007M | Taxable | 10/30/2007 | 10/30/2007 | $90,000,000.00 | $73,010,000.00 | $73,010,000.00 | $0.00 |
| HMRB 2007N | Taxable | 11/29/2007 | 11/29/2007 | $60,000,000.00 | $60,000,000.00 | $0.00 | $60,000,000.00 |
| HMRB 2008A | AMT | 1/30/2008 | 1/30/2008 | $43,475,000.00 | $21,690,000.00 | $21,690,000.00 | $0.00 |

**CALIFORNIA HOUSING FINANCE AGENCY**

**OUTSTANDING INDEBTEDNESS**

**The following table decribes the bonds of the Agency issued and outstanding as of 11/1/2014**

| **Home Mortgage Revenue Bond** | | | **Single Family** | | | | |
|---|---|---|---|---|---|---|---|
| **Bond Series** | **Tax Status** | **Dated Date *** | **Delivery Date** | **Bonds Issued ***** | **Bonds Outstanding **** | **$ Amount of Fixed-Rate Bonds Outstanding** | **$ Amount of Variable Rate Bonds Outstanding** |
| HMRB 2008B | AMT | 1/30/2008 | 1/30/2008 | $35,960,000.00 | $11,710,000.00 | $11,710,000.00 | $0.00 |
| HMRB 2008C | AMT | 1/30/2008 | 1/30/2008 | $70,565,000.00 | $7,145,000.00 | $0.00 | $7,145,000.00 |
| HMRB 2008D | AMT | 4/9/2008 | 4/9/2008 | $100,000,000.00 | $27,695,000.00 | $0.00 | $27,695,000.00 |
| HMRB 2008F | AMT | 4/9/2008 | 4/9/2008 | $25,000,000.00 | $12,415,000.00 | $0.00 | $12,415,000.00 |
| HMRB 2008G | Taxable | 5/14/2008 | 5/14/2008 | $50,000,000.00 | $50,000,000.00 | $50,000,000.00 | $0.00 |
| HMRB 2008H | Taxable | 5/14/2008 | 5/14/2008 | $100,000,000.00 | $55,485,000.00 | $55,485,000.00 | $0.00 |
| HMRB 2008J | AMT | 5/15/2008 | 5/15/2008 | $79,525,000.00 | $8,070,000.00 | $8,070,000.00 | $0.00 |
| HMRB 2008K | AMT | 5/15/2008 | 5/15/2008 | $220,475,000.00 | $81,720,000.00 | $81,720,000.00 | $0.00 |
| HMRB 2008L | Non-Amt | 8/28/2008 | 8/28/2008 | $189,790,000.00 | $87,330,000.00 | $87,330,000.00 | $0.00 |
| | | | **HMRB TOTALS** | | **$2,103,585,000.00** | **$1,008,010,000.00** | **$1,095,575,000.00** |

| **Residential Mortgage Revenue Bonds (Separately-Sec** | | | **Single Family** | | | | |
|---|---|---|---|---|---|---|---|
| **Bond Series** | **Tax Status** | **Dated Date *** | **Delivery Date** | **Bonds Issued ***** | **Bonds Outstanding **** | **$ Amount of Fixed-Rate Bonds Outstanding** | **$ Amount of Variable Rate Bonds Outstanding** |
| RMRB 2009A-5 | AMT | 6/7/2012 | 6/7/2012 | $466,115,000.00 | $285,995,000.00 | $285,995,000.00 | $0.00 |
| | | | **RMRB (Separately-Secured) TOTALS** | | **$285,995,000.00** | **$285,995,000.00** | **$0.00** |

| **Residential Mortgage Revenue Bonds** | | | **Single Family** | | | | |
|---|---|---|---|---|---|---|---|
| **Bond Series** | **Tax Status** | **Dated Date *** | **Delivery Date** | **Bonds Issued ***** | **Bonds Outstanding **** | **$ Amount of Fixed-Rate Bonds Outstanding** | **$ Amount of Variable Rate Bonds Outstanding** |
| RMRB 2010A | Non-Amt | 12/15/2010 | 12/15/2010 | $24,000,000.00 | $15,845,000.00 | $15,845,000.00 | $0.00 |
| RMRB 2011A | Non-Amt | 5/19/2011 | 5/19/2011 | $72,000,000.00 | $42,050,000.00 | $42,050,000.00 | $0.00 |
| RMRB 2013A | Taxable | 4/30/2013 | 4/30/2013 | $100,210,000.00 | $70,396,436.00 | $70,396,436.00 | $0.00 |
| RMRB 2013B | Taxable | 4/30/2013 | 4/30/2013 | $33,550,000.00 | $27,444,515.00 | $27,444,515.00 | $0.00 |
| | | | **RMRB TOTALS** | | **$155,735,951.00** | **$155,735,951.00** | **$0.00** |

