

**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, 2012 in connection with the following Bonds:

Bond Issues:

Residential Mortgage Revenue Bonds (Separately-Secured Article XIV Bonds) (the "Bonds")
2009 Series A-5

Annual Report:

The Issuer's "annual report" (as defined in the Continuing Disclosure Agreement, dated July 1, 1995, November 1, 1995 and January 1, 1996 as supplemented, with respect to the Bonds, hereinafter the "Disclosure Agreement") for the fiscal year ended June 30, 2012 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:



Timothy Hsu
Director of Financing

Date: December 24, 2012

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

Residential Mortgage Revenue Bonds (Separately-Secured Article XIV Bonds) (the "Bonds")

2009 Series A-5

The Issuer's Audited Financial Statements as of June 30, 2012 are attached as Appendix A.

A description of all bonds issued by the Issuer and outstanding as of November 1, 2012 is shown as Appendix B. (Please note that this table does not include bonds with \$0 outstanding.)

A schedule of bond redemptions and the source of funds for such redemptions through November 1, 2012 is shown as Appendix C.

A list of Issuer's program bonds mortgage loans and mortgage-backed securities can be found in the Official Statement, Appendix A, Appendix B and Appendix C.

There are no balances in the Debt Service Reserve Fund, Loan Loss Fund, or Supplementary Reserve Account for these issues.



CALIFORNIA HOUSING FINANCE AGENCY

CALIFORNIA HOUSING FINANCE FUND

AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Viewing Instructions:

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When printing this file, the Table of Contents is to be considered the cover, rather than the first page. Therefore, when assembling please refer to the page numbers at the bottom of each page and assemble back-to-back in book format.

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Independent Auditor's Report

Board of Directors
California Housing Finance Agency
Sacramento, California

We have audited the accompanying statement of net assets 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 as of and for the year ended June 30, 2012, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the California Housing Finance Fund as of June 30, 2011 were audited by other auditors whose report dated October 14, 2011, expressed an unqualified opinion on these financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only financial information about the Fund and are not intended to present fairly the net assets, revenues, expenses, and cash flows of the Agency as a whole in conformity with accounting principles generally accepted in the United States of America.

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, 2012, and changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2012 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 results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 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. However, we did not audit the information and express no opinion on it.

CliftonLarsonAllen LLP

Baltimore, Maryland
October 12, 2012

CALIFORNIA HOUSING FINANCE FUND
Management Discussion and Analysis
of Financial Position and Results of Operations
As of and for the fiscal years ended June 2012 and 2011

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 annual audited financial statements of the Mortgage Insurance Fund are available on the Agency’s website - www.calhfa.ca.gov.

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 prevent or mitigate 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 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 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 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 information and 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. 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. 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, which the Agency has been asked to administer for the State on a contract basis. Operating expenses of the Agency’s loan and bond programs are paid from an Operating Account that is replenished from the Fund’s operating income before transfers. Other accounts maintained by the Agency provide security for the issuance of bonds, emergency contingencies, loan servicing operations and loan warehousing activities.

Summary of Financial Results 2012-2011

- Operating loss before transfers was \$105.4 million for fiscal year 2012 compared to an operating loss of \$116.9 million for fiscal year 2011. The Agency has been primarily focused on loss mitigation while continuing to provide loan availability and down-payment assistance for qualified first time homebuyers.
- Other revenues were \$18.6 million for fiscal year 2012 compared to \$99.8 million in fiscal year 2011. The decrease was primarily due to the changes in the gain on early debt extinguishment and decrease in fair value of the investment swaps. The Agency recorded a \$35.5 million gain on sale of early debt extinguishment in fiscal year 2011 compared to \$0 in fiscal year 2012 and the fair value of investment swaps declined by \$41.4 million in fiscal year 2012.

- The Fund's mortgage loan delinquencies have declined over the past year. The Fund's single family loan portfolio consists of 44.7% Federally guaranteed and 55.3% conventional loans. The overall delinquency ratio of the Fund's single family loan portfolio was 13.6% or 2,901 delinquent loans as of June 30, 2012. By comparison, the delinquency ratio for the Agency's single family portfolio was 14.7% or 3,546 loans as of June 30, 2011. Overall, the total number of delinquent loans declined by 18.2% or 645 loans.
- The Fund had \$188.2 million in new loans receivable during fiscal year 2012. Total program loans receivable decreased by close to \$862.3 million at fiscal year end. 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.
- Under the Home Mortgage Revenue Bonds ("HMRB") indenture, there was a total of \$105.8 million of loans written-off during fiscal year 2012 due to the sale of foreclosed properties (net of insurance payment received) and on short sales (net of insurance payment received), \$89.9 million and \$15.9 million, respectively. The remaining HMRB foreclosed properties were written down by \$27.2 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 \$5.3 million changing from \$122.3 million in fiscal year 2011 to \$117.0 million in fiscal year 2012.
- The Agency continued to actively manage and reduce the Fund's interest expense and exposures within the debt portfolio and redeemed \$1.24 billion of bonds during fiscal year 2012.
- In June 2012, the Agency closed a bond issuance and converted \$466.1 million of temporary rate bonds to permanent fixed rate bonds under the Federal Government's HFA Initiative Program – New Issue Bond Program ("NIBP") for the purpose of refunding variable rate bonds issued under the HMRB indenture. The refunding is scheduled to occur in July 2012.
- During fiscal year 2012, \$75.1 million was transferred into the Fund by the State pursuant to the Housing and Emergency Shelter Trust Fund Act of 2002. The funds were used to make loans and grants to borrowers and homeowners through programs administered by the Agency on a contract basis.
- As part of the Governor's Reorganization Plan (GRP) for California government in 2012, both the Agency and Department of Housing and Community Development are scheduled to move into the newly formulated Business, Consumer Services and Housing Agency ("BCSHA") while the Business, Transportation and Housing Agency ("BT&H") is dissolved. An excerpt from the GRP No. 2 states that: "(12) Existing law establishes the California Housing Finance Agency within the Business, Transportation and Housing Agency, and authorizes the California Housing Agency to carry out various powers and duties relating to meeting the housing needs of persons and families of low or moderate income. This plan would instead provide that the California Housing Finance Agency is within the Department of Housing and Community Development and make various conforming changes."
- In April/May 2012, the Little Hoover Commission, an independent state oversight agency, reviewed the GRP and approved a reorganization that keeps both entities intact. The Agency would retain its board structure and independence to manage financial risks and its bond debt. The Project Initiation Document ("PID") is due to the Governor's Office in late 2012 and it is expected that the major areas of the collaboration/consolidation model are in place by July 1, 2013.
- The Agency's Standard and Poor's issuer credit and HMRB ratings, along with the Agency's ratings from Moody's, remained unchanged during fiscal year 2012.

Condensed Financial Information:**Condensed Schedule of Assets, Liabilities, and Net Assets**

The following table presents condensed Schedule of Assets, Liabilities, and Net Assets for the Fund as of June 30, 2012 and 2011 and the change from the prior year (dollars in millions):

| | <u>2012</u> | <u>2011</u> | <u>Change</u> |
|-----------------------------------|----------------|-----------------|----------------|
| Assets | | | |
| Cash and investments | \$2,789 | \$3,336 | (547) |
| Program loans receivable-net | 5,459 | 6,321 | (862) |
| Other | 500 | 562 | (62) |
| Total Assets | <u>\$8,748</u> | <u>\$10,219</u> | <u>(1,471)</u> |
| Liabilities | | | |
| Bonds payable | \$6,503 | \$7,843 | (1,340) |
| Unamortized premium/Deferred gain | 6 | 8 | (2) |
| Notes payable | 88 | 91 | (3) |
| Other | 701 | 797 | (96) |
| Total Liabilities | <u>\$7,298</u> | <u>\$8,739</u> | <u>(1,441)</u> |
| Net Assets | | | |
| Invested in capital assets | \$1 | \$1 | - |
| Restricted net assets | 1,449 | 1,479 | (30) |
| Total Net Assets | <u>\$1,450</u> | <u>\$1,480</u> | <u>(30)</u> |
| Total Liabilities and Net Assets | <u>\$8,748</u> | <u>\$10,219</u> | <u>(1,471)</u> |

Assets

Of the Fund's assets, 94.3% is represented by cash and investments and program loans receivable. The Fund does not have a significant investment in capital assets, holding \$1.1 million in furniture and equipment.

Total assets decreased by \$1.47 billion during fiscal year 2012. The Fund's cash and investments were \$2.79 billion as of June 30, 2012, a decrease of \$546.6 million from June 30, 2011. The cash and investments balance decrease is primarily due to the increased in bond redemption activity in Homeownership and Multifamily Programs.

Of the Fund's assets, 31.9% is in the form of cash and investments at fiscal year end. Of the Fund's investment balance, 9.5% is in investment agreements. The amount of funds invested in investment agreements during the 2012 fiscal year decreased by \$25.4 million. Additionally, \$1.31 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 2012 decreased by \$199.5 million.

The composition of cash and investments as of June 30, 2012 and 2011 and the changes from the prior year are shown in the table below (dollars in millions):

Cash and Investments

| | <u>2012</u> | <u>2011</u> | <u>Change</u> |
|----------------------------|----------------|----------------|---------------|
| Investment agreements | \$212 | \$237 | (25) |
| SMIF | 1,312 | 1,512 | (200) |
| Securities | 705 | 456 | 249 |
| Cash | 560 | 1,131 | (571) |
| Total Cash and Investments | <u>\$2,789</u> | <u>\$3,336</u> | <u>(547)</u> |

Program loans receivable decreased by \$862.3 million during fiscal year 2012 compared to fiscal year 2011. This decrease is primarily due to an increase in loan prepayments along with an increase in loan write-offs in fiscal year 2012. Loan prepayments decreased to \$637.8 million during fiscal year 2012 compared to \$776.9 million received in fiscal year 2011. Real estate owned (“REO”) properties decreased \$106.3 million to \$86.2 million during fiscal year 2012 compared to \$192.5 million in fiscal year 2011.

As of June 30, 2012 and June 30, 2011, the fair values of interest rate swaps were in the negative position of \$324.4 million and \$252.4 million, respectively.

Other Assets decreased by \$61.8 million during fiscal year 2012 when compared to fiscal year 2011. The decrease is primarily due to the recording of the deferred outflow of resources related to interest rate swaps, and a decrease in REO properties offset by the increase in cash collateral held by the swap counterparties.

Liabilities

The Fund’s liabilities were \$7.30 billion as of June 30, 2012, a decrease of \$1.44 billion from June 30, 2011. Of the Fund’s liabilities, 89.2% is in the form of bond indebtedness. The Fund’s bonds payable at June 30, 2012 decreased by \$1.34 billion from the prior year mainly due to the scheduled principal payments and \$1.24 billion in bond redemptions. 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, 2012 and 2011.

All of the bonds issued by the Agency are reported within the Fund and also includes the reporting of conduit bond obligations as liabilities in the accompanying financial statements along with the related assets. The 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 7).

The Agency issues both tax-exempt and federally taxable bonds. During the 2012 fiscal year, federally taxable bonds outstanding decreased by \$1,002.8 million and as of June 30, 2012 represent 21.1% of all bonds outstanding, while tax-exempt bonds outstanding decreased by \$337.3 million and as of June 30, 2012 represent 78.9% 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 2012, the Agency did not issue any taxable bonds.

Shown below are the amounts of variable and fixed rate indebtedness, by tax status, as of June 30, 2012 and 2011 and the changes from the prior year (dollars in millions):

| Bonds Payable | | | |
|-------------------------------|----------------|----------------|----------------|
| | <u>2012</u> | <u>2011</u> | <u>Change</u> |
| Tax-Exempt Bonds | | | |
| *Variable Rate | \$2,496 | \$3,226 | (730) |
| Fixed Rate | 2,638 | 2,245 | 393 |
| Total Tax-Exempt Bonds | <u>\$5,134</u> | <u>\$5,471</u> | <u>(337)</u> |
| Federally Taxable Bonds | | | |
| *Variable Rate | \$1,025 | \$2,014 | (989) |
| Fixed Rate | 344 | 358 | (14) |
| Total Federally Taxable Bonds | <u>\$1,369</u> | <u>\$2,372</u> | <u>(1,003)</u> |
| Total Bonds Outstanding | <u>\$6,503</u> | <u>\$7,843</u> | <u>(1,340)</u> |

* Certain variable rate bonds have been swapped to a fixed rate (see Note 7 to the Financial Statements).

All other liabilities decreased by \$95.9 million during fiscal year 2012. The decrease was a combination of reclassification of gap loan loss reserve and mortgage insurance loan loss reserve to allowance for loan loss against the loan receivables, swap liability increase, and decrease in Pooled Money Investment Account (PMIA) loan payable. As of June 30, 2012, there was no outstanding balance for PMIA.

Net Assets

All of the Fund's net assets are restricted pursuant to trust agreements with bondholders and the Agency's enabling legislation or invested in capital assets. Total net assets of the Fund decreased by \$30.3 million primarily as a result of transfers to the Fund in the amount of \$75.1 million pursuant to the Housing and Emergency Shelter Trust Fund Acts of 2002 and 2006 and was offset by operating losses of the Fund in the amount of \$105.4 million.

Revenues, Expenses, and Changes in Net Assets

The following table presents condensed schedules of revenues, expenses, and changes in net assets for the Fund for the fiscal years ended June 30, 2012 and June 30, 2011 and the changes from the prior year (dollars in millions):

Condensed Schedules of Revenues, Expenses, and Changes in Net Assets

| | <u>2012</u> | <u>2011</u> | <u>Change</u> |
|--------------------------------------------------|--------------|--------------|---------------|
| Operating Revenues: | | | |
| Interest income program loans – net | \$289 | \$346 | (57) |
| Interest income investments – net | 34 | 32 | 2 |
| Increase (Decrease) in fair value of investments | 42 | (5) | 47 |
| Other loan and commitment fees | 30 | 31 | (1) |
| Other revenues | 19 | 100 | (81) |
| Total Operating Revenues | <u>\$414</u> | <u>\$504</u> | <u>(90)</u> |
| Operating Expenses: | | | |
| Interest | \$191 | \$249 | (58) |
| Mortgage servicing fees | 12 | 14 | (2) |
| Salaries & general expenses | 41 | 43 | (2) |
| Other expenses | 275 | 315 | (40) |
| Total Operating Expenses | <u>\$519</u> | <u>\$621</u> | <u>(102)</u> |
| Operating Loss before transfers | <u>(105)</u> | <u>(117)</u> | <u>12</u> |

Operating Revenues

Total operating revenues of the Fund were \$413.9 million during fiscal year 2012 compared to \$504.2 million during fiscal year 2011, a decrease of \$90.3 million or 17.9%.

Interest income on program loans was \$289.4 million during fiscal year 2012 compared to \$346.4 million during fiscal year 2011, a decrease of \$57 million. The decrease in interest income on program loans is primarily the result of a decrease in interest income on program loans and a net increase in the yield reduction liability for the Fund's homeownership and multifamily loan portfolios. Overall, program loans receivable decreased \$862.2 million or 13.6% at June 30, 2012 compared to June 30, 2011.

Interest income from investments increased 8.6% to \$34.3 million in fiscal year 2012 from \$31.6 million in fiscal year 2011. The increase is primarily due to the increase in interest income from mortgage backed securities. Investment Agreements decreased \$25.4 million from \$237.3 million at June 30, 2011 to \$211.9 million as of June 30, 2012, while SMIF decreased \$200 million from \$1.51 billion to \$1.31 billion.

The increase in the total fair value of investments was \$41.6 million in fiscal year 2012, a net increase of \$46.5 million from fiscal year 2011, which had a decrease of \$4.9 million in the fair value of investments. There was no gain on sale of securities in fiscal year ending June 30, 2012.

Other loan and commitment fees decreased \$1.3 million to \$30 million in fiscal year 2012 compared to \$31.3 million for fiscal year 2011. The decrease was primarily due to the lower amount of loan servicing fees and the application fees received by the Fund.

Other revenues decreased by \$81.2 million to \$18.6 million during fiscal year 2012 compared to \$99.8 million in fiscal year 2011. The decrease was primarily due to the decrease in the gain on debt extinguishment and the decrease in fair value of investment swap revenue.

Operating Expenses

Total operating expenses of the Fund were \$519.3 million during fiscal year 2012 compared to \$621.1 million during fiscal year 2011, a decrease of \$101.8 million or 16.4%. The decrease is primarily due to the decrease in bond interest expenses and swap expenses.

Bonds payable at June 30, 2012 decreased by \$1.34 billion from June 30, 2011 and bond interest and swap expense, which represents 36.8% of the Fund's total operating expenses, decreased by \$58.0 million or 23.3% compared to fiscal year 2011. 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 \$42.7 million during fiscal year 2011 to \$41.3 million during fiscal year 2012 (as shown in the condensed statements of revenues, expenses and changes in net assets).

Operating Loss before Transfers

Operating loss before transfers for fiscal year 2012 was \$105.4 million compared to an operating loss of \$116.9 million for fiscal year 2011. The \$11.5 million decrease in operating loss before transfers is reflective of the activities mentioned above.

Summary of Financial Results 2011-2010

- Operating loss before transfers was \$116.9 million for fiscal year 2011 compared to an operating loss of \$188.5 million for fiscal year 2010. The Agency has been primarily focused on loss mitigation while continuing to provide loan availability and down-payment assistance for qualified first time homebuyers through the securitization of federally insured and guaranteed loans using Ginnie Mae “GNMA” securities and the Federal New Issue Bond Program “NIBP”.
- The Fund’s mortgage loan delinquencies have declined over the past year. The Fund’s single family loan portfolio consists of 44% Federally guaranteed and 56% conventional loans. The overall delinquency ratio of the Fund’s single family loan portfolio was 14.7% or 3,546 delinquent loans as of June 30, 2011. By comparison, the delinquency ratio for the Agency’s single family portfolio was 17.1% or 4,706 loans as of June 30, 2010. Overall, the total number of delinquent loans declined by 24.6% or 1,160 loans.
- In fiscal year 2011, the total allowance for loan loss reserve was decreased by a net of \$22.9 million to \$94.3 million. Under the Home Mortgage Revenue Bonds (“HMRB”) indenture, there was a total of \$41 million of loans written-off during fiscal year 2011 due to the sale of foreclosed properties (net of insurance payment received) and on short sales (net of insurance payment received), \$35.7 million and \$5.3 million, respectively. The remaining HMRB foreclosed properties were written down by \$36.7 million to reflect anticipated losses, net of anticipated insurance payment, upon sale of the foreclosed properties. Last fiscal year, the Agency established a cap of up to \$135 million on the Agency’s indemnification payments to the Mortgage Insurance Fund. Once the cap is reached in the Supplementary Bond Security Account (“SBSA”) account, the gap insurance loss reserves and gap claim payments will be charged to the HMRB indenture. As of June 30, 2011, a total of \$127.6 million in gap claim payments had been paid from fiscal years 2008 through 2011 leaving a balance of \$7.4 million to be paid out of the SBSA. The gap insurance loss reserve established under the HMRB indenture increased \$45.6 million from \$40.2 million to \$85.8 million in fiscal year 2011. As of June 30, 2011, the balance remaining in the Mortgage Insurance Fund to pay outstanding claim payments was \$7.7 million. The Fund established a reserve during the year to cover the anticipated shortfall for Fund’s loans insured by the Mortgage Insurance Fund. As of June 30, 2011, the Mortgage Insurance Fund loan loss reserve established under HMRB indenture was \$29.5 million.
- The Fund had \$301.3 million in new loans receivable during fiscal year 2011. Total Program loans receivable decreased by close to \$823.4 million at fiscal year end. Decreases in programs loans receivable for the homeownership loan portfolio were primarily due to the increase in loan prepayments. Loan prepayments include all unscheduled principal payments applied to the unpaid principal balance of a loan.
- The Agency continued to actively manage the Fund’s interest expense and exposures within the debt portfolio and redeemed \$994.3 million of bonds during fiscal year 2011.
- During fiscal year 2011, the Agency issued \$111.6 million of new bonds. The majority of the new bonds were issued under the Residential Mortgage Revenue Bonds (“RMRB”) indenture and the amount issued represented only 40% of the total issue. Under the NIBP, the Agency was required to issue 40% or \$96 million, to the general public. The remaining 60% or \$144 million in bonds were already being held in escrow and were converted to fixed rate debt on the bond issuance date. During fiscal year 2011, \$189 million of mortgage-backed securities were purchased under the RMRB indenture.
- During fiscal year 2011, \$42.9 million was transferred into the Fund by the State pursuant to the Housing and Emergency Shelter Trust Fund Act of 2002. The funds were used to make loans and grants to borrowers and homeowners through programs administered by the Agency on a contract basis.
- 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 prevent or mitigate 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 CalHFA’s Executive director or CalHFA’s Governing Board. CalHFA MAC is solely responsible for its contractual and other obligations incident to running the Keep Your Home California (“KYHC”) program.

Condensed Financial Information:

Condensed Schedule of Assets, Liabilities, and Net Assets

The following table presents condensed Schedule of Assets, Liabilities, and Net Assets for the Fund as of June 30, 2011 and 2010 and the change from the prior year (dollars in millions):

| | <u>2011</u> | <u>2010</u> | <u>Change</u> |
|-----------------------------------|-----------------|-----------------|----------------|
| Assets | | | |
| Cash and investments | \$3,336 | \$3,784 | (448) |
| Program loans receivable-net | 6,321 | 7,144 | (823) |
| Other | 562 | 635 | (73) |
| Total Assets | <u>\$10,219</u> | <u>\$11,563</u> | <u>(1,344)</u> |
| Liabilities | | | |
| Bonds payable | \$7,843 | \$8,895 | (1,052) |
| Unamortized premium/Deferred gain | 8 | 11 | (3) |
| Notes payable | 91 | 94 | (3) |
| Other | 797 | 1,009 | (212) |
| Total Liabilities | <u>\$8,739</u> | <u>\$10,009</u> | <u>(1,270)</u> |
| Net Assets | | | |
| Invested in capital assets | \$1 | \$1 | - |
| Restricted net assets | 1,479 | 1,553 | (74) |
| Total Net Assets | <u>\$1,480</u> | <u>\$1,554</u> | <u>(74)</u> |
| Total Liabilities and Net Assets | <u>\$10,219</u> | <u>\$11,563</u> | <u>(1,344)</u> |

Assets

Of the Fund's assets, 94.5% is represented by cash and investments and program loans receivable. The Fund does not have a significant investment in capital assets, holding \$1.1 million in furniture and equipment.

Total assets decreased by \$1.34 billion during fiscal year 2011. The Fund's cash and investments were \$3.34 billion as of June 30, 2011, a decrease of \$447.6 million from June 30, 2010. The cash and investments balance decrease is primarily due to the increased bond redemption activity in Homeownership Programs.

Of the Fund's assets, 32.7% is in the form of cash and investments at fiscal year end. Of the Fund's investment balance, 10.8% is in investment agreements. The amount of funds invested in investment agreements during the 2011 fiscal year decreased by \$66.1 million. In addition, \$1.51 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 2011 decreased by \$174.8 million.

The composition of cash and investments as of June 30, 2011 and 2010 and the changes from the prior year are shown in the table below (dollars in millions):

Cash and Investments

| | <u>2011</u> | <u>2010</u> | <u>Change</u> |
|----------------------------|----------------|----------------|---------------|
| Investment agreements | \$237 | \$303 | (66) |
| SMIF | 1,512 | 1,687 | (175) |
| Securities | 456 | 282 | 174 |
| Cash | 1,131 | 1,512 | (381) |
| Total Cash and Investments | <u>\$3,336</u> | <u>\$3,784</u> | <u>(448)</u> |

Program loans receivable decreased by \$823.4 million during fiscal year 2011 compared to fiscal year 2010. This decrease is primarily due to an increase in loan prepayments along with an increase in loan write-offs in fiscal year 2011. Loan prepayments increased to \$776.9 million during fiscal year 2011 compared to \$441.8 million received in fiscal year 2010. Real estate owned (“REO”) properties decreased \$8.1 million to \$192.5 million during fiscal year 2011 compared to \$200.6 million in fiscal year 2010.

As of June 30, 2011 and June 30, 2010, the fair values of interest rate swaps were in the negative position of \$252.4 million and \$329.4 million, respectively.

Other Assets decreased by \$73.3 million during fiscal year 2011 when compared to fiscal year 2010. The decrease is primarily due to the recording of the deferred outflow of resources related to interest rate swaps, and a decrease in REO properties offset by the increase in cash collateral held by the swap counterparties.

Liabilities

The Fund’s liabilities were \$8.74 billion as of June 30, 2011, a decrease of \$1.27 billion from June 30, 2010. Of the Fund’s liabilities, 89.8% is in the form of bond indebtedness. The Fund’s bonds payable at June 30, 2011 decreased by \$1.05 billion from the prior year mainly due to the scheduled principal payments and \$994.3 million in bond redemptions. 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, 2011 and 2010.

All of the bonds issued by the Agency are reported within the Fund. The Agency issued a total of \$111.6 million of bonds during fiscal year 2011, a decrease of \$1.29 billion from \$1.4 billion of bonds issued during fiscal year 2010. During fiscal year 2011, the Agency issued only fixed rate debt.

The Agency issues both tax-exempt and federally taxable bonds. During the 2011 fiscal year, federally taxable bonds outstanding decreased by \$436.9 million and as of June 30, 2011 represent 30.2% of all bonds outstanding, while tax-exempt bonds outstanding decreased by \$614.6 million and as of June 30, 2011 represent 69.8% 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 2011, the Agency did not issue any taxable bonds.

