

**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, 2015** in connection with the following Bonds:

Bond Issues:

Residential Mortgage Revenue Bonds (the "Bonds")
2009 Series A-6 dated December 30, 2009, release date December 12, 2012

Annual Report:

The Issuer's "Annual Report" (as defined in the Continuing Disclosure Agreement, dated December 1, 2012, with respect to the Bonds, hereinafter the "Disclosure Agreement") for the fiscal year ended **June 30, 2015** 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: November 19, 2015

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

Residential Mortgage Revenue Bonds (the "Bonds")

2009 Series A-6

The Issuer's Audited Financial Statements as of **June 30, 2015** are attached as **Appendix A**.

A description of all bonds issued by the Issuer and outstanding as of **November 1, 2015** is attached as **Appendix B**. (Please note that this table does not include bond series under the indenture with \$0 outstanding.)

Bond Reserve Account Balance as of **June 30, 2015** is **\$1,852,000**. There are no deposits in the Loan Reserve Account.

A schedule of bond redemptions and the source of funds for such redemptions through **June 30, 2015** is attached as **Appendix C**.

The status of the Indenture's mortgage loan portfolio as of **September 1, 2015**, including the interest rates on the Mortgage Loans and the principal amount of the current Mortgage Loan portfolio is attached as **Appendix D**. As of the date of Annual Report, there were no loans conditionally approved to be made or to be purchased under this indenture.

There have been no prepayments as of **September 1, 2015**.

There have been no foreclosures in the past year under this indenture. There are no loan delinquencies under this indenture as of **September 1, 2015**.



CALIFORNIA HOUSING FINANCE AGENCY

California Housing Finance Fund
AUDITED FINANCIAL STATEMENTS FOR
THE YEARS ENDED JUNE 30, 2015 AND 2014

14/15

40
years
1975-2015

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INDEPENDENT AUDITORS' REPORT

Board of Directors
California Housing Finance Fund
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the California Housing Finance Fund (the Fund), which is administered by the California Housing Finance Agency (the Agency), a component unit of the State of California which comprise the statements of net position as of June 30, 2015 and 2014, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2015 and 2014, and the changes in financial position and cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the Agency as of June 30, 2015, the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of a Matter

During fiscal year ended June 30, 2015, the Fund adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions and the related GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. As a result of the implementation of these standards, the Fund reported a restatement for the change in accounting principle (see Note 3). Our auditors' opinion was not modified with respect to the restatement.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-16, Schedule of the Fund's Proportionate Share of the Net Pension Liability on page 47, and the Schedule of Fund Contribution on page 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2014, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Bellevue, Washington

October 12, 2015

**CALIFORNIA HOUSING FINANCE FUND
Management Discussion and Analysis
of Financial Position and Results of Operations
As of and for the fiscal years ended June 2015 and 2014**

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 one state general obligation bond fund. The Agency is governed by a Board of Directors which consists of 13 voting members and three non-voting members. Of the 13 voting members, seven are appointed by the Governor, four are ex-officio and two are appointed by the Legislature. The statutory role of the Board is to: 1) enact the annual financing resolutions that permit the issuance of bonds and 2) enact the Agency’s operating budget and business plan. Subject to the supervision of the Board, the Agency’s day-to-day operational authority statutorily resides with the Agency’s Executive Director. The annual audited financial statements of both the Fund and the Mortgage Insurance Fund are available on the Agency’s website - www.calhfa.ca.gov.

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

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

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

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

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

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

Summary of Financial Results 2015-2014

- Operating income before transfers was \$88.3 million for fiscal year 2015 compared to an operating loss of \$33 million for fiscal year 2014. The operating results for fiscal year 2015 improved by \$121.3 million, when compared to fiscal year 2014.
- Other revenues were \$37.7 million for fiscal year 2015 compared to negative \$47.4 million in fiscal year 2014. The increase was primarily due to the increase in the fair value of the investment swaps for fiscal year 2015.
- The Fund's mortgage loan delinquencies declined as the California housing market continued to improve over the last fiscal year. The Fund's single family loan portfolio consists of 47.9% federally guaranteed loans and 52.1% conventional loans. The overall delinquency ratio of the Fund's single family loan portfolio improved to 7.3% or 1,037 delinquent loans as of June 30, 2015. By comparison, the delinquency ratio for the Agency's single family portfolio was 9.7% or 1,564 loans as of June 30, 2014. Overall, the total number of delinquent loans declined by 33.7% or 527 loans.
- Under the HMRB indenture, there was a total of \$3.8 million in loans written-off during fiscal year 2015 due to the sale of foreclosed properties (net of insurance payment received) and on short sales (net of insurance payment received), of \$1.6 million and \$2.2 million, respectively. The remaining HMRB foreclosed properties were written down by \$1.1 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 \$13.5 million changing from \$39.4 million in fiscal year 2014 to \$25.9 million in fiscal year 2015.
- In April 2015, the Agency issued bonds totaling \$174.2 million under the Multifamily Housing Revenue Bonds III indenture. The Agency continued to actively manage and reduce the Fund's interest expense and exposures within the debt portfolio and redeemed \$736.1 million of bonds during fiscal year 2015. There were no economic refundings made during the year.
- The Fund had \$84.8 million in new loans receivable during fiscal year 2015. Of the \$84.8 million, \$57.7 million of new loans receivable were in Contract Administration Programs. Total program loans receivable decreased by \$483.2 million. Decreases in program loans receivable for the homeownership loan portfolio were primarily due to the loan prepayments. Loan prepayments include all unscheduled principal payments applied to the unpaid principal balance of a loan such as principal received in loan payoff transactions, short sale and foreclosure transactions, and mortgage insurance claims, etc.
- During fiscal year 2015, \$496 thousand was transferred into the Fund by the Department of Housing and Community Development (HCD) and \$928 thousand of unused Mental Health Services Act (MHSA) funds was transferred out to various counties.
- Conduit debt obligations previously reported in the Agency's financial statements were removed since FY 2014 -see Note 7 - Bonds and Notes Payable and Associated Interest Rate Swaps.
- During the year, the Agency implemented Government Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result of the implementation, the Fund's beginning net position for the year was reduced by \$48.8 million - see Note 3 and Note 10 - Pension Plan.

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

The following table presents a condensed Schedule of Assets, Liabilities, and Net Position for the Fund as of June 30, 2015 and 2014 and the change from the prior year (dollars in thousands):

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Assets			
Cash and investments	\$ 1,468,746	\$ 1,585,117	\$ (116,371)
Program loans receivable-net	3,423,104	3,906,285	(483,181)
Other	96,106	79,108	16,998
Total Assets	<u>4,987,956</u>	<u>5,570,510</u>	<u>(582,554)</u>
Deferred Outflows of Resources	28,302	25,710	2,592
Liabilities			
Bonds payable-net	2,914,626	3,532,752	(618,126)
Notes payable	54,580	63,595	(9,015)
Other	521,195	521,279	(84)
Total Liabilities	<u>3,490,401</u>	<u>4,117,626</u>	<u>(627,225)</u>
Deferred Inflows of Resources	8,230	-	8,230
Net Position			
Net investment in capital assets	754	842	(88)
Restricted net position	1,516,873	1,477,752	39,121
Total Net Position	<u>\$ 1,517,627</u>	<u>\$ 1,478,594</u>	<u>\$ 39,033</u>

Assets

Of the Fund's assets, 98.1% is represented by cash and investments and program loans receivable. The Fund does not have a significant investment in capital assets, holding \$0.8 million in furniture and equipment.

Total assets decreased by \$582.6 million during fiscal year 2015. The Fund's cash and investments were \$1.47 billion as of June 30, 2015, a decrease of \$116.4 million from June 30, 2014. The cash and investments balance decrease is primarily due to the bond redemption activity in Homeownership and Multifamily Programs.

Of the Fund's assets, 29.4% is in the form of cash and investments at fiscal year end. Of the Fund's investment balance, 3.1% is in investment agreements. The amount of funds invested in investment agreements during the 2015 fiscal year decreased by \$22.6 million. Additionally, \$1.08 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 2015 increased by \$37.1 million.

The composition of cash and investments as of June 30, 2015 and 2014 and the changes from the prior year are shown in the table below (dollars in thousands):

Cash and Investments

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Investment agreements	\$ 43,599	\$ 66,225	\$ (22,626)
SMIF	1,077,656	1,040,555	37,101
Open Commercial Paper	18,163	34,718	(16,555)
Securities	288,083	403,112	(115,029)
Cash	41,245	40,507	738
Total Cash and Investments	<u>\$ 1,468,746</u>	<u>\$ 1,585,117</u>	<u>\$ (116,371)</u>

Program loans receivable decreased by \$483.2 million during fiscal year 2015 compared to fiscal year 2014. This decrease is primarily due to loan prepayments along with loan write-offs of \$7.6 million and REO loan write-downs of \$1.8 million in fiscal year 2015. Loan prepayments decreased to \$390.9 million during fiscal year 2015 compared to 490.9 million received in fiscal year 2014. REO properties decreased by \$1.1 million to \$12.3 million during fiscal year 2015 compared to \$13.4 million in fiscal year 2014.

As of June 30, 2015 and June 30, 2014, the fair values of interest rate swaps were in the negative position of \$162.6 million and \$186.4 million, respectively.

Other Assets increased by \$17 million during fiscal year 2015 when compared to fiscal year 2014. The increase is primarily due to the increase in cash collateral held by counterparties.

Liabilities

The Fund's liabilities were \$3.49 billion as of June 30, 2015, a decrease of \$627.2 million from June 30, 2014. Of the Fund's liabilities, 83.5% is in the form of bond indebtedness. The Fund's net bonds payable at June 30, 2015 decreased by \$618.1 million from the prior year mainly due to the \$64.1 million of scheduled principal payments, \$736.1 million in bond redemptions, and offset by the \$174.2 million of bonds issued. The Agency's governing statutes impose a cap of \$13.15 billion for bonds and notes issued and outstanding within the Fund for the year ended June 30, 2015 and 2014.

All of the bonds issued by the Agency are reported within the Fund and the bonds reported no longer include the reporting of conduit bond obligations as liabilities in the accompanying financial statements along with the related assets. The conduit bonds are limited obligations of the Agency, payable solely from the revenues and other funds and money pledged and assigned under the applicable indenture, series indenture, or master pledge and assignment (see Note 7 – Bonds and Notes Payable and Associated Interest Rate Swaps).

The Agency issues both tax-exempt and federally taxable bonds. During the 2015 fiscal year, federally taxable bonds outstanding increased by \$51.3 million and as of June 30, 2015 represent 32.3% of all bonds outstanding, while tax-exempt bonds outstanding decreased by \$668.3 million and as of June 30, 2015 represent 67.7% 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 2015, the Agency issued \$174.2 million in taxable fixed rate bonds.

Shown below are the amounts of variable and fixed rate indebtedness, by tax status, as of June 30, 2015 and 2014 and the changes from the prior year (dollars in thousands):

Bonds Payable			
	2015	2014	Change
Tax-Exempt Bonds			
*Variable Rate	\$ 756,060	\$ 1,001,880	\$ (245,820)
Fixed Rate	1,214,305	1,636,740	(422,435)
Total Tax-Exempt Bonds	<u>1,970,365</u>	<u>2,638,620</u>	<u>(668,255)</u>
Federally Taxable Bonds			
*Variable Rate	430,926	510,189	(79,263)
Fixed Rate	508,675	378,122	130,553
Total Federally Taxable Bonds	<u>939,601</u>	<u>888,311</u>	<u>51,290</u>
Total Bonds Outstanding	<u>\$ 2,909,966</u>	<u>\$ 3,526,931</u>	<u>\$ (616,965)</u>

* Certain variable rate bonds have been swapped to a fixed rate (see Note 7 – Bonds and Notes Payable and Associated Interest Rate Swaps).

Although all other liabilities decreased by \$84 thousand during fiscal year 2015, pension liability increased by \$43.7 million due to the adoption of GASB 68, offset by the decrease in interest payable, derivative swap liability, and deposits and other liabilities by \$10 million, \$23.8 million, and \$8 million, respectively.

Net Position

All of the Fund's net position is restricted pursuant to trust agreements with bondholders and the Agency's enabling legislation or net investment in capital assets. The total net position of the Fund increased by \$39.0 million primarily as a result of operating income of \$88.3 million for fiscal year 2015 offset by the negative \$48.8 million cumulative effect adjustment to the beginning net position from the adoption of GASB 68.

Revenues, Expenses, and Changes in Net Position

The following table presents condensed schedules of revenues, expenses, and changes in net position for the Fund for the fiscal years ended June 30, 2015 and June 30, 2014 and the changes from the prior year (dollars in thousands):

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

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Operating Revenues:			
Interest income program loans – net	\$ 194,987	\$ 218,715	\$ (23,728)
Interest income investments – net	17,302	22,519	(5,217)
Increase (Decrease) in fair value of investments	4,114	(308)	4,422
Other loan fees	44,552	29,984	14,568
Other revenues	37,699	(47,401)	85,100
Total Operating Revenues	<u>298,654</u>	<u>223,509</u>	<u>75,145</u>
Operating Expenses:			
Interest	89,960	122,277	(32,317)
Mortgage servicing fees	7,312	8,444	(1,132)
Salaries & general expenses	39,546	41,053	(1,507)
Other expenses	73,543	84,742	(11,199)
Total Operating Expenses	<u>210,361</u>	<u>256,516</u>	<u>(46,155)</u>
Operating Loss before transfers	88,293	(33,007)	121,300
Transfers (out) in	(432)	53,462	(53,894)
Increase(decrease) in net position	<u>\$ 87,861</u>	<u>\$ 20,455</u>	<u>\$ 67,406</u>

Operating Revenues

Total operating revenues of the Fund were \$298.7 million during fiscal year 2015 compared to \$223.5 million during fiscal year 2014, an increase of \$75.2 million or 33.6%.

Interest income on program loans was \$195.0 million during fiscal year 2015 compared to \$218.7 million during fiscal year 2014, a decrease of \$23.7 million. The decrease in interest income on program loans - net is primarily the result of a decrease in interest income on program loans and an increase in the yield reduction liability for the Fund's homeownership and multifamily loan portfolios. Overall, program loans receivable decreased \$483.2 million or 12.4% at June 30, 2015 compared to June 30, 2014.

Interest income from investments decreased 23.2% to \$17.3 million in fiscal year 2015 from \$22.5 million in fiscal year 2014. The decrease is primarily due to the decrease in interest income from Investment Agreements. Investment Agreements decreased \$22.6 million from \$66.2 million at June 30, 2014 to \$43.6 million as of June 30, 2015, while SMIF increased \$37.1 million from \$1.04 billion to \$1.08 billion.

The total changes in fair value of investments was \$4.1 million in fiscal year 2015, a net increase of \$4.4 million from fiscal year 2014, which had a negative fair value of investments of \$0.3 million. The slight increase in the Treasury rates during fiscal year 2015 caused the value of the Fund's mortgage-backed securities to decline slightly. The gain or loss on the sale of securities in the fiscal year 2015 was \$9.5 million compared to \$0.4 million for the fiscal year ended 2014.

Other loan fees increased \$14.6 million to \$44.6 million in fiscal year 2015 compared to \$30.0 million for fiscal year 2014.

Other revenues increased by \$85.1 million to \$37.7 million during fiscal year 2015 compared to negative \$47.4 million in fiscal year 2014. The increase was primarily due to results of the effectiveness testing for derivative instruments for FY 2014. A large amount of ineffective swap fair values were recognized as other revenues which caused a large variance between FY 2015

and FY 2014. The change in fair value of the derivatives for FY 2015 was positive \$22.4 million compared to negative \$70.3 million for FY 2014.

Operating Expenses

Total operating expenses of the Fund were \$210.4 million during fiscal year 2015 compared to \$256.5 million during fiscal year 2014, a decrease of \$46.1 million or 18.0%. The decrease is a combination of the decrease in bond interest expenses, allowance for loan loss, REO expenses, administrative fees expense, and swap expenses.

Bonds payable at June 30, 2015 decreased by \$617.0 million from June 30, 2014 and bond interest and swap expense, which represents 42.8% of the Fund's total operating expenses, decreased by \$32.3 million or 26.4% compared to fiscal year 2014. The decrease in bond interest and swap expense is attributed to continued bond redemption activity.

Salaries and general expenses slightly decreased from \$41.1 million during fiscal year 2014 to \$39.5 million during fiscal year 2015 (as shown in the condensed statements of revenues, expenses and changes in net position).

Operating Loss before Transfers

Operating income before transfers for fiscal year 2015 was \$88.3 million compared to an operating loss of \$33 million for fiscal year 2014. The \$121.3 million increase in operating income before transfers is reflective of the activities mentioned above.

Summary of Financial Results 2014-2013

- During the last quarter of FY 2014, the Agency discovered an error related to the allowance for loan loss. In the process of revising the allowance for loan loss methodology from an allowance by delinquency category to an allowance on a loan-by-loan basis, it was discovered that an overstatement of the allowance had been recorded as of FY 2013 in the amount of \$39.5 million under the Home Mortgage Revenue Bonds (“HMRB”) indenture. In order to correct this error, the financial results for FY 2013 and FY 2012 have been restated and the changes are reflected in the MD&A.
- Conduit debt obligations previously reported in the Agency’s financial statements were removed in FY 2014.
- Operating loss before transfers was \$33 million for fiscal year 2014 compared to an operating loss of \$53.4 million for fiscal year 2013. The operating results for fiscal year 2014 improved by \$20.4 million, or 38.2%, when compared to fiscal year 2013.
- Other revenues were negative \$47.4 million for fiscal year 2014 compared to \$39.3 million in fiscal year 2013. The decrease was primarily due to the decrease in the fair value of the investment swaps for fiscal year 2014.
- The Fund’s mortgage loan delinquencies declined as the California housing market continued to improve over the last fiscal year. The Fund’s single family loan portfolio consists of 46.5% federally guaranteed loans and 53.5% conventional loans. The overall delinquency ratio of the Fund’s single family loan portfolio improved to 9.7% or 1,564 delinquent loans as of June 30, 2014. By comparison, the delinquency ratio for the Agency’s single family portfolio was 13% or 2,411 loans as of June 30, 2013. Overall, the total number of delinquent loans declined by 35.1% or 847 loans.
- Under the HMRB indenture, there was a total of \$11.8 million in loans written-off during fiscal year 2014 due to the sale of foreclosed properties (net of insurance payment received) and on short sales (net of insurance payment received), of \$0.9 million and \$10.9 million, respectively. The remaining HMRB foreclosed properties were written down by \$4.2 million to reflect anticipated losses, net of anticipated insurance payment, upon sale of the foreclosed properties.
- The net total allowance for loan loss reserve under the HMRB indenture decreased by \$30.2 million changing from \$69.6 million in fiscal year 2013 to \$39.4 million in fiscal year 2014.
- In April 2014, the Agency issued bonds totaling \$38.9 million under the Multifamily Housing Revenue Bonds III indenture. The Agency continued to actively manage and reduce the Fund’s interest expense and exposures within the debt portfolio and redeemed \$944 million of bonds during fiscal year 2014. There were no economic refundings made during the year.
- The Fund had \$89.2 million in new loans receivable during fiscal year 2014. Of the \$89.2 million, \$49.4 million of new loans receivable were in Contract Administration Programs. Total program loans receivable decreased by \$599.7 million. Decreases in program loans receivable for the homeownership loan portfolio were primarily due to the loan prepayments. Loan prepayments include all unscheduled principal payments applied to the unpaid principal balance of a loan such as principal received in loan payoff transactions, short sale and foreclosure transactions, and mortgage insurance claims, etc.
- During fiscal year 2014, \$53.4 million was transferred into the Fund by the State pursuant to the Housing and Emergency Shelter Trust Fund Acts of 2002 and 2006. The funds were used to make loans and grants to borrowers and homeowners through programs administered by the Agency on a contract basis.