| **Affordable Multifamily Housing Revenue Bonds** | | | **Multifamily** | | | | |
|---|---|---|---|---|---|---|---|
| **Bond Series** | **Tax Status** | **Dated Date *** | **Delivery Date** | **Bonds Issued ***** | **Bonds Outstanding **** | **$ Amount of Fixed-Rate Bonds Outstanding** | **$ Amount of Variable Rate Bonds Outstanding** |
| AHMRB 2009 A-16 | Non-Amt | 4/28/2011 | 4/28/2011 | $4,250,000.00 | $4,250,000.00 | $4,250,000.00 | $0.00 |
| AHMRB 2009 A-17-1 | Non-Amt | 4/28/2011 | 4/28/2011 | $12,870,000.00 | $12,870,000.00 | $12,870,000.00 | $0.00 |
| AHMRB 2009 A-18 | Non-Amt | 4/28/2011 | 4/28/2011 | $9,460,000.00 | $9,460,000.00 | $9,460,000.00 | $0.00 |
| AMHRB 2009A-1 | Non-Amt | 8/5/2010 | 8/5/2010 | $12,500,000.00 | $12,500,000.00 | $12,500,000.00 | $0.00 |
| AMHRB 2009A-10 | Non-Amt | 12/17/2010 | 12/17/2010 | $48,660,000.00 | $48,660,000.00 | $48,660,000.00 | $0.00 |
| AMHRB 2009A-11 | Non-Amt | 12/17/2010 | 12/17/2010 | $10,000,000.00 | $9,390,000.00 | $9,390,000.00 | $0.00 |
| AMHRB 2009A-12 | Non-Amt | 12/17/2010 | 12/17/2010 | $6,650,000.00 | $6,290,000.00 | $6,290,000.00 | $0.00 |
| AMHRB 2009A-13 | Non-Amt | 12/17/2010 | 12/17/2010 | $5,910,000.00 | $5,590,000.00 | $5,590,000.00 | $0.00 |
| AMHRB 2009A-14 | Non-Amt | 12/17/2010 | 12/17/2010 | $10,370,000.00 | $10,170,000.00 | $10,170,000.00 | $0.00 |
| AMHRB 2009A-19 | Non-Amt | 12/20/2011 | 12/20/2011 | $77,830,000.00 | $77,830,000.00 | $77,830,000.00 | $0.00 |
| AMHRB 2009A-2 | Non-Amt | 10/29/2010 | 10/29/2010 | $4,830,000.00 | $4,750,000.00 | $4,750,000.00 | $0.00 |
| AMHRB 2009A-20 | Non-Amt | 12/20/2011 | 12/20/2011 | $16,500,000.00 | $16,500,000.00 | $16,500,000.00 | $0.00 |
| AMHRB 2009A-3 | Non-Amt | 10/29/2010 | 10/29/2010 | $5,740,000.00 | $5,600,000.00 | $5,600,000.00 | $0.00 |
| AMHRB 2009A-4 | Non-Amt | 10/29/2010 | 10/29/2010 | $5,090,000.00 | $4,970,000.00 | $4,970,000.00 | $0.00 |
| AMHRB 2009A-5 | Non-Amt | 10/29/2010 | 10/29/2010 | $4,650,000.00 | $4,540,000.00 | $4,540,000.00 | $0.00 |

**CALIFORNIA HOUSING FINANCE AGENCY**

**OUTSTANDING INDEBTEDNESS**

**The following table decribes the bonds of the Agency issued and outstanding as of 11/1/2014**

| **Affordable Multifamily Housing Revenue Bonds** | | | **Multifamily** | | | | |
|---|---|---|---|---|---|---|---|
| **Bond Series** | **Tax Status** | **Dated Date *** | **Delivery Date** | **Bonds Issued ***** | **Bonds Outstanding **** | **$ Amount of Fixed-Rate Bonds Outstanding** | **$ Amount of Variable Rate Bonds Outstanding** |
| AMHRB 2009A-6 | Non-Amt | 12/17/2010 | 12/17/2010 | $5,100,000.00 | $5,100,000.00 | $5,100,000.00 | $0.00 |
| AMHRB 2009A-7 | AMT | 12/17/2010 | 12/17/2010 | $14,570,000.00 | $13,280,000.00 | $13,280,000.00 | $0.00 |
| AMHRB 2009A-8 | Non-Amt | 12/17/2010 | 12/17/2010 | $13,060,000.00 | $12,660,000.00 | $12,660,000.00 | $0.00 |
| AMHRB 2009A-9 | Non-Amt | 12/17/2010 | 12/17/2010 | $10,850,000.00 | $10,720,000.00 | $10,720,000.00 | $0.00 |
| AMHRRB 2009A-21 | AMT | 12/20/2011 | 12/20/2011 | $55,990,000.00 | $53,430,000.00 | $53,430,000.00 | $0.00 |
| AMHRRB 2009A-22 | AMT | 12/20/2011 | 12/20/2011 | $36,680,000.00 | $34,810,000.00 | $34,810,000.00 | $0.00 |
| | | | **AMHRB TOTALS** | | **$363,370,000.00** | **$363,370,000.00** | **$0.00** |