Shown below are the amounts of variable and fixed rate indebtedness, by tax status, as of June 30, 2011 and 2010 and the changes from the prior year (dollars in millions):

| | Bonds Payable | | |
|--------------------------------------|----------------------|----------------|----------------|
| | <u>2011</u> | <u>2010</u> | <u>Change</u> |
| Tax-Exempt Bonds | | | |
| *Variable Rate | \$3,226 | \$3,568 | (342) |
| Fixed Rate | 2,245 | 2,518 | (273) |
| Total Tax-Exempt Bonds | <u>\$5,471</u> | <u>\$6,086</u> | <u>(615)</u> |
| Federally Taxable Bonds | | | |
| *Variable Rate | \$2,014 | \$2,371 | (357) |
| Fixed Rate | 358 | 438 | (80) |
| Total Federally Taxable Bonds | <u>\$2,372</u> | <u>\$2,809</u> | <u>(437)</u> |
| Total Bonds Outstanding | <u>\$7,843</u> | <u>\$8,895</u> | <u>(1,052)</u> |

* Certain variable rate bonds have been swapped to a fixed rate (see Note 7 to the Financial Statements).

All other liabilities decreased by \$212.4 million during fiscal year 2011. The decrease was primarily due to the recording of the decrease in fair value of interest rate swap, decrease on the revolving line of credit payable of Revolving Credit Agreement (“RCA”), and decrease in Pooled Money Investment Account loan payable. The RCA line of credit agreement ended February 28, 2011, and there was no outstanding balance at June 30, 2011.

Net Assets

All of the Fund's net assets are restricted pursuant to trust agreements with bondholders and the Agency's enabling legislation or invested in capital assets. Total net assets of the Fund decreased by \$74 million primarily as a result of transfers to the Fund in the amount of \$42.9 million pursuant to the Housing and Emergency Shelter Trust Fund Acts of 2002 and 2006 and was offset by operating losses of the Fund in the amount of \$116.9 million.

Revenues, Expenses, and Changes in Net Assets

The following table presents condensed schedules of revenues, expenses, and changes in net assets for the Fund for the fiscal years ended June 30, 2011 and June 30, 2010 and the changes from the prior year (dollars in millions):

Condensed Schedules of Revenues, Expenses, and Changes in Net Assets

| | <u>2011</u> | <u>2010</u> | <u>Change</u> |
|--------------------------------------------------|--------------|--------------|---------------|
| Operating Revenues: | | | |
| Interest income program loans – net | \$346 | \$393 | (47) |
| Interest income investments – net | 32 | 40 | (8) |
| Increase (Decrease) in fair value of investments | (5) | 19 | (24) |
| Other loan and commitment fees | 31 | 29 | 2 |
| Other revenues | 100 | 49 | 51 |
| Total Operating Revenues | <u>\$504</u> | <u>\$530</u> | <u>(26)</u> |
| Operating Expenses: | | | |
| Interest | \$249 | \$318 | (69) |
| Mortgage servicing fees | 14 | 16 | (2) |
| Salaries & general expenses | 43 | 93 | (50) |
| Other expenses | 315 | 291 | 24 |
| Total Operating Expenses | <u>\$621</u> | <u>\$718</u> | <u>(97)</u> |
| Operating Loss before transfers | <u>(117)</u> | <u>(188)</u> | <u>71</u> |

Operating Revenues

Total operating revenues of the Fund were \$504.2 million during fiscal year 2011 compared to \$530 million during fiscal year 2010, a decrease of \$25.8 million or 4.9%.

Interest income on program loans was \$346.4 million during fiscal year 2011 compared to \$393 million during fiscal year 2010, a decrease of \$46.6 million. The decrease in interest income on program loans is primarily the result of a decrease in interest income on program loans and a net increase in the yield reduction liability for the Fund's homeownership and multifamily loan portfolios. Overall, program loans receivable decreased \$823.4 million or 11.5% at June 30, 2011 compared to June 30, 2010.

Interest income from investments decreased 21.4% to \$31.6 million in fiscal year 2011 from \$40.2 million in fiscal year 2010. The decrease is primarily due to the decrease in interest income from Investment Agreements and SMIF. Investment Agreements decreased \$66.1 million from \$303.4 million at June 30, 2010 to \$237.3 million as of June 30, 2011, while SMIF decreased \$174.8 million from \$1.69 billion to \$1.51 billion.

The decrease in the total fair value of investments was \$23.7 million in fiscal year 2011. The decrease in fair value of investments was \$14.9 million and the decrease in gain of sale of securities was \$8.9 million.

Other loan and commitment fees increased \$2.2 million to \$31.3 million in fiscal year 2011 compared to \$29.1 million for fiscal year 2010. The increase was primarily due to the application fees received by the Fund.

Other revenues increased by \$51 million to \$99.8 million during fiscal year 2011 compared to \$48.8 million in fiscal year 2010. The increase was primarily due to the gain on debt extinguishment and the increase in fair value of investment swap revenue.

Operating Expenses

Total operating expenses of the Fund were \$621.1 million during fiscal year 2011 compared to \$718.4 million during fiscal year 2010, a decrease of \$97.4 million or 13.6%. The decrease is primarily due to the decrease in bond interest expenses, swap expenses and decrease in swap termination expenses.

Bonds payable at June 30, 2011 decreased by \$1.05 billion from June 30, 2010 and bond interest and swap expense, which represents 40.1% of the Fund's total operating expenses, decreased by \$68.8 million or 21.6% compared to fiscal year 2010. 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 decreased from \$93.4 million during fiscal year 2010 to \$42.7 million during fiscal year 2011 (as shown in the condensed statements of revenues, expenses and changes in net assets).

Operating Loss before Transfers

Operating loss before transfers for fiscal year 2011 was \$116.9 million compared to an operating loss of \$188.5 million for fiscal year 2010. The \$71.6 million decrease in operating loss before transfers is reflective of the activities mentioned above.

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF NET ASSETS
June 30, 2012 and June 30, 2011

(Dollars in Thousands)

| | <u>2012</u> <u>Totals</u> | <u>2011</u> <u>Totals</u> |
|--------------------------------------------------------------|------------------------------|------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 559,865 | \$ 1,130,977 |
| Investments | 1,652,102 | 1,826,513 |
| Current portion - program loans receivable, net of allowance | 163,801 | 172,027 |
| Interest receivable: | | |
| Program loans, net | 29,018 | 38,114 |
| Investments | 6,506 | 7,008 |
| Accounts receivable | 24,894 | 29,128 |
| Other assets | 85,536 | 52,435 |
| Total current assets | <u>2,521,722</u> | <u>3,256,202</u> |
| Noncurrent assets: | | |
| Investments | 577,505 | 378,608 |
| Program loans receivable, net of allowance | 5,295,050 | 6,149,078 |
| Deferred financing costs | 23,860 | 28,689 |
| Other assets and deferred outflow | 329,867 | 406,146 |
| Total noncurrent assets | <u>6,226,282</u> | <u>6,962,521</u> |
| Total assets | <u>\$ 8,748,004</u> | <u>\$ 10,218,723</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Current portion - bonds payable, net | \$ 107,273 | \$ 173,961 |
| Interest payable | 84,955 | 100,679 |
| Due to other government entities, net | 570 | 22,889 |
| Compensated absences | 4,254 | 4,365 |
| Deposits and other liabilities | 230,370 | 346,780 |
| Total current liabilities | <u>427,422</u> | <u>648,674</u> |
| Noncurrent liabilities: | | |
| Bonds payable | 6,402,243 | 7,677,063 |
| Notes payable | 87,929 | 90,979 |
| Due to other government entities, net | 32,805 | 33,156 |
| Other liabilities and deferred inflow | 324,224 | 261,845 |
| Deferred revenues | 23,569 | 26,931 |
| Total noncurrent liabilities | <u>6,870,770</u> | <u>8,089,974</u> |
| Total liabilities | <u>7,298,192</u> | <u>8,738,648</u> |
| Commitments and contingencies (see notes 11 and 13) | | |
| Net assets: | | |
| Invested in capital assets | 1,119 | 1,114 |
| Restricted by indenture | 323,271 | 339,441 |
| Restricted by statute | 1,125,422 | 1,139,520 |
| Total net assets | <u>1,449,812</u> | <u>1,480,075</u> |
| Total liabilities and net assets | <u>\$ 8,748,004</u> | <u>\$ 10,218,723</u> |

See notes to financial statements.

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended June 30, 2012 and June 30, 2011
(Dollars in Thousands)

| | 2012 | 2011 |
|--------------------------------------------------|----------------------|----------------------|
| | <u>Totals</u> | <u>Totals</u> |
| OPERATING REVENUES | | |
| Interest income: | | |
| Program loans, net | \$ 289,433 | \$ 346,355 |
| Investments, net | 34,332 | 31,614 |
| Increase (decrease) in fair value of investments | 41,577 | (4,851) |
| Loan commitment fees | 2,577 | 2,507 |
| Other loan fees | 27,378 | 28,821 |
| Other revenues | 18,595 | 99,753 |
| Total operating revenues | <u>413,892</u> | <u>504,199</u> |
| SALARIES AND GENERAL EXPENSES | | |
| Interest | 191,265 | 249,253 |
| Amortization of bond discount and bond premium | (1,024) | (3,297) |
| Mortgage servicing expenses | 11,688 | 13,685 |
| Provision for program loan losses | 105,833 | 62,858 |
| Salaries and general expenses | 41,303 | 42,668 |
| Other expenses | 170,232 | 255,888 |
| Total salaries and general expenses | <u>519,297</u> | <u>621,055</u> |
| Operating loss before transfers | (105,405) | (116,856) |
| Transfers in | 75,142 | 42,948 |
| Decrease in net assets | (30,263) | (73,908) |
| Net assets at beginning of year | 1,480,075 | 1,553,983 |
| Net assets at end of year | <u>\$ 1,449,812</u> | <u>\$ 1,480,075</u> |

See notes to financial statements.

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2012 and June 30, 2011
(Dollars in Thousands)

| | 2012 | 2011 |
|---------------------------------------------------------------------------------------------------|----------------------|----------------------|
| | <u>Totals</u> | <u>Totals</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | \$ 298,527 | \$ 343,650 |
| Payments to suppliers | (23,828) | (27,283) |
| Payments to employees | (30,357) | (30,206) |
| Other receipts | 626,860 | 590,261 |
| Net cash provided by operating activities | <u>871,202</u> | <u>876,422</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Due from other government entities | (18,836) | (64,920) |
| Net cash used for noncapital financing activities | <u>(18,836)</u> | <u>(64,920)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Proceeds from sales of bonds | 32,862 | 111,627 |
| Payment of bond principal | (139,387) | (174,161) |
| Early bond redemptions | (1,236,983) | (994,314) |
| Interest paid on debt | (206,990) | (271,784) |
| Interfund transfers | 75,142 | 42,948 |
| Increase to deferred costs | (47) | (1,067) |
| Net cash used for by capital and related financing activities | <u>(1,475,403)</u> | <u>(1,286,751)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from maturity and sale of investments | 4,149,265 | 3,833,563 |
| Purchase of investments | (4,132,174) | (3,772,221) |
| Interest on investments, net | 34,834 | 32,469 |
| Net cash provided by (used for) investing activities | <u>51,925</u> | <u>93,811</u> |
| Net decrease in cash and cash equivalents | (571,112) | (381,438) |
| Cash and cash equivalents at beginning of year | 1,130,977 | 1,512,415 |
| Cash and cash equivalents at end of year | <u>\$ 559,865</u> | <u>\$ 1,130,977</u> |
| Reconciliation of operating income to net cash provided by (used in) operating activities: | | |
| Operating loss | \$ (105,405) | \$ (116,856) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Interest expense on debt | 191,265 | 249,253 |
| Interest on investments | (34,332) | (31,615) |
| Changes in fair value of investments | (41,577) | 4,852 |
| Accretion of capital appreciation bonds | 453 | 2,478 |
| Amortization of bond discount | 78 | 330 |
| Amortization of deferred losses on refundings of debt | 335 | 485 |
| Amortization of bond issuance costs | 4,875 | 6,533 |
| Amortization of bond premium | (1,916) | (4,112) |
| Amortization of deferred revenue | (2,577) | (2,507) |
| Depreciation | 277 | 248 |
| Provision for program loan losses | 105,833 | 62,858 |
| Provision for yield reduction payments | (3,092) | 6,475 |
| Provision for nonmortgage investment excess | (737) | (2,646) |
| Effect of changes in operating assets and liabilities: | | |
| Purchase of program loans-net | (171,765) | (299,259) |
| Collection of principal from program loans, net | 919,276 | 1,067,889 |
| Interest receivable | 9,096 | (2,706) |
| Accounts receivable | 919 | (161) |
| Other assets and deferred outflow | (60,116) | 61,456 |
| Compensated absences | (111) | 7 |
| Deposits and other liabilities | (1,167) | (46,683) |
| Other liabilities and deferred inflow | 61,590 | (79,897) |
| Net cash provided by operating activities | <u>\$ 871,202</u> | <u>\$ 876,422</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Noncash transfer of program loan to REO | \$ 115,948 | \$ 4,217 |

See notes to financial statements.

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**CALIFORNIA HOUSING FINANCE FUND
NOTES TO FINANCIAL STATEMENTS
Fiscal Years Ended June 30, 2012 and 2011**

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 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 Mortgage 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, 2011, the Mortgage Insurance Fund had total assets of \$1.4 million and deficit of \$91.8 million (not covered by this Independent Auditors’ Report).

As 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.

Draw Down Bonds: The Draw Down Bonds are a low cost means for preserving tax exempt borrowing authority; they were issued in lieu of short term notes. The bonds are unrated and are issued in variable rate form and have monthly or weekly rate resets based on certain indices. The bonds are secured solely by their proceeds which are invested in investment agreements or the SMIF. These investments bear interest rates equal to or slightly in excess of the rates on the bonds.

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, 2012, the Agency has three 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.

Housing Mortgage Bonds: The Housing Mortgage Bonds are issued to enable the Agency to make or purchase Mortgage Loans and Mortgage Backed Securities secured by first liens on newly constructed or existing single family homes in California.

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 rate 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 II: The Multifamily Housing Revenue Bonds II are fixed rate bonds collateralized by the GNMA mortgage-backed securities and/or FHA insured loans. The bonds were issued to 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.

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.

Variable Rate Demand Limited Obligation Multifamily Housing Revenue Bonds (Mission Gardens Apartments Project): This Bond is issued pursuant and in compliance with the Zenovich Moscone Chacon Housing and Home Finance Act, consisting of Parts 1 through 4 of Division 31 of the California Health and Safety Code, and a resolution of the Issuer. The Bonds are special, limited obligations of the Issuer payable solely from and secured by the Trust Estate pledged therefore pursuant to the Indenture. The Bonds are issued to provide funds to finance a multifamily housing project located in the City of Santa Cruz, California, owned by Mission Gardens Affordable, L.P., a California limited partnership.

Variable Rate Demand Limited Obligation Multifamily Housing Revenue Bonds (Montecito Village Apartments Project): This Bond is issued pursuant and in compliance with the Zenovich Moscone Chacon Housing and Home Finance Act, consisting of Parts 1 through 4 of Division 31 of the California Health and Safety Code, and a resolution of the Issuer. The Bonds are special, limited obligations of the Issuer payable solely from and secured by the Trust Estate pledged therefore pursuant to the Indenture. The Bonds are issued to provide funds to finance a multifamily housing project located in the City of Ramona, California, owned by Montecito Village Affordable, L.P., a California limited partnership.

Limited Obligation Multifamily Housing Revenue Bonds (Fairmont Apartments Project): The bonds were issued to finance a loan to the borrower for acquisition, rehabilitation and development of a 31-unit multifamily rental housing project located in the City of Oakland, California, and known as Fairmont Apartments.

Limited Obligation Multifamily Housing Revenue Bonds (Belovida Apartment Project): The bonds were issued pursuant to a Trust Indenture dated as of August 1, 2010 between the Agency and U.S. Bank National Association, as Trustee. The proceeds of the Bonds are used by the Agency to finance a mortgage loan, to Belovida at Newbury Park, L.P., for the purpose of financing a portion of the cost of the acquisition, construction and development of a multifamily rental housing development located in the city of San Jose, California.

Limited Obligation Multifamily Housing Revenue Bonds (Highlands Point Apartments): The bonds were issued pursuant to the Act and this Indenture to finance the acquisition, construction and development of an approximately 293-unit multifamily rental housing development located within the City of San Ramon, California to be known as Highlands Point Apartments for persons and families of low or moderate income.

Limited Obligation Multifamily Housing Revenue Bonds (South Pace Apartments): The bonds were issued pursuant to the Act for the purpose of funding a loan to finance the borrower's acquisition, rehabilitation, and development of a 93-unit multifamily rental housing project located in the City of Fairfield, California and known as South Pace apartments. The loan is secured by certain Construction Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing.

Limited Obligation Multifamily Housing Revenue Bonds (GNMA Collateralized Mortgage Loan - One Santa Fe Apartments): The bonds were issued to acquire fully modified mortgage-backed securities, Ginnie Mae Certificates, issued by PNC Bank, N.A. backed by a mortgage loan to 1SF-R, LP, which mortgage loan is insured by the Secretary of Housing and Urban Development. The Mortgage Loan is made to the borrower to provide for the financing of a multifamily rental housing development located in Los Angeles, California and to be known as One Santa Fe Apartment.

Limited Obligation Multifamily Housing Revenue Bonds (Woolf House Apartments): The bonds were issued for the purpose of making a loan to Woolf House Partners LP, to finance a portion of the costs of acquiring, rehabilitating equipping and otherwise improving an existing 182-unit residential rental apartment complex.

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 received transfers in the amount of \$75.1 million and \$42.9 million for fiscal year 2012 and 2011, 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 37.5% of the Agency’s homeownership program loans in first lien position (as of June 30, 2012), 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”.

Loan Warehousing: The Agency borrowed \$22.5 million from the State’s Pooled Money Investment Account (“PMIA”) for short-term warehousing of Agency loans. Homeownership loans are typically warehoused as they are purchased from originating lenders and subsequently transferred to individual bond financings on a monthly basis. The borrowing, which is reapplied for and approved in six-month intervals, requires that interest be paid on the loan at a rate equal to the earnings rate on SMIF on the date of the new loan. As of June 30, 2012, there was no outstanding balance on the PMIA loan which has been fully repaid.

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-Mosccone-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”).

Accounting and Reporting Standards: The Agency follows the Standards of Governmental Accounting and Financial Reporting, as promulgated by GASB. The Agency has adopted the option under GASB No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Funds Accounting*, which allows the Agency to apply all GASB pronouncements and only Financial Accounting Standards Board (“FASB”) pronouncements which date prior to November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Recently Adopted Accounting Pronouncements: CalHFA has adopted GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. This Statement requires the government to cease hedge accounting upon the termination of the hedging derivative instrument, resulting in the immediate recognition of the deferred

outflows of resources or deferred inflows of resources as a component of investment income. The objective of GASB 64 is to clarify whether an effective hedging relationship continues after the replacement of swap counterparty or swap counterparty's credit support provider occurs. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. For fiscal year 2012, CalHFA has adopted and complied with this standard.

New Accounting Pronouncements: GASB issued statements for the future reporting periods that will be applicable to the Agency. In December, 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective for periods beginning after December 15, 2011, with earlier application encouraged. The objective of GASB Statement No. 62 is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is include in the FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for period beginning after December 15, 2011, with earlier application encouraged. GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. 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 No. 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 inflow of resources, certain items that were previously reported as assets and liabilities. The Agency will adopt GASB No. 62 and GASB No. 63, and plans to apply GASB No. 65 for the fiscal year beginning July 1, 2012.

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 gap insurance loss reserve. Based on factors such as reported delinquency categories, claim frequency percentages, severity of loss percentages and level of mortgage insurance coverage, the Agency records the estimated gap insurance losses for the delinquent mortgage loan portfolio. 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 assets, provided that it has the opposite interest characteristics of such Statements of net assets 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, net: Bonds Payable and Notes Payable are carried at their outstanding principal balances, plus unamortized bond premiums, less unamortized bond discounts, unamortized underwriters discounts and deferred losses on refundings.

Bond Premium, Discount and Deferred Financing Costs: Premium, discount and financing costs on bonds are deferred and amortized over the life of the related bond issue using the straight line method of amortization.

Capital Appreciation Bonds: Capital appreciation bonds are payable upon redemption or at maturity in an amount equal to the initial principal amount of such bond plus an amount of interest which, based on semi-annual compounding from the original issuance date, will produce a given yield to the stated maturity. This “Accreted Value” is accrued as bond interest, thereby increasing the original issuance amount of the capital appreciation bond which is not paid until redemption or maturity.

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.

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

Net Assets: Net Assets are classified as invested in capital assets or restricted net assets. Invested in capital assets represents investments in office equipment and furniture net of depreciation. Restricted net assets represent net assets balances under the lien of bond indentures that are therefore pledged to bondholders. State statutes further restrict other net assets 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 Assets.

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 \$1.7 million for both years ended June 30, 2012 and 2011. The Agency also administers National Foreclosure Mitigation Counseling Program (“FMC”). The HUD and FMC pass-through payments aggregated \$73.4 million and \$76.4 million for the years ended June 30, 2012 and 2011, respectively, and are reported as other operating revenues and expenses within Other Programs and Accounts.

Note 3 – 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 assets. In addition, other types of investments are separately held by most of the programs and accounts.

Cash and Cash Equivalents: At June 30, 2012 and 2011, all cash and cash equivalents, totaling \$559.9 million and \$1.13 billion, respectively, were covered by federal depository insurance or by collateral held by the Agency’s agent in the Agency’s name.

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.

In December 2010, the Agency entered into a U. S. Bank National Association Open Repurchase agreement with U.S. Bank through its Money Center for most of the programs except HMRB. Although the repurchase agreements are not insured by Federal Deposit Insurance Corporation (“FDIC”) or guaranteed by any governmental agency or authority, or by U.S. Bank, the securities purchased are U.S. government or other government agency securities at a specified price and U.S. Bank has the obligation to repurchase those securities back at a higher price after a specified period, or at the demand of the Agency. As of June 30, 2012, the par value and market value of U.S. Bank open repurchase agreements was \$128.1 million.

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, 2012 and 2011 was \$120.3 million and \$78.1 million, respectively.

Investments at June 30, 2012 and 2011 are as follows (dollars in thousands):

| | Fair Value June, 30 2012 | Fair Value June, 30 2011 |
|----------------------------------------------------------------|---------------------------------------------|---------------------------------------------|
| U.S. Agency Securities --- GNMA's Federal Agency Securities | \$ 423,058 154,447 | \$ 209,762 168,846 |
| Investment Agreements --- Financial Institutions (at cost) | - | 149,307 |
| Total | | |
| Other Investments: | | |
| Surplus Money Investment Fund --- State of California | 1,312,147 | 1,511,662 |
| US Bank NA Open Repurchase Agreement | 128,102 | 77,598 |
| Other Investment Agreements (at cost) | 70,229 | 87,946 |
| Total Investments | <u>\$ 2,087,983</u> | <u>\$ 2,205,121</u> |
| Current portion | 1,652,102 | 1,826,513 |
| Noncurrent portion | 577,505 | 378,608 |
| Total | <u>\$ 2,229,607</u> | <u>\$ 2,205,121</u> |

Note 4 – INVESTMENT RISK FACTORS

Investments by type at June 30, 2012 and 2011 consists of the following (dollars in thousands):

| | 2012 Totals | 2011 Totals |
|------------------------------------------------------------|------------------------|------------------------|
| U.S. Agency Securities --- GNMA's | \$ 423,058 | \$ 209,762 |
| Federal Agency Securities | 154,447 | 168,846 |
| Investment Agreements --- Financial Institutions (at cost) | 211,853 | 237,253 |
| US Bank NA Open Repurchase Agreement | 128,102 | 77,598 |
| Surplus Money Investment Fund --- State of California | 1,312,147 | 1,511,662 |
| Total Investments | <u>\$ 2,229,607</u> | <u>\$ 2,205,121</u> |

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, 2012 and 2011 are as follows (dollars in thousands):

| | <u>2012</u> | <u>2011</u> |
|--------------------------------|-------------------|-------------------|
| | <u>Totals</u> | <u>Totals</u> |
| Fixed income securities: | | |
| U.S. government guaranteed | \$ 577,505 | \$ 378,608 |
| Guaranteed interest contracts: | | |
| Rated Aaa/AAA | - | 13,997 |
| Rated Aaa/AA+ | 116 | |
| Rated Aaa/NR | 12,716 | 32,977 |
| Rated Aa2/AA+ | - | 857 |
| Rated NR/AA+ | - | 5,027 |
| Rated Aa2/AA | 12,399 | - |
| Rated Aa2/A+ | - | 96,739 |
| Rated Aa3/A+ | 128,102 | 92,024 |
| Rated A1/AA+ | 8,845 | - |
| Rated A1/AA- | 53,011 | 69,559 |
| Rated A1/A+ | - | 3,188 |
| Rated A2/A | 110,208 | - |
| Rated A3/A | - | 483 |
| Rated A3/NR | 14,558 | - |
| Total fixed income securities | <u>\$ 917,460</u> | <u>\$ 693,459</u> |

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, 2012, 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, 2012, no investments in any one issuer exceed 5% of the net assets, 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, 2012, 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 effective duration for fixed income securities at June 30, 2012 and 2011 are as follows:

| | <u>2012</u> | <u>2011</u> |
|----------------------------|-------------|-------------|
| Fixed income securities: | | |
| U.S. government guaranteed | 16.31 | 16.91 |

Note 5 – PROGRAM LOANS RECEIVABLE

Changes in program loans receivable for the years ended June 30, 2012 and 2011 are as follows (dollars in thousands):

| | 2012 | 2011 |
|----------------------------------------|---------------------|---------------------|
| | Totals | Totals |
| Beginning of year balance | \$ 6,932,903 | \$ 7,787,149 |
| Loans purchased/funded | 304,167 | 305,548 |
| Noncash transfers - REO | (115,948) | (4,216) |
| Amortized principal repayments | (178,580) | (291,985) |
| Prepayments | (637,826) | (776,943) |
| Principal Reduction Program | (1,491) | (932) |
| Chargeoffs | (115,626) | (85,718) |
| Subtotal | <u>6,187,599</u> | <u>6,932,903</u> |
| Unamortized Mortgage Discount | (3,101) | (3,249) |
| Transfer to mortgage-backed securities | (439,685) | (321,705) |
| Transfer to REO- net of write-down | (86,186) | (192,518) |
| Allowance for loan loss | (199,776) | (94,326) |
| | <u>\$ 5,458,851</u> | <u>\$ 6,321,105</u> |
| | | |
| Current portion | \$ 163,801 | \$ 172,027 |
| Noncurrent portion | 5,295,050 | 6,149,078 |
| Total | <u>\$ 5,458,851</u> | <u>\$ 6,321,105</u> |