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

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

Condensed Statement of Net Position			
	2014	Restated 2013	Change
Assets			
Cash and investments	\$ 1,585,117	\$ 1,900,480	\$ (315,363)
Program loans receivable-net	3,906,285	4,505,952	(599,667)
Other	79,108	97,129	(18,021)
Total Assets	<u>5,570,510</u>	<u>6,503,561</u>	<u>(933,051)</u>
Deferred Outflows of Resources	25,710	126,717	(101,007)
Liabilities			
Bonds payable-net	3,532,752	4,498,536	(965,784)
Notes payable	63,595	81,058	(17,463)
Other	521,279	592,545	(71,266)
Total Liabilities	<u>4,117,626</u>	<u>5,172,139</u>	<u>(1,054,513)</u>
Deferred Inflows of Resources	-	-	-
Net Position			
Invested in capital assets	842	962	-
Restricted net position	1,477,752	1,457,177	20,575
Total Net Position	<u>\$ 1,478,594</u>	<u>\$ 1,458,139</u>	<u>\$ 20,575</u>

Assets

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

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

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

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

Cash and Investments

	2014	Restated 2013	Change
Investment agreements	\$ 66,225	\$ 105,614	\$ (39,389)
SMIF	1,040,555	1,238,133	(197,578)
Open Commercial Paper	34,718	32,011	2,707
Securities	403,112	489,991	(86,879)
Cash	40,507	34,731	5,776
Total Cash and Investments	<u>\$ 1,585,117</u>	<u>\$ 1,900,480</u>	<u>\$ (315,363)</u>

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

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

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

Liabilities

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

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

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

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

Bonds Payable			
	2014	Restated 2013	Change
Tax-Exempt Bonds			
*Variable Rate	\$ 1,001,880	\$ 1,512,605	\$ (510,725)
Fixed Rate	1,636,740	1,907,225	(270,485)
Total Tax-Exempt Bonds	<u>2,638,620</u>	<u>3,419,830</u>	<u>(781,210)</u>
Federally Taxable Bonds			
*Variable Rate	510,189	659,702	(149,513)
Fixed Rate	378,122	416,349	(38,227)
Total Federally Taxable Bonds	<u>888,311</u>	<u>1,076,051</u>	<u>(187,740)</u>
Total Bonds Outstanding	<u>\$ 3,526,931</u>	<u>\$ 4,495,881</u>	<u>\$ (968,950)</u>

* Certain variable rate bonds have been swapped to a fixed.

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

Net Position

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

Revenues, Expenses, and Changes in Net Position

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

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

	2014	Restated 2013	Change
Operating Revenues:			
Interest income program loans – net	\$ 218,715	\$ 256,268	\$ (37,553)
Interest income investments – net	22,519	31,302	(8,783)
Increase (Decrease) in fair value of investments	(308)	(25,492)	25,184
Other loan fees	29,984	31,382	(1,398)
Other revenues	(47,401)	39,275	(86,676)
Total Operating Revenues	<u>223,509</u>	<u>332,735</u>	<u>(109,226)</u>
Operating Expenses:			
Interest	122,277	171,835	(49,558)
Mortgage servicing fees	8,444	9,942	(1,498)
Salaries & general expenses	41,053	40,199	854
Other expenses	84,742	164,132	(79,390)
Total Operating Expenses	<u>256,516</u>	<u>386,108</u>	<u>(129,592)</u>
Operating Loss before transfers	(33,007)	(53,373)	20,366
Transfers in	53,462	38,624	14,838
Increase(decrease) in net position	<u>\$ 20,455</u>	<u>\$ (14,749)</u>	<u>\$ 35,204</u>

Operating Revenues

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

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

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

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

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

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

Operating Expenses

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

Bonds payable at June 30, 2014 decreased by \$969 million from June 30, 2013 and bond interest and swap expense, which represents 47.7% of the Fund's total operating expenses, decreased by \$49.6 million or 28.8% compared to fiscal year 2013. The decrease in bond interest and swap expense is attributed to the increased bond redemption activity and the Agency's participation in the Temporary Credit and Liquidity Program ("TCLP") which provides replacement credit and facilities for existing variable rate debt for State and local Housing Finance Agencies.

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

Operating Loss before Transfers

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

Economic Factors

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

- Trends in single family home prices – Beginning in FY 2010, the Agency sustained significant losses from the disposition of non-performing single family loans. Over the past three years, however, the losses were significantly lower due to a more stable and improving years for California home sale prices and an upward trend in single family home prices that have had a positive impact on the Agency's profitability.
- Success of the lending programs - The Agency's Single Family Lending program gained momentum in late 2014 with the introduction of its CalPLUS 97% Conventional loan product with an additional \$6,500 in down payment assistance. The Agency exceeded its FY 2015 business plan goals by approximately 12.5%. Successful lending programs will improve the Agency's short-term and potentially long-term profitability.
- Trends in interest rates – The Agency has a significant interest-rate swap portfolio and fluctuations in interest rates impact the Agency's collateral posting requirements. In general, higher interest rates will reduce the collateral posting requirements and improve the Agency's liquidity profile, and lower interest rates will increase the collateral posting requirements and limit the Agency's liquidity profile.
- Trends in the Agency's credit ratings - The Agency has primarily three credit ratings that materially impact its financial results: i) CalHFA's issuer credit rating (S&P A-/Moody's A3); ii) Home Mortgage Revenue Bonds (S&P A-/Moody's A3); and iii) Multifamily Housing Revenue Bonds III (S&P AA+/Moody's A1). FY 2014 was the first time since 2009 in which the rating agency's annual credit reviews resulted in a rating upgrade. During FY 2015, the Home Mortgage Revenue Bonds improved Moody's and CalHFA's issuer credit rating remained the same. The Multifamily Housing Revenue Bonds III rating improved with S&P. A continued positive trend in these three ratings would improve the Agency's prospects in its continued efforts to restructure the Agency's legacy capital structure.

Request for Information

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

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CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF NET POSITION
June 30, 2015 and June 30, 2014

(Dollars in Thousands)

	<u>2015</u> <u>Totals</u>	<u>2014</u> <u>Totals</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 41,245	\$ 40,507
Investments	1,139,418	1,141,498
Current portion - program loans receivable, net of allowance	131,059	124,730
Interest receivable:		
Program loans, net	34,005	32,228
Investments	2,446	3,059
Accounts receivable	9,641	12,443
Other assets	<u>34,316</u>	<u>13,869</u>
Total current assets	<u>1,392,130</u>	<u>1,368,334</u>
Noncurrent assets:		
Investments	288,083	403,112
Program loans receivable, net of allowance	3,292,045	3,781,555
Other assets	<u>15,698</u>	<u>17,509</u>
Total noncurrent assets	<u>3,595,826</u>	<u>4,202,176</u>
Total assets	<u>4,987,956</u>	<u>5,570,510</u>
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of hedging derivatives	23,544	25,042
Deferred loss on refunding	447	668
Employer contribution	<u>4,311</u>	<u>-</u>
Total Deferred outflows of resources	<u>28,302</u>	<u>25,710</u>
LIABILITIES		
Current liabilities:		
Bonds payable	53,733	67,904
Notes payable	2,048	2,253
Interest payable	48,180	58,170
Due to other government entities, net	510	908
Compensated absences	3,811	4,034
Deposits and other liabilities	<u>227,251</u>	<u>235,253</u>
Total current liabilities	<u>335,533</u>	<u>368,522</u>
Noncurrent liabilities:		
Bonds payable	2,860,893	3,464,848
Notes payable	52,532	61,342
Due to other government entities, net	77,947	35,621
Other liabilities	162,591	186,402
Unearned revenues	<u>905</u>	<u>891</u>
Total noncurrent liabilities	<u>3,154,868</u>	<u>3,749,104</u>
Total liabilities	<u>3,490,401</u>	<u>4,117,626</u>
Commitments and contingencies (see notes 11 and 13)		
DEFERRED INFLOWS OF RESOURCES		
Unamortized pension net difference	<u>8,230</u>	<u>-</u>
Total deferred inflows of resources	<u>8,230</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	754	842
Restricted by indenture	531,976	491,187
Restricted by statute	<u>984,897</u>	<u>986,565</u>
Total net position	<u>\$ 1,517,627</u>	<u>\$ 1,478,594</u>

See notes to financial statements.

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2015 and June 30, 2014
(Dollars in Thousands)

	<u>2015</u> <u>Totals</u>	<u>2014</u> <u>Totals</u>
OPERATING REVENUES		
Interest income:		
Program loans, net	\$ 194,987	\$ 218,715
Investments, net	17,302	22,519
Increase (decrease) in fair value of investments	4,114	(308)
Loan commitment fees	459	668
Other loan fees	44,093	29,316
Other revenues	<u>37,699</u>	<u>(47,401)</u>
Total operating revenues	<u>298,654</u>	<u>223,509</u>
SALARIES AND GENERAL EXPENSES		
Interest	89,960	122,277
Amortization of bond discount and bond premium	(941)	(1,369)
Mortgage servicing expenses	7,312	8,444
(Reversal) provision for program loan losses	(22,113)	(13,022)
Salaries and general expenses	39,546	41,053
Other expenses	<u>96,597</u>	<u>99,133</u>
Total salaries and general expenses	<u>210,361</u>	<u>256,516</u>
Operating income (loss) before transfers	88,293	(33,007)
Transfers (out) in	<u>(432)</u>	<u>53,462</u>
Increase in net position	87,861	20,455
Net position at beginning of year	1,478,594	1,458,139
Cumulative effect of adoption of GASB 68 & 71	<u>(48,828)</u>	<u>-</u>
Net position at beginning of year, as restated	<u>1,429,766</u>	<u>1,458,139</u>
Net position at end of year	<u>\$ 1,517,627</u>	<u>\$ 1,478,594</u>

See Note 3 at notes to financial statements.

**CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF CASH FLOWS**
Years Ended June 30, 2015 and June 30, 2014

(Dollars in Thousands)

	2015	2014
	<u>Totals</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 193,211	\$ 217,437
Payments to suppliers	(18,581)	(20,290)
Payments to employees	(21,247)	(29,935)
Other receipts	440,394	540,347
Net cash provided by operating activities	<u>593,777</u>	<u>707,559</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Due from other government entities	(5,812)	3,560
Net cash (used for) provided by noncapital financing activities	<u>(5,812)</u>	<u>3,560</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sales of bonds	174,180	38,814
Payment of bond & note principal	(64,077)	(81,358)
Early bond redemptions	(736,083)	(943,972)
Interest paid on debt	(99,950)	(134,771)
Interfund transfers	(432)	53,462
Increase in deferred financing costs	-	17,728
Net cash used for capital and related financing activities	<u>(726,362)</u>	<u>(1,050,097)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturity and sale of investments	2,213,254	2,809,526
Purchase of investments	(2,092,033)	(2,488,694)
Interest on investments, net	17,914	23,921
Net cash provided by investing activities	<u>139,135</u>	<u>344,753</u>
Net increase (decrease) in cash and cash equivalents	738	5,775
Cash and cash equivalents at beginning of year	40,507	34,732
Cash and cash equivalents at end of year	<u>\$ 41,245</u>	<u>\$ 40,507</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating income (loss)	\$ 88,293	\$ (33,007)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Interest expense on debt	89,960	122,277
Interest on investments	(17,302)	(22,519)
Changes in fair value of investments	(4,114)	308
Amortization of bond discount	27	27
Amortization of deferred losses on refundings of debt	221	4,229
Amortization of bond premium	(1,189)	(1,658)
Loan commitment fees	(459)	(668)
Depreciation	243	264
(Reversal) provision for program loan losses	(22,113)	(13,022)
(Reversal) provision for yield reduction payments	(4,024)	3,240
(Reversal) provision for nonmortgage investment excess	(782)	(58)
Effects of changes in operating assets and liabilities:		
Purchase of program loans, net	(79,258)	(77,584)
Collection of principal from program loans, net	585,701	696,966
Interest receivable	(1,777)	(1,278)
Accounts receivable	3,376	3,651
Other assets	(19,635)	91,234
Compensated absences	(223)	(229)
Increase (decrease) in pension liability	8,172	-
Deposits and other liabilities	(8,002)	(12,942)
Unearned revenue	(23,338)	(51,672)
Net cash provided by operating activities	<u>\$ 593,777</u>	<u>\$ 707,559</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Noncash transfer of program loan to REO	<u>\$ 2,237</u>	<u>\$ 11,073</u>

See notes to financial statements.

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**CALIFORNIA HOUSING FINANCE FUND
NOTES TO FINANCIAL STATEMENTS
Fiscal Years Ended June 30, 2015 and 2014**

Note 1 – AUTHORIZING LEGISLATION AND ORGANIZATION

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

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

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

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

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

The accompanying financial statements are the financial statements of the Fund and do not include the financial position or the results of operations of the Housing Loan Insurance Fund which insures loans owned by the Agency and others to finance the acquisition, new construction or rehabilitation of residential structures in California. As of December 31, 2014, the Housing Loan Insurance Fund had total assets of \$742 thousand and deficit of \$68.2 million (not covered by this Independent Auditors’ Report).

The accompanying financial statements are the financial statements of the Fund and do not include the financial position or the results of operations of CalHFA Mortgage Assistance Corporation (“CalHFA MAC”) which is a nonprofit public benefit corporation and organized as an entity separate from CalHFA. As of September 30, 2014, CalHFA MAC had total assets of \$88.1 million and zero balance of net position (not covered by this Independent Auditors’ Report).

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

Programs and accounts are as follows:

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

Housing Program Bonds: The Housing Program Bonds Indenture was created to provide a vehicle for issuing debt to finance either multifamily or single family programs of the Agency. Bonds issued under this indenture are the general obligation of the Agency. As of June 30, 2015, the Agency has one series of bonds remaining under this indenture. These bonds were issued to

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

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

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

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

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

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

Contract Administration Programs: The Agency administers loan and grant programs for the Rental Housing Construction Program, the School Facilities Fee Assistance Program, the California Homebuyer's Down payment Assistance Program, National Foreclosure Mitigation Counseling Program, Mental Health Services Act Housing Program, and programs offered pursuant to the Housing and Emergency Shelter Trust Fund Act of 2002 and 2006. Funding of these programs was appropriated by the legislature or provided by voter authorized State bond programs to other departments and agencies within the State that have contracted with the Agency for this purpose. All monies transferred in accordance with the agreements and for the purposes of the program are considered assets of the Fund. The Fund had net cash transfers out of \$432 thousand for fiscal year 2015 and net transfers in of \$53.5 million for fiscal year 2014.

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 47.2% of the Agency's homeownership program loans in first lien position (as of June 30, 2015), and all junior or subordinate lien homeownership program loans and certain other loans for the California State Teachers' Retirement System and Fannie Mae. Loan servicing agreements require that the Agency hold and maintain escrow and reserve accounts, on behalf of borrowers, that are reported as "Deposits and Other Liabilities."

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

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

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting: The Fund is accounted for as an enterprise fund. Accordingly, the accompanying financial statements have been prepared using the economic resources measurement focus and accrual basis of accounting as required by accounting principles generally accepted in the United States of America (hereinafter referred to as “Generally Accepted Accounting Principles”, GAAP).

Recently Adopted Accounting Pronouncements: In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, effective for fiscal years beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions, and to improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities. In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The Agency adopted GASB 68 and 71 for the fiscal year ended June 30, 2015.

New Accounting Pronouncements: In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, effective for financial statements for periods beginning after June 15, 2015. The requirements of GASB 72 will enhance comparability of financials statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*, was issued in June 2015 with effective date for financial statements for fiscal years beginning after June 15, 2015. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local government for making decisions and assessing accountability. In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for financial statements for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pension (other postemployment benefits or OPEB). This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pension (OPEB). In June 2015, GASB also issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the financial statements for periods beginning after June 15, 2015, and should be applied retroactively. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of GAAP. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

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

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

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

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

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

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

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

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

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

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

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

Deferred Outflow and Deferred Inflow of Resources: Deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period, and deferred inflow of resources is an acquisition of net assets by the government that is applicable to future reporting period. The Fund's deferred outflow of resources include accumulated decrease in fair value of hedging derivatives, deferred loss on refunding, and employer contribution for pensions. Accumulated increase in fair value of hedging derivatives and unamortized net difference between projected and actual earnings on investments for pensions are reported under the Fund's deferred inflow of resources.

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

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

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

Other Operating Revenues and Expenses: The Agency administers certain Section 8 contracts under the HUD guidelines of New Construction and Substantial Rehabilitation. Included in most contracts is an administrative fee earned by the Agency which totaled \$1.3 million and \$1.4 million for years ended June 30, 2015 and 2014, respectively. The Agency also administers National Foreclosure Mitigation Counseling Program ("FMC"). The HUD and FMC pass-through payments aggregated \$59.6 million and \$61.1 million for the years ended June 30, 2015 and 2014, respectively, and are reported as other operating revenues and expenses within Other Programs and Accounts.

Pensions: As part of the State, the primary government, the Fund contributes to the Miscellaneous Plan (the “Plan”) and it is administered by the California Public Employees’ Retirement System (“CalPERS”). The Plan is included in the Public Employees’ Retirement Fund A (“PERF A”). PERF is comprised of and reported as PERF A, PERF B, and PERF C for accounting purposes. PERF A is comprised of agent multiple-employer plans, which include State and most public agencies rate plans. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 3 – CHANGE IN ACCOUNTING PRINCIPLES

The Agency adopted GASB 68 and 71 for the year ended June 30, 2015. The cumulative effect of adoption of GASB 68 and 71 decreases the Fund’s net position by \$48.8 million. The Agency has restated net position as of July 1, 2014 by \$48.8 million.

Net position, July 1, 2014 as previously stated	\$ 1,478,594
Cumulative effect of adoption of GASB 68	(48,717)
Cumulative effect of adoption of GASB 71	(111)
Net position, July 1, 2014, as restated	<u>\$ 1,429,766</u>

Note 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

a. Cash and Cash Equivalents

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

Cash and Cash Equivalents: At June 30, 2015 and 2014, all cash and cash equivalents, totaling \$41.2 million and \$40.5 million, 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. Investments of funds are also made in accordance with the Agency’s Investment Policy.