| **Multifamily Loan Portfolio Sale - Citibank** | | | **Multifamily** | | | | |
|---|---|---|---|---|---|---|---|
| **Bond Series** | **Tax Status** | **Dated Date *** | **Delivery Date** | **Bonds Issued ***** | **Bonds Outstanding **** | **$ Amount of Fixed-Rate Bonds Outstanding** | **$ Amount of Variable Rate Bonds Outstanding** |
| CLS Belvedre Place | Non-Amt | 3/1/2010 | 3/30/2010 | $1,325,532.23 | $1,182,380.44 | $1,182,380.44 | $0.00 |
| CLS Casa De Vida | Non-Amt | 3/1/2010 | 3/30/2010 | $558,362.82 | $397,792.05 | $397,792.05 | $0.00 |
| CLS Conant Place Seniors | AMT | 4/30/2010 | 4/30/2010 | $748,161.65 | $595,427.93 | $595,427.93 | $0.00 |
| CLS Corralitos Creek | Non-Amt | 3/1/2010 | 3/30/2010 | $2,311,141.25 | $2,077,319.65 | $2,077,319.65 | $0.00 |
| CLS Delaware Street | AMT | 4/30/2010 | 4/30/2010 | $1,033,893.23 | $1,033,893.23 | $1,033,893.23 | $0.00 |
| CLS Delaware Street T | Taxable | 3/1/2010 | 3/30/2010 | $1,243,041.72 | $72,991.70 | $72,991.70 | $0.00 |
| CLS Doretha Mitchell | Taxable | 3/1/2010 | 3/30/2010 | $1,164,307.04 | $1,108,604.95 | $1,108,604.95 | $0.00 |
| CLS Edgewater Isle | Taxable | 3/1/2010 | 3/30/2010 | $7,689,054.08 | $3,232,775.59 | $3,232,775.59 | $0.00 |
| CLS Flower Park Plaza | Non-Amt | 3/1/2010 | 3/30/2010 | $9,148,341.96 | $7,739,235.36 | $7,739,235.36 | $0.00 |
| CLS Gateway Apts | Non-Amt | 3/1/2010 | 3/30/2010 | $7,223,646.10 | $6,520,738.44 | $6,520,738.44 | $0.00 |
| CLS Hillside Terrace | Non-Amt | 4/30/2010 | 4/30/2010 | $847,282.72 | $803,373.65 | $803,373.65 | $0.00 |
| CLS Lassen | AMT | 4/30/2010 | 4/30/2010 | $3,802,386.70 | $3,385,342.05 | $3,385,342.05 | $0.00 |
| CLS Lassen T | Taxable | 3/1/2010 | 3/30/2010 | $4,180,557.98 | $305,832.07 | $305,832.07 | $0.00 |
| CLS Madera Villa | AMT | 3/1/2010 | 3/30/2010 | $4,252,755.88 | $4,112,486.36 | $4,112,486.36 | $0.00 |
| CLS Napa Creek Manor | Non-Amt | 4/30/2010 | 4/30/2010 | $4,078,721.67 | $3,737,307.49 | $3,737,307.49 | $0.00 |
| CLS Padre Apartments | Non-Amt | 3/1/2010 | 3/30/2010 | $2,451,298.26 | $1,746,932.65 | $1,746,932.65 | $0.00 |
| CLS Pickleweed Apts | Non-Amt | 4/30/2010 | 4/30/2010 | $1,549,890.23 | $1,350,634.75 | $1,350,634.75 | $0.00 |
| CLS Plaza Del Sol | AMT | 4/30/2010 | 4/30/2010 | $7,528,149.12 | $7,496,880.20 | $7,496,880.20 | $0.00 |
| CLS Plaza Del Sol T | Taxable | 3/1/2010 | 3/30/2010 | $8,012,371.48 | $119,592.72 | $119,592.72 | $0.00 |
| CLS Redwood Court | Non-Amt | 4/30/2010 | 4/30/2010 | $1,252,158.77 | $1,130,850.47 | $1,130,850.47 | $0.00 |
| CLS Redwood Court T | Taxable | 3/1/2010 | 3/30/2010 | $1,938,554.85 | $619,898.45 | $619,898.45 | $0.00 |
| CLS Redwood Oaks | AMT | 4/30/2010 | 4/30/2010 | $1,584,983.50 | $1,394,742.85 | $1,394,742.85 | $0.00 |
| CLS South Delaware | Non-Amt | 3/1/2010 | 3/30/2010 | $751,621.56 | $683,550.82 | $683,550.82 | $0.00 |
| CLS Thomas Pain | AMT | 4/30/2010 | 4/30/2010 | $5,136,929.71 | $4,612,105.76 | $4,612,105.76 | $0.00 |
| CLS Thomas Pain T | Taxable | 3/1/2010 | 3/30/2010 | $6,087,079.32 | $762,402.30 | $762,402.30 | $0.00 |
| CLS Via Del Mar | Non-Amt | 4/30/2010 | 4/30/2010 | $786,598.63 | $686,316.64 | $686,316.64 | $0.00 |
| CLS Villa Cesar Chavez | AMT | 4/30/2010 | 4/30/2010 | $2,811,384.75 | $2,307,745.81 | $2,307,745.81 | $0.00 |