Note 6 – ALLOWANCE FOR PROGRAM LOAN LOSSES

Changes in the allowance for program loan losses for the year ended June 30, 2012 and 2011 are as follows (dollars in thousands):

| | 2012 | 2011 |
|------------------------------------------------------------------------|-------------------|------------------|
| | Totals | Totals |
| Beginning of year balance | \$ 94,326 | \$ 117,186 |
| Provisions for program loan losses | 105,833 | 62,858 |
| Noncash transfer of Gap and CalHLIF reserve to Allowance for loan loss | 115,243 | - |
| Chargeoffs | (115,626) | (85,718) |
| End of year balance | <u>\$ 199,776</u> | <u>\$ 94,326</u> |

Note 7 – 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 and outstanding notional amounts and fair value of associated interest rate swaps as of June 30, 2012 are as follows (dollars in thousands):

| <u>Bond Issue</u> | <u>Type of Bond</u> | <u>Interest Rate Range</u> | <u>Final Maturity Date</u> | <u>Bonds</u> | | <u>Total</u> |
|------------------------------|---------------------|----------------------------|----------------------------|--------------------------|-----------------------------|--------------|
| | | | | <u>Outstanding Fixed</u> | <u>Outstanding Variable</u> | |
| Home Mortgage Revenue Bonds: | | | | | | |
| 1999 Series O | Taxable | | | | | |
| 2000 Series D | Taxable | | | | | |
| 2000 Series H | Taxable | 0.630% | 2017 | | \$ 20,680 | \$ 20,680 |
| 2000 Series J | Tax-Exempt | | | | | |
| 2000 Series N | Tax-Exempt | 0.170% | 2031 | | 20,500 | 20,500 |
| 2000 Series V | Taxable | 0.890% | 2032 | | 17,905 | 17,905 |
| 2000 Series V | Taxable | 0.890% | 2032 | | 17,990 | 17,990 |
| 2000 Series X-2 | Tax-Exempt | 0.170% | 2031 | | 11,150 | 11,150 |
| 2000 Series Z | Taxable | 0.690% | 2031 | | 38,330 | 38,330 |
| 2001 Series D | Taxable | 0.770% | 2022 | | 48,750 | 48,750 |
| 2001 Series G | Taxable | 0.710% | 2029 | | 42,235 | 42,235 |
| 2001 Series J | Tax-Exempt | 0.170% | 2032 | | 27,420 | 27,420 |
| 2001 Series K | Taxable | 0.750% | 2032 | | 47,105 | 47,105 |
| 2001 Series N | Tax-Exempt | | | | | |
| 2001 Series O | Taxable | 0.780% | 2032 | | 53,065 | 53,065 |
| 2001 Series S | Taxable | 0.820% | 2023 | | 37,080 | 37,080 |
| 2001 Series U | Tax-Exempt | 0.170% | 2032 | | 37,225 | 37,225 |
| 2001 Series V | Taxable | 0.640% | 2031 | | 15,795 | 15,795 |
| 2002 Series B | Tax-Exempt | 0.170% | 2033 | | 32,895 | 32,895 |
| 2002 Series C | Taxable | 0.760% | 2033 | | 26,930 | 26,930 |
| 2002 Series D | Taxable | 0.680% | 2030 | | 25,405 | 25,405 |
| 2002 Series F | Tax-Exempt | | | | | |
| 2002 Series H | Taxable | 0.760% | 2022 | | 18,265 | 18,265 |
| 2002 Series J | Tax-Exempt | 0.170% | 2033 | | 63,100 | 63,100 |
| 2002 Series L | Taxable | 0.760% | 2024 | | 21,590 | 21,590 |
| 2002 Series M | Tax-Exempt | 0.170% | 2022 | | 39,250 | 39,250 |
| 2002 Series M | Tax-Exempt | 0.170% | 2033 | | 8,290 | 8,290 |
| 2002 Series O | Taxable | 0.710% | 2033 | | 19,065 | 19,065 |
| 2002 Series P | Tax-Exempt | | | | | |
| 2002 Series Q | Tax-Exempt | 0.170% | 2033 | | 5,030 | 5,030 |
| 2002 Series U | Tax-Exempt | 0.170% | 2032 | | 26,120 | 26,120 |
| 2002 Series U | Tax-Exempt | 0.170% | 2031 | | 26,140 | 26,140 |
| 2003 Series D | Tax-Exempt | 0.170% | 2033 | | 39,230 | 39,230 |

Swaps

| <u>Type</u> | <u>Fixed Rate Paid By Agency</u> | <u>Floating Rate Received By Agency</u> | <u>Effective Date</u> | <u>Termination Date</u> | <u>Outstanding Notional/Applicable Amount</u> | <u>Fair Value</u> |
|-------------|------------------------------------------|-------------------------------------------------|---------------------------|-----------------------------|-------------------------------------------------------|-----------------------|
| Fixed payer | 6.6550% | LIBOR | 12/9/99 | 8/1/12 | \$ 1,045 | \$ (6) |
| Fixed payer | 7.1950% | LIBOR | 1/27/00 | 2/1/13 | 1,420 | (10) |
| Fixed payer | 4.9000% | LIBOR @ 65% | 5/25/00 | 8/1/30 | 18,990 | (5,584) |
| Fixed payer | 4.5275% | LIBOR @ 65% | 10/5/00 | 8/1/15 | 17,905 | (1,202) |
| Fixed payer | 7.0960% | 6 mo LIBOR | 10/5/00 | 8/1/14 | 12,925 | (840) |
| Fixed payer | 4.5100% | LIBOR @ 65% | 12/13/00 | 8/1/31 | 22,770 | (5,883) |
| Fixed payer | 6.8430% | 3 mo LIBOR | 12/13/00 | 8/1/16 | 18,175 | (2,016) |
| Fixed payer | 6.2150% | 3 mo LIBOR+.26% | 1/25/01 | 8/1/19 | 33,460 | (5,247) |
| Fixed payer | 6.0100% | 3 mo LIBOR+.20% | 4/5/01 | 2/1/16 | 17,005 | (1,790) |
| Fixed payer | 4.1430% | LIBOR @ 65% | 5/31/01 | 8/1/24 | 28,155 | (3,935) |
| Fixed payer | 3.9910% | LIBOR @ 65% | 7/26/01 | 8/1/18 | 7,010 | (626) |
| Fixed payer | 6.3600% | 3 mo LIBOR+.27% | 7/26/01 | 8/1/20 | 37,050 | (6,551) |
| Fixed payer | 5.5300% | 3 mo LIBOR+.31% | 10/10/01 | 8/1/18 | 23,120 | (2,601) |
| Fixed payer | 4.1300% | SIFMA less .15% | 12/6/01 | 8/1/32 | 42,590 | (6,651) |
| Fixed payer | 3.8880% | LIBOR @ 65% | 4/18/02 | 8/1/27 | 33,925 | (7,588) |
| Fixed payer | 5.6000% | 3 mo LIBOR+.25% | 5/1/02 | 8/1/12 | 795 | (3) |
| Fixed payer | 3.9940% | LIBOR @ 65% | 6/6/02 | 2/1/24 | 35,620 | (5,169) |
| Fixed payer | 5.5350% | 3 mo LIBOR+.25% | 11/1/02 | 2/1/13 | 2,285 | (40) |
| Fixed payer | 3.8630% | LIBOR @ 65% | 8/8/02 | 8/1/32 | 58,760 | (7,685) |
| Fixed payer | 5.1000% | 3 mo LIBOR+.25% | 12/1/02 | 2/1/13 | 2,320 | (22) |
| Fixed payer | 3.7280% | LIBOR @ 65% | 10/17/02 | 8/1/22 | 41,600 | (5,766) |
| Fixed payer | 3.1480% | LIBOR @ 65% | 12/12/02 | 8/1/22 | 50,610 | (6,300) |
| Fixed payer | 3.8200% | LIBOR @ 65% | 12/12/02 | 8/1/32 | 10,635 | (559) |
| Fixed payer | 3.2400% | LIBOR @ 60%+.26% | 3/6/03 | 2/1/31 | 25,855 | (65) |

Bonds

| <u>Bond Issue</u> | <u>Type of Bond</u> | <u>Interest Rate Range</u> | <u>Final Maturity Date</u> | <u>Outstanding Fixed</u> | <u>Outstanding Variable</u> | <u>Total</u> |
|-------------------|---------------------|----------------------------|----------------------------|--------------------------|-----------------------------|--------------|
| 2003 Series D | Tax-Exempt | 0.170% | 2022 | | 32,105 | 32,105 |
| 2003 Series F | Tax-Exempt | 0.170% | 2022 | | 25,555 | 25,555 |
| 2003 Series F | Tax-Exempt | 0.170% | 2034 | | 64,645 | 64,645 |
| 2003 Series G | Taxable | 0.660% | 2034 | | 16,810 | 16,810 |
| 2003 Series H | Tax-Exempt | 0.170% | 2032 | | 40,475 | 40,475 |
| 2003 Series H | Tax-Exempt | 0.170% | 2033 | | 45,390 | 45,390 |
| 2003 Series I | Taxable | 0.690% | 2033 | | 30,355 | 30,355 |
| 2003 Series K | Tax-Exempt | 0.170% | 2033 | | 47,730 | 47,730 |
| 2003 Series K | Tax-Exempt | 0.170% | 2034 | | 31,475 | 31,475 |
| 2003 Series L | Taxable | 0.690% | 2034 | | 29,215 | 29,215 |
| 2003 Series M | Tax-Exempt | 0.170% | 2024 | | 40,255 | 40,255 |
| 2003 Series M | Tax-Exempt | 0.170% | 2034 | | 57,530 | 57,530 |
| 2003 Series N | Taxable | 0.720% | 2034 | | 32,250 | 32,250 |
| 2004 Series A | Tax-Exempt | | | | | |
| 2004 Series E | Tax-Exempt | 0.170% | 2023 | | 38,940 | 38,940 |
| 2004 Series E | Tax-Exempt | 0.170% | 2035 | | 49,525 | 49,525 |
| 2004 Series F | Taxable | 0.700% | 2035 | | 43,445 | 43,445 |
| 2004 Series G | Tax-Exempt | | | | | |
| 2004 Series G | Tax-Exempt | | | | | |
| 2004 Series I | Tax-Exempt | | | | | |
| 2005 Series A | Tax-Exempt | 0.170% | 2035 | | 101,025 | 101,025 |
| 2005 Series B | Tax-Exempt | 0.170% | 2016 | | 9,755 | 9,755 |
| 2005 Series B | Tax-Exempt | 0.170% | 2035 | | 91,300 | 91,300 |
| 2005 Series D | Tax-Exempt | 0.170% | 2038 | | 44,755 | 44,755 |
| 2005 Series D | Tax-Exempt | 0.170% | 2040 | | 88,075 | 88,075 |
| 2005 Series F | Tax-Exempt | 0.170% | 2037 | | 50,395 | 50,395 |
| 2005 Series F | Tax-Exempt | 0.170% | 2038 | | 80,280 | 80,280 |
| 2005 Series H | Tax-Exempt | 0.170% | 2036 | | 54,995 | 54,995 |
| 2005 Series H | Tax-Exempt | 0.170% | 2036 | | 69,155 | 69,155 |
| 2006 Series C | Tax-Exempt | 0.170% | 2037 | | 51,075 | 51,075 |
| 2006 Series C | Tax-Exempt | 0.170% | 2037 | | 71,120 | 71,120 |
| 2006 Series D | Tax-Exempt | 4.250% - 4.400% | 2017 | 20,000 | | 20,000 |
| 2006 Series E | Tax-Exempt | 4.600% - 5.000% | 2026 | 45,390 | | 45,390 |
| 2006 Series F | Tax-Exempt | 0.170% | 2040 | | 7,100 | 7,100 |
| 2006 Series F | Tax-Exempt | 0.170% | 2041 | | 54,295 | 54,295 |
| 2006 Series G | Tax-Exempt | 3.700% - 3.875% | 2016 | 25,420 | | 25,420 |
| 2006 Series H | Tax-Exempt | 5.750% - 5.750% | 2030 | 19,085 | | 19,085 |
| 2006 Series I | Tax-Exempt | 4.600% - 4.875% | 2041 | 71,135 | | 71,135 |
| 2006 Series J | Tax-Exempt | 4.050% - 4.150% | 2016 | 17,295 | | 17,295 |
| 2006 Series K | Tax-Exempt | 4.550% - 5.500% | 2042 | 158,115 | | 158,115 |
| 2006 Series L | Tax-Exempt | 4.000% - 4.150% | 2016 | 26,505 | | 26,505 |
| 2006 Series M | Tax-Exempt | 4.550% - 5.000% | 2042 | 123,660 | | 123,660 |
| 2007 Series A | Taxable | 5.720% | 2032 | 90,000 | | 90,000 |
| 2007 Series B | Taxable | 0.690% | 2042 | | 40,000 | 40,000 |
| 2007 Series C | Taxable | 0.690% | 2042 | | 20,000 | 20,000 |
| 2007 Series D | Tax-Exempt | 4.050% - 4.400% | 2018 | 47,360 | | 47,360 |
| 2007 Series E | Tax-Exempt | 4.650% - 5.000% | 2042 | 126,250 | | 126,250 |
| 2007 Series F | Tax-Exempt | 4.400% - 4.700% | 2017 | 30,635 | | 30,635 |
| 2007 Series G | Tax-Exempt | 4.950% - 5.050% | 2029 | 65,615 | | 65,615 |
| 2007 Series G | Tax-Exempt | 5.500% | 2042 | 49,200 | | 49,200 |
| 2007 Series H | Tax-Exempt | 0.170% | 2033 | | 41,255 | 41,255 |
| 2007 Series H | Tax-Exempt | 0.170% | 2042 | | 50,000 | 50,000 |
| 2007 Series I | Tax-Exempt | 4.000% - 4.350% | 2017 | 11,595 | | 11,595 |
| 2007 Series J | Tax-Exempt | 5.750% | 2047 | 21,245 | | 21,245 |
| 2007 Series K | Tax-Exempt | 0.170% | 2037 | | 17,340 | 17,340 |

Swaps

| <u>Type</u> | Fixed Rate Paid By Agency | Floating Rate Received By Agency | Effective Date | Termination Date | Outstanding Notional/Applicable Amount | Fair Value |
|-------------|---------------------------------|----------------------------------------|-------------------|---------------------|----------------------------------------------|---------------|
| Fixed payer | 3.1300% | LIBOR @ 60%+.26% | 4/10/03 | 8/1/19 | 30,935 | (75) |
| Fixed payer | 2.6750% | LIBOR @ 60%+.26% | 8/7/03 | 8/1/30 | 40,475 | (798) |
| Fixed payer | 3.2700% | LIBOR @ 60%+.26% | 8/1/04 | 2/1/18 | 47,730 | (1,269) |
| Fixed payer | 3.2250% | LIBOR @ 60%+.26% | 2/4/04 | 8/1/19 | 41,570 | (628) |
| Fixed payer | 3.8900% | LIBOR @ 60%+.26% | 2/4/04 | 8/1/34 | 40,705 | (783) |
| Fixed payer | 3.0875% | LIBOR @ 60%+.26% | 8/1/04 | 8/1/30 | 27,085 | (2,478) |
| Fixed payer | 3.5400% | LIBOR @ 60%+.26% | 4/1/05 | 8/1/20 | 42,540 | (1,803) |
| Fixed payer | 4.1330% | LIBOR @ 60%+.26% | 4/1/05 | 2/1/35 | 43,845 | (2,385) |
| Fixed payer | 3.6100% | LIBOR @ 60%+.26% | 2/1/05 | 2/1/34 | 48,085 | (6,787) |
| Fixed payer | 4.0821% | LIBOR @ 60%+.26% | 8/1/04 | 2/1/35 | 6,275 | (246) |
| Fixed payer | 3.5600% | LIBOR @ 60%+.26% | 8/4/04 | 2/1/33 | 15,285 | (2,069) |
| Fixed payer | 3.8040% | LIBOR @ 60%+.26% | 4/5/05 | 8/1/35 | 101,025 | (16,509) |
| Fixed payer | 3.0490% | LIBOR @ 60%+.26% | 7/1/05 | 2/1/16 | 24,600 | (1,111) |
| Fixed payer | 3.7260% | LIBOR @ 60%+.26% | 7/1/05 | 2/1/35 | 21,985 | (789) |
| Fixed payer | 3.1580% | LIBOR @ 60%+.26% | 5/19/05 | 2/1/36 | 48,470 | (2,630) |
| Fixed payer | 3.3860% | LIBOR @ 60%+.26% | 7/28/05 | 2/1/38 | 61,830 | (3,547) |
| Fixed payer | 3.8570% | LIBOR @ 62%+.25% | 12/15/05 | 2/1/36 | 49,720 | (3,077) |
| Fixed payer | 4.0590% | LIBOR @ 62%+.25% | 4/19/06 | 2/1/37 | 71,120 | (6,838) |
| Fixed payer | 4.2550% | LIBOR @ 62%+.25% | 7/27/06 | 8/1/40 | 60,000 | (4,303) |
| Fixed payer | 4.1360% | LIBOR @ 62%+.25% | 7/27/06 | 2/1/41 | 60,000 | (7,456) |
| Fixed payer | 4.0480% | LIBOR @ 62%+.25% | 8/8/07 | 2/1/31 | 50,000 | (6,850) |
| Fixed payer | 4.2360% | LIBOR @ 62%+.25% | 8/8/07 | 2/1//38 | 50,000 | (7,663) |
| Fixed payer | 3.9870% | LIBOR @ 63%+.24% | 11/7/07 | 8/1/32 | 25,000 | (2,607) |

Bonds

| <u>Bond Issue</u> | <u>Type of Bond</u> | <u>Interest Rate Range</u> | <u>Final Maturity Date</u> | <u>Outstanding Fixed</u> | <u>Outstanding Variable</u> | <u>Total</u> |
|----------------------------------------------|---------------------|----------------------------|----------------------------|--------------------------|-----------------------------|--------------|
| 2007 Series K | Tax-Exempt | 0.170% | 2038 | | 25,000 | 25,000 |
| 2007 Series L | Taxable | 5.530% | 2027 | 44,190 | | 44,190 |
| 2007 Series M | Taxable | 5.835% | 2032 | 80,495 | | 80,495 |
| 2007 Series N | Taxable | 0.690% | 2043 | | 60,000 | 60,000 |
| 2008 Series A | Tax-Exempt | 3.700% - 4.500% | 2020 | 31,900 | | 31,900 |
| 2008 Series B | Tax-Exempt | 4.800% - 5.000% | 2028 | 11,710 | | 11,710 |
| 2008 Series C | Tax-Exempt | 0.170% | 2041 | | 12,130 | 12,130 |
| 2008 Series C | Tax-Exempt | 0.170% | 2041 | | 15,850 | 15,850 |
| 2008 Series C | Tax-Exempt | 0.170% | 2041 | | 7,005 | 7,005 |
| 2008 Series C | Tax-Exempt | 0.170% | 2041 | | 7,760 | 7,760 |
| 2008 Series C | Tax-Exempt | 0.170% | 2041 | | 12,550 | 12,550 |
| 2008 Series D | Tax-Exempt | 0.170% | 2043 | | 1,680 | 1,680 |
| 2008 Series D | Tax-Exempt | 0.170% | 2043 | | 2,595 | 2,595 |
| 2008 Series D | Tax-Exempt | 0.170% | 2043 | | 1,355 | 1,355 |
| 2008 Series D | Tax-Exempt | 0.170% | 2043 | | 3,865 | 3,865 |
| 2008 Series D | Tax-Exempt | 0.170% | 2031 | | 35,420 | 35,420 |
| 2008 Series D | Tax-Exempt | 0.170% | 2031 | | 27,460 | 27,460 |
| 2008 Series D | Tax-Exempt | 0.170% | 2043 | | 4,210 | 4,210 |
| 2008 Series D | Tax-Exempt | 0.170% | 2043 | | 1,980 | 1,980 |
| 2008 Series E | Tax-Exempt | 0.170% | 2032 | | 17,385 | 17,385 |
| 2008 Series E | Tax-Exempt | 0.170% | 2032 | | 7,930 | 7,930 |
| 2008 Series F | Tax-Exempt | 0.170% | 2032 | | 20,160 | 20,160 |
| 2008 Series G | Taxable | 6.000% | 2025 | 50,000 | | 50,000 |
| 2008 Series H | Taxable | 4.950% | 2020 | 77,645 | | 77,645 |
| 2008 Series I | Taxable | 1.730% | 2042 | | 17,000 | 17,000 |
| 2008 Series I | Taxable | 1.730% | 2042 | | 13,990 | 13,990 |
| 2008 Series I | Taxable | 1.730% | 2042 | | 47,270 | 47,270 |
| 2008 Series J | Tax-Exempt | 4.375% - 5.125% | 2018 | 61,280 | | 61,280 |
| 2008 Series K | Tax-Exempt | 5.300% - 5.550% | 2038 | 102,885 | | 102,885 |
| 2008 Series L | Tax-Exempt | 5.200% - 5.550% | 2033 | 155,950 | | 155,950 |
| Housing Program Bonds: | | | | | | |
| 2004 Series A | Tax-Exempt | 0.170% | 2036 | | 28,000 | 28,000 |
| 2006 Series A | Tax-Exempt | 4.750% - 4.950% | 2036 | 42,890 | | 42,890 |
| 2006 Series B | Taxable | 0.150% | 2036 | | 32,650 | 32,650 |
| Residential Mortgage Revenue Bonds: | | | | | | |
| 2009 Series A-1 | Taxable | 0.118% | 2041 | | 150,000 | 150,000 |
| 2009 Series A-3 | Tax-Exempt | 3.100% | 2041 | 35,700 | | 35,700 |
| 2009 Series A-4 | Tax-Exempt | 0.630% | 2041 | 107,190 | | 107,190 |
| 2009 Series A-5 | Tax-Exempt | 1.150% | 2041 | 466,115 | | 466,115 |
| 2010 Series A | Tax-Exempt | 0.950% - 4.625% | 2027 | 23,395 | | 23,395 |
| 2011 Series A | Tax-Exempt | 0.375% - 4.750% | 2028 | 70,855 | | 70,855 |
| Multifamily Loan Purchase Bonds: | | | | | | |
| 2000 Series A | Taxable | Variable | 2017 | | 16,100 | 16,100 |
| Multifamily Housing Revenue Bonds II: | | | | | | |
| 1996 Series A | Tax-Exempt | 6.050% | 2027 | 15,025 | | 15,025 |
| 1996 Series B | Tax-Exempt | 6.050% - 6.150% | 2022 | 17,120 | | 17,120 |

Swaps

| <u>Type</u> | Fixed Rate Paid By Agency | Floating Rate Received By Agency | Effective Date | Termination Date | Outstanding Notional/Applicable Amount | Fair Value |
|-------------|------------------------------------------|-------------------------------------------------|---------------------------|-----------------------------|-------------------------------------------------------|-----------------------|
| Fixed payer | 4.0400% | LIBOR @ 63%+.24% | 11/7/07 | 2/1/38 | 25,000 | (2,607) |
| Fixed payer | 4.8000% | LIBOR @ 65% | 4/6/00 | 2/1/23 | 2,225 | (765) |
| Fixed payer | 4.1430% | LIBOR @ 65% | 5/31/01 | 8/1/24 | 13,345 | (2,779) |
| Fixed payer | 3.9940% | LIBOR @ 65% | 6/6/02 | 2/1/24 | 7,005 | (1,916) |
| Fixed payer | 3.8630% | LIBOR @ 65% | 8/8/02 | 8/1/32 | 7,760 | (2,571) |
| Fixed payer | 4.9000% | LIBOR @ 65% | 5/25/00 | 8/1/30 | 1,680 | (825) |
| Fixed payer | 4.1430% | LIBOR @ 65% | 5/31/01 | 8/1/24 | 2,595 | (630) |
| Fixed payer | 3.9910% | LIBOR @ 65% | 7/26/01 | 8/1/18 | 1,355 | (261) |
| Fixed payer | 4.1300% | SIFMA less .15% | 12/6/01 | 8/1/32 | 3,865 | (1,279) |
| Fixed payer | 4.8500% | LIBOR @ 65% | 11/18/08 | 2/1/17 | 23,235 | (1,901) |
| Fixed payer | 4.8000% | LIBOR @ 65% | 4/6/00 | 2/1/23 | 11,460 | (1,739) |
| Fixed payer | 4.8000% | LIBOR @ 65% | 11/18/00 | 2/1/17 | 4,210 | (819) |
| Fixed payer | 4.6600% | LIBOR @ 65% | 11/18/08 | 2/1/16 | 9,235 | (696) |
| Fixed payer | 3.8700% | LIBOR @ 65% | 11/18/08 | 8/1/17 | 18,645 | (1,636) |
| Fixed payer | 6.1950% | LIBOR | 8/1/02 | 8/1/14 | 10,005 | (499) |
| Fixed payer | 7.1100% | LIBOR | 11/18/08 | 8/1/22 | 33,700 | (9,793) |

