

**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, 2010 in connection with the following Bonds:

**Bond Issues:**

Multifamily Housing Revenue Bonds III (the "Bonds")

- 1997 Series A dated March 1, 1997
- 1998 Series A, B & C dated April 1, 1998
- 1999 Series A dated May 7, 1999
- 2000 Series A & B dated July 12, 2000
- 2000 Series C & D dated November 16, 2000
- 2001 Series C dated February 22, 2001
- 2001 Series D & E dated June 28, 2001
- 2001 Series F, G & H dated November 15, 2001
- 2002 Series A dated June 5, 2002
- 2002 Series B & C dated September 10, 2002
- 2002 Series D & E dated December 18, 2002
- 2003 Series C dated December 10, 2003
- 2004 Series A & B dated June 24, 2004
- 2004 Series C & D dated November 17, 2004
- 2005 Series A & B dated June 15, 2005
- 2005 Series C, D & E dated November 3, 2005
- 2006 Series A dated June 15, 2006
- 2007 Series A dated March 21, 2007
- 2007 Series B dated July 12, 2007
- 2007 Series C dated October 18, 2007
- 2008 Series A, B & C dated April 24, 2008

**Annual Report:**

The Issuer's "annual report" (as defined in the Continuing Disclosure Agreement, dated July 1, 1995, November 1, 1995 and January 1, 1996 as supplemented, with respect to the Bonds, hereinafter the "Disclosure Agreement") for the fiscal year ended June 30, 2010 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:



Bruce D. Gilbertson  
Director of Financing

Date: December 29, 2010

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

Multifamily Housing Revenue Bonds III (the "Bonds")

1997 Series A  
1998 Series A, B & C  
1999 Series A  
2000 Series A & B  
2000 Series C & D  
2001 Series A & C  
2001 Series D & E  
2001 Series F, G & H  
2002 Series A  
2002 Series B & C  
2002 Series D & E  
2003 Series C  
2004 Series A & B  
2004 Series C & D  
2005 Series A & B  
2005 Series C, D & E  
2006 Series A  
2007 Series A  
2007 Series B  
2007 Series C  
2008 Series A, B & C

The Issuer's Audited Financial Statements as of June 30, 2010 are attached as Appendix A.

A description of all bonds issued by the Issuer and outstanding as of August 1, 2010 is attached as Appendix B. (Please note that this table does not include bonds with \$0 outstanding.)

Bond redemptions as of August 1, 2010 and the source of funds for such redemptions are attached as Appendix C.

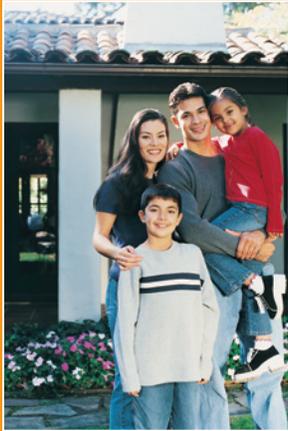
A surety bond in the amount of \$3,170,310 has been deposited in the Bond Reserve Account in respect of the Bond Reserve Account requirement. There are no other Bond Reserve or Loan Reserve amounts associated with this indenture.

The status of the Issuer's Loan portfolio as of June 30, 2010, including the interest rates on the Loans, the principal amount of Loans to be made, purchased or otherwise acquired, including the type of such loans and the principal amount of the current Loan portfolio, is attached as Appendix D.

There have been two principal prepayments under this indenture. Vista Del Monte, associated with 2001 Series B, prepaid in full on December 22, 2004. Imperial Terrace, associated with 1998 Series C, prepaid in full on December 8, 2005.

There have been no foreclosures in the past year under this indenture. The loan delinquencies as of December 1, 2009 are attached as Appendix E.

# OPENING DOORS. FUNDING POSSIBILITIES.



2009/2010  
CALIFORNIA HOUSING FINANCE AGENCY ANNUAL REPORT  
AUDITED FINANCIAL STATEMENTS

## **Viewing Instructions:**

To best view this document, the “View” setting should be “Two-up Continuous”. Should you need to adjust your “View”, use the following:

Acrobat Reader 9.0 – go to “View” then “Page Display” then choose “Two-up Continuous”.

Acrobat Reader 8.0 – go to “View” then “Page Display” then choose “Continuous-Facing”.

For older versions of Acrobat Reader you may need to – go to “View” then choose “Continuous-Facing” or “Two-up”.

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

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
California Housing Finance Agency  
Sacramento, California

We have audited the accompanying combined balance sheets of the California Housing Finance Fund (the "Fund"), which is administered by the California Housing Finance Agency (the "Agency"), a component unit of the State of California, as of June 30, 2010 and 2009, and the related combined statements of revenue, expenses, and changes in fund equity, and of cash flows for the years then ended. The accompanying combined financial statements of the Fund are not intended to present the financial position or the results of the operations of the Agency. These combined financial statements are the responsibility of the management of the Agency. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such combined financial statements present fairly, in all material respects, the financial position of the Fund, as of June 30, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the combined financial statements, the Fund adopted Governmental Accounting Standards Board ("GASB") No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as of July 2009.

The Management's Discussion and Analysis on pages 3 through 13 is not a required part of the combined financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Agency. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information, and we do not express an opinion on it.

Our audits were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplemental combining program information as of and for the year ended June 30, 2010, on pages 47 through 67 is presented for the purpose of additional analysis and is not a required part of the combined 2010 financial statements of the Fund. The supplemental combining program information is the responsibility of the Agency's management. Such information has been subjected to the auditing procedures applied in our audits of the combined 2010 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic 2010 financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2010, on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

*Deloitte + Touche LLP*

October 28, 2010

**CALIFORNIA HOUSING FINANCE FUND**  
**Management Discussion and Analysis**  
**of Financial Position and Results of Operations**  
**As of and for the fiscal years ended June 2010 and 2009**

**Introduction – The California Housing Finance Agency**

The California Housing Finance Agency (“Agency”) was created in 1975 by an act of the California Legislature and commenced operations in 1976. The Agency is a component unit of the State of California (“State”) and is included in the State’s Comprehensive Annual Financial Report. The Agency is authorized to administer the activities of the California Housing Finance Fund (“Fund”), the California Housing Loan Insurance Fund (“Mortgage Insurance Fund”) and two state general obligation bond funds. The following Management Discussion and Analysis applies only to the activities of the California Housing Finance Fund and should be read in conjunction with the Fund’s combined financial statements and the notes to the combined 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 combined financial statements present the totals of the Fund. The supplemental combining information of the Fund is organized by the following major categories: Homeownership Programs, Multifamily Rental Housing Programs, and Other Programs and Accounts. This information and information for specific programs and accounts is reported after the Notes to the combined financial statements.

The Homeownership Programs provide low cost mortgage capital to a network of approved lenders from whom the Agency purchases previously funded and closed loans secured by single family homes purchased by individual borrowers. The Multifamily Rental Housing Programs are typically used to directly fund loans to developers and housing sponsors for the construction or acquisition of multifamily rental housing developments. Interest rates on Agency 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, funded periodically from a portion of the Fund’s operating income before transfers. The Housing Assistance Trust provides a source of funding for low or very low income multifamily developments and other special purpose loans. Loans for these purposes generally would not produce sufficient revenues to support payments to bondholders. These loans typically accrue simple interest with repayment of principal and interest deferred for the term of the loan or until certain events occur, such as a sale of the property. Also included in this category are certain State-funded programs, which the Agency has been asked to administer for the State on a contract basis. Operating expenses of the Agency’s loan and bond programs are paid from an Operating Account that is replenished from the Fund’s operating income before transfers. Other accounts maintained by the Agency provide security for the issuance of bonds, emergency contingencies, loan servicing operations and loan warehousing activities.

**Summary of Financial Results 2010-2009**

- Operating loss before transfers was \$188.5 million for fiscal year 2010 compared to an operating loss of \$146.1 million for fiscal year 2009. The decrease is mostly due to the decline of the California real estate market, basis mismatch on variable rate bonds and the charges against income for the market value adjustment of unmatched swaps, early termination of interest rate swaps, gap claim payments and anticipated losses of the loan portfolio. The continued rise in loan delinquencies, increases in foreclosures and additional home price depreciation in California have contributed directly to increases in allowances for loans losses and gap reserves. In 2010, the allowance for loan loss reserve was increased by a net of \$4.7 million to \$117.2 million. There were \$16.4 million of losses which were recorded in 2010 on the sale of foreclosed properties (net of insurance payment). The remaining foreclosed properties were written down by \$26.5 million to reflect anticipated losses, net of insurance payment, upon sale of the foreclosed properties. During the year, the Agency placed a limit on the future obligations of the Agency’s general obligation capital in relation to the gap insurance reserve held in the Supplementary Bond Security Account (“SBSA”). The Fund established this reserve to cover anticipated indemnification payments to the California Housing Loan Insurance Fund for loans subject to “gap” insurance. The indemnification payments are for losses up to 50% of the outstanding principal balance of each loan for which either the primary mortgage insurance covers less than 50% of loan principal or primary mortgage insurance may not be required because the loan-to-value ratio was below 80% at origination or the borrower demonstrated equity of 20% or more in the property. Previously, the gap insurance loss reserves and gap claim payments were charged only to the SBSA, an account that is part of the Agency’s general obligation capital base, not the Home Mortgage Revenue Bonds (“HMRB”) Indenture. On March 25, 2010, the Agency established a cap of up to \$135 million on the Agency’s indemnification payments to the California Housing Loan Insurance Fund. Once the cap is reached in the SBSA account, the gap insurance loss reserves and gap claim payments will be charged to the HMRB indenture. As of June 30, 2010, a total of \$55.8 million in gap claim payments were paid from fiscal years 2008 through 2010. The gap insurance loss reserve at June 30, 2010 was \$118.8 million, of which \$78.6 million was charged to the Supplementary Bond Security Account and \$40.2 million was charged to the HMRB indenture.

- Home mortgage delinquencies and foreclosures have continued to rise nationally, especially for borrowers who took out subprime mortgages. Although the Agency does not make subprime loans, the overall delinquency ratio of the Agency's single family loan portfolio (Federal Guaranty: 30.7% and Conventional: 69.3%) was 17.1% or 4,706 loans as of June 30, 2010. By comparison, the delinquency ratio for the Agency's single family portfolio was 14% or 4,669 loans as of June 30, 2009. Overall, the total number of delinquent loans remained relatively the same. However, the increase in delinquency ratio can be attributed to the Agency's decision to pool 2,586 current Federal Housing Administration ("FHA") whole loans into Ginnie Mae ("GNMA") securities in March 2010. Subsequently, in April 2010, the Agency sold approximately \$255.7 million of the \$326.8 million in GNMA securities at a premium. The net premium on the sale of securities was \$10 million. The sale of the GNMA securities immediately created liquidity for the Agency which was largely used to retire debt.
- In addition to losses attributable to the California real estate market, the Agency incurred losses due to basis mismatch, which is the difference between actual interest rates paid to bondholders on floating rate securities (variable rate demand obligations and auction rate securities) and the variable rates received from swap counterparties on interest rate swaps that hedge the Agency's variable rate exposure. The mismatch is a result of higher interest rate resets on variable rate bonds, including rates resulting from failed auctions and rates paid to liquidity banks when bondholders put their variable rate demand obligations to the remarketing agents and other investors are unwilling to purchase the securities. In addition, a dysfunctional municipal bond market resulted in an unusually high Securities Industry and Financial Markets Association "SIFMA"/London Interbank Offered Rate "LIBOR" ratio and interest rate compression has continued this relationship. The basis mismatch for the period from July 1, 2009 to June 30, 2010 was \$18.4 million and is reflected in the income statements for Multifamily Rental Housing Programs and Other Programs and Accounts. By comparison, the basis mismatch for the period from July 1, 2008 to June 30, 2009 was \$37.9 million. The decrease is primarily a result of the Agency's participation in the Federal Government's HFA initiative program - Temporary Credit and Liquidity Program "TCLP" which provides replacement credit and facilities for existing variable rate debt for State and local Housing Finance Agencies. The program helps reduce the cost of maintaining existing HFA financing and will expire in December 2012. The Agency replaced all of its liquidity facilities (principal balance of \$3.49 billion) and eliminated the Agency's inventory of bank bonds.
- In July 2009, in response to rating agency requirements that the Agency have sufficient capital or liquidity available in the event of a two notch downgrade of the Agency's Issuer Credit Rating "ICR", the Agency terminated \$237.8 million of swap notional with Citigroup Financial Products and Merrill Lynch and paid \$39 million to terminate the swaps. Citigroup Financial Products was paid \$12 million for the termination of \$102.5 million of swap notional and Merrill was paid \$27 million for the termination of \$135.3 swap notional. At the same time, the Agency posted mortgage backed securities and cash in the amount of \$18 million to JP Morgan Chase Bank as upfront collateral, and transferred all of the Bear Sterns swap contracts to the JP Morgan Chase Bank International Swap Derivative Agreement. The Agency received higher collateral thresholds from each bank serving as swap counterparty in exchange for terminating swap notional or posting immediate collateral.
- The Agency had \$104.1 million in new loans receivable during fiscal year 2010. Overall, program loans receivable decreased by close to \$1.18 billion at fiscal year end. Decreases in program loans receivable for the homeownership loan portfolio were primarily due to the securitization of 2,586 FHA whole loans into GNMA Mae securities, increases in loan prepayments and decrease in new loans receivable from the previous year.
- During fiscal year 2010, the Agency issued \$1.4 billion of bonds. The bonds were issued as variable rate debt and all but \$1.4 million was placed into an escrow account as part of the Federal Government's HFA initiative program - New Issue Bond Program ("NIBP"). While held in the escrow account, the rate is variable and the bonds will convert to fixed rate debt upon release from escrow. Under NIBP, the Agency issued close to \$1.4 billion of Program Bonds with both a taxable and tax-exempt component under two new indentures, Residential Mortgage Revenue Bonds ("RMRB") and Affordable Multifamily Housing Revenue Bonds ("AMHRB"). Under the RMRB indenture, the Agency expects to use the proceeds of the bonds to purchase mortgage-back securities backed by underlying loans that have been originated by Agency lenders. The mortgage-backed securities will be guaranteed by Fannie Mae, Freddie Mac or GNMA. Under the AMHRB indenture, the Agency issued bonds to finance the purchase of GNMA Mae mortgage-back securities, the proceeds of which are used to finance the construction, acquisition or development of affordable rental housing developments.
- The Agency continued to actively manage the Fund's interest expense and exposures within the debt portfolio and redeemed \$607.2 million of bonds during fiscal year 2010.
- During fiscal year 2010, \$14.4 million was transferred into the Fund by the State pursuant to the Housing and Emergency Shelter Trust Fund Act of 2002 and Mental Health Services Act of 2004. The funds were used to make loans and grants to borrowers and homeowners through programs administered by the Agency on a contract basis.
- In April 2010, Moody's Investors Services downgraded the rating on the Agency's HMRB from Aa3 to A3 and remains on watch for possible downgrade. The downgrade reflects a combination of factors including the severe deterioration of the California housing market, significant increases in delinquencies and foreclosures of HMRB loans, the Agency's recent decision to limit CalHFA's indemnification of the California Housing Loan Insurance Fund, and changes in the credit profile of providers of private mortgage insurance.

- In April 2010, Standard and Poor's Ratings Services ("S&P") lowered its rating and underlying rating to A from AA- on the Agency's bonds issued under the HMRB indenture and the ratings remained on credit watch. The lowered ratings reflect S&P's opinion of a loan portfolio of moderate to high risk, the weak California housing market, and financial challenges facing the Agency resulting from the significant use of variable-rate debt and swaps. In May 2010, S&P affirmed its A rating and underlying rating on the bonds and removed the HMRB indenture from credit watch. The outlook was changed to negative.
- In April 2010, S&P lowered CalHFA's issuer credit rating to A from AA- and lowered the long-term rating and underlying rating on CalHFA's outstanding general obligation debt to A from AA- with outlook negative. The rating actions reflect S&P's opinion of the following factors: a significant decline in CalHFA's profitability and unrestricted fund balance due to large operating losses, the weak California housing market, financial challenges facing the Agency resulting from the significant use of variable-rate debt and swaps, and challenges in providing affordable housing financing in a low-interest rate environment. These factors are partially offset with S&P's opinion of the Agency's effectiveness in accomplishing its mission in a high-cost real estate market and seasoned and proactive financial management.
- In July 2010, Moody's placed the A1 issuer credit rating of the Agency under review for possible downgrade. The action is based on the potential effects of continuing high levels of delinquencies and foreclosures on single family mortgage loans, stresses related to the Agency's variable rate debt and interest rate swaps, short-term borrowing and other factors that may have negative effects on the Agency's capital resources, profitability and liquidity.
- In February 2010, the U.S. Treasury Department announced nearly \$700 million in federal funding under the Housing Finance Agency Hardest-Hit Fund Program ("HHF") to help California families hit hard by the economic and housing market downturn. The program objectives will include preserving homeownership for low and moderate income homeowners in California by reducing the number of delinquencies, preventing avoidable foreclosures and assisting in the stabilization of California communities. The Agency intends to participate in the program.

## Condensed Financial Information:

### Combined Balance Sheet

The following table presents condensed combined balance sheets for the Fund as of June 30, 2010 and 2009 and the change from the prior year (dollars in millions):

|                                   | <u>2010</u>     | <u>2009</u>     | <u>Change</u> |
|-----------------------------------|-----------------|-----------------|---------------|
| Assets                            |                 |                 |               |
| Cash and investments              | \$3,784         | \$2,236         | 1,548         |
| Program loans receivable-net      | 7,144           | 8,321           | (1,177)       |
| Other                             | 635             | 204             | 431           |
| Total Assets                      | <u>\$11,563</u> | <u>\$10,761</u> | <u>802</u>    |
| Liabilities                       |                 |                 |               |
| Bonds payable – net               | \$8,906         | \$8,244         | 662           |
| Notes payable                     | 94              | 0               | 94            |
| Other                             | 1,009           | 770             | 239           |
| Total Liabilities                 | <u>\$10,009</u> | <u>\$9,014</u>  | <u>995</u>    |
| Fund Equity                       |                 |                 |               |
| Invested in capital assets        | \$1             | \$1             |               |
| Restricted equity                 | 1,553           | 1,746           | (193)         |
| Total Fund Equity                 | <u>\$1,554</u>  | <u>\$1,747</u>  | <u>(193)</u>  |
| Total Liabilities and Fund Equity | <u>\$11,563</u> | <u>\$10,761</u> | <u>802</u>    |

## Assets

Of the Fund's assets, 94.5% is represented by cash and investments and program loans receivable. The Fund does not have a significant investment in capital assets, holding less than \$0.9 million in furniture and equipment.

Total assets increased by \$802.1 million during fiscal year 2010. The Fund's cash and investments were \$3.78 billion as of June 30, 2010, an increase of \$1.55 billion from June 30, 2009. The cash and investments balance increase was primarily a result of the Agency's participation in NIBP during the fiscal year. Under this program, the Agency issued \$1.4 billion in new housing bonds to fund new mortgages and the bond proceeds are currently being invested in a global escrow investment comprised of four AAA rated money market funds.

Of the Fund's assets, 32.7% is in the form of cash and investments at fiscal year end. Of the Fund's investment balance, 14.7% is in investment agreements. The amount of funds invested in investment agreements during the 2010 fiscal year increased by \$69.8 million. In addition, \$1.69 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 2010 increased by \$48.8 million.

The composition of cash and investments as of June 30, 2010 and 2009 and the changes from the prior year are shown in the table below (dollars in millions):

### Cash and Investments

|                            | <u>2010</u>    | <u>2009</u>    | <u>Change</u> |
|----------------------------|----------------|----------------|---------------|
| Investment agreements      | \$303          | \$234          | 69            |
| SMIF                       | 1,687          | 1,638          | 49            |
| Securities                 | 282            | 245            | 37            |
| Cash                       | 1,512          | 119            | 1,393         |
| Total Cash and Investments | <u>\$3,784</u> | <u>\$2,236</u> | <u>1,548</u>  |

Program loans receivable decreased by \$1.18 billion during fiscal year 2010 compared to fiscal year 2009. This decrease is primarily due to the large decrease in the number of new loans for the homeownership loan portfolio, the Agency's decision to pool of 2,586 current FHA loans into GNMA securities (\$326.8 million) along with an increase in loan prepayments in fiscal year 2010. Loan prepayments increased to \$441.8 million during fiscal year 2010 compared to \$176.4 million received in fiscal year 2009. Real estate owned ("REO") properties increased to \$200.6 million during fiscal year 2010 compared to \$95.7 million in fiscal year 2009.

For the fiscal year ended June 30, 2010, the Agency adopted Governmental Accounting Standards Board Statement ("GASB") No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB 53 requires the reporting of derivative instruments at fair value. The Agency's interest rate swaps, which were primarily used to hedge changes in cash flows, are considered to be derivative instruments under GASB 53. GASB 53 requires the fair value of a derivative to be reported as of the end of the fiscal year in the balance sheet. However, annual changes in the fair value of a hedging derivative instrument are required to be deferred – reported as deferred inflows and deferred outflows on the balance sheet. As of June 30, 2010 and June 30, 2009, the fair value of interest rate swaps were in the negative position of \$329.4 million and \$273.5 million, respectively. The cumulative effect from the adoption of GASB 53 and the annual change in fair value at June 30, 2010, have been recorded in the deferred outflow of resources account, derivative swap liability account and as an adjustment to beginning year fund equity balance. Since the Agency is not restating the prior year comparative financials, the beginning year fund equity balance has been adjusted by \$19.3 million to show the cumulative effect of GASB 53 for prior years. For interest rate swaps associated with or redesignated to another bond series, the Agency recorded an adjustment to beginning fund equity and established a borrowing payable for the same amount. The borrowing payable will be amortized over the remaining life of the interest rate swap.

Other Assets increased by \$431.5 million during fiscal year 2010 compared to fiscal year 2009. The increase is primarily due to the Agency's adoption of GASB 53, increase in the REO properties, and increase cash collateral held by swap counterparties.

## Liabilities

The Fund's liabilities were \$10.01 billion as of June 30, 2010, an increase of \$1 billion from June 30, 2009. Of the Fund's liabilities, over 89% is in the form of bond indebtedness. The Fund's bonds payable at June 30, 2010 increased by \$662.2 million from the prior year as the \$1.4 billion in new issuances in 2010 were offset by scheduled principal payments and \$607.2 million in bond redemptions. The Agency's governing statutes impose a cap of \$13.15 billion for bonds and notes issued and outstanding within the Fund.

All of the bonds issued by the Agency are reported within the Fund. The Agency issued a total of \$1.4 billion of Agency bonds during fiscal year 2010, an increase from \$310.9 million issued during fiscal year 2009. During fiscal year 2010, the Agency issued only variable rate debt and all but \$1.4 million of bond proceeds were placed into an escrow account under NIBP. During the escrow period, the interest rate is variable. Upon release from escrow, the bonds will bear a rate of 3.49% plus a spread of 60-75 basis points. This rate was locked on December 18, 2009.

The Agency issues both tax-exempt and federally taxable bonds. During the 2010 fiscal year, federally taxable bonds increased by \$1.17 billion and as of June 30, 2010 represent 31.6% of all bonds outstanding, while tax-exempt bonds decreased by \$486.7 million and as of June 30, 2010 represent 68.4% 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 2010, the Agency issued \$1.28 billion of taxable bonds.

Shown below are the amounts of variable and fixed rate indebtedness, by tax status, as of June 30, 2010 and 2009 and the changes from the prior year (dollars in millions):

| <b>Bonds Payable</b>          |                |                |               |
|-------------------------------|----------------|----------------|---------------|
|                               | <u>2010</u>    | <u>2009</u>    | <u>Change</u> |
| Tax-Exempt Bonds              |                |                |               |
| *Variable Rate                | \$3,568        | \$3,887        | (319)         |
| Fixed Rate                    | 2,518          | 2,686          | (168)         |
| Total Tax-Exempt Bonds        | <u>\$6,086</u> | <u>\$6,573</u> | <u>(487)</u>  |
| Federally Taxable Bonds       |                |                |               |
| *Variable Rate                | \$2,371        | \$1,167        | 1,204         |
| Fixed Rate                    | 438            | 469            | (31)          |
| Total Federally Taxable Bonds | <u>\$2,809</u> | <u>\$1,636</u> | <u>1,173</u>  |
| Total Bonds Outstanding       | <u>\$8,895</u> | <u>\$8,209</u> | <u>686</u>    |

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

All other liabilities increased by \$309.5 million during fiscal year 2010. The increase was primarily due to the recording of the fair value of derivatives for GASB 53, increase to the gap insurance loss reserves, increase to the revolving line of credit payable and decrease to the Pooled Money Investment Account loan payable.

## Equity

All of the Fund's equity is restricted pursuant to trust agreements with bondholders and the Agency's enabling legislation or invested in capital assets. Total equity of the Fund decreased by \$193.5 million primarily as a result of transfers to the Fund in the amount of \$14.4 million pursuant to the Mental Health Services Act of 2004 and Housing and Emergency Shelter Trust Fund Acts of 2002 and 2006 and was offset by operating losses of the Fund in the amount of \$188.5 million and the restatement of the Fund equity at the beginning of the year from \$1.75 billion to \$1.73 billion, which represents the cumulative effect on equity from the adoption of GASB 53 during fiscal year 2010.

## Revenues, Expenses, and Changes in Fund Equity

The following table presents condensed combined statements of revenues, expenses, and changes in fund equity for the Fund for the fiscal years ended June 30, 2010 and June 30, 2009 and the changes from the prior year (dollars in millions):

### Condensed Combined Statements of Revenues, Expenses, and Changes in Fund Equity

|                                       | <u>2010</u>  | <u>2009</u>  | <u>Change</u> |
|---------------------------------------|--------------|--------------|---------------|
| Operating Revenues:                   |              |              |               |
| Interest income program loans – net   | \$393        | \$450        | (57)          |
| Interest income investments – net     | 40           | 66           | (26)          |
| Increase in fair value of investments | 19           | 11           | 8             |
| Other loan and commitment fees        | 29           | 16           | 13            |
| Other revenues                        | 49           | 107          | (58)          |
| Total Operating Revenues              | <u>\$530</u> | <u>\$650</u> | <u>(120)</u>  |
| Operating Expenses:                   |              |              |               |
| Interest                              | \$318        | \$427        | (109)         |
| Mortgage servicing fees               | 16           | 20           | (4)           |
| Operating expenses                    | 93           | 40           | 53            |
| Other expenses                        | 291          | 309          | (18)          |
| Total Operating Expenses              | <u>\$718</u> | <u>\$796</u> | <u>(78)</u>   |
| Operating Income before transfers     | <u>(188)</u> | <u>(146)</u> | <u>(42)</u>   |

### Operating Revenues

Total operating revenues of the Fund were \$530 million during fiscal year 2010 compared to \$650.1 million during fiscal year 2009, a decrease of \$120.1 million or 18.5%.

Interest income on program loans was \$393 million during fiscal year 2010 compared to \$449.5 million during fiscal year 2009, a decrease of \$56.5 million. The decrease in interest income on program loans is primarily a result of a decrease in interest income on program loans and a net increase in the yield reduction liability for the Fund's homeownership and multifamily loan portfolios. Overall, program loans receivable decreased \$1.18 billion or 14.1% at June 30, 2010 compared to June 30, 2009.

Interest income from investments decreased 39.3% to \$40.2 million in fiscal year 2010 from \$66.3 million in fiscal year 2009. This decrease is due primarily to declining interest rates for SMIF.

Other loan and commitment fees increased \$12.8 million to \$29.1 million in fiscal year 2010 compared to \$16.3 million for fiscal year 2009. The increase was primarily due to the reinstatement of administrative fees in the HMRB indenture.

Other revenues decreased by \$58.2 million to \$48.8 million during fiscal year 2010 compared to \$106.9 million in fiscal year 2009. The decrease was primarily due to the implementation of GASB 53 and the result of not incurring a gain on termination of swaps in fiscal year 2010.

### Operating Expenses

Total operating expenses of the Fund were \$718.6 million during fiscal year 2010 compared to \$796.2 million during fiscal year 2009, a decrease of \$77.6 million or 9.8%. The decrease is primarily due to the decrease in interest and swap expenses, decrease in loan write-off expenses, decrease in swap termination expenses offset by increases in administrative fees expense, liquidity provider fees expense and foreclosed properties expenses.

Bonds payable at June 30, 2010 increased by \$662.2 billion from June 30, 2009 and bond interest and swap expense, which represents 44.3% of the Fund's total operating expenses, decreased by \$109.3 million or 25.6% compared to fiscal year 2009. The decrease in bond interest and swap expense is attributed to the Agency's participation in the TCPL which provides replacement credit and facilities for existing variable rate debt for State and local Housing Finance Agencies.

Operating expenses increased from \$39.7 million during fiscal year 2009 to \$42.5 million during fiscal year 2010 (as shown in the condensed combined statements of revenues, expenses and changes in fund equity), resulting from an increase in general expenses offset by a slight decrease in staff salary expenses during fiscal year 2010.

## Operating Income before Transfers

Operating loss before transfers for fiscal year 2010 was \$188.5 million compared to an operating loss of \$146.1 million for fiscal year 2009. The \$42.5 million decrease in operating income before transfers is reflective of the activities mentioned above.

## Summary of Financial Results 2009– 2008

- Operating loss before transfers was \$146.1 million for fiscal year 2009 compared to an operating gain of \$9.8 million for fiscal year 2008. The decrease is mostly due to the decline of the California real estate market, basis mismatch on variable rate bonds and the charges against income for the market value adjustment of unmatched swaps, early termination of interest rate swaps, gap claim payments and anticipated losses of the loan portfolio. The continued rise in loan delinquencies, increases in foreclosures and additional home price depreciation in California have contributed directly to increases in allowances for loans losses and gap reserves. In 2009, the allowance for loan loss reserve was increased by a net of \$31.5 million to \$112.5 million. There were \$4.1 million of losses which were recorded in 2009 on the sale of foreclosed properties (net of insurance payment). The remaining foreclosed properties were written down by \$15.1 million to reflect anticipated losses, net of insurance payment, upon sale of the foreclosed properties. In addition, the Agency maintains its Emergency Reserve Account at approximately one percent of the net program loans receivable and has established a gap insurance loss reserve in the amount of \$80.1 million. The Fund established this reserve to cover anticipated indemnification payments to the California Housing Loan Insurance Fund for loans subject to “gap” insurance. The indemnification payments are for losses up to 50% of the outstanding principal balance of each loan for which either the primary mortgage insurance covers less than 50% of loan principal or primary mortgage insurance may not be required because the loan-to-value ratio was below 80% at origination or the borrower demonstrated equity of 20% or more in the property. The gap insurance loss reserves and gap claim payments are charged to the Supplementary Bond Security Account, an account that is part of the Agency’s general obligation capital base, not the Home Mortgage Revenue Bonds “HMRB” Indenture.
- Home mortgage delinquencies have been increasing nationally, especially for borrowers who took out subprime mortgages. Although the Agency does not make subprime loans, the overall delinquency ratio of the Agency’s single family loan portfolio (Federal Guaranty: 47.2% and Conventional: 52.8%) was 14% as of June 30, 2009. By comparison, the delinquency ratio for the Agency’s single family portfolio was 7% as of June 30, 2008.
- In addition to losses attributable to the California real estate market, the Agency incurred losses due to basis mismatch, which is the difference between actual interest rates paid to bondholders on floating rate securities (variable rate demand obligations and auction rate securities) and the variable rates received from swap counterparties on interest rate swaps that hedge the Agency’s variable rate exposure. The mismatch is a result of higher interest rate resets on variable rate bonds, including rates resulting from failed auctions and rates paid to liquidity banks when bondholders put their variable rate demand obligations to the remarketing agents and other investors are unwilling to purchase the securities. In addition, a dysfunctional municipal bond market resulted in an unusually high Securities Industry and Financial Markets Association “SIFMA”/London Interbank Offered Rate “LIBOR” ratio and interest rate compression has continued this relationship. The basis mismatch for the period from July 1, 2008 to June 30, 2009 was \$37.9 million and is reflected in the income statements for Multifamily Rental Housing Programs and Other Programs and Accounts. By comparison, the basis mismatch for the period from July 1, 2007 to June 30, 2008 was \$11.9 million.
- In response to Lehman Brothers’ bankruptcy filing, the Agency terminated all \$482.7 million of swap notional with Lehman Brothers and paid Lehman Brothers \$42.6 million to terminate the swaps. At the same time, the Agency elected to replace some of the Lehman Brothers swap contracts with counterparties that are more highly rated. The Agency received payments of \$28.9 million from the replacement counterparties. The net effect of the termination event resulting from the Lehman Brothers’ bankruptcy was an operating loss of \$13.7 million. In addition, GAAP requires the Agency to record the current market value of the unmatched portion or overhedged interest rate swap position as an adjustment to other expenses or other revenues, on the income statement. The swap expense (net current market value) for these overhedged positions as of June 30, 2009 was \$9.4 million.
- The Agency had \$496.4 million in new loans receivable during fiscal year 2009. Overall, program loans receivable decreased \$113.5 million to \$8.32 billion at fiscal year end. Decreases in program loans receivable for the homeownership loan portfolio were the result of the decline of the California real estate market and declining economic conditions.
- During fiscal year 2009, the Agency issued \$310.9 million of bonds. All but \$10.9 million was issued as fixed rate debt and the \$10.9 million of variable rate debt issued was synthetically swapped to fixed.
- The Agency continued to actively manage the Fund’s interest expense and exposures within the debt portfolio, redeeming, and in some cases refunding, \$564.7 million of bond indebtedness during fiscal year 2009.

- During fiscal year 2009, \$448.4 million was transferred into the Fund by the State pursuant to the Mental Health Services Act of 2004 and 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.
- In July 2009, Moody's Investors Services downgraded the Agency's Home Mortgage Revenue Bonds "HMRB" from Aa2 to Aa3 with a negative outlook. The downgrade reflects the decline in the performance of the Agency's single family loan portfolio in the California real estate market, reduced credit quality of private mortgage insurance and ongoing risks related to the HMRB variable rate debt.
- In July 2009, Moody's Investors Services downgraded the Agency's issuer rating from Aa3 to A1 with a negative outlook. The downgrade is based upon the potential effects of increasing delinquencies and foreclosures in the Agency's single family mortgage portfolio, ongoing risks related the Agency's variable rate debt and uncertainty about future business activity given the status of tax exempt housing bond markets.

### Condensed Financial Information:

### Combined Balance Sheet

The following table presents condensed combined balance sheets for the Fund as of June 30, 2009 and 2008 and the change from the prior year (dollars in millions):

| <b>Condensed Combined Balance Sheets</b> |                 |                 |               |
|--|-----------------|-----------------|---------------|
|  | <u>2009</u>     | <u>2008</u>     | <u>Change</u> |
| <b>Assets</b>                            |                 |                 |               |
| Cash and investments                     | \$2,236         | \$2,278         | (42)          |
| Program loans receivable-net             | 8,321           | 8,434           | (113)         |
| Other                                    | 204             | 156             | 48            |
| Total Assets                             | <u>\$10,761</u> | <u>\$10,868</u> | <u>(107)</u>  |
| <b>Liabilities</b>                       |                 |                 |               |
| Bonds payable – net                      | \$8,244         | \$8,618         | (374)         |
| Other                                    | 770             | 805             | (35)          |
| Total Liabilities                        | <u>\$9,014</u>  | <u>\$9,423</u>  | <u>(409)</u>  |
| <b>Fund Equity</b>                       |                 |                 |               |
| Invested in capital assets               | \$1             | \$1             |               |
| Restricted equity                        | 1,746           | 1,444           | 302           |
| Total Fund Equity                        | <u>\$1,747</u>  | <u>\$1,445</u>  | <u>302</u>    |
| Total Liabilities and Fund Equity        | <u>\$10,761</u> | <u>\$10,868</u> | <u>(107)</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 less than \$0.7 million in furniture and equipment.

Total assets decreased by \$107.4 million during fiscal year 2009. The Fund's cash and investments were \$2.24 billion as of June 30, 2009, a decrease of \$42.1 million from June 30, 2008. The cash and investments balance remained relatively the same due to the decrease in bond activity during the fiscal year.

Of the Fund's assets, 20.8% is in the form of cash and investments at fiscal year end. Of the Fund's investment balance, 11.4% is in investment agreements. Consistent with the Agency's investment policy, bond proceeds are normally invested in investment agreements with highly rated providers of such instruments because the agreements provide a low level of counterparty risk, a fixed rate of return and complete liquidity. The amount of funds invested in investment agreements during the 2009 fiscal year decreased by \$251.0 million. In addition, over \$1.64 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 2009 increased by \$228.7 million.

The composition of cash and investments as of June 30, 2009 and 2008 and the changes from the prior year are shown in the table below (dollars in millions):

### Cash and Investments

|                            | <u>2009</u> | <u>2008</u> | <u>Change</u> |
|----------------------------|-------------|-------------|---------------|
| Investment agreements      | \$234       | \$485       | (251)         |
| SMIF                       | 1,638       | 1,409       | 229           |
| Securities                 | 245         | 219         | 26            |
| Cash                       | 119         | 165         | (46)          |
| Total Cash and Investments | \$2,236     | \$2,278     | (42)          |

Program loans receivable decreased by \$113.5 million or 1.4% during fiscal year 2009 compared to fiscal year 2008. This decrease is due primarily to the decrease in the number of new loans for the homeownership loan portfolio. Within the Fund, the Agency had \$496.4 million of new loans during the fiscal year compared to almost \$1.43 billion in the previous year. Of the new loans during the fiscal year, \$379.6 million were single family first mortgages. Fewer borrowers refinanced their Agency loans resulting in a 5.0% decrease in loan prepayments to \$176.4 million during fiscal year 2009 compared to \$185.6 million received in fiscal year 2008. The Agency does not offer home refinance opportunities to its borrowers as the homeownership loan programs are restricted to first time homebuyers.

### Liabilities

The Fund's liabilities were \$9.01 billion as of June 30, 2009, a decrease of \$409.8 million from June 30, 2008. Of the Fund's liabilities, over 91.5% is in the form of bond indebtedness. The Fund's bonds payable at June 30, 2009 decreased by \$373.3 million from the prior year as the \$310.9 million in new issuances in 2009 were offset by scheduled principal payments and \$564.7 million in bond redemptions. The Agency's governing statutes impose a cap of \$13.15 billion for bonds and notes issued and outstanding within the Fund.

All of the bonds issued by the Agency are reported within the Fund. The Agency issued a total of \$310.9 million of Agency bonds during fiscal year 2009, a decrease from the \$1.86 billion issued during fiscal year 2008. Of the bonds issued during fiscal year 2009, all but \$10.9 million were issued as fixed interest rate bonds, and the \$10.9 million of variable rate debt issued was swapped to provide synthetically fixed interest rates. As of June 30, 2009, the estimated "net" variable interest rate exposure of the Fund's total bond indebtedness was \$938 million. The estimated "net" variable interest rate exposure excludes all variable interest rate bonds swapped to fixed interest rates or directly backed by complementary variable interest rate assets. This "net" variable interest rate exposure provides an internal hedge against today's low interest rate environment evidenced by low short-term investment rates and increased loan prepayments. Interest costs on variable interest rate bonds that are swapped to a fixed interest rate have generally provided a lower total interest cost to the Fund than interest costs of traditional fixed interest rate products.

The Agency issues both tax-exempt and federally taxable bonds. During the 2009 fiscal year, federally taxable bonds decreased by \$216.1 million and as of June 30, 2009 represent 19.9% of all bonds outstanding, while tax-exempt bonds decreased by \$157.2 million and as of June 30, 2009 represent 80.1% of all bonds outstanding. The use of federally taxable bonds allows the Agency to leverage its allocation of the Private Activity Bond volume cap for the Homeownership Programs. This limitation is imposed by the federal government to regulate the issuance of tax-exempt bonds for private purposes. During fiscal year 2009, the Agency did not issue taxable bonds.

Shown below are the amounts of variable and fixed rate indebtedness, by tax status, as of June 30, 2009 and 2008 and the changes from the prior year (dollars in millions):

### Bonds Payable

|                               | <u>2009</u> | <u>2008</u> | <u>Change</u> |
|-------------------------------|-------------|-------------|---------------|
| Tax-Exempt Bonds              |             |             |               |
| *Variable Rate                | \$3,887     | \$4,321     | (434)         |
| Fixed Rate                    | 2,686       | 2,409       | 277           |
| Total Tax-Exempt Bonds        | \$6,573     | \$6,730     | (157)         |
| Federally Taxable Bonds       |             |             |               |
| *Variable Rate                | \$1,167     | \$1,280     | (113)         |
| Fixed Rate                    | 469         | 572         | (103)         |
| Total Federally Taxable Bonds | \$1,636     | \$1,852     | (216)         |
| * * Total Bonds Outstanding   | \$8,209     | \$8,582     | (373)         |

- \* Certain variable rate bonds have been swapped to a fixed rate (see Note 7 to the Combined Financial Statements).
- \* \* The HUD debenture is not included (see Note 7 to the Combined Financial Statements).

Other liabilities decreased by \$35.8 million during fiscal year 2009. This decrease is due primarily to the decrease in the line of credit for the purchase of loans offset by the increase in gap insurance loss reserves.

### Equity

All of the Fund's equity is restricted pursuant to trust agreements with bondholders and the Agency's enabling legislation or invested in capital assets. Total equity of the Fund grew by \$302.3 million primarily as a result of transfers to the Fund in the amount of \$448.4 million pursuant to the Mental Health Services Act of 2004 and Housing and Emergency Shelter Trust Fund Acts of 2002 and 2006 and was offset by operating losses of the Fund in the amount of \$146.1 million.