**CALIFORNIA HOUSING FINANCE AGENCY**

**OUTSTANDING INDEBTEDNESS**

**The following table decribes the bonds of the Agency issued and outstanding as of 11/1/2014**

| **Multifamily Loan Portfolio Sale - Citibank** | | | **Multifamily** | | | | |
|---|---|---|---|---|---|---|---|
| **Bond Series** | **Tax Status** | **Dated Date *** | **Delivery Date** | **Bonds Issued ***** | **Bonds Outstanding **** | **$ Amount of Fixed-Rate Bonds Outstanding** | **$ Amount of Variable Rate Bonds Outstanding** |
| CLS Villa Madera | Non-Amt | 4/30/2010 | 4/30/2010 | $4,082,347.88 | $3,454,777.00 | $3,454,777.00 | $0.00 |
| | | | **MLPS Citi TOTALS** | | **$62,671,931.38** | **$62,671,931.00** | **$0.00** |
| **Multifamily Housing Revenue Bonds 2011A (One Santa Fe)** | | | **Multifamily** | | | | |
| **Bond Series** | **Tax Status** | **Dated Date *** | **Delivery Date** | **Bonds Issued ***** | **Bonds Outstanding **** | **$ Amount of Fixed-Rate Bonds Outstanding** | **$ Amount of Variable Rate Bonds Outstanding** |
| LOMFHRB 2011A | Non-Amt | 12/20/2011 | 12/20/2011 | $8,370,000.00 | $8,370,000.00 | $8,370,000.00 | $0.00 |
| | | | **LOMFHRB 2011A TOTALS** | | **$8,370,000.00** | **$8,370,000.00** | **$0.00** |
| **Limited Obligation Multifamily Housing Revenue Bon** | | | **Multifamily** | | | | |
| **Bond Series** | **Tax Status** | **Dated Date *** | **Delivery Date** | **Bonds Issued ***** | **Bonds Outstanding **** | **$ Amount of Fixed-Rate Bonds Outstanding** | **$ Amount of Variable Rate Bonds Outstanding** |
| LOMHRB 2013A | Non-Amt | 3/8/2013 | 3/8/2013 | $4,550,000.00 | $4,550,000.00 | $0.00 | $4,550,000.00 |
| | | | **LOMHRB 2013A TOTALS** | | **$4,550,000.00** | **$0.00** | **$4,550,000.00** |
| | | | **Multifamily** | | | | |
| **Bond Series** | **Tax Status** | **Dated Date *** | **Delivery Date** | **Bonds Issued ***** | **Bonds Outstanding **** | **$ Amount of Fixed-Rate Bonds Outstanding** | **$ Amount of Variable Rate Bonds Outstanding** |
| LOMHRB 2013C | Non-Amt | 12/24/2013 | 12/24/2013 | $6,500,000.00 | $6,500,000.00 | $6,500,000.00 | $0.00 |
| | | | **LOMHRB 2013C TOTALS** | | **$6,500,000.00** | **$6,500,000.00** | **$0.00** |
| **LOMHRB 2014C** | | | **Multifamily** | | | | |
| **Bond Series** | **Tax Status** | **Dated Date *** | **Delivery Date** | **Bonds Issued ***** | **Bonds Outstanding **** | **$ Amount of Fixed-Rate Bonds Outstanding** | **$ Amount of Variable Rate Bonds Outstanding** |
| LOMHRB 2014C | Non-Amt | 8/27/2014 | 8/27/2014 | $12,500,000.00 | $12,500,000.00 | $0.00 | $12,500,000.00 |
| | | | **LOMHRB 2014C TOTALS** | | **$12,500,000.00** | **$0.00** | **$12,500,000.00** |
| **LOMHRB 2014D (The Alexander Apt)** | | | **Multifamily** | | | | |
| **Bond Series** | **Tax Status** | **Dated Date *** | **Delivery Date** | **Bonds Issued ***** | **Bonds Outstanding **** | **$ Amount of Fixed-Rate Bonds Outstanding** | **$ Amount of Variable Rate Bonds Outstanding** |
| LOMHRB 2014D | Non-Amt | 9/23/2014 | 9/23/2014 | $55,000.00 | $55,000.00 | $0.00 | $55,000.00 |
| | | | **LOMHRB 2014D TOTALS** | | **$55,000.00** | **$0.00** | **$55,000.00** |
| **Limited Obligation Multifamily Housing Revenue Not** | | | **Multifamily** | | | | |
| **Bond Series** | **Tax Status** | **Dated Date *** | **Delivery Date** | **Bonds Issued ***** | **Bonds Outstanding **** | **$ Amount of Fixed-Rate Bonds Outstanding** | **$ Amount of Variable Rate Bonds Outstanding** |
| LOMHRN 2014A-1 | Non-Amt | 5/22/2014 | 5/22/2014 | $7,841,910.19 | $7,841,910.19 | $0.00 | $7,841,910.19 |
| LOMHRN 2014A-2 | Non-Amt | 5/22/2014 | 5/22/2014 | $675,000.00 | $675,000.00 | $0.00 | $675,000.00 |
| | | | **LOMHRN 2014A TOTALS** | | **$8,516,910.19** | **$0.00** | **$8,516,910.00** |

**CALIFORNIA HOUSING FINANCE AGENCY**

**OUTSTANDING INDEBTEDNESS**

**The following table decribes the bonds of the Agency issued and outstanding as of 11/1/2014**

| **Limited Obligation Multifamily Housing Revenue Not** | | | **Multifamily** | | | | |
|---|---|---|---|---|---|---|---|
| **Bond Series** | **Tax Status** | **Dated Date *** | **Delivery Date** | **Bonds Issued ***** | **Bonds Outstanding **** | **$ Amount of Fixed-Rate Bonds Outstanding** | **$ Amount of Variable Rate Bonds Outstanding** |
| LOMHRN 2014B-1 | AMT | 5/22/2014 | 5/22/2014 | $11,400,000.00 | $11,400,000.00 | $0.00 | $11,400,000.00 |
| LOMHRN 2014B-2 | AMT | 5/22/2014 | 5/22/2014 | $2,100,000.00 | $2,100,000.00 | $0.00 | $2,100,000.00 |
| | | | **LOMHRN 2014B TOTALS** | | **$13,500,000.00** | **$0.00** | **$13,500,000.00** |

| **Multifamily Housing Revenue Bond 2009C (Fairmount** | | | **Multifamily** | | | | |
|---|---|---|---|---|---|---|---|
| **Bond Series** | **Tax Status** | **Dated Date *** | **Delivery Date** | **Bonds Issued ***** | **Bonds Outstanding **** | **$ Amount of Fixed-Rate Bonds Outstanding** | **$ Amount of Variable Rate Bonds Outstanding** |
| MHRB 2009C | Non-Amt | 12/1/2009 | 12/1/2009 | $5,650,000.00 | $399,302.93 | $399,302.93 | $0.00 |
| | | | **MHRB 2009C TOTALS** | | **$399,302.93** | **$399,303.00** | **$0.00** |