Bonds

| <u>Bond Issue</u> | <u>Type of Bond</u> | <u>Interest Rate Range</u> | <u>Final Maturity Date</u> | <u>Outstanding Fixed</u> | <u>Outstanding Variable</u> | <u>Total</u> |
|----------------------------------------|---------------------|----------------------------|----------------------------|--------------------------|-----------------------------|--------------|
| Multifamily Housing Revenue Bonds III: | | | | | | |
| 1997 Series A | Tax-Exempt | 5.850% - 6.050% | 2038 | 60,040 | | 60,040 |
| 1998 Series A | Tax-Exempt | 5.050% - 5.500% | 2038 | 25,900 | | 25,900 |
| 1998 Series B | Tax-Exempt | 5.400% - 5.500% | 2039 | 64,910 | | 64,910 |
| 1998 Series C | Tax-Exempt | 5.200% - 5.300% | 2022 | 6,730 | | 6,730 |
| 1999 Series A | Tax-Exempt | 5.200% - 5.375% | 2036 | 29,420 | | 29,420 |
| 2000 Series A | Tax-Exempt | 0.167% | 2035 | | 69,655 | 69,655 |
| 2000 Series B | Tax-Exempt | 0.157% | 2031 | | 5,280 | 5,280 |
| 2000 Series C | Tax-Exempt | 0.167% | 2033 | | 43,580 | 43,580 |
| 2000 Series D | Tax-Exempt | 0.157% | 2031 | | 12,365 | 12,365 |
| 2001 Series C | Taxable | 0.170% | 2041 | | 10,730 | 10,730 |
| 2001 Series D | Tax-Exempt | 0.143% | 2022 | | 615 | 615 |
| 2001 Series E | Tax-Exempt | 0.167% | 2036 | | 45,240 | 45,240 |
| 2001 Series F | Tax-Exempt | 0.142% | 2032 | | 11,990 | 11,990 |
| 2001 Series G | Tax-Exempt | 0.167% | 2025 | | 3,265 | 3,265 |
| 2001 Series G | Tax-Exempt | 0.167% | 2036 | | 36,070 | 36,070 |
| 2001 Series G | Tax-Exempt | 0.167% | 2036 | | 8,955 | 8,955 |
| 2001 Series H | Taxable | 0.156% | 2036 | | 14,715 | 14,715 |
| 2002 Series A | Tax-Exempt | 0.167% | 2037 | | 8,875 | 8,875 |
| 2002 Series A | Tax-Exempt | 0.167% | 2037 | | 6,815 | 6,815 |
| 2002 Series B | Tax-Exempt | 0.160% | 2035 | | 17,280 | 17,280 |
| 2002 Series C | Tax-Exempt | 0.173% | 2037 | | 5,985 | 5,985 |
| 2002 Series C | Tax-Exempt | 0.170% | 2037 | | 15,125 | 15,125 |
| 2002 Series D | Tax-Exempt | 0.143% | 2033 | | 4,045 | 4,045 |
| 2002 Series E | Tax-Exempt | 0.167% | 2037 | | 14,485 | 14,485 |
| 2002 Series E | Tax-Exempt | 0.167% | 2037 | | 38,420 | 38,420 |
| 2003 Series C | Tax-Exempt | 0.637% | 2038 | | 9,225 | 9,225 |
| 2003 Series C | Tax-Exempt | 0.637% | 2038 | | 13,300 | 13,300 |
| 2003 Series C | Tax-Exempt | 0.637% | 2038 | | 8,995 | 8,995 |
| 2004 Series A | Tax-Exempt | | | | | |
| 2004 Series B | Tax-Exempt | 4.087% | 2039 | | 1,905 | 1,905 |
| 2004 Series B | Tax-Exempt | 4.087% | 2039 | | 5,835 | 5,835 |
| 2004 Series B | Tax-Exempt | 4.087% | 2039 | | 5,095 | 5,095 |
| 2004 Series B | Tax-Exempt | 4.087% | 2039 | | 13,470 | 13,470 |
| 2004 Series B | Tax-Exempt | 4.087% | 2039 | | 1,570 | 1,570 |
| 2004 Series C | Tax-Exempt | 0.407% | 2037 | | 5 | 5 |
| 2004 Series C | Tax-Exempt | 0.407% | 2037 | | 7,435 | 7,435 |
| 2004 Series D | Tax-Exempt | 0.407% | 2039 | | 43,375 | 43,375 |
| 2005 Series A | Tax-Exempt | 0.143% | 2035 | | 2,205 | 2,205 |
| 2005 Series B | Tax-Exempt | 0.186% | 2038 | | 2,360 | 2,360 |
| 2005 Series B | Tax-Exempt | 0.186% | 2038 | | 2,645 | 2,645 |
| 2005 Series B | Tax-Exempt | 0.186% | 2038 | | 3,180 | 3,180 |
| 2005 Series C | Tax-Exempt | 3.800% - 4.900% | 2036 | 8,200 | | 8,200 |
| 2005 Series D | Tax-Exempt | 0.170% | 2038 | | 16,610 | 16,610 |
| 2005 Series E | Tax-Exempt | 4.250% - 5.125% | 2038 | 20,145 | | 20,145 |
| 2006 Series A | Tax-Exempt | 0.170% | 2041 | | 1,070 | 1,070 |
| 2006 Series A | Tax-Exempt | 0.170% | 2041 | | 1,360 | 1,360 |
| 2006 Series A | Tax-Exempt | 0.170% | 2041 | | 3,595 | 3,595 |
| 2007 Series A | Tax-Exempt | 4.400% - 4.750% | 2034 | 1,465 | | 1,465 |
| 2007 Series B | Tax-Exempt | 0.167% | 2040 | | 845 | 845 |
| 2007 Series B | Tax-Exempt | 0.167% | 2040 | | 1,535 | 1,535 |
| 2007 Series C | Tax-Exempt | 0.167% | 2042 | | 5,845 | 5,845 |
| 2007 Series C | Tax-Exempt | 0.167% | 2040 | | 4,740 | 4,740 |
| 2008 Series A | Tax-Exempt | 0.153% | 2040 | | 7,985 | 7,985 |
| 2008 Series B | Tax-Exempt | 0.167% | 2036 | | 19,045 | 19,045 |

Swaps

| <u>Type</u> | <u>Fixed Rate Paid By Agency</u> | <u>Floating Rate Received By Agency</u> | <u>Effective Date</u> | <u>Termination Date</u> | <u>Outstanding Notional/Applicable Amount</u> | <u>Fair Value</u> |
|-------------|------------------------------------------|-------------------------------------------------|---------------------------|-----------------------------|-------------------------------------------------------|-----------------------|
| Fixed payer | 4.5850% | LIBOR @ 64% | 7/12/00 | 2/1/31 | 1,240 | (256) |
| Fixed payer | 4.3950% | LIBOR @ 64% | 11/18/08 | 2/1/31 | 13,170 | (3,790) |
| Fixed payer | 4.4520% | SIFMA less .20% | 6/28/01 | 8/1/22 | 2,200 | (423) |
| Fixed payer | 4.7120% | SIFMA less .15% | 6/28/01 | 2/1/36 | 45,240 | (14,672) |
| Fixed payer | 4.0290% | SIFMA less .20% | 2/1/02 | 2/1/32 | 13,470 | (2,665) |
| Fixed payer | 4.2050% | SIFMA less .15% | 2/1/02 | 8/1/36 | 3,280 | (683) |
| Fixed payer | 4.2050% | SIFMA less .15% | 2/1/02 | 8/1/36 | 37,585 | (9,911) |
| Fixed payer | 4.5950% | SIFMA less .15% | 2/1/04 | 2/1/34 | 8,955 | (2,790) |
| Fixed payer | 4.5000% | SIFMA less .15% | 8/1/02 | 8/1/32 | 15,970 | (4,294) |
| Fixed payer | 4.8900% | SIFMA less .15% | 2/2/04 | 2/1/37 | 10,955 | (4,080) |
| Fixed payer | 4.0370% | SIFMA less .20% | 2/1/03 | 2/1/35 | 22,950 | (5,415) |
| Fixed payer | 4.4050% | SIFMA less .15% | 2/1/04 | 2/1/37 | 13,060 | (4,189) |
| Fixed payer | 4.6380% | SIFMA less .15% | 8/1/05 | 8/1/37 | 15,350 | (5,209) |
| Fixed payer | 4.0850% | SIFMA less .20% | 2/3/03 | 2/1/35 | 11,025 | (2,982) |
| Fixed payer | 4.1510% | SIFMA less .15% | 2/3/03 | 2/1/35 | 14,485 | (4,031) |
| Fixed payer | 4.5710% | SIFMA less .15% | 11/1/04 | 8/1/37 | 38,420 | (13,961) |
| Fixed payer | 3.5560% | LIBOR @ 60%+.26% | 2/1/04 | 8/1/35 | 13,135 | (702) |
| Fixed payer | 4.0260% | LIBOR @ 60%+.26% | 8/1/05 | 8/1/35 | 13,985 | (507) |
| Fixed payer | 4.1770% | LIBOR @ 60%+.26% | 2/1/06 | 8/1/38 | 16,140 | (615) |
| Fixed payer | 3.0590% | LIBOR @ 60%+.21% | 8/1/04 | 8/1/34 | 18,970 | (2,816) |
| Fixed payer | 3.6920% | LIBOR @ 60%+.26% | 8/1/06 | 8/1/36 | 11,830 | (2,148) |
| Fixed payer | 3.3860% | LIBOR @ 60%+.26% | 8/1/04 | 8/1/34 | 5,860 | (173) |
| Fixed payer | 3.3300% | LIBOR @ 60%+.26% | 8/1/04 | 8/1/34 | 4,980 | (649) |
| Fixed payer | 4.9783% | SIFMA less .15% | 8/1/06 | 2/1/39 | 13,375 | (3,242) |
| Fixed payer | 4.5390% | SIFMA less .15% | 8/1/04 | 8/1/34 | 2,355 | (494) |
| Fixed payer | 3.4350% | LIBOR @ 60%+.21% | 2/1/05 | 8/1/25 | 7,560 | (1,192) |
| Fixed payer | 3.5640% | SIFMA less .20% | 7/1/05 | 8/1/35 | 2,205 | (480) |
| Fixed payer | 3.9540% | SIFMA less .15% | 6/15/05 | 8/1/35 | 2,525 | (476) |
| Fixed payer | 4.0790% | SIFMA less .15% | 2/1/07 | 2/1/37 | 23,670 | (4,851) |
| Fixed payer | 3.9570% | SIFMA less .15% | 8/1/07 | 2/1/38 | 3,790 | (771) |
| Fixed payer | 3.7010% | LIBOR @ 60%+.26% | 2/1/06 | 2/1/38 | 29,350 | (6,685) |
| Fixed payer | 4.042% * HR | 97% SIFMA & HR | 6/15/06 | 8/1/27 | 6,645 | (1,127) |
| Fixed payer | 4.381% * HR | 97% SIFMA & HR | 6/15/06 | 8/1/39 | 8,950 | (1,889) |
| Fixed payer | 4.492% * HR | 97% SIFMA & HR | 6/15/06 | 2/1/41 | 4,075 | (922) |
| Fixed payer | 3.9370% | LIBOR @ 64%+.25% | 7/12/07 | 2/1/22 | 2,300 | (324) |
| Fixed payer | 4.2220% | LIBOR @ 64%+.25% | 8/1/09 | 2/1/40 | 5,905 | (1,469) |
| Fixed payer | 3.7280% | LIBOR @ 63%+.30% | 2/1/08 | 8/1/42 | 6,360 | (1,003) |
| Fixed payer | 3.9190% | LIBOR @ 63%+.30% | 11/1/09 | 8/1/40 | 13,725 | (3,137) |
| Fixed payer | 3.2950% | LIBOR @ 61%+.24% | 11/1/09 | 8/1/40 | 10,465 | (2,443) |
| Fixed payer | 3.3850% | SIFMA less .15% | 8/1/03 | 8/1/36 | 22,625 | (3,591) |

Bonds

| <u>Bond Issue</u> | <u>Type of Bond</u> | <u>Interest Rate Range</u> | <u>Final Maturity Date</u> | <u>Outstanding Fixed</u> | <u>Outstanding Variable</u> | <u>Total</u> |
|----------------------------------------------------------------------------------------------------------|---------------------|----------------------------|----------------------------|--------------------------|-----------------------------|--------------|
| 2008 Series B | Tax-Exempt | 0.167% | 2038 | | 9,810 | 9,810 |
| 2008 Series C | Tax-Exempt | 0.187% | 2038 | | 5,475 | 5,475 |
| 2008 Series C | Tax-Exempt | 0.187% | 2036 | | 13,520 | 13,520 |
| 2008 Series C | Tax-Exempt | 0.187% | 2038 | | 760 | 760 |
| Affordable Multifamily Housing Revenue Bonds: | | | | | | |
| 2009 Series A-1 | Tax-Exempt | 4.090% | 2043 | 12,500 | | 12,500 |
| 2009 Series A-2 | Tax-Exempt | 3.210% | 2042 | 4,830 | | 4,830 |
| 2009 Series A-3 | Tax-Exempt | 3.210% | 2042 | 5,740 | | 5,740 |
| 2009 Series A-4 | Tax-Exempt | 3.210% | 2042 | 5,090 | | 5,090 |
| 2009 Series A-5 | Tax-Exempt | 3.210% | 2042 | 4,650 | | 4,650 |
| 2009 Series A-6 | Tax-Exempt | 3.010% | 2044 | 5,100 | | 5,100 |
| 2009 Series A-7 | Tax-Exempt | 3.010% | 2051 | 14,120 | | 14,120 |
| 2009 Series A-8 | Tax-Exempt | 3.010% | 2051 | 12,970 | | 12,970 |
| 2009 Series A-9 | Tax-Exempt | 3.010% | 2044 | 10,850 | | 10,850 |
| 2009 Series A-10 | Tax-Exempt | 3.010% | 2044 | 48,660 | | 48,660 |
| 2009 Series A-11 | Tax-Exempt | 3.010% | 2040 | 9,770 | | 9,770 |
| 2009 Series A-12 | Tax-Exempt | 3.010% | 2041 | 6,510 | | 6,510 |
| 2009 Series A-13 | Tax-Exempt | 3.010% | 2041 | 5,790 | | 5,790 |
| 2009 Series A-14 | Tax-Exempt | 3.010% | 2044 | 10,370 | | 10,370 |
| 2009 Series A-15 | Tax-Exempt | 3.010% | 2051 | 7,010 | | 7,010 |
| 2009 Series A-16 | Tax-Exempt | 3.550% | 2044 | 4,250 | | 4,250 |
| 2009 Series A-17-1 | Tax-Exempt | 3.550% | 2044 | 12,870 | | 12,870 |
| 2009 Series A-17-2 | Tax-Exempt | 0.680% | 2044 | 1,130 | | 1,130 |
| 2009 Series A-18 | Tax-Exempt | 3.550% | 2044 | 9,460 | | 9,460 |
| 2009 Series A-19 | Tax-Exempt | 2.320% | 2051 | 77,830 | | 77,830 |
| 2009 Series A-20 | Tax-Exempt | 2.330% | 2051 | 16,500 | | 16,500 |
| 2009 Series A-21 | Tax-Exempt | 2.320% | 2046 | 55,780 | | 55,780 |
| 2009 Series A-22 | Tax-Exempt | 2.320% | 2039 | 36,530 | | 36,530 |
| Variable Rate Demand Limited Obligation Multifamily Housing Revenue Bonds (Mission Gardens Apartments) | | | | | | |
| 2009 Series A | Tax-Exempt | 0.180% | 2041 | | 4,620 | 4,620 |
| Variable Rate Demand Limited Obligation Multifamily Housing Revenue Bonds (Montecito Village Apartments) | | | | | | |
| 2009 Series B | Tax-Exempt | 0.180% | 2043 | | 6,325 | 6,325 |
| Limited Obligation Multifamily Housing Revenue Bonds (Fairmont Apartments) | | | | | | |
| 2009 Series C | Tax-Exempt | 7.000% | 2026 | 442 | | 442 |
| Limited Obligation Multifamily Housing Revenue Bonds (Belovida Apartments) | | | | | | |
| 2010 Series A | Tax-Exempt | 2.375% | 2014 | 11,390 | | 11,390 |
| Subordinate Limited Obligation Multifamily Housing Revenue Bonds (Highlands Point Apartments) | | | | | | |
| 2010 Series B | Taxable | 6.000% | 2044 | 2,350 | | 2,350 |
| Limited Obligation Multifamily Housing Revenue Bonds (South Pace Apartments) | | | | | | |
| 2010 Series C | Tax-Exempt | 4.500% | 2012 | 5,442 | | 5,442 |

Swaps

| <u>Type</u> | Fixed Rate Paid By Agency | Floating Rate Received By Agency | Effective Date | Termination Date | Outstanding Notional/Applicable Amount | Fair Value |
|--------------------|------------------------------------------|-------------------------------------------------|---------------------------|-----------------------------|-------------------------------------------------------|-----------------------|
| Fixed payer | 4.2950% | SIFMA less .15% | 8/1/05 | 2/1/38 | 26,990 | (4,581) |
| Fixed payer | 3.8830% | LIBOR @ 60%+.26% | 12/1/04 | 8/1/38 | 8,425 | (2,500) |
| Fixed payer | 3.9680% | LIBOR @ 60%+.26% | 7/1/05 | 2/1/36 | 13,520 | (3,756) |
| Fixed payer | 4.0600% | LIBOR @ 60%+.26% | 2/1/06 | 8/1/38 | 8,750 | (2,774) |

| Bonds | | | | | | |
|----------------------------------------------------------------------------------------------------|----------------------------|-----------------------------------|-----------------------------------|---------------------------------|------------------------------------|---------------------|
| <u>Bond Issue</u> | <u>Type of Bond</u> | <u>Interest Rate Range</u> | <u>Final Maturity Date</u> | <u>Outstanding Fixed</u> | <u>Outstanding Variable</u> | <u>Total</u> |
| Limited Obligation Multifamily Housing Revenue Bonds (One Santa Fe Apartments) 2011 Series A | Tax-Exempt | 3.350% | 2021 | 8,370 | | 8,370 |
| Limited Obligation Multifamily Housing Revenue Bonds (Woolf House Apartments) 2011 Series B | Tax-Exempt | 1.050% | 2014 | 16,700 | | 16,700 |
| | | | | 2,982,664 | 3,520,735 | 6,503,399 |
| Unamortized discount | | | | | | (314) |
| Unamortized premium | | | | | | 9,798 |
| Unamortized deferred losses on refundings | | | | | | (3,367) |
| Total Bonds | | | | | | \$ 6,509,516 |

Swaps

| <u>Type</u> | <u>Fixed Rate Paid By Agency</u> | <u>Floating Rate Received By Agency</u> | <u>Effective Date</u> | <u>Termination Date</u> | <u>Outstanding Notional/Applicable Amount</u> | <u>Fair Value</u> |
|-------------|------------------------------------------|-------------------------------------------------|---------------------------|-----------------------------|-------------------------------------------------------|-----------------------|
| | | | | | <u>\$ 2,303,445</u> | <u>\$ (324,224)</u> |

Bank Bonds: Under standby bond purchase agreements for the Agency’s Variable Rate Demand Obligations (“VRDO”), if the Agency’s variable rate bonds cannot be remarketed, the banks under the agreement are required to buy the bonds from the bondholders. These bonds may be remarketed or may be subject to mandatory redemptions at a later date. As of June 30, 2012 and 2011, the Agency had no outstanding bank bonds.

Note Payable: The Agency entered into a loan agreement with Citibank N.A. on March 1, 2010. The Agency received funds to use for special bond redemptions in exchange for a total note payable of \$95.1 million. The loan is collateralized by the Multifamily loan receivables. The Agency collects and remits the mortgage payments less servicing fees to Citibank on 35 Multifamily loans. The Citibank loans note payable balance is \$87.9 million and \$90.1 million at June 30, 2012 and 2011, respectively, as included in Notes Payable in the combined statements of net assets. The outstanding maturity dates of the note payable are various and ranges from July 1, 2012 to January 1, 2046. The range of the interest rates for the note payable is from 5.25% to 9.15%. 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).

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------------------|------------------|-----------------|--------------|
| 2013 | \$ 3,204 | \$ 4,780 | \$ 7,984 |
| 2014 | 3,074 | 4,610 | 7,684 |
| 2015 | 3,270 | 4,419 | 7,689 |
| 2016 | 3,427 | 4,218 | 7,645 |
| 2017 | 3,550 | 4,032 | 7,582 |
| 2018-2022 | 20,952 | 16,823 | 37,775 |
| 2023-2027 | 24,129 | 10,504 | 34,633 |
| 2028-2032 | 15,405 | 4,986 | 20,391 |
| 2033-2037 | 7,320 | 1,703 | 9,023 |
| 2038-2042 | 1,968 | 665 | 2,633 |
| 2043-2047 | 1,630 | 158 | 1,788 |
| Total | \$ 87,929 | \$ 56,898 | \$ 144,827 |

Conduit Bond Obligations: Beginning in 2010, the Agency has issued conduit housing revenue bonds to provide financial assistance for the acquisition, construction, and development of multifamily rental housing. The 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. However, the bonds are reported as liabilities in the accompanying financial statements along with the related assets.

The Agency had twenty-nine series of conduit debt obligations aggregating \$342 million as of June 30, 2012 and twenty-five series of conduit debt obligations aggregating \$224 million as of June 30, 2011.

Reconciliation of Bonds Payable: Changes in bonds payable for the year ended June 30, 2012 and 2011 are as follows (dollars in thousands):

| | <u>2012</u> <u>Totals</u> | <u>2011</u> <u>Totals</u> |
|---------------------------|------------------------------|------------------------------|
| Beginning of year balance | \$ 7,851,024 | \$ 8,905,816 |
| New bonds issued | 32,862 | 111,627 |
| Scheduled maturities | (136,337) | (171,286) |
| Redemptions | (1,236,983) | (994,314) |
| Bond accretions | 453 | 2,478 |
| Amortized discount | 78 | 330 |
| Amortized premium | (1,916) | (4,112) |
| Amortized deferred loss | 335 | 485 |
| End of year balance | <u>\$ 6,509,516</u> | <u>\$ 7,851,024</u> |
| Current portion | \$ 107,273 | \$ 173,961 |
| Noncurrent portion | 6,402,243 | 7,677,063 |
| Total | <u>\$ 6,509,516</u> | <u>\$ 7,851,024</u> |

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, 2012, 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 Ending June 30 | Fixed/Variable Unswapped | | Variable Swapped | | Interest Rate Swaps, Net | Total |
|-------------------------------|-----------------------------|--------------|---------------------|-----------|-----------------------------|--------------|
| | Principal | Interest | Principal | Interest | | |
| 2013 | \$ 90,082 | \$123,799 | \$ 17,190 | \$ 5,650 | \$ 85,710 | \$ 322,431 |
| 2014 | 140,780 | 121,051 | 18,700 | 5,523 | 78,569 | 364,623 |
| 2015 | 144,770 | 116,136 | 29,940 | 5,420 | 72,178 | 368,444 |
| 2016 | 137,995 | 111,345 | 45,990 | 5,278 | 66,328 | 366,936 |
| 2017 | 134,335 | 106,846 | 43,720 | 5,116 | 60,945 | 350,962 |
| 2018-2022 | 755,205 | 460,396 | 310,965 | 22,699 | 242,053 | 1,791,318 |
| 2023-2027 | 784,377 | 336,933 | 295,185 | 17,246 | 170,352 | 1,604,093 |
| 2028-2032 | 915,730 | 229,717 | 512,160 | 11,282 | 109,240 | 1,778,129 |
| 2033-2037 | 843,520 | 142,874 | 393,780 | 4,272 | 43,302 | 1,427,748 |
| 2038-2042 | 549,050 | 69,329 | 85,800 | 869 | 4,122 | 709,170 |
| 2043-2047 | 212,175 | 12,501 | 16,540 | 29 | 7 | 241,252 |
| 2048-2052 | 25,410 | 906 | | | | 26,316 |
| Total | \$ 4,733,429 | \$ 1,831,833 | \$ 1,769,970 | \$ 83,384 | \$ 932,806 | \$ 9,351,422 |

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, including the fair values, of the outstanding fixed payer swaps as of June 30, 2012 are summarized in the table at the beginning of Note 7. The terms, including fair values, of the outstanding basis swaps are summarized in the table under Basis Risk Associated with Interest Rate Swaps.

The fair value of the swaps is reported as “Derivative swap asset” within “Other assets and deferred outflow” in the statements of net assets or as “Derivative swap liability” within “Other liabilities and deferred inflow.” The cumulative gain or loss on the fair value of the effective swaps is reported as “Deferred outflow of resources” within “Other assets and deferred outflows” or “Deferred inflow of resources” within “Other liabilities and deferred inflows” in the statements of net assets. Alternatively, the gain or loss on the fair value of the ineffective swaps is reported as “Investment swap revenues” within “Other revenues” in the statements of revenues, expenses and changes in net assets. The Agency did not pay or receive any cash when the swap transactions were initiated except for in-substance assignments. The following table summarizes the swap fair value activity in the statements of net assets as of June 30, 2012 and 2011 and the statements of revenues, expenses, and changes in net assets for the years ended June 30, 2012 and 2011 (dollars in thousands):

| | 2012 | 2011 |
|--------------------------------------------------------------|-------------|------------|
| Statements of Net Assets: | | |
| Derivative swap asset | \$ 376 | \$ 113 |
| Deferred outflow of resources | 239,108 | 212,374 |
| Derivative swap liability | 324,224 | 252,486 |
| Statements of Revenues, Expenses, and Changes in Net Assets: | | |
| Investment swap revenues | \$ (44,741) | \$ (3,360) |

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, 2012, the Agency executes interest rate swap transactions with 12 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 or if the fair value of the swaps breach a certain threshold. The collateral can be posted in several forms in the amount of the fair value of the interest rate swaps. If the Agency does not post collateral, the interest rate swap can be terminated by the counterparty. As of June 30, 2012, the Agency had a total cash and fair value of mortgage-backed securities posted as collateral with swap counterparties in the amount of \$85.0 million and \$35.3 million, respectively, as included in "Other assets" and "Investments" in the statements of net assets. As of June 30, 2011, the Agency had a total cash and fair value of mortgage-backed securities posted as collateral in the amount of \$51.9 million and \$26.2 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 \$324.2 million as of June 30, 2012 and \$252.3 million as of June 30, 2011. 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, 2012, the Agency's swap portfolio had an aggregate asset position of \$0.4 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 \$324.2 million total. Therefore, the Agency has no net exposure to credit risk.