The Agency entered into an U.S. Bank National Association Daily Liquid (open-ended) Commercial Paper (Open CP) agreement with U.S. Bank in March, 2013. The Open CP agreements are unsecured promissory notes issued by U.S. Bank National Association. The Open CP is not insured by Federal Deposit Insurance Corporation (“FDIC”) or guaranteed by any governmental agency or authority, or by U.S. Bank. As of June 30, 2015 and 2014 the par value and market value of Open CP agreements were \$18.2 million and \$34.7 million, respectively.

The Agency is required to post collateral based on the Agency’s current Long Term Debt Ratings assigned by either Standard and Poor’s Rating Group or Moody’s Investor Service, Inc., as set forth in each International Swap Dealers Association, Inc. (“ISDA”) Master Agreement (see Note 8 - Bonds and Notes Payable and Associated Interest Rate Swaps). The total cash and fair market value of investment securities posted as collateral at June 30, 2015 and 2014 was \$51.1 million and \$56 million, respectively.

b. Investments

Investments at June 30, 2015 and 2014 are as follows (dollars in thousands):

	Fair Value June, 30 2015	Fair Value June, 30 2014
U.S. Agency Securities --- GNMA's	\$ 153,382	\$ 206,050
Federal Agency Securities	134,701	197,062
Investment Agreements --- Financial Institutions (at cost)	27,192	41,936
Other Investments:		
Surplus Money Investment Fund --- State of California	1,077,656	1,040,555
US Bank NA Open CP	18,163	34,718
Other Investment Agreements (at cost)	16,407	24,289
Total Investments	<u>\$ 1,427,501</u>	<u>\$ 1,544,610</u>
Current portion		
Noncurrent portion	1,139,418	1,141,498
	<u>288,083</u>	<u>403,112</u>
Total	<u>\$ 1,427,501</u>	<u>\$ 1,544,610</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, 2015 and 2014 are as follows (dollars in thousands):

	2015 Totals	2014 Totals
Fixed income securities:		
U.S. government guaranteed	\$ 288,083	\$ 403,112
Guaranteed interest contracts:		
Rated Aaa/NR	-	-
Rated Aa1/AA+	-	-
Rated Aa2/A+	2,996	5,051
Rated A1+/P1	18,163	34,718
Rated A1/AA+	2,461	3,324
Rated A1/AA-	13,946	18,495
Rated A2/A	22,168	33,305
Rated A3/NR	2,028	6,050
Total fixed income securities	<u>\$ 349,845</u>	<u>\$ 504,055</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, 2015, 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, 2015, no investments in any one issuer exceed 5% of the net position, except for securities issued by the U.S. government or its agencies.

Interest Rate Risk: Interest rate risk is the risk that the value of fixed income securities will decline due to decreasing interest rates. The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. At June 30, 2015, the Agency does not have any debt investments that are highly sensitive to changes in interest rates.

Effective duration is the approximate change in price of a security resulting from a 100 basis points (1 percentage point) change in the level of interest rates. It is not a measure of time. The guaranteed interest contracts are valued at par and therefore not subject to interest rate risk. The effective duration for U.S. government guaranteed fixed income securities at June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Fixed income securities:		
U.S. government guaranteed	15.82	15.70

Note 5 – PROGRAM LOANS RECEIVABLE

Changes in program loans receivable for the years ended June 30, 2015 and 2014 are as follows (dollars in thousands):

	<u>2015</u> <u>Totals</u>	<u>2014</u> <u>Totals</u>
Beginning of year balance	\$ 3,906,285	\$ 4,505,952
Loans purchased/funded	84,796	89,158
Noncash transfers - REO	(2,237)	(11,073)
Amortized principal repayments	(192,526)	(195,023)
Prepayments	(390,939)	(490,870)
Principal Reduction Program	(5,670)	(11,719)
Chargeoffs	(6,603)	(14,568)
Unamortized Mortgage Discount	132	146
Transfer to REO- net of write-down	1,150	6,691
Allowance for loan loss	28,716	27,591
	<u>\$ 3,423,104</u>	<u>\$ 3,906,285</u>
Current portion	\$ 131,059	\$ 124,730
Noncurrent portion	3,292,045	3,781,555
Total	<u>\$ 3,423,104</u>	<u>\$ 3,906,285</u>

Note 6 – ALLOWANCE FOR PROGRAM LOAN LOSSES

Changes in the allowance for program loan losses for the year ended June 30, 2015 and 2014 are as follows (dollars in thousands):

	<u>2015</u> <u>Totals</u>	<u>2014</u> <u>Totals</u>
Beginning of year balance	\$ 145,938	\$ 173,528
Provisions for program loan losses	(22,113)	(13,022)
Chargeoffs	(6,603)	(14,568)
End of year balance	<u>\$ 117,222</u>	<u>\$ 145,938</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, outstanding notional amounts and fair value of associated interest rate swaps as of June 30, 2015 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:						
2000 Series J	Tax-Exempt		N/A		\$ -	\$ -
2000 Series N	Tax-Exempt	0.060%	2031		10,400	10,400
2000 Series V	Taxable	0.560%	2032		10,120	10,120
2000 Series V	Taxable	0.560%	2032		20	20
2000 Series X-2	Tax-Exempt		N/A		-	-
2000 Series Z	Taxable	0.450%	2031		29,715	29,715
2001 Series D	Taxable	0.530%	2022		35,505	35,505
2001 Series G	Taxable	0.470%	2029		28,290	28,290
2001 Series J	Tax-Exempt		N/A		-	-
2001 Series K	Taxable	0.510%	2032		37,610	37,610
2001 Series N	Tax-Exempt		N/A		-	-
2001 Series O	Taxable	0.540%	2032		35,420	35,420
2001 Series S	Taxable	0.560%	2023		25,070	25,070
2001 Series U	Tax-Exempt		N/A		-	-
2001 Series V	Taxable	0.400%	2031		13,210	13,210
2002 Series B	Tax-Exempt		N/A		-	-
2002 Series F	Tax-Exempt		N/A		-	-
2002 Series H	Taxable	0.520%	2022		13,195	13,195
2002 Series J	Tax-Exempt	0.060%	2033		25,605	25,605
2002 Series M	Tax-Exempt		N/A		-	-
2002 Series P	Tax-Exempt		N/A		-	-
2003 Series H	Tax-Exempt	0.060%	2032		8,730	8,730
2003 Series I	Taxable	0.450%	2033		27,415	27,415
2003 Series M	Tax-Exempt	0.060%	2034		38,580	38,580
2003 Series N	Taxable	0.480%	2034		20,660	20,660
2004 Series A	Tax-Exempt		N/A		-	-
2004 Series E	Tax-Exempt	0.050%	2035		40,690	40,690
2004 Series F	Taxable	0.460%	2035		33,675	33,675
2004 Series G	Tax-Exempt		N/A		-	-
2004 Series I	Tax-Exempt		N/A		-	-
2005 Series A	Tax-Exempt	0.050%	2035		61,380	61,380
2005 Series B	Tax-Exempt		N/A		-	-
2005 Series B	Tax-Exempt	0.060%	2035		59,490	59,490

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	4.9000%	LIBOR @ 65%	5/25/00	8/1/30	\$ 17,765	\$ (3,414)
Fixed payer	4.5275%	LIBOR @ 65%	10/5/00	8/1/15	2,320	(9)
Fixed payer	4.5100%	LIBOR @ 65%	12/13/00	8/1/31	20,025	(3,555)
Fixed payer	6.8430%	3 mo LIBOR	12/13/00	8/1/16	4,385	(123)
Fixed payer	6.2150%	3 mo LIBOR+.26%	1/25/01	8/1/19	17,145	(1,599)
Fixed payer	6.0100%	3 mo LIBOR+.20%	4/5/01	2/1/16	5,155	(148)
Fixed payer	4.1430%	LIBOR @ 65%	5/31/01	8/1/24	20,320	(1,316)
Fixed payer	3.9910%	LIBOR @ 65%	7/26/01	8/1/18	2,895	(194)
Fixed payer	6.3600%	3 mo LIBOR+.27%	7/26/01	8/1/20	20,990	(2,269)
Fixed payer	5.5300%	3 mo LIBOR+.31%	10/10/01	8/1/18	10,115	(513)
Fixed payer	4.1300%	SIFMA less .15%	12/6/01	8/1/32	27,025	(3,586)
Fixed payer	3.8880%	LIBOR @ 65%	4/18/02	8/1/27	30,100	(4,627)
Fixed payer	3.9940%	LIBOR @ 65%	6/6/02	2/1/24	23,590	(2,589)
Fixed payer	3.8630%	LIBOR @ 65%	8/8/02	8/1/32	34,425	(3,258)
Fixed payer	3.7280%	LIBOR @ 65%	10/17/02	8/1/22	30,120	(2,326)
Fixed payer	3.1480%	LIBOR @ 65%	12/12/02	8/1/22	40,955	(2,829)
Fixed payer	3.0875%	LIBOR @ 60%+.26%	8/1/04	8/1/30	15,865	(1,050)
Fixed payer	3.6100%	LIBOR @ 60%+.26%	2/1/05	2/1/34	33,475	(3,505)
Fixed payer	3.5600%	LIBOR @ 60%+.26%	8/4/04	2/1/33	10,400	(1,053)
Fixed payer	3.8040%	LIBOR @ 60%+.26%	4/5/05	8/1/35	61,380	(9,868)
Fixed payer	3.0490%	LIBOR @ 60%+.26%	7/1/05	2/1/16	5,945	(52)
Fixed payer	3.7260%	LIBOR @ 60%+.26%	7/1/05	2/1/35	2,430	(47)

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>
2005 Series F	Tax-Exempt	0.050%	2038		73,980	73,980
2005 Series H	Tax-Exempt		N/A		-	-
2006 Series C	Tax-Exempt	0.050%	2037		68,100	68,100
2006 Series D	Tax-Exempt	4.350% - 4.400%	2017	10,920		10,920
2006 Series E	Tax-Exempt	4.875% - 5.050%	2026	34,600		34,600
2006 Series F	Tax-Exempt		N/A		-	-
2006 Series F	Tax-Exempt	0.060%	2041		26,090	26,090
2006 Series H	Tax-Exempt	5.750%	2030	6,030		6,030
2006 Series I	Tax-Exempt	4.700% - 4.875%	2041	53,105		53,105
2006 Series K	Tax-Exempt	4.625% - 5.500%	2042	97,070		97,070
2006 Series L	Tax-Exempt	4.150%	2016	1,450		1,450
2006 Series M	Tax-Exempt	4.625% - 4.750%	2042	80,570		80,570
2007 Series A	Taxable	5.720%	2032	79,840		79,840
2007 Series B	Taxable	0.450%	2042		40,000	40,000
2007 Series C	Taxable	0.450%	2042		20,000	20,000
2007 Series D	Tax-Exempt	4.300% - 4.400%	2018	16,050		16,050
2007 Series E	Tax-Exempt	4.700% - 5.000%	2042	84,645		84,645
2007 Series F	Tax-Exempt	4.630% - 4.700%	2017	13,420		13,420
2007 Series G	Tax-Exempt	4.950% - 5.500%	2042	80,670		80,670
2007 Series H	Tax-Exempt		N/A		-	-
2007 Series H	Tax-Exempt	0.060%	2042		34,975	34,975
2007 Series I	Tax-Exempt	4.250% - 4.350%	2017	5,205		5,205
2007 Series J	Tax-Exempt	5.750%	2047	4,580		4,580
2007 Series K	Tax-Exempt	0.060%	2037		2,555	2,555
2007 Series K	Tax-Exempt	0.060%	2038		25,000	25,000
2007 Series M	Taxable	5.835%	2032	71,560		71,560
2007 Series N	Taxable	0.450%	2043		60,000	60,000
2008 Series A	Tax-Exempt	4.000% - 4.500%	2020	20,450		20,450
2008 Series B	Tax-Exempt	4.800% - 5.000%	2028	11,710		11,710
2008 Series C	Tax-Exempt		N/A		-	-
2008 Series C	Tax-Exempt		N/A		-	-
2008 Series C	Tax-Exempt		N/A		-	-
2008 Series C	Tax-Exempt		N/A		-	-
2008 Series D	Tax-Exempt	0.060%	2043		1,680	1,680
2008 Series D	Tax-Exempt	0.060%	2043		2,595	2,595
2008 Series D	Tax-Exempt	0.060%	2043		1,355	1,355
2008 Series D	Tax-Exempt	0.060%	2043		3,865	3,865
2008 Series D	Tax-Exempt	0.060%	2031		3,645	3,645
2008 Series D	Tax-Exempt	0.060%	2031		5,850	5,850
2008 Series D	Tax-Exempt	0.060%	2043		4,210	4,210
2008 Series E	Tax-Exempt		N/A		-	-
2008 Series F	Tax-Exempt	0.060%	2032		11,925	11,925
2008 Series G	Taxable	6.000%	2025	50,000		50,000
2008 Series H	Taxable	4.950%	2020	50,695		50,695
2008 Series I	Taxable		N/A		-	-
2008 Series K	Tax-Exempt	5.300% - 5.550%	2033	79,700		79,700
2008 Series L	Tax-Exempt	5.200% - 5.550%	2038	74,040		74,040
Housing Program Bonds:						
2006 Series A	Tax-Exempt	4.850% - 4.950%	2036	34,900		34,900
Residential Mortgage						
Revenue Bonds:						
2009 Series A-5	Tax-Exempt	3.160%	2041	260,535		260,535
2009 Series A-6 (MF)	Tax-Exempt	3.270%	2030	49,410		49,410

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	3.8570%	LIBOR @ 62%+.25%	12/15/05	2/1/36	12,430	(250)
Fixed payer	4.0590%	LIBOR @ 62%+.25%	4/19/06	2/1/37	51,970	(1,135)
Fixed payer	4.2550%	LIBOR @ 62%+.25%	7/27/06	8/1/40	24,000	(675)
Fixed payer	4.1360%	LIBOR @ 62%+.25%	7/27/06	2/1/41	60,000	(2,342)
Fixed payer	4.0480%	LIBOR @ 62%+.25%	8/8/07	2/1/31	50,000	(2,323)
Fixed payer	4.2360%	LIBOR @ 62%+.25%	8/8/07	2/1/38	50,000	(3,557)
Fixed payer	3.9870%	LIBOR @ 63%+.24%	11/7/07	8/1/32	25,000	(1,277)
Fixed payer	4.0400%	LIBOR @ 63%+.24%	11/7/07	2/1/38	25,000	(530)
Fixed payer	4.8000%	LIBOR @ 65%	4/6/00	2/1/23	2,225	(508)
Fixed payer	4.1430%	LIBOR @ 65%	5/31/01	8/1/24	9,710	(1,775)
Fixed payer	3.9940%	LIBOR @ 65%	6/6/02	2/1/24	7,005	(1,293)
Fixed payer	3.8630%	LIBOR @ 65%	8/8/02	8/1/32	7,760	(1,877)
Fixed payer	4.9000%	LIBOR @ 65%	5/25/00	8/1/30	1,680	(628)
Fixed payer	4.1430%	LIBOR @ 65%	5/31/01	8/1/24	2,595	(375)
Fixed payer	3.9910%	LIBOR @ 65%	7/26/01	8/1/18	1,355	(129)
Fixed payer	4.1300%	SIFMA less .15%	12/6/01	8/1/32	3,865	(1,016)
Fixed payer	4.8500%	LIBOR @ 65%	11/18/08	2/1/17	5,660	(97)
Fixed payer	4.8000%	LIBOR @ 65%	4/6/00	2/1/23	6,560	(647)
Fixed payer	4.8500%	LIBOR @ 65%	11/18/00	2/1/17	4,210	(289)
Fixed payer	4.6600%	LIBOR @ 65%	11/18/08	2/1/16	2,030	(30)
Fixed payer	3.8700%	LIBOR @ 65%	11/18/08	8/1/17	8,150	(253)
Fixed payer	7.1100%	LIBOR	11/18/08	8/1/22	23,815	(4,677)

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>
2010 Series A	Tax-Exempt	2.350% - 4.625%	2027	13,645		13,645
2011 Series A	Tax-Exempt	2.050% - 4.750%	2028	33,370		33,370
2013 Series A	Taxable	2.900%	2042	57,593		57,593
2013 Series B	Taxable	2.900%	2042	24,807		24,807
Multifamily Loan						
Purchase Bonds:						
2000 Series A	Taxable	Variable	2017		1,021	1,021
Multifamily Housing						
Revenue Bonds III:						
2000 Series B	Tax-Exempt		N/A		-	-
2000 Series D	Tax-Exempt		N/A		-	-
2001 Series D	Tax-Exempt	0.124%	2021		465	465
2001 Series E	Tax-Exempt	0.052%	2036		29,265	29,265
2001 Series F	Tax-Exempt	0.054%	2032		10,025	10,025
2001 Series G	Tax-Exempt	0.061%	2025		2,695	2,695
2001 Series G	Tax-Exempt	0.061%	2036		9,500	9,500
2001 Series G	Tax-Exempt	0.061%	2036		7,480	7,480
2002 Series A	Tax-Exempt		N/A		-	-
2002 Series A	Tax-Exempt		N/A		-	-
2002 Series B	Tax-Exempt		N/A		-	-
2002 Series C	Tax-Exempt		N/A		-	-
2002 Series C	Tax-Exempt		N/A		-	-
2002 Series D	Tax-Exempt	0.054%	2033		3,655	3,655
2002 Series E	Tax-Exempt	0.057%	2037		2,885	2,885
2002 Series E	Tax-Exempt	0.057%	2037		11,580	11,580
2003 Series C	Tax-Exempt	0.442%	2038		24,765	24,765
2004 Series A	Tax-Exempt		N/A		-	-
2004 Series B	Tax-Exempt	0.850%	2036		1,570	1,570
2004 Series B	Tax-Exempt	0.850%	2036		3,375	3,375
2004 Series B	Tax-Exempt	0.850%	2036		4,760	4,760
2004 Series B	Tax-Exempt	0.850%	2036		10,805	10,805
2004 Series B	Tax-Exempt	0.850%	2036		1,505	1,505
2004 Series C	Tax-Exempt	0.356%	2025		6,190	6,190
2004 Series D	Tax-Exempt	0.356%	2039		40,240	40,240
2005 Series A	Tax-Exempt		N/A		-	-
2005 Series B	Tax-Exempt		N/A		-	-
2005 Series B	Tax-Exempt		N/A		-	-
2005 Series B	Tax-Exempt		N/A		-	-
2005 Series C	Tax-Exempt	4.100% - 4.900%	2036	7,640		7,640
2005 Series D	Tax-Exempt	0.054%	2038		15,355	15,355
2005 Series E	Tax-Exempt	4.550% - 5.125%	2038	17,985		17,985
2006 Series A	Tax-Exempt		N/A		-	-
2006 Series A	Tax-Exempt		N/A		-	-
2006 Series A	Tax-Exempt		N/A		-	-
2007 Series B	Tax-Exempt		N/A		-	-
2007 Series B	Tax-Exempt		N/A		-	-
2007 Series C	Tax-Exempt	0.089%	2042		4,840	4,840
2007 Series C	Tax-Exempt	0.089%	2040		4,435	4,435
2008 Series A	Tax-Exempt	0.048%	2040		7,265	7,265
2008 Series B	Tax-Exempt	0.052%	2036		15,735	15,735
2008 Series B	Tax-Exempt	0.052%	2038		8,870	8,870
2008 Series C	Tax-Exempt	0.052%	2038		5,210	5,210
2008 Series C	Tax-Exempt	0.052%	2036		12,150	12,150
2008 Series C	Tax-Exempt	0.708%	2038		740	740
2014 Series A	Tax-Exempt	0.850% - 4.800%	2049	38,915		38,915
2015 Series A	Taxable	2.379% - 4.050%	2030	174,180		174,180