| **Multifamily Housing Revenue Bonds III** | | | **Multifamily** | | | | |
|---|---|---|---|---|---|---|---|
| **Bond Series** | **Tax Status** | **Dated Date *** | **Delivery Date** | **Bonds Issued ***** | **Bonds Outstanding **** | **$ Amount of Fixed-Rate Bonds Outstanding** | **$ Amount of Variable Rate Bonds Outstanding** |
| MHRBIII 1997A | AMT | 3/1/1997 | 3/26/1997 | $70,660,000.00 | $52,235,000.00 | $52,235,000.00 | $0.00 |
| MHRBIII 1998A | AMT | 4/1/1998 | 4/23/1998 | $42,435,000.00 | $23,000,000.00 | $23,000,000.00 | $0.00 |
| MHRBIII 1998B | AMT | 4/1/1998 | 5/7/1998 | $98,750,000.00 | $56,705,000.00 | $56,705,000.00 | $0.00 |
| MHRBIII 1998C | Non-Amt | 4/1/1998 | 5/7/1998 | $17,615,000.00 | $3,305,000.00 | $3,305,000.00 | $0.00 |
| MHRBIII 1999A | AMT | 5/1/1999 | 5/20/1999 | $44,535,000.00 | $16,645,000.00 | $16,645,000.00 | $0.00 |
| MHRBIII 2001D | Non-Amt | 6/28/2001 | 6/28/2001 | $6,070,000.00 | $490,000.00 | $0.00 | $490,000.00 |
| MHRBIII 2001E | AMT | 6/28/2001 | 6/28/2001 | $78,735,000.00 | $29,775,000.00 | $0.00 | $29,775,000.00 |
| MHRBIII 2001F | Non-Amt | 11/15/2001 | 11/15/2001 | $19,040,000.00 | $10,375,000.00 | $0.00 | $10,375,000.00 |
| MHRBIII 2001G | AMT | 11/15/2001 | 11/15/2001 | $73,975,000.00 | $20,065,000.00 | $0.00 | $20,065,000.00 |
| MHRBIII 2002D | Non-Amt | 12/18/2002 | 12/18/2002 | $12,760,000.00 | $3,725,000.00 | $0.00 | $3,725,000.00 |
| MHRBIII 2002E | AMT | 12/18/2002 | 12/18/2002 | $71,305,000.00 | $14,590,000.00 | $0.00 | $14,590,000.00 |
| MHRBIII 2003C | AMT | 12/10/2003 | 12/10/2003 | $97,295,000.00 | $25,360,000.00 | $0.00 | $25,360,000.00 |
| MHRBIII 2004B | AMT | 6/24/2004 | 6/24/2004 | $99,510,000.00 | $24,715,000.00 | $0.00 | $24,715,000.00 |
| MHRBIII 2004C | Non-Amt | 11/17/2004 | 11/17/2004 | $13,940,000.00 | $6,410,000.00 | $0.00 | $6,410,000.00 |
| MHRBIII 2004D | AMT | 11/17/2004 | 11/17/2004 | $138,475,000.00 | $40,790,000.00 | $0.00 | $40,790,000.00 |
| MHRBIII 2005C | Non-Amt | 11/3/2005 | 11/3/2005 | $9,025,000.00 | $7,640,000.00 | $7,640,000.00 | $0.00 |
| MHRBIII 2005D | AMT | 11/3/2005 | 11/3/2005 | $91,225,000.00 | $15,585,000.00 | $0.00 | $15,585,000.00 |
| MHRBIII 2005E | AMT | 11/3/2005 | 11/3/2005 | $22,935,000.00 | $17,985,000.00 | $17,985,000.00 | $0.00 |
| MHRBIII 2007C | AMT | 10/18/2007 | 10/18/2007 | $27,970,000.00 | $9,400,000.00 | $0.00 | $9,400,000.00 |
| MHRBIII 2008A | Non-Amt | 4/24/2008 | 4/24/2008 | $11,370,000.00 | $7,340,000.00 | $0.00 | $7,340,000.00 |
| MHRBIII 2008B | AMT | 4/24/2008 | 4/24/2008 | $104,890,000.00 | $25,365,000.00 | $0.00 | $25,365,000.00 |
| MHRBIII 2008C | AMT | 4/24/2008 | 4/24/2008 | $33,390,000.00 | $18,370,000.00 | $0.00 | $18,370,000.00 |
| MHRBIII 2014A | Non-Amt | 4/17/2014 | 4/17/2014 | $38,915,000.00 | $38,915,000.00 | $38,915,000.00 | $0.00 |
| | | | **MHRBIII TOTALS** | | **$468,785,000.00** | **$216,430,000.00** | **$252,355,000.00** |

| **Multifamily Loan Purchase Bonds** | | | **Multifamily** | | | | |
|---|---|---|---|---|---|---|---|
| **Bond Series** | **Tax Status** | **Dated Date *** | **Delivery Date** | **Bonds Issued ***** | **Bonds Outstanding **** | **$ Amount of Fixed-Rate Bonds Outstanding** | **$ Amount of Variable Rate Bonds Outstanding** |
| MLPB 2000A | Taxable | 7/26/2000 | 7/26/2000 | $269,023,710.88 | $2,491,886.84 | $0.00 | $2,491,886.84 |
| | | | **MLPB TOTALS** | | **$2,491,886.84** | **$0.00** | **$2,491,887.00** |