### Revenues, Expenses, and Changes in Fund Equity

The following table presents condensed combined statements of revenues, expenses, and changes in fund equity for the Fund for the fiscal years ended June 30, 2009 and June 30, 2008 and the changes from the prior year (dollars in millions):

#### Condensed Combined Statements of Revenues, Expenses, and Changes in Fund Equity

|                                       | <u>2009</u> | <u>2008</u> | <u>Change</u> |
|---------------------------------------|-------------|-------------|---------------|
| Operating Revenues:                   |             |             |               |
| Interest income program loans – net   | \$450       | \$400       | \$50          |
| Interest income investments – net     | 66          | 91          | (25)          |
| Increase in fair value of investments | 11          | (4)         | 15            |
| Other loan and commitment fees        | 16          | 16          | 0             |
| Other revenues                        | 107         | 78          | 29            |
| Total Operating Revenues              | \$650       | \$581       | \$69          |
| Operating Expenses:                   |             |             |               |
| Interest                              | 427         | 392         | 35            |
| Mortgage servicing fees               | 20          | 19          | 1             |
| Operating expenses                    | 40          | 39          | 1             |
| Other expenses                        | 309         | 121         | 188           |
| Total Operating Expenses              | \$796       | \$571       | \$225         |
| Operating Income before transfers     | (146)       | 10          | (156)         |

## **Operating Revenues**

Total operating revenues of the Fund were \$650.1 million during fiscal year 2009 compared to \$581.1 million during fiscal year 2008, an increase of \$69.1 million or 11.9%.

Interest income on program loans was \$449.5 million during fiscal year 2009 compared to \$399.9 million during fiscal year 2008, an increase of \$49.6 million. The increase in interest income on program loans is primarily a result of a decrease in the yield reduction liability for the Fund's homeownership and multifamily loan portfolios which is offset against the interest income on program loans. Overall, program loans receivable decreased \$113.5 million or 1.4% at June 30, 2009 compared to June 30, 2008.

Interest income from investments decreased 26.9% to \$66.3 million in fiscal year 2009 from \$90.7 million in fiscal year 2008. This decrease is due primarily to declining interest rates and redirecting funds from investment agreements to SMIF.

Other loan and commitment fees remained the same at \$16.3 million for fiscal year 2009 when compared to fiscal year 2008.

Other revenues increased by \$28.3 million to \$106.9 million during fiscal year 2009 compared to \$78.6 million in fiscal year 2008, primarily due to the gain on termination of interest rate swaps in November 2008.

## **Operating Expenses**

Total operating expenses of the Fund were \$796.2 million during fiscal year 2009 compared to \$571.3 million during fiscal year 2008, an increase of \$224.9 million or 39.4%. The increase is primarily due to the increase in gap insurance loss reserve expenses, gap claim payments expense, loan write-off expenses, foreclosed properties expenses, swap expense (fair value), and swap termination expenses.

Bonds payable at June 30, 2009 decreased by \$374.0 million from June 30, 2008 and bond interest and swap expense, which represents 53.7% of the Fund's total operating expenses, increased by \$34.7 million or 8.8% compared to fiscal year 2008. The increase in bond interest and swap expense is attributed to the overall drop in interest rates requiring higher swap payments to our counterparties.

Operating expenses increased from \$38.9 million during fiscal year 2008 to \$39.7 million during fiscal year 2009 (as shown in the condensed combined statements of revenues, expenses and changes in fund equity), resulting from slight increases in staff salary expenses and expenses to support our Agency programs.

## **Operating Income before Transfers**

The overall operating results of the Fund for fiscal year 2009 are reflective of the activity in the operating revenues and expenses discussed above. Operating loss before transfers for fiscal year 2009 was \$146.1 million compared to an operating gain of \$9.8 million for fiscal year 2008. The \$155.8 million decrease in operating income before transfers is primarily due to increase in bond and swap related expenses, provision for estimated loan losses, gap insurance loss reserve expenses, and gap claim payment expenses.

**CALIFORNIA HOUSING FINANCE FUND  
COMBINED BALANCE SHEETS  
June 30, 2010 and June 30, 2009**

(Dollars in Thousands)

|  | <b>2010<br/>Combined<br/>Totals</b> | <b>2009<br/>Combined<br/>Totals</b> |
|--|-------------------------------------|-------------------------------------|
| <b>ASSETS</b>  |                                     |                                     |
| Current assets:  |                                     |                                     |
| Cash and cash equivalents                                    | \$ 1,512,415                        | \$ 119,128                          |
| Investments  | 2,061,589                           | 1,875,314                           |
| Current portion - program loans receivable, net of allowance | 253,749                             | 307,512                             |
| Interest receivable:   |                                     |                                     |
| Program loans, net   | 35,408                              | 37,095                              |
| Investments  | 7,861                               | 11,791                              |
| Accounts receivable  | 28,782                              | 20,048                              |
| Other assets   | 34,001                              | 651                                 |
| Total current assets   | <u>3,933,805</u>                    | <u>2,371,539</u>                    |
| Noncurrent assets:   |                                     |                                     |
| Investments  | 209,728                             | 241,648                             |
| Program loans receivable, net of allowance                   | 6,890,719                           | 8,013,055                           |
| Deferred financing costs                                     | 34,156                              | 38,343                              |
| Other assets and deferred outflow                            | 494,593                             | 96,475                              |
| Total noncurrent assets                                      | <u>7,629,196</u>                    | <u>8,389,521</u>                    |
| Total assets   | <u>\$ 11,563,001</u>                | <u>\$ 10,761,060</u>                |
| <b>LIABILITIES AND FUND EQUITY</b>                           |                                     |                                     |
| Current liabilities:   |                                     |                                     |
| Current portion - bonds payable, net                         | \$ 158,969                          | \$ 136,370                          |
| Interest payable   | 123,211                             | 163,574                             |
| Due to other government entities, net                        | 97,748                              | 255,219                             |
| Compensated absences   | 4,358                               | 2,317                               |
| Deposits and other liabilities                               | 393,464                             | 298,899                             |
| Total current liabilities                                    | <u>777,750</u>                      | <u>856,379</u>                      |
| Noncurrent liabilities:                                      |                                     |                                     |
| Bonds and debenture notes payable, net                       | 8,840,703                           | 8,107,250                           |
| Due to other government entities, net                        | 19,388                              | 19,431                              |
| Other liabilities and deferred inflow                        | 342,016                             | -                                   |
| Deferred revenues  | 29,161                              | 30,532                              |
| Total noncurrent liabilities                                 | <u>9,231,268</u>                    | <u>8,157,213</u>                    |
| Total liabilities  | <u>10,009,018</u>                   | <u>9,013,592</u>                    |
| Commitments and contingencies (see notes 11 and 13)          |                                     |                                     |
| Fund equity:   |                                     |                                     |
| Invested in capital assets                                   | 866                                 | 806                                 |
| Restricted by indenture                                      | 430,948                             | 534,440                             |
| Restricted by statute  | 1,122,169                           | 1,212,222                           |
| Total fund equity  | <u>1,553,983</u>                    | <u>1,747,468</u>                    |
| Total liabilities and fund equity                            | <u>\$ 11,563,001</u>                | <u>\$ 10,761,060</u>                |

See notes to combined financial statements.

**CALIFORNIA HOUSING FINANCE FUND**  
**COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY**  
**June 30, 2010 and June 30, 2009**  
(Dollars in Thousands)

|   | <b>2010</b>          | <b>2009</b>          |
|---|----------------------|----------------------|
|   | <b>Combined</b>      | <b>Combined</b>      |
|   | <b><u>Totals</u></b> | <b><u>Totals</u></b> |
| <b>OPERATING REVENUES</b>   |                      |                      |
| Interest income:  |                      |                      |
| Program loans, net  | \$ 392,990           | \$ 449,486           |
| Investments, net  | 40,222               | 66,314               |
| Increase (decrease) in fair value of investments                          | 18,894               | 11,033               |
| Loan commitment fees  | 1,273                | 2,207                |
| Other loan fees   | 27,845               | 14,130               |
| Other revenues  | 48,797               | 106,950              |
| Total operating revenues  | <u>530,021</u>       | <u>650,120</u>       |
| <b>OPERATING EXPENSES</b>   |                      |                      |
| Interest  | 318,021              | 427,297              |
| Amortization of bond premium and<br>deferred losses on refundings of debt | (611)                | (461)                |
| Mortgage servicing expenses   | 16,477               | 19,573               |
| Provision for program loan losses   | 51,533               | 57,221               |
| Operating expenses  | 42,536               | 39,773               |
| Other expenses  | 290,603              | 252,786              |
| Total operating expenses  | <u>718,559</u>       | <u>796,189</u>       |
| Operating income/(loss) before transfers                                  | (188,538)            | (146,069)            |
| Transfers, interfund  | 14,350               | 448,433              |
| Increase in fund equity   | (174,188)            | 302,364              |
| Fund equity at beginning of year, as originally stated                    | 1,747,468            | 1,445,104            |
| Cumulative effect of adoption of GASB 53                                  | (19,297)             | -                    |
| Fund equity at beginning of year, as restated                             | <u>1,728,171</u>     | <u>1,445,104</u>     |
| Fund equity at end of year  | <u>\$ 1,553,983</u>  | <u>\$ 1,747,468</u>  |

See notes to combined financial statements.

**CALIFORNIA HOUSING FINANCE FUND  
COMBINED STATEMENTS OF CASH FLOWS  
June 30, 2010 and June 30, 2009**

(Dollars in Thousands)

|   | <b>2010<br/>Combined<br/>Totals</b> | <b>2009<br/>Combined<br/>Totals</b> |
|---|-------------------------------------|-------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                                     |                                     |
| Receipts from customers   | \$ 394,676                          | \$ 453,574                          |
| Payments to suppliers   | (34,690)                            | (34,031)                            |
| Payments to employees   | (26,045)                            | (26,523)                            |
| Other receipts (payments)   | 578,408                             | (82,217)                            |
| Net cash provided by operating activities   | <u>912,349</u>                      | <u>310,803</u>                      |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>   |                                     |                                     |
| Due to other government entities  | <u>(157,471)</u>                    | <u>(97,387)</u>                     |
| Net cash used for noncapital financing activities   | <u>(157,471)</u>                    | <u>(97,387)</u>                     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                                  |                                     |                                     |
| Proceeds from sales of bonds and notes payable  | 1,492,815                           | 310,945                             |
| Payment of bond principal   | (132,069)                           | (122,819)                           |
| Early bond redemptions  | (607,195)                           | (564,753)                           |
| Interest paid on debt   | (358,385)                           | (412,536)                           |
| Interfund transfers   | 14,350                              | 448,433                             |
| Additions to deferred costs   | (1,502)                             | (1,924)                             |
| Net cash provided by (used for) capital and related financing activities                          | <u>408,014</u>                      | <u>(342,654)</u>                    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                                     |                                     |
| Proceeds from maturity and sale of investments  | 33,289,823                          | 3,834,619                           |
| Purchase of investments   | (33,103,579)                        | (3,827,161)                         |
| Interest on investments, net  | 44,151                              | 76,135                              |
| Net cash (used for) provided by investing activities  | <u>230,395</u>                      | <u>83,593</u>                       |
| Net increase (decrease) in cash and cash equivalents  | 1,393,287                           | (45,645)                            |
| Cash and cash equivalents at beginning of year  | 119,128                             | 164,773                             |
| Cash and cash equivalents at end of year  | <u>\$ 1,512,415</u>                 | <u>\$ 119,128</u>                   |
| <b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b> |                                     |                                     |
| Operating (loss) income   | \$ (188,538)                        | \$ (146,069)                        |
| Adjustments to reconcile operating income to net cash provided by operating activities:           |                                     |                                     |
| Interest expense on debt  | 318,021                             | 427,297                             |
| Interest on investments   | (40,222)                            | (66,314)                            |
| Changes in fair value of investments  | (18,894)                            | (11,033)                            |
| Accretion of capital appreciation bonds   | 3,110                               | 3,335                               |
| Amortization of bond discount   | 64                                  | 62                                  |
| Amortization of deferred losses on refundings of debt   | 1,024                               | 509                                 |
| Amortization of bond issuance costs   | 5,690                               | 4,639                               |
| Amortization of bond premium  | (1,700)                             | (1,237)                             |
| Amortization of deferred revenue  | (1,273)                             | (2,207)                             |
| Depreciation  | 218                                 | 201                                 |
| Provision for program loan losses   | 51,533                              | 57,221                              |
| Provision for yield reduction payments  | 2,576                               | (13,540)                            |
| Provision for nonmortgage investment excess   | (2,618)                             | (1,947)                             |
| Changes in certain assets and liabilities:  |                                     |                                     |
| Sale (Purchase) of program loans-net  | (104,228)                           | (454,826)                           |
| Collection of principal from program loans, net   | 802,116                             | 455,547                             |
| Interest receivable   | 1,687                               | 4,087                               |
| Accounts receivable   | (9,059)                             | (9,359)                             |
| Other assets and deferred outflow   | (326,387)                           | (56)                                |
| Compensated absences  | 2,041                               | (158)                               |
| Deposits and other liabilities  | 94,565                              | 65,134                              |
| Other liabilities and deferred inflow   | 322,623                             | (483)                               |
| Net cash provided by operating activities   | <u>\$ 912,349</u>                   | <u>\$ 310,803</u>                   |

See notes to combined financial statements.

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**CALIFORNIA HOUSING FINANCE FUND  
NOTES TO COMBINED FINANCIAL STATEMENTS  
Fiscal Years Ended June 30, 2010 and 2009**

**Note 1 – AUTHORIZING LEGISLATION AND ORGANIZATION**

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

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

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

The accompanying combined financial statements are the combined financial statements of the Fund and do not include the financial position or the results of operations of the Mortgage Insurance Fund which insures loans owned by the Agency and others to finance the acquisition, new construction or rehabilitation of residential structures in California. As of December 31, 2009, the Mortgage Insurance Fund had total assets of \$66,780,146 and equity of \$194,527, respectively (not covered by this Independent Auditors’ Report).

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

Programs and accounts are as follows:

*Home Mortgage Revenue Bonds:* The Home Mortgage Revenue Bonds provide financing for the Agency’s Home Mortgage Program which purchases eligible mortgage loans, secured by trust deeds on newly constructed or existing single family homes, condominiums, planned unit developments and manufactured housing permanently attached to the land and originated and serviced by qualified lending institutions. All mortgage loans purchased under this program will be insured either by the 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.

*Single Family Mortgage Bonds II:* The Single Family Mortgage Bonds II, a parity indenture, 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 FHA, the Mortgage Insurance Fund, the VA or a private mortgage guaranty insurance policy covering a loss of up to fifty percent (50%), one hundred percent (100%) in the case of a FHA insured loan, of the outstanding principal amount of the mortgage loans.

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

*Housing Program Bonds:* The Housing Program Bonds Indenture was created to provide a vehicle for issuing debt to finance either multifamily or single family programs of the Agency. Bonds issued under this indenture are backed by the Agency’s general obligation. As of June 30, 2008, the Agency has three series of bonds issued and outstanding under this indenture. These bonds were issued to finance deferred payment, simple interest loans originated under certain of the Agency’s down payment assistance programs, as well as to finance certain multifamily loans.

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

*Residential Mortgage Revenue Bonds:* The Residential Mortgage Revenue Bonds are issued by the Agency pursuant to a national initiative of the United States Treasury to assist state and local housing finance authorities by the Federal Program. The

Bonds, issued as escrow bonds pursuant to the Indenture, are to be converted to long-term fixed-rate bonds. The Treasury has agreed, through government-sponsored agencies, to purchase certain mortgage revenue bonds at rate lower than the prevailing market intended to reduce the costs of funds to issuers to the making or financing of mortgage loans.

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

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

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

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

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

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

*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 the debenture note payable related to the claim filed under the FHA Risk Sharing Act discussed in note 7, as well as funds held in trust representing Earned Surplus and Financial Adjustment Factor (“FAF”) Savings from HUD Section 8 projects. Earned Surplus is to be used in lowering the rents for persons and families of low or moderate income in accordance with state law. FAF Savings are to be used in providing decent, safe, and sanitary housing, which is available for very-low income families and persons qualifying in accordance with federal law.

*Contract Administration Programs:* The Agency administers loan and grant programs for the Rental Housing Construction Program, the School Facilities Fee Assistance Program, the California Homebuyer’s Down payment Assistance Program, National Foreclosure Mitigation Counseling Program, Mental Health Services Act Housing Program, and programs offered pursuant to the Housing and Emergency Shelter Trust Fund Act of 2002 and 2006. Funding of these programs was appropriated by the legislature or provided by voter authorized State bond programs to other departments and agencies within the State that have contracted with the Agency for this purpose. All monies transferred in accordance with the agreements and for the purposes of the program are considered assets of the Fund. The Fund received transfers in the amount of \$14,350,055 during fiscal year 2010.

*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, a small portion of the homeownership program loans in first lien position, all junior or subordinate lien homeownership program loans and certain other loans for the California State Teachers Retirement System. Loan servicing agreements require that the Agency hold and maintain escrow and reserve accounts, on behalf of borrowers, that are reported as "Deposits and other Liabilities".

*Loan Warehousing:* The Agency borrowed \$90,000,000 from the State's Pooled Money Investment Account "PMIA" for short-term warehousing of Agency loans. Homeownership loans are typically warehoused as they are purchased from originating lenders and subsequently transferred to individual bond financings on a monthly basis. The borrowing, which is reapplied for and approved in six-month intervals, requires that interest be paid on the loan at a rate equal to the earnings rate on SMIF on the date of the new loan. In December 2008, the Pooled Money Investment Board "PMIB" advised that additional draws on PMIA short term credit line were frozen due to the state's strained cash position. As of June 30, 2010, the draw on PMIA still remains frozen.

The Agency also has a revolving credit agreement "RCA" with a financial institution to provide a line of credit for short-term borrowings of up to \$100,000,000, which may be increased up to \$150,000,000. Under the terms of the agreement the Agency elects a fixed or variable rate of interest dependent on the expected duration of the draw and determined on the date of the draw as a stated spread to an associated index. The line of credit is available to the Agency until February 28, 2011. The proceeds of this credit facility are to be used for working capital purposes, including warehousing of multifamily program loans or homeownership program loans and making counterparty payments for various financial contracts. At June 30, 2010 draws totaling \$88,571,845 were outstanding. Both PMIA and RCA credit lines are general obligations of the Agency and repayment is secured by the Agency's general reserves.

*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 combined financial statements have been prepared using the accrual method of accounting and on the basis of accounting principles generally accepted in the United States of America (hereinafter referred to as "Generally Accepted Accounting Principles").

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

*Use of Estimates:* The preparation of combined 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates are used in determining the gap insurance loss reserve. Based on factors such as reported delinquency categories, claim frequency percentages, severity of loss percentages and level of mortgage insurance coverage, the Agency records the estimated gap insurance losses for the delinquent mortgage loan portfolio. Actual results could differ materially from those estimates.

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

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

*Interest Rate Swap Agreements:* The Agency enters into interest rate swap agreements with swap counterparties to manage variable interest rate risk exposure resulting from the issuance of variable rate bonds. The interest rate swap agreements provide synthetic fixed rates of interest on the underlying bonds and are accounted for as matched swaps in accordance with settlement accounting. An interest rate swap is considered to be a matched swap if it is linked through designation with an asset or liability that is on the balance sheet, provided that it has the opposite interest characteristics of such balance sheet 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. There is an accounting change in the recording of HMRB hedging activity in year ended June 30, 2009. Swap expenses, swap expenses (fair value), swap termination fees and the gain on termination of swaps previously recorded in Homeownership Programs have been reclassified and are now being recorded in Other Programs and Accounts. This change did not affect the Agency's total net equity although it has affected the overall presentation of operating results within the financial statement categories. 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. The Agency adopted GASB 53 in fiscal year 2010. GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments. The Agency has restated the beginning fund equity at July 1, 2009, reducing from \$1,747,467,790 to \$1,728,170,239 (see note 14). The adoption of GASB 53 decreased the Agency's financial position by \$39,369,584 as of June 30, 2010 and decreased results of operations by \$20,072,034 for the year ended June 30, 2010, (see note 7). Because it is impractical to do so, the Agency did not restate prior year comparative financial statements.

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

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

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

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

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

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

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

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

*Fund Equity:* Fund equity is classified as invested in capital assets or restricted equity. Invested in capital assets represents investments in office equipment and furniture net of depreciation. Restricted equity represents equity balances under the lien of bond indentures that are therefore pledged to bondholders. State statutes further restrict other net assets of the Fund solely for purposes of the Agency and provide for a continuing appropriation of such assets for the benefit of bondholders.

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

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

*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 \$1,692,400 and \$1,605,564 the years ended June 30, 2010 and 2009, respectively. The Agency also administers National Foreclosure Mitigation Counseling Program ("FMC"). The HUD/FMC pass-through payments aggregated \$79,851,397 and \$72,832,268 for the years ended June 30, 2010 and 2009, respectively, and are reported as other operating revenues and expenses within Other Programs and Accounts.

### **Note 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

*Cash and Cash Equivalents:* At June 30, 2010 and 2009, all cash and cash equivalents, totaling \$1,512,415,000 and \$119,128,000, 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. The Fund's investments are categorized to give an indication of the level of risk assumed by the Agency at June 30, 2010. Category 1 includes investments that are insured or registered or for which the securities are held within the Fund by the Agency's agent in the Agency's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Agency's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agency but not in the Agency's name.

In connection with some of the cancellation of insurance on Home Mortgage Revenue Bonds, the Agency is required to post collateral on the swap associated with these bonds. As of June 30, 2010, the total cash and fair market value of investment securities posted as collateral was \$76,276,934.

Investments at June 30, 2010 and 2009 are as follows (dollars in thousands):

|   | <u>1</u>          | <u>Category</u><br><u>2</u> | <u>3</u>    | <u>Fair</u><br><u>Value</u><br><u>June 30,</u><br><u>2010</u> | <u>Fair</u><br><u>Value</u><br><u>June 30,</u><br><u>2009</u> |
|---|-------------------|-----------------------------|-------------|---|---|
| U.S. Agency Securities --- GNMA's                     | \$ 77,070         |                             |             | \$ 77,070   | \$ 6,034  |
| Federal Agency Securities                             | 204,419           |                             |             | 204,419   | 239,659   |
| Investment Agreements --- Financial                   |                   |                             |             |   |   |
| Institutions (at cost)                                |                   | \$ 168,453                  |             | 168,453   | 144,782   |
| Total   | <u>\$ 281,489</u> | <u>\$ 168,453</u>           | <u>\$ -</u> |   |   |
| Other Investments (not subject to categorization):    |                   |                             |             |   |   |
| Surplus Money Investment Fund --- State of California |                   |                             |             | 1,686,471   | 1,637,710   |
| Other Investment Agreements (at cost)                 |                   |                             |             | 134,904   | 88,777  |
| Total Investments                                     |                   |                             |             | <u>\$ 2,271,317</u>   | <u>\$ 2,116,962</u>   |
| Current portion                                       |                   |                             |             | 2,061,589   | 1,875,314   |
| Noncurrent portion                                    |                   |                             |             | 209,728   | 241,648   |
| Total   |                   |                             |             | <u>\$ 2,271,317</u>   | <u>\$ 2,116,962</u>   |

#### Note 4 – INVESTMENT RISK FACTORS

Investments by type at June 30, 2010 and 2009 consist of the following (dollars in thousands):

|  | <u>2010</u><br><u>Combined</u><br><u>Totals</u> | <u>2009</u><br><u>Combined</u><br><u>Totals</u> |
|--|---|---|
| U.S. Agency Securities --- GNMA's                          | \$ 77,070                                       | \$ 6,034  |
| Federal Agency Securities                                  | 204,419   | 239,659   |
| Investment Agreements --- Financial Institutions (at cost) | 303,357   | 233,559   |
| Surplus Money Investment Fund --- State of California      | 1,686,471                                       | 1,637,710                                       |
| Total Investments  | <u>\$ 2,271,317</u>                             | <u>\$ 2,116,962</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, 2010 is as follows (dollars in thousands):

|                                | <b>2010<br/>Combined<br/>Totals</b> | <b>2009<br/>Combined<br/>Totals</b> |
|--------------------------------|-------------------------------------|-------------------------------------|
| Fixed income securities:       |                                     |                                     |
| U.S. government guaranteed     | \$ 281,489                          | \$ 245,693                          |
| Guaranteed interest contracts: |                                     |                                     |
| Rated Aaa/AAA                  | 16,602                              | 55,121                              |
| Rated Aaa/AA-                  | -                                   | 954                                 |
| Rated Aaa/NR                   | 24,822                              | -                                   |
| Rated Aa3/A+                   | 23,332                              | 11,012                              |
| Rated Aa2/AA+                  | 857                                 | 9,717                               |
| Rated Aa2/AA-                  | -                                   | 3,344                               |
| Rated Aa2/A+                   | 122,057                             | 84,126                              |
| Rated NR/AA+                   | 15,935                              | -                                   |
| Rated A3/A                     | 512                                 | 3,140                               |
| Rated A1/AA-                   | 95,621                              | 63,294                              |
| Rated A1/A+                    | 3,619                               | 2,851                               |
| Total fixed income securities  | <u>\$ 584,846</u>                   | <u>\$ 479,252</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, 2010, the Agency did not have any investments exposed to custodial credit. All investments are held by the State of California or a 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, 2010, no investments in any one issuer exceed 5% of the net assets, except for securities issued by the U.S. government or its agencies.

*Interest Rate Risk:* Interest rate risk is the risk that the value of fixed income securities will decline due to decreasing interest rates. The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. At June 30, 2010, the Agency does not have any debt investments that are highly sensitive to changes in interest rates.

Effective duration is the approximate change in price of a security resulting from a 100 basis points (1 percentage point) change in the level of interest rates. It is not a measure of time. The effective duration for fixed income securities at June 30, is as follows:

|                            | <b>2010</b> | <b>2009</b> |
|----------------------------|-------------|-------------|
| Fixed income securities:   |             |             |
| U.S. government guaranteed | 15.72       | 11.71       |
| Commercial Paper           | N/A         | N/A         |

**Note 5 – PROGRAM LOANS RECEIVABLE**

Changes in program loans receivable for the years ended June 30, 2010 and 2009 are as follows (dollars in thousands):

|  | <b>2010</b>         | <b>2009</b>         |
|--|---------------------|---------------------|
|  | <b>Combined</b>     | <b>Combined</b>     |
|  | <b>Totals</b>       | <b>Totals</b>       |
| Beginning of year balance              | \$ 8,532,033        | \$ 8,557,404        |
| Loans purchased/funded                 | 104,070             | 496,376             |
| Amortized principal repayments         | (243,720)           | (319,718)           |
| Prepayments                            | (558,396)           | (176,350)           |
| Chargeoffs                             | (46,838)            | (25,679)            |
| Subtotal                               | <u>7,787,149</u>    | <u>8,532,033</u>    |
| Unamortized Mortgage Discount          | (3,148)             | (3,307)             |
| Transfer to mortgage-backed securities | (321,705)           | -                   |
| Transfer to REO-net                    | (200,641)           | (95,669)            |
| Allowance for loan loss                | (117,186)           | (112,491)           |
| End of year balance                    | <u>\$ 7,144,469</u> | <u>\$ 8,320,566</u> |
| Current portion                        | \$ 253,749          | \$ 307,511          |
| Noncurrent portion                     | 6,890,720           | 8,013,055           |
| Total                                  | <u>\$ 7,144,469</u> | <u>\$ 8,320,566</u> |

**Note 6 – ALLOWANCE FOR PROGRAM LOAN LOSSES**

Changes in the allowance for program loan losses for the year ended June 30, 2010 and 2009 are as follows (dollars in thousands):

|                                    | <b>2010</b>       | <b>2009</b>       |
|------------------------------------|-------------------|-------------------|
|                                    | <b>Combined</b>   | <b>Combined</b>   |
|                                    | <b>Totals</b>     | <b>Totals</b>     |
| Beginning of year balance          | \$ 112,491        | \$ 80,948         |
| Provisions for program loan losses | 51,533            | 57,221            |
| Chargeoffs                         | (46,838)          | (25,678)          |
| End of year balance                | <u>\$ 117,186</u> | <u>\$ 112,491</u> |

**Note 7 – BONDS, DEBENTURE NOTES, AND NOTES PAYABLE AND ASSOCIATED INTEREST RATE SWAPS**

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

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

Bonds payable and the terms and outstanding notional amounts and fair value of associated interest rate swaps as of June 30, 2010 are as follows (dollars in thousands):

| <u>Bond Issue</u>            | <u>Type of Bond</u> | <u>Interest Rate Range</u> |   | <u>Bonds</u>               |                          |                             | <u>Total</u> |
|------------------------------|---------------------|----------------------------|---|----------------------------|--------------------------|-----------------------------|--------------|
|                              |                     |                            |   | <u>Final Maturity Date</u> | <u>Outstanding Fixed</u> | <u>Outstanding Variable</u> |              |
| Home Mortgage Revenue Bonds: |                     |                            |   |                            |                          |                             |              |
| 1982 Series A                | Tax-Exempt          |                            |   | 2014                       | \$ 1,325                 |                             | \$ 1,325     |
| 1982 Series B                | Tax-Exempt          |                            |   | 2014                       | 415                      |                             | 415          |
| 1983 Series A                | Tax-Exempt          |                            |   | 2015                       | 15,406                   |                             | 15,406       |
| 1983 Series B                | Tax-Exempt          |                            |   | 2015                       | 3,066                    |                             | 3,066        |
| 1984 Series B                | Tax-Exempt          |                            |   | 2016                       | 443                      |                             | 443          |
| 1985 Series A                | Tax-Exempt          |                            |   | 2016                       | 767                      |                             | 767          |
| 1985 Series B                | Tax-Exempt          |                            |   | 2017                       | 3,475                    |                             | 3,475        |
| 1997 Series O                | Tax-Exempt          |                            |   | 2027                       | 3,875                    |                             | 3,875        |
| 1998 Series F                | Tax-Exempt          | 4.700%                     | - | 5.000%                     | 2016                     | 8,110                       | 8,110        |
| 1998 Series J                | Tax-Exempt          |                            |   | 2027                       | 480                      |                             | 480          |
| 1998 Series M                | Taxable             |                            |   | 2023                       |                          | \$ 9,175                    | 9,175        |
| 1999 Series F                | Tax-Exempt          |                            |   | 2028                       | 3,429                    |                             | 3,429        |
| 1999 Series G                | Taxable             |                            |   | 2011                       | 5,090                    |                             | 5,090        |
| 1999 Series N                | Tax-Exempt          | 5.100%                     | - | 5.300%                     | 2031                     | 13,540                      | 13,540       |
| 1999 Series O                | Taxable             |                            |   | 2012                       |                          | 8,830                       | 8,830        |
| 2000 Series B                | Tax-Exempt          |                            |   | 2019                       | 2,119                    |                             | 2,119        |
| 2000 Series D                | Taxable             |                            |   | 2023                       |                          | 26,060                      | 26,060       |
| 2000 Series H                | Taxable             |                            |   | 2017                       |                          | 9,885                       | 9,885        |
| 2000 Series H                | Taxable             |                            |   | 2017                       |                          | 17,075                      | 17,075       |
| 2000 Series J                | Tax-Exempt          |                            |   | 2031                       |                          | 15,800                      | 15,800       |
| 2000 Series K                | Taxable             |                            |   |                            |                          |                             |              |
| 2000 Series N                | Tax-Exempt          |                            |   | 2031                       |                          | 28,190                      | 28,190       |
| 2000 Series V                | Taxable             |                            |   | 2032                       |                          | 46,350                      | 46,350       |
| 2000 Series X-2              | Tax-Exempt          |                            |   | 2031                       |                          | 23,190                      | 23,190       |
| 2000 Series Z                | Taxable             |                            |   | 2031                       |                          | 37,200                      | 37,200       |
| 2000 Series Z                | Taxable             |                            |   | 2031                       |                          | 3,715                       | 3,715        |
| 2001 Series D                | Taxable             |                            |   | 2022                       |                          | 62,485                      | 62,485       |
| 2001 Series G                | Taxable             |                            |   | 2029                       |                          | 51,310                      | 51,310       |
| 2001 Series J                | Tax-Exempt          |                            |   | 2032                       |                          | 41,170                      | 41,170       |
| 2001 Series K                | Taxable             |                            |   | 2032                       |                          | 59,895                      | 59,895       |
| 2001 Series N                | Tax-Exempt          |                            |   |                            |                          |                             |              |
| 2001 Series O                | Taxable             |                            |   | 2032                       |                          | 65,535                      | 65,535       |
| 2001 Series S                | Taxable             |                            |   | 2023                       |                          | 44,895                      | 44,895       |

Swaps

| <u>Type</u> | Fixed Rate<br>Paid By<br>Agency | Floating Rate<br>Received By<br>Agency | Effective<br>Date | Termination<br>Date | Outstanding<br>Notional/Applicable<br>Amount | Fair<br>Value |
|-------------|---------------------------------|--|-------------------|---------------------|--|---------------|
| Fixed payer | 6.6550%                         | LIBOR                                  | 12/9/99           | 8/1/12              | \$ 5,335                                     | \$ (320)      |
| Fixed payer | 7.1950%                         | LIBOR                                  | 1/27/00           | 2/1/13              | 6,965  | (461)         |
| Fixed payer | 7.2600%                         | LIBOR @ 65%                            | 4/6/00            | 8/1/10              | 310  | (2)           |
| Fixed payer | 4.9000%                         | LIBOR @ 65%                            | 5/25/00           | 8/1/30              | 23,545                                       | (5,036)       |
| Fixed payer | 5.1600%                         | LIBOR @ 65%                            | 5/25/00           | 8/1/22              | 29,915                                       | (125)         |
| Fixed payer | 7.0960%                         | 6 mo LIBOR                             | 10/5/00           | 8/1/14              | 25,860                                       | (2,675)       |
| Fixed payer | 4.5100%                         | LIBOR @ 65%                            | 12/13/00          | 8/1/31              | 28,165                                       | (5,187)       |
| Fixed payer | 6.8430%                         | 3 mo LIBOR                             | 12/13/00          | 8/1/16              | 28,965                                       | (3,915)       |
| Fixed payer | 6.2150%                         | 3 mo LIBOR+.26%                        | 1/25/01           | 8/1/19              | 46,315                                       | (6,595)       |
| Fixed payer | 6.0100%                         | 3 mo LIBOR+.20%                        | 4/5/01            | 2/1/16              | 25,825                                       | (3,037)       |
| Fixed payer | 4.1430%                         | LIBOR @ 65%                            | 5/31/01           | 8/1/24              | 39,670                                       | (4,504)       |
| Fixed payer | 3.9910%                         | LIBOR @ 65%                            | 7/26/01           | 8/1/18              | 10,780                                       | (925)         |
| Fixed payer | 6.3600%                         | 3 mo LIBOR+.27%                        | 7/26/01           | 8/1/20              | 50,250                                       | (7,766)       |
| Fixed payer | 5.5300%                         | 3 mo LIBOR+.31%                        | 10/10/01          | 8/1/18              | 33,540                                       | (3,549)       |

**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> |
|-------------------|---------------------|----------------------------|----------------------------|--------------------------|-----------------------------|--------------|
| 2001 Series U     | Tax-Exempt          | 0.250%                     | 2032                       |                          | 49,610                      | 49,610       |
| 2001 Series V     | Taxable             | 0.430%                     | 2031                       |                          | 16,345                      | 16,345       |
| 2002 Series B     | Tax-Exempt          | 0.250%                     | 2033                       |                          | 39,170                      | 39,170       |
| 2002 Series C     | Taxable             | 0.550%                     | 2033                       |                          | 36,760                      | 36,760       |
| 2002 Series D     | Taxable             | 0.470%                     | 2030                       |                          | 33,350                      | 33,350       |
| 2002 Series F     | Tax-Exempt          |                            |                            |                          |                             |              |
| 2002 Series H     | Taxable             | 0.550%                     | 2022                       |                          | 23,935                      | 23,935       |
| 2002 Series J     | Tax-Exempt          | 0.250%                     | 2033                       |                          | 76,425                      | 76,425       |
| 2002 Series L     | Taxable             | 0.550%                     | 2024                       |                          | 24,710                      | 24,710       |
| 2002 Series M     | Tax-Exempt          | 0.250%                     | 2032                       |                          | 41,600                      | 41,600       |
| 2002 Series M     | Tax-Exempt          | 0.250%                     | 2032                       |                          | 2,450                       | 2,450        |
| 2002 Series M     | Tax-Exempt          | 0.250%                     | 2033                       |                          | 30,105                      | 30,105       |
| 2002 Series O     | Taxable             | 0.520%                     | 2033                       |                          | 23,550                      | 23,550       |
| 2002 Series P     | Tax-Exempt          |                            |                            |                          |                             |              |
| 2002 Series Q     | Tax-Exempt          | 0.250%                     | 2033                       |                          | 12,975                      | 12,975       |
| 2002 Series U     | Tax-Exempt          | 0.250%                     | 2032                       |                          | 34,360                      | 34,360       |
| 2002 Series U     | Tax-Exempt          | 0.250%                     | 2031                       |                          | 34,800                      | 34,800       |
| 2003 Series D     | Tax-Exempt          | 0.240%                     | 2033                       |                          | 46,710                      | 46,710       |
| 2003 Series D     | Tax-Exempt          | 0.250%                     | 2022                       |                          | 35,640                      | 35,640       |
| 2003 Series F     | Tax-Exempt          | 0.250%                     | 2022                       |                          | 44,210                      | 44,210       |
| 2003 Series F     | Tax-Exempt          | 0.250%                     | 2034                       |                          | 75,770                      | 75,770       |
| 2003 Series G     | Taxable             | 0.450%                     | 2034                       |                          | 19,295                      | 19,295       |
| 2003 Series H     | Tax-Exempt          | 0.250%                     | 2032                       |                          | 48,610                      | 48,610       |
| 2003 Series H     | Tax-Exempt          | 0.250%                     | 2033                       |                          | 53,500                      | 53,500       |
| 2003 Series I     | Taxable             | 0.480%                     | 2033                       |                          | 34,360                      | 34,360       |
| 2003 Series K     | Tax-Exempt          | 0.250%                     | 2033                       |                          | 61,400                      | 61,400       |
| 2003 Series K     | Tax-Exempt          | 0.250%                     | 2034                       |                          | 42,310                      | 42,310       |
| 2003 Series L     | Taxable             | 0.480%                     | 2034                       |                          | 32,420                      | 32,420       |
| 2003 Series M     | Tax-Exempt          | 0.250%                     | 2024                       |                          | 47,790                      | 47,790       |
| 2003 Series M     | Tax-Exempt          | 0.250%                     | 2034                       |                          | 74,740                      | 74,740       |
| 2003 Series N     | Taxable             | 0.510%                     | 2034                       |                          | 37,060                      | 37,060       |
| 2004 Series A     | Tax-Exempt          | 0.250%                     | 2033                       |                          | 35,545                      | 35,545       |
| 2004 Series A     | Tax-Exempt          | 0.250%                     | 2034                       |                          | 33,560                      | 33,560       |
| 2004 Series B     | Taxable             | 0.470%                     | 2034                       |                          | 4,235                       | 4,235        |
| 2004 Series E     | Tax-Exempt          | 0.280%                     | 2035                       |                          | 50,690                      | 50,690       |
| 2004 Series E     | Tax-Exempt          | 0.280%                     | 2035                       |                          | 67,860                      | 67,860       |
| 2004 Series F     | Taxable             | 0.490%                     | 2035                       |                          | 46,690                      | 46,690       |
| 2004 Series G     | Tax-Exempt          | 0.250%                     | 2034                       |                          | 57,995                      | 57,995       |
| 2004 Series G     | Tax-Exempt          | 0.250%                     | 2035                       |                          | 22,285                      | 22,285       |
| 2004 Series H     | Taxable             | 0.530%                     | 2035                       |                          | 6,935                       | 6,935        |
| 2004 Series I     | Tax-Exempt          |                            |                            |                          |                             |              |
| 2004 Series I     | Tax-Exempt          |                            |                            |                          |                             |              |
| 2005 Series A     | Tax-Exempt          | 0.250%                     | 2035                       |                          | 140,590                     | 140,590      |
| 2005 Series B     | Tax-Exempt          | 0.250%                     | 2016                       |                          | 37,640                      | 37,640       |
| 2005 Series B     | Tax-Exempt          | 0.250%                     | 2035                       |                          | 95,220                      | 95,220       |
| 2005 Series B     | Tax-Exempt          | 0.250%                     | 2035                       |                          | 9,260                       | 9,260        |
| 2005 Series B     | Tax-Exempt          | 0.250%                     | 2035                       |                          | 4,100                       | 4,100        |
| 2005 Series C     | Tax-Exempt          | 3.350% - 3.700%            | 2013                       | 19,575                   |                             | 19,575       |
| 2005 Series D     | Tax-Exempt          | 0.250%                     | 2038                       |                          | 63,590                      | 63,590       |
| 2005 Series D     | Tax-Exempt          | 0.250%                     | 2040                       |                          | 105,375                     | 105,375      |
| 2005 Series E     | Tax-Exempt          | 3.250% - 3.350%            | 2011                       | 3,980                    |                             | 3,980        |
| 2005 Series F     | Tax-Exempt          | 0.250%                     | 2037                       |                          | 70,715                      | 70,715       |
| 2005 Series F     | Tax-Exempt          | 0.250%                     | 2038                       |                          | 86,685                      | 86,685       |
| 2005 Series F     | Tax-Exempt          | 0.250%                     | 2040                       |                          | 16,170                      | 16,170       |
| 2005 Series G     | Tax-Exempt          |                            |                            |                          |                             |              |