The table below shows the number of fixed payer swaps and outstanding notional amounts by the counterparties' respective credit ratings as of June 30, 2012 (dollars in thousands).

| <u>Moody's</u> | <u>Standard & Poors</u> | <u>Outstanding Notional Amount</u> | <u>Number of Swap Transactions</u> |
|----------------|-----------------------------|------------------------------------|------------------------------------|
| Aa1 | AA- | \$ 25,000 | 1 |
| Aa2 | AAA | 231,560 | 7 |
| Aa2 | AA | 54,360 | 2 |
| Aa3 | AAA | 654,590 | 36 |
| Aa3 | A+ | 594,260 | 19 |
| A1 | A | 10,465 | 1 |
| A2 | A+ | 194,605 | 11 |
| A2 | A | 14,265 | 2 |
| Baa1 | A- | 111,830 | 2 |
| Baa2 | A- | 412,510 | 16 |
| | | <u>\$ 2,303,445</u> | <u>97</u> |

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, 2012, 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, 2012, rates for the SIFMA, the 1 month LIBOR, the 3 month LIBOR, and the 6 month LIBOR were 0.18%, 0.25%, 0.46%, and 0.73% respectively. The swap formulas will continue to be monitored for its effectiveness in the case that 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 \$215.3 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, 2012 (dollars in thousands):

| <u>Bond Issue</u> | <u>Variable Rate Paid By Agency</u> | <u>Floating Rate Received By Agency */**</u> | <u>Effective Date</u> | <u>Termination Date</u> | <u>Outstanding Notional/Applicable Amount</u> | <u>Fair Value</u> |
|---------------------------------|---------------------------------------------|------------------------------------------------------|---------------------------|-----------------------------|-------------------------------------------------------|-----------------------|
| Home Mortgage Revenue Bonds: | | | | | | |
| 2000 Series C | LIBOR @ 65% | LIBOR @ 85%-0.019% | 2/1/04 | 2/1/17 | \$ 27,445 | \$ 26 |
| 2000 Series J | LIBOR @ 65% | LIBOR @ 85%-0.019% | 2/1/04 | 8/1/30 | 20,670 | 45 |
| 2000 Series U | LIBOR @ 65% | LIBOR @ 85%-0.019% | 2/1/04 | 8/1/15 | 17,905 | 12 |
| 2000 Series X-2 | LIBOR @ 65% | LIBOR @ 85%-0.019% | 2/1/04 | 8/1/31 | 22,770 | 46 |
| 2001 Series N | LIBOR @ 65% | LIBOR @ 85%-0.019% | 2/1/04 | 8/1/18 | 8,365 | 12 |
| 2002 Series B | LIBOR @ 65% | LIBOR @ 85%-0.019% | 2/1/04 | 8/1/27 | 33,925 | 67 |
| 2002 Series F | LIBOR @ 65% | LIBOR @ 85%-0.019% | 2/1/04 | 2/1/24 | 42,625 | 86 |
| 2002 Series M | LIBOR @ 65% | LIBOR @ 85%-0.019% | 2/1/04 | 8/1/22 | 41,600 | 82 |
| | | | | | <u>\$ 215,305</u> | <u>\$ 376</u> |

* 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, 2012.

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, 2012 (dollars in thousands):

| <u>Bond Issue</u> | <u>Bonds Outstanding</u> | <u>Swap Notional Amount</u> | <u>Unmatched Swap</u> | <u>Fair Value</u> |
|---------------------------------------|--------------------------|-----------------------------|-----------------------|-------------------|
| Home Mortgage Revenue Bonds | | | | |
| 1999 Series O | | \$ 1,045 | \$ 1,045 | \$ (6) |
| 2000 Series D | | 1,420 | 1,420 | (10) |
| 2000 Series J * | | 18,990 | 18,990 | (5,538) |
| 2000 Series X2 * | \$ 11,150 | 22,770 | 11,620 | (2,978) |
| 2001 Series J | 27,420 | 28,155 | 735 | (103) |
| 2001 Series N * | | 7,010 | 7,010 | (614) |
| 2001 Series U | 37,225 | 42,590 | 5,365 | (838) |
| 2002 Series B * | 32,895 | 33,925 | 1,030 | (228) |
| 2002 Series F * | | 35,620 | 35,620 | (5,083) |
| 2002 Series M * | 39,250 | 41,600 | 2,350 | (321) |
| 2002 Series P | | 50,610 | 50,610 | (6,300) |
| 2002 Series Q | 5,030 | 10,635 | 5,605 | (295) |
| 2003 Series M | 40,255 | 41,570 | 1,315 | (20) |
| 2004 Series A | | 27,085 | 27,085 | (2,478) |
| 2004 Series E | 38,940 | 42,540 | 3,600 | (153) |
| 2004 Series G | | 48,085 | 48,085 | (6,787) |
| 2004 Series G | | 6,275 | 6,275 | (246) |
| 2004 Series I | | 15,285 | 15,285 | (2,069) |
| 2005 Series B | 9,755 | 24,600 | 14,845 | (670) |
| 2005 Series D | 44,755 | 48,470 | 3,715 | (202) |
| 2006 Series F | 7,100 | 60,000 | 52,900 | (3,794) |
| 2006 Series F | 54,295 | 60,000 | 5,705 | (709) |
| 2007 Series H | 41,255 | 50,000 | 8,745 | (1,198) |
| 2007 Series K | 17,340 | 25,000 | 7,660 | (799) |
| 2008 Series E | 7,930 | 9,235 | 1,305 | (98) |
| 2008 Series I | 13,990 | 33,700 | 19,710 | (5,728) |
| Multifamily Housing Revenue Bonds III | | | | |
| 2000 Series D | 12,365 | 13,170 | 805 | (232) |
| 2001 Series D | 615 | 2,200 | 1,585 | (305) |
| 2001 Series F | 11,990 | 13,470 | 1,480 | (293) |
| 2001 Series G | 39,335 | 40,865 | 1,530 | (397) |
| 2002 Series A | 8,875 | 15,970 | 7,095 | (1,908) |
| 2002 Series A | 6,815 | 10,955 | 4,140 | (1,542) |
| 2002 Series B | 17,280 | 22,950 | 5,670 | (1,338) |
| 2002 Series C | 15,125 | 15,350 | 225 | (76) |
| 2002 Series C | 5,985 | 13,060 | 7,075 | (2,269) |
| 2002 Series D | 4,045 | 11,025 | 6,980 | (1,888) |
| 2003 Series C | 9,225 | 13,135 | 3,910 | (209) |
| 2003 Series C | 13,300 | 13,985 | 685 | (25) |
| 2003 Series C | 8,995 | 16,140 | 7,145 | (272) |
| 2004 Series A | | 18,970 | 18,970 | (2,816) |
| 2004 Series B | 1,905 | 11,830 | 9,925 | (1,802) |
| 2004 Series B | 5,835 | 5,860 | 25 | (1) |
| 2004 Series B | 1,570 | 2,355 | 785 | (165) |
| 2004 Series C | 7,435 | 7,560 | 125 | (20) |
| 2005 Series B | 2,360 | 2,525 | 165 | (31) |
| 2005 Series B | 2,645 | 23,670 | 21,025 | (4,309) |
| 2005 Series B | 3,180 | 3,790 | 610 | (124) |
| 2005 Series D | 16,610 | 29,350 | 12,740 | (2,902) |
| 2006 Series A | 1,070 | 6,645 | 5,575 | (946) |
| 2006 Series A | 1,360 | 8,950 | 7,590 | (1,602) |
| 2006 Series A | 3,595 | 4,075 | 480 | (109) |
| 2007 Series B | 1,535 | 5,905 | 4,370 | (1,087) |
| 2007 Series B | 845 | 2,300 | 1,455 | (205) |
| 2007 Series C | 5,845 | 6,360 | 515 | (81) |
| 2007 Series C | 4,740 | 13,725 | 8,985 | (2,054) |
| 2008 Series A | 7,985 | 10,465 | 2,480 | (579) |
| 2008 Series B | 9,810 | 26,990 | 17,180 | (2,916) |
| 2008 Series B | 19,045 | 22,625 | 3,580 | (568) |
| 2008 Series C | 5,475 | 8,425 | 2,950 | (875) |
| 2008 Series C | 760 | 8,750 | 7,990 | (2,533) |
| Total | \$ 686,140 | \$ 1,219,615 | \$ 533,475 | \$ (83,744) |

*Includes Basis Swap.

Borrowings Payable for Interest Rate Swaps: From time to time, the Agency transfers excess interest rate swap notional (or applicable) amounts between variable rate bond series. Generally, the transfers result in derivative instruments with off-market terms. In previous years, the Agency has established a borrowing payable in the amount of the swap fair value at the time of transfer and amortized it over the life of the swap. However upon further review, the Agency has concluded that this type of non-cash transaction has not been addressed in current governmental authoritative accounting guidance. Therefore, the Agency has fully amortized any remaining borrowings payable.

As of June 30, 2011, the Agency had borrowings payable of \$9.4 million. The borrowings payable is reported within “Other liabilities and deferred inflows” in the statements of net assets and the amortization is reported within “Interest” in the statements of revenues, expenses, and changes in net assets.

Note 8 – 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, 2012 and 2011, the Fund had liabilities to the IRS totaling \$1.6 million and \$2.3 million respectively reported in the statements of net assets as “Due to IRS” within “Due to other government entities.” The net effect of changes in the liability account has been recorded as an increase in “Interest income: Investments” in the statements of revenues, expenses and changes in net assets.

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, 2012 and 2011, the Fund had liabilities to the IRS totaling \$17.8 million and \$20.9 million respectively reported in the statements of net assets as “Due to IRS” within “Due to other government entities.” The net effect of this change is recorded as an increase in “Interest income: Program loans” in the statements of revenues, expenses and changes in net assets. The Agency will continue to monitor the status of mortgage yield compliance to mitigate further liability.

Note 9 – EXTINGUISHMENT OF DEBT

On December 20, 2011, the Agency issued Affordable Multifamily Housing Revenue Bonds 2009 Series A-21 and A-22 and the proceeds were used to refund prior Multifamily Housing Revenue Bonds III series. The losses from the debt refundings were deferred and will be amortized as a component of interest expense over the shorter of the term of the bonds extinguished or the term of the refunding bonds. Both instances were applicable in the debt refundings. A summary of the losses from the extinguishment of Multifamily Rental Housing Programs’ debt for the year ended June 30, 2012 is as follows (dollars in thousands):

| | |
|---------------------------------|-----------------|
| Unmatured principal | \$ 92,670 |
| Unamortized bond issuance costs | (215) |
| Unamortized underwriter’s fees | <u>(263)</u> |
| Net obligation refunded | 92,192 |
| Less proceeds disbursed | <u>92,670</u> |
| Deferred loss on refunding | <u>\$ (478)</u> |

The refundings will decrease the debt service cash flow for Multifamily Rental Housing Programs by approximately \$16.6 million. The refundings may also provide for an economic gain (present value of the difference between new and old debt service requirements) for Multifamily Housing Rental Programs, which is estimated to be \$13.1 million.

For the year ended June 30, 2012, the Agency had no gain or loss on the early extinguishment of debt. However, for the year ended June 30, 2011, the Agency recorded a gain on the early extinguishment of debt of \$35.5 million.

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, Central Supply, P.O. Box 942715, Sacramento, CA 95229-2715 or via the internet at www.calpers.ca.gov.

For the CalPERS fiscal year ended June 30, 2012 the employer contribution rates were 18.175 - 17.025% for the period from July 2011 to June 2012. The employer contribution rates were 17.528% - 16.442% for July 2010 – December 2010 and 19.922% - 19.622% for January 2011 to June 2011.

The Fund's contributions to the PERF for the years ended June 30, 2012 and 2011 were \$7.1 million and \$5.9 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, 2010 which actuarial assumptions included (a) 7.75% investment rate of return compounded annually, (b) projected salary increases that vary based on duration of service, and (c) overall payroll growth factor of 3.25% annually. Both (a) and (c) included an inflation component of 3% compounded annually and a .25% per annum productivity increase assumption.

The most recent actuarial valuation of the PERF indicated that there was an unfunded actuarial accrued liability. The amount of the under funded 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, 2012 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 costs were \$13.4 million and \$9.9 million for the year ended June 30, 2012 and June 30, 2011. This liability was added to personal services at the end of fiscal year. As of June 30, 2012, the allocated contribution of OPEB from the Fund was \$1.8 million, compared to \$1.6 million for the year ended June 30, 2011. CalPERS issues a publicly available CAFR that includes financial statements and required supplementary information for the OPEB.

Note 11 – COMMITMENTS

As of June 30, 2012, the Agency had no outstanding commitments and conditionally approved loan reservation to fund Homeownership Program and Multifamily Program loans. As of June 30, 2012, the Agency had proceeds available from bonds issued to fund \$1.8 million of Homeownership Program loans and \$0.5 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 5/31/15 | Slauson Investors, LLC (Culver City Office) Lease ends 8/31/13 | Total |
|----------------------------|-----------------------------------------------------------------------|----------------------------------------------------------------------------------|-------------------------------------------------------------------|-----------------|
| 2012 | \$2,018 | \$322 | \$301 | \$2,641 |
| 2013 | 2,235 | 347 | 313 | 2,895 |
| 2014 | 2,280 | 358 | 27 | 2,665 |
| 2015 | 2,325 | 302 | - | 2,627 |
| 2016 | 2,372 | - | - | 2,372 |
| 2017 - 2021 | 12,590 | - | - | 12,590 |
| 2022 - 2026 | 5,623 | - | - | 5,623 |
| Total | <u>\$29,443</u> | <u>\$1,329</u> | <u>\$641</u> | <u>\$31,413</u> |

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.

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 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. Interest rate(s) and repayment terms are determined upon receipt of a request to draw on this credit facility. The Mortgage Insurance Fund had not requested a draw on this credit through June 30, 2012.

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, 2012, the allowance for loan loss reserve established under the HMRB indenture decreased \$5.3 million from \$122.3 million to \$117 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, 2012, there is no cash or investments remaining in the Mortgage Insurance Fund to pay outstanding claims. The California Housing Finance Fund has already established a reserve to cover the anticipated shortfall for the loans insured by the Mortgage Insurance Fund. As of June 30, 2012, the reserve amount established under the HMRB indenture was \$51.2 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 \$0.53 million and \$0.50 million for the fiscal year ended June 30, 2012 and the period from May 21, 2010 (inception date) to June 30, 2011, 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 \$1.3 million and \$1.9 million for the fiscal year ended June 30, 2012 and period from May 21, 2010 (inception date) to June 30, 2011, 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 April 30, 2015.

Note 16 – SUBSEQUENT EVENTS

On July 4, 2012, the Agency used \$466.1 million of RMRB bond proceeds to refund \$466.1 million of variable rate demand bonds in the HMRB indenture thus reducing the Agency’s total variable rate debt and risks associated with these type of debt.

On September 18, 2012, Standard & Poor’s Rating Services affirmed the Agency’s issuer credit rating (ICR) at A- with negative outlook and also affirmed the Agency’s HMRB at BBB with stable outlook. The rating actions did not trigger any additional collateral postings.

On September 20, 2012, the Agency Board of Directors adopted resolution 12-10 which approved the extension of the Agency’s participation in U.S. Treasury Department’s Temporary Credit and Liquidity Program through December 23, 2015. The U.S. Treasury Department signed the extension documents on September 28, 2012 which formally put the extension into place.

* * * * *

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL COMBINING STATEMENTS OF NET ASSETS
WITH ADDITIONAL COMBINING INFORMATION
June 30, 2012

(Dollars in Thousands)

| | HOMEOWNERSHIP PROGRAMS | MULTIFAMILY RENTAL HOUSING PROGRAMS | OTHER PROGRAMS AND ACCOUNTS | COMBINED TOTALS |
|--------------------------------------------|---------------------------|----------------------------------------------|--------------------------------------|---------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 528,299 | \$ 1,038 | \$ 30,528 | \$ 559,865 |
| Investments | 748,244 | 85,874 | 817,984 | 1,652,102 |
| Current portion - program loans receivable | 84,837 | 46,460 | 32,504 | 163,801 |
| Interest receivable - Program loans | 16,337 | 5,779 | 6,902 | 29,018 |
| Interest receivable - Investments | 4,540 | 1,070 | 896 | 6,506 |
| Accounts receivable | 19,354 | - | 5,540 | 24,894 |
| Due (to) from other funds | (28,225) | 959 | 27,266 | - |
| Other assets | 70 | 373 | 85,093 | 85,536 |
| Total current assets | <u>1,373,456</u> | <u>141,553</u> | <u>1,006,713</u> | <u>2,521,722</u> |
| Noncurrent assets: | | | | |
| Investments | 410,255 | 127,443 | 39,807 | 577,505 |
| Program loans receivable | 3,578,265 | 1,207,033 | 509,752 | 5,295,050 |
| Deferred financing costs | 20,299 | 3,556 | 5 | 23,860 |
| Other assets and deferred outflow | 89,587 | 98,191 | 142,089 | 329,867 |
| Total Noncurrent assets | <u>4,098,406</u> | <u>1,436,223</u> | <u>691,653</u> | <u>6,226,282</u> |
| Total Assets | <u>\$ 5,471,862</u> | <u>\$ 1,577,776</u> | <u>\$ 1,698,366</u> | <u>\$ 8,748,004</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Current liabilities: | | | | |
| Bonds payable | \$ 73,819 | \$ 33,454 | - | \$ 107,273 |
| Interest payable | 41,928 | 15,584 | \$ 27,443 | 84,955 |
| Due (from) to other government entities | (68) | - | 638 | 570 |
| Compensated absences | - | - | 4,254 | 4,254 |
| Deposits and other liabilities | 3,646 | 34 | 226,690 | 230,370 |
| Total current liabilities | <u>119,325</u> | <u>49,072</u> | <u>259,025</u> | <u>427,422</u> |
| Noncurrent liabilities: | | | | |
| Bonds payable | 5,126,952 | 1,275,291 | - | 6,402,243 |
| Notes payable | - | - | 87,929 | 87,929 |
| Due to other government entities | 1,505 | 17,883 | 13,417 | 32,805 |
| Other liabilities and deferred inflow | - | 134,668 | 189,556 | 324,224 |
| Deferred revenues | 1,658 | 13 | 21,898 | 23,569 |
| Total noncurrent liabilities | <u>5,130,115</u> | <u>1,427,855</u> | <u>312,800</u> | <u>6,870,770</u> |
| Total Liabilities | <u>5,249,440</u> | <u>1,476,927</u> | <u>571,825</u> | <u>7,298,192</u> |
| Net assets | | | | |
| Invested in capital assets | - | - | 1,119 | 1,119 |
| Restricted by indenture | 222,422 | 100,849 | - | 323,271 |
| Restricted by statute | - | - | 1,125,422 | 1,125,422 |
| Total Net assets | <u>222,422</u> | <u>100,849</u> | <u>1,126,541</u> | <u>1,449,812</u> |
| Total Liabilities and Net assets | <u>\$ 5,471,862</u> | <u>\$ 1,577,776</u> | <u>\$ 1,698,366</u> | <u>\$ 8,748,004</u> |

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL COMBINING STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
WITH ADDITIONAL COMBINING INFORMATION
Year Ended June 30, 2012

(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 | \$ 212,991 | \$ 59,281 | \$ 17,161 | \$ 289,433 |
| Interest income - Investments -- net | 23,508 | 5,790 | 5,034 | 34,332 |
| Decrease in fair value of investments | 26,998 | 13,038 | 1,541 | 41,577 |
| Loan commitment fees | 167 | - | 2,410 | 2,577 |
| Other loan fees | 9 | - | 27,369 | 27,378 |
| Other revenues | 1,129 | (33,161) | 50,627 | 18,595 |
| Total Operating revenues | <u>264,802</u> | <u>44,948</u> | <u>104,142</u> | <u>413,892</u> |
| SALARIES AND GENERAL EXPENSES | | | | |
| Interest | 104,095 | 33,699 | 53,471 | 191,265 |
| Amortization of bond discount and bond premium | (1,552) | 528 | - | (1,024) |
| Mortgage servicing fees | 11,600 | 6 | 82 | 11,688 |
| Provision (reversal) for estimated loan losses | 94,968 | (3,143) | 14,008 | 105,833 |
| Salaries and general expenses | - | - | 41,303 | 41,303 |
| Other expenses | 44,181 | 9,591 | 116,460 | 170,232 |
| Total salaries and general expenses | <u>253,292</u> | <u>40,681</u> | <u>225,324</u> | <u>519,297</u> |
| Operating (loss) income before transfers | 11,510 | 4,267 | (121,182) | (105,405) |
| Transfers in | - | - | 75,142 | 75,142 |
| Transfers intrafund | (36,659) | 4,712 | 31,947 | - |
| (Deficit) Net assets | <u>(25,149)</u> | <u>8,979</u> | <u>(14,093)</u> | <u>(30,263)</u> |
| Net assets at beginning of year | 247,571 | 91,870 | 1,140,634 | 1,480,075 |
| Net assets at end of year | <u>\$ 222,422</u> | <u>\$ 100,849</u> | <u>\$ 1,126,541</u> | <u>\$ 1,449,812</u> |

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL COMBINING STATEMENTS OF CASH FLOWS
WITH ADDITIONAL COMBINING INFORMATION
Year Ended June 30, 2012
(Dollars in Thousands)

| | HOMEOWNERSHIP PROGRAMS | MULTIFAMILY RENTAL HOUSING PROGRAMS | OTHER PROGRAMS AND ACCOUNTS | COMBINED TOTALS |
|-----------------------------------------------------------------------------------------------------------|---------------------------|----------------------------------------------|--------------------------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$ 222,235 | \$ 61,246 | \$ 15,046 | \$ 298,527 |
| Payments to suppliers | (12,512) | (197) | (11,119) | (23,828) |
| Payments to employees | - | - | (30,357) | (30,357) |
| Other receipts (payments) | 617,045 | 31,735 | (21,920) | 626,860 |
| Net cash provided by (used for) operating activities | <u>826,768</u> | <u>92,784</u> | <u>(48,350)</u> | <u>871,202</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Intrafund transfers | (36,659) | 4,712 | 31,947 | - |
| Changes in due from other government entities | 1,389 | - | (20,225) | (18,836) |
| Net cash provided by (used for) noncapital financing activities | <u>(35,270)</u> | <u>4,712</u> | <u>11,722</u> | <u>(18,836)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Proceeds from sales of bonds | - | 32,862 | - | 32,862 |
| Payment of bond principal | (88,412) | (47,925) | (3,050) | (139,387) |
| Early bond redemptions | (1,074,765) | (162,218) | - | (1,236,983) |
| Interest paid on debt | (109,718) | (36,339) | (60,933) | (206,990) |
| Interfund transfers | - | - | 75,142 | 75,142 |
| (Increase) Decrease in deferred financing costs | (85) | 321 | (283) | (47) |
| Net cash used for capital and related financing activities | <u>(1,272,980)</u> | <u>(213,299)</u> | <u>10,876</u> | <u>(1,475,403)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Proceeds from maturity and sale of investments | 2,732,499 | 378,058 | 1,038,708 | 4,149,265 |
| Purchase of investments | (2,663,168) | (455,222) | (1,013,784) | (4,132,174) |
| Interest on investments | 23,926 | 5,599 | 5,309 | 34,834 |
| Net cash provided by investing activities | <u>93,257</u> | <u>(71,565)</u> | <u>30,233</u> | <u>51,925</u> |
| Net decrease in cash and cash equivalents | (388,225) | (187,368) | 4,481 | (571,112) |
| Cash and cash equivalents at beginning of year | 916,524 | 188,406 | 26,047 | 1,130,977 |
| Cash and cash equivalents at end of year | <u>\$ 528,299</u> | <u>\$ 1,038</u> | <u>\$ 30,528</u> | <u>\$ 559,865</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES: | | | | |
| Operating income (loss) | 11,510 | 4,267 | (121,182) | (105,405) |
| Adjustments to reconcile operating (loss) income to net cash provided by (used for) operating activities: | | | | |
| Interest expense on debt | 104,095 | 33,699 | 53,471 | 191,265 |
| Interest on investments | (23,508) | (5,790) | (5,034) | (34,332) |
| Changes in fair value of investments | (26,998) | (13,038) | (1,541) | (41,577) |
| Accretion of capital appreciation bonds | 453 | - | - | 453 |
| Amortization of bond discount | 46 | 32 | - | 78 |
| Amortization of deferred losses | 318 | 17 | - | 335 |
| Amortization of bond issuance costs | 3,952 | 635 | 288 | 4,875 |
| Amortization of bond premium | (1,916) | - | - | (1,916) |
| Amortization of deferred revenue | (167) | - | (2,410) | (2,577) |
| Depreciation | - | - | 277 | 277 |
| Provision (reversal) for estimated loan losses | 94,968 | (3,143) | 14,008 | 105,833 |
| Provision for yield reduction payments | (3,791) | 699 | - | (3,092) |
| Provision for nonmortgage investment excess | (382) | (355) | - | (737) |
| Effect of changes in operating assets and liabilities: | | | | |
| Purchase of program loans-net | (144,437) | (6,258) | (21,070) | (171,765) |
| Collection of principal from program loans - net | 815,047 | 59,102 | 45,127 | 919,276 |
| Interest receivable | 9,245 | 1,966 | (2,115) | 9,096 |
| Accounts receivable | (5,180) | 1,054 | 5,045 | 919 |
| Due (from) to other funds | (197) | (12,522) | 12,719 | - |
| Other assets and deferred outflow | (14) | (21,314) | (38,788) | (60,116) |
| Compensated absences | - | - | (111) | (111) |
| Deposits and other liab | (604) | (15) | (548) | (1,167) |
| Other liabilities and deferred inflow | (5,672) | 53,748 | 13,514 | 61,590 |
| Net cash provided by (used for) operating activities | <u>\$ 826,768</u> | <u>\$ 92,784</u> | <u>\$ (48,350)</u> | <u>\$ 871,202</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | | | |
| Noncash transfer of program loan to REO | \$ 115,873 | \$ - | \$ 75 | \$ 115,948 |

**CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF NET ASSETS
HOMEOWNERSHIP PROGRAMS**

June 30, 2012

(Dollars in Thousands)

| | HOME MORTGAGE REVENUE BONDS | DRAW DOWN BONDS | SINGLE FAMILY HOUSING PROGRAM BONDS |
|--------------------------------------------|------------------------------------------------|--------------------------------|------------------------------------------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 11,732 | \$ - | \$ 2 |
| Investments | 635,277 | - | 1,834 |
| Current portion - program loans receivable | 82,526 | - | - |
| Interest receivable - Program loans | 15,888 | - | 199 |
| Interest receivable - Investments | 3,682 | - | 1 |
| Accounts receivable | 19,291 | - | - |
| Due (to) from other funds | (27,243) | - | (721) |
| Other assets | 49 | - | - |
| Total current assets | <u>741,202</u> | <u>-</u> | <u>1,315</u> |
| Noncurrent assets: | | | |
| Investments | 151,278 | - | - |
| Program loans receivable | 3,496,487 | - | 43,029 |
| Deferred financing costs | 18,817 | - | 475 |
| Other assets and deferred outflow | 89,587 | - | - |
| Total Noncurrent assets | <u>3,756,169</u> | <u>-</u> | <u>43,504</u> |
| Total Assets | <u>\$ 4,497,371</u> | <u>\$ -</u> | <u>\$ 44,819</u> |
| LIABILITIES AND NET ASSETS | | | |
| Current liabilities: | | | |
| Bonds payable | \$ 63,625 | \$ - | \$ - |
| Interest payable | 36,724 | - | 886 |
| Due from other government entities | (68) | - | - |
| Deposits and other liabilities | 3,631 | - | 2 |
| Total current liabilities | <u>103,912</u> | <u>-</u> | <u>888</u> |
| Noncurrent liabilities: | | | |
| Bonds payable | 4,206,346 | - | 77,545 |
| Notes payable | - | - | - |
| Due to other government entities | 1,505 | - | - |
| Deferred revenues | 1,567 | - | - |
| Total noncurrent liabilities | <u>4,209,418</u> | <u>-</u> | <u>77,545</u> |
| Total Liabilities | <u>4,313,330</u> | <u>-</u> | <u>78,433</u> |
| Net assets | | | |
| Invested in capital assets | - | - | - |
| Restricted by indenture | 184,041 | - | (33,614) |
| Restricted by statute | - | - | - |
| Total Net assets | <u>184,041</u> | <u>-</u> | <u>(33,614)</u> |
| Total Liabilities and Net assets | <u>\$ 4,497,371</u> | <u>\$ -</u> | <u>\$ 44,819</u> |

| SINGLE FAMILY HOME MORTGAGE BONDS | RESIDENTIAL MORTGAGE REVENUE BONDS | RESIDENTIAL MORTGAGE REVENUE BONDS OVERCOLLATERALIZATION | TOTAL HOMEOWNERSHIP PROGRAMS |
|-----------------------------------------------|---------------------------------------------|----------------------------------------------------------------------|------------------------------------|
| \$ - | \$ 516,563 | \$ 2 | \$ 528,299 |
| - | 109,597 | 1,536 | 748,244 |
| - | - | 2,311 | 84,837 |
| - | - | 250 | 16,337 |
| - | 834 | 23 | 4,540 |
| - | - | 63 | 19,354 |
| - | (240) | (21) | (28,225) |
| - | - | 21 | 70 |
| - | 626,754 | 4,185 | 1,373,456 |
| - | 251,077 | 7,900 | 410,255 |
| - | - | 38,749 | 3,578,265 |
| - | 1,007 | - | 20,299 |
| - | - | - | 89,587 |
| - | 252,084 | 46,649 | 4,098,406 |
| \$ - | \$ 878,838 | \$ 50,834 | \$ 5,471,862 |
| \$ - | \$ 10,194 | \$ - | \$ 73,819 |
| - | 4,318 | - | 41,928 |
| - | - | - | (68) |
| - | 5 | 8 | 3,646 |
| - | 14,517 | 8 | 119,325 |
| - | 843,061 | - | 5,126,952 |
| - | - | - | - |
| - | - | - | 1,505 |
| - | - | 91 | 1,658 |
| - | 843,061 | 91 | 5,130,115 |
| - | 857,578 | 99 | 5,249,440 |
| - | - | - | - |
| - | 21,260 | 50,735 | 222,422 |
| - | - | - | - |
| - | 21,260 | 50,735 | 222,422 |
| \$ - | \$ 878,838 | \$ 50,834 | \$ 5,471,862 |

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
HOMEOWNERSHIP PROGRAM
Year Ended June 30, 2012

(Dollars in Thousands)

| | HOME MORTGAGE REVENUE BONDS | DRAW DOWN BONDS | SINGLE FAMILY HOUSING PROGRAM BONDS |
|--------------------------------------------------|------------------------------------------------|--------------------------------|------------------------------------------------------------|
| OPERATING REVENUES | | | |
| Interest income: | | | |
| Program loans and loan agreements -- net | \$ 209,838 | \$ - | \$ 754 |
| Interest income - Investments -- net | 13,966 | - | 8 |
| Increase (Decrease) in fair value of investments | 7,226 | - | - |
| Loan commitment fees | 165 | - | - |
| Other loan fees | 9 | - | - |
| Other revenues | 1,111 | - | - |
| Total Operating revenues | <u>232,315</u> | <u>-</u> | <u>762</u> |
| SALARIES AND GENERAL EXPENSES | | | |
| Interest | 91,057 | - | 2,002 |
| Amortization of bond discount and bond premium | (1,630) | - | - |
| Mortgage servicing fees | 11,484 | - | - |
| Provision for estimated loan losses | 90,902 | - | 4,198 |
| Salaries and general expenses | - | - | - |
| Other expenses | 43,425 | - | 375 |
| Total salaries and general expenses | <u>235,238</u> | <u>-</u> | <u>6,575</u> |
| Operating income (loss) before transfers | (2,923) | - | (5,813) |
| Transfers in | - | - | - |
| Transfers intrafund | (80,428) | (90) | (1,757) |
| (Decrease) increase in net assets | (83,351) | (90) | (7,570) |
| Net assets at beginning of year | 267,392 | 90 | (26,044) |
| Net assets at end of year | <u>\$ 184,041</u> | <u>\$ -</u> | <u>\$ (33,614)</u> |

| SINGLE FAMILY HOME MORTGAGE BONDS | RESIDENTIAL MORTGAGE REVENUE BONDS | RESIDENTIAL MORTGAGE REVENUE BONDS OVERCOLLATERALIZATION | TOTAL HOMEOWNERSHIP PROGRAMS |
|----------------------------------------------------------|-------------------------------------------------------|---------------------------------------------------------------------------------|---------------------------------------------|
| \$ 2,017 | \$ - | \$ 382 | \$ 212,991 |
| 54 | 9,457 | 23 | 23,508 |
| (2) | 19,122 | 652 | 26,998 |
| 2 | - | - | 167 |
| - | - | - | 9 |
| 18 | - | - | 1,129 |
| 2,089 | 28,579 | 1,057 | 264,802 |
| 1,519 | 9,517 | - | 104,095 |
| 78 | - | - | (1,552) |
| 100 | - | 16 | 11,600 |
| (125) | - | (7) | 94,968 |
| - | - | - | - |
| 42 | 337 | 2 | 44,181 |
| 1,614 | 9,854 | 11 | 253,292 |
| 475 | 18,725 | 1,046 | 11,510 |
| - | - | - | - |
| (4,392) | 319 | 49,689 | (36,659) |
| (3,917) | 19,044 | 50,735 | (25,149) |
| 3,917 | 2,216 | - | 247,571 |
| \$ - | \$ 21,260 | \$ 50,735 | \$ 222,422 |

**CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF CASH FLOWS -
HOMEOWNERSHIP PROGRAMS**

Year Ended June 30, 2012

(Dollars in Thousands)

| | HOME MORTGAGE REVENUE BONDS | DRAW DOWN BONDS | SINGLE FAMILY HOUSING PROGRAM BONDS |
|-----------------------------------------------------------------------------------------------------------|--------------------------------------|-----------------------|-------------------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | \$ 218,990 | \$ - | \$ 721 |
| Payments to suppliers | (12,329) | - | (16) |
| Payments to employees | - | - | - |
| Other receipts (payments) | 606,865 | - | 2,500 |
| Net cash provided by operating activities | <u>813,526</u> | <u>-</u> | <u>3,205</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Intrafund transfers | (80,428) | (90) | (1,757) |
| Changes in due from other government entities | 1,389 | - | - |
| Net cash (used for) provided by noncapital financing activities | <u>(79,039)</u> | <u>(90)</u> | <u>(1,757)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Proceeds from sales of bonds | - | - | - |
| Payment of bond principal | (85,532) | - | - |
| Early bond redemptions | (770,650) | - | - |
| Interest paid on debt | (95,701) | - | (2,133) |
| Interfund transfers | - | - | - |
| Increase in deferred financing costs | (86) | - | - |
| Net cash (used for) capital and related financing activities | <u>(951,969)</u> | <u>-</u> | <u>(2,133)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from maturity and sale of investments | 2,046,987 | 90 | 4,446 |
| Purchase of investments | (1,874,861) | - | (3,771) |
| Interest on investments | 14,675 | - | 10 |
| Net cash provided by (used for) investing activities | <u>186,801</u> | <u>90</u> | <u>685</u> |
| Net decrease in cash and cash equivalents | (30,681) | - | - |
| Cash and cash equivalents at beginning of year | 42,413 | - | 2 |
| Cash and cash equivalents at end of year | <u>\$ 11,732</u> | <u>\$ -</u> | <u>\$ 2</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES: | | | |
| Operating (loss) income | \$ (2,923) | \$ - | \$ (5,813) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Interest expense on debt | 91,058 | - | 2,001 |
| Interest on investments | (13,966) | - | (8) |
| Changes in fair value of investments | (7,226) | - | - |
| Accretion of capital appreciation bonds | 453 | - | - |
| Amortization of bond discount | 46 | - | - |
| Amortization of deferred losses | 240 | - | - |
| Amortization of bond issuance costs | 3,844 | - | 26 |
| Amortization of bond premium | (1,916) | - | - |
| Amortization of deferred revenue | (165) | - | - |
| Provision for estimated loan losses | 90,901 | - | 4,198 |
| Provision for yield reduction payments | (3,791) | - | - |
| Provision for nonmortgage investment excess | (382) | - | - |
| Effect of changes in operating assets and liabilities: | | | |
| Purchase of program loans-net | (144,190) | - | - |
| Collection of principal from program loans - net | 805,198 | - | 1,962 |
| Interest receivable | 9,153 | - | (33) |
| Accounts receivable | (5,368) | - | - |
| Due from other funds | (1,117) | - | 875 |
| Other assets and deferred outflow | 6 | - | - |
| Compensated absences | - | - | - |
| Deposits and other liab | (591) | - | (3) |
| Other liabilities and deferred inflow | (5,738) | - | - |
| Net cash (used for) provided by operating activities | <u>\$ 813,526</u> | <u>\$ -</u> | <u>\$ 3,205</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | | |
| Noncash transfer of program loan to REO | \$ 114,942 | \$ - | \$ - |

| SINGLE FAMILY HOME MORTGAGE BONDS | RESIDENTIAL MORTGAGE REVENUE BONDS | RESIDENTIAL MORTGAGE REVENUE BONDS /RECOLLATERALIZATI | TOTAL HOMEOWNERSHIP PROGRAMS |
|-----------------------------------------------|---------------------------------------------|-------------------------------------------------------------------|------------------------------------|
| \$ 2,392 | \$ - | \$ 132 | \$ 222,235 |
| (119) | (41) | (7) | (12,512) |
| - | - | - | - |
| 48,696 | 10 | (41,026) | 617,045 |
| <u>50,969</u> | <u>(31)</u> | <u>(40,901)</u> | <u>826,768</u> |
| (4,392) | 319 | 49,689 | (36,659) |
| - | - | - | 1,389 |
| <u>(4,392)</u> | <u>319</u> | <u>49,689</u> | <u>(35,270)</u> |
| - | - | - | - |
| (1,880) | (1,000) | - | (88,412) |
| (45,960) | (258,155) | - | (1,074,765) |
| (3,720) | (8,164) | - | (109,718) |
| - | - | - | - |
| 86 | (85) | - | (85) |
| <u>(51,474)</u> | <u>(267,404)</u> | <u>-</u> | <u>(1,272,980)</u> |
| 105,050 | 575,926 | - | 2,732,499 |
| (100,221) | (675,529) | (8,786) | (2,663,168) |
| 59 | 9,182 | - | 23,926 |
| <u>4,888</u> | <u>(90,421)</u> | <u>(8,786)</u> | <u>93,257</u> |
| (9) | (357,537) | 2 | (388,225) |
| 9 | 874,100 | - | 916,524 |
| <u>\$ -</u> | <u>\$ 516,563</u> | <u>\$ 2</u> | <u>\$ 528,299</u> |

| | | | |
|------------------|----------------|--------------------|-------------------|
| \$ 475 | \$ 18,725 | \$ 1,046 | 11,510 |
| 1,519 | 9,517 | - | 104,095 |
| (54) | (9,457) | (23) | (23,508) |
| 2 | (19,122) | (652) | (26,998) |
| - | - | - | 453 |
| - | - | - | 46 |
| 78 | - | - | 318 |
| 16 | 66 | - | 3,952 |
| - | - | - | (1,916) |
| (2) | - | - | (167) |
| (125) | - | (6) | 94,968 |
| - | - | - | (3,791) |
| - | - | - | (382) |
| - | - | - | - |
| 41,827 | - | (42,074) | (144,437) |
| 6,867 | - | 1,020 | 815,047 |
| 375 | - | (250) | 9,245 |
| 251 | - | (63) | (5,180) |
| (216) | 239 | 22 | (197) |
| - | - | (20) | (14) |
| - | - | - | - |
| (19) | 1 | 8 | (604) |
| (25) | - | 91 | (5,672) |
| <u>\$ 50,969</u> | <u>\$ (31)</u> | <u>\$ (40,901)</u> | <u>\$ 826,768</u> |

\$ 931 \$ - \$ - \$ 115,873

**CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF NET ASSETS
MULTIFAMILY RENTAL HOUSING PROGRAMS
June 30, 2012**

(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 | \$ - | \$ - | \$ 865 | \$ 19 |
| Investments | 717 | 4,039 | 74,280 | 2,725 |
| Current portion - program loans receivable | 11,000 | 1,116 | 27,672 | 5,514 |
| Interest receivable - Program loans | - | 186 | 4,012 | 1,318 |
| Interest receivable - Investments | - | 3 | 928 | 14 |
| Accounts receivable | - | - | - | - |
| Due from other funds | - | - | - | 959 |
| Other assets | - | 32 | 291 | - |
| Total current assets | <u>11,717</u> | <u>5,376</u> | <u>108,048</u> | <u>10,549</u> |
| Noncurrent assets: | | | | |
| Investments | - | - | 82,851 | 2,840 |
| Program loans receivable | 4,472 | 30,336 | 750,501 | 26,665 |
| Deferred financing costs | - | 33 | 3,256 | 115 |
| Other assets and deferred outflow | - | - | 98,191 | - |
| Total Noncurrent assets | <u>4,472</u> | <u>30,369</u> | <u>934,799</u> | <u>29,620</u> |
| Total Assets | <u>\$ 16,189</u> | <u>\$ 35,745</u> | <u>\$ 1,042,847</u> | <u>\$ 40,169</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Current liabilities: | | | | |
| Bonds payable | \$ - | \$ 590 | \$ 25,223 | \$ - |
| Interest payable | 91 | 815 | 14,278 | 17 |
| Deposits and other liabilities | 1 | 1 | 31 | 1 |
| Total current liabilities | <u>92</u> | <u>1,406</u> | <u>39,532</u> | <u>18</u> |
| Noncurrent liabilities: | | | | |
| Bonds payable | 16,100 | 31,414 | 775,939 | 25,995 |
| Notes payable | - | - | - | - |
| Due to other government entities | - | - | 17,883 | - |
| Other liabilities and deferred inflow | - | - | 134,668 | - |
| Deferred revenues | - | - | 13 | - |
| Total noncurrent liabilities | <u>16,100</u> | <u>31,414</u> | <u>928,503</u> | <u>25,995</u> |
| Total Liabilities | <u>16,192</u> | <u>32,820</u> | <u>968,035</u> | <u>26,013</u> |
| Net assets | | | | |
| Invested in capital assets | - | - | - | - |
| Restricted by indenture | (3) | 2,925 | 74,812 | 14,156 |
| Restricted by statute | - | - | - | - |
| Total Net assets | <u>(3)</u> | <u>2,925</u> | <u>74,812</u> | <u>14,156</u> |
| Total Liabilities and Net assets | <u>\$ 16,189</u> | <u>\$ 35,745</u> | <u>\$ 1,042,847</u> | <u>\$ 40,169</u> |

| MULTIFAMILY CONDUITS | AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS | TOTAL MULTIFAMILY RENTAL HOUSING PROGRAMS |
|---------------------------------|-----------------------------------------------------------------|------------------------------------------------------------------|
| \$ 154 | \$ - | \$ 1,038 |
| - | 4,113 | 85,874 |
| 294 | 864 | 46,460 |
| 25 | 238 | 5,779 |
| - | 125 | 1,070 |
| - | - | - |
| - | - | 959 |
| - | 50 | 373 |
| 473 | 5,390 | 141,553 |
| - | 41,752 | 127,443 |
| 55,191 | 339,868 | 1,207,033 |
| - | 152 | 3,556 |
| - | - | 98,191 |
| 55,191 | 381,772 | 1,436,223 |
| \$ 55,664 | \$ 387,162 | \$ 1,577,776 |
| \$ 5,441 | \$ 2,200 | \$ 33,454 |
| 26 | 357 | 15,584 |
| - | - | 34 |
| 5,467 | 2,557 | 49,072 |
| 50,197 | 375,646 | 1,275,291 |
| - | - | - |
| - | - | 17,883 |
| - | - | 134,668 |
| - | - | 13 |
| 50,197 | 375,646 | 1,427,855 |
| 55,664 | 378,203 | 1,476,927 |
| - | - | - |
| - | 8,959 | 100,849 |
| - | - | - |
| - | 8,959 | 100,849 |
| \$ 55,664 | \$ 387,162 | \$ 1,577,776 |

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
MULTIFAMILY PROGRAM
Year Ended June 30, 2012

(Dollars in Thousands)

| | MULTIFAMILY LOAN PURCHASE BONDS | MULTIFAMILY HOUSING REVENUE BONDS II | MULTIFAMILY HOUSING REVENUE BONDS III | MULTIFAMILY HOUSING PROGRAM BONDS |
|------------------------------------------------|----------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------|
| OPERATING REVENUES | | | | |
| Interest income: | | | | |
| Program loans and loan agreements -- net | \$ 1,379 | \$ 2,266 | \$ 51,439 | \$ 2,123 |
| Interest income - Investments -- net | - | 13 | 4,730 | 91 |
| Increase in fair value of investments | - | - | 9,386 | 451 |
| Loan commitment fees | - | - | - | - |
| Other loan fees | - | - | - | - |
| Other revenues | - | - | (33,161) | - |
| Total Operating revenues | <u>1,379</u> | <u>2,279</u> | <u>32,394</u> | <u>2,665</u> |
| SALARIES AND GENERAL EXPENSES | | | | |
| Interest | 1,373 | 1,985 | 29,022 | 64 |
| Amortization of bond discount and bond premium | - | 32 | 482 | - |
| Mortgage servicing fees | - | - | 6 | - |
| Provision (reversal) for estimated loan losses | - | (16) | (3,178) | 58 |
| Salaries and general expenses | - | - | - | - |
| Other expenses | 6 | 113 | 8,483 | 599 |
| Total salaries and general expenses | <u>1,379</u> | <u>2,114</u> | <u>34,815</u> | <u>721</u> |
| Operating income (loss) before transfers | - | 165 | (2,421) | 1,944 |
| Transfers in | - | - | - | - |
| Transfers intrafund | - | - | (6,424) | 6,756 |
| (Decrease) increase in net assets | - | 165 | (8,845) | 8,700 |
| Net assets at beginning of year | (3) | 2,760 | 83,657 | 5,456 |
| Net assets at end of year | <u>\$ (3)</u> | <u>\$ 2,925</u> | <u>\$ 74,812</u> | <u>\$ 14,156</u> |

| MULTIFAMILY CONDUITS | AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS | TOTAL MULTIFAMILY RENTAL HOUSING PROGRAMS |
|---------------------------------|-----------------------------------------------------------------|------------------------------------------------------------------|
| \$ 306 | \$ 1,768 | \$ 59,281 |
| - | 956 | 5,790 |
| - | 3,201 | 13,038 |
| - | - | - |
| - | - | - |
| - | - | (33,161) |
| <u>306</u> | <u>5,925</u> | <u>44,948</u> |
| 306 | 949 | 33,699 |
| - | 14 | 528 |
| - | - | 6 |
| - | (7) | (3,143) |
| - | - | - |
| - | 390 | 9,591 |
| <u>306</u> | <u>1,346</u> | <u>40,681</u> |
| - | 4,579 | 4,267 |
| - | - | - |
| - | 4,380 | 4,712 |
| - | 8,959 | 8,979 |
| - | - | 91,870 |
| <u>\$ -</u> | <u>\$ 8,959</u> | <u>\$ 100,849</u> |

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF CASH FLOWS -
MULTIFAMILY RENTAL HOUSING PROGRAMS
Year Ended June 30, 2012
(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 | \$ 1,378 | \$ 2,272 | \$ 52,402 | \$ 2,050 |
| Payments to suppliers | (3) | (10) | (183) | (1) |
| Other receipts (payments) | 11,218 | 968 | 192,831 | 3,129 |
| Net cash provided by (used for) operating activities | <u>12,593</u> | <u>3,230</u> | <u>245,050</u> | <u>5,178</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Intrafund transfers | - | - | (6,424) | 6,757 |
| Net cash (used for) provided by noncapital financing activities | <u>-</u> | <u>-</u> | <u>(6,424)</u> | <u>6,757</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Proceeds from sales of bonds | - | - | - | - |
| Payment of bond principal | (11,675) | (550) | (29,550) | - |
| Early bond redemptions | - | (3,400) | (139,085) | (18,455) |
| Interest paid on debt | (1,440) | (2,085) | (30,164) | (87) |
| Increase (decrease) in deferred financing costs | - | - | 478 | - |
| Net cash (used for) provided by capital and related financing activities | <u>(13,115)</u> | <u>(6,035)</u> | <u>(198,321)</u> | <u>(18,542)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Proceeds from maturity and sale of investments | 13,117 | 16,953 | 186,273 | 18,144 |
| Purchase of investments | (12,596) | (14,167) | (230,604) | (11,622) |
| Interest on investments | - | 18 | 4,656 | 94 |
| Net cash provided by (used for) investing activities | <u>521</u> | <u>2,804</u> | <u>(39,675)</u> | <u>6,616</u> |
| Net (decrease) increase in cash and cash equivalents | (1) | (1) | 630 | 9 |
| Cash and cash equivalents at beginning of year | 1 | 1 | 235 | 10 |
| Cash and cash equivalents at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 865</u> | <u>\$ 19</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES: | | | | |
| Operating income (loss) | \$ - | \$ 165 | \$ (2,421) | \$ 1,944 |
| Adjustments to reconcile operating (loss) income to net cash provided by (used for) operating activities: | | | | |
| Interest expense on debt | 1,372 | 1,985 | 29,022 | 65 |
| Interest on investments | - | (14) | (4,729) | (92) |
| Changes in fair value of investments | - | - | (9,386) | (451) |
| Amortization of bond discount | - | 32 | - | - |
| Amortization of deferred losses | - | - | 481 | - |
| Amortization of bond issuance costs | - | 8 | 532 | 90 |
| Provision (reversal) for estimated loan losses | - | (16) | (3,178) | 58 |
| Provision for yield reduction payments | - | - | 699 | - |
| Provision for nonmortgage investment excess | - | - | (355) | - |
| Effect of changes in operating assets and liabilities: | | | | |
| Sale (Purchase) of program loans-net | - | - | 168,247 | 2,412 |
| Collection of principal from program loans - net | 11,222 | 1,063 | 43,264 | 2,135 |
| Interest receivable | - | 6 | 962 | (72) |
| Accounts receivable | - | - | 1,054 | - |
| Due (from) to other funds | - | - | (11,610) | (912) |
| Other assets and deferred outflow | - | 2 | (21,266) | - |
| Deposits and other liab | (1) | (1) | (14) | 1 |
| Other liabilities and deferred inflow | - | - | 53,748 | - |
| Net cash provided by (used for) operating activities | <u>\$ 12,593</u> | <u>\$ 3,230</u> | <u>\$ 245,050</u> | <u>\$ 5,178</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | | | |
| Noncash transfer of program loan to REO | \$ - | \$ - | \$ - | \$ - |

| MULTIFAMILY CONDUITS | AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS | TOTAL MULTIFAMILY RENTAL HOUSING PROGRAMS |
|-------------------------|-------------------------------------------------------|-------------------------------------------------------|
| \$ 416 | \$ 2,728 | \$ 61,246 |
| - | - | (197) |
| (27,522) | (148,889) | 31,735 |
| <u>(27,106)</u> | <u>(146,161)</u> | <u>92,784</u> |
| - | 4,379 | 4,712 |
| <u>-</u> | <u>4,379</u> | <u>4,712</u> |
| 32,862 | - | 32,862 |
| (5,200) | (950) | (47,925) |
| (8) | (1,270) | (162,218) |
| (416) | (2,147) | (36,339) |
| - | (157) | 321 |
| <u>27,238</u> | <u>(4,524)</u> | <u>(213,299)</u> |
| - | 143,571 | 378,058 |
| - | (186,233) | (455,222) |
| - | 831 | 5,599 |
| <u>-</u> | <u>(41,831)</u> | <u>(71,565)</u> |
| 132 | (188,137) | (187,368) |
| 22 | 188,137 | 188,406 |
| <u>\$ 154</u> | <u>\$ -</u> | <u>\$ 1,038</u> |
| \$ - | \$ 4,579 | \$ 4,267 |
| 306 | 949 | 33,699 |
| - | (955) | (5,790) |
| - | (3,201) | (13,038) |
| - | - | 32 |
| - | (464) | 17 |
| - | 5 | 635 |
| - | (7) | (3,143) |
| - | - | 699 |
| - | - | (355) |
| (27,662) | (149,255) | (6,258) |
| 140 | 1,278 | 59,102 |
| 110 | 960 | 1,966 |
| - | - | 1,054 |
| - | - | (12,522) |
| - | (50) | (21,314) |
| - | - | (15) |
| - | - | 53,748 |
| <u>\$ (27,106)</u> | <u>\$ (146,161)</u> | <u>\$ 92,784</u> |
| \$ - | \$ - | \$ - |