**CALIFORNIA HOUSING FINANCE AGENCY**

**OUTSTANDING INDEBTEDNESS**

**The following table decribes the bonds of the Agency issued and outstanding as of 11/1/2014**

| **Residential Mortgage Revenue Bonds (Multifamily Pr** | | | **Multifamily** | | | | |
|---|---|---|---|---|---|---|---|
| **Bond Series** | **Tax Status** | **Dated Date *** | **Delivery Date** | **Bonds Issued ***** | **Bonds Outstanding **** | **$ Amount of Fixed-Rate Bonds Outstanding** | **$ Amount of Variable Rate Bonds Outstanding** |
| RMRB(MFP) 2009A -6 | Non-Amt | 12/12/2012 | 12/12/2012 | $69,950,000.00 | $57,470,000.00 | $57,470,000.00 | $0.00 |
| | | | **RMRB(MFP) TOTALS** | | **$57,470,000.00** | **$57,470,000.00** | **$0.00** |

| **Subordinate Limited Obligation Multifamily Housing** | | | **Multifamily** | | | | |
|---|---|---|---|---|---|---|---|
| **Bond Series** | **Tax Status** | **Dated Date *** | **Delivery Date** | **Bonds Issued ***** | **Bonds Outstanding **** | **$ Amount of Fixed-Rate Bonds Outstanding** | **$ Amount of Variable Rate Bonds Outstanding** |
| SLOMHRB 2010B | Taxable | 12/17/2010 | 12/17/2010 | $2,350,000.00 | $2,350,000.00 | $2,350,000.00 | $0.00 |
| | | | **SLOMHRB 2010B TOTALS** | | **$2,350,000.00** | **$2,350,000.00** | **$0.00** |

| **Variable Rate Demand Limited Obligation Multifamily Housing Revenue Bonds (Mission Gardens Apartments Project) 2009 Issue A** | | | **Multifamily** | | | | |
|---|---|---|---|---|---|---|---|
| **Bond Series** | **Tax Status** | **Dated Date *** | **Delivery Date** | **Bonds Issued ***** | **Bonds Outstanding **** | **$ Amount of Fixed-Rate Bonds Outstanding** | **$ Amount of Variable Rate Bonds Outstanding** |
| VRDLOMHRB 2009A | Non-Amt | 4/17/2009 | 4/17/2009 | $4,620,000.00 | $4,620,000.00 | $0.00 | $4,620,000.00 |
| | | | **VRDLOMHRB 2009A TOTALS** | | **$4,620,000.00** | **$0.00** | **$4,620,000.00** |

| **Variable Rate Demand Limited Obligation Multifamily Housing Revenue Bonds (Montecito Village Apartments Project) 2009 Issue B** | | | **Multifamily** | | | | |
|---|---|---|---|---|---|---|---|
| **Bond Series** | **Tax Status** | **Dated Date *** | **Delivery Date** | **Bonds Issued ***** | **Bonds Outstanding **** | **$ Amount of Fixed-Rate Bonds Outstanding** | **$ Amount of Variable Rate Bonds Outstanding** |
| VRDLOMHRB 2009B | Non-Amt | 4/17/2009 | 4/17/2009 | $6,325,000.00 | $6,325,000.00 | $0.00 | $6,325,000.00 |
| | | | **VRDLOMHRB 2009B TOTALS** | | **$6,325,000.00** | **$0.00** | **$6,325,000.00** |

| **Housing Program Bonds** | | | **Both Single And Multi Family** | | | | |
|---|---|---|---|---|---|---|---|
| **Bond Series** | **Tax Status** | **Dated Date *** | **Delivery Date** | **Bonds Issued ***** | **Bonds Outstanding **** | **$ Amount of Fixed-Rate Bonds Outstanding** | **$ Amount of Variable Rate Bonds Outstanding** |
| HPB 2006A | AMT | 5/2/2006 | 5/2/2006 | $47,090,000.00 | $40,390,000.00 | $40,390,000.00 | $0.00 |
| | | | **HPB TOTALS** | | **$40,390,000.00** | **$40,390,000.00** | **$0.00** |
| | | | **REPORT TOTALS** | | **$3,608,180,982.34** | **$2,207,692,185.00** | **$1,400,488,797.00** |

* Certain series of bonds include non-current interest bonds, tender option bonds and certain other bonds which are dated the date of delivery of such series of bonds.
** Includes increase in accreted value of non-current interest bonds and discounted bonds.
*** Does not include those bonds that were issued but have been fully redeemed.

CALIFORNIA HOUSING FINANCE AGENCY

| HOUSING BOND PROGRAMS | | | SOURCES OF SPECIAL REDEMPTION FUNDS | | | | |
|---|---|---|---|---|---|---|---|
| Indenture & Bond Series | Redemption Date | Redemption Amount | Refund/Remarket Short Term Debt | Recoveries of Principal | Reduction of Reserves | Available Revenues | Optional Redemptions |
| HOUSING PROGRAM BONDS | | | | | | | |
| 2004 Series A | 10/23/08 | $ 15,000,000 | $ 0 | $ 0 | $ 0 | $ 15,000,000 | $ 0 |
| | 2/1/09 | 3,500,000 | 0 | 0 | 0 | 3,500,000 | 0 |
| | 8/1/09 | 3,500,000 | 0 | 0 | 0 | 3,500,000 | 0 |
| | 2/1/13 | 1,165,000 | 0 | 0 | 0 | 1,165,000 | 0 |
| | 8/1/13 | 12,500,000 | 0 | 0 | 0 | 12,500,000 | 0 |
| | 9/25/13 | 14,335,000 | 0 | 0 | 0 | 14,335,000 | 0 |
| | Subtotal | $ 50,000,000 | $ 0 | $ 0 | $ 0 | $ 50,000,000 | $ 0 |
| 2006 Series A | 6/17/11 [2] | $ 4,200,000 | $ 0 | $ 0 | $ 0 | $ 4,200,000 | $ 0 |
| | 3/1/14 | 2,500,000 | 0 | 0 | 0 | 2,500,000 | 0 |
| | Subtotal | $ 6,700,000 | $ 0 | $ 0 | $ 0 | $ 6,700,000 | $ 0 |
| 2006 Series B | 6/1/08 [1] | $ 775,000 | $ 0 | $ 0 | $ 0 | $ 0 | $ 775,000 |
| | 1/6/10 | 4,455,000 | 0 | 0 | 0 | 4,455,000 | 0 |
| | 4/21/10 [1] | 3,845,000 | 0 | 0 | 0 | 0 | 3,845,000 |
| | 5/19/10 [1] | 930,000 | 0 | 0 | 0 | 0 | 930,000 |
| | 8/1/11 | 10,000,000 | 0 | 0 | 0 | 10,000,000 | 0 |
| | 2/1/12 | 3,455,000 | 0 | 0 | 0 | 3,455,000 | 0 |
| | 6/27/12 | 5,000,000 | 0 | 0 | 0 | 5,000,000 | 0 |
| | 9/19/12 | 2,400,000 | 0 | 0 | 0 | 2,400,000 | 0 |
| | 10/10/12 | 5,000,000 | 0 | 0 | 0 | 5,000,000 | 0 |
| | 10/24/12 | 5,000,000 | 0 | 0 | 0 | 5,000,000 | 0 |
| | 12/19/12 | 370,000 | 0 | 0 | 0 | 370,000 | 0 |
| | 2/1/13 | 7,975,000 | 0 | 0 | 0 | 7,975,000 | 0 |
| | 3/6/13 | 11,905,000 | 0 | 0 | 0 | 11,905,000 | 0 |
| | Subtotal | $ 61,110,000 | $ 0 | $ 0 | $ 0 | $ 55,560,000 | $ 5,550,000 |
| HOUSING PROGRAM BONDS INDENTURE TOTALS TO DATE | | $ 115,310,000 | $ 0 | $ 0 | $ 4,200,000 | $ 105,560,000 | $ 5,550,000 |