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 | 4.1300%                          | SIFMA less .15%                         | 12/6/01               | 8/1/32                  | 51,040  | (5,714)           |
| Fixed payer | 3.8880%                          | LIBOR @ 65%                             | 4/18/02               | 8/1/27                  | 38,780  | (5,891)           |
| Fixed payer | 5.6000%                          | 3 mo LIBOR+.25%                         | 5/1/02                | 8/1/12                  | 17,220  | (649)             |
| Fixed payer | 5.8000%                          | 3 mo LIBOR+.17%                         | 8/1/02                | 2/1/11                  | 8,310   | (113)             |
| Fixed payer | 3.9940%                          | LIBOR @ 65%                             | 6/6/02                | 2/1/24                  | 45,070  | (5,391)           |
| Fixed payer | 5.5350%                          | 3 mo LIBOR+.25%                         | 11/1/02               | 2/1/13                  | 7,325   | (309)             |
| Fixed payer | 3.8630%                          | LIBOR @ 65%                             | 8/8/02                | 8/1/32                  | 75,950  | (8,346)           |
| Fixed payer | 5.1000%                          | 3 mo LIBOR+.25%                         | 12/1/02               | 2/1/13                  | 12,990  | (491)             |
| Fixed payer | 3.7280%                          | LIBOR @ 65%                             | 10/17/02              | 8/1/22                  | 41,600  | (5,448)           |
| Fixed payer | 3.9890%                          | 3 mo LIBOR+.22%                         | 2/3/03                | 2/1/12                  | 9,335   | (197)             |
| Fixed payer | 3.1480%                          | LIBOR @ 65%                             | 12/12/02              | 8/1/22                  | 53,670  | (4,858)           |
| Fixed payer | 3.8200%                          | LIBOR @ 65%                             | 2/1/06                | 8/1/32                  | 13,310  | (1,073)           |
| Fixed payer | 3.9100%                          | LIBOR @ 60%+.26%                        | 3/6/03                | 2/1/31                  | 5,665   | (264)             |
| Fixed payer | 3.2400%                          | LIBOR @ 60%+.26%                        | 3/6/03                | 2/1/31                  | 33,135  | (1,307)           |
| Fixed payer | 3.7750%                          | LIBOR @ 60%+.26%                        | 4/10/03               | 8/1/33                  | 40,315  | (1,552)           |
| Fixed payer | 3.1300%                          | LIBOR @ 60%+.26%                        | 4/10/03               | 8/1/19                  | 35,725  | (1,141)           |
| Fixed payer | 3.1250%                          | LIBOR @ 60%+.26%                        | 3/26/03               | 2/1/18                  | 44,680  | (1,452)           |
| Fixed payer | 3.7000%                          | LIBOR @ 60%+.26%                        | 3/26/03               | 2/1/34                  | 71,265  | (2,811)           |
| Fixed payer | 2.6750%                          | LIBOR @ 60%+.26%                        | 8/7/03                | 8/1/30                  | 47,860  | (1,622)           |
| Fixed payer | 3.4270%                          | LIBOR @ 60%+.26%                        | 8/7/03                | 8/1/33                  | 9,100   | (23)              |
| Fixed payer | 3.2700%                          | LIBOR @ 60%+.26%                        | 8/1/04                | 2/1/18                  | 58,455  | (3,235)           |
| Fixed payer | 4.2450%                          | LIBOR @ 60%+.26%                        | 8/1/04                | 8/1/30                  | 13,120  | (43)              |
| Fixed payer | 3.2250%                          | LIBOR @ 60%+.26%                        | 2/2/04                | 8/1/19                  | 48,270  | (2,368)           |
| Fixed payer | 3.8900%                          | LIBOR @ 60%+.26%                        | 2/4/04                | 8/1/34                  | 49,340  | (2,868)           |
| Fixed payer | 3.0875%                          | LIBOR @ 60%+.26%                        | 8/1/04                | 8/1/30                  | 33,725  | (2,280)           |
| Fixed payer | 4.0450%                          | LIBOR @ 60%+.26%                        | 8/1/04                | 2/1/34                  | 3,080   | (103)             |
| Fixed payer | 3.5400%                          | LIBOR @ 60%+.26%                        | 4/1/05                | 8/1/20                  | 51,755  | (3,444)           |
| Fixed payer | 4.1330%                          | LIBOR @ 60%+.26%                        | 4/1/05                | 2/1/35                  | 54,625  | (4,798)           |
| Fixed payer | 3.6100%                          | LIBOR @ 60%+.26%                        | 2/1/05                | 2/1/34                  | 56,195  | (6,007)           |
| Fixed payer | 4.0821%                          | LIBOR @ 60%+.26%                        | 8/1/04                | 2/1/35                  | 17,510  | (369)             |
| Fixed payer | 3.5600%                          | LIBOR @ 60%+.26%                        | 8/4/04                | 2/1/33                  | 17,065  | (1,834)           |
| Fixed payer | 4.0750%                          | LIBOR @ 60%+.26%                        | 8/4/04                | 2/1/35                  | 5,305   | (83)              |
| Fixed payer | 3.8040%                          | LIBOR @ 60%+.26%                        | 4/5/05                | 8/1/35                  | 140,590                                       | (20,234)          |
| Fixed payer | 3.0490%                          | LIBOR @ 60%+.26%                        | 7/1/05                | 2/1/16                  | 37,830  | (1,885)           |
| Fixed payer | 3.7260%                          | LIBOR @ 60%+.26%                        | 7/1/05                | 2/1/35                  | 39,645  | (1,822)           |
| Fixed payer | 3.1580%                          | LIBOR @ 60%+.26%                        | 5/19/05               | 2/1/36                  | 55,565  | (4,269)           |
| Fixed payer | 3.6040%                          | LIBOR @ 60%+.26%                        | 5/19/05               | 2/1/40                  | 56,895  | (550)             |
| Fixed payer | 3.2200%                          | LIBOR @ 60%+.26%                        | 7/28/05               | 8/1/31                  | 65,915  | (915)             |
| Fixed payer | 3.3860%                          | LIBOR @ 60%+.26%                        | 7/28/05               | 2/1/38                  | 86,685  | (4,407)           |
| Fixed payer | 4.4540%                          | 97% SIFMA & HR                          | 12/15/05              | 2/1/34                  | 19,060  | (443)             |

**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 G     | Tax-Exempt          |                            |          |                            |                          |                             |              |
| 2005 Series H     | Tax-Exempt          |                            | 0.250%   | 2036                       |                          | 82,680                      | 82,680       |
| 2005 Series H     | Tax-Exempt          |                            | 0.250%   | 2036                       |                          | 70,230                      | 70,230       |
| 2006 Series A     | Tax-Exempt          |                            |          |                            |                          |                             |              |
| 2006 Series B     | Tax-Exempt          | 3.800%                     | - 4.000% | 2013                       | 15,730                   |                             | 15,730       |
| 2006 Series C     | Tax-Exempt          |                            | 0.250%   | 2037                       |                          | 81,445                      | 81,445       |
| 2006 Series C     | Tax-Exempt          |                            | 0.250%   | 2037                       |                          | 86,905                      | 86,905       |
| 2006 Series D     | Tax-Exempt          | 4.250%                     | - 4.400% | 2017                       | 20,000                   |                             | 20,000       |
| 2006 Series E     | Tax-Exempt          | 4.300%                     | - 5.050% | 2026                       | 87,460                   |                             | 87,460       |
| 2006 Series F     | Tax-Exempt          |                            | 0.240%   | 2041                       |                          | 43,130                      | 43,130       |
| 2006 Series F     | Tax-Exempt          |                            | 0.240%   | 2041                       |                          | 60,000                      | 60,000       |
| 2006 Series G     | Tax-Exempt          | 3.650%                     | - 3.875% | 2016                       | 29,490                   |                             | 29,490       |
| 2006 Series H     | Tax-Exempt          | 4.000%                     | - 5.750% | 2030                       | 45,600                   |                             | 45,600       |
| 2006 Series I     | Tax-Exempt          | 4.600%                     | - 4.875% | 2041                       | 151,570                  |                             | 151,570      |
| 2006 Series J     | Tax-Exempt          | 3.750%                     | - 4.150% | 2016                       | 25,265                   |                             | 25,265       |
| 2006 Series K     | Tax-Exempt          | 4.625%                     | - 4.800% | 2042                       | 243,710                  |                             | 243,710      |
| 2006 Series L     | Tax-Exempt          | 3.750%                     | - 4.150% | 2016                       | 40,720                   |                             | 40,720       |
| 2006 Series M     | Tax-Exempt          | 4.550%                     | - 4.750% | 2042                       | 207,190                  |                             | 207,190      |
| 2007 Series A     | Taxable             |                            | 5.720%   | 2032                       | 90,000                   |                             | 90,000       |
| 2007 Series B     | Taxable             |                            | 0.480%   | 2042                       |                          | 40,000                      | 40,000       |
| 2007 Series C     | Taxable             |                            | 0.480%   | 2042                       |                          | 20,000                      | 20,000       |
| 2007 Series D     | Tax-Exempt          | 3.850%                     | - 4.400% | 2018                       | 65,190                   |                             | 65,190       |
| 2007 Series E     | Tax-Exempt          | 4.650%                     | - 4.800% | 2042                       | 186,245                  |                             | 186,245      |
| 2007 Series F     | Tax-Exempt          | 4.050%                     | - 4.700% | 2017                       | 41,090                   |                             | 41,090       |
| 2007 Series G     | Tax-Exempt          | 4.950%                     | - 5.050% | 2029                       | 109,025                  |                             | 109,025      |
| 2007 Series G     | Tax-Exempt          |                            | 5.500%   | 2042                       | 77,450                   |                             | 77,450       |
| 2007 Series H     | Tax-Exempt          |                            | 0.240%   | 2033                       |                          | 50,000                      | 50,000       |
| 2007 Series H     | Tax-Exempt          |                            | 0.240%   | 2042                       |                          | 50,000                      | 50,000       |
| 2007 Series I     | Tax-Exempt          | 3.750%                     | - 4.350% | 2017                       | 15,390                   |                             | 15,390       |
| 2007 Series J     | Tax-Exempt          | 4.950%                     | - 5.050% | 2027                       | 53,500                   |                             | 53,500       |
| 2007 Series J     | Tax-Exempt          |                            | 5.750%   | 2047                       | 33,950                   |                             | 33,950       |
| 2007 Series K     | Tax-Exempt          |                            | 0.240%   | 2037                       |                          | 25,000                      | 25,000       |
| 2007 Series K     | Tax-Exempt          |                            | 0.240%   | 2038                       |                          | 25,000                      | 25,000       |
| 2007 Series L     | Taxable             |                            | 5.530%   | 2027                       | 48,485                   |                             | 48,485       |
| 2007 Series M     | Taxable             |                            | 5.835%   | 2032                       | 86,465                   |                             | 86,465       |
| 2007 Series N     | Taxable             |                            | 0.480%   | 2043                       |                          | 60,000                      | 60,000       |
| 2008 Series A     | Tax-Exempt          | 3.200%                     | - 4.500% | 2020                       | 40,390                   |                             | 40,390       |
| 2008 Series B     | Tax-Exempt          |                            | 4.800%   | 2028                       | 35,960                   |                             | 35,960       |
| 2008 Series C     | Tax-Exempt          |                            | 0.240%   | 2041                       |                          | 13,920                      | 13,920       |
| 2008 Series C     | Tax-Exempt          |                            | 0.240%   | 2041                       |                          | 20,085                      | 20,085       |
| 2008 Series C     | Tax-Exempt          |                            | 0.240%   | 2041                       |                          | 15,850                      | 15,850       |
| 2008 Series C     | Tax-Exempt          |                            | 0.240%   | 2041                       |                          | 7,005                       | 7,005        |
| 2008 Series C     | Tax-Exempt          |                            | 0.240%   | 2041                       |                          | 7,760                       | 7,760        |
| 2008 Series C     | Tax-Exempt          |                            | 0.240%   | 2041                       |                          | 5,945                       | 5,945        |
| 2008 Series D     | Tax-Exempt          |                            | 0.240%   | 2043                       |                          | 1,680                       | 1,680        |
| 2008 Series D     | Tax-Exempt          |                            | 0.240%   | 2043                       |                          | 2,595                       | 2,595        |
| 2008 Series D     | Tax-Exempt          |                            | 0.240%   | 2043                       |                          | 1,355                       | 1,355        |
| 2008 Series D     | Tax-Exempt          |                            | 0.240%   | 2043                       |                          | 3,865                       | 3,865        |
| 2008 Series D     | Tax-Exempt          |                            | 0.240%   | 2043                       |                          | 4,210                       | 4,210        |
| 2008 Series D     | Tax-Exempt          |                            | 0.240%   | 2043                       |                          | 1,980                       | 1,980        |
| 2008 Series D     | Tax-Exempt          |                            | 0.240%   | 2031                       |                          | 44,125                      | 44,125       |
| 2008 Series D     | Tax-Exempt          |                            | 0.240%   | 2031                       |                          | 35,420                      | 35,420       |
| 2008 Series E     | Tax-Exempt          |                            | 0.240%   | 2032                       |                          | 26,390                      | 26,390       |
| 2008 Series E     | Tax-Exempt          |                            | 0.240%   | 2032                       |                          | 16,340                      | 16,340       |
| 2008 Series E     | Tax-Exempt          |                            | 0.240%   | 2032                       |                          | 7,865                       | 7,865        |
| 2008 Series F     | Tax-Exempt          |                            | 0.240%   | 2032                       |                          | 25,000                      | 25,000       |

Swaps

| <u>Type</u> | <u>Fixed Rate<br/>Paid By<br/>Agency</u> | <u>Floating Rate<br/>Received By<br/>Agency</u> | <u>Effective<br/>Date</u> | <u>Termination<br/>Date</u> | <u>Outstanding<br/>Notional/Applicable<br/>Amount</u> | <u>Fair<br/>Value</u> |
|-------------|--|---|---------------------------|-----------------------------|---|-----------------------|
| Fixed payer | 3.9320%                                  | LIBOR @ 62%+.25%&HR                             | 12/15/05                  | 2/1/34                      | 12,225  | (217)                 |
| Fixed payer | 3.6500%                                  | LIBOR @ 62%+.25%                                | 12/15/05                  | 8/1/31                      | 69,165  | (1,109)               |
| Fixed payer | 3.8570%                                  | LIBOR @ 62%+.25%                                | 12/15/05                  | 2/1/36                      | 64,260  | (4,917)               |
| Fixed payer | 4.3530%                                  | 97% SIFMA                                       | 2/2/06                    | 8/1/35                      | 31,535  | (681)                 |
| Fixed payer | 4.0180%                                  | LIBOR @ 62%+.25%                                | 4/19/06                   | 8/1/30                      | 80,885  | (3,878)               |
| Fixed payer | 4.0590%                                  | LIBOR @ 62%+.25%                                | 4/19/06                   | 2/1/37                      | 76,265  | (8,123)               |
| Fixed payer | 4.2550%                                  | LIBOR @ 62%+.25%                                | 7/27/06                   | 8/1/40                      | 60,000  | (7,464)               |
| Fixed payer | 4.1360%                                  | LIBOR @ 62%+.25%                                | 7/27/06                   | 2/1/41                      | 60,000  | (7,561)               |
| Fixed payer | 4.0480%                                  | LIBOR @ 62%+.25%                                | 8/8/07                    | 2/1/31                      | 50,000  | (6,651)               |
| Fixed payer | 4.2360%                                  | LIBOR @ 62%+.25%                                | 8/8/07                    | 2/1//38                     | 50,000  | (7,084)               |
| Fixed payer | 3.9870%                                  | LIBOR @ 63%+.24%                                | 11/7/07                   | 8/1/32                      | 25,000  | (2,923)               |
| Fixed payer | 4.0400%                                  | LIBOR @ 63%+.24%                                | 11/7/07                   | 2/1/38                      | 25,000  | (2,790)               |
| Fixed payer | 4.8000%                                  | LIBOR @ 65%                                     | 4/6/00                    | 2/1/23                      | 3,750   | (660)                 |
| Fixed payer | 5.1600%                                  | LIBOR @ 65%                                     | 5/25/00                   | 8/1/22                      | 20,085  | (85)                  |
| Fixed payer | 4.1430%                                  | LIBOR @ 65%                                     | 5/31/01                   | 8/1/24                      | 15,735  | (2,487)               |
| Fixed payer | 3.9940%                                  | LIBOR @ 65%                                     | 6/6/02                    | 2/1/24                      | 7,005   | (1,411)               |
| Fixed payer | 3.8630%                                  | LIBOR @ 65%                                     | 8/8/02                    | 8/1/32                      | 7,760   | (1,682)               |
| Fixed payer | 4.9500%                                  | LIBOR @ 65%                                     | 11/18/08                  | 8/1/23                      | 5,945   | (42)                  |
| Fixed payer | 4.9000%                                  | LIBOR @ 65%                                     | 5/25/00                   | 8/1/30                      | 1,680   | (616)                 |
| Fixed payer | 4.1430%                                  | LIBOR @ 65%                                     | 5/31/01                   | 8/1/24                      | 2,595   | (508)                 |
| Fixed payer | 3.9910%                                  | LIBOR @ 65%                                     | 7/26/01                   | 8/1/18                      | 1,355   | (227)                 |
| Fixed payer | 4.1300%                                  | SIFMA less .15%                                 | 12/6/01                   | 8/1/32                      | 3,865   | (599)                 |
| Fixed payer | 4.8500%                                  | LIBOR @ 65%                                     | 11/18/08                  | 2/1/17                      | 4,210   | (846)                 |
| Fixed payer | 4.8000%                                  | LIBOR @ 65%                                     | 4/6/00                    | 2/1/23                      | 13,850  | (2,122)               |
| Fixed payer | 4.8500%                                  | LIBOR @ 65%                                     | 11/18/08                  | 2/1/17                      | 33,135  | (3,634)               |
| Fixed payer | 4.5275%                                  | LIBOR @ 65%                                     | 10/5/00                   | 8/1/15                      | 26,080  | (2,473)               |
| Fixed payer | 4.6600%                                  | LIBOR @ 65%                                     | 11/18/08                  | 2/1/16                      | 14,930  | (1,402)               |
| Fixed payer | 4.9500%                                  | LIBOR @ 65%                                     | 11/18/08                  | 8/1/23                      | 19,055  | (77)                  |
| Fixed payer | 3.8700%                                  | LIBOR @ 65%                                     | 11/18/08                  | 8/1/17                      | 25,000  | (2,321)               |

**Bonds**

| <u>Bond Issue</u>  | <u>Type of Bond</u> | <u>Interest Rate Range</u> |   | <u>Final Maturity Date</u> | <u>Outstanding Fixed</u> | <u>Outstanding Variable</u> | <u>Total</u> |
|--|---------------------|----------------------------|---|----------------------------|--------------------------|-----------------------------|--------------|
| 2008 Series G  | Taxable             |                            |   | 2025                       | 50,000                   |                             | 50,000       |
| 2008 Series H  | Taxable             |                            |   | 2020                       | 93,825                   |                             | 93,825       |
| 2008 Series I  | Taxable             |                            |   | 2042                       |                          | 17,000                      | 17,000       |
| 2008 Series I  | Taxable             |                            |   | 2042                       |                          | 13,990                      | 13,990       |
| 2008 Series I  | Taxable             |                            |   | 2042                       |                          | 80,615                      | 80,615       |
| 2008 Series J  | Tax-Exempt          | 3.950%                     | - | 5.125%                     | 2018                     | 75,545                      | 75,545       |
| 2008 Series K  | Tax-Exempt          | 5.300%                     | - | 5.600%                     | 2038                     | 220,475                     | 220,475      |
| 2008 Series L  | Tax-Exempt          | 2.550%                     | - | 5.550%                     | 2038                     | 186,980                     | 186,980      |
| 2008 Series M  | Tax-Exempt          | 5.750%                     | - | 5.950%                     | 2025                     | 60,210                      | 60,210       |
| <b>Housing Program Bonds:</b>  |                     |                            |   |                            |                          |                             |              |
| 2004 Series A  | Tax-Exempt          |                            |   | 0.240%                     | 2036                     | 28,000                      | 28,000       |
| 2006 Series A  | Tax-Exempt          | 4.750%                     | - | 4.950%                     | 2036                     | 47,090                      | 47,090       |
| 2006 Series B - SF   | Taxable             |                            |   | 0.250%                     | 2036                     | 6,655                       | 6,655        |
| 2006 Series B - MF   | Taxable             |                            |   | 0.250%                     | 2036                     | 44,450                      | 44,450       |
| <b>Housing Mortgage Bonds:</b>   |                     |                            |   |                            |                          |                             |              |
| 2009 Series A  | Tax-Exempt          | 6.250%                     | - | 12.000%                    | 2038                     | 49,370                      | 49,370       |
| <b>Residential Mortgage Revenue Bonds:</b>   |                     |                            |   |                            |                          |                             |              |
| 2009 Series A-1  | Taxable             |                            |   | 0.010%                     | 2041                     | 900,000                     | 900,000      |
| 2009 Series A-2  | Tax-Exempt          |                            |   | 0.010%                     | 2041                     | 116,440                     | 116,440      |
| <b>Multifamily Loan Purchase Bonds:</b>  |                     |                            |   |                            |                          |                             |              |
| 2000 Series A  | Taxable             |                            |   | Variable                   | 2017                     | 44,922                      | 44,922       |
| <b>Variable Rate Demand Limited Obligation Multifamily Housing Revenue Bonds (Mission Gardens Apartments Project):</b>   |                     |                            |   |                            |                          |                             |              |
| 2009 Series A  | Tax-Exempt          |                            |   | 0.290%                     | 2041                     | 4,620                       | 4,620        |
| <b>Variable Rate Demand Limited Obligation Multifamily Housing Revenue Bonds (Montecito Village Apartments Project):</b> |                     |                            |   |                            |                          |                             |              |
| 2009 Series B  | Tax-Exempt          |                            |   | 0.290%                     | 2043                     | 6,325                       | 6,325        |
| <b>Limited Obligation Multifamily Housing Revenue Bonds (Fairmont Apartments Project):</b>                               |                     |                            |   |                            |                          |                             |              |
| 2009 Series C  | Tax-Exempt          | 4.250%                     | - | 7.000%                     | 2026                     | 1,413                       | 1,413        |
| <b>Multifamily Housing Revenue Bonds II:</b>   |                     |                            |   |                            |                          |                             |              |
| 1995 Series A  | Tax-Exempt          |                            |   | 6.250%                     | 2037                     | 2,765                       | 2,765        |
| 1995 Series C  | Taxable             | 8.000%                     | - | 8.100%                     | 2037                     | 19,560                      | 19,560       |
| 1996 Series A  | Tax-Exempt          |                            |   | 6.050%                     | 2027                     | 16,920                      | 16,920       |
| 1996 Series B  | Tax-Exempt          | 5.850%                     | - | 6.150%                     | 2022                     | 19,685                      | 19,685       |
| <b>Multifamily Housing Revenue Bonds III:</b>  |                     |                            |   |                            |                          |                             |              |
| 1997 Series A  | Tax-Exempt          | 5.850%                     | - | 6.050%                     | 2038                     | 60,040                      | 60,040       |
| 1998 Series A  | Tax-Exempt          | 4.850%                     | - | 5.500%                     | 2038                     | 28,445                      | 28,445       |
| 1998 Series B  | Tax-Exempt          | 4.850%                     | - | 5.500%                     | 2039                     | 70,260                      | 70,260       |
| 1998 Series C  | Tax-Exempt          | 4.600%                     | - | 5.300%                     | 2028                     | 7,975                       | 7,975        |
| 1999 Series A  | Tax-Exempt          | 4.700%                     | - | 5.375%                     | 2036                     | 31,635                      | 31,635       |
| 2000 Series A  | Tax-Exempt          |                            |   | 0.352%                     | 2035                     | 73,690                      | 73,690       |

Swaps

| <u>Type</u> | Fixed Rate<br>Paid By<br>Agency | Floating Rate<br>Received By<br>Agency | Effective<br>Date | Termination<br>Date | Outstanding<br>Notional/Applicable<br>Amount | Fair<br>Value |
|-------------|---------------------------------|--|-------------------|---------------------|--|---------------|
| Fixed payer | 6.1950%                         | LIBOR                                  | 8/1/02            | 8/1/14              | 17,000                                       | (1,777)       |
| Fixed payer | 7.1100%                         | LIBOR                                  | 11/18/08          | 8/1/22              | 40,785                                       | (10,270)      |

**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> |
|-------------------|---------------------|----------------------------|----------------------------|--------------------------|-----------------------------|--------------|
| 2000 Series B     | Tax-Exempt          |                            | 2031                       |                          | 1,445                       | 1,445        |
| 2000 Series B     | Tax-Exempt          |                            | 2031                       |                          | 4,695                       | 4,695        |
| 2000 Series C     | Tax-Exempt          |                            | 2033                       |                          | 45,260                      | 45,260       |
| 2000 Series D     | Tax-Exempt          |                            | 2031                       |                          | 13,495                      | 13,495       |
| 2001 Series C     | Taxable             |                            | 2041                       |                          | 10,730                      | 10,730       |
| 2001 Series D     | Tax-Exempt          |                            | 2022                       |                          | 720                         | 720          |
| 2001 Series E     | Tax-Exempt          |                            | 2036                       |                          | 47,755                      | 47,755       |
| 2001 Series F     | Tax-Exempt          |                            | 2032                       |                          | 13,240                      | 13,240       |
| 2001 Series G     | Tax-Exempt          |                            | 2036                       |                          | 41,400                      | 41,400       |
| 2001 Series G     | Tax-Exempt          |                            | 2036                       |                          | 9,435                       | 9,435        |
| 2001 Series H     | Taxable             |                            | 2036                       |                          | 14,715                      | 14,715       |
| 2002 Series A     | Tax-Exempt          |                            | 2037                       |                          | 9,330                       | 9,330        |
| 2002 Series A     | Tax-Exempt          |                            | 2037                       |                          | 7,385                       | 7,385        |
| 2002 Series B     | Tax-Exempt          |                            | 2035                       |                          | 24,670                      | 24,670       |
| 2002 Series C     | Tax-Exempt          |                            | 2037                       |                          | 6,295                       | 6,295        |
| 2002 Series C     | Tax-Exempt          |                            | 2037                       |                          | 15,805                      | 15,805       |
| 2002 Series D     | Tax-Exempt          |                            | 2035                       |                          | 4,305                       | 4,305        |
| 2002 Series E     | Tax-Exempt          |                            | 2037                       |                          | 15,045                      | 15,045       |
| 2002 Series E     | Tax-Exempt          |                            | 2037                       |                          | 39,580                      | 39,580       |
| 2003 Series C     | Tax-Exempt          |                            | 2038                       |                          | 13,930                      | 13,930       |
| 2003 Series C     | Tax-Exempt          |                            | 2038                       |                          | 14,135                      | 14,135       |
| 2003 Series C     | Tax-Exempt          |                            | 2038                       |                          | 14,205                      | 14,205       |
| 2004 Series A     | Tax-Exempt          |                            | 2034                       |                          | 19,025                      | 19,025       |
| 2004 Series B     | Tax-Exempt          |                            | 2039                       |                          | 12,260                      | 12,260       |
| 2004 Series B     | Tax-Exempt          |                            | 2039                       |                          | 6,365                       | 6,365        |
| 2004 Series B     | Tax-Exempt          |                            | 2039                       |                          | 5,415                       | 5,415        |
| 2004 Series B     | Tax-Exempt          |                            | 2039                       |                          | 15,080                      | 15,080       |
| 2004 Series B     | Tax-Exempt          |                            | 2039                       |                          | 1,725                       | 1,725        |
| 2004 Series C     | Tax-Exempt          |                            | 2037                       |                          | 8,175                       | 8,175        |
| 2004 Series D     | Tax-Exempt          |                            | 2039                       |                          | 49,830                      | 49,830       |
| 2005 Series A     | Tax-Exempt          |                            | 2035                       |                          | 2,300                       | 2,300        |
| 2005 Series B     | Tax-Exempt          |                            | 2038                       |                          | 2,620                       | 2,620        |
| 2005 Series B     | Tax-Exempt          |                            | 2038                       |                          | 15,835                      | 15,835       |
| 2005 Series B     | Tax-Exempt          |                            | 2038                       |                          | 3,895                       | 3,895        |
| 2005 Series C     | Tax-Exempt          | 3.300%                     | 4.900%                     | 2036                     | 8,545                       | 8,545        |
| 2005 Series D     | Tax-Exempt          |                            | 0.308%                     | 2038                     | 17,700                      | 17,700       |
| 2005 Series E     | Tax-Exempt          | 3.700%                     | 5.125%                     | 2038                     | 21,585                      | 21,585       |
| 2006 Series A     | Tax-Exempt          |                            | 0.308%                     | 2041                     | 7,485                       | 7,485        |
| 2006 Series A     | Tax-Exempt          |                            | 0.308%                     | 2041                     | 9,280                       | 9,280        |
| 2006 Series A     | Tax-Exempt          |                            | 0.308%                     | 2041                     | 4,215                       | 4,215        |
| 2007 Series A     | Tax-Exempt          | 3.850%                     | 4.750%                     | 2034                     | 4,510                       | 4,510        |
| 2007 Series B     | Tax-Exempt          |                            | 0.352%                     | 2040                     | 2,655                       | 2,655        |
| 2007 Series B     | Tax-Exempt          |                            | 0.352%                     | 2040                     | 6,180                       | 6,180        |
| 2007 Series C     | Tax-Exempt          |                            | 0.352%                     | 2042                     | 7,075                       | 7,075        |
| 2007 Series C     | Tax-Exempt          |                            | 0.352%                     | 2040                     | 14,080                      | 14,080       |
| 2008 Series A     | Tax-Exempt          |                            | 0.223%                     | 2040                     | 8,390                       | 8,390        |
| 2008 Series B     | Tax-Exempt          |                            |                            |                          |                             |              |
| 2008 Series B     | Tax-Exempt          |                            | 0.243%                     | 2036                     | 24,785                      | 24,785       |
| 2008 Series B     | Tax-Exempt          |                            | 0.243%                     | 2038                     | 28,025                      | 28,025       |
| 2008 Series B     | Tax-Exempt          |                            | 0.243%                     | 2042                     | 22,205                      | 22,205       |
| 2008 Series C     | Tax-Exempt          |                            | 0.267%                     | 2038                     | 8,725                       | 8,725        |
| 2008 Series C     | Tax-Exempt          |                            | 0.267%                     | 2036                     | 14,320                      | 14,320       |
| 2008 Series C     | Tax-Exempt          |                            | 0.267%                     | 2038                     | 5,000                       | 5,000        |

Swaps

| <u>Type</u> | <u>Fixed Rate<br/>Paid By<br/>Agency</u> | <u>Floating Rate<br/>Received By<br/>Agency</u> | <u>Effective<br/>Date</u> | <u>Termination<br/>Date</u> | <u>Outstanding<br/>Notional/Applicable<br/>Amount</u> | <u>Fair<br/>Value</u> |
|-------------|--|---|---------------------------|-----------------------------|---|-----------------------|
| Fixed payer | 4.5850%                                  | LIBOR @ 64%                                     | 7/12/00                   | 2/1/31                      | 1,445   | (256)                 |
| Fixed payer | 4.3950%                                  | LIBOR @ 64%                                     | 11/16/00                  | 2/1/31                      | 14,345  | (3,127)               |
| Fixed payer | 4.4520%                                  | SIFMA less .20%                                 | 6/28/01                   | 8/1/22                      | 2,470   | (362)                 |
| Fixed payer | 4.7120%                                  | SIFMA less .15%                                 | 6/28/01                   | 2/1/36                      | 47,755  | (9,660)               |
| Fixed payer | 4.0290%                                  | SIFMA less .20%                                 | 2/1/02                    | 2/1/32                      | 14,790  | (1,629)               |
| Fixed payer | 4.2050%                                  | SIFMA less .15%                                 | 2/1/02                    | 8/1/36                      | 43,125  | (6,340)               |
| Fixed payer | 4.5950%                                  | SIFMA less .15%                                 | 2/1/04                    | 2/1/34                      | 9,435   | (1,793)               |
| Fixed payer | 4.5000%                                  | SIFMA less .15%                                 | 8/1/02                    | 8/1/32                      | 16,980  | (2,910)               |
| Fixed payer | 4.8900%                                  | SIFMA less .15%                                 | 2/2/04                    | 2/1/37                      | 11,640  | (2,662)               |
| Fixed payer | 4.0370%                                  | SIFMA less .20%                                 | 2/1/03                    | 2/1/35                      | 24,670  | (3,249)               |
| Fixed payer | 4.4050%                                  | SIFMA less .15%                                 | 2/1/04                    | 2/1/37                      | 13,600  | (2,413)               |
| Fixed payer | 4.6380%                                  | SIFMA less .15%                                 | 8/1/05                    | 8/1/37                      | 16,030  | (3,238)               |
| Fixed payer | 4.0850%                                  | SIFMA less .20%                                 | 2/3/03                    | 2/1/35                      | 11,530  | (1,648)               |
| Fixed payer | 4.1510%                                  | SIFMA less .15%                                 | 2/3/03                    | 2/1/34                      | 15,045  | (2,203)               |
| Fixed payer | 4.5710%                                  | SIFMA less .15%                                 | 11/1/04                   | 8/1/37                      | 39,580  | (8,088)               |
| Fixed payer | 3.5560%                                  | LIBOR @ 60%+.26%                                | 2/1/04                    | 8/1/35                      | 14,185  | (866)                 |
| Fixed payer | 4.0260%                                  | LIBOR @ 60%+.26%                                | 8/1/05                    | 8/1/35                      | 15,150  | (1,197)               |
| Fixed payer | 4.1770%                                  | LIBOR @ 60%+.26%                                | 2/1/06                    | 8/1/38                      | 17,170  | (1,471)               |
| Fixed payer | 3.0590%                                  | LIBOR @ 60%+.21%                                | 8/1/04                    | 8/1/34                      | 20,510  | (1,744)               |
| Fixed payer | 3.6920%                                  | LIBOR @ 60%+.26%                                | 8/1/06                    | 8/1/36                      | 12,280  | (1,531)               |
| Fixed payer | 3.3860%                                  | LIBOR @ 60%+.26%                                | 8/1/04                    | 8/1/34                      | 6,390   | (290)                 |
| Fixed payer | 3.3300%                                  | LIBOR @ 60%+.26%                                | 8/1/04                    | 8/1/34                      | 5,200   | (421)                 |
| Fixed payer | 4.9783%                                  | SIFMA less .15%                                 | 8/1/06                    | 2/1/39                      | 14,790  | (2,511)               |
| Fixed payer | 4.5390%                                  | SIFMA less .15%                                 | 8/1/04                    | 8/1/34                      | 2,565   | (340)                 |
| Fixed payer | 3.4350%                                  | LIBOR @ 60%+.21%                                | 2/1/05                    | 8/1/25                      | 8,280   | (925)                 |
| Fixed payer | 3.5640%                                  | SIFMA less .20%                                 | 7/1/05                    | 8/1/35                      | 2,300   | (193)                 |
| Fixed payer | 3.9540%                                  | SIFMA less .15%                                 | 6/15/05                   | 8/1/35                      | 2,625   | (239)                 |
| Fixed payer | 4.0790%                                  | SIFMA less .15%                                 | 2/1/07                    | 2/1/37                      | 24,960  | (2,807)               |
| Fixed payer | 3.9570%                                  | SIFMA less .15%                                 | 8/1/07                    | 2/1/38                      | 3,915   | (355)                 |
| Fixed payer | 3.7010%                                  | LIBOR @ 60%+.26%                                | 2/1/06                    | 2/1/38                      | 31,060  | (4,716)               |
| Fixed payer | 4.042% + HR                              | 97% SIFMA & HR                                  | 6/15/06                   | 8/1/27                      | 7,485   | (845)                 |
| Fixed payer | 4.381% + HR                              | 97% SIFMA & HR                                  | 6/15/06                   | 8/1/39                      | 9,280   | (1,121)               |
| Fixed payer | 4.492% + HR                              | 97% SIFMA & HR                                  | 6/15/06                   | 2/1/41                      | 4,215   | (523)                 |
| Fixed payer | 3.9370%                                  | LIBOR @ 64%+.25%                                | 7/12/07                   | 2/1/22                      | 2,655   | (307)                 |
| Fixed payer | 4.2220%                                  | LIBOR @ 64%+.25%                                | 8/1/09                    | 2/1/40                      | 6,180   | (1,125)               |
| Fixed payer | 3.7280%                                  | LIBOR @ 63%+.30%                                | 2/1/08                    | 8/1/42                      | 10,740  | (830)                 |
| Fixed payer | 3.9190%                                  | LIBOR @ 63%+.30%                                | 11/1/09                   | 8/1/40                      | 14,080  | (2,196)               |
| Fixed payer | 3.2950%                                  | LIBOR @ 61%+.24%                                | 11/1/09                   | 8/1/40                      | 11,090  | (1,373)               |
| Fixed payer | 2.3250%                                  | SIFMA less ..5%                                 | 8/1/08                    | 8/1/10                      | 16,130  | (29)                  |
| Fixed payer | 3.3850%                                  | SIFMA less .15%                                 | 8/1/03                    | 8/1/36                      | 24,785  | (1,679)               |
| Fixed payer | 4.2950%                                  | SIFMA less .15%                                 | 11/18/08                  | 2/1/38                      | 28,060  | (2,810)               |
| Fixed payer | 3.8830%                                  | LIBOR @ 60%+.26%                                | 12/1/04                   | 8/1/38                      | 8,725   | (1,689)               |
| Fixed payer | 3.9680%                                  | LIBOR @ 60%+.26%                                | 7/1/05                    | 2/1/36                      | 14,320  | (2,686)               |
| Fixed payer | 4.0600%                                  | LIBOR @ 60%+.26%                                | 2/1/06                    | 8/1/38                      | 9,075   | (1,943)               |

| <u>Bonds</u>  |                     |                            |                            |                          |                             |                     |
|---|---------------------|----------------------------|----------------------------|--------------------------|-----------------------------|---------------------|
| <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 | Taxable             | 0.010%                     | 2051                       |                          | 380,530                     | 380,530             |
|   |                     |                            |                            | 2,956,725                | 5,938,175                   | 8,894,900           |
| Unamortized discount  |                     |                            |                            |                          |                             | (722)               |
| Unamortized premium   |                     |                            |                            |                          |                             | 15,826              |
| Unamortized deferred losses on refundings                   |                     |                            |                            |                          |                             | (4,188)             |
| Total Bonds   |                     |                            |                            | <u>\$ 2,956,725</u>      | <u>\$ 5,938,175</u>         | <u>\$ 8,905,816</u> |

Swaps

| <u>Type</u> | <u>Fixed Rate<br/>Paid By<br/>Agency</u> | <u>Floating Rate<br/>Received By<br/>Agency</u> | <u>Effective<br/>Date</u> | <u>Termination<br/>Date</u> | <u>Outstanding<br/>Notional/Applicable<br/>Amount</u> | <u>Fair<br/>Value</u> |
|-------------|--|---|---------------------------|-----------------------------|---|-----------------------|
|-------------|--|---|---------------------------|-----------------------------|---|-----------------------|

|  |  |  |  |  |                     |                     |
|--|--|--|--|--|---------------------|---------------------|
|  |  |  |  |  | <u>\$ 3,427,210</u> | <u>\$ (329,683)</u> |
|--|--|--|--|--|---------------------|---------------------|

**Debenture Note Payable:** In October 2004, a Development known as “Ridgeway Apartments,” situated in Marin City, California, defaulted on its loan, which was insured by FHA under the Risk Sharing Act, with 50% of the risk covered by FHA. In May 2005, the Agency submitted a claim under the Risk Sharing Act, which FHA paid on May 13, 2005, in the amount of \$23,133,890, representing the unpaid principal balance of this loan in the amount of \$22,117,043 plus unpaid interest of \$1,016,847. On June 8, 2005, the amount representing the unpaid principal balance of the loan was used to redeem the respective multifamily housing revenue bonds issued to fund the loan, and the loan has been transferred to the Agency’s HAT.

In place of the bonds the Agency’s obligation is to HUD in the form of a “debenture note payable”, due May 13, 2010 with annual interest payments at a rate of 6.75%. The debenture note payable may be paid earlier upon the loan default being resolved (which may include the loan default being cured). The debenture note was fully paid on September 15, 2009.

**Bank Bonds:** Under standby bond purchase agreements for the Agency’s variable rate demand obligations “VRDO”, if the Agency’s variable rate bonds cannot be remarketed, the banks under the agreement are required to buy the bonds from the bondholders. These bonds may be remarketed or may be subject to mandatory redemptions at a later date. As of June 30, 2009, the Agency had a total outstanding bank bond balance of \$325,970,000. As of June 30, 2010, the Agency had no outstanding bank bonds.

**Note Payable:** The Agency entered into a loan agreement with Citibank N.A. on March 1, 2010. The Agency received funds to use for special bond redemptions in exchange for a total note payable of \$95,073,353. The loan is collateralized by the Multifamily loan receivables. The Agency collects and remits the mortgage payments less servicing fees to Citibank on 35 Multifamily loans. As of June 30, 2010, the Citibank loans note payable balance is \$93,853,705, as included in Notes Payable in the combined balance sheets.