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	895	(133)
Fixed payer	4.3950%	LIBOR @ 64%	11/16/00	2/1/31	11,205	(2,488)
Fixed payer	4.4520%	SIFMA less .20%	6/28/01	8/1/22	1,720	(225)
Fixed payer	4.7120%	SIFMA less .15%	6/28/01	2/1/36	41,420	(10,692)
Fixed payer	4.0290%	SIFMA less .20%	2/1/02	2/1/32	11,370	(1,731)
Fixed payer	4.2050%	SIFMA less .15%	2/1/02	8/1/36	2,710	(421)
Fixed payer	4.2050%	SIFMA less .15%	2/1/02	8/1/36	33,875	(7,092)
Fixed payer	4.5950%	SIFMA less .15%	2/1/04	2/1/34	8,150	(2,030)
Fixed payer	4.5000%	SIFMA less .15%	8/1/02	8/1/32	14,095	(2,936)
Fixed payer	4.8900%	SIFMA less .15%	2/2/04	2/1/37	10,105	(3,077)
Fixed payer	4.0370%	SIFMA less .20%	2/1/03	2/1/35	20,080	(3,736)
Fixed payer	4.4050%	SIFMA less .15%	2/1/04	2/1/37	12,150	(3,154)
Fixed payer	4.6380%	SIFMA less .15%	8/1/05	8/1/37	14,210	(3,901)
Fixed payer	4.0850%	SIFMA less .20%	2/3/03	2/1/35	10,155	(2,183)
Fixed payer	4.1510%	SIFMA less .15%	2/3/03	2/1/35	13,495	(2,982)
Fixed payer	4.5710%	SIFMA less .15%	11/1/04	8/1/37	36,415	(10,780)
Fixed payer	3.0590%	LIBOR @ 60%+.21%	8/1/04	8/1/34	16,270	(1,638)
Fixed payer	3.6920%	LIBOR @ 60%+.26%	8/1/06	8/1/36	11,070	(1,257)
Fixed payer	3.3300%	LIBOR @ 60%+.26%	8/1/04	8/1/34	4,610	(333)
Fixed payer	4.9783%	SIFMA less .15%	8/1/06	2/1/39	11,095	(1,614)
Fixed payer	4.5390%	SIFMA less .15%	8/1/04	8/1/34	2,195	(226)
Fixed payer	3.4350%	LIBOR @ 60%+.21%	2/1/05	8/1/25	6,310	(666)
Fixed payer	3.5640%	SIFMA less .20%	7/1/05	8/1/35	2,050	(352)
Fixed payer	3.9540%	SIFMA less .15%	6/15/05	8/1/35	2,350	(214)
Fixed payer	4.0790%	SIFMA less .15%	2/1/07	2/1/37	21,425	(2,319)
Fixed payer	3.9570%	SIFMA less .15%	8/1/07	2/1/38	3,540	(360)
Fixed payer	3.7010%	LIBOR @ 60%+.26%	2/1/06	2/1/38	26,360	(4,417)
Fixed payer	4.042% * HR	97% SIFMA & HR	6/15/06	8/1/27	5,205	(639)
Fixed payer	4.381% * HR	97% SIFMA & HR	6/15/06	8/1/39	8,405	(908)
Fixed payer	4.492% * HR	97% SIFMA & HR	6/15/06	2/1/41	3,845	(469)
Fixed payer	3.9370%	LIBOR @ 64%+.25%	7/12/07	2/1/22	1,700	(146)
Fixed payer	4.2220%	LIBOR @ 64%+.25%	8/1/09	2/1/40	5,410	(982)
Fixed payer	3.7280%	LIBOR @ 63%+.30%	2/1/08	8/1/42	5,210	(596)
Fixed payer	3.9190%	LIBOR @ 63%+.30%	11/1/09	8/1/40	13,020	(2,131)
Fixed payer	3.2950%	LIBOR @ 61%+.24%	11/1/09	8/1/40	9,570	(1,756)
Fixed payer	3.3850%	SIFMA less .15%	8/1/03	8/1/36	19,045	(2,311)
Fixed payer	4.2950%	SIFMA less .15%	8/1/05	2/1/38	25,195	(1,783)
Fixed payer	3.8830%	LIBOR @ 60%+.26%	12/1/04	8/1/38	7,895	(1,758)
Fixed payer	3.9680%	LIBOR @ 60%+.26%	7/1/05	2/1/36	12,150	(2,578)
Fixed payer	4.0600%	LIBOR @ 60%+.26%	2/1/06	8/1/38	8,200	(1,964)

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>
Affordable Multifamily Housing Revenue Bonds:						
2009 Series A-21	Tax-Exempt	2.320%	2046	49,250		49,250
2009 Series A-22	Tax-Exempt	2.320%	2039	34,440		34,440
				1,722,980	1,186,986	2,909,966
Unamortized discount						(187)
Unamortized premium						4,847
						\$ 2,914,626

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>
					\$ 1,296,020	\$ (162,591)

Notes Payable: The Agency entered into loan agreements with Citibank N.A. on March 1, 2010. The Agency received funds for special bond redemptions in exchange for a total notes payable of \$95.1 million. The notes are collateralized by multifamily loan receivables. The outstanding maturity dates for the loan receivables range from September 1, 2015 to January 1, 2046 and the interest rates range from 5.25% to 9.00%. The Agency collects and remits the mortgage payments less servicing fees to Citibank on 24 multifamily loans. Changes in notes payable for the years ended June 30, 2015 and 2014 are as follows (dollars in thousands):

	2015	2014
	<u>Totals</u>	<u>Totals</u>
Beginning of year balance	\$ 63,595	\$ 81,058
Principal payments	(9,015)	(17,463)
End of year balance	<u>\$ 54,580</u>	<u>\$ 63,595</u>
Current portion	\$ 2,048	\$ 2,253
Noncurrent portion	52,532	61,342
Total	<u>\$ 54,580</u>	<u>\$ 63,595</u>

The table below provides a summary of note payment requirements for the next five years and in five year increments thereafter (dollars in thousands).

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Ending June 30</u>			
2016	\$ 2,048	\$ 2,804	\$ 4,852
2017	2,077	2,704	4,781
2018	2,197	2,592	4,789
2019	2,331	2,474	4,805
2020	2,475	2,355	4,830
2021-2025	13,489	9,702	23,191
2026-2030	13,657	6,180	19,837
2031-2035	11,049	2,692	13,741
2036-2040	2,843	912	3,755
2041-2045	2,127	362	2,489
2046	287	5	292
Total	<u>\$ 54,580</u>	<u>\$ 32,782</u>	<u>\$ 87,362</u>

Conduit Debt Obligations: Beginning in 2009, the Agency issued conduit housing revenue debt obligations to provide financial assistance for the acquisition, construction and development of multifamily rental housing. They are limited obligations of the Agency, payable solely from the revenues and other funds and money pledged and assigned under the applicable indenture, series indenture, master pledge and assignment, or funding loan agreement.

The Agency had 35 series of conduit debt obligations aggregating \$372.4 million as of June 30, 2015 and 31 series of conduit debt obligations aggregating \$341.0 million as of June 30, 2014. For the years ended June 30, 2015 and 2014, all the authorized conduit debt obligations were issued. For the years ended June 30, 2015 and 2014, the Agency issued \$30.1 million and \$39.2 million in conduit debt obligations, respectively.

The Agency may collect amounts from borrowers for application processing, issuance fees, administration fees, special issuer fees, unearned revenue-prepaid administration fees and California Debt Limit Allocation Committee (CDLAC) performance fees. If the conduit debt obligations are issued, the CDLAC performance fees are returned. For the year ended June 30, 2015, the Agency collected \$2.3 million in administration fees, \$220 thousand in special issuer fees and \$406 thousand in unearned revenue-prepaid administration fees. For the year ended June 30, 2014, the Agency collected \$13 thousand in issuance fees, \$2.6 million in administration fees, \$207 thousand in special issuer fees and \$424 thousand in unearned revenue-prepaid administration fees. The collected amounts are used to pay the Agency's operating expenses.

Reconciliation of Bonds Payable: Changes in bonds payable for the years ended June 30, 2015 and 2014 are as follows (dollars in thousands):

	2015	2014
	Totals	Totals
Beginning of year balance	\$ 3,532,752	\$ 4,498,536
New bonds issued	174,180	38,915
Scheduled maturities	(55,061)	(63,893)
Redemptions	(736,083)	(943,972)
Amortized discount	27	27
Amortized premium	(1,189)	(1,657)
Reclassified deferred loss to deferred outflow		4,898
Additions to discount		(102)
End of year balance	<u>\$ 2,914,626</u>	<u>\$ 3,532,752</u>
Current portion	\$ 53,733	\$ 67,904
Noncurrent portion	2,860,893	3,464,848
Total	<u>\$ 2,914,626</u>	<u>\$ 3,532,752</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, 2015, and may not be indicative of the actual interest expense that will be incurred by the Fund. As rates vary, variable rate bond interest payments and net swap payments will vary. The table below provides a summary of debt service requirements and net swap payments for the next five years and in five year increments thereafter (dollars in thousands).

Fiscal Year	Fixed/Variable		Variable		Interest Rate	Total
	Unswapped		Swapped			
Ending June 30	Principal	Interest	Principal	Interest	Swaps, Net	
2016	\$ 53,730	\$76,788		\$ 826	\$ 50,890	\$ 182,234
2017	75,710	73,590	\$ 7,800	855	46,576	204,531
2018	65,357	70,907	11,495	836	42,874	191,469
2019	61,215	68,532	12,985	799	39,366	182,897
2020	61,000	66,369	13,700	758	36,133	177,960
2021-2025	477,310	284,887	64,180	3,141	143,484	973,002
2026-2030	586,010	182,969	95,370	2,266	101,578	968,193
2031-2035	572,765	95,231	158,830	1,107	52,478	880,411
2036-2040	266,020	48,961	105,335	321	11,362	431,999
2041-2045	185,329	12,575	24,675	59	483	223,121
2046-2050	11,150	1,079				12,229
Total	<u>\$ 2,415,596</u>	<u>\$ 981,888</u>	<u>\$ 494,370</u>	<u>\$ 10,968</u>	<u>\$ 525,224</u>	<u>\$ 4,428,046</u>

As of June 30, 2015, the difference between the gross bonds payable and the net bonds payable was \$4.7 million. This represented the aggregate of the unamortized bond premium and bond discount.

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

Terms, Fair Value and Credit Risk: The terms and fair values of the outstanding fixed payer swaps as of June 30, 2015 are summarized in the table at the beginning of Note 7. The terms and fair values of the outstanding basis swaps are summarized in the table under Basis Risk.

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

on the fair value of the ineffective swaps is reported as “Investment swap revenue” within “Other revenues” in the statements of revenues, expenses and changes in net position.

The Agency did not pay or receive any cash when swap transactions were initiated except for in-substance assignments. For the year ended June 30, 2015, no additional swaps were considered investment derivatives because they no longer met the criteria for effectiveness. For the year ended June 30, 2014, 29 swaps with associated outstanding bonds were considered investment derivatives because they no longer met the criteria for effectiveness. Accordingly, the accumulated changes in fair value that were reported as deferred outflow of resources of \$52.5 million as of June 30, 2013, along with the decrease in the fair value of the swaps for the year ended June 30, 2014 of \$2.9 million are reported as “Investment swap revenue” within “Other revenues” for the year ended June 30, 2014. The following table summarizes the swap fair value activity in the statements of net position as of June 30, 2015 and 2014 and the statements of revenues, expenses and changes in net position for the years ended June 30, 2015 and 2014 (dollars in thousands):

	<u>2015</u>	<u>2014</u>
Statements of Net Position:		
Derivative swap asset	\$ 299	\$ 215
Accumulated decrease in fair value of hedging derivatives	23,544	25,042
Derivative swap liability	162,591	186,402
Statements of Revenues, Expenses and Changes in Net Position:		
Investment swap revenue	\$ 22,397	\$ (70,280)

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, 2015, the Agency executed interest rate swap transactions with 11 swap counterparties. All of the Agency’s interest rate swap agreements require the Agency to post collateral if its general obligation credit ratings, as issued by Moody’s and Standard and Poor’s fall below a certain level and if the fair value of the swaps breach a certain threshold. The collateral can be posted in several forms: cash, mortgage-backed securities, or treasury securities. If the Agency does not post collateral, the interest rate swap can be terminated by the counterparty. The cash collateral and securities collateral are reported as “Current assets: Other Assets” and “Noncurrent assets: Investments,” respectively, in the statements of net position. As of June 30, 2015, the Agency posted cash and fair value of mortgage-backed securities as collateral with swap counterparties in the amounts of \$33.9 million and \$17.2 million, respectively. As of June 30, 2014, the Agency posted cash and fair value of mortgage-backed securities as collateral in the amounts of \$13.3 million and \$42.7 million, respectively.

Because interest rates are generally lower than the rates in effect at inception of the swap agreements, the Agency’s fixed payer swap agreements had an aggregate negative fair value of \$162.6 million as of June 30, 2015 and \$186.4 million as of June 30, 2014. 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, 2015, the Agency’s swap portfolio had an aggregate asset position of \$299 thousand. 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 \$162.6 million total. Therefore, the Agency has no net exposure to credit risk.

The following table shows the number of fixed payer swaps and outstanding notional amounts by the counterparties’ respective credit ratings as of June 30, 2015 (dollars in thousands).

<u>Moody's</u>	<u>Standard & Poors</u>	<u>Outstanding Notional Amount</u>	<u>Number of Swap Transactions</u>
Aa2	AA-	\$ 25,000	1
Aa2	AAA	179,090	7
Aa3	A+	711,000	45
A1	A+	33,475	1
A2	A	11,370	1
A3	A-	50,000	1
A3	BBB+	125,710	10
Baa1	A-	150,805	7
Baa3	BBB	9,570	1
		<u>\$ 1,296,020</u>	<u>74</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, 2015, the formulas for the swap portfolio utilized the SIFMA, the 1 month LIBOR and the 3 month LIBOR rates. As of June 30, 2015, rates for the SIFMA, the 1 month LIBOR and the 3 month LIBOR were 0.07%, 0.19% and 0.28%, respectively. The swap formulas will continue to be monitored for its effectiveness in case the Agency chooses to enter into any future interest rate swaps. In addition, the Agency holds 8 basis swaps as a means to change the variable rate formula received for \$146.7 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, 2015 (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	\$ 9,870	\$ 4
2000 Series J	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/30	19,445	45
2000 Series U	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/15	2,320	1
2000 Series X-2	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/31	20,025	42
2001 Series N	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/18	4,250	8
2002 Series B	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/27	30,100	64
2002 Series F	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	2/1/24	30,595	78
2002 Series M	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/22	30,120	57
					<u>\$ 146,725</u>	<u>\$ 299</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, 2015.

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, 2015 (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				
2000 Series J *		\$ 17,765	\$ 17,765	\$ (3,369)
2000 Series X2 *		20,025	20,025	(3,513)
2001 Series J		20,320	20,320	(1,316)
2001 Series N *		2,895	2,895	(186)
2001 Series U		27,025	27,025	(3,586)
2002 Series B *		30,100	30,100	(4,563)
2002 Series F *		23,590	23,590	(2,512)
2002 Series J	\$ 25,605	34,425	8,820	(835)
2002 Series M *		30,120	30,120	(2,269)
2002 Series P		40,955	40,955	(2,829)
2004 Series A		15,865	15,865	(1,050)
2004 Series G		33,475	33,475	(3,504)
2004 Series I		10,400	10,400	(1,053)
2005 Series B		5,945	5,945	(52)
2005 Series H		12,430	12,430	(250)
2006 Series F		24,000	24,000	(675)
2006 Series F	26,090	60,000	33,910	(1,324)
2007 Series H	34,975	50,000	15,025	(1,069)
2007 Series H		50,000	50,000	(2,323)
2007 Series K	2,555	25,000	22,445	(1,147)
2008 Series C		2,225	2,225	(508)
2008 Series C		9,710	9,710	(1,774)
2008 Series C		7,005	7,005	(1,293)
2008 Series C		7,760	7,760	(1,877)
2008 Series D	5,850	6,560	710	(70)
2008 Series D	3,645	5,660	2,015	(34)
2008 Series E		2,030	2,030	(30)
2008 Series I		23,815	23,815	(4,677)
Multifamily Housing Revenue Bonds III				
2000 Series B		895	895	(133)
2000 Series D		11,205	11,205	(2,488)
2001 Series D		1,255	1,255	(164)
2001 Series E		12,135	12,135	(3,132)
2001 Series E	29,265	29,285	20	(5)
2001 Series F	10,025	11,370	1,345	(205)
2001 Series G	2,695	2,710	15	(2)
2001 Series G	9,500	33,875	24,375	(5,103)
2001 Series G	7,480	8,150	670	(167)
2002 Series A		14,095	14,095	(2,936)
2002 Series A		10,105	10,105	(3,078)
2002 Series B		20,080	20,080	(3,736)
2002 Series C		12,150	12,150	(3,154)
2002 Series C		14,210	14,210	(3,901)
2002 Series D	3,655	10,155	6,500	(1,397)
2002 Series E	2,885	13,495	10,610	(2,345)
2002 Series E	11,580	36,415	24,835	(7,352)
2004 Series A		16,270	16,270	(1,638)
2004 Series B	1,570	11,070	9,500	(1,078)
2004 Series B	1,505	2,195	690	(71)
2004 Series B	10,805	11,095	290	(42)
2004 Series C	6,190	6,310	120	(13)
2005 Series A		2,050	2,050	(352)
2005 Series B		2,350	2,350	(214)
2005 Series B		21,425	21,425	(2,319)
2005 Series B		3,540	3,540	(360)
2005 Series D	15,355	26,360	11,005	(1,844)
2006 Series A		5,205	5,205	(639)
2006 Series A		8,405	8,405	(908)
2006 Series A		3,845	3,845	(469)
2007 Series B		5,410	5,410	(982)
2007 Series B		1,700	1,700	(146)

<u>Bond Issue</u>	<u>Bonds Outstanding</u>	<u>Swap Notional Amount</u>	<u>Unmatched Swap</u>	<u>Fair Value</u>
Multifamily Housing Revenue Bonds III (continued)				
2007 Series C	4,435	13,020	8,585	(1,405)
2007 Series C	4,840	5,210	370	(42)
2008 Series A		2,300	2,300	(422)
2008 Series A	7,265	7,270	5	(1)
2008 Series B		3,250	3,250	(394)
2008 Series B		16,255	16,255	(1,150)
2008 Series B	15,735	15,795	60	(7)
2008 Series B	8,870	8,940	70	(5)
2008 Series C		2,715	2,715	(605)
2008 Series C		7,470	7,470	(1,789)
Total	\$ 252,375	\$ 1,050,140	\$ 797,765	\$ (103,881)

*Includes Basis Swap.