[1] Optional Redemption using other funds.
[2] Bonds purchased in secondary market at less than par.

Appendix D

Description of Developments and Loans Financed by the Housing Program Bonds Indenture

As of September 30, 2014

| Name of Development | Location (City) | Property Value | Loan Type | Original Loan Amount | Number of Units | Outstanding Loan Amount | Existing Loan Interest Rate | Original Loan Term (Months) | Loan Maturity Date | HAP Contract Expiration Date | has with each Property | Risk Share Insurance |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 450 Ellis Street Apartments | San Francisco | $ 1,200,000.00 | PERMANENT | $ 370,000.00 | 29 | $ 128,391.72 | 8.00% | 359 | 6/1/2019 | | 1 | no |
| Almond Gardens | Delhi | 1,450,000.00 | PERMANENT | 400,000.00 | 31 | 199,331.19 | 7.33% | 359 | 9/1/2022 | | 1 | no |
| Bayless Garden Apartments | Red Bluff | 1,550,000.00 | PERMANENT | 500,000.00 | 46 | 280,321.22 | 7.65% | 243 | 11/1/2012 | | 1 | no |
| Cabernet Apartments | Sonoma | 350,000.00 | PERMANENT | 270,000.00 | 7 | 50,419.02 | 3.00% | 360 | 8/1/2018 | | 1 | no |
| Chelsea Gardens I & II | Santa Rosa | 7,150,000.00 | RES RCPTS | 790,000.00 | 120 | 575,127.64 | 5.50% | 360 | 1/1/2030 | 5/31/2033 | 3 | no |
| Chelsey Court Apartments | Los Angeles | 13,000,000.00 | PERMANENT | 821,000.00 | 24 | 260,063.13 | 9.75% | 364 | 5/1/2018 | | 1 | no |
| Copper Creek 9% | San Marcos | 6,650,000.00 | PERMANENT | 435,000.00 | 48 | 223,458.92 | 6.25% | 180 | 9/1/2020 | | 1 | no |
| Crescent Terrace | Sunnyvale | 2,767,718.00 | PERMANENT | 1,642,060.00 | 48 | 129,370.68 | 6.00% | 587 | 7/1/2035 | | 3 | no |
| Dixon Manor | Dixon | 1,425,000.00 | PERMANENT | 1,206,000.00 | 32 | 809,268.61 | 7.30% | 534 | 1/1/2031 | | 1 | no |
| Farley Place | Belvedere Tiburon | 1,115,000.00 | ST/LOCAL F | 150,000.00 | 11 | 146,793.27 | 3.00% | 359 | 10/26/2019 | | 2 | no |
| Fitch Mountain Terrace II | Healdsburg | 1,310,000.00 | PERMANENT | 90,000.00 | 20 | 20,460.44 | 4.50% | 108 | 6/1/2016 | | 2 | no |
| Fitch Mountain Terrace II | Healdsburg | 1,310,000.00 | PERMANENT | 470,000.00 | 20 | 364,713.16 | 6.60% | 240 | 6/1/2027 | | 2 | no |
| Golden West Hotel | Los Angeles | 161,000.00 | OTHER | 161,000.00 | 62 | 161,000.00 | 3.00% | 359 | 7/14/2018 | | 1 | no |
| Gravenstein North | Sebastopol | 2,200,000.00 | ST/LOCAL F | 210,000.00 | 42 | 199,002.04 | 3.00% | 372 | 7/19/2018 | | 4 | no |
| Gravenstein North | Sebastopol | 2,200,000.00 | OTHER | 518,000.00 | 42 | 432,912.28 | 3.00% | 153 | 9/1/2018 | | 4 | no |
| Griffith Apartments | Los Angeles | 907,000.00 | PERMANENT | 710,000.00 | 22 | 231,048.15 | 10.15% | 361 | 5/1/2018 | | 1 | no |
| Grove Street Project | San Francisco | 195,000.00 | PERMANENT | 85,000.00 | 2 | 44,729.67 | 6.71% | 360 | 10/1/2023 | | 1 | no |
| Hemet Estates (1) | Hemet | 7,000,000.00 | PERMANENT | 300,000.00 | 80 | 276,578.00 | 7.20% | 360 | 4/1/2038 | 2/14/2033 | 4 | no |
| Hillview Glen | San Jose | 15,500,000.00 | PERMANENT | 12,000,000.00 | 138 | 10,863,090.76 | 6.75% | 382 | 7/1/2037 | | 1 | no |
| Mercy Village Folsom | Folsom | 3,200,000.00 | RES RCPTS | 1,000,000.00 | 81 | 1,000,000.00 | 3.00% | 263 | 1/1/2030 | | 4 | no |