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF NET ASSETS
OTHER PROGRAMS AND ACCOUNTS
June 30, 2012

(Dollars in Thousands)

| | HOUSING ASSISTANCE TRUST | CONTRACT ADMINISTRATION PROGRAMS | SUPPLEMENTAL BOND SECURITY ACCOUNT | EMERGENCY RESERVE ACCOUNT |
|--------------------------------------------|-----------------------------------------|-------------------------------------------------|-------------------------------------------------------|------------------------------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 2,192 | \$ 8,534 | \$ - | \$ - |
| Investments | 182,910 | 359,781 | 8,185 | 31,946 |
| Current portion - program loans receivable | 19,754 | 9,748 | - | - |
| Interest receivable - Program loans | 750 | 5,725 | - | - |
| Interest receivable - Investments | 320 | 325 | 8 | 29 |
| Accounts receivable | 1,445 | - | - | 137 |
| Due (to) from other funds | (26,893) | (296) | 17,735 | 1 |
| Other assets | 85,030 | - | - | - |
| Total current assets | <u>265,508</u> | <u>383,817</u> | <u>25,928</u> | <u>32,113</u> |
| Noncurrent assets: | | | | |
| Investments | 39,807 | - | - | - |
| Program loans receivable | 148,406 | 275,536 | - | - |
| Deferred financing costs | - | - | - | - |
| Other assets and deferred outflow | 53 | - | - | - |
| Total Noncurrent assets | <u>188,266</u> | <u>275,536</u> | <u>-</u> | <u>-</u> |
| Total Assets | <u>\$ 453,774</u> | <u>\$ 659,353</u> | <u>\$ 25,928</u> | <u>\$ 32,113</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Current liabilities: | | | | |
| Interest payable | \$ - | \$ - | \$ - | \$ - |
| Due to other government entities | - | 685 | - | - |
| Compensated absences | - | - | - | - |
| Deposits and other liabilities | 5 | 8,326 | - | - |
| Total current liabilities | <u>5</u> | <u>9,011</u> | <u>-</u> | <u>-</u> |
| Noncurrent liabilities: | | | | |
| Bonds payable | - | - | - | - |
| Notes payable | - | - | - | - |
| Due to other government entities | - | - | - | - |
| Other liabilities and deferred inflow | - | - | - | - |
| Deferred revenues | - | - | - | - |
| Total noncurrent liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Liabilities | <u>5</u> | <u>9,011</u> | <u>-</u> | <u>-</u> |
| Net assets | | | | |
| Invested in capital assets | - | - | - | - |
| Restricted by indenture | - | - | - | - |
| Restricted by statute | 453,769 | 650,342 | 25,928 | 32,113 |
| Total Net assets | <u>453,769</u> | <u>650,342</u> | <u>25,928</u> | <u>32,113</u> |
| Total Liabilities and Net assets | <u>\$ 453,774</u> | <u>\$ 659,353</u> | <u>\$ 25,928</u> | <u>\$ 32,113</u> |

| LOAN SERVICING | LOAN WAREHOUSING | HOMEOWNERSHIP SECONDARY MARKETING | CITIGROUP GLOBAL MARKETS | OPERATING ACCOUNT | TOTAL OTHER PROGRAMS AND ACCOUNTS |
|-------------------|---------------------|-----------------------------------------|--------------------------------|----------------------|-----------------------------------------------|
| \$ 19,071 | \$ 1 | \$ - | \$ 163 | \$ 567 | \$ 30,528 |
| 206,666 | 98 | - | - | 28,398 | 817,984 |
| - | - | - | 3,002 | - | 32,504 |
| - | 31 | - | 396 | - | 6,902 |
| 184 | 1 | - | - | 29 | 896 |
| 3,244 | - | - | - | 714 | 5,540 |
| (3,640) | 17 | - | - | 40,342 | 27,266 |
| - | - | - | - | 63 | 85,093 |
| <u>225,525</u> | <u>148</u> | <u>-</u> | <u>3,561</u> | <u>70,113</u> | <u>1,006,713</u> |
| - | - | - | - | - | 39,807 |
| - | 3,249 | - | 82,561 | - | 509,752 |
| - | - | - | - | 5 | 5 |
| - | - | - | - | 142,036 | 142,089 |
| <u>-</u> | <u>3,249</u> | <u>-</u> | <u>82,561</u> | <u>142,041</u> | <u>691,653</u> |
| <u>\$ 225,525</u> | <u>\$ 3,397</u> | <u>-</u> | <u>86,122</u> | <u>\$ 212,154</u> | <u>\$ 1,698,366</u> |
| \$ - | \$ - | \$ - | \$ 476 | \$ 26,967 | \$ 27,443 |
| - | - | - | - | (47) | 638 |
| - | - | - | - | 4,254 | 4,254 |
| 216,618 | - | - | - | 1,741 | 226,690 |
| <u>216,618</u> | <u>-</u> | <u>-</u> | <u>476</u> | <u>32,915</u> | <u>259,025</u> |
| - | - | - | - | - | - |
| - | - | - | 87,929 | - | 87,929 |
| - | - | - | - | 13,417 | 13,417 |
| - | - | - | - | 189,556 | 189,556 |
| - | - | - | - | 21,898 | 21,898 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>87,929</u> | <u>224,871</u> | <u>312,800</u> |
| <u>216,618</u> | <u>-</u> | <u>-</u> | <u>88,405</u> | <u>257,786</u> | <u>571,825</u> |
| - | - | - | - | 1,119 | 1,119 |
| - | - | - | - | - | - |
| 8,907 | 3,397 | - | (2,283) | (46,751) | 1,125,422 |
| <u>8,907</u> | <u>3,397</u> | <u>-</u> | <u>(2,283)</u> | <u>(45,632)</u> | <u>1,126,541</u> |
| <u>\$ 225,525</u> | <u>\$ 3,397</u> | <u>\$ -</u> | <u>\$ 86,122</u> | <u>\$ 212,154</u> | <u>\$ 1,698,366</u> |

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
OTHER PROGRAMS AND ACCOUNTS
Year Ended June 30, 2012

(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 | \$ 12,857 | \$ 4,242 | \$ - | \$ - |
| Interest income - Investments -- net | 2,462 | 1,364 | 99 | 145 |
| Increase (decrease) in fair value of investments | 1,789 | - | - | - |
| Loan commitment fees | 11 | - | - | - |
| Other loan fees | 1,287 | - | - | - |
| Other revenues | 3,555 | 2,644 | - | - |
| Total Operating revenues | <u>21,961</u> | <u>8,250</u> | <u>99</u> | <u>145</u> |
| SALARIES AND GENERAL EXPENSES | | | | |
| Interest | - | - | - | - |
| Mortgage servicing fees | 82 | - | - | - |
| (Reversal) provision for estimated loan losses | (1,702) | 15,596 | - | - |
| Salaries and general expenses | - | - | - | - |
| Other expenses | 5,216 | 28,896 | - | - |
| Total salaries and general expenses | <u>3,596</u> | <u>44,492</u> | <u>-</u> | <u>-</u> |
| Operating income (loss) before transfers | 18,365 | (36,242) | 99 | 145 |
| Transfers in | - | 75,142 | - | - |
| Transfers intrafund | (33,280) | - | - | - |
| (Decrease) Increase in net assets | <u>(14,915)</u> | <u>38,900</u> | <u>99</u> | <u>145</u> |
| Net assets (Deficit) at beginning of year | 468,684 | 611,442 | 25,829 | 31,968 |
| Net assets (Deficit) at end of year | <u>\$ 453,769</u> | <u>\$ 650,342</u> | <u>\$ 25,928</u> | <u>\$ 32,113</u> |

| LOAN SERVICING | LOAN WAREHOUSING | HOMEOWNERSHIP SECONDARY MARKETING | CITIGROUP GLOBAL MARKETS | OPERATING ACCOUNT | TOTAL OTHER PROGRAMS AND ACCOUNTS |
|-------------------|---------------------|-----------------------------------------|--------------------------------|----------------------|-----------------------------------------------|
| \$ - | \$ 62 | \$ - | \$ - | \$ - | \$ 17,161 |
| 2 | 824 | - | - | 138 | 5,034 |
| - | (248) | - | - | - | 1,541 |
| - | - | - | - | 2,399 | 2,410 |
| 5,422 | - | - | - | 20,660 | 27,369 |
| 71,198 | 5 | 10 | - | (26,785) | 50,627 |
| <u>76,622</u> | <u>643</u> | <u>10</u> | <u>-</u> | <u>(3,588)</u> | <u>104,142</u> |
| - | 35 | - | - | 53,436 | 53,471 |
| - | - | - | - | - | 82 |
| - | 181 | - | (67) | - | 14,008 |
| - | - | - | - | 41,303 | 41,303 |
| 73,486 | - | 1 | - | 8,861 | 116,460 |
| <u>73,486</u> | <u>216</u> | <u>1</u> | <u>(67)</u> | <u>103,600</u> | <u>225,324</u> |
| 3,136 | 427 | 9 | 67 | (107,188) | (121,182) |
| - | - | - | - | - | 75,142 |
| (6,000) | (20,948) | (55) | - | 92,230 | 31,947 |
| <u>(2,864)</u> | <u>(20,521)</u> | <u>(46)</u> | <u>67</u> | <u>(14,958)</u> | <u>(14,093)</u> |
| 11,771 | 23,918 | 46 | (2,350) | (30,674) | 1,140,634 |
| <u>\$ 8,907</u> | <u>\$ 3,397</u> | <u>\$ -</u> | <u>\$ (2,283)</u> | <u>\$ (45,632)</u> | <u>\$ 1,126,541</u> |

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF CASH FLOWS -
OTHER PROGRAMS AND ACCOUNTS
Year Ended June 30, 2012
(Dollars in Thousands)

| | HOUSING ASSISTANCE TRUST | CONTRACT ADMINISTRATION PROGRAMS | SUPPLEMENTAL BOND SECURITY ACCOUNT | EMERGENCY RESERVE ACCOUNT |
|-----------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------|-------------------------------------------------------|------------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$ 13,160 | \$ 1,811 | \$ - | \$ - |
| Payments to suppliers | (90) | - | - | - |
| Payments to employees | - | - | - | - |
| Other receipts (payments) | 39,583 | (73,724) | (6,928) | (32) |
| Net cash provided (used for) by operating activities | <u>52,653</u> | <u>(71,913)</u> | <u>(6,928)</u> | <u>(32)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Intrafund transfers | (33,280) | - | - | - |
| Due (from) to other government entities | - | - | (1,124) | - |
| Net cash provided by (used for) noncapital financing activities | <u>(33,280)</u> | <u>-</u> | <u>(1,124)</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Payment of bond principal | - | - | - | - |
| Interest paid on debt | - | - | - | - |
| Interfund transfers | - | 75,142 | - | - |
| Increase in deferred financing costs | (220) | - | - | - |
| Net cash provided by (used for) capital and related financing activities | <u>(220)</u> | <u>75,142</u> | <u>-</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Proceeds from maturity and sale of investments | 722,126 | 115,679 | 9,862 | 3,949 |
| Purchase of investments | (741,493) | (115,263) | (1,931) | (4,071) |
| Interest on investments - net | 2,393 | 1,485 | 121 | 153 |
| Net cash (used for) provided by investing activities | <u>(16,974)</u> | <u>1,901</u> | <u>8,052</u> | <u>31</u> |
| Net increase (decrease) in cash and cash equivalents | 2,179 | 5,130 | - | (1) |
| Cash and cash equivalents at beginning of year | 13 | 3,404 | - | 1 |
| Cash and cash equivalents at end of year | <u>\$ 2,192</u> | <u>\$ 8,534</u> | <u>\$ -</u> | <u>\$ -</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES: | | | | |
| Operating income (loss) | \$ 18,365 | \$ (36,242) | \$ 99 | \$ 145 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Interest expense on debt | - | - | - | - |
| Interest on investments | (2,462) | (1,364) | (99) | (145) |
| Changes in fair value of investments | (1,789) | - | - | - |
| Amortization of bond issuance costs | 220 | - | - | - |
| Amortization of bond premium | - | - | - | - |
| Amortization of deferred revenue | (12) | - | - | - |
| Depreciation | - | - | - | - |
| (Reversal) provision for estimated loan losses | (1,703) | 15,596 | - | - |
| Provision for nonmortgage investment excess | - | - | - | - |
| Effect of changes in operating assets and liabilities: | | | | |
| Sale (Purchase) of program loans-net | 36,366 | (63,063) | - | - |
| Collection of principal from program loans - net | 31,184 | 15,854 | - | - |
| Interest receivable | 303 | (2,431) | - | - |
| Accounts receivable | (1,376) | - | - | (42) |
| Due (from) to other funds | 53,695 | (1,332) | 467 | 10 |
| Other assets and deferred outflow | (85,008) | - | - | - |
| Compensated absences | - | - | - | - |
| Deposits and other liab | (7) | 1,069 | (7,395) | - |
| Other liabilities and deferred inflow | 4,877 | - | - | - |
| Net cash provided by (used for) operating activities | <u>\$ 52,653</u> | <u>\$ (71,913)</u> | <u>\$ (6,928)</u> | <u>\$ (32)</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | | | |
| Noncash transfer of program loan to REO | \$ 75 | \$ - | \$ - | \$ - |

| LOAN SERVICING | LOAN WAREHOUSING | HOMEOWNERSHIP SECONDARY MARKETING | CITIGROUP GLOBAL MARKETS | OPERATING ACCOUNT | TOTAL OTHER PROGRAMS AND ACCOUNTS |
|-------------------|---------------------|-----------------------------------------|--------------------------------|----------------------|-----------------------------------------------|
| \$ - | \$ 68 | \$ - | \$ 7 | \$ - | \$ 15,046 |
| - | - | - | - | (11,029) | (11,119) |
| - | - | - | - | (30,357) | (30,357) |
| 9,858 | 29,223 | (41) | 3,053 | (22,912) | (21,920) |
| <u>9,858</u> | <u>29,291</u> | <u>(41)</u> | <u>3,060</u> | <u>(64,298)</u> | <u>(48,350)</u> |
| (6,000) | (20,948) | (55) | - | 92,230 | 31,947 |
| - | (22,500) | - | - | 3,399 | (20,225) |
| <u>(6,000)</u> | <u>(43,448)</u> | <u>(55)</u> | <u>-</u> | <u>95,629</u> | <u>11,722</u> |
| - | - | - | (3,050) | - | (3,050) |
| - | (63) | - | (16) | (60,854) | (60,933) |
| - | - | - | - | - | 75,142 |
| - | - | - | - | (63) | (283) |
| <u>-</u> | <u>(63)</u> | <u>-</u> | <u>(3,066)</u> | <u>(60,917)</u> | <u>10,876</u> |
| 54,567 | 62,023 | - | - | 70,502 | 1,038,708 |
| (59,545) | (50,729) | - | - | (40,752) | (1,013,784) |
| 53 | 945 | - | - | 159 | 5,309 |
| <u>(4,925)</u> | <u>12,239</u> | <u>-</u> | <u>-</u> | <u>29,909</u> | <u>30,233</u> |
| (1,067) | (1,981) | (96) | (6) | 323 | 4,481 |
| 20,138 | 1,982 | 96 | 169 | 244 | 26,047 |
| <u>\$ 19,071</u> | <u>\$ 1</u> | <u>\$ -</u> | <u>\$ 163</u> | <u>\$ 567</u> | <u>\$ 30,528</u> |
| \$ 3,136 | \$ 427 | \$ 9 | \$ 67 | \$ (107,188) | (121,182) |
| - | 35 | - | - | 53,436 | 53,471 |
| (3) | (824) | - | - | (137) | (5,034) |
| - | 248 | - | - | - | (1,541) |
| - | - | - | - | 68 | 288 |
| - | - | - | - | - | - |
| - | - | - | - | (2,398) | (2,410) |
| - | - | - | - | 277 | 277 |
| - | 182 | - | (67) | - | 14,008 |
| - | - | - | - | - | - |
| - | 5,627 | - | - | - | (21,070) |
| - | (4,964) | - | 3,053 | - | 45,127 |
| - | 6 | - | 7 | - | (2,115) |
| 1,061 | 26 | - | - | 5,376 | 5,045 |
| (342) | 28,542 | (50) | - | (68,271) | 12,719 |
| - | - | - | - | 46,220 | (38,788) |
| - | - | - | - | (111) | (111) |
| 6,006 | (5) | - | - | (216) | (548) |
| - | (9) | - | - | 8,646 | 13,514 |
| <u>\$ 9,858</u> | <u>\$ 29,291</u> | <u>\$ (41)</u> | <u>\$ 3,060</u> | <u>\$ (64,298)</u> | <u>\$ (48,350)</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 75 |

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**CALIFORNIA HOUSING FINANCE AGENCY
OUTSTANDING INDEBTEDNESS**

The following table describes the bonds of the Agency issued and outstanding as of 11/1/2012

| 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 2000H | Taxable | 4/6/2000 | 4/6/2000 | \$120,000,000.00 | \$18,185,000.00 | \$0.00 | \$18,185,000.00 |
| HMRB 2000N | AMT | 5/25/2000 | 5/25/2000 | \$50,000,000.00 | \$19,305,000.00 | \$0.00 | \$19,305,000.00 |
| HMRB 2000V | Taxable | 10/5/2000 | 10/5/2000 | \$102,000,000.00 | \$33,185,000.00 | \$0.00 | \$33,185,000.00 |
| HMRB 2000X2 | AMT | 12/13/2000 | 12/13/2000 | \$36,445,000.00 | \$10,010,000.00 | \$0.00 | \$10,010,000.00 |
| HMRB 2000Z | Taxable | 12/13/2000 | 12/13/2000 | \$102,000,000.00 | \$34,525,000.00 | \$0.00 | \$34,525,000.00 |
| HMRB 2001D | Taxable | 1/25/2001 | 1/25/2001 | \$112,000,000.00 | \$45,775,000.00 | \$0.00 | \$45,775,000.00 |
| HMRB 2001G | Taxable | 4/5/2001 | 4/5/2001 | \$105,000,000.00 | \$39,450,000.00 | \$0.00 | \$39,450,000.00 |
| HMRB 2001J | AMT | 5/31/2001 | 5/31/2001 | \$86,300,000.00 | \$25,425,000.00 | \$0.00 | \$25,425,000.00 |
| HMRB 2001K | Taxable | 5/31/2001 | 5/31/2001 | \$144,000,000.00 | \$43,240,000.00 | \$0.00 | \$43,240,000.00 |
| HMRB 2001O | Taxable | 7/26/2001 | 7/26/2001 | \$126,000,000.00 | \$49,775,000.00 | \$0.00 | \$49,775,000.00 |
| HMRB 2001S | Taxable | 10/10/2001 | 10/10/2001 | \$80,745,000.00 | \$33,455,000.00 | \$0.00 | \$33,455,000.00 |
| HMRB 2001U | AMT | 12/6/2001 | 12/6/2001 | \$63,060,000.00 | \$34,795,000.00 | \$0.00 | \$34,795,000.00 |
| HMRB 2001V | Taxable | 12/6/2001 | 12/6/2001 | \$66,000,000.00 | \$14,785,000.00 | \$0.00 | \$14,785,000.00 |
| HMRB 2002B | AMT | 4/18/2002 | 4/18/2002 | \$49,500,000.00 | \$30,765,000.00 | \$0.00 | \$30,765,000.00 |
| HMRB 2002C | Taxable | 2/7/2002 | 2/7/2002 | \$82,500,000.00 | \$25,225,000.00 | \$0.00 | \$25,225,000.00 |
| HMRB 2002D | Taxable | 4/18/2002 | 4/18/2002 | \$88,000,000.00 | \$23,420,000.00 | \$0.00 | \$23,420,000.00 |
| HMRB 2002H | Taxable | 6/6/2002 | 6/6/2002 | \$70,000,000.00 | \$18,095,000.00 | \$0.00 | \$18,095,000.00 |
| HMRB 2002J | AMT | 8/8/2002 | 8/8/2002 | \$103,570,000.00 | \$53,815,000.00 | \$0.00 | \$53,815,000.00 |
| HMRB 2002L | Taxable | 8/8/2002 | 8/8/2002 | \$59,500,000.00 | \$19,635,000.00 | \$0.00 | \$19,635,000.00 |
| HMRB 2002M | AMT | 10/17/2002 | 10/17/2002 | \$95,680,000.00 | \$38,975,000.00 | \$0.00 | \$38,975,000.00 |
| HMRB 2002O | Taxable | 10/17/2002 | 10/17/2002 | \$56,000,000.00 | \$17,935,000.00 | \$0.00 | \$17,935,000.00 |
| HMRB 2002U | AMT | 3/6/2003 | 3/6/2003 | \$101,295,000.00 | \$22,545,000.00 | \$0.00 | \$22,545,000.00 |
| HMRB 2003D | AMT | 4/10/2003 | 4/10/2003 | \$116,250,000.00 | \$25,505,000.00 | \$0.00 | \$25,505,000.00 |
| HMRB 2003F | AMT | 6/5/2003 | 6/5/2003 | \$139,835,000.00 | \$14,330,000.00 | \$0.00 | \$14,330,000.00 |
| HMRB 2003G | Taxable | 6/5/2003 | 6/5/2003 | \$50,000,000.00 | \$14,375,000.00 | \$0.00 | \$14,375,000.00 |
| HMRB 2003H | AMT | 8/7/2003 | 8/7/2003 | \$150,000,000.00 | \$37,925,000.00 | \$0.00 | \$37,925,000.00 |
| HMRB 2003I | Taxable | 8/7/2003 | 8/7/2003 | \$50,000,000.00 | \$29,305,000.00 | \$0.00 | \$29,305,000.00 |
| HMRB 2003K | AMT | 9/11/2003 | 9/11/2003 | \$150,000,000.00 | \$40,510,000.00 | \$0.00 | \$40,510,000.00 |
| HMRB 2003L | Taxable | 9/11/2003 | 9/11/2003 | \$50,000,000.00 | \$26,000,000.00 | \$0.00 | \$26,000,000.00 |
| HMRB 2003M | AMT | 11/20/2003 | 11/20/2003 | \$150,000,000.00 | \$77,975,000.00 | \$0.00 | \$77,975,000.00 |
| HMRB 2003N | Taxable | 11/20/2003 | 11/20/2003 | \$50,000,000.00 | \$25,785,000.00 | \$0.00 | \$25,785,000.00 |
| HMRB 2004E | AMT | 5/20/2004 | 5/20/2004 | \$129,105,000.00 | \$83,075,000.00 | \$0.00 | \$83,075,000.00 |
| HMRB 2004F | Taxable | 5/20/2004 | 5/20/2004 | \$50,000,000.00 | \$40,625,000.00 | \$0.00 | \$40,625,000.00 |
| HMRB 2005A | AMT | 1/20/2005 | 1/20/2005 | \$200,000,000.00 | \$91,020,000.00 | \$0.00 | \$91,020,000.00 |
| HMRB 2005B | AMT | 3/30/2005 | 3/30/2005 | \$200,000,000.00 | \$94,940,000.00 | \$0.00 | \$94,940,000.00 |
| HMRB 2005D | AMT | 5/19/2005 | 5/19/2005 | \$176,000,000.00 | \$50,905,000.00 | \$0.00 | \$50,905,000.00 |
| HMRB 2005F | AMT | 7/28/2005 | 7/28/2005 | \$180,000,000.00 | \$118,490,000.00 | \$0.00 | \$118,490,000.00 |
| HMRB 2005H | AMT | 12/15/2005 | 12/15/2005 | \$165,000,000.00 | \$42,780,000.00 | \$0.00 | \$42,780,000.00 |
| HMRB 2006C | AMT | 4/19/2006 | 4/19/2006 | \$175,000,000.00 | \$112,320,000.00 | \$0.00 | \$112,320,000.00 |
| HMRB 2006D | Non-Amt | 7/27/2006 | 7/27/2006 | \$20,000,000.00 | \$20,000,000.00 | \$20,000,000.00 | \$0.00 |
| HMRB 2006E | AMT | 7/27/2006 | 7/27/2006 | \$100,000,000.00 | \$44,815,000.00 | \$44,815,000.00 | \$0.00 |
| HMRB 2006F | AMT | 7/27/2006 | 7/27/2006 | \$120,000,000.00 | \$49,995,000.00 | \$0.00 | \$49,995,000.00 |
| HMRB 2006G | Non-Amt | 9/28/2006 | 9/28/2006 | \$29,490,000.00 | \$25,420,000.00 | \$25,420,000.00 | \$0.00 |
| HMRB 2006H | AMT | 9/28/2006 | 9/28/2006 | \$75,200,000.00 | \$16,575,000.00 | \$16,575,000.00 | \$0.00 |
| HMRB 2006I | AMT | 9/28/2006 | 9/28/2006 | \$165,310,000.00 | \$67,355,000.00 | \$67,355,000.00 | \$0.00 |
| HMRB 2006J | AMT | 10/19/2006 | 10/19/2006 | \$32,790,000.00 | \$17,295,000.00 | \$17,295,000.00 | \$0.00 |
| HMRB 2006K | AMT | 10/19/2006 | 10/19/2006 | \$267,210,000.00 | \$145,815,000.00 | \$145,815,000.00 | \$0.00 |
| HMRB 2006L | AMT | 1/25/2007 | 1/25/2007 | \$50,185,000.00 | \$26,505,000.00 | \$26,505,000.00 | \$0.00 |
| HMRB 2006M | AMT | 1/25/2007 | 1/25/2007 | \$219,815,000.00 | \$112,090,000.00 | \$112,090,000.00 | \$0.00 |