Changes in bonds and debenture notes payable for the year ended June 30, 2010 and 2009 are as follows (dollars in thousands):

|                                       | <b>2010</b>          | <b>2009</b>          |
|---------------------------------------|----------------------|----------------------|
|                                       | <b>Combined</b>      | <b>Combined</b>      |
|                                       | <b><u>Totals</u></b> | <b><u>Totals</u></b> |
| Beginning of year balance             | \$ 8,243,621         | \$ 8,617,579         |
| New bonds issued                      | 1,398,383            | 310,945              |
| Scheduled maturities                  | (131,491)            | (122,818)            |
| Redemptions                           | (607,194)            | (564,753)            |
| Bond accretions                       | 3,110                | 3,335                |
| Amortized discount                    | 64                   | 61                   |
| Amortized premium                     | (1,700)              | (1,238)              |
| Amortized deferred loss               | 1,023                | 716                  |
| Additions to deferred loss            |                      | (179)                |
| Reclassified premium as deferred loss |                      | (27)                 |
| End of year balance                   | <u>\$ 8,905,816</u>  | <u>\$ 8,243,621</u>  |
| Current portion                       | \$ 158,969           | \$ 136,370           |
| Noncurrent portion                    | 8,746,847            | 8,107,251            |
| Total                                 | <u>\$ 8,905,816</u>  | <u>\$ 8,243,621</u>  |

**Variable Rate Debt and Debt Service Requirements:** The Agency’s variable rate debt is typically related to 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, 2010, 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).

| <b>Fiscal Year</b><br><b>Ending June 30</b> | <b>Fixed/Variable</b><br><b>Unswapped</b> |                     | <b>Variable</b><br><b>Swapped</b> |                   | <b>Interest Rate</b><br><b>Swaps, Net</b> | <b>Total</b>         |
|---|---|---------------------|-----------------------------------|-------------------|---|----------------------|
|   | <b>Principal</b>                          | <b>Interest</b>     | <b>Principal</b>                  | <b>Interest</b>   |   |                      |
| 2011  | \$ 124,368                                | \$157,375           | \$ 34,607                         | \$ 13,022         | \$ 126,431                                | \$ 455,803           |
| 2012  | 131,507                                   | 153,764             | 48,694                            | 13,499            | 117,099                                   | 464,564              |
| 2013  | 126,590                                   | 151,936             | 62,277                            | 13,229            | 108,230                                   | 462,261              |
| 2014  | 120,695                                   | 148,718             | 69,659                            | 12,908            | 100,068                                   | 452,048              |
| 2015  | 123,664                                   | 144,718             | 76,828                            | 12,581            | 92,493                                    | 450,284              |
| 2016-2020                                   | 707,654                                   | 635,342             | 473,054                           | 57,229            | 365,998                                   | 2,239,277            |
| 2021-2025                                   | 738,804                                   | 489,248             | 556,237                           | 46,340            | 242,689                                   | 2,073,318            |
| 2026-2030                                   | 786,414                                   | 338,427             | 686,709                           | 34,932            | 159,558                                   | 2,006,039            |
| 2031-2035                                   | 758,582                                   | 212,541             | 785,363                           | 18,203            | 77,068                                    | 1,851,758            |
| 2036-2040                                   | 573,226                                   | 88,660              | 314,419                           | 4,706             | 14,652                                    | 995,663              |
| 2041-2045                                   | 1,162,328                                 | 15,869              | 49,946                            | 513               | 358                                       | 1,229,014            |
| 2046-2050                                   | 2,745                                     | 4,995               |                                   |                   |   | 7,740                |
| 2051-2055                                   | 380,530                                   | 1,504               |                                   |                   |   | 382,034              |
| <b>Total</b>                                | <b>\$ 5,737,107</b>                       | <b>\$ 2,543,097</b> | <b>\$ 3,157,793</b>               | <b>\$ 227,162</b> | <b>\$ 1,404,644</b>                       | <b>\$ 13,069,803</b> |

**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), the exceptions are listed under Basis Risk Associated with Interest Rate Swaps. Synthetic fixed rates provide the Agency with a significantly lower fixed cost of funds compared to issuing fixed-rate bonds; however, the increased risks related to the synthetic fixed rates have the effect of increasing costs to the Agency.

**Terms, Fair Value and Credit Risk:** The terms, including the fair values, of the outstanding fixed payer swaps as of June 30, 2010 are summarized in the previous bonds payable and swaps table. The terms, including fair values, of the outstanding basis swaps are summarized in the table under Basis Risk Associated with Interest Rate Swaps.

As of June 30, 2010, the fair value of the swaps is reported as “Derivative Swap Asset” within “Other assets and deferred outflow” in the combined balance sheets or as “Derivative Swap Liability” within “Other liabilities and deferred inflow.” The cumulative gain or loss on the fair value of the effective swaps is reported as “Other assets and deferred outflows” or “Other liabilities and deferred inflows” in the combined balance sheets. Alternatively, the gain or loss on the fair value of the ineffective swaps is reported as “Investment revenues” in “Other revenues” in the combined statements of revenues, expenses and changes in Fund equity. The Agency did not pay or receive any cash when the swap transactions were initiated except for in-substance assignments. The following table summarizes the swap fair value activity in the combined balance sheets and the combined statements of revenues, expenses, and changes in Fund equity (dollars in thousands):

|  | <b>As of and for</b><br><b>the Fiscal</b><br><b>Year Ended</b><br><b>June 30, 2010</b> |
|--|--|
| Combined Balance Sheets:   |  |
| Derivative swap asset  | \$ 287   |
| Other assets and deferred outflows                                     | 292,762  |
| Derivative swap liability  | 329,689  |
| Combined Statements of Revenues, Expenses, and Changes in Fund Equity: |  |
| Investment revenues  | \$ (26,815)  |

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, 2010, the Agency executes interest rate swap transactions with 13 swap counterparties. All of the Agency's interest rate swap agreements require the Agency to post collateral if its general obligation credit ratings, as issued by Moody's and Standard and Poor's fall below a certain level or if the fair value of the swaps fall below a certain threshold. The collateral can be posted in several forms in the amount of the fair value of the interest rate swaps. If the Agency does not post collateral, the interest rate swap can be terminated by the counterparty. As of June 30, 2010, the Agency had a total cash and fair market value of Fannie Mae securities posted as collateral with swap counterparties in the amount of \$33,420,000 and \$42,856,934, respectively, as included in "Other assets" and "Investments" in the combined balance sheets.

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 \$329,683,000 as of June 30, 2010. 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, 2010, the Agency's swap portfolio had an aggregate asset position of \$287,000. 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 \$329,688,000 in swap liabilities. Therefore, the Agency has no net exposure to credit risk.

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

| <u>Moody's</u> | <u>Standard &amp; Poors</u> | <u>Outstanding Notional Amount</u> | <u>Number of Swap Transactions</u> |
|----------------|-----------------------------|------------------------------------|------------------------------------|
| Aaa            | AA                          | \$ 25,000                          | 1                                  |
| Aa1            | AAA                         | 302,555                            | 10                                 |
| Aa1            | AA-                         | 862,380                            | 22                                 |
| Aa2            | AA                          | 73,705                             | 2                                  |
| Aa3            | AAA                         | 71,845                             | 7                                  |
| Aa3            | A+                          | 396,565                            | 18                                 |
| A1             | A+                          | 27,220                             | 2                                  |
| A2             | A                           | 980,350                            | 37                                 |
| A3             | A                           | 453,905                            | 12                                 |
| A3             | A-                          | 233,685                            | 8                                  |
|                |                             | <u>\$ 3,427,210</u>                | <u>119</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.

Four swap formulas have been used by the Agency beginning with 65% of LIBOR, then 60% of LIBOR plus 0.26%, then 64% of LIBOR plus 0.25%, and finally, 63% plus of LIBOR plus 0.24%. As of June 30, 2010, the SIFMA rate was 0.25%, 65% of the one-month LIBOR was 0.22% and 63% of the one-month LIBOR plus 0.24% was 0.46%. The swap formula will continue to be monitored for its effectiveness in the case that the Agency chooses to enter into any future interest rate swaps. In addition, the Agency holds 8 basis swaps as a means to change the variable rate formula received for \$261,405,000 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 (dollars in thousands):

| <u>Bond Issue</u>               | <u>Variable Rate<br/>Paid By<br/>Agency</u> | <u>Floating Rate<br/>Received By<br/>Agency */**</u> | <u>Effective<br/>Date</u> | <u>Termination<br/>Date</u> | <u>Outstanding<br/>Notional/Applicable<br/>Amount</u> | <u>Fair<br/>Value</u> |
|---------------------------------|---|--|---------------------------|-----------------------------|---|-----------------------|
| Home Mortgage<br>Revenue Bonds: |   |  |                           |                             |   |                       |
| 2000 Series C                   | LIBOR @ 65%                                 | LIBOR @ 85%-0.019%                                   | 2/1/04                    | 2/1/17                      | \$ 37,345   | \$ 73                 |
| 2000 Series J                   | LIBOR @ 65%                                 | LIBOR @ 85%-0.019%                                   | 2/1/04                    | 8/1/30                      | 25,225  |                       |
| 2000 Series U                   | LIBOR @ 65%                                 | LIBOR @ 85%-0.019%                                   | 2/1/04                    | 8/1/15                      | 26,080  | 51                    |
| 2000 Series X-2                 | LIBOR @ 65%                                 | LIBOR @ 85%-0.019%                                   | 2/1/04                    | 8/1/31                      | 28,165  | 13                    |
| 2001 Series N                   | LIBOR @ 65%                                 | LIBOR @ 85%-0.019%                                   | 2/1/04                    | 8/1/18                      | 12,135  | 20                    |
| 2002 Series B                   | LIBOR @ 65%                                 | LIBOR @ 85%-0.019%                                   | 2/1/04                    | 8/1/27                      | 38,780  | (3)                   |
| 2002 Series F                   | LIBOR @ 65%                                 | LIBOR @ 85%-0.019%                                   | 2/1/04                    | 2/1/24                      | 52,075  | 54                    |
| 2002 Series M                   | LIBOR @ 65%                                 | LIBOR @ 85%-0.019%                                   | 2/1/04                    | 8/1/22                      | 41,600  | 78                    |
|                                 |   |  |                           |                             | <u>\$ 261,405</u>                                     | <u>\$ 286</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, 2010.

**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.

**Overhedged Bonds:** All notional amounts (or “applicable amounts”) of the fixed payer swaps match the principal amounts of the associated debt with the following exceptions (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 C *                        |                          | \$ 37,345                   | \$ 37,345             | \$ 73             |
| 2000 Series J *                        | \$ 15,800                | 23,545                      | 7,745                 | (1,657)           |
| 2000 Series N                          | 28,190                   | 29,915                      | 1,725                 | (7)               |
| 2000 Series U *                        |                          | 26,080                      | 26,080                | 51                |
| 2000 Series X2 *                       | 23,190                   | 28,165                      | 4,975                 | (914)             |
| 2001 Series N *                        |                          | 10,780                      | 10,780                | (906)             |
| 2001 Series U                          | 49,610                   | 51,040                      | 1,430                 | (160)             |
| 2002 Series F *                        |                          | 45,070                      | 45,070                | (5,337)           |
| 2002 Series P                          |                          | 53,670                      | 53,670                | (4,858)           |
| 2002 Series Q                          | 12,975                   | 13,310                      | 335                   | (27)              |
| 2003 Series D                          | 35,640                   | 35,725                      | 85                    | (3)               |
| 2003 Series F                          | 44,210                   | 44,680                      | 470                   | (15)              |
| 2003 Series M                          | 47,790                   | 48,270                      | 480                   | (24)              |
| 2004 Series E                          | 50,690                   | 51,755                      | 1,065                 | (71)              |
| 2004 Series I                          |                          | 5,305                       | 5,305                 | (83)              |
| 2004 Series I                          |                          | 17,065                      | 17,065                | (1,834)           |
| 2005 Series B                          | 37,640                   | 37,830                      | 190                   | (9)               |
| 2005 Series G                          |                          | 12,225                      | 12,225                | (217)             |
| 2005 Series G                          |                          | 19,060                      | 19,060                | (443)             |
| 2006 Series A                          |                          | 31,535                      | 31,535                | (681)             |
| 2006 Series F                          | 43,130                   | 60,000                      | 16,870                | (2,099)           |
| 2008 Series E                          | 7,865                    | 19,055                      | 11,190                | (45)              |
| 2008 Series I                          | 13,990                   | 40,785                      | 26,795                | (6,747)           |
| Multifamily Housing Revenue Bonds III: |                          |                             |                       |                   |
| 2000 Series D                          | 13,495                   | 14,345                      | 850                   | (185)             |
| 2001 Series D                          | 720                      | 2,470                       | 1,750                 | (257)             |
| 2001 Series F                          | 13,240                   | 14,790                      | 1,550                 | (171)             |
| 2001 Series G                          | 41,400                   | 43,125                      | 1,725                 | (254)             |
| 2002 Series A                          | 9,330                    | 16,980                      | 7,650                 | (1,311)           |
| 2002 Series A                          | 7,385                    | 11,640                      | 4,255                 | (973)             |
| 2002 Series C                          | 6,295                    | 13,600                      | 7,305                 | (45)              |
| 2002 Series C                          | 15,805                   | 16,030                      | 225                   | (1,296)           |
| 2002 Series D                          | 4,305                    | 11,530                      | 7,225                 | (1,033)           |
| 2003 Series C                          | 13,930                   | 14,185                      | 255                   | (16)              |
| 2003 Series C                          | 14,135                   | 15,150                      | 1,015                 | (80)              |
| 2003 Series C                          | 14,205                   | 17,170                      | 2,965                 | (254)             |
| 2004 Series A                          | 19,025                   | 20,510                      | 1,485                 | (126)             |
| 2004 Series B                          | 12,260                   | 12,280                      | 20                    | (2)               |
| 2004 Series B                          | 6,365                    | 6,390                       | 25                    | (1)               |
| 2004 Series B                          | 1,725                    | 2,565                       | 840                   | (111)             |
| 2004 Series C                          | 8,150                    | 8,280                       | 130                   | (15)              |
| 2005 Series B                          | 2,620                    | 2,625                       | 5                     |                   |
| 2005 Series B                          | 15,835                   | 24,960                      | 9,125                 | (1,026)           |
| 2005 Series B                          | 3,895                    | 3,915                       | 20                    | (2)               |
| 2005 Series D                          | 17,700                   | 31,060                      | 13,360                | (2,029)           |
| 2007 Series C                          | 7,075                    | 10,740                      | 3,665                 | (283)             |
| 2008 Series A                          | 8,390                    | 11,090                      | 2,700                 | (334)             |
| 2008 Series B                          |                          | 16,130                      | 16,130                | (29)              |
| 2008 Series B                          | 28,025                   | 28,060                      | 35                    | (4)               |
| 2008 Series C                          | 5,000                    | 9,075                       | 4,075                 | (873)             |
| Total                                  | \$ 701,030               | \$ 1,120,905                | \$ 419,875            | \$ (36,723)       |

\*Includes Basis Swap.

**Borrowings Payable for Interest Rate Swaps:** The Agency transfers excess interest rate swap notional (or applicable) amounts between variable rate bond series. Generally, the transfers result in derivative instruments with off-market terms. The Agency establishes a borrowing payable in the amount of the swap fair value at the time of transfer and amortizes it over the life of the swap. The borrowing payable is reported as “Other liabilities and deferred inflows” in the combined balance sheets and the amortization is reported as “Interest” in the combined statements of revenues, expenses, and changes in Fund equity. The borrowings payable as of June 30, 2010 are as follows (dollars in thousands):

|                                       | <u>Maturity Date</u> | <u>Outstanding</u> |
|---------------------------------------|----------------------|--------------------|
| Home Mortgage Revenue Bonds:          |                      |                    |
| 2008 Series C                         | 2/1/23               | \$ 452             |
| 2008 Series C                         | 8/1/22               | 1,425              |
| 2008 Series C                         | 8/1/24               | 1,439              |
| 2008 Series C                         | 2/1/24               | 764                |
| 2008 Series C                         | 8/1/32               | 819                |
| 2008 Series D                         | 2/1/21               | 1,246              |
| 2008 Series D                         | 8/1/30               | 412                |
| 2008 Series D                         | 8/1/20               | 292                |
| 2008 Series D                         | 8/1/18               | 127                |
| 2008 Series D                         | 8/1/32               | 344                |
| 2008 Series E                         | 8/1/15               | 1,425              |
| 2008 Series I                         | 8/1/14               | 791                |
| Multifamily Housing Revenue Bonds III |                      |                    |
| 2008 Series C                         | 8/1/38               | 699                |
| 2008 Series C                         | 2/1/36               | 1,194              |
| 2008 Series C                         | 8/1/38               | 899                |
| Total                                 |                      | <u>\$ 12,328</u>   |

The following table provides a summary of the amortization of the borrowings payable for the next five years and in five year increments thereafter (dollars in thousands):

| <u>Fiscal Year</u> | <u>Ending June 30</u> | <u>Amortization</u> |
|--------------------|-----------------------|---------------------|
|                    | 2011                  | \$ 1,646            |
|                    | 2012                  | 1,464               |
|                    | 2013                  | 1,226               |
|                    | 2014                  | 968                 |
|                    | 2015                  | 776                 |
|                    | 2016-2020             | 3,140               |
|                    | 2021-2025             | 1,961               |
|                    | 2026-2030             | 832                 |
|                    | 2031-2035             | 271                 |
|                    | 2036-2038             | 44                  |
| Total              |                       | <u>\$ 12,328</u>    |

**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, 2010 and 2009, the Fund had liabilities to the IRS totaling \$4,972,000 and \$7,590,000 respectively reported in the combined balance sheets as “Due to other Government entities.” The net effect of changes in the liability account has been recorded as an increase in “Interest income from investments” in the combined statements of revenues, expenses and changes in Fund equity.

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. Most of the excess yield occurred between 2000 and 2005 when bond variable rates were low compared to mortgage rates. As of June 30, 2010 and 2009, the Fund had liabilities to the IRS totaling \$14,417,000 and \$11,840,000 respectively reported in the combined balance sheets as "Due to other Government entities." The net effect of this change is recorded as an increase in "Interest income from program loans and loan agreements" in the combined statements of revenues, expenses and changes in Fund equity. The Agency will continue to monitor the status of mortgage yield compliance to mitigate further liability.

**Note 9 – EXTINGUISHMENT OF DEBT**

For the year ended June 30, 2010, the Agency did not economically refund any of its bond indebtedness and therefore incurred no loss on the extinguishment of debt. However, the Agency recorded a gain of \$3,130,935 on early extinguishment of debt. For the year ended June 30, 2009, the Agency extinguished certain Homeownership Program debt. A summary of the loss from the extinguishment of Homeownership Programs' debt is as follows (dollars in thousands):

|                                 |           |
|---------------------------------|-----------|
| Unmatured principal             | \$ 38,390 |
| Unamortized bond issuance costs | (61)      |
| Unamortized underwriter's fees  | (145)     |
| Unamortized premiums            | 27        |
| Net obligation defeased         | 38,211    |
| Less proceeds disbursed         | 38,390    |
| Deferred loss on defeasance     | \$ (179)  |

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

The Fund contributes to the Public Employees' Retirement Fund ("PERF") as part of the State of California, the primary government. The PERF is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employment Retirement System ("CalPERS"). CalPERS provides retirement, death, disability and post retirement health care benefits to members as established by state statute. CalPERS issues a publicly available Comprehensive Annual Financial Report ("CAFR") that includes financial statements and required supplementary information for the Public Employees' Retirement Fund. A copy of that report may be obtained from CalPERS, Central Supply, P.O. Box 942715, Sacramento, CA 95229-2715 or via the internet at [www.calpers.ca.gov](http://www.calpers.ca.gov).

For the CalPERS fiscal years ended June 30, 2010 and 2009 the employer contribution rates were 16.917% - 16.737% and 16.574% - 16.633%, respectively.

The Fund's contributions to the PERF for the years ended June 30, 2010 and 2009 were \$5,335,130 and \$2,551,982, respectively, equal to the required contributions for each fiscal year.

Required contributions are determined by actuarial valuation using the individual entry age normal actuarial cost method. The most recent actuarial valuation available is as of June 30, 2007 which actuarial assumptions included (a) 7.75% investment rate of return compounded annually, (b) projected salary increases that vary based on duration of service, and (c) overall payroll growth factor of 3.25% annually. Both (a) and (c) included an inflation component of 3% compounded annually and a .25% per annum productivity increase assumption.

The most recent actuarial valuation of the PERF indicated that there was an unfunded actuarial accrued liability. The amount of the under funded liability applicable to each agency or department cannot be determined. For trend information, which presents CalPERS progress in accumulating sufficient assets to pay benefits when due, please see the June 30, 2010 CalPERS CAFR.

GASB Statement 45 requires states and local governments to publicly disclose the future dollar amount of their obligations to pay for Other Postemployment Benefits "OPEB", like healthcare, that are provided to retired employees, including retired public employees. The OPEB is a cost-sharing multiple-employer defined benefit healthcare plan administered by CalPERS. The State of California is required to include the information in its financial reports. State Controller's Office sets the employer contribution rate based on the annual required contribution of the employers "ARC", an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Agency's estimated unfunded OPEB costs were \$7,382,000 and \$4,594,000 for the year ended June 30, 2010 and June 30, 2009. This liability was added to Personal Services at the end of fiscal year. CalPERS issues a publicly available CAFR that includes financial statements and required supplementary information for the OPEB.

**Note 11 – COMMITMENTS**

As of June 30, 2010, the Agency had outstanding commitments and conditionally approved loan reservation to fund Homeownership Program loans totaling \$670,160 and had no outstanding commitments to fund Multifamily Program loans. As of June 30, 2010, the Agency had proceeds available from bonds issued to fund \$57,440,115 of Homeownership Program loans and \$11,212,504 of Multifamily Program loans.

**Note 12 – 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. Quarterly the Fund charges the Mortgage Insurance Fund for these expenses.

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

Subsequently, the Agency Executive Director established an inter-fund credit agreement in the amount of \$10,000,000 in which the Mortgage Insurance Fund may borrow from the Fund as needed for the purpose of paying claims arising out of policies of mortgage guarantee insurance and costs and expenses related to the payment of such claims. Interest rate(s) and repayment terms are determined upon receipt of a request to draw on this credit facility. The Mortgage Insurance Fund had not requested a draw on this credit through June 30, 2010.

In March 2010, the Acting Executive director, under authority provided in Board Resolution 03-19, amended the Interfund Indemnity Agreement. Resolution 03-19 authorized the Executive Director of the Agency to create one or more supplementary reserve accounts within the Supplementary Bond Security Account of CHFF to indemnify the Mortgage Insurance Fund for losses incurred or to pay claims 2010, the amendment places a limitation on the indemnity obligation to an aggregate amount not to exceed \$135 million.

On April 14, 2010, the Reinsurance Treaty with Genworth was amended. The amendment confirms Genworth will pay reinsurance amount (75% of net loss) payable under the Reinsurance Agreement directly to servicers acting on behalf of the Insureds and not to the Fund or the Agency.

**Note 13 – 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 combined financial statements.

**Note 14 – RESTATEMENT OF BEGINNING FUND EQUITY**

The beginning fund equity balance at July 1, 2009 has been restated in fiscal year 2010 to reflect the cumulative effect of adoption of GASB 53 from prior years as shown on the Statements of Revenue, Expenses and Changes in Fund Equity. Beginning fund equity balance at July 1, 2009 has been restated as follows:

|  | July 1, 2009        |
|--|---------------------|
| Fund equity at beginning of year, as originally stated | \$ 1,747,468        |
| Cumulative effect of adoption of GASB 53               | <u>(19,297)</u>     |
| Fund equity at beginning of year, as restated          | <u>\$ 1,728,171</u> |

**Note 15 – SUBSEQUENT EVENTS**

In August 2010, the HHF received an additional \$476,257,070 in federal funding for unemployment programs and another allocation of \$799,476,956 was added in September 2010. The HHF now has a total of \$1,975,334,026 for programs that will be able to assist struggling homeowners throughout the State. The programs under HHF will be voluntary. The Agency intends to participate in each program as is currently involved in beta testing a few of the programs.

On September 1, 2010, the Federal Government extended the deadline to draw funds from escrow for the NIBP program from December 31, 2010 to December 31, 2011 and increased the maximum number of permitted draws from escrow from three to six (no more than one draw is permitted in any 30-day period). Also, the Agency has the option to relock the current interest rate of 3.49% at a lower rate.

On October 26, 2010, Moody’s Investors Services downgraded the Agency’s issuer credit rating to A2 from A1 with negative outlook. The downgrade is based on the erosion of the Agency’s fund balances, profitability and liquidity as a result of single family mortgage loan delinquencies and foreclosures, risks related to the Agency’s high level exposure of variable rate debt, and uncertainty about future financial growth.

This does not affect the rating on the Agency’s HMRB which was confirmed at A3 with a negative outlook and taken off of the watchlist. Despite a severe increase in mortgage delinquencies and foreclosures, Moody’s expects the HMRB program will have sufficient resources to withstand stress losses at a level consistent with the current rating. Additionally, strong efforts by management to enhance the servicing of delinquent loans, a moderate improvement in delinquency trends over the past six months, and the availability of the \$1,975,334,026 of federal HHF aid being administered by CalHFA are factors that point to moderation of mortgage losses going forward.

\* \* \* \* \*

**CALIFORNIA HOUSING FINANCE FUND**  
**SUPPLEMENTAL COMBINING BALANCE SHEET**  
**WITH ADDITIONAL COMBINING INFORMATION**  
**June 30, 2010**

(Dollars in Thousands)

|  | HOMEOWNERSHIP<br>PROGRAMS | MULTIFAMILY<br>RENTAL<br>HOUSING<br>PROGRAMS | OTHER<br>PROGRAMS<br>AND<br>ACCOUNTS | COMBINED<br>TOTALS   |
|--|---------------------------|--|--------------------------------------|----------------------|
| <b>ASSETS</b>                              |                           |  |                                      |                      |
| Current assets:                            |                           |  |                                      |                      |
| Cash and cash equivalents                  | \$ 1,072,579              | \$ 382,694                                   | \$ 57,142                            | \$ 1,512,415         |
| Investments                                | 1,071,804                 | 116,218                                      | 873,567                              | 2,061,589            |
| Current portion - program loans receivable | 89,214                    | 61,095                                       | 103,440                              | 253,749              |
| Interest receivable - Program loans        | 23,753                    | 6,631  | 5,024                                | 35,408               |
| Interest receivable - Investments          | 5,702                     | 703  | 1,456                                | 7,861                |
| Accounts receivable                        | 20,480                    | -  | 8,302                                | 28,782               |
| Due from (to) other funds                  | (43,120)                  | (205)  | 43,325                               | -                    |
| Other assets                               | 61                        | 441  | 33,499                               | 34,001               |
| Total current assets                       | <u>2,240,473</u>          | <u>567,577</u>                               | <u>1,125,755</u>                     | <u>3,933,805</u>     |
| Noncurrent assets:                         |                           |  |                                      |                      |
| Investments                                | 154,175                   | 12,134                                       | 43,419                               | 209,728              |
| Program loans receivable                   | 5,209,348                 | 1,083,656                                    | 597,715                              | 6,890,719            |
| Due from (to) other funds                  | -                         | -  | -                                    | -                    |
| Deferred financing costs                   | 29,040                    | 5,096  | 20                                   | 34,156               |
| Other assets and deferred outflow          | 200,613                   | 77,629                                       | 216,351                              | 494,593              |
| Total Noncurrent assets                    | <u>5,593,176</u>          | <u>1,178,515</u>                             | <u>857,505</u>                       | <u>7,629,196</u>     |
| Total Assets                               | <u>\$ 7,833,649</u>       | <u>\$ 1,746,092</u>                          | <u>\$ 1,983,260</u>                  | <u>\$ 11,563,001</u> |
| <b>LIABILITIES AND FUND EQUITY</b>         |                           |  |                                      |                      |
| Current liabilities:                       |                           |  |                                      |                      |
| Bonds payable                              | \$ 132,112                | \$ 26,857                                    | -                                    | \$ 158,969           |
| Interest payable                           | 60,948                    | 18,142                                       | \$ 44,121                            | 123,211              |
| Due to (from) other government entities    | (61)                      | -  | 97,809                               | 97,748               |
| Compensated absences                       | -                         | -  | 4,358                                | 4,358                |
| Deposits and other liabilities             | 45,951                    | 602  | 346,911                              | 393,464              |
| Total current liabilities                  | <u>238,950</u>            | <u>45,601</u>                                | <u>493,199</u>                       | <u>777,750</u>       |
| Noncurrent liabilities:                    |                           |  |                                      |                      |
| Bonds and debenture notes payable          | 7,238,650                 | 1,508,199                                    | 93,854                               | 8,840,703            |
| Due to (from) other government entities    | 8,982                     | 9,859  | 547                                  | 19,388               |
| Other liabilities and deferred inflow      | -                         | 91,131                                       | 250,885                              | 342,016              |
| Deferred revenues                          | 7,408                     | 13   | 21,740                               | 29,161               |
| Total noncurrent liabilities               | <u>7,255,040</u>          | <u>1,609,202</u>                             | <u>367,026</u>                       | <u>9,231,268</u>     |
| Total Liabilities                          | <u>7,493,990</u>          | <u>1,654,803</u>                             | <u>860,225</u>                       | <u>10,009,018</u>    |
| Fund equity                                |                           |  |                                      |                      |
| Invested in capital assets                 | -                         | -  | 866                                  | 866                  |
| Restricted by indenture                    | 339,659                   | 91,289                                       | -                                    | 430,948              |
| Restricted by statute                      | -                         | -  | 1,122,169                            | 1,122,169            |
| Total Fund equity                          | <u>339,659</u>            | <u>91,289</u>                                | <u>1,123,035</u>                     | <u>1,553,983</u>     |
| Total Liabilities and Fund equity          | <u>\$ 7,833,649</u>       | <u>\$ 1,746,092</u>                          | <u>\$ 1,983,260</u>                  | <u>\$ 11,563,001</u> |

**CALIFORNIA HOUSING FINANCE FUND**  
**SUPPLEMENTAL COMBINING STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND EQUITY**  
**WITH ADDITIONAL COMBINING INFORMATION**

**June 30, 2010**

(Dollars in Thousands)

|  | HOMEOWNERSHIP<br>PROGRAMS | MULTIFAMILY<br>RENTAL<br>HOUSING<br>PROGRAMS | OTHER<br>PROGRAMS<br>AND<br>ACCOUNTS | COMBINED<br>TOTALS  |
|--|---------------------------|--|--------------------------------------|---------------------|
| <b>OPERATING REVENUES</b>                              |                           |  |                                      |                     |
| Interest income:                                       |                           |  |                                      |                     |
| Program loans and loan agreements -- net               | \$ 293,956                | \$ 76,326                                    | \$ 22,708                            | \$ 392,990          |
| Interest income - Investments -- net                   | 25,318                    | 3,724  | 11,180                               | 40,222              |
| Increase (decrease) in fair value of investments       | 17,612                    | (33)   | 1,315                                | 18,894              |
| Loan commitment fees                                   | 165                       | -  | 1,108                                | 1,273               |
| Other loan fees  | -                         | 146  | 27,699                               | 27,845              |
| Other revenues   | 3,689                     | (11,492)                                     | 56,600                               | 48,797              |
| Total Operating revenues                               | <u>340,740</u>            | <u>68,671</u>                                | <u>120,610</u>                       | <u>530,021</u>      |
| <b>OPERATING EXPENSES</b>                              |                           |  |                                      |                     |
| Interest   | 169,367                   | 52,933                                       | 95,721                               | 318,021             |
| Amortization of bond discount and bond premium         | (1,409)                   | 798  | -                                    | (611)               |
| Mortgage servicing fees                                | 16,276                    | 7  | 194                                  | 16,477              |
| Provision (reversal) for estimated loan losses         | 39,731                    | (9,479)                                      | 21,281                               | 51,533              |
| Operating expenses                                     | -                         | -  | 42,536                               | 42,536              |
| Other expenses   | 86,072                    | 27,416                                       | 177,115                              | 290,603             |
| Total Operating expenses                               | <u>310,037</u>            | <u>71,675</u>                                | <u>336,847</u>                       | <u>718,559</u>      |
| Operating income (loss) before transfers               | 30,703                    | (3,004)                                      | (216,237)                            | (188,538)           |
| Transfers (interfund)                                  | -                         | -  | 14,350                               | 14,350              |
| Transfers (intrafund)                                  | (146,015)                 | 17,780                                       | 128,235                              | -                   |
| Increase (decrease) in fund equity                     | <u>(115,312)</u>          | <u>14,776</u>                                | <u>(73,652)</u>                      | <u>(174,188)</u>    |
| Fund equity at beginning of year, as originally stated | 454,971                   | 79,469                                       | 1,213,028                            | 1,747,468           |
| Cumulative effect of adoption of GASB 53               | -                         | (2,956)                                      | (16,341)                             | (19,297)            |
| Fund equity at beginning of year, as restated          | <u>454,971</u>            | <u>76,513</u>                                | <u>1,196,687</u>                     | <u>1,728,171</u>    |
| Fund equity at end of year                             | <u>\$ 339,659</u>         | <u>\$ 91,289</u>                             | <u>\$ 1,123,035</u>                  | <u>\$ 1,553,983</u> |

**CALIFORNIA HOUSING FINANCE FUND**  
**SUPPLEMENTAL COMBINING STATEMENT OF CASH FLOWS**  
**WITH ADDITIONAL COMBINING INFORMATION**

**June 30, 2010**

(Dollars in Thousands)

|   | <b>HOMEOWNERSHIP<br/>PROGRAMS</b> | <b>MULTIFAMILY<br/>RENTAL<br/>HOUSING<br/>PROGRAMS</b> | <b>OTHER<br/>PROGRAMS<br/>AND<br/>ACCOUNTS</b> | <b>COMBINED<br/>TOTALS</b> |
|---|-----------------------------------|--|--|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                                   |  |  |                            |
| Receipts from customers   | \$ 297,397                        | \$ 77,258  | \$ 20,021                                      | \$ 394,676                 |
| Payments to suppliers   | (17,611)                          | (195)  | (16,884)                                       | (34,690)                   |
| Payments to employees   | -                                 | -  | (26,045)                                       | (26,045)                   |
| Internal activity - payments other funds  | -                                 | -  | -  | -                          |
| Other receipts (payments)   | 641,268                           | 126,792  | (189,652)                                      | 578,408                    |
| Net cash provided by (used for) operating activities  | <u>921,054</u>                    | <u>203,855</u>   | <u>(212,560)</u>                               | <u>912,349</u>             |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>  |                                   |  |  |                            |
| Intrafund transfers   | (146,015)                         | 17,780   | 128,235  | -                          |
| Changes in due to (from) other government entities  | 2,191                             | -  | (159,662)                                      | (157,471)                  |
| Net cash provided by (used for) noncapital financing activities   | <u>(143,824)</u>                  | <u>17,780</u>  | <u>(31,427)</u>                                | <u>(157,471)</u>           |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>   |                                   |  |  |                            |
| Proceeds from sales of bonds and notes payable  | 1,016,440                         | 381,943  | 94,432   | 1,492,815                  |
| Payment of bond principal   | (92,734)                          | (38,757)   | (578)  | (132,069)                  |
| Early bond redemptions  | (439,031)                         | (145,030)  | (23,134)                                       | (607,195)                  |
| Interest paid on debt   | (194,050)                         | (58,257)   | (106,078)                                      | (358,385)                  |
| Interfund transfers   | -                                 | -  | 14,350   | 14,350                     |
| Decrease (increase) in deferred financing costs   | (1,071)                           | (431)  | -  | (1,502)                    |
| Net cash provided by (used for) capital and related financing activities                                  | <u>289,554</u>                    | <u>139,468</u>   | <u>(21,008)</u>                                | <u>408,014</u>             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                                   |  |  |                            |
| Proceeds from maturity and sale of investments  | 2,033,230                         | 187,778  | 31,068,815                                     | 33,289,823                 |
| Purchase of investments   | (2,067,378)                       | (174,518)  | (30,861,683)                                   | (33,103,579)               |
| Interest on investments   | 26,030                            | 4,058  | 14,063   | 44,151                     |
| Net cash provided by (used for) investing activities  | <u>(8,118)</u>                    | <u>17,318</u>  | <u>221,195</u>                                 | <u>230,395</u>             |
| Net increase (decrease) in cash and cash equivalents  | 1,058,666                         | 378,421  | (43,800)                                       | 1,393,287                  |
| Cash and cash equivalents at beginning of year  | 13,913                            | 4,273  | 100,942  | 119,128                    |
| Cash and cash equivalents at end of year  | <u>\$ 1,072,579</u>               | <u>\$ 382,694</u>                                      | <u>\$ 57,142</u>                               | <u>\$ 1,512,415</u>        |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b> |                                   |  |  |                            |
| Operating income (loss)   | 30,703                            | (3,004)  | (216,237)                                      | (188,538)                  |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: |                                   |  |  |                            |
| Interest expense on debt  | 169,367                           | 52,933   | 95,721   | 318,021                    |
| Interest on investments   | (25,318)                          | (3,724)  | (11,180)                                       | (40,222)                   |
| Changes in fair value of investments  | (17,612)                          | 33   | (1,315)  | (18,894)                   |
| Accretion of capital appreciation bonds   | 3,110                             | -  | -  | 3,110                      |
| Amortization of bond discount   | 36                                | 28   | -  | 64                         |
| Amortization of deferred losses   | 254                               | 770  | -  | 1,024                      |
| Amortization of bond issuance costs   | 4,263                             | 1,417  | 10   | 5,690                      |
| Amortization of bond premium  | (1,700)                           | -  | -  | (1,700)                    |
| Amortization of deferred revenue  | (165)                             | -  | (1,108)  | (1,273)                    |
| Depreciation  | -                                 | -  | 218  | 218                        |
| Provision (reversal for estimated loan losses)  | 39,731                            | (9,479)  | 21,281   | 51,533                     |
| Provision for yield reduction payments  | 4,327                             | (1,751)  | -  | 2,576                      |
| Provision for nonmortgage investment excess   | (2,542)                           | (624)  | 548  | (2,618)                    |
| Changes in certain assets and liabilities:  |                                   |  |  |                            |
| Sale (Purchase) of program loans-net  | 635,342                           | 65,833   | (805,403)                                      | (104,228)                  |
| Collection of principal from program loans - net  | 20,251                            | 90,306   | 691,559  | 802,116                    |
| Interest receivable   | 3,441                             | 932  | (2,686)  | 1,687                      |
| Accounts receivable   | (7,593)                           | -  | (1,466)  | (9,059)                    |
| Due from (to) other funds   | 19,890                            | (40)   | (19,850)                                       | -                          |
| Other assets and deferred outflow   | 30                                | (77,598)   | (248,819)                                      | (326,387)                  |
| Compensated absences  | -                                 | -  | 2,041  | 2,041                      |
| Deposits and other liab   | 40,476                            | (352)  | 54,441   | 94,565                     |
| Other liabilities and deferred inflow   | 4,763                             | 88,175   | 229,685  | 322,623                    |
| Net cash provided by (used for) operating activities  | <u>\$ 921,054</u>                 | <u>\$ 203,855</u>                                      | <u>\$ (212,560)</u>                            | <u>\$ 912,349</u>          |

**CALIFORNIA HOUSING FINANCE FUND  
SUPPLEMENTAL BALANCE SHEET  
HOMEOWNERSHIP PROGRAMS**

**June 30, 2010**

(Dollars in Thousands)

|  | <b>HOME<br/>MORTGAGE<br/>REVENUE<br/>BONDS</b> | <b>SINGLE<br/>FAMILY<br/>MORTGAGE<br/>BONDS II</b> | <b>DRAW<br/>DOWN<br/>BONDS</b> | <b>SINGLE<br/>FAMILY<br/>HOUSING<br/>PROGRAM<br/>BONDS</b> |
|--|--|--|--------------------------------|--|
| <b>ASSETS</b>                              |  |  |                                |  |
| Current assets:                            |  |  |                                |  |
| Cash and cash equivalents                  | \$ 55,296                                      | \$ -   | \$ 22                          | \$ 32  |
| Investments                                | 1,058,051                                      | -  | 89                             | 3,091  |
| Current portion - program loans receivable | 88,519   | -  | -                              | -  |
| Interest receivable - Program loans        | 23,333   | -  | -                              | 165  |
| Interest receivable - Investments          | 5,690  | -  | -                              | 4  |
| Accounts receivable                        | 20,452   | -  | -                              | -  |
| Due from (to) other funds                  | (43,031)                                       | -  | -                              | 128  |
| Other assets                               | 61   | -  | -                              | -  |
| Total current assets                       | <u>1,208,371</u>                               | <u>-</u>   | <u>111</u>                     | <u>3,420</u>   |
| Noncurrent assets:                         |  |  |                                |  |
| Investments                                | 154,175  | -  | -                              | -  |
| Program loans receivable                   | 5,105,173                                      | -  | -                              | 60,534   |
| Due from (to) other funds                  | -  | -  | -                              | -  |
| Deferred financing costs                   | 27,852   | -  | -                              | 559  |
| Other assets and deferred outflow          | 200,073  | -  | -                              | -  |
| Total Noncurrent assets                    | <u>5,487,273</u>                               | <u>-</u>   | <u>-</u>                       | <u>61,093</u>  |
| Total Assets                               | <u>\$ 6,695,644</u>                            | <u>\$ -</u>  | <u>\$ 111</u>                  | <u>\$ 64,513</u>   |
| <b>LIABILITIES AND FUND EQUITY</b>         |  |  |                                |  |
| Current liabilities:                       |  |  |                                |  |
| Bonds payable                              | \$ 130,582                                     | \$ -   | \$ -                           | \$ -   |
| Interest payable                           | 57,087   | -  | -                              | 1,107  |
| Due to (from) other government entities    | (61)   | -  | -                              | -  |
| Compensated absences                       | -  | -  | -                              | -  |
| Deposits and other liabilities             | 45,914   | -  | -                              | 25   |
| Total current liabilities                  | <u>233,522</u>                                 | <u>-</u>   | <u>-</u>                       | <u>1,132</u>   |
| Noncurrent liabilities:                    |  |  |                                |  |
| Bonds and debenture notes payable          | 6,092,713                                      | -  | -                              | 81,745   |
| Due to (from) other government entities    | 8,982  | -  | -                              | -  |
| Other liabilities and deferred inflow      | -  | -  | -                              | -  |
| Deferred revenues                          | 7,380  | -  | -                              | -  |
| Total noncurrent liabilities               | <u>6,109,075</u>                               | <u>-</u>   | <u>-</u>                       | <u>81,745</u>  |
| Total Liabilities                          | <u>6,342,597</u>                               | <u>-</u>   | <u>-</u>                       | <u>82,877</u>  |
| Fund equity                                |  |  |                                |  |
| Invested in capital assets                 | -  | -  | -                              | -  |
| Restricted by indenture                    | 353,047  | -  | 111                            | (18,364)   |
| Restricted by statute                      | -  | -  | -                              | -  |
| Total Fund equity                          | <u>353,047</u>                                 | <u>-</u>   | <u>111</u>                     | <u>(18,364)</u>  |
| Total Liabilities and Fund equity          | <u>\$ 6,695,644</u>                            | <u>\$ -</u>  | <u>\$ 111</u>                  | <u>\$ 64,513</u>   |

| <b>SINGLE<br/>FAMILY<br/>HOME<br/>MORTGAGE<br/>BONDS</b> | <b>RESIDENTIAL<br/>MORTGAGE<br/>REVENUE<br/>BONDS</b> | <b>TOTAL<br/>HOMEOWNERSHIP<br/>PROGRAMS</b> |
|--|---|---|
| \$ 276   | \$ 1,016,953  | \$ 1,072,579                                |
| 10,573   | -   | 1,071,804                                   |
| 695  | -   | 89,214                                      |
| 255  | -   | 23,753                                      |
| 8  | -   | 5,702                                       |
| 28   | -   | 20,480                                      |
| (217)  | -   | (43,120)                                    |
| -  | -   | 61  |
| <u>11,618</u>  | <u>1,016,953</u>                                      | <u>2,240,473</u>                            |
| -  | -   | 154,175                                     |
| 43,641   | -   | 5,209,348                                   |
| -  | -   | -   |
| 107  | 522   | 29,040                                      |
| 540  | -   | 200,613                                     |
| <u>44,288</u>  | <u>522</u>  | <u>5,593,176</u>                            |
| <u>\$ 55,906</u>   | <u>\$ 1,017,475</u>                                   | <u>\$ 7,833,649</u>                         |
| \$ 1,530   | \$ -  | \$ 132,112                                  |
| 2,241  | 513   | 60,948                                      |
| -  | -   | (61)  |
| -  | -   | -   |
| 12   | -   | 45,951                                      |
| <u>3,783</u>   | <u>513</u>  | <u>238,950</u>                              |
| 47,752   | 1,016,440   | 7,238,650                                   |
| -  | -   | 8,982                                       |
| -  | -   | -   |
| 28   | -   | 7,408                                       |
| <u>47,780</u>  | <u>1,016,440</u>                                      | <u>7,255,040</u>                            |
| <u>51,563</u>  | <u>1,016,953</u>                                      | <u>7,493,990</u>                            |
| -  | -   | -   |
| 4,343  | 522   | 339,659                                     |
| -  | -   | -   |
| <u>4,343</u>   | <u>522</u>  | <u>339,659</u>                              |
| <u>\$ 55,906</u>   | <u>\$ 1,017,475</u>                                   | <u>\$ 7,833,649</u>                         |