| Morse Court (1) | Sunnyvale | 4,350,000.00 | PERMANENT | 2,800,000.00 | 35 | 995,952.42 | 5.40% | 360 | 9/1/2035 | | 4 | RISK SHARE |
| Oak Manor Townhouses | Palo Alto | 3,775,000.00 | PERMANENT | 2,400,000.00 | 33 | 60,886.36 | 6.50% | 360 | 10/1/2023 | | 4 | no |
| Oceanview Apartments | Pacifica | 11,400,000.00 | PERMANENT | 300,000.00 | 100 | 300,000.00 | 4.00% | 67 | 9/1/2013 | | 2 | no |
| Olive Court | Davis | 1,200,000.00 | PERMANENT | 150,000.00 | 24 | 52,976.33 | 3.00% | 475 | 1/1/2028 | | 2 | no |
| Playa Del Alameda | Alameda | 5,400,000.00 | PERMANENT | 3,175,000.00 | 40 | 71,175.48 | 6.20% | 360 | 11/1/2030 | 10/31/2032 | 3 | no |
| Playa Del Alameda | Alameda | 5,400,000.00 | PERMANENT | 500,000.00 | 40 | 385,745.64 | 7.00% | 360 | 11/1/2030 | 10/31/2032 | 3 | no |
| Plaza Tower | Concord | 9,400,000.00 | PERMANENT | 2,413,812.00 | 96 | 608,840.38 | 8.50% | 353 | 7/1/2017 | | 2 | no |
| Rosa Parks Townhouses | Davis | 455,000.00 | PERMANENT | 130,000.00 | 10 | 57,699.31 | 8.26% | 366 | 1/1/2021 | | 1 | no |
| San Pascual Apartments | Santa Barbara | 400,000.00 | PERMANENT | 229,231.00 | 6 | 90,236.34 | 6.00% | 361 | 12/31/2025 | | 2 | no |
| Seacliff Highlands | Aptos | 1,900,000.00 | RES RCPTS | 200,000.00 | 40 | 200,000.00 | 3.00% | 360 | 2/1/2037 | | 3 | no |
| Sojourner Truth Gardens | Davis | 570,000.00 | PERMANENT | 318,000.00 | 14 | 113,513.36 | 8.00% | 367 | 8/1/2019 | | 1 | no |
| Twin Pines Apartments | Groveland | 2,436,000.00 | PERMANENT | 703,884.00 | 39 | 703,884.00 | 0.00% | 365 | 5/15/2023 | | 1 | no |
| Villa Los Robles | Pasadena | 875,000.00 | PERMANENT | 188,000.00 | 8 | 154,139.47 | 3.00% | 480 | 7/1/2032 | | 1 | no |
| Villa Montgomery | Redwood City | 8,670,000.00 | PERMANENT | 405,000.00 | 58 | 405,000.00 | 3.00% | 359 | 11/1/2037 | | 2 | no |
| Villa Springs Apartments (1) | Hayward | 4,180,000.00 | RES RCPTS | 670,000.00 | 66 | 670,000.00 | 3.00% | 375 | 10/1/2039 | | 2 | no |
| West Avenue | Santa Rosa | 2,000,000.00 | ST/LOCAL F | 156,932.04 | 40 | 124,433.04 | 3.00% | 349 | 6/24/2016 | | 3 | no |
| Winters Apartments | Winters | 2,050,000.00 | PERMANENT | 250,000.00 | 44 | 178,349.20 | 3.00% | 337 | 1/1/2032 | | 2 | no |
| Woodhaven Sr Residences | Sacramento | 3,095,000.00 | PERMANENT | 1,800,000.00 | 104 | 253,604.33 | 4.00% | 359 | 4/1/2020 | | 1 | no |
| Yosemite Manor (1) | Madera | 4,190,000.00 | PERMANENT | 185,000.00 | 76 | 130,121.40 | 7.25% | 180 | 6/1/2023 | 1/31/2020 | 4 | no |
| | | $ 142,386,718.00 | | $ 39,102,919.04 | 1,778.00 | $ 21,952,636.97 | | | | | | |

**California Housing Finance Agency**

STATUS OF THE MORTGAGE LOANS PORTFOLIO FINANCED BY:

HOUSING PROGRAM BONDS
Loan Portfolio
As of September 30, 2014

| Series | Mortgage Rates | Outstanding Principal Amount of Mortgage Loan Portfolio at September 30, 2014 | Weighted Average Maturity (in months) |
|---|---|---|---|
| 2004 A | 5.000% | $ 10,972,899 | 239 |
| | 6.750 | 4,928,632 | 218 |
| | 7.000 | 1,628,112 | 259 |
| | | $ 17,529,643 | |
| 2006 A | 5.000% | $ 5,909,222 | 245 |
| | 6.750 | 7,893,575 | 254 |
| | 7.000 | 5,505,139 | 254 |
| | | $ 19,307,936 | |
| 2006 B | 3.000% | $ 1,880 | 234 |
| | 5.000 | 2,609,189 | 235 |
| | | $ 2,611,069 | |
| Housing Program Bonds Single Family Loans Total | | $ 39,448,648 | |