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, 2015 and 2014, the Fund had liabilities to the IRS totaling \$353 thousand and \$1.1 million, respectively and reported in the statements of net position as “Due to IRS” within “Due to other government entities.” For the years ended June 30, 2015 and 2014, the net effects of changes in the liability have been recorded as decreases in “Interest income: Investments” in the statements of revenues, expenses and changes in net position.

Additionally, the Agency has identified all the bond series that were issued as variable rate plans of finance and subject to review and monitoring of mortgage yield excess. As of June 30, 2015 and 2014, the Fund had liabilities to the IRS totaling \$9.0 million and \$13.0 million, respectively and reported in the statements of net position as “Due to IRS” within “Due to other government entities.” For the years ended June 30, 2015 and 2014, the net effects of changes in the liability have been recorded as a decreases in “Interest income: Program loans” in the statements of revenues, expenses and changes in net position. The Agency will continue to monitor the status of mortgage yield compliance to mitigate further liability.

Note 9 – EXTINGUISHMENT OF DEBT

On April 14, 2015, the Agency issued Multifamily Housing Revenue Bonds 2015 Series A and the proceeds were used to refund prior Multifamily Housing Revenue Bonds III series on April 24, 2015 and in a subsequent period as described in Note 17. No losses were incurred from the debt refundings.

The refundings will decrease the debt service cash flow for Multifamily Rental Housing Programs by \$38.3 million. The refundings will also provide an estimated economic gain of \$25.5 million.

Note 10 – PENSION PLAN

Plan Description, Benefits Provided and Employees Covered: As part of the State, the primary government, the Fund contributes to the Miscellaneous Plan (the “Plan”) and it is administered by the California Public Employees’ Retirement System (“CalPERS”). The Plan is included in the Public Employees’ Retirement Fund A (“PERF A”). PERF is comprised of and reported as PERF A, PERF B and PERF C for accounting purposes. PERF A is comprised of agent multiple-employer plans, which include State and most public agencies rate plans. The Plan is a defined benefit pension plan. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions and membership information are listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained via the internet at www.calpers.ca.gov under Forms and Publications.

Prior to GASB 68 Implementation: GASB 68 is effective for reporting periods beginning after June 15, 2014. Prior to the implementation of GASB 68 in the year ended June 30, 2015, the net pension liability was not reported. For the prior period ended June 30, 2014, the employer contribution rates were 21.20% - 21.36% for the period from July 2013 to June 2014. Additionally for the period ended June 30, 2014, the Fund contributed \$3.6 million for pensions.

GASB 68 Accounting Valuation Report: The State requested a CalPERS GASB 68 Accounting Valuation Report for the Plan. A copy of this report may be obtained from the State Controller’s Office, Division of Accounting and Reporting.

Contributions: Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the average active employee contribution rate was 6.53% of annual payroll and the employer's contribution rate was 21.14% of annual payroll. These rates reflect Section 20683.2, which mandates that certain employees must contribute more as of July 1, 2013. Furthermore, any reduction in employer contributions due to the increase in the employee contributions must be paid by the employer towards the unfunded liability. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution. Contributions to the Plan were \$4.3 million for the year ended June 30, 2015.

Pension Liabilities, Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions: As of June 30, 2015, the Fund reported a liability of \$43.7 million for its proportionate share of the State's net pension liability. The net pension liability was measured as of June 30, 2014 and was based on the Fund's pensionable compensation as a percentage of the State's total pensionable compensation. As of June 30, 2014, the Fund's proportionate share was 0.17%.

For the year ended June 30, 2015, the Fund recognized pension expense of \$3.1 million. As of June 30, 2015, the Fund reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments		\$ 8,148
Fund contributions and proportionate share of contributions		82
Fund contributions subject to the measurement date	\$ 4,311	
	<u>\$ 4,311</u>	<u>\$ 8,230</u>

The \$4.3 million reported as deferred outflows of resources related to pensions resulting from Fund contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows (dollars in thousands):

Fiscal year ending June 30:	
2016	\$ (2,066)
2017	(2,066)
2018	(2,061)
2019	(2,037)

Actuarial Assumptions: For the measurement period ended June 30, 2014, the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial assumptions:

Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.50%, net of pension plan investment and administrative expenses; includes inflation
Post retirement benefit increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies

Post-retirement mortality tables were based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study that can be obtained via the internet at www.calpers.ca.gov under Forms and Publications.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increases, mortality and retirement rates. The Experience Study report can be obtained via the internet at www.calpers.ca.gov under Forms and Publications.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Years 1-10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19	0.99	2.43
Private Equity	12	6.83	6.95
Real Estate	11	4.50	5.13
Inflation Sensitive	6	0.45	3.36
Infrastructure and Forestland	3	4.50	5.09
Liquidity	2	(0.55)	(1.05)
	<u>100%</u>		

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period

Discount Rate: The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.5% is applied to all plans in the Public Employees' Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at via the internet at www.calpers.ca.gov under the GASB 68 section.

According to paragraph 68 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability.

CalPERS is scheduled to review all actuarial assumptions as part of the regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least fiscal year 2017-18. CalPERS will continue to check the materiality of the difference in calculation until such time that the methodology changes.

Sensitivity of the Fund's Proportionate Share of the Net Pension Liability to Changes in Discount Rate: The following presents the Fund's proportionate share of the net pension liability as of the measurement date, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50%) or 1 percentage-point higher (8.50%) than the current rate (dollars in thousands):

	Discount Rate – 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Fund's net pension liability	\$ 63,546	\$ 43,722	\$ 27,043

Pension Plan Fiduciary Net Position: As of June 30, 2014, the Plan's fiduciary net position was \$68.4 billion. Detailed information about PERF A's fiduciary net position is available via the internet at www.calpers.ca.gov under Forms and Publications.

Payable to the Pension Plan: As of June 30, 2015, the Fund did not report a payable related to pension contributions.

Note 11 – OTHER POSTEMPLOYMENT BENEFITS

The Other Postemployment Benefits ("OPEB") is a single-employer defined benefit healthcare plan administered by CalPERS. The State of California is required to include the information in its financial reports. State Controller's Office sets the employer contribution rate based on the annual required contribution ("ARC") of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Agency's estimated unfunded OPEB liabilities were \$24.9 million and \$21.5 million for the year ended June 30, 2015 and June 30, 2014, respectively. As of June 30, 2015, the allocated contribution of OPEB from the Fund was \$2.1 million, compared to \$1.9 million for the year ended June 30, 2014. CalPERS issues a publicly available Comprehensive Annual Financial Report ("CAFR") that includes financial statements and required supplementary information for the OPEB.

Note 12 – COMMITMENTS

As of June 30, 2015, the Agency had no outstanding commitments and conditionally approved loan reservation to fund Homeownership Program loans and had outstanding commitments to fund Multifamily Program loans totaling \$14 million. As of June 30, 2015, the Agency had proceeds available from bonds issued to fund \$877 thousand of Homeownership Program loans and \$25 million of Multifamily Program loans.

Note 13 – LEASES

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

Fiscal years ended June 30	500 Capitol Mall Tower, LLC (Sacramento Office) Lease ends 7/31/23	Harsch Investment Properties, LLC (West Sacramento Office) Lease ends 5/31/16	Slauson Investors, LLC (Culver City Office) Lease ends 2/28/19	Total
2015	2,325	302	235	2,862
2016	2,372	268	242	2,882
2017	2,419		249	2,668
2018	2,468		257	2,725
2019	2,517		154	2,671
2020-24	10,810			10,810
Total	\$ 22,911	\$ 570	\$ 1,137	\$ 24,618

Note 14 – ARRANGEMENTS WITH THE MORTGAGE INSURANCE FUND

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

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, 2015, there was no cash or investments remaining in the Mortgage Insurance Fund to pay outstanding claims. The California Housing Finance Fund has written off foreclosed loans insured by the Housing Loan Insurance Fund. As of June 30, 2015, the reserve amount established under the HMRB indenture was \$25.9 million.

Note 15 – 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 16 – 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 \$112 thousand and \$177 thousand for the fiscal year ended June 30, 2015 and June 30, 2014, 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 were \$580 thousand and \$604 thousand for fiscal years ended June 30, 2015 and June 30, 2014, respectively.

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

Note 17 – SUBSEQUENT EVENTS

On July 2, 2015, S&P raised the Agency’s HMRB rating from “A-“ to “A”.

On July 22, 2015, the Agency exited the Temporary Credit and Liquidity Program (“TCLP”) under the HFA initiative program which was providing replacement credit and facilities for existing variable rate demand bond debt for the Agency. The standby credit and liquidity facilities were replaced with letters of credit from four banks. This action will save money as lower costs are associated with the letters of credit.

On August 1, 2015, the Agency used \$24.9 million of the Multifamily Housing Revenue Bonds III 2015 Series A (“MHRB III 2015A”) bond proceeds to refund \$24.9 million in prior MHRB III series. For the MHRB III 2015A April 24, 2015 and August 1, 2015 refundings, the combined decrease in debt service cash flow and estimated economic gain may be found in Note 9 – Extinguishment of Debt.

On August 1, 2015, the Agency redeemed \$34.9 million of the Housing Program Bonds 2006 Series A. As of this date, there are no longer any bonds outstanding under the Housing Program Bonds indenture.

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**CALIFORNIA HOUSING FINANCE AGENCY
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF THE FUND'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Miscellaneous Plan
Last Fiscal Year
(Dollar amounts in thousands)

	<u>2014</u>
Fund's proportion of the net pension liability	0.17%
Fund's proportionate share of the net pension liability	\$ 43,722
Fund's covered-employee payroll	\$ 17,256
Fund's proportionate share of the net pension liability as a percentage of its covered-employee payroll	253.38%
Plan fiduciary net position as a percentage of the total pension liability	73.05%

SCHEDULE OF FUND CONTRIBUTIONS
Miscellaneous Plan
Last Fiscal Year
(Dollar amounts in thousands)

	<u>2014</u>
Contractually required contribution	\$ 3,627
Contribution in relation to the contractually required contribution	<u>(3,627)</u>
Contribution deficiency (excess)	<u>-</u>
Fund's covered-employee payroll	\$ 17,256
Contributions as a percentage of covered-employee payroll	21.02%

**CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF NET POSITION
WITH ADDITIONAL COMBINING INFORMATION**

June 30, 2015

(Dollars in Thousands)

	HOMEOWNERSHIP PROGRAMS	MULTIFAMILY RENTAL HOUSING PROGRAMS	OTHER PROGRAMS AND ACCOUNTS	COMBINED TOTALS
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 8,224	\$ 8	\$ 33,013	\$ 41,245
Investments	287,913	85,623	765,882	1,139,418
Current portion - program loans receivable, net allowance	63,210	49,500	18,349	131,059
Interest receivable - program loans, net	9,982	5,226	18,797	34,005
Interest receivable - investments	1,556	289	601	2,446
Accounts receivable	5,609	-	4,032	9,641
Due (to) from other funds	(7,752)	-	7,752	-
Other assets	43	366	33,907	34,316
Total current assets	<u>368,785</u>	<u>141,012</u>	<u>882,333</u>	<u>1,392,130</u>
Noncurrent assets:				
Investments	210,472	58,822	18,789	288,083
Program loans receivable, net of allowance	2,054,784	709,490	527,771	3,292,045
Other assets	14,879	-	819	15,698
Total noncurrent assets	<u>2,280,135</u>	<u>768,312</u>	<u>547,379</u>	<u>3,595,826</u>
Total assets	<u>2,648,920</u>	<u>909,324</u>	<u>1,429,712</u>	<u>4,987,956</u>
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivatives	-	22,528	1,016	23,544
Deferred loss on refunding	-	447	-	447
Employer contribution	-	-	4,311	4,311
Total deferred outflows of resources	<u>-</u>	<u>22,975</u>	<u>5,327</u>	<u>28,302</u>
LIABILITIES				
Current liabilities:				
Bonds payable	42,168	11,565	-	53,733
Notes payable	-	-	2,048	2,048
Interest payable	23,876	10,465	13,839	48,180
Due (from) to other government entities	(121)	-	631	510
Compensated absences	-	-	3,811	3,811
Deposits and other liabilities	1,703	386	225,162	227,251
Total current liabilities	<u>67,626</u>	<u>22,416</u>	<u>245,491</u>	<u>335,533</u>
Noncurrent liabilities:				
Bonds payable	2,254,351	606,542	-	2,860,893
Notes payable	-	-	52,532	52,532
Due to other government entities, net	1,906	7,424	68,617	77,947
Other liabilities	-	88,978	73,613	162,591
Unearned revenues	-	-	905	905
Total noncurrent liabilities	<u>2,256,257</u>	<u>702,944</u>	<u>195,667</u>	<u>3,154,868</u>
Total liabilities	<u>2,323,883</u>	<u>725,360</u>	<u>441,158</u>	<u>3,490,401</u>
DEFERRED INFLOWS OF RESOURCES				
Unamortized pension net difference	-	-	8,230	8,230
Total deferred inflows of Resources	<u>-</u>	<u>-</u>	<u>8,230</u>	<u>8,230</u>
NET POSITION				
Net investment in capital assets	-	-	754	754
Restricted by indenture	325,037	206,939	-	531,976
Restricted by statute	-	-	984,897	984,897
Total net position	<u>\$ 325,037</u>	<u>\$ 206,939</u>	<u>\$ 985,651</u>	<u>\$ 1,517,627</u>

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
WITH ADDITIONAL COMBINING INFORMATION

Year Ended June 30, 2015

(Dollars in Thousands)

	HOMEOWNERSHIP PROGRAMS	MULTIFAMILY RENTAL HOUSING PROGRAMS	OTHER PROGRAMS AND ACCOUNTS	COMBINED TOTALS
OPERATING REVENUES				
Interest income:				
Program loans, net	\$ 134,380	\$ 40,388	\$ 20,219	\$ 194,987
Interest income, net	11,042	2,823	3,437	17,302
(Decrease) increase in fair value of investments	(2,227)	701	5,640	4,114
Loan commitment fees	-	-	459	459
Other loan fees	15	6,662	37,416	44,093
Other revenues	315	(16,120)	53,504	37,699
Total operating revenues	<u>143,525</u>	<u>34,454</u>	<u>120,675</u>	<u>298,654</u>
SALARIES AND GENERAL EXPENSES				
Interest	69,090	20,405	465	89,960
Amortization of bond discount and bond premium	(1,168)	227	-	(941)
Mortgage servicing fees	7,311	-	1	7,312
(Reversal) provision for program loan losses	(13,238)	(3,593)	(5,282)	(22,113)
Salaries and general expenses	-	-	39,546	39,546
Other expenses	15,224	5,821	75,552	96,597
Total salaries and general expenses	<u>77,219</u>	<u>22,860</u>	<u>110,282</u>	<u>210,361</u>
Operating income (loss) income before transfers	66,306	11,594	10,393	88,293
Transfers out	-	-	(432)	(432)
Transfers intrafund	(35,706)	(1,405)	37,111	-
Increase (decrease) in net position	<u>30,600</u>	<u>10,189</u>	<u>47,072</u>	<u>87,861</u>
Net position at beginning of year	294,437	196,750	987,407	1,478,594
Cumulative effect of adoption of GASB 68 & 71	-	-	(48,828)	(48,828)
Net position at beginning of year, as restated	<u>294,437</u>	<u>196,750</u>	<u>938,579</u>	<u>1,429,766</u>
Net position at end of year	<u>\$ 325,037</u>	<u>\$ 206,939</u>	<u>\$ 985,651</u>	<u>\$ 1,517,627</u>

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF CASH FLOWS
WITH ADDITIONAL COMBINING INFORMATION
Year Ended June 30, 2015
(Dollars in Thousands)

	HOMEOWNERSHIP PROGRAMS	MULTIFAMILY RENTAL HOUSING PROGRAMS	OTHER PROGRAMS AND ACCOUNTS	COMBINED TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 135,749	\$ 40,571	\$ 16,891	\$ 193,211
Payments to suppliers	(7,760)	(117)	(10,704)	(18,581)
Payments to employees	-	-	(21,247)	(21,247)
Other receipts (payments)	425,060	24,379	(9,045)	440,394
Net cash provided by (used for) operating activities	553,049	64,833	(24,105)	593,777
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intrafund transfers	(35,706)	(1,405)	37,111	-
Changes in due (to) from other government entities	(9)	-	(5,803)	(5,812)
Net cash (used for) provided by noncapital financing activities	(35,715)	(1,405)	31,308	(5,812)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sales of bonds	-	174,180	-	174,180
Payment of bond & note principal	(35,370)	(19,692)	(9,015)	(64,077)
Early bond redemptions	(550,228)	(185,855)	-	(736,083)
Interest paid on debt	(73,225)	(23,074)	(3,651)	(99,950)
Interfund transfers	-	-	(432)	(432)
Net cash (used for) provided by capital and related financing activities	(658,823)	(54,441)	(13,098)	(726,362)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturity and sale of investments	1,311,211	241,331	660,712	2,213,254
Purchase of investments	(1,179,281)	(253,315)	(659,437)	(2,092,033)
Interest on investments, net	11,467	2,983	3,464	17,914
Net cash provided by (used for) investing activities	143,397	(9,001)	4,739	139,135
Net increase (decrease) in cash and cash equivalents	1,908	(14)	(1,156)	738
Cash and cash equivalents at beginning of year	6,316	22	34,169	40,507
Cash and cash equivalents at end of year	\$ 8,224	\$ 8	\$ 33,013	\$ 41,245
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 66,306	\$ 11,594	\$ 10,393	\$ 88,293
Adjustments to reconcile operating (loss) income to net cash provided by (used for) operating activities:				
Interest expense on debt	69,090	20,405	465	89,960
Interest on investments	(11,042)	(2,823)	(3,437)	(17,302)
Changes in fair value of investments	2,227	(701)	(5,640)	(4,114)
Amortization of bond discount	21	6	-	27
Amortization of deferred losses on refundings of debt	-	221	-	221
Amortization of bond premium	(1,189)	-	-	(1,189)
Loan commitment fees	-	-	(459)	(459)
Depreciation	-	-	243	243
(Reversal) provision for estimated loan losses	(13,238)	(3,593)	(5,282)	(22,113)
(Reversal) provision for yield reduction payments	(324)	(3,700)	-	(4,024)
(Reversal) provision for nonmortgage investment excess	(783)	1	-	(782)
Effect of changes in operating assets and liabilities:				
Sale (purchase) of program loans, net	961	(14,138)	(66,081)	(79,258)
Collection of principal from program loans, net	437,726	55,693	92,282	585,701
Interest receivable	1,368	182	(3,327)	(1,777)
Accounts receivable	2,912	-	464	3,376
Due to (from) other funds	753	-	(753)	-
Other assets	8	(467)	(19,176)	(19,635)
Compensated absences	-	-	(223)	(223)
Increase (decrease) in pension liability	-	-	8,172	8,172
Deposits and other liabilities	(1,747)	98	(6,353)	(8,002)
Unearned revenue	-	2,055	(25,393)	(23,338)
Net cash provided by (used for) operating activities	\$ 553,049	\$ 64,833	\$ (24,105)	\$ 593,777
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Noncash transfer of program loan to REO	\$ 2,237	\$ -	\$ -	\$ 2,237

**CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF NET POSITION
HOMEOWNERSHIP PROGRAMS**

June 30, 2015

(Dollars in Thousands)

	HOME MORTGAGE REVENUE BONDS	SINGLE FAMILY HOUSING PROGRAM BONDS	RESIDENTIAL MORTGAGE REVENUE BONDS
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,182	\$ 9	\$ 1,033
Investments	253,408	3,521	28,069
Current portion - program loans receivable, net of allowance	53,388	-	7,745
Interest receivable - program loans, net	8,602	261	948
Interest receivable - investments	1,104	2	430
Accounts receivable	4,959	-	617
Due (to) from other funds	(8,544)	575	216
Other assets	26	-	17
Total current assets	<u>320,125</u>	<u>4,368</u>	<u>39,075</u>
Noncurrent assets:			
Investments	63,666	-	140,417
Program loans receivable, net of allowance	1,760,379	31,341	237,061
Other assets	13,405	-	1,474
Total noncurrent assets	<u>1,837,450</u>	<u>31,341</u>	<u>378,952</u>
Total assets	<u>2,157,575</u>	<u>35,709</u>	<u>418,027</u>
DEFERRED OUTFLOWS OF RESOURCES			
Accumulated decrease in fair value of hedging derivatives	-	-	-
Deferred loss on refunding	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Current liabilities:			
Bonds payable	31,963	-	10,205
Notes payable	-	-	-
Interest payable	20,785	716	2,375
Due from other government entities	(121)	-	-
Compensated absences	-	-	-
Deposits and other liabilities	1,604	-	93
Total current liabilities	<u>54,231</u>	<u>716</u>	<u>12,673</u>
Noncurrent liabilities:			
Bonds payable	1,839,707	34,900	379,744
Notes payable	-	-	-
Due to other government entities, net	1,906	-	-
Other liabilities	-	-	-
Unearned revenues	-	-	-
Total noncurrent liabilities	<u>1,841,613</u>	<u>34,900</u>	<u>379,744</u>
Total liabilities	<u>1,895,844</u>	<u>35,616</u>	<u>392,417</u>
DEFERRED INFLOWS OF RESOURCES			
Unamortized pension net difference	-	-	-
Total deferred inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	-	-	-
Restricted by indenture	261,731	93	25,610
Restricted by statute	-	-	-
Total net position	<u>\$ 261,731</u>	<u>\$ 93</u>	<u>\$ 25,610</u>

RESIDENTIAL MORTGAGE REVENUE BONDS OVERCOLLATERALIZATION	TOTAL HOMEOWNERSHIP PROGRAMS
\$ -	\$ 8,224
2,915	287,913
2,077	63,210
171	9,982
20	1,556
33	5,609
1	(7,752)
-	43
<u>5,217</u>	<u>368,785</u>
6,389	210,472
26,003	2,054,784
-	14,879
<u>32,392</u>	<u>2,280,135</u>
37,609	2,648,920
-	-
-	-
-	-
-	42,168
-	-
-	23,876
-	(121)
-	-
6	1,703
<u>6</u>	<u>67,626</u>
-	2,254,351
-	-
-	1,906
-	-
-	-
-	<u>2,256,257</u>
<u>6</u>	<u>2,323,883</u>
-	-
-	-
-	-
37,603	325,037
-	-
<u>\$ 37,603</u>	<u>\$ 325,037</u>

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
HOMEOWNERSHIP PROGRAM
Year Ended June 30, 2015

(Dollars in Thousands)

	HOME MORTGAGE REVENUE BONDS	SINGLE FAMILY HOUSING PROGRAM BONDS	RESIDENTIAL MORTGAGE REVENUE BONDS
OPERATING REVENUES			
Interest income:			
Program loans, net	\$ 117,422	\$ 2,082	\$ 12,743
Interest income, net	4,443	7	6,355
(Decrease) increase in fair value of investments	(964)	-	(1,332)
Loan commitment fees	-	-	-
Other loan fees	13	-	2
Other revenues	280	-	35
Total operating revenues	<u>121,194</u>	<u>2,089</u>	<u>17,803</u>
SALARIES AND GENERAL EXPENSES			
Interest	53,129	1,891	14,070
Amortization of bond discount and bond premium	(1,168)	-	-
Mortgage servicing fees	6,438	-	811
(Reversal) provision for program loan losses	(10,540)	(1,570)	(1,122)
Salaries and general expenses	-	-	-
Other expenses	12,780	5	2,440
Total salaries and general expenses	<u>60,639</u>	<u>326</u>	<u>16,199</u>
Operating income (loss) before transfers	60,555	1,763	1,604
Transfers intrafund	(38,979)	3,020	7,247
Increase (decrease) in net position	<u>21,576</u>	<u>4,783</u>	<u>8,851</u>
Net position at beginning of year	<u>240,155</u>	<u>(4,690)</u>	<u>16,759</u>
Net position at end of year	<u>\$ 261,731</u>	<u>\$ 93</u>	<u>\$ 25,610</u>

RESIDENTIAL MORTGAGE REVENUE BONDS OVERCOLLATERALIZATION	TOTAL HOMEOWNERSHIP PROGRAMS
\$ 2,133	\$ 134,380
237	11,042
69	(2,227)
-	-
-	15
-	315
2,439	143,525
-	69,090
-	(1,168)
62	7,311
(6)	(13,238)
-	-
(1)	15,224
55	77,219
2,384	66,306
(6,994)	(35,706)
(4,610)	30,600
42,213	294,437
\$ 37,603	\$ 325,037

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF CASH FLOWS -
HOMEOWNERSHIP PROGRAMS
Year Ended June 30, 2015

(Dollars in Thousands)

	HOME MORTGAGE REVENUE BONDS	SINGLE FAMILY HOUSING PROGRAM BONDS	RESIDENTIAL MORTGAGE REVENUE BONDS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 118,763	\$ 1,937	\$ 12,906
Payments to suppliers	(6,859)	(6)	(832)
Payments to employees	-	-	-
Other receipts (payments)	372,444	4,106	44,650
Net cash provided by operating activities	<u>484,348</u>	<u>6,037</u>	<u>56,724</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intrafund transfers	(38,979)	3,020	7,247
Changes in due from other government entities	(9)	-	-
Net cash (used for) provided by provided by noncapital financing activities	<u>(38,988)</u>	<u>3,020</u>	<u>7,247</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sales of bonds	-	-	-
Payment of bond & note principal	(24,190)	-	(11,180)
Early bond redemptions	(444,265)	(5,490)	(100,473)
Interest paid on debt	(56,459)	(2,000)	(14,766)
Interfund transfers	-	-	-
Net cash (used for) provided by capital and related financing activities	<u>(524,914)</u>	<u>(7,490)</u>	<u>(126,419)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturity and sale of investments	1,010,254	9,559	284,047
Purchase of investments	(934,260)	(11,133)	(227,350)
Interest on investments, net	4,715	6	6,507
Net cash provided by (used for) investing activities	<u>80,709</u>	<u>(1,568)</u>	<u>63,204</u>
Net increase (decrease) in cash and cash equivalents	1,155	(1)	756
Cash and cash equivalents at beginning of year	6,027	10	277
Cash and cash equivalents at end of year	<u>\$ 7,182</u>	<u>\$ 9</u>	<u>\$ 1,033</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 60,555	\$ 1,763	\$ 1,604
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Interest expense on debt	53,129	1,891	14,070
Interest on investments	(4,443)	(7)	(6,355)
Changes in fair value of investments	964	-	1,332
Amortization of bond discount	21	-	-
Amortization of deferred losses on refundings of debt	-	-	-
Amortization of bond premium	(1,189)	-	-
Loan commitment fees	-	-	-
(Reversal) provision for estimated loan losses	(10,540)	(1,570)	(1,122)
(Reversal) provision for yield reduction payments	(324)	-	-
(Reversal) provision for nonmortgage investment excess	(783)	-	-
Effect of changes in operating assets and liabilities:			
Sale (purchase) of program loans, net	889	(2)	74
Collection of principal from program loans, net	382,982	4,020	47,817
Interest receivable	1,341	(145)	162
Accounts receivable	2,599	-	248
Due to (from) other funds	878	88	(1,099)
Other assets	7	-	1
Compensated absences	-	-	-
Deposits and other liabilities	(1,738)	(1)	(8)
Unearned revenue	-	-	-
Net cash provided by (used for) operating activities	<u>\$ 484,348</u>	<u>\$ 6,037</u>	<u>\$ 56,724</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Noncash transfer of program loan to REO	<u>\$ 1,985</u>	<u>\$ -</u>	<u>\$ 252</u>

RESIDENTIAL MORTGAGE REVENUE BONDS OVERCOLLATERALIZATION		TOTAL HOMEOWNERSHIP PROGRAMS	
\$	2,143	\$	135,749
	(63)		(7,760)
	-		-
	3,860		425,060
	<u>5,940</u>		<u>553,049</u>
	(6,994)		(35,706)
	-		(9)
	<u>(6,994)</u>		<u>(35,715)</u>
	-		-
	-		(35,370)
	-		(550,228)
	-		(73,225)
	-		-
	-		<u>(658,823)</u>
	7,351		1,311,211
	(6,538)		(1,179,281)
	239		11,467
	<u>1,052</u>		<u>143,397</u>
	(2)		1,908
	2		6,316
\$	<u>-</u>	\$	<u>8,224</u>
\$	2,384	\$	66,306
	-		69,090
	(237)		(11,042)
	(69)		2,227
	-		21
	-		-
	-		(1,189)
	-		-
	(6)		(13,238)
	-		(324)
	-		(783)
	-		961
	2,907		437,726
	10		1,368
	65		2,912
	886		753
	-		8
	-		-
	-		(1,747)
	-		-
\$	<u>5,940</u>	\$	<u>553,049</u>
\$	<u>-</u>	\$	<u>2,237</u>

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF NET POSITION
MULTIFAMILY RENTAL HOUSING PROGRAMS
June 30, 2015

(Dollars in Thousands)

	MULTIFAMILY LOAN PURCHASE BONDS	MULTIFAMILY HOUSING REVENUE BONDS III	MULTIFAMILY HOUSING PROGRAM BONDS	AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 8	\$ -	\$ -
Investments	108	76,627	2,053	4,398
Current portion - program loans receivable, net of allowance	722	45,922	1,213	1,069
Interest receivable - program loans, net	-	3,135	1,654	226
Interest receivable - investments	-	168	1	119
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Other assets	-	308	-	47
Total current assets	<u>830</u>	<u>126,168</u>	<u>4,921</u>	<u>5,859</u>
Noncurrent assets:				
Investments	-	21,846	-	36,976
Program loans receivable, net of allowance	197	589,283	18,527	51,599
Other assets	-	-	-	-
Total noncurrent assets	<u>197</u>	<u>611,129</u>	<u>18,527</u>	<u>88,575</u>
Total assets	<u>1,027</u>	<u>737,297</u>	<u>23,448</u>	<u>94,434</u>
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivatives	-	22,528	-	-
Deferred loss on refunding	-	447	-	-
Total deferred outflows of resources	<u>-</u>	<u>22,975</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Bonds payable	-	10,795	-	770
Notes payable	-	-	-	-
Interest payable	9	9,863	-	324
Due to (from) other government entities, net	-	-	-	-
Compensated absences	-	-	-	-
Deposits and other liabilities	-	386	-	-
Total current liabilities	<u>9</u>	<u>21,044</u>	<u>-</u>	<u>1,094</u>
Noncurrent liabilities:				
Bonds payable	1,021	473,191	-	82,920
Notes payable	-	-	-	-
Due to other government entities, net	-	7,424	-	-
Other liabilities	-	88,978	-	-
Unearned revenues	-	-	-	-
Total noncurrent liabilities	<u>1,021</u>	<u>569,593</u>	<u>-</u>	<u>82,920</u>
Total liabilities	<u>1,030</u>	<u>590,637</u>	<u>-</u>	<u>84,014</u>
DEFERRED INFLOWS OF RESOURCES				
Unamortized pension net difference	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	-	-	-	-
Restricted by indenture	(3)	169,635	23,448	10,420
Restricted by statute	-	-	-	-
Total net position	<u>\$ (3)</u>	<u>\$ 169,635</u>	<u>\$ 23,448</u>	<u>\$ 10,420</u>

MULTIFAMILY RESIDENTIAL MORTGAGE REVENUE BONDS	TOTAL MULTIFAMILY RENTAL HOUSING PROGRAMS
\$ -	\$ 8
2,437	85,623
574	49,500
211	5,226
1	289
-	-
-	-
11	366
<u>3,234</u>	<u>141,012</u>
-	58,822
49,884	709,490
-	-
<u>49,884</u>	<u>768,312</u>
<u>53,118</u>	<u>909,324</u>
-	22,528
-	447
-	<u>22,975</u>
-	11,565
-	-
269	10,465
-	-
-	-
-	386
<u>269</u>	<u>22,416</u>
49,410	606,542
-	-
-	7,424
-	88,978
-	-
<u>49,410</u>	<u>702,944</u>
<u>49,679</u>	<u>725,360</u>
-	-
-	-
-	-
3,439	206,939
-	-
<u>\$ 3,439</u>	<u>\$ 206,939</u>

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
MULTIFAMILY PROGRAM
Year Ended June 30, 2015

(Dollars in Thousands)

	MULTIFAMILY LOAN PURCHASE BONDS	MULTIFAMILY HOUSING REVENUE BONDS III	MULTIFAMILY HOUSING PROGRAM BONDS	AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS
OPERATING REVENUES				
Interest income:				
Program loans, net	\$ 121	\$ 33,346	\$ 1,358	\$ 2,914
Interest income, net	-	1,375	4	1,437
Increase in fair value of investments	-	690	-	11
Loan commitment fees	-	-	-	-
Other loan fees	-	6,531	131	-
Other revenues	-	(16,120)	-	-
Total operating revenues	<u>121</u>	<u>25,822</u>	<u>1,493</u>	<u>4,362</u>
SALARIES AND GENERAL EXPENSES				
Interest	120	16,498	-	2,001
Amortization of bond discount and bond premium	-	227	-	-
Mortgage servicing fees	-	-	-	-
(Reversal) provision for program loan losses	-	(536)	112	(59)
Salaries and general expenses	-	-	-	-
Other expenses	1	4,048	-	1,039
Total salaries and general expenses	<u>121</u>	<u>20,237</u>	<u>112</u>	<u>2,981</u>
Operating income (loss) before transfers	-	5,585	1,381	1,381
Transfers intrafund	-	1,615	(3,020)	-
Increase (decrease) in net position	-	7,200	(1,639)	1,381
Net position at beginning of year	<u>(3)</u>	<u>162,435</u>	<u>25,087</u>	<u>9,039</u>
Net position at end of year	<u>\$ (3)</u>	<u>\$ 169,635</u>	<u>\$ 23,448</u>	<u>\$ 10,420</u>

MULTIFAMILY RESIDENTIAL MORTGAGE REVENUE BONDS	TOTAL MULTIFAMILY RENTAL HOUSING PROGRAMS
\$ 2,649	\$ 40,388
7	2,823
-	701
-	-
-	6,662
-	(16,120)
2,656	34,454
1,786	20,405
-	227
-	-
(3,110)	(3,593)
-	-
733	5,821
(591)	22,860
3,247	11,594
-	(1,405)
3,247	10,189
192	196,750
\$ 3,439	\$ 206,939

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF CASH FLOWS -
MULTIFAMILY RENTAL HOUSING PROGRAMS
Year Ended June 30, 2015
(Dollars in Thousands)

	MULTIFAMILY LOAN PURCHASE BONDS	MULTIFAMILY HOUSING REVENUE BONDS III	MULTIFAMILY HOUSING PROGRAM BONDS	AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 121	\$ 33,488	\$ 1,372	\$ 2,918
Payments to suppliers	-	(107)	-	(5)
Other receipts (payments)	2,514	13,176	2,341	(15)
Net cash provided by (used for) operating activities	<u>2,635</u>	<u>46,557</u>	<u>3,713</u>	<u>2,898</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intrafund transfers	-	1,615	(3,020)	-
Net cash provided by (used for) provided by noncapital financing activities	<u>-</u>	<u>1,615</u>	<u>(3,020)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sales of bonds	-	174,180	-	-
Payment of bond & note principal	(2,737)	(15,725)	-	(1,230)
Early bond redemptions	-	(161,135)	-	(4,180)
Interbond transfers	-	-	-	-
Interest paid on debt	(133)	(19,022)	-	(2,021)
Interfund transfers	-	-	-	-
Net cash (used for) provided by capital and related financing activities	<u>(2,870)</u>	<u>(21,702)</u>	<u>-</u>	<u>(7,431)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturity and sale of investments	3,396	171,335	3,019	18,151
Purchase of investments	(3,161)	(199,352)	(3,716)	(15,057)
Interest on investments, net	-	1,533	4	1,439
Net cash provided by (used for) investing activities	<u>235</u>	<u>(26,484)</u>	<u>(693)</u>	<u>4,533</u>
Net (decrease) increase in cash and cash equivalents	-	(14)	-	-
Cash and cash equivalents at beginning of year	-	22	-	-
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ -	\$ 5,585	\$ 1,381	\$ 1,381
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Interest expense on debt	121	16,498	-	2,000
Interest on investments	-	(1,375)	(4)	(1,437)
Changes in fair value of investments	-	(690)	-	(11)
Amortization of bond discount	-	6	-	-
Amortization of deferred losses on refundings of debt	-	221	-	-
Amortization of bond premium	-	-	-	-
Loan commitment fees	-	-	-	-
Depreciation	-	-	-	-
(Reversal) provision for estimated loan losses	-	(536)	112	(59)
(Reversal) provision for yield reduction payments	-	(3,700)	-	-
Provision for nonmortgage investment excess	-	1	-	-
Effect of changes in operating assets and liabilities:				
(Purchase) sale of program loans, net	-	(14,138)	-	-
Collection of principal from program loans, net	2,514	42,968	2,211	1,019
Interest receivable	-	142	13	4
Other assets	-	(578)	-	1
Deposits and other liabilities	-	98	-	-
Unearned revenue	-	2,055	-	-
Net cash provided by (used for) operating activities	<u>\$ 2,635</u>	<u>\$ 46,557</u>	<u>\$ 3,713</u>	<u>\$ 2,898</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Noncash transfer of program loan to REO	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MULTIFAMILY RESIDENTIAL MORTGAGE REVENUE BONDS	TOTAL MULTIFAMILY RENTAL HOUSING PROGRAMS
\$ 2,672	\$ 40,571
(5)	(117)
6,363	24,379
<u>9,030</u>	<u>64,833</u>
-	(1,405)
<u>-</u>	<u>(1,405)</u>
-	174,180
-	(19,692)
(20,540)	(185,855)
-	-
(1,898)	(23,074)
-	-
<u>(22,438)</u>	<u>(54,441)</u>
45,430	241,331
(32,029)	(253,315)
7	2,983
<u>13,408</u>	<u>(9,001)</u>
-	(14)
-	22
<u>\$ -</u>	<u>\$ 8</u>
\$ 3,247	\$ 11,594
1,786	20,405
(7)	(2,823)
-	(701)
-	6
-	221
-	-
-	-
(3,110)	(3,593)
-	(3,700)
-	1
-	(14,138)
6,981	55,693
23	182
110	(467)
-	98
-	2,055
<u>\$ 9,030</u>	<u>\$ 64,833</u>
<u>\$ -</u>	<u>\$ -</u>