**CALIFORNIA HOUSING FINANCE FUND**  
**SUPPLEMENTAL STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND EQUITY**  
**HOMEOWNERSHIP PROGRAM**  
**June 30, 2010**

(Dollars in Thousands)

|  | <b>HOME<br/>MORTGAGE<br/>REVENUE<br/>BONDS</b> | <b>SINGLE<br/>FAMILY<br/>MORTGAGE<br/>BONDS II</b> | <b>DRAW<br/>DOWN<br/>BONDS</b> | <b>SINGLE<br/>FAMILY<br/>HOUSING<br/>PROGRAM<br/>BONDS</b> |
|--|--|--|--------------------------------|--|
| <b>OPERATING REVENUES</b>                              |  |  |                                |  |
| Interest income:                                       |  |  |                                |  |
| Program loans and loan agreements -- net               | \$ 288,245                                     | \$ 2,339   | \$ -                           | \$ 522   |
| Interest income - Investments -- net                   | 24,248   | 223  | 1                              | 272  |
| Increase (decrease) in fair value of investments       | 16,853   | 592  | -                              | -  |
| Loan commitment fees                                   | 153  | 10   | -                              | -  |
| Other loan fees  | -  | -  | -                              | -  |
| Other revenues   | 3,700  | -  | -                              | (11)   |
| Total Operating revenues                               | <u>333,199</u>                                 | <u>3,164</u>                                       | <u>1</u>                       | <u>783</u>   |
| <b>OPERATING EXPENSES</b>                              |  |  |                                |  |
| Interest   | 160,321  | 1,139  | -                              | 3,330  |
| Amortization of bond discount and bond premium         | (1,438)  | 17   | -                              | -  |
| Mortgage servicing fees                                | 15,988   | 134  | -                              | -  |
| Provision (reversal) for estimated loan losses         | 30,794   | (7)  | -                              | 8,900  |
| Operating expenses                                     | -  | -  | -                              | -  |
| Other expenses   | 83,537   | 167  | -                              | 1,833  |
| Total Operating expenses                               | <u>289,202</u>                                 | <u>1,450</u>                                       | <u>-</u>                       | <u>14,063</u>  |
| Operating income (loss) before transfers               | 43,997   | 1,714  | 1                              | (13,280)   |
| Transfers (interfund)                                  | -  | -  | -                              | -  |
| Transfers (intrafund)                                  | (118,319)                                      | (35,457)   | -                              | 6,344  |
| Increase (decrease) in fund equity                     | (74,322)                                       | (33,743)   | 1                              | (6,936)  |
| Fund equity at beginning of year, as originally stated | 427,369  | 33,743   | 110                            | (11,428)   |
| Cumulative effect of adoption of GASB 53               | -  | -  | -                              | -  |
| Fund equity at beginning of year, as restated          | <u>427,369</u>                                 | <u>33,743</u>                                      | <u>110</u>                     | <u>(11,428)</u>  |
| Fund equity at end of year                             | <u>\$ 353,047</u>                              | <u>\$ -</u>  | <u>\$ 111</u>                  | <u>\$ ( 18,364 )</u>                                       |

| <b>SINGLE<br/>FAMILY<br/>HOME<br/>MORTGAGE<br/>BONDS</b> | <b>RESIDENTIAL<br/>MORTGAGE<br/>REVENUE<br/>BONDS</b> | <b>TOTAL<br/>HOMEOWNERSHIP<br/>PROGRAMS</b> |
|--|---|---|
| \$ 2,850   | \$ -  | \$ 293,956                                  |
| 61   | 513   | 25,318                                      |
| 167  | -   | 17,612                                      |
| 2  | -   | 165   |
| -  | -   | -   |
| -  | -   | 3,689                                       |
| <b>3,080</b>   | <b>513</b>  | <b>340,740</b>                              |
| 4,064  | 513   | 169,367                                     |
| 12   | -   | (1,409)                                     |
| 154  | -   | 16,276                                      |
| 44   | -   | 39,731                                      |
| -  | -   | -   |
| 13   | 522   | 86,072                                      |
| <b>4,287</b>   | <b>1,035</b>  | <b>310,037</b>                              |
| (1,207)  | (522)   | 30,703                                      |
| -  | -   | -   |
| 373  | 1,044   | (146,015)                                   |
| (834)  | 522   | (115,312)                                   |
| 5,177  | -   | 454,971                                     |
| -  | -   | -   |
| <b>5,177</b>   | <b>-</b>  | <b>454,971</b>                              |
| <b>\$ 4,343</b>  | <b>\$ 522</b>   | <b>\$ 339,659</b>                           |

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

**June 30, 2010**

(Dollars in Thousands)

|   | <b>HOME<br/>MORTGAGE<br/>REVENUE<br/>BONDS</b> | <b>SINGLE<br/>FAMILY<br/>MORTGAGE<br/>BONDS II</b> | <b>DRAW<br/>DOWN<br/>BONDS</b> | <b>SINGLE<br/>FAMILY<br/>HOUSING<br/>PROGRAM<br/>BONDS</b> |
|---|--|--|--------------------------------|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |  |  |                                |  |
| Receipts from customers   | \$ 291,410                                     | \$ 2,603   | \$ -                           | \$ 532   |
| Payments to suppliers   | (17,272)                                       | (156)  | -                              | (20)   |
| Payments to employees   | -  | -  | -                              | -  |
| Internal activity - payments other funds  | -  | -  | -                              | -  |
| Other receipts (payments)   | 584,661  | 53,130   | -                              | (191)  |
| Net cash provided by operating activities   | <u>858,799</u>                                 | <u>55,577</u>                                      | <u>-</u>                       | <u>321</u>   |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>  |  |  |                                |  |
| Intrafund transfers   | (118,319)                                      | (35,457)   | -                              | 6,344  |
| Changes in due to (from) other government entities  | 2,191  | -  | -                              | -  |
| Net cash provided by (used for) noncapital financing activities   | <u>(116,128)</u>                               | <u>(35,457)</u>                                    | <u>-</u>                       | <u>6,344</u>   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>   |  |  |                                |  |
| Proceeds from sales of bonds and notes payable  | -  | -  | -                              | -  |
| Payment of bond principal   | (89,509)                                       | (2,595)  | -                              | -  |
| Early bond redemptions  | (403,121)                                      | (27,955)   | -                              | (7,955)  |
| Interest paid on debt   | (185,970)                                      | (1,836)  | -                              | (3,944)  |
| Interfund transfers   | -  | -  | -                              | -  |
| Decrease (increase) in deferred financing costs   | (21)   | -  | -                              | -  |
| Net cash provided by (used for) capital and related financing activities                                  | <u>(678,621)</u>                               | <u>(32,386)</u>                                    | <u>-</u>                       | <u>(11,899)</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |  |  |                                |  |
| Proceeds from maturity and sale of investments  | 1,979,985                                      | 34,837   | -                              | 12,025   |
| Purchase of investments   | (2,026,630)                                    | (23,397)   | -                              | (7,328)  |
| Interest on investments   | 24,766   | 366  | 1                              | 299  |
| Net cash provided by (used for) investing activities  | <u>(21,879)</u>                                | <u>11,806</u>                                      | <u>1</u>                       | <u>4,996</u>   |
| Net increase (decrease) in cash and cash equivalents  | 42,171   | (460)  | 1                              | (238)  |
| Cash and cash equivalents at beginning of year  | 13,125   | 460  | 21                             | 270  |
| Cash and cash equivalents at end of year  | <u>\$ 55,296</u>                               | <u>\$ -</u>  | <u>\$ 22</u>                   | <u>\$ 32</u>   |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b> |  |  |                                |  |
| Operating income (loss)   | \$ 43,997                                      | \$ 1,714   | \$ 1                           | \$ (13,280)  |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: |  |  |                                |  |
| Interest expense on debt  | 160,321  | 1,139  | -                              | 3,330  |
| Interest on investments   | (24,248)                                       | (223)  | (1)                            | (272)  |
| Changes in fair value of investments  | (16,853)                                       | (592)  | -                              | -  |
| Accretion of capital appreciation bonds   | 3,110  | -  | -                              | -  |
| Amortization of bond discount   | 36   | -  | -                              | -  |
| Amortization of deferred losses   | 226  | 17   | -                              | -  |
| Amortization of bond issuance costs   | 3,527  | 135  | -                              | 73   |
| Amortization of bond premium  | (1,700)  | -  | -                              | -  |
| Amortization of deferred revenue  | (153)  | (10)   | -                              | -  |
| Depreciation  | -  | -  | -                              | -  |
| Provision (reversal for estimated loan losses   | 30,794   | (7)  | -                              | 8,900  |
| Provision for yield reduction payments  | 4,327  | -  | -                              | -  |
| Provision for nonmortgage investment excess   | (1,243)  | (944)  | -                              | (355)  |
| Changes in certain assets and liabilities:  |  |  |                                |  |
| Sale (Purchase) of program loans-net  | (31,377)                                       | 666,718  | -                              | -  |
| Collection of principal from program loans - net  | 632,297  | (617,422)  | -                              | 2,044  |
| Interest receivable   | 3,165  | 265  | -                              | 10   |
| Accounts receivable   | (7,763)  | 153  | -                              | -  |
| Due from (to) other funds   | 19,547   | 7  | -                              | 16   |
| Other assets and deferred outflow   | 30   | -  | -                              | -  |
| Compensated absences  | -  | -  | -                              | -  |
| Deposits and other liab   | 40,641   | (18)   | -                              | (145)  |
| Other liabilities and deferred inflow   | 118  | 4,645  | -                              | -  |
| Net cash provided by operating activities   | <u>\$ 858,799</u>                              | <u>\$ 55,577</u>                                   | <u>\$ -</u>                    | <u>\$ 321</u>  |

| SINGLE<br>FAMILY<br>HOME<br>MORTGAGE<br>BONDS | RESIDENTIAL<br>MORTGAGE<br>REVENUE<br>BONDS | TOTAL<br>HOMEOWNERSHIP<br>PROGRAMS |
|---|---|------------------------------------|
| \$ 2,852                                      | \$ -  | \$ 297,397                         |
| (163)   | -   | (17,611)                           |
| -   | -   | -                                  |
| -   | -   | -                                  |
| 3,668   | -   | 641,268                            |
| <u>6,357</u>                                  | <u>-</u>                                    | <u>921,054</u>                     |
| 373   | 1,044                                       | (146,015)                          |
| -   | -   | 2,191                              |
| <u>373</u>                                    | <u>1,044</u>                                | <u>(143,824)</u>                   |
| -   | 1,016,440                                   | 1,016,440                          |
| (630)   | -   | (92,734)                           |
| -   | -   | (439,031)                          |
| (2,300)                                       | -   | (194,050)                          |
| -   | -   | -                                  |
| (6)   | (1,044)                                     | (1,071)                            |
| <u>(2,936)</u>                                | <u>1,015,396</u>                            | <u>289,554</u>                     |
| 6,383   | -   | 2,033,230                          |
| (10,023)                                      | -   | (2,067,378)                        |
| 85  | 513   | 26,030                             |
| <u>(3,555)</u>                                | <u>513</u>                                  | <u>(8,118)</u>                     |
| 239   | 1,016,953                                   | 1,058,666                          |
| 37  | -   | 13,913                             |
| <u>\$ 276</u>                                 | <u>\$ 1,016,953</u>                         | <u>\$ 1,072,579</u>                |
| \$ (1,207)                                    | \$ (522)                                    | \$ 30,703                          |
| 4,064   | 513   | 169,367                            |
| (61)  | (513)                                       | (25,318)                           |
| (167)   | -   | (17,612)                           |
| -   | -   | 3,110                              |
| -   | -   | 36                                 |
| 11  | -   | 254                                |
| 6   | 522   | 4,263                              |
| -   | -   | (1,700)                            |
| (2)   | -   | (165)                              |
| -   | -   | -                                  |
| 44  | -   | 39,731                             |
| -   | -   | 4,327                              |
| -   | -   | (2,542)                            |
| 1   | -   | 635,342                            |
| 3,332   | -   | 20,251                             |
| 1   | -   | 3,441                              |
| 17  | -   | (7,593)                            |
| 320   | -   | 19,890                             |
| -   | -   | 30                                 |
| -   | -   | -                                  |
| (2)   | -   | 40,476                             |
| -   | -   | 4,763                              |
| <u>\$ 6,357</u>                               | <u>\$ -</u>                                 | <u>\$ 921,054</u>                  |

**CALIFORNIA HOUSING FINANCE FUND  
SUPPLEMENTAL BALANCE SHEET  
MULTIFAMILY RENTAL HOUSING PROGRAMS  
June 30, 2010**

(Dollars in Thousands)

|  | MULTIFAMILY<br>LOAN<br>PURCHASE<br>BONDS | MULTIFAMILY<br>HOUSING<br>REVENUE<br>BONDS II | MULTIFAMILY<br>HOUSING<br>REVENUE<br>BONDS III | MULTIFAMILY<br>HOUSING<br>PROGRAM<br>BONDS |
|--|--|---|--|--|
| <b>ASSETS</b>                              |  |   |  |  |
| Current assets:                            |  |   |  |  |
| Cash and cash equivalents                  | \$ 1,380                                 | \$ 28   | \$ 555   | \$ 9                                       |
| Investments                                | -  | 8,730   | 97,158   | 10,330                                     |
| Current portion - program loans receivable | 13,500                                   | 1,143   | 45,612   | 840  |
| Interest receivable - Program loans        | -  | 365   | 5,140  | 1,123                                      |
| Interest receivable - Investments          | -  | 12  | 677  | 14   |
| Accounts receivable                        | -  | -   | -  | -  |
| Due from (to) other funds                  | (1)                                      | -   | (252)  | 48   |
| Other assets                               | -  | 63  | 378  | -  |
| Total current assets                       | <u>14,879</u>                            | <u>10,341</u>                                 | <u>149,268</u>                                 | <u>12,364</u>                              |
| Noncurrent assets:                         |  |   |  |  |
| Investments                                | -  | -   | 12,134   | -  |
| Program loans receivable                   | 30,305                                   | 52,835  | 949,915  | 38,243                                     |
| Due from (to) other funds                  | -  | -   | -  | -  |
| Deferred financing costs                   | -  | 78  | 4,587  | 214  |
| Other assets and deferred outflow          | -  | -   | 77,629   | -  |
| Total Noncurrent assets                    | <u>30,305</u>                            | <u>52,913</u>                                 | <u>1,044,265</u>                               | <u>38,457</u>                              |
| Total Assets                               | <u>\$ 45,184</u>                         | <u>\$ 63,254</u>                              | <u>\$ 1,193,533</u>                            | <u>\$ 50,821</u>                           |
| <b>LIABILITIES AND FUND EQUITY</b>         |  |   |  |  |
| Current liabilities:                       |  |   |  |  |
| Bonds payable                              | \$ -                                     | \$ 725  | \$ 25,169                                      | \$ -                                       |
| Interest payable                           | 264                                      | 1,657   | 15,972   | 46   |
| Due to (from) other government entities    | -  | -   | -  | -  |
| Compensated absences                       | -  | -   | -  | -  |
| Deposits and other liabilities             | 1  | 3   | 598  | -  |
| Total current liabilities                  | <u>265</u>                               | <u>2,385</u>                                  | <u>41,739</u>                                  | <u>46</u>                                  |
| Noncurrent liabilities:                    |  |   |  |  |
| Bonds and debenture notes payable          | 44,922                                   | 57,813  | 969,089  | 44,450                                     |
| Due to (from) other government entities    | -  | -   | 9,859  | -  |
| Other liabilities and deferred inflow      | -  | -   | 91,131   | -  |
| Deferred revenues                          | -  | -   | 13   | -  |
| Total noncurrent liabilities               | <u>44,922</u>                            | <u>57,813</u>                                 | <u>1,070,092</u>                               | <u>44,450</u>                              |
| Total Liabilities                          | <u>45,187</u>                            | <u>60,198</u>                                 | <u>1,111,831</u>                               | <u>44,496</u>                              |
| Fund equity                                |  |   |  |  |
| Invested in capital assets                 | -  | -   | -  | -  |
| Restricted by indenture                    | (3)                                      | 3,056   | 81,702   | 6,325                                      |
| Restricted by statute                      | -  | -   | -  | -  |
| Total Fund equity                          | <u>(3)</u>                               | <u>3,056</u>                                  | <u>81,702</u>                                  | <u>6,325</u>                               |
| Total Liabilities and Fund equity          | <u>\$ 45,184</u>                         | <u>\$ 63,254</u>                              | <u>\$ 1,193,533</u>                            | <u>\$ 50,821</u>                           |

| MULTIFAMILY<br>CONDUITS | AFFORDABLE<br>MULTIFAMILY<br>HOUSING<br>REVENUE BONDS | TOTAL<br>MULTIFAMILY<br>RENTAL<br>HOUSING<br>PROGRAMS |
|-------------------------|---|---|
| \$ -                    | \$ 380,722  | \$ 382,694  |
| -                       | -   | 116,218   |
| -                       | -   | 61,095  |
| 3                       | -   | 6,631   |
| -                       | -   | 703   |
| -                       | -   | -   |
| -                       | -   | (205)   |
| -                       | -   | 441   |
| <u>3</u>                | <u>380,722</u>  | <u>567,577</u>  |
| -                       | -   | 12,134  |
| 12,358                  | -   | 1,083,656   |
| -                       | -   | -   |
| -                       | 217   | 5,096   |
| -                       | -   | 77,629  |
| <u>12,358</u>           | <u>217</u>  | <u>1,178,515</u>                                      |
| <u>\$ 12,361</u>        | <u>\$ 380,939</u>                                     | <u>\$ 1,746,092</u>                                   |
| \$ 963                  | \$ -  | \$ 26,857   |
| 11                      | 192   | 18,142  |
| -                       | -   | -   |
| -                       | -   | -   |
| -                       | -   | 602   |
| <u>974</u>              | <u>192</u>  | <u>45,601</u>   |
| 11,395                  | 380,530   | 1,508,199   |
| -                       | -   | 9,859   |
| -                       | -   | 91,131  |
| -                       | -   | 13  |
| <u>11,395</u>           | <u>380,530</u>  | <u>1,609,202</u>                                      |
| <u>12,369</u>           | <u>380,722</u>  | <u>1,654,803</u>                                      |
| -                       | -   | -   |
| (8)                     | 217   | 91,289  |
| -                       | -   | -   |
| <u>(8)</u>              | <u>217</u>  | <u>91,289</u>   |
| <u>\$ 12,361</u>        | <u>\$ 380,939</u>                                     | <u>\$ 1,746,092</u>                                   |

**CALIFORNIA HOUSING FINANCE FUND**  
**SUPPLEMENTAL STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND EQUITY**  
**MULTIFAMILY PROGRAM**  
**June 30, 2010**

(Dollars in Thousands)

|  | <b>MULTIFAMILY<br/>LOAN<br/>PURCHASE<br/>BONDS</b> | <b>MULTIFAMILY<br/>HOUSING<br/>REVENUE<br/>BONDS II</b> | <b>MULTIFAMILY<br/>HOUSING<br/>REVENUE<br/>BONDS III</b> | <b>MULTIFAMILY<br/>HOUSING<br/>PROGRAM<br/>BONDS</b> |
|--|--|---|--|--|
| <b>OPERATING REVENUES</b>                              |  |   |  |  |
| Interest income:                                       |  |   |  |  |
| Program loans and loan agreements -- net               | \$ 3,621   | \$ 4,302  | \$ 65,719  | \$ 2,646   |
| Interest income - Investments -- net                   | -  | 49  | 3,432  | 51   |
| Increase (decrease) in fair value of investments       | -  | -   | (33)   | -  |
| Loan commitment fees                                   | -  | -   | -  | -  |
| Other loan fees  | -  | -   | 146  | -  |
| Other revenues   | -  | -   | (11,492)   | -  |
| Total Operating revenues                               | <u>3,621</u>                                       | <u>4,351</u>  | <u>57,772</u>  | <u>2,697</u>   |
| <b>OPERATING EXPENSES</b>                              |  |   |  |  |
| Interest   | 3,607  | 3,992   | 44,348   | 748  |
| Amortization of bond discount and bond premium         | -  | 28  | 770  | -  |
| Mortgage servicing fees                                | -  | -   | 7  | -  |
| Provision (reversal) for estimated loan losses         | -  | (18)  | (9,419)  | (42)   |
| Operating expenses                                     | -  | -   | -  | -  |
| Other expenses   | 14   | 186   | 26,744   | 256  |
| Total Operating expenses                               | <u>3,621</u>                                       | <u>4,188</u>  | <u>62,450</u>  | <u>962</u>   |
| Operating income (loss) before transfers               | -  | 163   | (4,678)  | 1,735  |
| Transfers (interfund)                                  | -  | -   | -  | -  |
| Transfers (intrafund)                                  | -  | -   | 16,860   | 487  |
| Increase (decrease) in fund equity                     | -  | 163   | 12,182   | 2,222  |
| Fund equity at beginning of year, as originally stated | (3)  | 2,893   | 72,476   | 4,103  |
| Cumulative effect of adoption of GASB 53               | -  | -   | (2,956)  | -  |
| Fund equity at beginning of year, as restated          | <u>(3)</u>   | <u>2,893</u>  | <u>69,520</u>  | <u>4,103</u>   |
| Fund equity at end of year                             | <u>\$ (3)</u>                                      | <u>\$ 3,056</u>   | <u>\$ 81,702</u>   | <u>\$ 6,325</u>                                      |

| <b>MULTIFAMILY<br/>CONDUITS</b> | <b>AFFORDABLE<br/>MULTIFAMILY<br/>HOUSING<br/>REVENUE BONDS</b> | <b>TOTAL<br/>MULTIFAMILY<br/>RENTAL<br/>HOUSING<br/>PROGRAMS</b> |
|---------------------------------|---|--|
| \$ 38                           | \$ -  | \$ 76,326  |
| -                               | 192   | 3,724  |
| -                               | -   | (33)   |
| -                               | -   | -  |
| -                               | -   | 146  |
| -                               | -   | (11,492)   |
| <u>38</u>                       | <u>192</u>  | <u>68,671</u>  |
| 46                              | 192   | 52,933   |
| -                               | -   | 798  |
| -                               | -   | 7  |
| -                               | -   | (9,479)  |
| -                               | -   | -  |
| -                               | 216   | 27,416   |
| <u>46</u>                       | <u>408</u>  | <u>71,675</u>  |
| (8)                             | (216)   | (3,004)  |
| -                               | -   | -  |
| -                               | 433   | 17,780   |
| <u>(8)</u>                      | <u>217</u>  | <u>14,776</u>  |
| -                               | -   | 79,469   |
| -                               | -   | (2,956)  |
| -                               | -   | 76,513   |
| <u>\$ (8)</u>                   | <u>\$ 217</u>   | <u>\$ 91,289</u>   |

**CALIFORNIA HOUSING FINANCE FUND**  
**SUPPLEMENTAL STATEMENT OF CASH FLOWS -**  
**MULTIFAMILY RENTAL HOUSING PROGRAMS**  
**June 30, 2010**  
(Dollars in Thousands)

|   | MULTIFAMILY<br>LOAN<br>PURCHASE<br>BONDS | MULTIFAMILY<br>HOUSING<br>REVENUE<br>BONDS II | MULTIFAMILY<br>HOUSING<br>REVENUE<br>BONDS III | MULTIFAMILY<br>HOUSING<br>PROGRAM<br>BONDS |
|---|--|---|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |  |   |  |  |
| Receipts from customers   | \$ 3,621                                 | \$ 4,306                                      | \$ 66,443                                      | \$ 2,852                                   |
| Payments to suppliers   | (7)                                      | (17)  | (171)  | -  |
| Payments to employees   | -  | -   | -  | -  |
| Internal activity - payments other funds  | -  | -   | -  | -  |
| Other receipts (payments)   | 13,668                                   | 967   | 106,825  | 7,107                                      |
| Net cash provided by (used for) operating activities  | <u>17,282</u>                            | <u>5,256</u>                                  | <u>173,097</u>                                 | <u>9,959</u>                               |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>  |  |   |  |  |
| Intrafund transfers   | -  | -   | 16,860   | 487  |
| Changes in due to (from) other government entities  | -  | -   | -  | -  |
| Net cash provided by noncapital financing activities  | <u>-</u>                                 | <u>-</u>                                      | <u>16,860</u>                                  | <u>487</u>                                 |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>   |  |   |  |  |
| Proceeds from sales of bonds and notes payable  | -  | -   | -  | -  |
| Payment of bond principal   | (13,787)                                 | (675)   | (24,295)                                       | -  |
| Early bond redemptions  | -  | -   | (140,255)                                      | (4,775)                                    |
| Interest paid on debt   | (3,724)                                  | (4,010)                                       | (48,778)                                       | (1,707)                                    |
| Interfund transfers   | -  | -   | -  | -  |
| Decrease (increase) in deferred financing costs   | -  | -   | 2  | -  |
| Net cash provided by (used for) capital and related financing activities                                  | <u>(17,511)</u>                          | <u>(4,685)</u>                                | <u>(213,326)</u>                               | <u>(6,482)</u>                             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |  |   |  |  |
| Proceeds from maturity and sale of investments  | -  | 4,842   | 177,008  | 5,928                                      |
| Purchase of investments   | -  | (5,502)                                       | (158,981)                                      | (10,035)                                   |
| Interest on investments   | -  | 66  | 3,742  | 58   |
| Net cash provided by (used for) investing activities  | <u>-</u>                                 | <u>(594)</u>                                  | <u>21,769</u>                                  | <u>(4,049)</u>                             |
| Net increase (decrease) in cash and cash equivalents  | (229)                                    | (23)  | (1,600)  | (85)                                       |
| Cash and cash equivalents at beginning of year  | 1,609                                    | 51  | 2,155  | 94   |
| Cash and cash equivalents at end of year  | <u>\$ 1,380</u>                          | <u>\$ 28</u>                                  | <u>\$ 555</u>                                  | <u>\$ 9</u>                                |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b> |  |   |  |  |
| Operating income (loss)   | \$ -                                     | \$ 163  | \$ (4,678)                                     | \$ 1,735                                   |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: |  |   |  |  |
| Interest expense on debt  | 3,607                                    | 3,992   | 44,348   | 748  |
| Interest on investments   | -  | (49)  | (3,432)  | (51)                                       |
| Changes in fair value of investments  | -  | -   | 33   | -  |
| Accretion of capital appreciation bonds   | -  | -   | -  | -  |
| Amortization of bond discount   | -  | 28  | -  | -  |
| Amortization of deferred losses   | -  | -   | 770  | -  |
| Amortization of bond issuance costs   | -  | 6   | 1,162  | 33   |
| Amortization of bond premium  | -  | -   | -  | -  |
| Amortization of deferred revenue  | -  | -   | -  | -  |
| Depreciation  | -  | -   | -  | -  |
| Provision (reversal for estimated loan losses)  | -  | (18)  | (9,419)  | (42)                                       |
| Provision for yield reduction payments  | -  | -   | (1,751)  | -  |
| Provision for nonmortgage investment excess   | -  | -   | (624)  | -  |
| Changes in certain assets and liabilities:  |  |   |  |  |
| Sale (Purchase) of program loans-net  | -  | -   | 62,842   | 4,766                                      |
| Collection of principal from program loans - net  | 13,676                                   | 1,133   | 72,886   | 2,611                                      |
| Interest receivable   | -  | 3   | 724  | 207  |
| Accounts receivable   | -  | -   | -  | -  |
| Due from (to) other funds   | -  | -   | 8  | (48)                                       |
| Other assets and deferred outflow   | -  | (2)   | (77,596)                                       | -  |
| Compensated absences  | -  | -   | -  | -  |
| Deposits and other liab   | (1)                                      | -   | (351)  | -  |
| Other liabilities and deferred inflow   | -  | -   | 88,175   | -  |
| Net cash provided by (used for) operating activities  | <u>\$ 17,282</u>                         | <u>\$ 5,256</u>                               | <u>\$ 173,097</u>                              | <u>\$ 9,959</u>                            |

| MULTIFAMILY<br>CONDUITS | AFFORDABLE<br>MULTIFAMILY<br>HOUSING<br>REVENUE BONDS | TOTAL<br>MULTIFAMILY<br>RENTAL<br>HOUSING<br>PROGRAMS |
|-------------------------|---|---|
| \$ 36                   | \$ -  | \$ 77,258   |
| -                       | -   | (195)   |
| -                       | -   | -   |
| -                       | -   | -   |
| (1,775)                 | -   | 126,792   |
| <u>(1,739)</u>          | <u>-</u>  | <u>203,855</u>  |
| -                       | 433   | 17,780  |
| -                       | -   | -   |
| <u>-</u>                | <u>433</u>  | <u>17,780</u>   |
| 1,413                   | 380,530   | 381,943   |
| -                       | -   | (38,757)  |
| -                       | -   | (145,030)   |
| (38)                    | -   | (58,257)  |
| -                       | -   | -   |
| -                       | (433)   | (431)   |
| <u>1,375</u>            | <u>380,097</u>  | <u>139,468</u>  |
| -                       | -   | 187,778   |
| -                       | -   | (174,518)   |
| -                       | 192   | 4,058   |
| <u>-</u>                | <u>192</u>  | <u>17,318</u>   |
| (364)                   | 380,722   | 378,421   |
| 364                     | -   | 4,273   |
| <u>\$ -</u>             | <u>\$ 380,722</u>                                     | <u>\$ 382,694</u>                                     |
| \$ (8)                  | \$ (216)  | \$ (3,004)  |
| 46                      | 192   | 52,933  |
| -                       | (192)   | (3,724)   |
| -                       | -   | 33  |
| -                       | -   | -   |
| -                       | -   | 28  |
| -                       | -   | 770   |
| -                       | 216   | 1,417   |
| -                       | -   | -   |
| -                       | -   | -   |
| -                       | -   | (9,479)   |
| -                       | -   | (1,751)   |
| -                       | -   | (624)   |
| (1,775)                 | -   | 65,833  |
| -                       | -   | 90,306  |
| (2)                     | -   | 932   |
| -                       | -   | -   |
| -                       | -   | (40)  |
| -                       | -   | (77,598)  |
| -                       | -   | -   |
| -                       | -   | (352)   |
| -                       | -   | 88,175  |
| <u>\$ (1,739)</u>       | <u>\$ -</u>   | <u>\$ 203,855</u>                                     |

**CALIFORNIA HOUSING FINANCE FUND  
SUPPLEMENTAL BALANCE SHEET  
OTHER PROGRAMS AND ACCOUNTS  
June 30, 2010**

(Dollars in Thousands)

|  | <b>HOUSING<br/>ASSISTANCE<br/>TRUST</b> | <b>CONTRACT<br/>ADMINISTRATION<br/>PROGRAMS</b> | <b>SUPPLEMENTAL<br/>BOND<br/>SECURITY<br/>ACCOUNT</b> | <b>EMERGENCY<br/>RESERVE<br/>ACCOUNT</b> |
|--|---|---|---|--|
| <b>ASSETS</b>                              |   |   |   |  |
| Current assets:                            |   |   |   |  |
| Cash and cash equivalents                  | \$ 13,986                               | \$ 1,020  | \$ -  | \$ 1                                     |
| Investments                                | 144,843                                 | 416,974   | 81,541  | 32,159                                   |
| Current portion - program loans receivable | 47,762                                  | 70  | -   | -  |
| Interest receivable - Program loans        | 1,022                                   | 3,145   | -   | -  |
| Interest receivable - Investments          | 228                                     | 616   | 116   | 56                                       |
| Accounts receivable                        | 1,219                                   | -   | -   | 69                                       |
| Due from (to) other funds                  | (280,295)                               | (1,528)   | 22,362  | 12,281                                   |
| Other assets                               | 23                                      | -   | -   | -  |
| Total current assets                       | <u>(71,212)</u>                         | <u>420,297</u>                                  | <u>104,019</u>  | <u>44,566</u>                            |
| Noncurrent assets:                         |   |   |   |  |
| Investments                                | 562                                     | -   | -   | -  |
| Program loans receivable                   | 268,563                                 | 207,123   | -   | -  |
| Due from (to) other funds                  | -                                       | -   | -   | -  |
| Deferred financing costs                   | -                                       | -   | -   | -  |
| Other assets and deferred outflow          | 156                                     | -   | -   | -  |
| Total Noncurrent assets                    | <u>269,281</u>                          | <u>207,123</u>                                  | <u>-</u>  | <u>-</u>                                 |
| Total Assets                               | <u>\$ 198,069</u>                       | <u>\$ 627,420</u>                               | <u>\$ 104,019</u>                                     | <u>\$ 44,566</u>                         |
| <b>LIABILITIES AND FUND EQUITY</b>         |   |   |   |  |
| Current liabilities:                       |   |   |   |  |
| Bonds payable                              | \$ -                                    | \$ -  | \$ -  | \$ -                                     |
| Interest payable                           | -                                       | -   | -   | -  |
| Due to (from) other government entities    | 5                                       | 685   | (43)  | -  |
| Compensated absences                       | -                                       | -   | -   | -  |
| Deposits and other liabilities             | 44                                      | 5,935   | 78,588  | -  |
| Total current liabilities                  | <u>49</u>                               | <u>6,620</u>                                    | <u>78,545</u>   | <u>-</u>                                 |
| Noncurrent liabilities:                    |   |   |   |  |
| Bonds and debenture notes payable          | -                                       | -   | -   | -  |
| Due to (from) other government entities    | 547                                     | -   | -   | -  |
| Other liabilities and deferred inflow      | -                                       | -   | -   | -  |
| Deferred revenues                          | (4,758)                                 | -   | -   | -  |
| Total noncurrent liabilities               | <u>(4,211)</u>                          | <u>-</u>  | <u>-</u>  | <u>-</u>                                 |
| Total Liabilities                          | <u>(4,162)</u>                          | <u>6,620</u>                                    | <u>78,545</u>   | <u>-</u>                                 |
| Fund equity                                |   |   |   |  |
| Invested in capital assets                 | -                                       | -   | -   | -  |
| Restricted by indenture                    | -                                       | -   | -   | -  |
| Restricted by statute                      | 202,231                                 | 620,800   | 25,474  | 44,566                                   |
| Total Fund equity                          | <u>202,231</u>                          | <u>620,800</u>                                  | <u>25,474</u>   | <u>44,566</u>                            |
| Total Liabilities and Fund equity          | <u>\$ 198,069</u>                       | <u>\$ 627,420</u>                               | <u>\$ 104,019</u>                                     | <u>\$ 44,566</u>                         |

| LOAN<br>SERVICING | LOAN<br>WAREHOUSING | HOMEOWNERSHIP<br>SECONDARY<br>MARKETING | CITIGROUP<br>GLOBAL<br>MARKETS | OPERATING<br>ACCOUNT | TOTAL<br>OTHER<br>PROGRAMS<br>AND<br>ACCOUNTS |
|-------------------|---------------------|---|--------------------------------|----------------------|---|
| \$ 31,206         | \$ 9,325            | \$ 79                                   | \$ 101                         | \$ 1,424             | \$ 57,142                                     |
| 157,676           | 29,263              | -                                       | -                              | 11,111               | 873,567                                       |
| -                 | 52,966              | -                                       | 2,642                          | -                    | 103,440                                       |
| -                 | 364                 | -                                       | 493                            | -                    | 5,024   |
| 218               | 200                 | -                                       | -                              | 22                   | 1,456   |
| 6,495             | 26                  | -                                       | -                              | 493                  | 8,302   |
| (7,132)           | (12,379)            | (50)                                    | (80)                           | 310,146              | 43,325  |
| -                 | 33,420              | -                                       | -                              | 56                   | 33,499  |
| <u>188,463</u>    | <u>113,185</u>      | <u>29</u>                               | <u>3,156</u>                   | <u>323,252</u>       | <u>1,125,755</u>                              |
| -                 | 42,857              | -                                       | -                              | -                    | 43,419  |
| -                 | 33,237              | -                                       | 88,792                         | -                    | 597,715                                       |
| -                 | -                   | -                                       | -                              | -                    | -   |
| -                 | -                   | -                                       | -                              | 20                   | 20  |
| -                 | 196                 | -                                       | -                              | 215,999              | 216,351                                       |
| <u>-</u>          | <u>76,290</u>       | <u>-</u>                                | <u>88,792</u>                  | <u>216,019</u>       | <u>857,505</u>                                |
| <u>\$ 188,463</u> | <u>\$ 189,475</u>   | <u>29</u>                               | <u>91,948</u>                  | <u>\$ 539,271</u>    | <u>\$ 1,983,260</u>                           |
| \$ -              | \$ -                | \$ -                                    | \$ -                           | \$ -                 | \$ -  |
| -                 | 172                 | -                                       | 508                            | 43,441               | 44,121  |
| 43                | 90,000              | -                                       | -                              | 7,119                | 97,809  |
| -                 | -                   | -                                       | -                              | 4,358                | 4,358   |
| 168,736           | 88,630              | -                                       | -                              | 4,978                | 346,911                                       |
| <u>168,779</u>    | <u>178,802</u>      | <u>-</u>                                | <u>508</u>                     | <u>59,896</u>        | <u>493,199</u>                                |
| -                 | -                   | -                                       | 93,854                         | -                    | 93,854  |
| -                 | -                   | -                                       | -                              | -                    | 547   |
| -                 | -                   | -                                       | -                              | 250,885              | 250,885                                       |
| -                 | 53                  | -                                       | -                              | 26,445               | 21,740  |
| <u>-</u>          | <u>53</u>           | <u>-</u>                                | <u>93,854</u>                  | <u>277,330</u>       | <u>367,026</u>                                |
| <u>168,779</u>    | <u>178,855</u>      | <u>-</u>                                | <u>94,362</u>                  | <u>337,226</u>       | <u>860,225</u>                                |
| -                 | -                   | -                                       | -                              | 866                  | 866   |
| -                 | -                   | -                                       | -                              | -                    | -   |
| 19,684            | 10,620              | 29                                      | (2,414)                        | 201,179              | 1,122,169                                     |
| <u>19,684</u>     | <u>10,620</u>       | <u>29</u>                               | <u>(2,414)</u>                 | <u>202,045</u>       | <u>1,123,035</u>                              |
| <u>\$ 188,463</u> | <u>\$ 189,475</u>   | <u>\$ 29</u>                            | <u>\$ 91,948</u>               | <u>\$ 539,271</u>    | <u>\$ 1,983,260</u>                           |

**CALIFORNIA HOUSING FINANCE FUND**  
**SUPPLEMENTAL STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND EQUITY**  
**OTHER PROGRAMS AND ACCOUNTS**  
**June 30, 2010**