**CALIFORNIA HOUSING FINANCE AGENCY
OUTSTANDING INDEBTEDNESS**

The following table describes the bonds of the Agency issued and outstanding as of 11/1/2012

| 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 2007A | Taxable | 4/26/2007 | 4/26/2007 | \$90,000,000.00 | \$90,000,000.00 | \$90,000,000.00 | \$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 | \$47,360,000.00 | \$47,360,000.00 | \$0.00 |
| HMRB 2007E | AMT | 5/16/2007 | 5/16/2007 | \$193,990,000.00 | \$116,685,000.00 | \$116,685,000.00 | \$0.00 |
| HMRB 2007F | AMT | 8/8/2007 | 8/8/2007 | \$48,260,000.00 | \$30,635,000.00 | \$30,635,000.00 | \$0.00 |
| HMRB 2007G | AMT | 8/8/2007 | 8/8/2007 | \$201,740,000.00 | \$108,270,000.00 | \$108,270,000.00 | \$0.00 |
| HMRB 2007H | AMT | 8/8/2007 | 8/8/2007 | \$100,000,000.00 | \$74,585,000.00 | \$0.00 | \$74,585,000.00 |
| HMRB 2007I | AMT | 11/7/2007 | 11/7/2007 | \$17,280,000.00 | \$11,595,000.00 | \$11,595,000.00 | \$0.00 |
| HMRB 2007J | AMT | 11/7/2007 | 11/7/2007 | \$92,720,000.00 | \$18,175,000.00 | \$18,175,000.00 | \$0.00 |
| HMRB 2007K | AMT | 11/7/2007 | 11/7/2007 | \$50,000,000.00 | \$41,545,000.00 | \$0.00 | \$41,545,000.00 |
| HMRB 2007M | Taxable | 10/30/2007 | 10/30/2007 | \$90,000,000.00 | \$79,080,000.00 | \$79,080,000.00 | \$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 | \$31,900,000.00 | \$31,900,000.00 | \$0.00 |
| 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 | \$24,500,000.00 | \$0.00 | \$24,500,000.00 |
| HMRB 2008D | AMT | 4/9/2008 | 4/9/2008 | \$100,000,000.00 | \$46,085,000.00 | \$0.00 | \$46,085,000.00 |
| HMRB 2008E | AMT | 4/9/2008 | 4/9/2008 | \$65,455,000.00 | \$6,660,000.00 | \$0.00 | \$6,660,000.00 |
| HMRB 2008F | AMT | 4/9/2008 | 4/9/2008 | \$25,000,000.00 | \$15,720,000.00 | \$0.00 | \$15,720,000.00 |
| 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 | \$73,435,000.00 | \$73,435,000.00 | \$0.00 |
| HMRB 2008I | Taxable | 5/14/2008 | 5/14/2008 | \$150,000,000.00 | \$78,260,000.00 | \$0.00 | \$78,260,000.00 |
| HMRB 2008J | AMT | 5/15/2008 | 5/15/2008 | \$79,525,000.00 | \$53,015,000.00 | \$53,015,000.00 | \$0.00 |
| HMRB 2008K | AMT | 5/15/2008 | 5/15/2008 | \$220,475,000.00 | \$94,675,000.00 | \$94,675,000.00 | \$0.00 |
| HMRB 2008L | Non-Amt | 8/28/2008 | 8/28/2008 | \$189,790,000.00 | \$147,760,000.00 | \$147,760,000.00 | \$0.00 |
| HMRB TOTALS | | | | | \$3,475,700,000.00 | \$1,440,165,000.00 | \$2,035,535,000.00 |
| 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 2009A-1 | Taxable | 1/12/2010 | 12/30/2009 | \$900,000,000.00 | \$80,000,000.00 | \$0.00 | \$80,000,000.00 |
| RMRB 2009A-3 | Non-Amt | 12/15/2010 | 12/15/2010 | \$36,000,000.00 | \$35,520,000.00 | \$35,520,000.00 | \$0.00 |
| RMRB 2009A-4 | Non-Amt | 5/19/2011 | 5/19/2011 | \$108,000,000.00 | \$106,710,000.00 | \$106,710,000.00 | \$0.00 |
| RMRB 2010A | Non-Amt | 12/15/2010 | 12/15/2010 | \$24,000,000.00 | \$22,700,000.00 | \$22,700,000.00 | \$0.00 |
| RMRB 2011A | Non-Amt | 5/19/2011 | 5/19/2011 | \$72,000,000.00 | \$69,280,000.00 | \$69,280,000.00 | \$0.00 |
| RMRB TOTALS | | | | | \$314,210,000.00 | \$234,210,000.00 | \$80,000,000.00 |
| Residential Mortgage Revenue Bonds (Seperately-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 | \$444,645,000.00 | \$444,645,000.00 | \$0.00 |
| RMRB (Seperately-Secured) TOTALS | | | | | \$444,645,000.00 | \$444,645,000.00 | \$0.00 |

**CALIFORNIA HOUSING FINANCE AGENCY
OUTSTANDING INDEBTEDNESS**

The following table describes the bonds of the Agency issued and outstanding as of 11/1/2012

| 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-17-2 | Non-Amt | 4/28/2011 | 4/28/2011 | \$1,130,000.00 | \$1,130,000.00 | \$1,130,000.00 | \$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 | \$9,770,000.00 | \$9,770,000.00 | \$0.00 | |
| AMHRB 2009A-12 | Non-Amt | 12/17/2010 | 12/17/2010 | \$6,650,000.00 | \$6,510,000.00 | \$6,510,000.00 | \$0.00 | |
| AMHRB 2009A-13 | Non-Amt | 12/17/2010 | 12/17/2010 | \$5,910,000.00 | \$5,790,000.00 | \$5,790,000.00 | \$0.00 | |
| AMHRB 2009A-14 | Non-Amt | 12/17/2010 | 12/17/2010 | \$10,370,000.00 | \$10,370,000.00 | \$10,370,000.00 | \$0.00 | |
| AMHRB 2009A-15 | Non-Amt | 12/17/2010 | 12/17/2010 | \$7,060,000.00 | \$7,010,000.00 | \$7,010,000.00 | \$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 | \$4,830,000.00 | \$4,830,000.00 | \$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 | \$5,740,000.00 | \$5,740,000.00 | \$0.00 | |
| AMHRB 2009A-4 | Non-Amt | 10/29/2010 | 10/29/2010 | \$5,090,000.00 | \$5,090,000.00 | \$5,090,000.00 | \$0.00 | |
| AMHRB 2009A-5 | Non-Amt | 10/29/2010 | 10/29/2010 | \$4,650,000.00 | \$4,650,000.00 | \$4,650,000.00 | \$0.00 | |
| 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 | \$14,120,000.00 | \$14,120,000.00 | \$0.00 | |
| AMHRB 2009A-8 | Non-Amt | 12/17/2010 | 12/17/2010 | \$13,060,000.00 | \$12,970,000.00 | \$12,970,000.00 | \$0.00 | |
| AMHRB 2009A-9 | Non-Amt | 12/17/2010 | 12/17/2010 | \$10,850,000.00 | \$10,850,000.00 | \$10,850,000.00 | \$0.00 | |
| AMHRRB 2009A-21 | AMT | 12/20/2011 | 12/20/2011 | \$55,990,000.00 | \$55,330,000.00 | \$55,330,000.00 | \$0.00 | |
| AMHRRB 2009A-22 | AMT | 12/20/2011 | 12/20/2011 | \$36,680,000.00 | \$36,200,000.00 | \$36,200,000.00 | \$0.00 | |
| AMHRB TOTALS | | | | | \$377,530,000.00 | \$377,530,000.00 | \$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 Belvedere Place | Non-Amt | 3/1/2010 | 3/30/2010 | \$1,325,532.23 | \$1,248,610.69 | \$1,248,610.69 | \$0.00 | |
| CLS Casa De Vida | Non-Amt | 3/1/2010 | 3/30/2010 | \$558,362.82 | \$473,278.03 | \$473,278.03 | \$0.00 | |
| CLS Colonial Farms | Taxable | 3/1/2010 | 3/30/2010 | \$921,728.98 | \$186,158.94 | \$186,158.94 | \$0.00 | |
| CLS Conant Place Seniors | AMT | 4/30/2010 | 4/30/2010 | \$748,161.65 | \$671,508.04 | \$671,508.04 | \$0.00 | |
| CLS Corralitos Creek | Non-Amt | 3/1/2010 | 3/30/2010 | \$2,311,141.25 | \$2,184,560.40 | \$2,184,560.40 | \$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 | \$135,634.33 | \$135,634.33 | \$0.00 | |
| CLS Doretha Mitchell | Taxable | 3/1/2010 | 3/30/2010 | \$1,164,307.04 | \$1,135,349.42 | \$1,135,349.42 | \$0.00 | |
| CLS Edgewater Isle | Taxable | 3/1/2010 | 3/30/2010 | \$7,689,054.08 | \$3,517,560.86 | \$3,517,560.86 | \$0.00 | |
| CLS Flower Park Plaza | Non-Amt | 3/1/2010 | 3/30/2010 | \$9,148,341.96 | \$8,544,687.23 | \$8,544,687.23 | \$0.00 | |
| CLS Gateway Apts | Non-Amt | 3/1/2010 | 3/30/2010 | \$7,223,646.10 | \$6,860,196.18 | \$6,860,196.18 | \$0.00 | |
| CLS Hillside Terrace | Non-Amt | 4/30/2010 | 4/30/2010 | \$847,282.72 | \$847,282.72 | \$847,282.72 | \$0.00 | |
| CLS Hillside Terrace T | Taxable | 3/1/2010 | 3/30/2010 | \$921,893.14 | \$10,890.91 | \$10,890.91 | \$0.00 | |

**CALIFORNIA HOUSING FINANCE AGENCY
OUTSTANDING INDEBTEDNESS**

The following table describes the bonds of the Agency issued and outstanding as of 11/1/2012

| 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 Lassen | AMT | 4/30/2010 | 4/30/2010 | \$3,802,386.70 | \$3,595,267.56 | \$3,595,267.56 | \$0.00 | |
| CLS Lassen T | Taxable | 3/1/2010 | 3/30/2010 | \$4,180,557.98 | \$323,195.16 | \$323,195.16 | \$0.00 | |
| CLS Madera Villa | AMT | 3/1/2010 | 3/30/2010 | \$4,252,755.88 | \$4,252,755.88 | \$4,252,755.88 | \$0.00 | |
| CLS Madera Villa T | Taxable | 3/1/2010 | 3/30/2010 | \$330,167.42 | \$78,865.24 | \$78,865.24 | \$0.00 | |
| CLS Napa Creek Manor | Non-Amt | 4/30/2010 | 4/30/2010 | \$4,078,721.67 | \$3,894,090.67 | \$3,894,090.67 | \$0.00 | |
| CLS Padre Apartments | Non-Amt | 3/1/2010 | 3/30/2010 | \$2,451,298.26 | \$2,078,064.97 | \$2,078,064.97 | \$0.00 | |
| CLS Pickleweed Apts | Non-Amt | 4/30/2010 | 4/30/2010 | \$1,549,890.23 | \$1,442,536.15 | \$1,442,536.15 | \$0.00 | |
| CLS Plaza Del Sol | AMT | 4/30/2010 | 4/30/2010 | \$7,528,149.12 | \$7,528,149.12 | \$7,528,149.12 | \$0.00 | |
| CLS Plaza Del Sol T | Taxable | 3/1/2010 | 3/30/2010 | \$8,012,371.48 | \$270,029.51 | \$270,029.51 | \$0.00 | |
| CLS Redwood Court | Non-Amt | 4/30/2010 | 4/30/2010 | \$1,252,158.77 | \$1,186,592.09 | \$1,186,592.09 | \$0.00 | |
| CLS Redwood Court T | Taxable | 3/1/2010 | 3/30/2010 | \$1,938,554.85 | \$650,454.36 | \$650,454.36 | \$0.00 | |
| CLS Redwood Oaks | AMT | 4/30/2010 | 4/30/2010 | \$1,584,983.50 | \$1,481,995.48 | \$1,481,995.48 | \$0.00 | |
| CLS South Delaware | Non-Amt | 3/1/2010 | 3/30/2010 | \$751,621.56 | \$714,868.62 | \$714,868.62 | \$0.00 | |
| CLS Sullivan Manor | Taxable | 3/1/2010 | 3/30/2010 | \$2,537,589.88 | \$2,258,519.29 | \$2,258,519.29 | \$0.00 | |
| CLS Thomas Pain | AMT | 4/30/2010 | 4/30/2010 | \$5,136,929.71 | \$4,896,102.84 | \$4,896,102.84 | \$0.00 | |
| CLS Thomas Pain T | Taxable | 3/1/2010 | 3/30/2010 | \$6,087,079.32 | \$809,348.34 | \$809,348.34 | \$0.00 | |
| CLS Via Del Mar | Non-Amt | 4/30/2010 | 4/30/2010 | \$786,598.63 | \$734,746.19 | \$734,746.19 | \$0.00 | |
| CLS Villa Anaheim | AMT | 3/30/2010 | 3/30/2010 | \$3,176,078.48 | \$3,176,078.48 | \$3,176,078.48 | \$0.00 | |
| CLS Villa Anaheim T | Taxable | 3/1/2010 | 3/30/2010 | \$346,455.38 | \$82,755.85 | \$82,755.85 | \$0.00 | |
| CLS Villa Cesar Chavez | AMT | 4/30/2010 | 4/30/2010 | \$2,811,384.75 | \$2,554,427.11 | \$2,554,427.11 | \$0.00 | |
| CLS Villa Madera | Non-Amt | 4/30/2010 | 4/30/2010 | \$4,082,347.88 | \$3,743,148.12 | \$3,743,148.12 | \$0.00 | |
| CLS Warwick Square | Non-Amt | 4/30/2010 | 4/30/2010 | \$13,356,984.29 | \$13,356,984.29 | \$13,356,984.29 | \$0.00 | |
| CLS Warwick Square T | Taxable | 3/1/2010 | 3/30/2010 | \$15,091,218.76 | \$149,928.59 | \$149,928.59 | \$0.00 | |
| CLS Woodbridge | Taxable | 3/1/2010 | 3/30/2010 | \$664,538.84 | \$510,538.60 | \$510,538.60 | \$0.00 | |
| MLPS Citi TOTALS | | | | | \$86,619,053.49 | \$86,619,052.00 | \$0.00 | |
| Multifamily Housing Revenue Bonds 2010A (Belovida) | | | | | | 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 2010A | Non-Amt | 8/5/2010 | 8/5/2010 | \$11,390,000.00 | \$11,390,000.00 | \$0.00 | \$11,390,000.00 | |
| LOMFHRB2010A TOTALS | | | | | \$11,390,000.00 | \$0.00 | \$11,390,000.00 | |
| LOMHRB 2010C | | | | | | 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 2010C | Non-Amt | 12/17/2010 | 12/17/2010 | \$5,506,619.17 | \$5,506,619.17 | \$0.00 | \$5,506,619.17 | |
| LOMHRB 2010C TOTALS | | | | | \$5,506,619.17 | \$0.00 | \$5,506,619.00 | |

**CALIFORNIA HOUSING FINANCE AGENCY
OUTSTANDING INDEBTEDNESS**

The following table describes the bonds of the Agency issued and outstanding as of 11/1/2012

| Multifamily Housing Revenue Bonds 2011A (One Santa Fe) | | | | | | | |
|-------------------------------------------------------------------|-------------------|---------------------|----------------------|-------------------------|-----------------------------|--------------------------------------------------|-----------------------------------------------------|
| 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 | \$0.00 | \$8,370,000.00 |
| LOMFHRB 2011A TOTALS | | | | | \$8,370,000.00 | \$0.00 | \$8,370,000.00 |
| Multifamily Housing Revenue Bonds 2011B (Woolf House) | | | | | | | |
| 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 2011B | Non-Amt | 12/2/2011 | 12/2/2011 | \$16,700,000.00 | \$16,700,000.00 | \$16,700,000.00 | \$0.00 |
| LOMFHRB 2011B TOTALS | | | | | \$16,700,000.00 | \$16,700,000.00 | \$0.00 |
| Multifamily Housing Revenue Bond 2009C (Fairmount) | | | | | | | |
| 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 | \$437,344.67 | \$437,344.67 | \$0.00 |
| MHRB 2009C TOTALS | | | | | \$437,344.67 | \$437,345.00 | \$0.00 |
| Multifamily Housing Revenue Bonds II | | | | | | | |
| Bond Series | Tax Status | Dated Date * | Delivery Date | Bonds Issued *** | Bonds Outstanding ** | \$ Amount of Fixed-Rate Bonds Outstanding | \$ Amount of Variable Rate Bonds Outstanding |
| MHRBII 1996A | Non-Amt | 10/1/1996 | 10/24/1996 | \$16,920,000.00 | \$15,025,000.00 | \$15,025,000.00 | \$0.00 |
| MHRBII 1996B | AMT | 10/1/1996 | 10/24/1996 | \$37,200,000.00 | \$16,830,000.00 | \$16,830,000.00 | \$0.00 |
| MHRBII TOTALS | | | | | \$31,855,000.00 | \$31,855,000.00 | \$0.00 |
| Multifamily Housing Revenue Bonds III | | | | | | | |
| 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 | \$60,040,000.00 | \$60,040,000.00 | \$0.00 |
| MHRBIII 1998A | AMT | 4/1/1998 | 4/23/1998 | \$42,435,000.00 | \$25,350,000.00 | \$25,350,000.00 | \$0.00 |
| MHRBIII 1998B | AMT | 4/1/1998 | 5/7/1998 | \$98,750,000.00 | \$63,820,000.00 | \$63,820,000.00 | \$0.00 |
| MHRBIII 1998C | Non-Amt | 4/1/1998 | 5/7/1998 | \$17,615,000.00 | \$6,700,000.00 | \$6,700,000.00 | \$0.00 |
| MHRBIII 1999A | AMT | 5/1/1999 | 5/20/1999 | \$44,535,000.00 | \$28,825,000.00 | \$28,825,000.00 | \$0.00 |
| MHRBIII 2000A | AMT | 7/12/2000 | 7/12/2000 | \$91,000,000.00 | \$68,580,000.00 | \$0.00 | \$68,580,000.00 |
| MHRBIII 2000B | Non-Amt | 7/12/2000 | 7/12/2000 | \$9,200,000.00 | \$5,050,000.00 | \$0.00 | \$5,050,000.00 |
| MHRBIII 2000C | AMT | 11/16/2000 | 11/16/2000 | \$63,300,000.00 | \$42,230,000.00 | \$0.00 | \$42,230,000.00 |
| MHRBIII 2000D | Non-Amt | 11/16/2000 | 11/16/2000 | \$19,520,000.00 | \$12,065,000.00 | \$0.00 | \$12,065,000.00 |
| MHRBIII 2001C | Taxable | 2/22/2001 | 2/22/2001 | \$23,590,000.00 | \$10,730,000.00 | \$0.00 | \$10,730,000.00 |
| MHRBIII 2001D | Non-Amt | 6/28/2001 | 6/28/2001 | \$6,070,000.00 | \$595,000.00 | \$0.00 | \$595,000.00 |
| MHRBIII 2001E | AMT | 6/28/2001 | 6/28/2001 | \$78,735,000.00 | \$31,765,000.00 | \$0.00 | \$31,765,000.00 |
| MHRBIII 2001F | Non-Amt | 11/15/2001 | 11/15/2001 | \$19,040,000.00 | \$11,685,000.00 | \$0.00 | \$11,685,000.00 |
| MHRBIII 2001G | AMT | 11/15/2001 | 11/15/2001 | \$73,975,000.00 | \$47,510,000.00 | \$0.00 | \$47,510,000.00 |
| MHRBIII 2001H | Taxable | 11/15/2001 | 11/15/2001 | \$15,595,000.00 | \$14,715,000.00 | \$0.00 | \$14,715,000.00 |
| MHRBIII 2002A | AMT | 6/5/2002 | 6/5/2002 | \$48,350,000.00 | \$15,450,000.00 | \$0.00 | \$15,450,000.00 |
| MHRBIII 2002B | Non-Amt | 9/10/2002 | 9/10/2002 | \$33,520,000.00 | \$16,880,000.00 | \$0.00 | \$16,880,000.00 |
| MHRBIII 2002C | AMT | 9/10/2002 | 9/10/2002 | \$38,255,000.00 | \$20,860,000.00 | \$0.00 | \$20,860,000.00 |
| MHRBIII 2002D | Non-Amt | 12/18/2002 | 12/18/2002 | \$12,760,000.00 | \$3,980,000.00 | \$0.00 | \$3,980,000.00 |

**CALIFORNIA HOUSING FINANCE AGENCY
OUTSTANDING INDEBTEDNESS**

The following table describes the bonds of the Agency issued and outstanding as of 11/1/2012

| 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 2002E | AMT | 12/18/2002 | 12/18/2002 | \$71,305,000.00 | \$52,440,000.00 | \$0.00 | \$52,440,000.00 |
| MHRBIII 2003C | AMT | 12/10/2003 | 12/10/2003 | \$97,295,000.00 | \$30,855,000.00 | \$0.00 | \$30,855,000.00 |
| MHRBIII 2004B | AMT | 6/24/2004 | 6/24/2004 | \$99,510,000.00 | \$27,155,000.00 | \$0.00 | \$27,155,000.00 |
| MHRBIII 2004C | Non-Amt | 11/17/2004 | 11/17/2004 | \$13,940,000.00 | \$7,250,000.00 | \$0.00 | \$7,250,000.00 |
| MHRBIII 2004D | AMT | 11/17/2004 | 11/17/2004 | \$138,475,000.00 | \$42,880,000.00 | \$0.00 | \$42,880,000.00 |
| MHRBIII 2005A | Non-Amt | 6/15/2005 | 6/15/2005 | \$2,480,000.00 | \$2,180,000.00 | \$0.00 | \$2,180,000.00 |
| MHRBIII 2005B | AMT | 6/15/2005 | 6/15/2005 | \$91,925,000.00 | \$7,865,000.00 | \$0.00 | \$7,865,000.00 |
| MHRBIII 2005C | Non-Amt | 11/3/2005 | 11/3/2005 | \$9,025,000.00 | \$8,020,000.00 | \$8,020,000.00 | \$0.00 |
| MHRBIII 2005D | AMT | 11/3/2005 | 11/3/2005 | \$91,225,000.00 | \$16,420,000.00 | \$0.00 | \$16,420,000.00 |
| MHRBIII 2005E | AMT | 11/3/2005 | 11/3/2005 | \$22,935,000.00 | \$19,385,000.00 | \$19,385,000.00 | \$0.00 |
| MHRBIII 2006A | AMT | 6/15/2006 | 6/15/2006 | \$76,915,000.00 | \$6,025,000.00 | \$0.00 | \$6,025,000.00 |
| MHRBIII 2007A | AMT | 3/21/2007 | 3/21/2007 | \$12,165,000.00 | \$1,445,000.00 | \$1,445,000.00 | \$0.00 |
| MHRBIII 2007B | AMT | 7/12/2007 | 7/12/2007 | \$16,630,000.00 | \$2,340,000.00 | \$0.00 | \$2,340,000.00 |
| MHRBIII 2007C | AMT | 10/18/2007 | 10/18/2007 | \$27,970,000.00 | \$9,960,000.00 | \$0.00 | \$9,960,000.00 |
| MHRBIII 2008A | Non-Amt | 4/24/2008 | 4/24/2008 | \$11,370,000.00 | \$7,845,000.00 | \$0.00 | \$7,845,000.00 |
| MHRBIII 2008B | AMT | 4/24/2008 | 4/24/2008 | \$104,890,000.00 | \$28,180,000.00 | \$0.00 | \$28,180,000.00 |
| MHRBIII 2008C | AMT | 4/24/2008 | 4/24/2008 | \$33,390,000.00 | \$19,430,000.00 | \$0.00 | \$19,430,000.00 |
| MHRBIII TOTALS | | | | | \$776,505,000.00 | \$213,585,000.00 | \$562,920,000.00 |
| 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 | \$13,620,855.61 | \$0.00 | \$13,620,855.61 |
| MLPB TOTALS | | | | | \$13,620,855.61 | \$0.00 | \$13,620,856.00 |
| 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 |

**CALIFORNIA HOUSING FINANCE AGENCY
OUTSTANDING INDEBTEDNESS**

The following table describes the bonds of the Agency issued and outstanding as of 11/1/2012

| Variable Rate Demand Limited Obligation Multifamily Multifamily Housing Revenue Bonds (Montecito Village Apartments Project) 2009 Issue B | | | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|---------------------|----------------------|-------------------------|-----------------------------|--------------------------------------------------|-----------------------------------------------------|
| 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 2004A | AMT | 11/4/2004 | 11/4/2004 | \$50,000,000.00 | \$28,000,000.00 | \$0.00 | \$28,000,000.00 |
| HPB 2006A | AMT | 5/2/2006 | 5/2/2006 | \$47,090,000.00 | \$42,890,000.00 | \$42,890,000.00 | \$0.00 |
| HPB 2006B | Taxable | 5/2/2006 | 5/2/2006 | \$61,110,000.00 | \$20,250,000.00 | \$0.00 | \$20,250,000.00 |
| HPB TOTALS | | | | | \$91,140,000.00 | \$42,890,000.00 | \$48,250,000.00 |
| REPORT TOTALS | | | | | \$5,667,523,872.94 | \$2,890,986,397.00 | \$2,776,537,475.00 |

* 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.

Residential Mortgage Revenue Bonds (Separately-Secured Article XIV Bonds)

2009 Series A-5

Date = 11/1/2012

Amount = \$20,600,000

Source = Recoveries of Principal (\$19,866,000) and Reserves (\$734,000)