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF NET POSITION
OTHER PROGRAMS AND ACCOUNTS
June 30, 2015

(Dollars in Thousands)

	HOUSING ASSISTANCE TRUST	CONTRACT ADMINISTRATION PROGRAMS	SUPPLEMENTAL BOND SECURITY ACCOUNT	EMERGENCY RESERVE ACCOUNT
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 7,597	\$ 2,109	\$ 1	\$ 1
Investments	203,906	291,668	17,473	32,242
Current portion - program loans receivable, net of allowance	14,317	2,043	-	-
Interest receivable - program loans, net	1,427	17,118	-	-
Interest receivable - investments	202	206	12	23
Accounts receivable	252	190	-	97
Due from (to) other funds	304	2,337	8,647	-
Other assets	33,878	-	-	-
Total current assets	<u>261,883</u>	<u>315,671</u>	<u>26,133</u>	<u>32,363</u>
Noncurrent assets:				
Investments	18,789	-	-	-
Program loans receivable, net of allowance	108,913	366,590	-	-
Other assets	65	-	-	-
Total noncurrent assets	<u>127,767</u>	<u>366,590</u>	<u>-</u>	<u>-</u>
Total assets	<u>389,650</u>	<u>682,261</u>	<u>26,133</u>	<u>32,363</u>
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivatives	1,016	-	-	-
Deferred loss on refunding	-	-	-	-
Employer contribution	-	-	-	-
Total Deferred outflows of resources	<u>1,016</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Bonds payable	-	-	-	-
Notes payable	-	-	-	-
Interest payable	13,541	-	-	-
Due to other government entities, net	-	330	-	-
Compensated absences	-	-	-	-
Deposits and other liabilities	3,195	2,074	-	-
Total current liabilities	<u>16,736</u>	<u>2,404</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities:				
Bonds payable	-	-	-	-
Notes payable	-	-	-	-
Due to other government entities, net	-	-	-	-
Other liabilities	73,613	-	-	-
Unearned revenues	-	-	-	-
Total noncurrent liabilities	<u>73,613</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>90,349</u>	<u>2,404</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unamortized pension net difference	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	-	-	-	-
Restricted by indenture	-	-	-	-
Restricted by statute	300,317	679,857	26,133	32,363
Total net position	<u>\$ 300,317</u>	<u>\$ 679,857</u>	<u>\$ 26,133</u>	<u>\$ 32,363</u>

LOAN SERVICING	CITIGROUP GLOBAL MARKETS	OPERATING ACCOUNT	TOTAL OTHER PROGRAMS AND ACCOUNTS
\$ 22,935	\$ 98	\$ 272	\$ 33,013
206,075	-	14,518	765,882
-	1,989	-	18,349
-	252	-	18,797
146	-	12	601
3,088	-	405	4,032
(6,994)	-	3,458	7,752
-	-	29	33,907
<u>225,250</u>	<u>2,339</u>	<u>18,694</u>	<u>882,333</u>
-	-	-	18,789
-	52,268	-	527,771
-	-	754	819
-	<u>52,268</u>	<u>754</u>	<u>547,379</u>
<u>225,250</u>	<u>54,607</u>	<u>19,448</u>	<u>1,429,712</u>
-	-	-	1,016
-	-	-	-
-	-	4,311	4,311
-	-	<u>4,311</u>	<u>5,327</u>
-	-	-	-
-	2,048	-	2,048
-	298	-	13,839
-	-	301	631
-	-	3,811	3,811
218,717	-	1,176	225,162
<u>218,717</u>	<u>2,346</u>	<u>5,288</u>	<u>245,491</u>
-	-	-	-
-	52,532	-	52,532
-	-	68,617	68,617
-	-	-	73,613
-	-	905	905
-	<u>52,532</u>	<u>69,522</u>	<u>195,667</u>
<u>218,717</u>	<u>54,878</u>	<u>74,810</u>	<u>441,158</u>
-	-	8,230	8,230
-	-	<u>8,230</u>	<u>8,230</u>
-	-	754	754
-	-	-	-
6,533	(271)	(60,035)	984,897
<u>\$ 6,533</u>	<u>\$ (271)</u>	<u>\$ (59,281)</u>	<u>\$ 985,651</u>

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
OTHER PROGRAMS AND ACCOUNTS
Year Ended June 30, 2015

(Dollars in Thousands)

	HOUSING ASSISTANCE TRUST	CONTRACT ADMINISTRATION PROGRAMS	SUPPLEMENTAL BOND SECURITY ACCOUNT	EMERGENCY RESERVE ACCOUNT
OPERATING REVENUES				
Interest income:				
Program loans, net	\$ 11,184	\$ 9,035	\$ -	\$ -
Interest income, net	2,472	773	67	82
Increase in fair value of investments	5,640	-	-	-
Loan commitment fees	-	-	-	-
Other loan fees	20,624	12	-	-
Other revenues	(7,341)	744	-	-
Total operating revenues	<u>32,579</u>	<u>10,564</u>	<u>67</u>	<u>82</u>
SALARIES AND GENERAL EXPENSES				
Interest	465	-	-	-
Mortgage servicing fees	1	-	-	-
(Reversal) provision for program loan losses	(205)	(5,288)	-	-
Salaries and general expenses	-	-	-	-
Other expenses	5,591	7,345	-	-
Total salaries and general expenses	<u>5,852</u>	<u>2,057</u>	<u>-</u>	<u>-</u>
Operating income (loss) before transfers	26,727	8,507	67	82
Transfers in (out)	496	(928)	-	-
Transfers intrafund	13,932	-	-	-
Increase (decrease) in net assets	<u>41,155</u>	<u>7,579</u>	<u>67</u>	<u>82</u>
Net position at beginning of year	259,162	672,278	26,066	32,281
Cumulative effect of adoption of GASB 68 & 71	-	-	-	-
Net position at beginning of year, as restated	<u>259,162</u>	<u>672,278</u>	<u>26,066</u>	<u>32,281</u>
Net position at end of year	<u>\$ 300,317</u>	<u>\$ 679,857</u>	<u>\$ 26,133</u>	<u>\$ 32,363</u>

	LOAN SERVICING	CITIGROUP GLOBAL MARKETS	OPERATING ACCOUNT	TOTAL OTHER PROGRAMS AND ACCOUNTS
\$	-	\$ -	\$ -	\$ 20,219
	1	-	42	3,437
	-	-	-	5,640
	-	-	459	459
	4,193	-	12,587	37,416
	59,414	-	687	53,504
	<u>63,608</u>	<u>-</u>	<u>13,775</u>	<u>120,675</u>
	-	-	-	465
	-	-	-	1
	-	211	-	(5,282)
	-	-	39,546	39,546
	61,010	-	1,606	75,552
	<u>61,010</u>	<u>211</u>	<u>41,152</u>	<u>110,282</u>
	2,598	(211)	(27,377)	10,393
	-	-	-	(432)
	(2,000)	-	25,179	37,111
	598	(211)	(2,198)	47,072
	5,935	(60)	(8,255)	987,407
	-	-	(48,828)	(48,828)
	5,935	(60)	(57,083)	938,579
\$	<u>6,533</u>	<u>\$ (271)</u>	<u>\$ (59,281)</u>	<u>\$ 985,651</u>

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF CASH FLOWS -
OTHER PROGRAMS AND ACCOUNTS
Year Ended June 30, 2015
(Dollars in Thousands)

	HOUSING ASSISTANCE TRUST	CONTRACT ADMINISTRATION PROGRAMS	SUPPLEMENTAL BOND SECURITY ACCOUNT	EMERGENCY RESERVE ACCOUNT
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 11,328	\$ 5,481	\$ -	\$ -
Payments to suppliers	74	-	-	-
Payments to employees	-	-	-	-
Other receipts (payments)	13,975	(37,347)	1,729	1
Net cash provided by (used for) operating activities	<u>25,377</u>	<u>(31,866)</u>	<u>1,729</u>	<u>1</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intrafund transfers	13,932	-	-	-
Due (to) from other government entities	-	(355)	-	-
Net cash (used for) provided by noncapital financing activities	<u>13,932</u>	<u>(355)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payment of bond & note principal	-	-	-	-
Early bond redemptions	-	-	-	-
Interest paid on debt	(3,604)	-	-	-
Interfund transfers	496	(928)	-	-
Net cash (used for) provided by capital and related financing activities	<u>(3,108)</u>	<u>(928)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturity and sale of investments	459,772	71,988	-	3,490
Purchase of investments	(496,312)	(38,597)	(1,792)	(3,567)
Interest on investments, net	2,565	741	64	77
Net cash (used for) provided by investing activities	<u>(33,975)</u>	<u>34,132</u>	<u>(1,728)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	2,226	983	1	1
Cash and cash equivalents at beginning of year	5,371	1,126	-	-
Cash and cash equivalents at end of year	<u>\$ 7,597</u>	<u>\$ 2,109</u>	<u>\$ 1</u>	<u>\$ 1</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 26,727	\$ 8,507	\$ 67	\$ 82
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Interest expense on debt	465	-	-	-
Interest on investments	(2,472)	(774)	(67)	(82)
Changes in fair value of investments	(5,640)	-	-	-
Amortization of bond discount	-	-	-	-
Amortization of deferred losses on refunding of debt	-	-	-	-
Amortization of bond premium	-	-	-	-
Loan commitment fees	-	-	-	-
Depreciation	-	-	-	-
(Reversal) provision for estimated loan losses	(205)	(5,288)	-	-
Provision for yield reduction payments	-	-	-	-
Provision for nonmortgage investment excess	-	-	-	-
Effect of changes in operating assets and liabilities:				
(Purchase) sale of program loans, net	(12,004)	(57,727)	-	-
Collection of principal from program loans, net	58,971	27,909	-	-
Interest receivable	143	(3,552)	-	-
Accounts receivable	540	(190)	-	1
Due to (from) other funds	12	(462)	1,729	-
Other assets	(18,487)	-	-	-
Compensated absences	-	-	-	-
Increase (decrease) in pension liability	-	-	-	-
Deposits and other liabilities	3,192	(289)	-	-
Unearned revenue	(25,865)	-	-	-
Net cash provided by (used for) operating activities	<u>\$ 25,377</u>	<u>\$ (31,866)</u>	<u>\$ 1,729</u>	<u>\$ 1</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Noncash transfer of program loan to REO	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LOAN SERVICING	CITIGROUP GLOBAL MARKETS	OPERATING ACCOUNT	TOTAL OTHER PROGRAMS AND ACCOUNTS
\$ -	\$ 82	\$ -	\$ 16,891
-	-	(10,778)	(10,704)
-	-	(21,247)	(21,247)
(917)	9,052	4,462	(9,045)
<u>(917)</u>	<u>9,134</u>	<u>(27,563)</u>	<u>(24,105)</u>
(2,000)	-	25,179	37,111
-	-	(5,448)	(5,803)
<u>(2,000)</u>	<u>-</u>	<u>19,731</u>	<u>31,308</u>
-	(9,015)	-	(9,015)
-	-	-	-
-	(47)	-	(3,651)
-	-	-	(432)
<u>-</u>	<u>(9,062)</u>	<u>-</u>	<u>(13,098)</u>
85,703	-	39,759	660,712
(82,972)	-	(36,197)	(659,437)
(25)	-	42	3,464
<u>2,706</u>	<u>-</u>	<u>3,604</u>	<u>4,739</u>
(211)	72	(4,228)	(1,156)
23,146	26	4,500	34,169
<u>\$ 22,935</u>	<u>\$ 98</u>	<u>\$ 272</u>	<u>\$ 33,013</u>
\$ 2,598	\$ (211)	\$ (27,377)	\$ 10,393
-	-	-	465
(1)	-	(41)	(3,437)
-	-	-	(5,640)
-	-	-	-
-	-	-	-
-	-	(459)	(459)
-	-	243	243
-	211	-	(5,282)
-	-	-	-
-	-	-	-
-	3,650	-	(66,081)
-	5,402	-	92,282
-	82	-	(3,327)
45	-	68	464
487	-	(2,519)	(753)
-	-	(689)	(19,176)
-	-	(223)	(223)
-	-	8,172	8,172
(4,046)	-	(5,210)	(6,353)
-	-	472	(25,393)
<u>\$ (917)</u>	<u>\$ 9,134</u>	<u>\$ (27,563)</u>	<u>\$ (24,105)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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The California Housing Finance Agency does not discriminate on any prohibited basis in employment or in the admission and access to its programs or activities.

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**CALIFORNIA HOUSING FINANCE AGENCY
OUTSTANDING INDEBTEDNESS**

The following table describes the bonds of the Agency issued and outstanding as of 11/1/2015

Home Mortgage Revenue Bond		Single Family					
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **	\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
HMRB 2000N	AMT	5/25/2000	5/25/2000	\$50,000,000.00	\$9,345,000.00	\$0.00	\$9,345,000.00
HMRB 2000V	Taxable	10/5/2000	10/5/2000	\$102,000,000.00	\$2,765,000.00	\$0.00	\$2,765,000.00
HMRB 2000Z	Taxable	12/13/2000	12/13/2000	\$102,000,000.00	\$28,950,000.00	\$0.00	\$28,950,000.00
HMRB 2001D	Taxable	1/25/2001	1/25/2001	\$112,000,000.00	\$35,505,000.00	\$0.00	\$35,505,000.00
HMRB 2001G	Taxable	4/5/2001	4/5/2001	\$105,000,000.00	\$28,290,000.00	\$0.00	\$28,290,000.00
HMRB 2001K	Taxable	5/31/2001	5/31/2001	\$144,000,000.00	\$37,610,000.00	\$0.00	\$37,610,000.00
HMRB 2001O	Taxable	7/26/2001	7/26/2001	\$126,000,000.00	\$35,420,000.00	\$0.00	\$35,420,000.00
HMRB 2001S	Taxable	10/10/2001	10/10/2001	\$80,745,000.00	\$25,070,000.00	\$0.00	\$25,070,000.00
HMRB 2002H	Taxable	6/6/2002	6/6/2002	\$70,000,000.00	\$12,375,000.00	\$0.00	\$12,375,000.00
HMRB 2002J	AMT	8/8/2002	8/8/2002	\$103,570,000.00	\$23,870,000.00	\$0.00	\$23,870,000.00
HMRB 2003I	Taxable	8/7/2003	8/7/2003	\$50,000,000.00	\$27,415,000.00	\$0.00	\$27,415,000.00
HMRB 2003M	AMT	11/20/2003	11/20/2003	\$150,000,000.00	\$32,950,000.00	\$0.00	\$32,950,000.00
HMRB 2003N	Taxable	11/20/2003	11/20/2003	\$50,000,000.00	\$20,660,000.00	\$0.00	\$20,660,000.00
HMRB 2004E	AMT	5/20/2004	5/20/2004	\$129,105,000.00	\$32,460,000.00	\$0.00	\$32,460,000.00
HMRB 2004F	Taxable	5/20/2004	5/20/2004	\$50,000,000.00	\$33,675,000.00	\$0.00	\$33,675,000.00
HMRB 2005A	AMT	1/20/2005	1/20/2005	\$200,000,000.00	\$56,335,000.00	\$0.00	\$56,335,000.00
HMRB 2005B	AMT	3/30/2005	3/30/2005	\$200,000,000.00	\$54,785,000.00	\$0.00	\$54,785,000.00
HMRB 2005F	AMT	7/28/2005	7/28/2005	\$180,000,000.00	\$65,580,000.00	\$0.00	\$65,580,000.00
HMRB 2006C	AMT	4/19/2006	4/19/2006	\$175,000,000.00	\$61,250,000.00	\$0.00	\$61,250,000.00
HMRB 2006D	Non-Amt	7/27/2006	7/27/2006	\$20,000,000.00	\$10,920,000.00	\$10,920,000.00	\$0.00
HMRB 2006E	AMT	7/27/2006	7/27/2006	\$100,000,000.00	\$34,600,000.00	\$34,600,000.00	\$0.00
HMRB 2006F	AMT	7/27/2006	7/27/2006	\$120,000,000.00	\$20,490,000.00	\$0.00	\$20,490,000.00
HMRB 2006H	AMT	9/28/2006	9/28/2006	\$75,200,000.00	\$4,310,000.00	\$4,310,000.00	\$0.00
HMRB 2006I	AMT	9/28/2006	9/28/2006	\$165,310,000.00	\$50,985,000.00	\$50,985,000.00	\$0.00
HMRB 2006K	AMT	10/19/2006	10/19/2006	\$267,210,000.00	\$85,015,000.00	\$85,015,000.00	\$0.00
HMRB 2006M	AMT	1/25/2007	1/25/2007	\$219,815,000.00	\$78,640,000.00	\$78,640,000.00	\$0.00
HMRB 2007A	Taxable	4/26/2007	4/26/2007	\$90,000,000.00	\$77,690,000.00	\$77,690,000.00	\$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	\$6,610,000.00	\$6,610,000.00	\$0.00
HMRB 2007E	AMT	5/16/2007	5/16/2007	\$193,990,000.00	\$82,765,000.00	\$82,765,000.00	\$0.00
HMRB 2007F	AMT	8/8/2007	8/8/2007	\$48,260,000.00	\$13,420,000.00	\$13,420,000.00	\$0.00
HMRB 2007G	AMT	8/8/2007	8/8/2007	\$201,740,000.00	\$75,955,000.00	\$75,955,000.00	\$0.00
HMRB 2007H	AMT	8/8/2007	8/8/2007	\$100,000,000.00	\$30,680,000.00	\$0.00	\$30,680,000.00
HMRB 2007I	AMT	11/7/2007	11/7/2007	\$17,280,000.00	\$5,205,000.00	\$5,205,000.00	\$0.00
HMRB 2007J	AMT	11/7/2007	11/7/2007	\$92,720,000.00	\$2,220,000.00	\$2,220,000.00	\$0.00
HMRB 2007K	AMT	11/7/2007	11/7/2007	\$50,000,000.00	\$27,555,000.00	\$0.00	\$27,555,000.00
HMRB 2007M	Taxable	10/30/2007	10/30/2007	\$90,000,000.00	\$70,110,000.00	\$70,110,000.00	\$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	\$15,940,000.00	\$15,940,000.00	\$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 2008D	AMT	4/9/2008	4/9/2008	\$100,000,000.00	\$13,705,000.00	\$0.00	\$13,705,000.00
HMRB 2008G	Taxable	5/14/2008	5/14/2008	\$50,000,000.00	\$39,140,000.00	\$39,140,000.00	\$0.00
HMRB 2008H	Taxable	5/14/2008	5/14/2008	\$100,000,000.00	\$45,900,000.00	\$45,900,000.00	\$0.00
HMRB 2008K	AMT	5/15/2008	5/15/2008	\$220,475,000.00	\$68,940,000.00	\$68,940,000.00	\$0.00
HMRB 2008L	Non-Amt	8/28/2008	8/28/2008	\$189,790,000.00	\$61,215,000.00	\$61,215,000.00	\$0.00
HMRB TOTALS					\$1,678,030,000.00	\$841,290,000.00	\$836,740,000.00