(Dollars in Thousands)

|  | <b>HOUSING<br/>ASSISTANCE<br/>TRUST</b> | <b>CONTRACT<br/>ADMINISTRATION<br/>PROGRAMS</b> | <b>SUPPLEMENTAL<br/>BOND<br/>SECURITY<br/>ACCOUNT</b> | <b>EMERGENCY<br/>RESERVE<br/>ACCOUNT</b> |
|--|---|---|---|--|
| <b>OPERATING REVENUES</b>                              |   |   |   |  |
| Interest income:                                       |   |   |   |  |
| Program loans and loan agreements -- net               | \$ 17,435                               | \$ 3,251  | \$ -  | \$ -                                     |
| Interest income - Investments -- net                   | 963                                     | 2,896   | 675   | 727                                      |
| Increase (decrease) in fair value of investments       | 14                                      | -   | -   | -  |
| Loan commitment fees                                   | -                                       | -   | -   | -  |
| Other loan fees  | 213                                     | -   | -   | -  |
| Other revenues   | 4,094                                   | 8,708   | -   | -  |
| Total Operating revenues                               | <u>22,719</u>                           | <u>14,855</u>                                   | <u>675</u>  | <u>727</u>                               |
| <b>OPERATING EXPENSES</b>                              |   |   |   |  |
| Interest   | 267                                     | -   | -   | -  |
| Amortization of bond discount and bond premium         | -                                       | -   | -   | -  |
| Mortgage servicing fees                                | 45                                      | -   | -   | -  |
| Provision (reversal) for estimated loan losses         | (2,138)                                 | 17,291  | -   | -  |
| Operating expenses                                     | -                                       | -   | -   | -  |
| Other expenses   | 34                                      | 36,217  | 41,717  | -  |
| Total Operating expenses                               | <u>(1,792)</u>                          | <u>53,508</u>                                   | <u>41,717</u>   | <u>-</u>                                 |
| Operating income (loss) before transfers               | 24,511                                  | (38,653)  | (41,042)  | 727                                      |
| Transfers (interfund)                                  | -                                       | 14,350  | -   | -  |
| Transfers (intrafund)                                  | (246,651)                               | -   | 41,000  | (40,995)                                 |
| Increase (decrease) in fund equity                     | (222,140)                               | (24,303)  | (42)  | (40,268)                                 |
| Fund equity at beginning of year, as originally stated | 424,371                                 | 645,103   | 25,516  | 84,834                                   |
| Cumulative effect of adoption of GASB 53               | -                                       | -   | -   | -  |
| Fund equity at beginning of year, as restated          | <u>424,371</u>                          | <u>645,103</u>                                  | <u>25,516</u>   | <u>84,834</u>                            |
| Fund equity at end of year                             | <u>\$ 202,231</u>                       | <u>\$ 620,800</u>                               | <u>\$ 25,474</u>                                      | <u>\$ 44,566</u>                         |

| LOAN<br>SERVICING | LOAN<br>WAREHOUSING | HOMEOWNERSHIP<br>SECONDARY<br>MARKETING | CITIGROUP<br>GLOBAL<br>MARKETS | OPERATING<br>ACCOUNT | TOTAL<br>OTHER<br>PROGRAMS<br>AND<br>ACCOUNTS |
|-------------------|---------------------|---|--------------------------------|----------------------|---|
| \$ -              | \$ 2,022            | \$ -                                    | \$ -                           | \$ -                 | \$ 22,708                                     |
| (10)              | 5,713               | -                                       | -                              | 216                  | 11,180  |
| -                 | 1,301               | -                                       | -                              | -                    | 1,315   |
| -                 | -                   | -                                       | -                              | 1,108                | 1,108   |
| 7,186             | 3                   | -                                       | -                              | 20,297               | 27,699  |
| 71,782            | -                   | 35                                      | -                              | (28,019)             | 56,600  |
| <u>78,958</u>     | <u>9,039</u>        | <u>35</u>                               | <u>-</u>                       | <u>(6,398)</u>       | <u>120,610</u>                                |
| -                 | 2,142               | -                                       | -                              | 93,312               | 95,721  |
| -                 | -                   | -                                       | -                              | -                    | -   |
| -                 | 149                 | -                                       | -                              | -                    | 194   |
| -                 | 3,714               | -                                       | 2,414                          | -                    | 21,281  |
| -                 | -                   | -                                       | -                              | 42,536               | 42,536  |
| 73,819            | 390                 | 6                                       | -                              | 24,932               | 177,115                                       |
| <u>73,819</u>     | <u>6,395</u>        | <u>6</u>                                | <u>2,414</u>                   | <u>160,780</u>       | <u>336,847</u>                                |
| 5,139             | 2,644               | 29                                      | (2,414)                        | (167,178)            | (216,237)                                     |
| -                 | -                   | -                                       | -                              | -                    | 14,350  |
| -                 | (98)                | -                                       | -                              | 374,979              | 128,235                                       |
| 5,139             | 2,546               | 29                                      | (2,414)                        | 207,801              | (73,652)                                      |
| 14,545            | 8,074               | -                                       | -                              | 10,585               | 1,213,028                                     |
| -                 | -                   | -                                       | -                              | (16,341)             | (16,341)                                      |
| <u>14,545</u>     | <u>8,074</u>        | <u>-</u>                                | <u>-</u>                       | <u>(5,756)</u>       | <u>1,196,687</u>                              |
| <u>\$ 19,684</u>  | <u>\$ 10,620</u>    | <u>\$ 29</u>                            | <u>\$ (2,414)</u>              | <u>\$ 202,045</u>    | <u>\$ 1,123,035</u>                           |

**CALIFORNIA HOUSING FINANCE FUND  
SUPPLEMENTAL STATEMENT OF CASH FLOWS -  
OTHER PROGRAMS AND ACCOUNTS**

**June 30, 2010**

(Dollars in Thousands)

|   | HOUSING<br>ASSISTANCE<br>TRUST | CONTRACT<br>ADMINISTRATION<br>PROGRAMS | SUPPLEMENTAL<br>BOND<br>SECURITY<br>ACCOUNT | EMERGENCY<br>RESERVE<br>ACCOUNT |
|---|--------------------------------|--|---|---------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                                |  |   |                                 |
| Receipts from customers   | \$ 17,293                      | \$ 803                                 | \$ -  | \$ -                            |
| Payments to suppliers   | (34)                           | -                                      | -   | -                               |
| Payments to employees   | -                              | -                                      | -   | -                               |
| Internal activity - payments other funds  | -                              | -                                      | -   | -                               |
| Other receipts (payments)   | 212,781                        | (66,434)                               | (39,994)                                    | 2,324                           |
| Net cash provided by (used for) operating activities  | <u>230,040</u>                 | <u>(65,631)</u>                        | <u>(39,994)</u>                             | <u>2,324</u>                    |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>  |                                |  |   |                                 |
| Intrafund transfers   | (246,651)                      | -                                      | 41,000                                      | (40,995)                        |
| Due to (from) other government entities   | -                              | -                                      | (2,526)                                     | -                               |
| Net cash provided by (used for) noncapital financing activities   | <u>(246,651)</u>               | <u>-</u>                               | <u>38,474</u>                               | <u>(40,995)</u>                 |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>   |                                |  |   |                                 |
| Proceeds from sales of bonds and notes payable  | -                              | -                                      | -   | -                               |
| Payment of bond principal   | -                              | -                                      | -   | -                               |
| Early bond redemptions  | (23,134)                       | -                                      | -   | -                               |
| Interest paid on debt   | (464)                          | -                                      | -   | -                               |
| Interfund transfers   | -                              | 14,350                                 | -   | -                               |
| (Additions) deductions to deferred financing costs  | -                              | -                                      | -   | -                               |
| Net cash provided by (used for) capital and related financing activities                                  | <u>(23,598)</u>                | <u>14,350</u>                          | <u>-</u>                                    | <u>-</u>                        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                                |  |   |                                 |
| Proceeds from maturity and sale of investments  | 402,919                        | 95,421                                 | 96,666                                      | 189,938                         |
| Purchase of investments   | (408,146)                      | (49,124)                               | (95,856)                                    | (152,202)                       |
| Interest on investments - net   | 1,550                          | 3,977                                  | 710   | 935                             |
| Net cash provided by (used for) investing activities  | <u>(3,677)</u>                 | <u>50,274</u>                          | <u>1,520</u>                                | <u>38,671</u>                   |
| Net increase (decrease) in cash and cash equivalents  | (43,886)                       | (1,007)                                | -   | -                               |
| Cash and cash equivalents at beginning of year  | 57,872                         | 2,027                                  | -   | 1                               |
| Cash and cash equivalents at end of year  | <u>\$ 13,986</u>               | <u>\$ 1,020</u>                        | <u>\$ -</u>                                 | <u>\$ 1</u>                     |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b> |                                |  |   |                                 |
| Operating income (loss)   | \$ 24,511                      | \$ (38,653)                            | \$ (41,042)                                 | \$ 727                          |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: |                                |  |   |                                 |
| Interest expense on debt  | 267                            | -                                      | -   | -                               |
| Interest on investments   | (963)                          | (2,896)                                | (675)                                       | (727)                           |
| Changes in fair value of investments  | (14)                           | -                                      | -   | -                               |
| Accretion of capital appreciation bonds   | -                              | -                                      | -   | -                               |
| Amortization of bond discount   | -                              | -                                      | -   | -                               |
| Amortization of deferred losses   | -                              | -                                      | -   | -                               |
| Amortization of bond issuance costs   | -                              | -                                      | -   | -                               |
| Amortization of bond premium  | -                              | -                                      | -   | -                               |
| Amortization of deferred revenue  | -                              | -                                      | -   | -                               |
| Depreciation  | -                              | -                                      | -   | -                               |
| Provision (reversal) for estimated loan losses  | (2,138)                        | 17,291                                 | -   | -                               |
| Provision for yield reduction payments  | -                              | -                                      | -   | -                               |
| Provision for nonmortgage investment excess   | 548                            | -                                      | -   | -                               |
| Changes in certain assets and liabilities:  |                                |  |   |                                 |
| Sale (Purchase) of program loans-net  | (659,046)                      | (41,223)                               | -   | -                               |
| Collection of principal from program loans - net  | 672,786                        | 6,615                                  | -   | -                               |
| Interest receivable   | (141)                          | (2,448)                                | -   | -                               |
| Accounts receivable   | (1,199)                        | -                                      | -   | -                               |
| Due from (to) other funds   | 200,148                        | (2,573)                                | 3,268                                       | 2,324                           |
| Other assets and deferred outflow   | -                              | -                                      | -   | -                               |
| Compensated absences  | -                              | -                                      | -   | -                               |
| Deposits and other liab   | 39                             | (1,744)                                | (1,545)                                     | -                               |
| Other liabilities and deferred inflow   | (4,758)                        | -                                      | -   | -                               |
| Net cash provided by (used for) operating activities  | <u>\$ 230,040</u>              | <u>\$ (65,631)</u>                     | <u>\$ (39,994)</u>                          | <u>\$ 2,324</u>                 |

| LOAN<br>SERVICING | LOAN<br>WAREHOUSING | HOMEOWNERSHIP<br>SECONDARY<br>MARKETING | CITIGROUP<br>GLOBAL<br>MARKETS | OPERATING<br>ACCOUNT | TOTAL<br>OTHER<br>PROGRAMS<br>AND<br>ACCOUNTS |
|-------------------|---------------------|---|--------------------------------|----------------------|---|
| \$ -              | \$ 2,419            | \$ -                                    | \$ (494)                       | \$ -                 | \$ 20,021                                     |
| -                 | (154)               | -                                       | -                              | (16,696)             | (16,884)                                      |
| -                 | -                   | -                                       | -                              | (26,045)             | (26,045)                                      |
| -                 | -                   | -                                       | -                              | -                    | -   |
| 14,525            | 50,290              | 29                                      | (93,767)                       | (269,406)            | (189,652)                                     |
| <u>14,525</u>     | <u>52,555</u>       | <u>29</u>                               | <u>(94,261)</u>                | <u>(312,147)</u>     | <u>(212,560)</u>                              |
| -                 | (98)                | -                                       | -                              | 374,979              | 128,235                                       |
| 43                | (160,000)           | -                                       | -                              | 2,821                | (159,662)                                     |
| <u>43</u>         | <u>(160,098)</u>    | <u>-</u>                                | <u>-</u>                       | <u>377,800</u>       | <u>(31,427)</u>                               |
| -                 | -                   | -                                       | 94,432                         | -                    | 94,432  |
| -                 | -                   | -                                       | (578)                          | -                    | (578)   |
| -                 | -                   | -                                       | -                              | -                    | (23,134)                                      |
| -                 | (3,267)             | -                                       | 508                            | (102,855)            | (106,078)                                     |
| -                 | -                   | -                                       | -                              | -                    | 14,350  |
| -                 | -                   | -                                       | -                              | -                    | -   |
| <u>-</u>          | <u>(3,267)</u>      | <u>-</u>                                | <u>94,362</u>                  | <u>(102,855)</u>     | <u>(21,008)</u>                               |
| 41,280            | 237,024             | -                                       | -                              | 30,005,567           | 31,068,815                                    |
| (56,676)          | (131,899)           | -                                       | -                              | (29,967,780)         | (30,861,683)                                  |
| 308               | 6,191               | -                                       | -                              | 392                  | 14,063  |
| <u>(15,088)</u>   | <u>111,316</u>      | <u>-</u>                                | <u>-</u>                       | <u>38,179</u>        | <u>221,195</u>                                |
| (520)             | 506                 | 29                                      | 101                            | 977                  | (43,800)                                      |
| 31,726            | 8,819               | 50                                      | -                              | 447                  | 100,942                                       |
| <u>\$ 31,206</u>  | <u>\$ 9,325</u>     | <u>\$ 79</u>                            | <u>\$ 101</u>                  | <u>\$ 1,424</u>      | <u>\$ 57,142</u>                              |
| \$ 5,139          | \$ 2,644            | \$ 29                                   | \$ (2,414)                     | \$ (167,178)         | (216,237)                                     |
| -                 | 2,142               | -                                       | -                              | 93,312               | 95,721  |
| 10                | (5,713)             | -                                       | -                              | (216)                | (11,180)                                      |
| -                 | (1,301)             | -                                       | -                              | -                    | (1,315)                                       |
| -                 | -                   | -                                       | -                              | -                    | -   |
| -                 | -                   | -                                       | -                              | -                    | -   |
| -                 | -                   | -                                       | -                              | 10                   | 10  |
| -                 | -                   | -                                       | -                              | -                    | -   |
| -                 | -                   | -                                       | -                              | (1,108)              | (1,108)                                       |
| -                 | -                   | -                                       | -                              | 218                  | 218   |
| -                 | 3,714               | -                                       | 2,414                          | -                    | 21,281  |
| -                 | -                   | -                                       | -                              | -                    | -   |
| -                 | -                   | -                                       | -                              | -                    | 548   |
| -                 | (10,703)            | -                                       | (94,431)                       | -                    | (805,403)                                     |
| -                 | 11,574              | -                                       | 584                            | -                    | 691,559                                       |
| -                 | 397                 | -                                       | (494)                          | -                    | (2,686)                                       |
| 174               | 20                  | -                                       | -                              | (461)                | (1,466)                                       |
| 247               | 28,796              | -                                       | 80                             | (252,140)            | (19,850)                                      |
| -                 | (33,420)            | -                                       | -                              | (215,399)            | (248,819)                                     |
| -                 | -                   | -                                       | -                              | 2,041                | 2,041   |
| 8,955             | 54,422              | -                                       | -                              | (5,686)              | 54,441  |
| -                 | (17)                | -                                       | -                              | 234,460              | 229,685                                       |
| <u>\$ 14,525</u>  | <u>\$ 52,555</u>    | <u>\$ 29</u>                            | <u>\$ (94,261)</u>             | <u>\$ (312,147)</u>  | <u>\$ (212,560)</u>                           |

# California Housing Loan Insurance Fund

Financial Statements and Supplementary Information  
for the Years Ended December 31, 2009 and 2008,  
and Independent Auditors' Report

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
California Housing Finance Agency  
Sacramento, California

We have audited the accompanying balance sheets of the California Housing Loan Insurance Fund (the "Fund"), which is administered by the California Housing Finance Agency (the "Agency"), a component unit of the State of California, as of December 31, 2009 and 2008, and the related statements of revenues, expenses, and changes in fund equity, and cash flows for the years then ended. The accompanying financial statements are the statements of the Fund and do not include the financial position or the results of the operations of the Agency. These financial statements are the responsibility of the management of the Agency. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Agency's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

*Deloitte + Touche LLP*

May 7, 2010

# CALIFORNIA HOUSING LOAN INSURANCE FUND

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS YEARS ENDED DECEMBER 31, 2009 AND 2008

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The California Housing Finance Agency (the "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 (the "State") and is included in the State's Comprehensive Annual Financial Report. The Agency is authorized to administer the activities of the California Housing Loan Insurance Fund (the "Fund"), the California Housing Finance Fund (the "CHFF"), and two State general obligation bond funds. The following Management Discussion and Analysis applies only to the activities of the California Housing Loan Insurance Fund and should be read in conjunction with the Fund's financial statements and the notes to the financial statements. The Agency is entirely self-funded and does not draw upon the general taxing authority of the State.

The Agency is authorized to use the Fund's assets as at-risk capital in support of mortgage insurance programs which insure loans which finance the acquisition, new construction, or rehabilitation of residential structures in California. The Fund insures loans made by the Agency; loans made by lenders for securitization by the Federal National Mortgage Association (the "FNMA"), and Federal Home Loan Mortgage Corporation (the "FHLMC"); and loans made by localities, nonprofit agencies, and the California State Teachers' Retirement System. In conducting business the Agency is authorized to reinsure any risk undertaken by the Fund.

While the Fund is subject to the same statutory requirements as private mortgage insurance companies with respect to the maintenance of policyholders' surplus, the Fund is exempt from regulatory control by the State Department of Insurance. The claims-paying ability of the Fund has been assigned a rating of BBB by Standard & Poor's.

Underwriting, acquisition, and issuance expenses are charged directly to the Fund as well as loss and loss adjustment expenses. Certain administrative and operating expenses, including office space, business services and supplies, legal services, accounting services, information technology support, and human resource support services, are provided by the Agency and indirectly charged to the Fund.

### FINANCIAL RESULTS 2009 – 2008

- Insurance in force decreased by \$285 million, or 10%, to \$2.8 billion as of December 31, 2009, compared to \$3.1 billion as of December 31, 2008. This decrease in insured loans is primarily a result of current conditions in the mortgage industry and the Agency's limited ability to finance the acquisition, new construction, or rehabilitation of residential structures during 2009. The Fund ceased writing new business in September 2009.
- The Fund had an operating loss of \$54 million for 2009. Net operating results of the Fund fell by approximately \$37.1 million in 2009 in compared to the operating loss of \$16.9 million in 2008. This was primarily due to increases in the reserve for loan losses and claim payments during 2009. The Fund has fund equity of \$194 thousand at December 31, 2009, compared with \$54.2 million in 2008. The Agency plans to request additional funding for the Fund in the near future in order to provide sufficient liquidity to meet the Fund's obligations.

- Home mortgage delinquencies continued to increase during the year and although the Agency does not make subprime loans, the delinquency ratio for the insured portfolio increased to 22% in December 2009 or \$638 million, up from 8.48% or \$265 million in December 2008. Insurance claim payments were \$117.1 million and \$16.4 million in 2009 and 2008, respectively.
- In response to the continued increase in foreclosures, the Agency increased the Fund's reserve for loan losses by \$37 million in 2009 to \$63 million as a result of the Fund's higher reserves for potential losses. The Agency continues to monitor delinquencies closely and is proactive in its attempts to mitigate losses.
- The Fund continued the services of the reinsurance treaty and administrative services agreement with Genworth Financial ("Genworth"), previously known as GE Mortgage Insurance Corporation ("GEMICO"). This insurance treaty cedes to Genworth a 75% quota share of the insurance risk and 64.5% of the premium collected for most loans insured by the Fund. The treaty was amended for loans insured on or after May 1, 2008 to 67% of premium collected and amended again on April 1, 2009 to 69% of premium collected on loans insured on or after that date.
- In February 2009, Moody's Investors Service lowered the claims paying rating of Genworth to Baa<sup>2</sup> from Aa<sup>3</sup>. In December 2009, Standard and Poor's Ratings Services ("S&P") lowered the counterparty credit and financial strength ratings on Genworth Mortgage Insurance Corp. to "BBB-" from "BBB+".
- In July 2009, S&P lowered the Fund's rating to "BBB" from "A+" due to challenges in the California housing market (increasing foreclosures, rising unemployment, and falling home prices) and management's decision to reduce the line of credit for the Fund to \$10 million from \$100 million, in accordance with the Agency's Interfund Credit Agreement.

## 2009 COMPARED TO 2008

### CONDENSED BALANCE SHEETS

The following table presents condensed balance sheets for the Fund as of December 31, 2009 and 2008, and the change from year to year (dollars in thousands):

|  | 2009             | 2008             | Change             |
|--|------------------|------------------|--------------------|
| <b>ASSETS</b>                              |                  |                  |                    |
| Cash, cash equivalents, and investments    | \$ 65,290        | \$ 78,552        | \$ (13,262)        |
| Other assets                               | <u>1,490</u>     | <u>3,227</u>     | <u>(1,737)</u>     |
| TOTAL                                      | <u>\$ 66,780</u> | <u>\$ 81,779</u> | <u>\$ (14,999)</u> |
| <b>LIABILITIES AND FUND EQUITY</b>         |                  |                  |                    |
| LIABILITIES:                               |                  |                  |                    |
| Unpaid losses and loss adjustment expenses | \$ 62,962        | \$ 25,995        | \$ 36,967          |
| Unearned premiums                          | 244              | 316              | (72)               |
| Accounts payable and other liabilities     | <u>3,380</u>     | <u>1,315</u>     | <u>2,065</u>       |
| Total liabilities                          | <u>66,586</u>    | <u>27,626</u>    | <u>38,960</u>      |
| FUND EQUITY:                               |                  |                  |                    |
| Invested in capital assets                 | 33               | 39               | (6)                |
| Restricted by statute                      | <u>161</u>       | <u>54,114</u>    | <u>(53,953)</u>    |
| Total fund equity                          | <u>194</u>       | <u>54,153</u>    | <u>(53,959)</u>    |
| TOTAL                                      | <u>\$ 66,780</u> | <u>\$ 81,779</u> | <u>\$ (14,999)</u> |

**Assets** — Total assets of the Fund were \$66.8 million as of December 31, 2009, a decrease of \$15 million or 18% from December 31, 2008. Of the Fund's assets, more than 98% are represented by cash and investments. The Fund does not have a significant investment in capital assets.

Cash, cash equivalents, and investments were \$65.3 million as of December 31, 2009, a decrease of \$13.3 million from December 31, 2008. The decrease is primarily due to an increase in claim payments. The Agency invests the Fund's cash in the State's Surplus Money Investment Fund ("SMIF"). SMIF provides the Fund a variable rate of return and complete liquidity. Cash invested in SMIF is deposited within the State's Centralized Treasury System and managed by the State Treasurer.

Other assets were \$1.5 million as of December 31, 2009, a decrease of \$1.7 million or 54% from December 31, 2008. The decrease is the result of a decline in interest receivable from decreased earning rates in the State's SMIF and decrease in reinsurance receivable as a result of higher number of claims being paid.

**Liabilities** — The Fund's liabilities were \$66.6 million as of December 31, 2009, an increase of \$39 million or 141% from December 31, 2008.

The reserve for unpaid losses and loss adjustment expenses was \$63 million as of December 31, 2009, an increase of \$37 million from December 31, 2008. The increase in the loss reserve is the result of the Fund's higher loss reserves required to cover potential losses. As of December 31, 2009, 2505 insured loans with balances aggregating \$661 million were either reported as delinquent by the lender or delinquent but not reported. As of December 31, 2008, 1076 insured loans with balances aggregating \$292.6 million were either reported as delinquent by the lender or delinquent but not reported.

Unearned premiums were \$244,000 as of December 31, 2009, a decrease of \$72,000 from December 31, 2008. The decrease was due to policy adjustments between the servicer and reinsurer. The expected trend of this account is to decrease over time due to a change in premium collection practices. Beginning in 1996, management adopted the mortgage insurance industry norm of collecting monthly premium payments in arrears for newly established loan insurance products as compared to past practices of collecting annual premiums in advance. As a result, each year a greater percentage of insured loans require monthly premium payments, which are earned when received, rather than annual payments, which are received in advance and deferred and earned over a one-year period.

Accounts payable and other liabilities were \$3.4 million as of December 31, 2009, an increase of \$2.1 million from December 31, 2008. This increase is largely attributable to amounts owed to the reinsurer for claim payments.

**Fund Equity** — All of the Fund's equity is restricted or invested in capital assets. The Fund's equity is restricted pursuant to the Agency's enabling legislation. Total equity of the Fund decreased by \$54 million as a result of increased reserves for unpaid losses and loss adjustment expenses.

#### CONDENSED STATEMENTS OF REVENUES AND EXPENSES

The following table presents condensed statements of revenues and expenses for the Fund for the years ended December 31, 2009 and 2008, and the change from year to year (dollars in thousands):

|                                   | 2009               | 2008               | Change             |
|-----------------------------------|--------------------|--------------------|--------------------|
| OPERATING REVENUES:               |                    |                    |                    |
| Premiums earned                   | \$ 20,894          | \$ 22,062          | \$ (1,168)         |
| Investment income                 | 924                | 2,406              | (1,482)            |
| Other revenues                    | <u>2</u>           | <u>935</u>         | <u>(933)</u>       |
| Total operating revenues          | <u>21,820</u>      | <u>25,403</u>      | <u>(3,583)</u>     |
| OPERATING EXPENSES:               |                    |                    |                    |
| Loss and loss adjustment expenses | 60,632             | 26,068             | 34,564             |
| Operating expenses                | 14,940             | 16,171             | (1,231)            |
| Other expenses                    | <u>207</u>         | <u>34</u>          | <u>173</u>         |
| Total operating expenses          | <u>75,779</u>      | <u>42,273</u>      | <u>33,506</u>      |
| OPERATING LOSS                    | <u>\$ (53,959)</u> | <u>\$ (16,870)</u> | <u>\$ (37,089)</u> |

**Operating Revenues** — Operating revenues were \$21.8 million during 2009 compared to \$25.4 million during 2008, a decrease of \$3.6 million or 14%.

Premiums earned in 2009 decreased by \$1.2 million or 5% compared to premiums earned in 2008. The decrease in premiums earned corresponds with the decrease in insurance in force. Insurance in force was \$2.8 billion and \$3.1 billion as of December 31, 2009 and 2008, respectively.

Investment income decreased \$1.5 million to \$924,000 in 2009 from \$2.4 million in 2008. This decrease was due to the decrease in interest rates. SMIF interest rates for the past two years are shown in the following table:

| <b>Periods</b>     | <b>Year 2009</b> | <b>Periods</b>     | <b>Year 2008</b> |
|--------------------|------------------|--------------------|------------------|
| January — March    | 1.903%           | January — March    | 4.174%           |
| April — June       | 1.512%           | April — June       | 3.108%           |
| July — September   | 0.889%           | July — September   | 2.769%           |
| October — December | 0.594%           | October — December | 2.533%           |

Other revenues decreased by \$933,000 to \$2,000 in 2009 from \$935,000 in 2008. Recoveries made on amounts owed from defendants in certain litigation declined from last year.

**Operating Expenses** — Total operating expenses were \$75.8 million during 2009 compared to \$42.3 million during 2008, an increase of \$33.5 million or 79%.

Loss and loss adjustment expenses increased by \$34.6 million in 2009. The increase is attributable to the increase in required reserves to cover potential losses.

The Fund's operating expenses were \$14.9 million during 2009 compared to \$16.2 million during 2008, a decrease of \$1.3 million or 7.6%. The decrease is primarily a result of lower ceded premiums to the reinsurer due to lower insurance in force and a decrease in salary expenses.

**Operating Loss** — Operating loss for 2009 was \$53.9 million compared to \$16.9 million loss in 2008, a decrease of \$37 million. The increase in operating loss is a result of the increase in loss and loss adjustment expenses.

## 2008 COMPARED TO 2007

### CONDENSED BALANCE SHEETS

The following table presents condensed balance sheets for the Fund as of December 31, 2008 and 2007, and the change from year to year (dollars in thousands):

|  | 2008             | 2007             | Change          |
|--|------------------|------------------|-----------------|
| <b>ASSETS</b>                              |                  |                  |                 |
| Cash, cash equivalents, and investments    | \$ 78,552        | \$ 72,994        | \$ 5,558        |
| Other assets                               | <u>3,227</u>     | <u>3,583</u>     | <u>(356)</u>    |
| TOTAL                                      | <u>\$ 81,779</u> | <u>\$ 76,577</u> | <u>\$ 5,202</u> |
| <b>LIABILITIES AND FUND EQUITY</b>         |                  |                  |                 |
| <b>LIABILITIES:</b>                        |                  |                  |                 |
| Unpaid losses and loss adjustment expenses | \$ 25,995        | \$ 4,029         | \$ 21,966       |
| Unearned premiums                          | 316              | 397              | (81)            |
| Accounts payable and other liabilities     | <u>1,315</u>     | <u>1,128</u>     | <u>187</u>      |
| Total liabilities                          | <u>27,626</u>    | <u>5,554</u>     | <u>22,072</u>   |
| <b>FUND EQUITY:</b>                        |                  |                  |                 |
| Invested in capital assets                 | 39               | 44               | (5)             |
| Restricted by statute                      | <u>54,114</u>    | <u>70,979</u>    | <u>(16,865)</u> |
| Total fund equity                          | <u>54,153</u>    | <u>71,023</u>    | <u>(16,870)</u> |
| TOTAL                                      | <u>\$ 81,779</u> | <u>\$ 76,577</u> | <u>\$ 5,202</u> |

**Assets** — Total assets of the Fund were \$81.8 million as of December 31, 2008, an increase of \$5.2 million or 6.8% from December 31, 2007. Of the Fund's assets, more than 96% are represented by cash and investments. The Fund does not have a significant investment in capital assets.

Cash, cash equivalents, and investments were \$78.6 million as of December 31, 2008, an increase of \$5.6 million from December 31, 2007. The increase is primarily due to an increase in premiums earned and investments. The Agency invests the Fund's cash in the State's Surplus Money Investment Fund ("SMIF"). SMIF provides the Fund a variable rate of return and complete liquidity. Cash invested in SMIF is deposited within the State's Centralized Treasury System and managed by the State Treasurer.

Other assets were \$3.2 million as of December 31, 2008, a decrease of \$356,000 or 10% from December 31, 2007. The decrease is the result of a drop in interest receivable from decreased earning rates in the State's SMIF.

**Liabilities** — The Fund's liabilities were \$27.6 million as of December 31, 2008, an increase of \$22.1 million or 398% from December 31, 2007.

The reserve for unpaid losses and loss adjustment expenses was \$26 million as of December 31, 2008, an increase of \$22 million from December 31, 2007. The increase in the loss reserve is the result of the Fund's increase in insurance in force and higher loss reserves required to cover potential losses. As of December 31,

2008, 1076 insured loans with balances aggregating \$292.6 million were either reported as delinquent by the lender or delinquent but not reported. As of December 31, 2007, 331 insured loans with balances aggregating \$84.8 million were either reported as delinquent by the lender or delinquent but not reported.

Unearned premiums were \$316,000 as of December 31, 2008, a decrease of \$81,000 from December 31, 2007. The decrease was due to policy adjustments between the servicer and reinsurer. The expected trend of this account is to decrease over time due to a change in premium collection practices. Beginning in 1996, management adopted the mortgage insurance industry norm of collecting monthly premium payments in arrears for newly established loan insurance products as compared to past practices of collecting annual premiums in advance. As a result, each year a greater percentage of insured loans require monthly premium payments, which are earned when received, rather than annual payments, which are received in advance and deferred and earned over a one-year period.

Accounts payable and other liabilities were \$1.3 million as of December 31, 2008, an increase of \$187,000 from December 31, 2007. This increase is largely attributable to amounts owed to the reinsurer.

**Fund Equity** — All of the Fund's equity is restricted or invested in capital assets. The Fund's equity is restricted pursuant to the Agency's enabling legislation. Total equity of the Fund decreased by \$16.9 million as a result of increased reserves for unpaid losses and loss adjustment expenses.

#### CONDENSED STATEMENTS OF REVENUES AND EXPENSES

The following table presents condensed statements of revenues and expenses for the Fund for the years ended December 31, 2008 and 2007, and the change from year to year (dollars in thousands):

|                                   | 2008               | 2007            | Change             |
|-----------------------------------|--------------------|-----------------|--------------------|
| OPERATING REVENUES:               |                    |                 |                    |
| Premiums earned                   | \$ 22,062          | \$ 18,201       | \$ 3,861           |
| Investment income                 | 2,406              | 3,534           | (1,128)            |
| Other revenues                    | <u>935</u>         | <u>1,985</u>    | <u>(1,050)</u>     |
| Total operating revenues          | <u>25,403</u>      | <u>23,720</u>   | <u>1,683</u>       |
| OPERATING EXPENSES:               |                    |                 |                    |
| Loss and loss adjustment expenses | 26,068             | 3,692           | 22,376             |
| Operating expenses                | 16,171             | 13,623          | 2,548              |
| Other expenses                    | <u>34</u>          | <u>4</u>        | <u>30</u>          |
| Total operating expenses          | <u>42,273</u>      | <u>17,319</u>   | <u>24,954</u>      |
| OPERATING (LOSS) INCOME           | <u>\$ (16,870)</u> | <u>\$ 6,401</u> | <u>\$ (23,271)</u> |

**Operating Revenues** — Operating revenues were \$25.4 million during 2008 compared to \$23.7 million during 2007, an increase of \$1.7 million or 7%.

Premiums earned in 2008 increased by \$3.9 million or 21% compared to premiums earned in 2007. The increase in premiums earned corresponds with the increase in insurance in force. Insurance in force was \$3.1 billion and \$2.6 billion as of December 31, 2008 and 2007, respectively.

Investment income decreased \$1.1 million to \$2.4 million in 2008 from \$3.5 million in 2007. This decrease was due to the decrease in interest rates. SMIF interest rates for the past two years are shown in the following table:

| <b>Interest Payment Periods</b> | <b>Fiscal Year 2008</b> | <b>Interest Payment Periods</b> | <b>Fiscal Year 2007</b> |
|---------------------------------|-------------------------|---------------------------------|-------------------------|
| January — March                 | 4.174%                  | January — March                 | 5.172%                  |
| April — June                    | 3.108%                  | April — June                    | 5.235%                  |
| July — September                | 2.769%                  | July — September                | 5.236%                  |
| October — December              | 2.533%                  | October — December              | 4.955%                  |

Other revenues decreased by \$1 million to \$935,000 in 2008 from \$1.9 million in 2007. This decrease was a result of less recovery made on amounts owed from defendants in certain litigation.

**Operating Expenses** — Total operating expenses were \$42.3 million during 2008 compared to \$17.3 million during 2007, an increase of \$25 million or 144%.

Loss and loss adjustment expenses increased by \$22.4 million in 2008. The increase is attributable to the increase of new insurance written for higher loan sizes and the increase in required reserves to cover potential losses.

The Fund's operating expenses were \$16.2 million during 2008 compared to \$13.6 million during 2007, an increase of \$2.6 million or 18.7%. The increase is primarily in ceded premiums to the reinsurer.

**Operating Income** — Operating income for 2008 was a net loss of \$16.9 million compared to \$6.4 million gain in 2007, a decrease of \$23.3 million. The decrease in operating income is a result of the increase in loss and loss adjustment expenses.

# CALIFORNIA HOUSING LOAN INSURANCE FUND

## BALANCE SHEETS DECEMBER 31, 2009 AND 2008

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|   | 2009                 | 2008                 |
|---|----------------------|----------------------|
| <b>ASSETS</b>   |                      |                      |
| CURRENT ASSETS:   |                      |                      |
| Cash and cash equivalents                               | \$ 38,702            | \$ 12,348            |
| Investment in Surplus Money Investment Fund             | 65,251,000           | 78,540,000           |
| Interest receivable                                     | 101,960              | 500,205              |
| Other current assets                                    | <u>1,219,689</u>     | <u>2,422,400</u>     |
| Total current assets                                    | 66,611,351           | 81,474,953           |
| NONCURRENT ASSETS — Other assets                        | <u>168,795</u>       | <u>304,158</u>       |
| TOTAL   | <u>\$ 66,780,146</u> | <u>\$ 81,779,111</u> |
| <br><b>LIABILITIES AND FUND EQUITY</b>                  |                      |                      |
| CURRENT LIABILITIES:                                    |                      |                      |
| Reserves for unpaid losses and loss adjustment expenses | \$ 62,962,465        | \$ 25,994,567        |
| Unearned premiums                                       | 210,244              | 246,999              |
| Reinsurance payable                                     | 2,927,223            | 808,924              |
| Accounts payable and other liabilities                  | 41,423               | 34,265               |
| Compensated absences                                    | 162,852              |                      |
| Due to other government entities                        | <u>248,003</u>       | <u>472,147</u>       |
| Total current liabilities                               | 66,552,210           | 27,556,902           |
| NONCURRENT LIABILITIES — Unearned premiums              | <u>33,409</u>        | <u>68,906</u>        |
| Total liabilities                                       | <u>66,585,619</u>    | <u>27,625,808</u>    |
| CONTINGENCIES (Note 8)                                  |                      |                      |
| FUND EQUITY:  |                      |                      |
| Invested in capital assets                              | 33,446               | 38,875               |
| Restricted by statute                                   | <u>161,081</u>       | <u>54,114,428</u>    |
| Total fund equity                                       | <u>194,527</u>       | <u>54,153,303</u>    |
| TOTAL   | <u>\$ 66,780,146</u> | <u>\$ 81,779,111</u> |

See notes to financial statements.

# CALIFORNIA HOUSING LOAN INSURANCE FUND

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY YEARS ENDED DECEMBER 31, 2009 AND 2008

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|   | 2009              | 2008                 |
|---|-------------------|----------------------|
| OPERATING REVENUES:                                   |                   |                      |
| Premiums earned                                       | \$ 20,894,083     | \$ 22,062,137        |
| Investment income                                     | 924,475           | 2,406,241            |
| Other revenues  | <u>1,708</u>      | <u>934,500</u>       |
| Total operating revenues                              | <u>21,820,266</u> | <u>25,402,878</u>    |
| OPERATING EXPENSES:                                   |                   |                      |
| Loss and loss adjustment expenses — net of recoveries | 60,632,179        | 26,067,432           |
| Operating expenses                                    | 14,939,801        | 16,170,994           |
| Other expenses  | <u>207,062</u>    | <u>34,195</u>        |
| Total operating expenses                              | <u>75,779,042</u> | <u>42,272,621</u>    |
| OPERATING LOSS  | (53,958,776)      | (16,869,743)         |
| FUND EQUITY — Beginning of year                       | <u>54,153,303</u> | <u>71,023,046</u>    |
| FUND EQUITY — End of year                             | <u>\$ 194,527</u> | <u>\$ 54,153,303</u> |

See notes to financial statements.

# CALIFORNIA HOUSING LOAN INSURANCE FUND

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2009 AND 2008

|   | 2009                   | 2008                |
|---|------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:   |                        |                     |
| Receipts from customers   | \$ 21,256,237          | \$ 22,265,348       |
| Payments to suppliers   | (12,363,168)           | (15,404,854)        |
| Payments to employees   | (322,490)              | (758,953)           |
| Due to California Housing Finance Fund  | (224,144)              | 97,548              |
| Other payments  | <u>(22,931,801)</u>    | <u>(3,447,017)</u>  |
| Net cash (used in) provided by operating activities   | <u>(14,585,366)</u>    | <u>2,752,072</u>    |
| CASH FLOWS FROM INVESTING ACTIVITIES:   |                        |                     |
| Proceeds from sale of investments   | 35,089,000             | 2,195,000           |
| Purchase of investments   | (21,800,000)           | (7,766,000)         |
| Interest on investments   | <u>1,322,720</u>       | <u>2,806,249</u>    |
| Net cash provided by (used in) investing activities   | <u>14,611,720</u>      | <u>(2,764,751)</u>  |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS  | 26,354                 | (12,679)            |
| CASH AND CASH EQUIVALENTS — Beginning of year   | <u>12,348</u>          | <u>25,027</u>       |
| CASH AND CASH EQUIVALENTS — End of year   | <u>\$ 38,702</u>       | <u>\$ 12,348</u>    |
| RECONCILIATION OF OPERATING LOSS TO NET CASH<br>(USED IN) PROVIDED BY OPERATING ACTIVITIES: |                        |                     |
| Operating loss  | \$ (53,958,776)        | \$ (16,869,743)     |
| Adjustments to reconcile operating loss to net cash<br>provided by operating activities:    |                        |                     |
| Interest on investments   | (924,475)              | (2,406,241)         |
| Unpaid loss and loss adjustment expenses  | 36,967,898             | 21,965,679          |
| Depreciation expense  | 5,429                  | 5,429               |
| Deferred policy acquisition expense   | 268,589                | 307,020             |
| Changes in certain operating assets and liabilities:  |                        |                     |
| Other assets  | 1,064,057              | (355,976)           |
| Unearned premiums   | (72,253)               | (81,447)            |
| Reinsurance payable   | 2,118,299              | 78,119              |
| Compensated absences  | 162,852                |                     |
| Accounts payable and other liabilities  | 7,158                  | 11,684              |
| Due to California Housing Finance Fund  | <u>(224,144)</u>       | <u>97,548</u>       |
| NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES   | <u>\$ (14,585,366)</u> | <u>\$ 2,752,072</u> |

See notes to financial statements.

# CALIFORNIA HOUSING LOAN INSURANCE FUND

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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### 1. AUTHORIZING LEGISLATION AND ORGANIZATION

The California Housing Loan Insurance Fund (the “Fund”) is one of two continuously appropriated funds administered by the California Housing Finance Agency (the “Agency”). The Agency was created by the Zenovich-Moscone-Chacon Housing and Home Finance Act , as amended, as a public instrumentality, a political subdivision, and a component unit of the state of California (the “State”), and is in the State’s Annual Financial Report and administers the activities of the Fund and the California Housing Finance Fund (the “CHFF”). These funds allow the Agency to carry out its purpose of meeting the housing needs of persons and families of low and moderate income within the State. The Agency is authorized to insure mortgage loans and to issue 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.

The accompanying financial statements are the statements of the Fund and do not include the financial position or the results of operations of the Agency. As of June 30, 2009, the Agency had total assets of \$10.8 billion and fund equity of \$1.7 billion (not covered by this independent auditors’ report).

The Agency is also authorized to use the Fund to provide mortgage insurance for loans made by the Agency and others which finance the acquisition, new construction, or rehabilitation of residential structures in California. Total risk in-force was \$1.02 billion and \$1.13 billion at December 31, 2009 and 2008, respectively. More than 90% of the insured first mortgage loans outstanding at December 31, 2009, have loan-to-value ratios, measured as of the funding date of the loan, equal to or greater than 90%.