**CALIFORNIA HOUSING FINANCE AGENCY
OUTSTANDING INDEBTEDNESS**

The following table describes the bonds of the Agency issued and outstanding as of 11/1/2015

Residential Mortgage Revenue Bonds (Separately-Sec)						Single Family	
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **	\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
RMRB 2009A-5	AMT	6/7/2012	6/7/2012	\$466,115,000.00	\$225,340,000.00	\$225,340,000.00	\$0.00
RMRB (Separately-Secured) TOTALS					\$225,340,000.00	\$225,340,000.00	\$0.00
Residential Mortgage Revenue Bonds						Single Family	
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **	\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
RMRB 2010A	Non-Amt	12/15/2010	12/15/2010	\$24,000,000.00	\$12,480,000.00	\$12,480,000.00	\$0.00
RMRB 2011A	Non-Amt	5/19/2011	5/19/2011	\$72,000,000.00	\$28,550,000.00	\$28,550,000.00	\$0.00
RMRB 2013A	Taxable	4/30/2013	4/30/2013	\$100,210,000.00	\$51,394,100.00	\$51,394,100.00	\$0.00
RMRB 2013B	Taxable	4/30/2013	4/30/2013	\$33,550,000.00	\$23,343,991.00	\$23,343,991.00	\$0.00
RMRB TOTALS					\$115,768,091.00	\$115,768,091.00	\$0.00
Conduit (Affordable Multifamily Housing Revenue Bo						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	\$4,150,000.00	\$4,150,000.00	\$0.00
AHMRB 2009 A-17-1	Non-Amt	4/28/2011	4/28/2011	\$12,870,000.00	\$12,570,000.00	\$12,570,000.00	\$0.00
AHMRB 2009 A-18	Non-Amt	4/28/2011	4/28/2011	\$9,460,000.00	\$9,250,000.00	\$9,250,000.00	\$0.00
AMHRB 2009A-1	Non-Amt	8/5/2010	8/5/2010	\$12,500,000.00	\$12,240,000.00	\$12,240,000.00	\$0.00
AMHRB 2009A-10	Non-Amt	12/17/2010	12/17/2010	\$48,660,000.00	\$47,500,000.00	\$47,500,000.00	\$0.00
AMHRB 2009A-11	Non-Amt	12/17/2010	12/17/2010	\$10,000,000.00	\$9,200,000.00	\$9,200,000.00	\$0.00
AMHRB 2009A-12	Non-Amt	12/17/2010	12/17/2010	\$6,650,000.00	\$6,180,000.00	\$6,180,000.00	\$0.00
AMHRB 2009A-13	Non-Amt	12/17/2010	12/17/2010	\$5,910,000.00	\$5,490,000.00	\$5,490,000.00	\$0.00
AMHRB 2009A-14	Non-Amt	12/17/2010	12/17/2010	\$10,370,000.00	\$10,020,000.00	\$10,020,000.00	\$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	\$4,660,000.00	\$4,660,000.00	\$0.00
AMHRB 2009A-20	Non-Amt	12/20/2011	12/20/2011	\$16,500,000.00	\$16,020,000.00	\$16,020,000.00	\$0.00
AMHRB 2009A-3	Non-Amt	10/29/2010	10/29/2010	\$5,740,000.00	\$5,540,000.00	\$5,540,000.00	\$0.00
AMHRB 2009A-4	Non-Amt	10/29/2010	10/29/2010	\$5,090,000.00	\$4,910,000.00	\$4,910,000.00	\$0.00
AMHRB 2009A-5	Non-Amt	10/29/2010	10/29/2010	\$4,650,000.00	\$4,490,000.00	\$4,490,000.00	\$0.00
AMHRB 2009A-6	Non-Amt	12/17/2010	12/17/2010	\$5,100,000.00	\$4,940,000.00	\$4,940,000.00	\$0.00
AMHRB 2009A-7	AMT	12/17/2010	12/17/2010	\$14,570,000.00	\$12,830,000.00	\$12,830,000.00	\$0.00
AMHRB 2009A-8	Non-Amt	12/17/2010	12/17/2010	\$13,060,000.00	\$12,490,000.00	\$12,490,000.00	\$0.00
AMHRB 2009A-9	Non-Amt	12/17/2010	12/17/2010	\$10,850,000.00	\$10,580,000.00	\$10,580,000.00	\$0.00
Conduit (AMHRB) TOTALS					\$270,890,000.00	\$270,890,000.00	\$0.00
Affordable Multifamily Housing Revenue Bonds						Multifamily	
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **	\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
AMHRRB 2009A-21	AMT	12/20/2011	12/20/2011	\$55,990,000.00	\$49,250,000.00	\$49,250,000.00	\$0.00
AMHRRB 2009A-22	AMT	12/20/2011	12/20/2011	\$36,680,000.00	\$34,060,000.00	\$34,060,000.00	\$0.00
AMHRRB TOTALS					\$83,310,000.00	\$83,310,000.00	\$0.00

**CALIFORNIA HOUSING FINANCE AGENCY
OUTSTANDING INDEBTEDNESS**

The following table describes the bonds of the Agency issued and outstanding as of 11/1/2015

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	\$1,146,197.81	\$1,146,197.81	\$0.00
CLS Casa De Vida	Non-Amt	3/1/2010	3/30/2010	\$558,362.82	\$355,754.24	\$355,754.24	\$0.00
CLS Conant Place Seniors	AMT	4/30/2010	4/30/2010	\$748,161.65	\$553,339.32	\$553,339.32	\$0.00
CLS Corralitos Creek	Non-Amt	3/1/2010	3/30/2010	\$2,311,141.25	\$2,019,335.81	\$2,019,335.81	\$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	\$38,996.00	\$38,996.00	\$0.00
CLS Doretha Mitchell	Taxable	3/1/2010	3/30/2010	\$1,164,307.04	\$1,093,323.02	\$1,093,323.02	\$0.00
CLS Flower Park Plaza	Non-Amt	3/1/2010	3/30/2010	\$9,148,341.96	\$7,300,178.77	\$7,300,178.77	\$0.00
CLS Gateway Apts	Non-Amt	3/1/2010	3/30/2010	\$7,223,646.10	\$6,336,517.19	\$6,336,517.19	\$0.00
CLS Hillside Terrace	Non-Amt	4/30/2010	4/30/2010	\$847,282.72	\$773,457.66	\$773,457.66	\$0.00
CLS Madera Villa	AMT	3/1/2010	3/30/2010	\$4,252,755.88	\$3,991,793.22	\$3,991,793.22	\$0.00
CLS Napa Creek Manor	Non-Amt	4/30/2010	4/30/2010	\$4,078,721.67	\$3,652,411.04	\$3,652,411.04	\$0.00
CLS Padre Apartments	Non-Amt	3/1/2010	3/30/2010	\$2,451,298.26	\$1,562,526.49	\$1,562,526.49	\$0.00
CLS Pickleweed Apts	Non-Amt	4/30/2010	4/30/2010	\$1,549,890.23	\$1,300,612.77	\$1,300,612.77	\$0.00
CLS Plaza Del Sol	AMT	4/30/2010	4/30/2010	\$7,528,149.12	\$7,399,703.68	\$7,399,703.68	\$0.00
CLS Plaza Del Sol T	Taxable	3/1/2010	3/30/2010	\$8,012,371.48	\$118,439.42	\$118,439.42	\$0.00
CLS Redwood Court	Non-Amt	4/30/2010	4/30/2010	\$1,252,158.77	\$1,100,644.62	\$1,100,644.62	\$0.00
CLS Redwood Court T	Taxable	3/1/2010	3/30/2010	\$1,938,554.85	\$603,340.52	\$603,340.52	\$0.00
CLS Redwood Oaks	AMT	4/30/2010	4/30/2010	\$1,584,983.50	\$1,347,566.37	\$1,347,566.37	\$0.00
CLS South Delaware	Non-Amt	3/1/2010	3/30/2010	\$751,621.56	\$666,554.88	\$666,554.88	\$0.00
CLS Thomas Pain	AMT	4/30/2010	4/30/2010	\$5,136,929.71	\$4,456,241.50	\$4,456,241.50	\$0.00
CLS Thomas Pain T	Taxable	3/1/2010	3/30/2010	\$6,087,079.32	\$736,637.22	\$736,637.22	\$0.00
CLS Via Del Mar	Non-Amt	4/30/2010	4/30/2010	\$786,598.63	\$660,034.29	\$660,034.29	\$0.00
CLS Villa Cesar Chavez	AMT	4/30/2010	4/30/2010	\$2,811,384.75	\$2,174,368.03	\$2,174,368.03	\$0.00
CLS Villa Madera	Non-Amt	4/30/2010	4/30/2010	\$4,082,347.88	\$3,309,663.94	\$3,309,663.94	\$0.00
MLPS Citi TOTALS					\$53,731,531.04	\$53,731,531.00	\$0.00
Conduit (Non New Issue Bond Program)						Multifamily	
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **	\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
LOMFHRB 2011A	Non-Amt	12/20/2011	12/20/2011	\$8,370,000.00	\$8,370,000.00	\$0.00	\$8,370,000.00
LOMHRB 2013A	Non-Amt	3/8/2013	3/8/2013	\$4,550,000.00	\$3,132,740.96	\$0.00	\$3,132,740.96
LOMHRB 2013C	Non-Amt	12/24/2013	12/24/2013	\$6,500,000.00	\$4,700,000.00	\$0.00	\$4,700,000.00
LOMHRB 2014C	Non-Amt	8/27/2014	8/27/2014	\$12,500,000.00	\$12,500,000.00	\$0.00	\$12,500,000.00
LOMHRB 2014D	Non-Amt	9/23/2014	9/23/2014	\$1,423,375.04	\$1,423,375.04	\$0.00	\$1,423,375.04
LOMHRB 2015B	Non-Amt	7/10/2015	7/10/2015	\$6,725,019.96	\$6,725,019.96	\$6,725,019.96	\$0.00
LOMHRN 2014A-1	Non-Amt	5/22/2014	5/22/2014	\$8,675,000.00	\$8,675,000.00	\$0.00	\$8,675,000.00
LOMHRN 2014A-2	Non-Amt	5/22/2014	5/22/2014	\$675,000.00	\$675,000.00	\$0.00	\$675,000.00

CALIFORNIA HOUSING FINANCE AGENCY
OUTSTANDING INDEBTEDNESS

The following table describes the bonds of the Agency issued and outstanding as of 11/1/2015

Conduit (Non New Issue Bond Program) Multifamily						\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **		
LOMHRN 2014B-1	AMT	5/22/2014	5/22/2014	\$11,400,000.00	\$11,400,000.00	\$0.00	\$11,400,000.00
LOMHRN 2014B-2	AMT	5/22/2014	5/22/2014	\$2,100,000.00	\$2,100,000.00	\$0.00	\$2,100,000.00
LOMHRN 2014E	Non-Amt	11/6/2014	11/6/2014	\$12,300,000.00	\$12,300,000.00	\$0.00	\$12,300,000.00
LOMHRN 2015A	Non-Amt	4/9/2015	4/9/2015	\$7,800,023.02	\$7,800,023.02	\$0.00	\$7,800,023.02
MHRB 2009C	Non-Amt	12/1/2009	12/1/2009	\$5,650,000.00	\$378,167.93	\$0.00	\$378,167.93
SLOMHRB 2010B	Taxable	12/17/2010	12/17/2010	\$2,350,000.00	\$2,350,000.00	\$0.00	\$2,350,000.00
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 2009B	Non-Amt	4/17/2009	4/17/2009	\$6,325,000.00	\$6,325,000.00	\$0.00	\$6,325,000.00
VRDLOMHRB 2013B	Non-Amt	12/19/2013	12/19/2013	\$12,840,000.00	\$12,840,000.00	\$0.00	\$12,840,000.00
Conduit (Non-NIBP) TOTALS					\$106,314,326.91	\$6,725,020.00	\$99,589,307.00
Multifamily Housing Revenue Bonds III Multifamily						\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **		
MHRBIII 2001D	Non-Amt	6/28/2001	6/28/2001	\$6,070,000.00	\$435,000.00	\$0.00	\$435,000.00
MHRBIII 2001E	AMT	6/28/2001	6/28/2001	\$78,735,000.00	\$28,735,000.00	\$0.00	\$28,735,000.00
MHRBIII 2001F	Non-Amt	11/15/2001	11/15/2001	\$19,040,000.00	\$9,675,000.00	\$0.00	\$9,675,000.00
MHRBIII 2001G	AMT	11/15/2001	11/15/2001	\$73,975,000.00	\$19,275,000.00	\$0.00	\$19,275,000.00
MHRBIII 2002D	Non-Amt	12/18/2002	12/18/2002	\$12,760,000.00	\$3,575,000.00	\$0.00	\$3,575,000.00
MHRBIII 2002E	AMT	12/18/2002	12/18/2002	\$71,305,000.00	\$14,330,000.00	\$0.00	\$14,330,000.00
MHRBIII 2003C	AMT	12/10/2003	12/10/2003	\$97,295,000.00	\$24,200,000.00	\$0.00	\$24,200,000.00
MHRBIII 2004C	Non-Amt	11/17/2004	11/17/2004	\$13,940,000.00	\$5,965,000.00	\$0.00	\$5,965,000.00
MHRBIII 2004D	AMT	11/17/2004	11/17/2004	\$138,475,000.00	\$39,675,000.00	\$0.00	\$39,675,000.00
MHRBIII 2005D	AMT	11/3/2005	11/3/2005	\$91,225,000.00	\$15,125,000.00	\$0.00	\$15,125,000.00
MHRBIII 2007C	AMT	10/18/2007	10/18/2007	\$27,970,000.00	\$9,180,000.00	\$0.00	\$9,180,000.00
MHRBIII 2008A	Non-Amt	4/24/2008	4/24/2008	\$11,370,000.00	\$7,195,000.00	\$0.00	\$7,195,000.00
MHRBIII 2008B	AMT	4/24/2008	4/24/2008	\$104,890,000.00	\$23,865,000.00	\$0.00	\$23,865,000.00
MHRBIII 2008C	AMT	4/24/2008	4/24/2008	\$33,390,000.00	\$17,850,000.00	\$0.00	\$17,850,000.00
MHRBIII 2014A	Non-Amt	4/17/2014	4/17/2014	\$38,915,000.00	\$26,135,000.00	\$26,135,000.00	\$0.00
MHRBIII 2015A	Taxable	4/14/2015	4/14/2015	\$174,180,000.00	\$174,180,000.00	\$174,180,000.00	\$0.00
MHRBIII TOTALS					\$419,395,000.00	\$200,315,000.00	\$219,080,000.00
Multifamily Loan Purchase Bonds Multifamily						\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **		
MLPB 2000A	Taxable	7/26/2000	7/26/2000	\$269,023,710.88	\$762,124.20	\$0.00	\$762,124.20
MLPB TOTALS					\$762,124.20	\$0.00	\$762,124.00

**CALIFORNIA HOUSING FINANCE AGENCY
OUTSTANDING INDEBTEDNESS**

The following table describes the bonds of the Agency issued and outstanding as of 11/1/2015

Residential Mortgage Revenue Bonds (Multifamily Pr		Multifamily					
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **	\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
RMRB(MFP) 2009A -6	Non-Amt	12/12/2012	12/12/2012	\$69,950,000.00	\$49,410,000.00	\$49,410,000.00	\$0.00
RMRB(MFP) TOTALS					\$49,410,000.00	\$49,410,000.00	\$0.00
REPORT TOTALS					\$3,002,951,073.15	\$1,846,779,642.00	\$1,156,171,431.00

* Certain series of bonds include non-current interest bonds, tender option bonds and certain other bonds which are dated the date of delivery of such series of bonds.

** Includes increase in accreted value of non-current interest bonds and discounted bonds.

*** Does not include those bonds that were issued but have been fully redeemed.

CALIFORNIA HOUSING FINANCE AGENCY

Bond Series Redeemed	Redemption Date	Serial and Sinking Fund Maturities		Special Redemption	Total Principal Reduction	SOURCES OF REDEMPTION FUNDS					
						Unexpended Proceeds	Reduction of Reserves	Available Revenues	Sources Total		
RESIDENTIAL MORTGAGE REVENUE BONDS (MULTIFAMILY PROGRAM)											
2009 Series A-6	8/1/14	\$	0	\$	12,480,000	\$	0	\$	12,480,000	\$	12,480,000
	12/10/14		0		6,490,000		0		6,490,000		6,490,000
	5/1/15		0		1,570,000		0		1,570,000		1,570,000
	TOTAL	\$	0	\$	20,540,000	\$	0	\$	20,540,000	\$	20,540,000

Appendix D

LoanID	ProjectNumber	Project Name	Original Loan Amt	Interest Rate	Origination Date	Maturity Date	Current Balance as of September 1, 2015
2143	12050R	Century Village Apartments	\$ 15,000,000.00	4.85%	13-Dec-12	01-Dec-29	\$ 6,344,682.49
2147	12061R	Coronado Place Apartments	6,000,000.00	5.00%	27-Dec-12	01-Dec-29	1,476,421.11
2146	12060R	Logan'S Plaza (1)	6,500,000.00	5.25%	13-Dec-12	01-Dec-29	4,481,624.65
2141	12041R/N	Woodbridge Village (2)	6,720,000.00	4.75%	01-Nov-12	01-Dec-29	5,202,058.89
2142	12044R	Villa Anaheim Apartments	11,500,000.00	5.25%	13-Dec-12	01-Dec-29	8,892,078.27
2144	12053R	Vintage @ Kendall Apartments	10,580,000.00	5.00%	13-Dec-12	01-Dec-29	10,446,032.66
2145	12052R	Vintage @ Stonehaven	13,650,000.00	4.90%	13-Dec-12	01-Dec-29	13,473,380.18
			<u>\$ 69,950,000.00</u>				<u>\$ 50,316,278.25</u>