The Fund’s reserve for loan losses increased significantly during 2009 as a result of the large increase in California home mortgage delinquencies. In July 2009, Standard and Poor’s lowered the Fund’s rating to “BBB” from “A+” primarily due to the condition of the California housing market and its effects on the Fund. Further, the counterparty credit and financial strength ratings of the Fund’s reinsurer, Genworth, was lowered by Moody’s Investor Services to “Baa2” during 2009.

Based on its projections, management of the Fund believes that the Fund will be able to maintain adequate resources to meet its obligations as they come due in 2010. However, the Fund’s ability to meet its obligations as they come due in 2010 is dependent upon the amount of claim payments not significantly exceeding the amounts assumed in its projections as well as the continued ability of the Fund’s reinsurer to pay its share of claims (see Note 4). Management is evaluating options to obtain additional capital through the state budget process or through a bond initiative. However, such efforts will take time and there can be no assurance that they will ultimately be successful.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation and Accounting** — The Fund is accounted for as an enterprise fund. Accordingly, the accompanying financial statements have been prepared using the accrual method of accounting and on the basis of accounting principles generally accepted in the United States of America

(hereinafter referred to as “Generally Accepted Accounting Principles”), which differ from statutory accounting practices followed by insurance companies in reporting to insurance regulatory authorities.

**Accounting and Reporting Standards** — The Fund follows the Standards of Governmental Accounting and Financial Reporting, as promulgated by the Governmental Accounting Standards Board (GASB). The Fund has adopted the option under GASB Statement No. 20, which allows the Fund to apply all GASB pronouncements and only Financial Accounting Standards Board (FASB) pronouncements which date prior to November 30, 1989.

**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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

**Cash and Cash Equivalents** — The Fund considers cash on hand and cash on deposit with the State Controller’s office other than the investment in the State’s Surplus Money Investment Fund (SMIF) to be cash and cash equivalents.

**Investments** — The Agency invests the Fund’s excess cash in SMIF, which represents a portion of the State’s Pooled Money Investment Account (PMIA). These PMIA funds are on deposit within the State’s Centralized Treasury System and are managed in compliance with the California Government Code, according to a statement of investment policy which sets forth permitted investment vehicles, liquidity parameters, and maximum maturity of investments. Investments in SMIF are recorded at fair value. The Office of the State Treasurer of California issues a Pooled Money Investment Board Report with information on the PMIA’s portfolio composition. A copy of that report may be obtained from the Office of the State Treasurer, 915 Capitol Mall, Room 106, Sacramento, CA 95814 or via the internet at [www.treasurer.ca.gov](http://www.treasurer.ca.gov).

**Deferred Policy Acquisition Costs** — The Fund defers certain costs related to the acquisition of new insurance policies and amortizes these costs over the expected life of the policies. These costs are associated with the acquisition, underwriting, and processing of new policies. Deferred policy acquisition costs were \$346,554 and \$514,020 as of December 31, 2009 and 2008, respectively, and are included as part of other assets on the balance sheets.

**Reserves for Unpaid Losses and Loss Adjustment Expenses** — The Fund establishes reserves for losses and loss adjustment expenses, to recognize the estimated liability for potential losses and related loss expenses in connection with borrower default on mortgage payments. The liability for unpaid losses and loss adjustment expenses resulting from mortgage insurance is an estimate based upon the unpaid delinquent balance on mortgage loans reported by lenders as of the close of the accounting period, estimates of incurred but not reported (IBNR) claims, and historical and expected frequency and loss severity information.

There is a high level of uncertainty inherent in the evaluation of the required loss and loss adjustment expense reserves. Management has selected frequency of claims paid and severity loss ratios that it believes are reasonable and reflective of anticipated ultimate experience. The ultimate costs of claims are dependent upon future events, the outcomes of which are affected by many factors. The Fund’s claim reserving procedures and settlement practices, economic inflation, court rulings, real estate market conditions, and many other economic, scientific, legal, political, and social factors all can have significant effects on the ultimate cost of claims.

Changes in operations and management practices may also cause actual developments to vary from past experience. Since the emergence and disposition of claims are subject to uncertainties, the net amounts that will ultimately be paid to settle the liability may vary significantly from the estimated amounts provided for in the accompanying financial statements. Any adjustments that may be material to reserves are reflected in the operating results of the periods in which they are made.

**Fund Equity** — Fund equity is classified as invested in capital assets or restricted equity. Invested in capital assets represents investments in office equipment and furniture net of depreciation. Restricted Equity represents equity that is restricted pursuant to the Agency’s enabling legislation.

**Operating Revenues and Expenses** — The Fund’s primary operating revenue is derived from premiums earned on private mortgage insurance written. The primary expenses are the expenses associated with the underwriting, acquisition, issuance, administration, and the reinsurance of private mortgage insurance products and policies.

**Recognition of Premium Income** — Primary mortgage insurance policies are contracts that are generally non-cancelable by the insurer and provide payment of premiums on a monthly, annual, or single basis. Premiums written on a monthly basis are earned as coverage is provided. Premiums written on an annual basis are deferred as unearned premiums and amortized on a monthly pro rata basis over the year of coverage. Primary mortgage insurance premiums written on policies covering more than one year are referred to as single premiums. A portion of single premiums is recognized immediately in earnings, and the remaining portion is deferred as unearned premiums and amortized over the expected life of the policy.

**Reinsurance** — Effective March 1, 2003, the Fund entered into a reinsurance treaty and administrative services agreement with Genworth Financial (“Genworth”). This agreement cedes to Genworth a 75% quota share of the insurance risk for most loans insured by the Fund and provides for certain administrative services to be performed by Genworth. The Fund uses reinsurance to reduce net risk in force and optimize capital allocation.

**Recently Adopted Accounting Standards** — In 2009, the Fund adopted two new statements issued by the GASB.

*GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, effective April 2, 2009.* GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments, into GASB’s authoritative literature. The statement will improve financial reporting by contributing to GASB’s efforts to codify all GAAP for state and local governments. The adoption of GASB Statement No. 55 did not have a material impact on the Fund’s financial statements or the results of operations.

*GASB Statement No. 56, Codification of Accounting and Financial Reporting Guidance Contained in AICPA’s Statements on Auditing Standards, effective April 6, 2009.* GASB Statement No. 56 incorporates accounting and financial reporting guidance only contained in the American Institute of Certified Public Accountants (AICPA) auditing literature for state and local governments. The statement addresses three issues from AICPA’s literature – related party transactions, going concern considerations, and subsequent events. The adoption of GASB Statement No. 56 did not have a material impact on the Fund’s financial statements or the results of operations.

### 3. INVESTMENT RISK FACTORS

There are many factors that can affect the value of investments. Some, such as credit risk, custodial credit risk, 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 earning 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 Fund to invest substantially all of its funds in fixed income securities, which limit the Fund's exposure to most types of risk.

Investments by type at December 31, 2009 and 2008, consist of the following:

|   | <b>2009</b>          | <b>2008</b>          |
|---|----------------------|----------------------|
| Surplus Money Investment Fund — State of California | <u>\$ 65,251,000</u> | <u>\$ 78,540,000</u> |
| Total investments                                   | <u>\$ 65,251,000</u> | <u>\$ 78,540,000</u> |

**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. At December 31, 2009, the Fund does not have any investments exposed to credit risk.

**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 December 31, 2009, the Fund did not have any investments exposed to custodial credit. All investments are held by the State of California.

**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 Fund to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. At December 31, 2009, the Fund does not have any investments exposed to concentration of credit risk.

**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 December 31, 2009, the Fund does not have any debt investments that are highly sensitive to changes in interest rates.

**Effective Duration** — The effective duration is the approximate change in price of a security resulting from a 100 basis points (one percentage point) change in the level of interest rates. It is not a measure of time. The Fund's investments are not affected by effective duration.

#### 4. RESERVES FOR UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

The changes in the reserves for unpaid losses and loss adjustment expenses for the years ended December 31, 2009 and 2008, are as follows. The first table presents reserves on a gross basis (before reinsurance) and the second table presents the reserve on a net basis (after reinsurance). The total net reserve for loss and loss adjustment is reflected in the financial statements.

| <b>Gross</b>   | <b>2009</b>           | <b>2008</b>           |
|--|-----------------------|-----------------------|
| Gross reserve for loss and loss adjustment — beginning of year balance | <u>\$ 102,625,159</u> | <u>\$ 16,095,712</u>  |
| Incurred (recovered) related to:                                       |                       |                       |
| Provision attributable to the current year                             | 225,315,250           | 113,371,279           |
| Change in provision attributable to prior years                        | <u>8,363,936</u>      | <u>(10,486,784)</u>   |
| Total incurred   | <u>233,679,186</u>    | <u>102,884,495</u>    |
| Payments related to:   |                       |                       |
| Current year   | (11,507,215)          | (2,723,704)           |
| Prior years  | <u>(82,815,177)</u>   | <u>(13,631,344)</u>   |
| Total payments   | <u>(94,322,392)</u>   | <u>(16,355,048)</u>   |
| Gross reserve for loss and loss adjustment — end of year balance       | <u>\$ 241,981,953</u> | <u>\$ 102,625,159</u> |
| <br>   |                       |                       |
| <b>Net of Reinsurance</b>  | <b>2009</b>           | <b>2008</b>           |
| Net reserve for loss and loss adjustment — beginning of year balance   | <u>\$ 25,994,567</u>  | <u>\$ 4,028,888</u>   |
| Incurred (recovered) related to:                                       |                       |                       |
| Provision attributable to the current year                             | 58,695,589            | 28,681,097            |
| Change in provision attributable to prior years                        | <u>1,936,589</u>      | <u>(2,613,665)</u>    |
| Total incurred   | <u>60,632,178</u>     | <u>26,067,432</u>     |
| Payments related to:   |                       |                       |
| Current year   | (2,962,534)           | (693,917)             |
| Prior years  | <u>(20,701,747)</u>   | <u>(3,407,836)</u>    |
| Total payments   | <u>(23,664,281)</u>   | <u>(4,101,753)</u>    |
| Net reserve for loss and loss adjustment — end of year balance         | <u>\$ 62,962,464</u>  | <u>\$ 25,994,567</u>  |

Reserves for loss and loss adjustment expenses relate to delinquent loans, net of reinsurance. Such estimates were based on historical experience, which management believes is representative of expected future losses at the time of estimation. As a result of the extended period of time that may exist between the report of a delinquency and claim payment thereon, significant uncertainty and variation exist with respect to the ultimate amount to be paid because economic conditions and real estate markets will change.

## **5. REINSURANCE**

Effective March 1, 2003, the Fund entered into a 75% quota share reinsurance agreement with Genworth to reinsure most (currently, approximately 96%) of the Fund's portfolio. Under the terms of this agreement, the reinsurer will indemnify the Fund for 75% of all losses paid on the insured loans to which the Fund cedes 64.5% of the related premiums. The treaty was amended for loans insured on or after May 1, 2008, to cede 67% of premiums collected and amended again on April 1, 2009, to cede 69% of premiums collected on loans insured on or after that date. The Fund's reinsurance agreement typically provides for a recovery of a proportionate level of claim expenses from the reinsurer. The Fund remains liable to its policyholders if the reinsurer is unable to satisfy its obligations under the reinsurance agreement. The amount of earned premiums ceded to Genworth for the years ended 2009 and 2008 was \$13 million and \$14 million, respectively.

## **6. ARRANGEMENTS WITH THE CALIFORNIA HOUSING FINANCE FUND**

Certain of the administrative and operating expenses charged to the Fund are provided by the Agency. These expenses, initially paid from the CHFF, include office space, business services, legal services, accounting services, information systems support, and human resource support services. The Fund is charged quarterly for these expenses. Amounts payable to the CHFF were \$132,693 and \$352,147 at December 31, 2009 and 2008, respectively. For the years ended December 31, 2009 and 2008, total expenses allocated to the Fund by the Agency were \$1,052,616 and \$1,813,953, respectively.

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

Initially, the Agency Executive Director established an interfund credit agreement in the amount of \$100,000,000 in which the Fund may borrow from CHFF as needed for the purpose of paying claims arising out of policies of mortgage guarantee insurance and costs and expenses related to the payment of such claims. The amount by which the fund may borrow was reduced to \$10,000,000 from \$100,000,000 during 2009. Interest rates and repayment terms are determined upon receipt of a request to draw on this credit facility. The Fund had not requested a draw on this credit through December 31, 2009.

## **7. PENSION PLAN AND POST RETIREMENT BENEFITS**

The Fund contributes to the Public Employees' Retirement Fund (PERF) as part of the State, the primary government. The PERF is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employment Retirement System (CalPERS). CalPERS provides retirement,

death, disability, and postretirement health care benefits to members as established by state statute. CalPERS issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for the Public Employees' Retirement Fund. A copy of that report may be obtained from CalPERS, Central Supply, and P.O. Box 942175, Sacramento, CA 95229-2715 or via the internet at [www.calpers.ca.gov](http://www.calpers.ca.gov).

For the CalPERS fiscal years ended June 30, 2010, 2009, and 2008, the employer contribution rates were as follows:

|  | <b>June 30</b> |             |             |
|--|----------------|-------------|-------------|
|  | <b>2010</b>    | <b>2009</b> | <b>2008</b> |
| State Miscellaneous Member First Tier  | 16.917 %       | 16.574 %    | 16.633 %    |
| State Miscellaneous Member Second Tier | 16.737         | 16.470      | 16.565      |

The Fund's contributions to the PERF for the years ended December 31, 2009, 2008, and 2007, were \$67,463, \$95,849, and \$92,531, respectively, equal to the required contributions for each year.

Required contributions are determined by actuarial valuation using the individual entry age normal cost method. The most recent actuarial valuation available is as of June 30, 2008, which actuarial assumptions included (a) 7.75% investment rate of return compounded annually, (b) projected salary increases that vary by duration of service, and (c) overall payroll growth factor of 3.25% annually. Both (a) and (c) included an inflation component of 3% and a 0.25% per annum productivity increase assumption.

The most recent actuarial valuation of the PERF indicated that there was an unfunded actuarial accrued liability. The amount of the underfunded liability applicable to each agency or department cannot be determined. Trend information, which presents CalPERS progress in accumulating sufficient assets to pay benefits when due, are presented in the June 30, 2008, CalPERS CAFR.

GASB Statement 45 requires states and local governments to publicly disclose the future dollar amount of their obligations to pay for Other Postemployment Benefits (OPEB), like healthcare, that are provided to retired employees, including retired public employees. The OPEB is a cost-sharing multiple-employer defined benefit healthcare plan administered by CalPERS. The State is required to include the information in its 2007-08 financial reports. State Controller's Office sets the employer contribution rate based on the annual required contribution of the employers (ARC), 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 Fund's estimated unfunded OPEB cost was \$115,310 on December 31, 2009 and \$120,000 on December 31, 2008 and this liability was added to Personal Services in the respective year. CalPERS issues a publicly available CAFR that includes financial statements and required supplementary information for the OPEB.

## **8. LITIGATION**

On June 14, 2002 the Agency filed a complaint in the case of California Housing Finance Agency (CalHFA) v. Hanover California Management and Accounting Center Inc., (HC) et al, Orange County Superior court #02CC10634 (Action). The trial in this matter has concluded and the Agency prevailed on all causes of action. The jury awarded \$6.7 million in damages, prejudgment interest of \$1 million, and finally the jury found that the defendants acted with malice, and awarded total punitive damages of

\$1.5 million. The defendants appealed the judgment and the Court of Appeal issued a decision affirming the judgment in full. The decision is now final.

The amounts received from the defendants were \$1,895 and \$934,000 during the years ended December 31, 2009 and 2008, respectively which is recorded as other revenue in the accompanying Statements of Revenues, Expenses, and Changes in Fund Equity. It is highly unlikely that any additional amounts will be received and as such no gain contingency has been recorded.

Certain other lawsuits and claims arising in the ordinary course of business have been filed or are pending against the Fund. 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.

## **9. SUBSEQUENT EVENTS**

On January 21, 2010, Standard and Poor's lowered the rating of the Fund from "BBB" to "CCC" with negative watch status. The rating was lowered due to concerns over the Fund's significant decline in capital.

On January 25, 2010, Moody's lowered the rating of the Fund from "Aa3" to "B2" with watch for further possible downgrade. The rating was lowered due to the sharp decline in the performance of the Agency's single family mortgage portfolio, reduced support from the Agency, and the Fund's significant decline in capital.

On February 4, 2010, Moody's Investors Service reaffirmed the Baa2 rating of Genworth and changed the outlook to negative.

In March 2010, the Acting Executive Director, under authority provided in Board Resolution 03-19, amended the Interfund Indemnity Agreement. Resolution 03-19 authorized the Executive Director of the Agency to create one or more supplementary reserve accounts within the Supplementary Bond Security Account of CHFF to indemnify the Mortgage Insurance Fund for losses incurred or to pay claims against the Mortgage Insurance Fund in connection with loans financed by the Agency. As of March 25, 2010, the amendment places a limitation on the indemnity obligation to an aggregate amount not to exceed \$135 million.

On April 14, 2010, the Reinsurance Treaty with Genworth was amended. The amendment confirms Genworth will pay reinsurance amounts (75% of net loss) payable under the Reinsurance Agreement directly to servicers acting on behalf of the Insureds and not to the Fund or the Agency. Management has evaluated subsequent events during the period from December 31, 2009 to May 7, 2010, the date the financial statements were available to be issued.

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**CALIFORNIA HOUSING FINANCE AGENCY  
OUTSTANDING INDEBTEDNESS**

The following table describes the bonds of the Agency issued and outstanding as of 8/1/2010

| Housing Mortgage Bonds     |            |              |               |                  |                         | Single Family          |                        | \$ Amount of<br>Fixed-Rate Bonds<br>Outstanding | \$ Amount of<br>Variable Rate<br>Bonds<br>Outstanding |
|----------------------------|------------|--------------|---------------|------------------|-------------------------|------------------------|------------------------|---|---|
| Bond Series                | Tax Status | Dated Date * | Delivery Date | Bonds Issued *** | Bonds<br>Outstanding ** |                        |                        |   |   |
| HMB 2009A                  | Non-Amt    | 5/6/2009     | 5/6/2009      | \$50,000,000.00  | \$48,650,000.00         |                        | \$48,650,000.00        | \$0.00  |   |
| <b>HMB TOTALS</b>          |            |              |               |                  |                         | <b>\$48,650,000.00</b> | <b>\$48,650,000.00</b> | <b>\$0.00</b>                                   |   |
| Home Mortgage Revenue Bond |            |              |               |                  |                         | Single Family          |                        | \$ Amount of<br>Fixed-Rate Bonds<br>Outstanding | \$ Amount of<br>Variable Rate<br>Bonds<br>Outstanding |
| Bond Series                | Tax Status | Dated Date * | Delivery Date | Bonds Issued *** | Bonds<br>Outstanding ** |                        |                        |   |   |
| HMRB 1982A                 | Non-Amt    | 10/1/1982    | 11/9/1982     | \$212,000,000.00 | \$1,180,000.00          |                        | \$1,180,000.00         | \$0.00  |   |
| HMRB 1982B                 | Non-Amt    | 12/1/1982    | 1/18/1983     | \$101,775,000.00 | \$370,000.00            |                        | \$370,000.00           | \$0.00  |   |
| HMRB 1983A                 | Non-Amt    | 10/1/1983    | 11/16/1983    | \$226,999,840.00 | \$13,607,977.60         |                        | \$13,607,977.60        | \$0.00  |   |
| HMRB 1983B                 | Non-Amt    | 12/1/1983    | 12/30/1983    | \$84,999,938.00  | \$2,733,852.16          |                        | \$2,733,852.16         | \$0.00  |   |
| HMRB 1984B                 | Non-Amt    | 11/1/1984    | 12/18/1984    | \$121,435,704.00 | \$401,481.97            |                        | \$401,481.97           | \$0.00  |   |
| HMRB 1985A                 | Non-Amt    | 4/1/1985     | 5/8/1985      | \$200,001,466.00 | \$692,087.13            |                        | \$692,087.13           | \$0.00  |   |
| HMRB 1985B                 | Non-Amt    | 7/1/1985     | 8/29/1985     | \$125,002,002.50 | \$3,475,000.00          |                        | \$3,475,000.00         | \$0.00  |   |
| HMRB 1997O                 | AMT        | 4/23/1998    | 4/23/1998     | \$22,085,000.00  | \$3,630,000.00          |                        | \$3,630,000.00         | \$0.00  |   |
| HMRB 1998F                 | Non-Amt    | 5/1/1998     | 6/11/1998     | \$85,415,000.00  | \$4,090,000.00          |                        | \$4,090,000.00         | \$0.00  |   |
| HMRB 1998M                 | Taxable    | 7/30/1998    | 7/30/1998     | \$100,000,000.00 | \$8,950,000.00          |                        | \$0.00                 | \$8,950,000.00                                  |   |
| HMRB 1999F                 | AMT        | 6/1/1999     | 6/24/1999     | \$44,000,542.55  | \$3,189,187.92          |                        | \$3,189,187.92         | \$0.00  |   |
| HMRB 1999G                 | Taxable    | 6/1/1999     | 6/24/1999     | \$50,000,000.00  | \$3,445,000.00          |                        | \$3,445,000.00         | \$0.00  |   |
| HMRB 1999N                 | AMT        | 12/9/1999    | 12/9/1999     | \$85,000,240.07  | \$12,390,642.40         |                        | \$12,390,642.40        | \$0.00  |   |
| HMRB 1999O                 | Taxable    | 12/9/1999    | 12/9/1999     | \$85,000,000.00  | \$7,105,000.00          |                        | \$0.00                 | \$7,105,000.00                                  |   |
| HMRB 2000B                 | AMT        | 1/27/2000    | 1/27/2000     | \$34,514,877.75  | \$2,005,839.50          |                        | \$2,005,839.50         | \$0.00  |   |
| HMRB 2000D                 | Taxable    | 1/27/2000    | 1/27/2000     | \$85,000,000.00  | \$24,980,000.00         |                        | \$0.00                 | \$24,980,000.00                                 |   |
| HMRB 2000H                 | Taxable    | 4/6/2000     | 4/6/2000      | \$120,000,000.00 | \$26,015,000.00         |                        | \$0.00                 | \$26,015,000.00                                 |   |
| HMRB 2000J                 | AMT        | 5/25/2000    | 5/25/2000     | \$36,460,000.00  | \$13,130,000.00         |                        | \$0.00                 | \$13,130,000.00                                 |   |
| HMRB 2000N                 | AMT        | 5/25/2000    | 5/25/2000     | \$50,000,000.00  | \$27,250,000.00         |                        | \$0.00                 | \$27,250,000.00                                 |   |
| HMRB 2000V                 | Taxable    | 10/5/2000    | 10/5/2000     | \$102,000,000.00 | \$44,370,000.00         |                        | \$0.00                 | \$44,370,000.00                                 |   |
| HMRB 2000X2                | AMT        | 12/13/2000   | 12/13/2000    | \$36,445,000.00  | \$21,835,000.00         |                        | \$0.00                 | \$21,835,000.00                                 |   |
| HMRB 2000Z                 | Taxable    | 12/13/2000   | 12/13/2000    | \$102,000,000.00 | \$40,915,000.00         |                        | \$0.00                 | \$40,915,000.00                                 |   |
| HMRB 2001D                 | Taxable    | 1/25/2001    | 1/25/2001     | \$112,000,000.00 | \$60,790,000.00         |                        | \$0.00                 | \$60,790,000.00                                 |   |
| HMRB 2001G                 | Taxable    | 4/5/2001     | 4/5/2001      | \$105,000,000.00 | \$50,605,000.00         |                        | \$0.00                 | \$50,605,000.00                                 |   |
| HMRB 2001J                 | AMT        | 5/31/2001    | 5/31/2001     | \$86,300,000.00  | \$39,560,000.00         |                        | \$0.00                 | \$39,560,000.00                                 |   |
| HMRB 2001K                 | Taxable    | 5/31/2001    | 5/31/2001     | \$144,000,000.00 | \$56,390,000.00         |                        | \$0.00                 | \$56,390,000.00                                 |   |
| HMRB 2001O                 | Taxable    | 7/26/2001    | 7/26/2001     | \$126,000,000.00 | \$65,535,000.00         |                        | \$0.00                 | \$65,535,000.00                                 |   |
| HMRB 2001S                 | Taxable    | 10/10/2001   | 10/10/2001    | \$80,745,000.00  | \$44,895,000.00         |                        | \$0.00                 | \$44,895,000.00                                 |   |
| HMRB 2001U                 | AMT        | 12/6/2001    | 12/6/2001     | \$63,060,000.00  | \$49,030,000.00         |                        | \$0.00                 | \$49,030,000.00                                 |   |
| HMRB 2001V                 | Taxable    | 12/6/2001    | 12/6/2001     | \$66,000,000.00  | \$16,345,000.00         |                        | \$0.00                 | \$16,345,000.00                                 |   |
| HMRB 2002B                 | AMT        | 4/18/2002    | 4/18/2002     | \$49,500,000.00  | \$38,450,000.00         |                        | \$0.00                 | \$38,450,000.00                                 |   |
| HMRB 2002C                 | Taxable    | 2/7/2002     | 2/7/2002      | \$82,500,000.00  | \$34,755,000.00         |                        | \$0.00                 | \$34,755,000.00                                 |   |
| HMRB 2002D                 | Taxable    | 4/18/2002    | 4/18/2002     | \$88,000,000.00  | \$33,350,000.00         |                        | \$0.00                 | \$33,350,000.00                                 |   |
| HMRB 2002H                 | Taxable    | 6/6/2002     | 6/6/2002      | \$70,000,000.00  | \$23,760,000.00         |                        | \$0.00                 | \$23,760,000.00                                 |   |
| HMRB 2002J                 | AMT        | 8/8/2002     | 8/8/2002      | \$103,570,000.00 | \$74,300,000.00         |                        | \$0.00                 | \$74,300,000.00                                 |   |
| HMRB 2002L                 | Taxable    | 8/8/2002     | 8/8/2002      | \$59,500,000.00  | \$24,710,000.00         |                        | \$0.00                 | \$24,710,000.00                                 |   |
| HMRB 2002M                 | AMT        | 10/17/2002   | 10/17/2002    | \$95,680,000.00  | \$73,415,000.00         |                        | \$0.00                 | \$73,415,000.00                                 |   |
| HMRB 2002O                 | Taxable    | 10/17/2002   | 10/17/2002    | \$56,000,000.00  | \$22,750,000.00         |                        | \$0.00                 | \$22,750,000.00                                 |   |
| HMRB 2002Q                 | AMT        | 12/12/2002   | 12/12/2002    | \$41,600,000.00  | \$12,540,000.00         |                        | \$0.00                 | \$12,540,000.00                                 |   |
| HMRB 2002U                 | AMT        | 3/6/2003     | 3/6/2003      | \$101,295,000.00 | \$66,840,000.00         |                        | \$0.00                 | \$66,840,000.00                                 |   |
| HMRB 2003D                 | AMT        | 4/10/2003    | 4/10/2003     | \$116,250,000.00 | \$81,330,000.00         |                        | \$0.00                 | \$81,330,000.00                                 |   |
| HMRB 2003F                 | AMT        | 6/5/2003     | 6/5/2003      | \$139,835,000.00 | \$118,705,000.00        |                        | \$0.00                 | \$118,705,000.00                                |   |

**CALIFORNIA HOUSING FINANCE AGENCY  
OUTSTANDING INDEBTEDNESS**

The following table describes the bonds of the Agency issued and outstanding as of 8/1/2010

| 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 2003G                 | Taxable    | 6/5/2003      | 6/5/2003      | \$50,000,000.00  | \$19,205,000.00      | \$0.00                                    | \$19,205,000.00                              |  |
| HMRB 2003H                 | AMT        | 8/7/2003      | 8/7/2003      | \$150,000,000.00 | \$101,195,000.00     | \$0.00                                    | \$101,195,000.00                             |  |
| HMRB 2003I                 | Taxable    | 8/7/2003      | 8/7/2003      | \$50,000,000.00  | \$34,165,000.00      | \$0.00                                    | \$34,165,000.00                              |  |
| HMRB 2003K                 | AMT        | 9/11/2003     | 9/11/2003     | \$150,000,000.00 | \$101,000,000.00     | \$0.00                                    | \$101,000,000.00                             |  |
| HMRB 2003L                 | Taxable    | 9/11/2003     | 9/11/2003     | \$50,000,000.00  | \$32,420,000.00      | \$0.00                                    | \$32,420,000.00                              |  |
| HMRB 2003M                 | AMT        | 11/20/2003    | 11/20/2003    | \$150,000,000.00 | \$120,190,000.00     | \$0.00                                    | \$120,190,000.00                             |  |
| HMRB 2003N                 | Taxable    | 11/20/2003    | 11/20/2003    | \$50,000,000.00  | \$36,905,000.00      | \$0.00                                    | \$36,905,000.00                              |  |
| HMRB 2004A                 | AMT        | 2/19/2004     | 2/19/2004     | \$100,000,000.00 | \$67,115,000.00      | \$0.00                                    | \$67,115,000.00                              |  |
| HMRB 2004B                 | Taxable    | 2/19/2004     | 2/19/2004     | \$35,000,000.00  | \$4,235,000.00       | \$0.00                                    | \$4,235,000.00                               |  |
| HMRB 2004E                 | AMT        | 5/20/2004     | 5/20/2004     | \$129,105,000.00 | \$115,705,000.00     | \$0.00                                    | \$115,705,000.00                             |  |
| HMRB 2004F                 | Taxable    | 5/20/2004     | 5/20/2004     | \$50,000,000.00  | \$46,690,000.00      | \$0.00                                    | \$46,690,000.00                              |  |
| HMRB 2004G                 | AMT        | 6/3/2004      | 6/3/2004      | \$100,000,000.00 | \$78,825,000.00      | \$0.00                                    | \$78,825,000.00                              |  |
| HMRB 2004H                 | Taxable    | 6/3/2004      | 6/3/2004      | \$35,000,000.00  | \$6,935,000.00       | \$0.00                                    | \$6,935,000.00                               |  |
| HMRB 2005A                 | AMT        | 1/20/2005     | 1/20/2005     | \$200,000,000.00 | \$133,685,000.00     | \$0.00                                    | \$133,685,000.00                             |  |
| HMRB 2005B                 | AMT        | 3/30/2005     | 3/30/2005     | \$200,000,000.00 | \$140,990,000.00     | \$0.00                                    | \$140,990,000.00                             |  |
| HMRB 2005C                 | Non-Amt    | 5/19/2005     | 5/19/2005     | \$44,000,000.00  | \$16,285,000.00      | \$16,285,000.00                           | \$0.00                                       |  |
| HMRB 2005D                 | AMT        | 5/19/2005     | 5/19/2005     | \$176,000,000.00 | \$165,160,000.00     | \$0.00                                    | \$165,160,000.00                             |  |
| HMRB 2005E                 | Non-Amt    | 7/28/2005     | 7/28/2005     | \$20,000,000.00  | \$1,615,000.00       | \$1,615,000.00                            | \$0.00                                       |  |
| HMRB 2005F                 | AMT        | 7/28/2005     | 7/28/2005     | \$180,000,000.00 | \$172,055,000.00     | \$0.00                                    | \$172,055,000.00                             |  |
| HMRB 2005H                 | AMT        | 12/15/2005    | 12/15/2005    | \$165,000,000.00 | \$152,330,000.00     | \$0.00                                    | \$152,330,000.00                             |  |
| HMRB 2006B                 | Non-Amt    | 4/19/2006     | 4/19/2006     | \$25,000,000.00  | \$13,830,000.00      | \$13,830,000.00                           | \$0.00                                       |  |
| HMRB 2006C                 | AMT        | 4/19/2006     | 4/19/2006     | \$175,000,000.00 | \$164,890,000.00     | \$0.00                                    | \$164,890,000.00                             |  |
| HMRB 2006D                 | Non-Amt    | 7/27/2006     | 7/27/2006     | \$20,000,000.00  | \$20,000,000.00      | \$20,000,000.00                           | \$0.00                                       |  |
| HMRB 2006E                 | AMT        | 7/27/2006     | 7/27/2006     | \$100,000,000.00 | \$85,435,000.00      | \$85,435,000.00                           | \$0.00                                       |  |
| HMRB 2006F                 | AMT        | 7/27/2006     | 7/27/2006     | \$120,000,000.00 | \$96,285,000.00      | \$0.00                                    | \$96,285,000.00                              |  |
| HMRB 2006G                 | Non-Amt    | 9/28/2006     | 9/28/2006     | \$29,490,000.00  | \$29,490,000.00      | \$29,490,000.00                           | \$0.00                                       |  |
| HMRB 2006H                 | AMT        | 9/28/2006     | 9/28/2006     | \$75,200,000.00  | \$38,705,000.00      | \$38,705,000.00                           | \$0.00                                       |  |
| HMRB 2006I                 | AMT        | 9/28/2006     | 9/28/2006     | \$165,310,000.00 | \$148,950,000.00     | \$148,950,000.00                          | \$0.00                                       |  |
| HMRB 2006J                 | AMT        | 10/19/2006    | 10/19/2006    | \$32,790,000.00  | \$23,920,000.00      | \$23,920,000.00                           | \$0.00                                       |  |
| HMRB 2006K                 | AMT        | 10/19/2006    | 10/19/2006    | \$267,210,000.00 | \$234,220,000.00     | \$234,220,000.00                          | \$0.00                                       |  |
| HMRB 2006L                 | AMT        | 1/25/2007     | 1/25/2007     | \$50,185,000.00  | \$37,835,000.00      | \$37,835,000.00                           | \$0.00                                       |  |
| HMRB 2006M                 | AMT        | 1/25/2007     | 1/25/2007     | \$219,815,000.00 | \$204,060,000.00     | \$204,060,000.00                          | \$0.00                                       |  |
| HMRB 2007A                 | Taxable    | 4/26/2007     | 4/26/2007     | \$90,000,000.00  | \$90,000,000.00      | \$90,000,000.00                           | \$0.00                                       |  |
| HMRB 2007B                 | Taxable    | 5/30/2007     | 5/30/2007     | \$40,000,000.00  | \$40,000,000.00      | \$0.00                                    | \$40,000,000.00                              |  |
| HMRB 2007C                 | Taxable    | 6/28/2007     | 6/28/2007     | \$20,000,000.00  | \$20,000,000.00      | \$0.00                                    | \$20,000,000.00                              |  |
| HMRB 2007D                 | AMT        | 5/16/2007     | 5/16/2007     | \$76,010,000.00  | \$61,625,000.00      | \$61,625,000.00                           | \$0.00                                       |  |
| HMRB 2007E                 | AMT        | 5/16/2007     | 5/16/2007     | \$193,990,000.00 | \$182,975,000.00     | \$182,975,000.00                          | \$0.00                                       |  |
| HMRB 2007F                 | AMT        | 8/8/2007      | 8/8/2007      | \$48,260,000.00  | \$39,115,000.00      | \$39,115,000.00                           | \$0.00                                       |  |
| HMRB 2007G                 | AMT        | 8/8/2007      | 8/8/2007      | \$201,740,000.00 | \$179,315,000.00     | \$179,315,000.00                          | \$0.00                                       |  |
| HMRB 2007H                 | AMT        | 8/8/2007      | 8/8/2007      | \$100,000,000.00 | \$100,000,000.00     | \$0.00                                    | \$100,000,000.00                             |  |
| HMRB 2007I                 | AMT        | 11/7/2007     | 11/7/2007     | \$17,280,000.00  | \$14,675,000.00      | \$14,675,000.00                           | \$0.00                                       |  |
| HMRB 2007J                 | AMT        | 11/7/2007     | 11/7/2007     | \$92,720,000.00  | \$84,510,000.00      | \$84,510,000.00                           | \$0.00                                       |  |
| HMRB 2007K                 | AMT        | 11/7/2007     | 11/7/2007     | \$50,000,000.00  | \$50,000,000.00      | \$0.00                                    | \$50,000,000.00                              |  |
| HMRB 2007L                 | Taxable    | 9/25/2007     | 9/25/2007     | \$50,000,000.00  | \$47,600,000.00      | \$47,600,000.00                           | \$0.00                                       |  |
| HMRB 2007M                 | Taxable    | 10/30/2007    | 10/30/2007    | \$90,000,000.00  | \$84,865,000.00      | \$84,865,000.00                           | \$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  | \$38,855,000.00      | \$38,855,000.00                           | \$0.00                                       |  |
| HMRB 2008B                 | AMT        | 1/30/2008     | 1/30/2008     | \$35,960,000.00  | \$35,960,000.00      | \$35,960,000.00                           | \$0.00                                       |  |
| HMRB 2008C                 | AMT        | 1/30/2008     | 1/30/2008     | \$70,565,000.00  | \$70,565,000.00      | \$0.00                                    | \$70,565,000.00                              |  |

**CALIFORNIA HOUSING FINANCE AGENCY  
OUTSTANDING INDEBTEDNESS**

The following table describes the bonds of the Agency issued and outstanding as of 8/1/2010

| 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 2008D                                   | AMT        | 4/9/2008     | 4/9/2008      | \$100,000,000.00 | \$95,230,000.00           | \$0.00                                    | \$95,230,000.00                              |
| HMRB 2008E                                   | AMT        | 4/9/2008     | 4/9/2008      | \$65,455,000.00  | \$42,310,000.00           | \$0.00                                    | \$42,310,000.00                              |
| HMRB 2008F                                   | AMT        | 4/9/2008     | 4/9/2008      | \$25,000,000.00  | \$25,000,000.00           | \$0.00                                    | \$25,000,000.00                              |
| HMRB 2008G                                   | Taxable    | 5/14/2008    | 5/14/2008     | \$50,000,000.00  | \$50,000,000.00           | \$50,000,000.00                           | \$0.00                                       |
| HMRB 2008H                                   | Taxable    | 5/14/2008    | 5/14/2008     | \$100,000,000.00 | \$90,145,000.00           | \$90,145,000.00                           | \$0.00                                       |
| HMRB 2008I                                   | Taxable    | 5/14/2008    | 5/14/2008     | \$150,000,000.00 | \$111,605,000.00          | \$0.00                                    | \$111,605,000.00                             |
| HMRB 2008J                                   | AMT        | 5/15/2008    | 5/15/2008     | \$79,525,000.00  | \$69,330,000.00           | \$69,330,000.00                           | \$0.00                                       |
| HMRB 2008K                                   | AMT        | 5/15/2008    | 5/15/2008     | \$220,475,000.00 | \$220,475,000.00          | \$220,475,000.00                          | \$0.00                                       |
| HMRB 2008L                                   | Non-Amt    | 8/28/2008    | 8/28/2008     | \$189,790,000.00 | \$185,510,000.00          | \$185,510,000.00                          | \$0.00                                       |
| HMRB 2008M                                   | AMT        | 8/28/2008    | 8/28/2008     | \$60,210,000.00  | \$59,585,000.00           | \$59,585,000.00                           | \$0.00                                       |
| <b>HMRB TOTALS</b>                           |            |              |               |                  | <b>\$6,047,391,068.68</b> | <b>\$2,440,096,069.00</b>                 | <b>\$3,607,295,000.00</b>                    |
| Residential Mortgage Revenue Bonds           |            |              |               |                  |                           | Single Family                             |  |
| Bond Series                                  | Tax Status | Dated Date * | Delivery Date | Bonds Issued *** | Bonds Outstanding **      | \$ Amount of Fixed-Rate Bonds Outstanding | \$ Amount of Variable Rate Bonds Outstanding |
| RMRB 2009A-1                                 | Taxable    | 1/12/2010    | 12/30/2009    | \$900,000,000.00 | \$900,000,000.00          | \$0.00                                    | \$900,000,000.00                             |
| RMRB 2009A-2                                 | Non-Amt    | 1/12/2010    | 12/30/2009    | \$116,440,000.00 | \$116,440,000.00          | \$0.00                                    | \$116,440,000.00                             |
| <b>RMRB TOTALS</b>                           |            |              |               |                  | <b>\$1,016,440,000.00</b> | <b>\$0.00</b>                             | <b>\$1,016,440,000.00</b>                    |
| Affordable Multifamily Housing Revenue Bonds |            |              |               |                  |                           | Multifamily                               |  |
| Bond Series                                  | Tax Status | Dated Date * | Delivery Date | Bonds Issued *** | Bonds Outstanding **      | \$ Amount of Fixed-Rate Bonds Outstanding | \$ Amount of Variable Rate Bonds Outstanding |
| AMHRB 2009A                                  | Taxable    | 1/12/2010    | 12/30/2009    | \$380,530,000.00 | \$380,530,000.00          | \$0.00                                    | \$380,530,000.00                             |
| <b>AMHRB TOTALS</b>                          |            |              |               |                  | <b>\$380,530,000.00</b>   | <b>\$0.00</b>                             | <b>\$380,530,000.00</b>                      |
| 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 |
| Citi Loan Sale (Belvedere Place)             | Non-Amt    | 3/1/2010     | 3/30/2010     | \$1,325,532.23   | \$1,314,301.00            | \$1,314,301.00                            | \$0.00                                       |
| Citi Loan Sale (Casa De Vida)                | Non-Amt    | 3/1/2010     | 3/30/2010     | \$558,362.82     | \$546,125.09              | \$546,125.09                              | \$0.00                                       |
| Citi Loan Sale (Colonial Farms)              | Taxable    | 3/1/2010     | 3/30/2010     | \$921,728.98     | \$818,246.72              | \$818,246.72                              | \$0.00                                       |
| Citi Loan Sale (Corralitos Creek)            | Non-Amt    | 3/1/2010     | 3/30/2010     | \$2,311,141.25   | \$2,292,509.70            | \$2,292,509.70                            | \$0.00                                       |
| Citi Loan Sale (Delaware Street)             | AMT        | 4/30/2010    | 4/30/2010     | \$1,033,893.23   | \$1,033,893.23            | \$1,033,893.23                            | \$0.00                                       |
| Citi Loan Sale (Delaware Street) Taxable     | Taxable    | 3/1/2010     | 3/30/2010     | \$1,243,041.72   | \$198,358.95              | \$198,358.95                              | \$0.00                                       |
| Citi Loan Sale (Doretha Mitchell)            | Taxable    | 3/1/2010     | 3/30/2010     | \$1,164,307.04   | \$1,160,226.05            | \$1,160,226.05                            | \$0.00                                       |
| Citi Loan Sale (Edgewater Isle)              | Taxable    | 3/1/2010     | 3/30/2010     | \$7,689,054.08   | \$3,797,061.93            | \$3,797,061.93                            | \$0.00                                       |
| Citi Loan Sale (Flower Park Plaza)           | Non-Amt    | 3/1/2010     | 3/30/2010     | \$9,148,341.96   | \$9,148,341.96            | \$9,148,341.96                            | \$0.00                                       |

**CALIFORNIA HOUSING FINANCE AGENCY  
OUTSTANDING INDEBTEDNESS**

The following table describes the bonds of the Agency issued and outstanding as of 8/1/2010

| 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 |
| Citi Loan Sale (Flower Park Plaza) Taxable | Taxable    | 3/1/2010     | 3/30/2010     | \$335,156.16     | \$197,762.35         | \$197,762.35                              | \$0.00                                       |
| Citi Loan Sale (Gateway Apts)              | Non-Amt    | 3/1/2010     | 3/30/2010     | \$7,223,646.10   | \$7,200,098.36       | \$7,200,098.36                            | \$0.00                                       |
| Citi Loan Sale (Hillside Terrace)          | Non-Amt    | 4/30/2010    | 4/30/2010     | \$847,282.72     | \$847,282.72         | \$847,282.72                              | \$0.00                                       |
| Citi Loan Sale (Hillside Terrace) Taxable  | Taxable    | 3/1/2010     | 3/30/2010     | \$921,893.14     | \$65,301.44          | \$65,301.44                               | \$0.00                                       |
| Citi Loan Sale (Lassen)                    | AMT        | 4/30/2010    | 4/30/2010     | \$3,802,386.70   | \$3,802,386.70       | \$3,802,386.70                            | \$0.00                                       |
| Citi Loan Sale (Lassen) Taxable            | Taxable    | 3/1/2010     | 3/30/2010     | \$4,180,557.98   | \$340,039.72         | \$340,039.72                              | \$0.00                                       |
| Citi Loan Sale (Madera Villa)              | AMT        | 3/1/2010     | 3/30/2010     | \$4,252,755.88   | \$4,252,755.88       | \$4,252,755.88                            | \$0.00                                       |
| Citi Loan Sale (Madera Villa) Taxable      | Taxable    | 3/1/2010     | 3/30/2010     | \$330,167.42     | \$293,707.41         | \$293,707.41                              | \$0.00                                       |
| Citi Loan Sale (Napa Creek Manor)          | Non-Amt    | 4/30/2010    | 4/30/2010     | \$4,078,721.67   | \$4,051,576.91       | \$4,051,576.91                            | \$0.00                                       |
| Citi Loan Sale (Padre Apartments)          | Non-Amt    | 3/1/2010     | 3/30/2010     | \$2,451,298.26   | \$2,397,621.23       | \$2,397,621.23                            | \$0.00                                       |
| Citi Loan Sale (Pickleweed Apts)           | Non-Amt    | 4/30/2010    | 4/30/2010     | \$1,549,890.23   | \$1,534,170.34       | \$1,534,170.34                            | \$0.00                                       |
| Citi Loan Sale (Plaza Del Sol)             | AMT        | 4/30/2010    | 4/30/2010     | \$7,528,149.12   | \$7,528,149.12       | \$7,528,149.12                            | \$0.00                                       |
| Citi Loan Sale (Plaza Del Sol) Taxable     | Taxable    | 3/1/2010     | 3/30/2010     | \$8,012,371.48   | \$452,715.65         | \$452,715.65                              | \$0.00                                       |
| Citi Loan Sale (Redwood Court)             | Non-Amt    | 4/30/2010    | 4/30/2010     | \$1,252,158.77   | \$1,242,524.60       | \$1,242,524.60                            | \$0.00                                       |
| Citi Loan Sale (Redwood Court) Taxable     | Taxable    | 3/1/2010     | 3/30/2010     | \$1,938,554.85   | \$681,114.92         | \$681,114.92                              | \$0.00                                       |
| Citi Loan Sale (Redwood Oaks)              | AMT        | 4/30/2010    | 4/30/2010     | \$1,584,983.50   | \$1,569,824.59       | \$1,569,824.59                            | \$0.00                                       |
| Citi Loan Sale (South Delaware)            | Non-Amt    | 3/1/2010     | 3/30/2010     | \$751,621.56     | \$746,227.40         | \$746,227.40                              | \$0.00                                       |
| Citi Loan Sale (Sullivan Manor)            | Taxable    | 3/1/2010     | 3/30/2010     | \$2,537,589.88   | \$2,498,329.37       | \$2,498,329.37                            | \$0.00                                       |
| Citi Loan Sale (Thomas Pain)               | AMT        | 4/30/2010    | 4/30/2010     | \$5,136,929.71   | \$5,136,929.71       | \$5,136,929.71                            | \$0.00                                       |
| Citi Loan Sale (Thomas Pain) Taxable       | Taxable    | 3/1/2010     | 3/30/2010     | \$6,087,079.32   | \$894,627.56         | \$894,627.56                              | \$0.00                                       |
| Citi Loan Sale (Via Del Mar)               | Non-Amt    | 4/30/2010    | 4/30/2010     | \$786,598.63     | \$783,239.13         | \$783,239.13                              | \$0.00                                       |
| Citi Loan Sale (Villa Anaheim)             | AMT        | 3/30/2010    | 3/1/2010      | \$3,176,078.48   | \$3,176,078.48       | \$3,176,078.48                            | \$0.00                                       |
| Citi Loan Sale (Villa Anaheim) Taxable     | Taxable    | 3/1/2010     | 3/30/2010     | \$346,455.38     | \$308,196.70         | \$308,196.70                              | \$0.00                                       |
| Citi Loan Sale (Villa Cesar Chavez)        | AMT        | 4/30/2010    | 4/30/2010     | \$2,811,384.75   | \$2,802,738.28       | \$2,802,738.28                            | \$0.00                                       |
| Citi Loan Sale (Villa Madera)              | Non-Amt    | 4/30/2010    | 4/30/2010     | \$4,082,347.88   | \$4,032,506.85       | \$4,032,506.85                            | \$0.00                                       |
| Citi Loan Sale (Warwick Square)            | Non-Amt    | 4/30/2010    | 4/30/2010     | \$13,356,984.29  | \$13,356,984.29      | \$13,356,984.29                           | \$0.00                                       |

CALIFORNIA HOUSING FINANCE AGENCY  
OUTSTANDING INDEBTEDNESS

The following table describes the bonds of the Agency issued and outstanding as of 8/1/2010

| <b>Multifamily Loan Portfolio Sale - Citibank</b>         |                   |                     |                      |                         |                             | <b>Multifamily</b>                               |   |
|---|-------------------|---------------------|----------------------|-------------------------|-----------------------------|--|---|
| <b>Bond Series</b>  | <b>Tax Status</b> | <b>Dated Date *</b> | <b>Delivery Date</b> | <b>Bonds Issued ***</b> | <b>Bonds Outstanding **</b> | <b>\$ Amount of Fixed-Rate Bonds Outstanding</b> | <b>\$ Amount of Variable Rate Bonds Outstanding</b> |
| Citi Loan Sale (Warwick Square) Taxable                   | Taxable           | 3/1/2010            | 3/30/2010            | \$15,091,218.76         | \$1,402,954.61              | \$1,402,954.61                                   | \$0.00  |
| Citi Loan Sale (Woodbridge)                               | Taxable           | 3/1/2010            | 3/30/2010            | \$664,538.84            | \$642,676.79                | \$642,676.79                                     | \$0.00  |
| <b>MLPS Citi TOTALS</b>                                   |                   |                     |                      |                         | <b>\$92,547,585.74</b>      | <b>\$92,547,586.00</b>                           | <b>\$0.00</b>                                       |
| <b>Multifamily Housing Revenue Bond 2009C (Fairmount)</b> |                   |                     |                      |                         |                             | <b>Multifamily</b>                               |   |
| <b>Bond Series</b>  | <b>Tax Status</b> | <b>Dated Date *</b> | <b>Delivery Date</b> | <b>Bonds Issued ***</b> | <b>Bonds Outstanding **</b> | <b>\$ Amount of Fixed-Rate Bonds Outstanding</b> | <b>\$ Amount of Variable Rate Bonds Outstanding</b> |
| MHRB 2009C  | Non-Amt           | 12/1/2009           | 12/1/2009            | \$4,032,004.57          | \$2,322,956.13              | \$0.00   | \$2,322,956.13                                      |
| <b>MHRB 2009C TOTALS</b>                                  |                   |                     |                      |                         | <b>\$2,322,956.13</b>       | <b>\$0.00</b>                                    | <b>\$2,322,956.00</b>                               |
| <b>Multifamily Housing Revenue Bonds II</b>               |                   |                     |                      |                         |                             | <b>Multifamily</b>                               |   |
| <b>Bond Series</b>  | <b>Tax Status</b> | <b>Dated Date *</b> | <b>Delivery Date</b> | <b>Bonds Issued ***</b> | <b>Bonds Outstanding **</b> | <b>\$ Amount of Fixed-Rate Bonds Outstanding</b> | <b>\$ Amount of Variable Rate Bonds Outstanding</b> |
| MHRBII 1995A  | Non-Amt           | 10/1/1995           | 11/14/1995           | \$11,195,000.00         | \$2,765,000.00              | \$2,765,000.00                                   | \$0.00  |
| MHRBII 1995C  | Taxable           | 10/1/1995           | 11/14/1995           | \$25,355,000.00         | \$19,455,000.00             | \$19,455,000.00                                  | \$0.00  |
| MHRBII 1996A  | Non-Amt           | 10/1/1996           | 10/24/1996           | \$16,920,000.00         | \$16,920,000.00             | \$16,920,000.00                                  | \$0.00  |
| MHRBII 1996B  | AMT               | 10/1/1996           | 10/24/1996           | \$37,200,000.00         | \$19,435,000.00             | \$19,435,000.00                                  | \$0.00  |
| <b>MHRBII TOTALS</b>                                      |                   |                     |                      |                         | <b>\$58,575,000.00</b>      | <b>\$58,575,000.00</b>                           | <b>\$0.00</b>                                       |

**CALIFORNIA HOUSING FINANCE AGENCY  
OUTSTANDING INDEBTEDNESS**

The following table describes the bonds of the Agency issued and outstanding as of 8/1/2010

| <b>Multifamily Housing Revenue Bonds III</b> |                   |                     |                      |                         |                             | <b>Multifamily</b>                               |   |
|--|-------------------|---------------------|----------------------|-------------------------|-----------------------------|--|---|
| <b>Bond Series</b>                           | <b>Tax Status</b> | <b>Dated Date *</b> | <b>Delivery Date</b> | <b>Bonds Issued ***</b> | <b>Bonds Outstanding **</b> | <b>\$ Amount of Fixed-Rate Bonds Outstanding</b> | <b>\$ Amount of Variable Rate Bonds Outstanding</b> |
| MHRBIII 1997A                                | AMT               | 3/1/1997            | 3/26/1997            | \$70,660,000.00         | \$60,040,000.00             | \$60,040,000.00                                  | \$0.00  |
| MHRBIII 1998A                                | AMT               | 4/1/1998            | 4/23/1998            | \$42,435,000.00         | \$27,465,000.00             | \$27,465,000.00                                  | \$0.00  |
| MHRBIII 1998B                                | AMT               | 4/1/1998            | 5/7/1998             | \$98,750,000.00         | \$68,170,000.00             | \$68,170,000.00                                  | \$0.00  |
| MHRBIII 1998C                                | Non-Amt           | 4/1/1998            | 5/7/1998             | \$17,615,000.00         | \$7,330,000.00              | \$7,330,000.00                                   | \$0.00  |
| MHRBIII 1999A                                | AMT               | 5/1/1999            | 5/20/1999            | \$44,535,000.00         | \$31,105,000.00             | \$31,105,000.00                                  | \$0.00  |
| MHRBIII 2000A                                | AMT               | 7/12/2000           | 7/12/2000            | \$91,000,000.00         | \$72,715,000.00             | \$0.00   | \$72,715,000.00                                     |
| MHRBIII 2000B                                | Non-Amt           | 7/12/2000           | 7/12/2000            | \$9,200,000.00          | \$5,935,000.00              | \$0.00   | \$5,935,000.00                                      |
| MHRBIII 2000C                                | AMT               | 11/16/2000          | 11/16/2000           | \$63,300,000.00         | \$45,260,000.00             | \$0.00   | \$45,260,000.00                                     |
| MHRBIII 2000D                                | Non-Amt           | 11/16/2000          | 11/16/2000           | \$19,520,000.00         | \$13,215,000.00             | \$0.00   | \$13,215,000.00                                     |
| MHRBIII 2001C                                | Taxable           | 2/22/2001           | 2/22/2001            | \$23,590,000.00         | \$10,730,000.00             | \$0.00   | \$10,730,000.00                                     |
| MHRBIII 2001D                                | Non-Amt           | 6/28/2001           | 6/28/2001            | \$6,070,000.00          | \$685,000.00                | \$0.00   | \$685,000.00  |
| MHRBIII 2001E                                | AMT               | 6/28/2001           | 6/28/2001            | \$78,735,000.00         | \$47,130,000.00             | \$0.00   | \$47,130,000.00                                     |
| MHRBIII 2001F                                | Non-Amt           | 11/15/2001          | 11/15/2001           | \$19,040,000.00         | \$12,935,000.00             | \$0.00   | \$12,935,000.00                                     |
| MHRBIII 2001G                                | AMT               | 11/15/2001          | 11/15/2001           | \$73,975,000.00         | \$50,250,000.00             | \$0.00   | \$50,250,000.00                                     |
| MHRBIII 2001H                                | Taxable           | 11/15/2001          | 11/15/2001           | \$15,595,000.00         | \$14,715,000.00             | \$0.00   | \$14,715,000.00                                     |
| MHRBIII 2002A                                | AMT               | 6/5/2002            | 6/5/2002             | \$48,350,000.00         | \$16,445,000.00             | \$0.00   | \$16,445,000.00                                     |
| MHRBIII 2002B                                | Non-Amt           | 9/10/2002           | 9/10/2002            | \$33,520,000.00         | \$24,255,000.00             | \$0.00   | \$24,255,000.00                                     |
| MHRBIII 2002C                                | AMT               | 9/10/2002           | 9/10/2002            | \$38,255,000.00         | \$21,845,000.00             | \$0.00   | \$21,845,000.00                                     |
| MHRBIII 2002D                                | Non-Amt           | 12/18/2002          | 12/18/2002           | \$12,760,000.00         | \$4,215,000.00              | \$0.00   | \$4,215,000.00                                      |
| MHRBIII 2002E                                | AMT               | 12/18/2002          | 12/18/2002           | \$71,305,000.00         | \$54,220,000.00             | \$0.00   | \$54,220,000.00                                     |
| MHRBIII 2003C                                | AMT               | 12/10/2003          | 12/10/2003           | \$97,295,000.00         | \$42,190,000.00             | \$0.00   | \$42,190,000.00                                     |
| MHRBIII 2004A                                | Non-Amt           | 6/24/2004           | 6/24/2004            | \$23,500,000.00         | \$18,660,000.00             | \$0.00   | \$18,660,000.00                                     |
| MHRBIII 2004B                                | AMT               | 6/24/2004           | 6/24/2004            | \$99,510,000.00         | \$40,145,000.00             | \$0.00   | \$40,145,000.00                                     |
| MHRBIII 2004C                                | Non-Amt           | 11/17/2004          | 11/17/2004           | \$13,940,000.00         | \$7,990,000.00              | \$0.00   | \$7,990,000.00                                      |
| MHRBIII 2004D                                | AMT               | 11/17/2004          | 11/17/2004           | \$138,475,000.00        | \$49,345,000.00             | \$0.00   | \$49,345,000.00                                     |
| MHRBIII 2005A                                | Non-Amt           | 6/15/2005           | 6/15/2005            | \$2,480,000.00          | \$2,280,000.00              | \$0.00   | \$2,280,000.00                                      |
| MHRBIII 2005B                                | AMT               | 6/15/2005           | 6/15/2005            | \$91,925,000.00         | \$22,090,000.00             | \$0.00   | \$22,090,000.00                                     |
| MHRBIII 2005C                                | Non-Amt           | 11/3/2005           | 11/3/2005            | \$9,025,000.00          | \$8,375,000.00              | \$8,375,000.00                                   | \$0.00  |
| MHRBIII 2005D                                | AMT               | 11/3/2005           | 11/3/2005            | \$91,225,000.00         | \$17,300,000.00             | \$0.00   | \$17,300,000.00                                     |
| MHRBIII 2005E                                | AMT               | 11/3/2005           | 11/3/2005            | \$22,935,000.00         | \$20,875,000.00             | \$20,875,000.00                                  | \$0.00  |
| MHRBIII 2006A                                | AMT               | 6/15/2006           | 6/15/2006            | \$76,915,000.00         | \$20,665,000.00             | \$0.00   | \$20,665,000.00                                     |
| MHRBIII 2007A                                | AMT               | 3/21/2007           | 3/21/2007            | \$12,165,000.00         | \$4,490,000.00              | \$4,490,000.00                                   | \$0.00  |
| MHRBIII 2007B                                | AMT               | 7/12/2007           | 7/12/2007            | \$16,630,000.00         | \$8,685,000.00              | \$0.00   | \$8,685,000.00                                      |
| MHRBIII 2007C                                | AMT               | 10/18/2007          | 10/18/2007           | \$27,970,000.00         | \$20,980,000.00             | \$0.00   | \$20,980,000.00                                     |
| MHRBIII 2008A                                | Non-Amt           | 4/24/2008           | 4/24/2008            | \$11,370,000.00         | \$8,390,000.00              | \$0.00   | \$8,390,000.00                                      |
| MHRBIII 2008B                                | AMT               | 4/24/2008           | 4/24/2008            | \$104,890,000.00        | \$74,230,000.00             | \$0.00   | \$74,230,000.00                                     |
| MHRBIII 2008C                                | AMT               | 4/24/2008           | 4/24/2008            | \$33,390,000.00         | \$27,745,000.00             | \$0.00   | \$27,745,000.00                                     |
| <b>MHRBIII TOTALS</b>                        |                   |                     |                      |                         | <b>\$983,095,000.00</b>     | <b>\$227,850,000.00</b>                          | <b>\$755,245,000.00</b>                             |
| <b>Multifamily Loan Purchase Bonds</b>       |                   |                     |                      |                         |                             | <b>Multifamily</b>                               |   |
| <b>Bond Series</b>                           | <b>Tax Status</b> | <b>Dated Date *</b> | <b>Delivery Date</b> | <b>Bonds Issued ***</b> | <b>Bonds Outstanding **</b> | <b>\$ Amount of Fixed-Rate Bonds Outstanding</b> | <b>\$ Amount of Variable Rate Bonds Outstanding</b> |
| MLPB 2000A                                   | Taxable           | 7/26/2000           | 7/26/2000            | \$269,023,710.88        | \$42,695,699.35             | \$0.00   | \$42,695,699.35                                     |
| <b>MLPB TOTALS</b>                           |                   |                     |                      |                         | <b>\$42,695,699.35</b>      | <b>\$0.00</b>                                    | <b>\$42,695,699.00</b>                              |

CALIFORNIA HOUSING FINANCE AGENCY  
OUTSTANDING INDEBTEDNESS

The following table describes the bonds of the Agency issued and outstanding as of 8/1/2010

| Variable Rate Demand Limited Obligation<br>Multifamily Housing Revenue Bonds (Mission<br>Gardens Apartments Project) 2009 Issue A      |            |              |               |                  |                           | Multifamily                                     |   |
|--|------------|--------------|---------------|------------------|---------------------------|---|---|
| Bond Series  | Tax Status | Dated Date * | Delivery Date | Bonds Issued *** | Bonds Outstanding **      | \$ Amount of<br>Fixed-Rate Bonds<br>Outstanding | \$ Amount of<br>Variable Rate<br>Bonds<br>Outstanding |
| VRDLOMHRB<br>2009A   | Non-Amt    | 4/17/2009    | 4/17/2009     | \$4,620,000.00   | \$4,620,000.00            | \$0.00  | \$4,620,000.00  |
| <b>VRDLOMHRB 2009A TOTALS</b>  |            |              |               |                  | <b>\$4,620,000.00</b>     | <b>\$0.00</b>                                   | <b>\$4,620,000.00</b>                                 |
| Variable Rate Demand Limited Obligation<br>Multifamily Housing Revenue Bonds<br>(Montecito Village Apartments Project) 2009<br>Issue B |            |              |               |                  |                           | Multifamily                                     |   |
| Bond Series  | Tax Status | Dated Date * | Delivery Date | Bonds Issued *** | Bonds Outstanding **      | \$ Amount of<br>Fixed-Rate Bonds<br>Outstanding | \$ Amount of<br>Variable Rate<br>Bonds<br>Outstanding |
| VRDLOMHRB<br>2009B   | Non-Amt    | 4/17/2009    | 4/17/2009     | \$6,325,000.00   | \$6,325,000.00            | \$0.00  | \$6,325,000.00  |
| <b>VRDLOMHRB 2009B TOTALS</b>  |            |              |               |                  | <b>\$6,325,000.00</b>     | <b>\$0.00</b>                                   | <b>\$6,325,000.00</b>                                 |
| Housing Program Bonds  |            |              |               |                  |                           | Both Single And Multi Family                    |   |
| Bond Series  | Tax Status | Dated Date * | Delivery Date | Bonds Issued *** | Bonds Outstanding **      | \$ Amount of<br>Fixed-Rate Bonds<br>Outstanding | \$ Amount of<br>Variable Rate<br>Bonds<br>Outstanding |
| HPB 2004A  | AMT        | 11/4/2004    | 11/4/2004     | \$50,000,000.00  | \$28,000,000.00           | \$0.00  | \$28,000,000.00                                       |
| HPB 2006A  | AMT        | 5/2/2006     | 5/2/2006      | \$47,090,000.00  | \$47,090,000.00           | \$47,090,000.00                                 | \$0.00  |
| HPB 2006B  | Taxable    | 5/2/2006     | 5/2/2006      | \$61,110,000.00  | \$51,105,000.00           | \$0.00  | \$51,105,000.00                                       |
| <b>HPB TOTALS</b>  |            |              |               |                  | <b>\$126,195,000.00</b>   | <b>\$47,090,000.00</b>                          | <b>\$79,105,000.00</b>                                |
| <b>REPORT TOTALS</b>   |            |              |               |                  | <b>\$8,809,387,309.90</b> | <b>\$2,914,808,655.00</b>                       | <b>\$5,894,578,655.00</b>                             |

\* 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.

APPENDIX C

Redemption History for CalHFA Multifamily Bond Programs

| <b>Bond Series</b> | <b>Redemption Date</b> | <b>Source of Funds</b>  | <b>Amount</b>        |
|--------------------|------------------------|-------------------------|----------------------|
| HRBI (I) 1994C     | 8/1/2004               | Float                   | 1,460.00             |
| HRBI (I) 1994C     | 8/1/2004               | Refunding               | 5,755,000.00         |
| HRBI (I) 1994C     | 8/1/2004               | Reserve Reductions      | 63,540.00            |
| HRBI (I) 1994C     | 10/1/2004              | Float                   | 2,419,674.00         |
| HRBI (I) 1994C     | 10/1/2004              | Reserve Reductions      | <u>1,040,326.00</u>  |
|                    |                        | Total                   | 9,280,000.00         |
| HRBI (I) 1994E     | 2/1/2005               | Float                   | 6,575,830.00         |
| HRBI (I) 1994E     | 2/1/2005               | Float                   | 2,010,000.00         |
| HRBI (I) 1994E     | 2/1/2005               | Refunding               | 9,553,100.00         |
| HRBI (I) 1994E     | 2/1/2005               | Reserve Reductions      | <u>2,006,070.00</u>  |
|                    |                        | Total                   | 20,145,000.00        |
| HRBI (I) 1994F     | 2/1/2005               | Float                   | 135,000.00           |
| HRBI (I) 1994F     | 2/1/2005               | Float                   | 2,450.00             |
| HRBI (I) 1994F     | 2/1/2005               | Refunding               | 13,600,000.00        |
| HRBI (I) 1994F     | 2/1/2005               | Reserve Reductions      | <u>1,537,550.00</u>  |
|                    |                        | Total                   | 15,275,000.00        |
| MHRBI 1994A        | 1/1/2005               | Pass-Through            | 6,820,000.00         |
| MHRBII 1995A       | 8/8/2006               | Float                   | 8,426,191.30         |
| MHRBII 1995A       | 8/8/2006               | Excess Revenue          | <u>3,808.70</u>      |
|                    |                        | Total                   | 8,430,000.00         |
| MHRBII 1995B       | 8/1/2001               | Recoveries of Principal | 35,000.00            |
| MHRBII 1995B       | 2/1/2006               | Recoveries of Principal | 1,800,000.00         |
| MHRBII 1995B       | 2/1/2006               | Recoveries of Principal | <u>33,870,000.00</u> |
|                    |                        | Total                   | 35,705,000.00        |
| MHRBII 1995C       | 4/15/1996              | Float                   | 111,965.00           |
| MHRBII 1995C       | 4/15/1996              | Unexpended Proceeds     | <u>3,883,035.00</u>  |
|                    |                        | Total                   | 3,995,000.00         |
| MHRBII 1996B       | 8/1/2001               | Recoveries of Principal | 1,100,000.00         |
| MHRBII 1996B       | 6/8/2005               | Float                   | 2,971.63             |
| MHRBII 1996B       | 6/8/2005               | Recoveries of Principal | 7,441,472.09         |
| MHRBII 1996B       | 6/8/2005               | Reserve Reductions      | <u>295,556.28</u>    |
|                    |                        | Total                   | 8,840,000.00         |

APPENDIX C

Redemption History for CalHFA Multifamily Bond Programs

| <b>Bond Series</b> | <b>Redemption Date</b> | <b>Source of Funds</b>  | <b>Amount</b>     |
|--------------------|------------------------|-------------------------|-------------------|
| MHRBIII 1997A      | 8/1/2001               | Recoveries of Principal | 130,000.00        |
| MHRBIII 1997A      | 2/1/2002               | Recoveries of Principal | 165,000.00        |
| MHRBIII 1997A      | 8/1/2002               | Recoveries of Principal | 400,000.00        |
| MHRBIII 1997A      | 8/1/2003               | Float                   | 3,341.83          |
| MHRBIII 1997A      | 8/1/2003               | Recoveries of Principal | 616,658.17        |
| MHRBIII 1997A      | 8/1/2004               | Float                   | 4,423.76          |
| MHRBIII 1997A      | 8/1/2004               | Recoveries of Principal | 595,576.24        |
| MHRBIII 1997A      | 6/8/2005               | Float                   | 3,721.38          |
| MHRBIII 1997A      | 6/8/2005               | Recoveries of Principal | 4,046,278.62      |
| MHRBIII 1997A      | 5/10/2006              | Float                   | 1,359.17          |
| MHRBIII 1997A      | 5/10/2006              | Recoveries of Principal | 308,640.83        |
| MHRBIII 1997A      | 10/29/2008             | Excess Revenue          | 3,960.00          |
| MHRBIII 1997A      | 10/29/2008             | Unexpended Proceeds     | 236,040.00        |
| MHRBIII 1997A      | 3/19/2009              | Recoveries of Principal | 4,103,529.29      |
| MHRBIII 1997A      | 3/19/2009              | Excess Revenue          | <u>1,470.71</u>   |
|                    |                        | Total                   | 10,620,000.00     |
| MHRBIII 1998A      | 8/1/2002               | Recoveries of Principal | 3,600,000.00      |
| MHRBIII 1998A      | 8/1/2003               | Float                   | 4,891.90          |
| MHRBIII 1998A      | 8/1/2003               | Recoveries of Principal | 1,570,108.10      |
| MHRBIII 1998A      | 2/1/2004               | Float                   | 1,154.69          |
| MHRBIII 1998A      | 2/1/2004               | Recoveries of Principal | 78,845.31         |
| MHRBIII 1998A      | 8/1/2004               | Float                   | 1,835.37          |
| MHRBIII 1998A      | 8/1/2004               | Recoveries of Principal | 1,058,164.63      |
| MHRBIII 1998A      | 8/1/2005               | Float                   | 2,616.70          |
| MHRBIII 1998A      | 8/1/2005               | Recoveries of Principal | 567,383.30        |
| MHRBIII 1998A      | 10/29/2008             | Excess Revenue          | 3,050.00          |
| MHRBIII 1998A      | 10/29/2008             | Unexpended Proceeds     | <u>221,950.00</u> |
|                    |                        | Total                   | 7,110,000.00      |
| MHRBIII 1998B      | 8/1/2001               | Recoveries of Principal | 1,120,000.00      |
| MHRBIII 1998B      | 2/1/2002               | Recoveries of Principal | 1,370,000.00      |
| MHRBIII 1998B      | 8/1/2002               | Recoveries of Principal | 285,000.00        |
| MHRBIII 1998B      | 8/1/2003               | Float                   | 2,486.07          |
| MHRBIII 1998B      | 8/1/2003               | Recoveries of Principal | 1,887,513.93      |
| MHRBIII 1998B      | 8/1/2004               | Float                   | 4,385.91          |
| MHRBIII 1998B      | 8/1/2004               | Recoveries of Principal | 1,415,614.09      |
| MHRBIII 1998B      | 2/1/2005               | Float                   | 2,445.18          |
| MHRBIII 1998B      | 2/1/2005               | Recoveries of Principal | 1,582,554.82      |
| MHRBIII 1998B      | 8/1/2005               | Float                   | 4,799.15          |
| MHRBIII 1998B      | 8/1/2005               | Recoveries of Principal | 35,200.85         |
| MHRBIII 1998B      | 7/27/2006              | Excess Revenue          | <u>155,000.00</u> |
|                    |                        | Total                   | 7,865,000.00      |

APPENDIX C

Redemption History for CalHFA Multifamily Bond Programs

| <b>Bond Series</b> | <b>Redemption Date</b> | <b>Source of Funds</b>  | <b>Amount</b>       |
|--------------------|------------------------|-------------------------|---------------------|
| MHRBIII 1998C      | 2/1/2000               | Unexpended Proceeds     | 75,000.00           |
| MHRBIII 1998C      | 2/1/2006               | Float                   | 1,336.60            |
| MHRBIII 1998C      | 2/1/2006               | Recoveries of Principal | 2,128,663.40        |
| MHRBIII 1998C      | 9/10/2009              | Recoveries of Principal | 622,332.68          |
| MHRBIII 1998C      | 9/10/2009              | Excess Revenue          | 2,667.32            |
| MHRBIII 1998C      | 5/19/2010              | Recoveries of Principal | 1,250,249.20        |
| MHRBIII 1998C      | 5/19/2010              | Excess Revenue          | <u>14,163.30</u>    |
|                    |                        | Total                   | 4,094,412.50        |
| MHRBIII 1999A      | 8/1/2002               | Recoveries of Principal | 200,000.00          |
| MHRBIII 1999A      | 8/1/2003               | Float                   | 2,094.30            |
| MHRBIII 1999A      | 8/1/2003               | Recoveries of Principal | 377,905.70          |
| MHRBIII 1999A      | 2/1/2004               | Float                   | 3,452.35            |
| MHRBIII 1999A      | 2/1/2004               | Recoveries of Principal | 886,547.65          |
| MHRBIII 1999A      | 8/1/2004               | Float                   | 1,887.91            |
| MHRBIII 1999A      | 8/1/2004               | Recoveries of Principal | 3,623,112.09        |
| MHRBIII 1999A      | 10/29/2008             | Excess Revenue          | 4,784.00            |
| MHRBIII 1999A      | 10/29/2008             | Unexpended Proceeds     | <u>190,216.00</u>   |
|                    |                        | Total                   | 5,290,000.00        |
| MHRBIII 2000A      | 2/1/2010               | Recoveries of Principal | 985,000.00          |
| MHRBIII 2000A      | 5/20/2010              | Excess Revenue          | 2,613.30            |
| MHRBIII 2000A      | 5/20/2010              | Recoveries of Principal | <u>3,802,386.70</u> |
|                    |                        | Total                   | 4,790,000.00        |
| MHRBIII 2000C      | 10/29/2008             | Excess Revenue          | 12,900,000.00       |
| MHRBIII 2000C      | 5/20/2010              | Recoveries of Principal | 5,136,929.71        |
| MHRBIII 2000C      | 5/20/2010              | Excess Revenue          | <u>3,070.29</u>     |
|                    |                        | Total                   | 18,040,000.00       |
| MHRBIII 2000D      | 5/20/2010              | Recoveries of Principal | 847,282.72          |
| MHRBIII 2000D      | 5/20/2010              | Excess Revenue          | <u>2,717.28</u>     |
|                    |                        | Total                   | 850,000.00          |
| MHRBIII 2001A      | 8/1/2002               | Recoveries of Principal | 755,000.00          |
| MHRBIII 2001A      | 10/29/2008             | External Excess Revenue | 2,143,862.00        |
| MHRBIII 2001A      | 10/29/2008             | Excess Revenue          | <u>7,031,138.00</u> |
|                    |                        | Total                   | 9,930,000.00        |
| MHRBIII 2001B      | 1/4/2005               | Float                   | 70,026.82           |
| MHRBIII 2001B      | 1/4/2005               | Recoveries of Principal | <u>8,619,973.18</u> |
|                    |                        | Total                   | 8,690,000.00        |
| MHRBIII 2001C      | 6/8/2005               | Float                   | 707.95              |
| MHRBIII 2001C      | 6/8/2005               | Recoveries of Principal | 10,629,292.05       |
| MHRBIII 2001C      | 4/21/2010              | Recoveries of Principal | 1,164,307.04        |
| MHRBIII 2001C      | 4/21/2010              | Excess Revenue          | 692.96              |
| MHRBIII 2001C      | 5/19/2010              | Recoveries of Principal | 1,058,319.25        |
| MHRBIII 2001C      | 5/19/2010              | Excess Revenue          | <u>6,680.75</u>     |
|                    |                        | Total                   | 12,860,000.00       |

APPENDIX C

Redemption History for CalHFA Multifamily Bond Programs

| Bond Series   | Redemption Date | Source of Funds         | Amount              |
|---------------|-----------------|-------------------------|---------------------|
| MHRBIII 2001D | 2/1/2005        | Float                   | 4,891.29            |
| MHRBIII 2001D | 2/1/2005        | Recoveries of Principal | 860,108.71          |
| MHRBIII 2001D | 4/21/2010       | Recoveries of Principal | 3,009,661.08        |
| MHRBIII 2001D | 4/21/2010       | Excess Revenue          | <u>125,338.92</u>   |
|               |                 | Total                   | 4,000,000.00        |
| MHRBIII 2001E | 8/1/2003        | Float                   | 7,730,000.00        |
| MHRBIII 2001E | 2/1/2004        | Float                   | 3,313.78            |
| MHRBIII 2001E | 2/1/2004        | Recoveries of Principal | 1,461,686.22        |
| MHRBIII 2001E | 8/1/2005        | Float                   | 2,730,000.00        |
| MHRBIII 2001E | 2/1/2006        | Float                   | 4,243.11            |
| MHRBIII 2001E | 2/1/2006        | Recoveries of Principal | 5,615,756.89        |
| MHRBIII 2001E | 11/8/2006       | Recoveries of Principal | 1,945,097.71        |
| MHRBIII 2001E | 11/8/2006       | Excess Revenue          | 4,902.29            |
| MHRBIII 2001E | 1/24/2007       | Recoveries of Principal | 940,000.00          |
| MHRBIII 2001E | 5/23/2007       | Recoveries of Principal | <u>2,155,000.00</u> |
|               |                 | Total                   | 22,590,000.00       |
| MHRBIII 2001F | 5/19/2010       | Recoveries of Principal | 1,546,775.98        |
| MHRBIII 2001F | 5/19/2010       | Excess Revenue          | <u>3,224.02</u>     |
|               |                 | Total                   | 1,550,000.00        |
| MHRBIII 2001G | 8/4/2004        | Recoveries of Principal | 8,555,000.00        |
| MHRBIII 2001G | 2/2/2005        | Recoveries of Principal | 135,000.00          |
| MHRBIII 2001G | 8/3/2005        | Recoveries of Principal | 2,521,686.14        |
| MHRBIII 2001G | 8/3/2005        | Excess Revenue          | 3,313.86            |
| MHRBIII 2001G | 2/1/2006        | Recoveries of Principal | 1,555,000.00        |
| MHRBIII 2001G | 5/10/2006       | Float                   | 4,624.24            |
| MHRBIII 2001G | 5/10/2006       | Recoveries of Principal | 1,220,375.76        |
| MHRBIII 2001G | 5/9/2007        | Recoveries of Principal | 1,215,000.00        |
| MHRBIII 2001G | 10/29/2008      | Excess Revenue          | 425,000.00          |
| MHRBIII 2001G | 5/19/2010       | Recoveries of Principal | 1,581,978.13        |
| MHRBIII 2001G | 5/19/2010       | Excess Revenue          | <u>3,021.87</u>     |
|               |                 | Total                   | 17,220,000.00       |
| MHRBIII 2001H | 10/29/2008      | Excess Revenue          | 18.00               |
| MHRBIII 2001H | 10/29/2008      | Unexpended Proceeds     | <u>879,982.00</u>   |
|               |                 | Total                   | 880,000.00          |
| MHRBIII 2002A | 2/1/2005        | Recoveries of Principal | 5,240,000.00        |
| MHRBIII 2002A | 8/3/2005        | Float                   | 6,100,000.00        |
| MHRBIII 2002A | 2/1/2006        | Recoveries of Principal | 4,545,000.00        |
| MHRBIII 2002A | 10/29/2008      | Recoveries of Principal | 1,598,629.32        |
| MHRBIII 2002A | 10/29/2008      | Excess Revenue          | 3,066,370.68        |
| MHRBIII 2002A | 4/21/2010       | Recoveries of Principal | 7,428,834.36        |
| MHRBIII 2002A | 4/21/2010       | Excess Revenue          | <u>6,165.64</u>     |
|               |                 | Total                   | 27,985,000.00       |
| MHRBIII 2002B | 11/9/2006       | Recoveries of Principal | 3,640,000.00        |

APPENDIX C

Redemption History for CalHFA Multifamily Bond Programs

| Bond Series   | Redemption Date | Source of Funds         | Amount               |
|---------------|-----------------|-------------------------|----------------------|
| MHRBIII 2002C | 2/1/2006        | Float                   | 3,960.00             |
| MHRBIII 2002C | 2/1/2006        | Recoveries of Principal | 1,816,040.00         |
| MHRBIII 2002C | 5/11/2006       | Recoveries of Principal | 680,000.00           |
| MHRBIII 2002C | 1/25/2007       | Float                   | 520.40               |
| MHRBIII 2002C | 1/25/2007       | Recoveries of Principal | 1,584,479.60         |
| MHRBIII 2002C | 2/7/2008        | Recoveries of Principal | 1,584,480.00         |
| MHRBIII 2002C | 2/7/2008        | Excess Revenue          | 520.00               |
| MHRBIII 2002C | 10/29/2008      | Excess Revenue          | 135,000.00           |
| MHRBIII 2002C | 5/20/2010       | Recoveries of Principal | 7,528,149.12         |
| MHRBIII 2002C | 5/20/2010       | Excess Revenue          | <u>1,850.88</u>      |
|               |                 | Total                   | 13,335,000.00        |
| MHRBIII 2002D | 2/1/2006        | Float                   | 95,000.00            |
| MHRBIII 2002D | 4/21/2010       | Recoveries of Principal | 7,223,646.10         |
| MHRBIII 2002D | 4/21/2010       | Excess Revenue          | <u>1,353.90</u>      |
|               |                 | Total                   | 7,320,000.00         |
| MHRBIII 2002E | 2/1/2006        | Float                   | 1,938.40             |
| MHRBIII 2002E | 2/1/2006        | Recoveries of Principal | 3,213,061.60         |
| MHRBIII 2002E | 5/10/2006       | Float                   | 651.00               |
| MHRBIII 2002E | 5/10/2006       | Recoveries of Principal | 4,804,349.00         |
| MHRBIII 2002E | 1/24/2007       | Recoveries of Principal | 3,375,000.00         |
| MHRBIII 2002E | 2/6/2008        | Recoveries of Principal | 480,000.00           |
| MHRBIII 2002E | 10/29/2008      | Excess Revenue          | 24,509.93            |
| MHRBIII 2002E | 10/29/2008      | Unexpended Proceeds     | <u>910,490.07</u>    |
|               |                 | Total                   | 12,810,000.00        |
| MHRBIII 2003A | 8/18/2005       | Recoveries of Principal | 4,750,000.00         |
| MHRBIII 2003A | 3/20/2008       | Excess Revenue          | 100,000.00           |
| MHRBIII 2003A | 5/29/2008       | Refunding               | <u>56,480,000.00</u> |
|               |                 | Total                   | 61,330,000.00        |
| MHRBIII 2003B | 2/1/2006        | Float                   | 2,898.53             |
| MHRBIII 2003B | 2/1/2006        | Recoveries of Principal | 9,607,101.47         |
| MHRBIII 2003B | 2/1/2007        | Float                   | 1,243.20             |
| MHRBIII 2003B | 2/1/2007        | Recoveries of Principal | 14,743,756.80        |
| MHRBIII 2003B | 6/7/2007        | Recoveries of Principal | 1,870,000.00         |
| MHRBIII 2003B | 8/16/2007       | Recoveries of Principal | 3,265,000.00         |
| MHRBIII 2003B | 11/29/2007      | Float                   | 1,910.00             |
| MHRBIII 2003B | 11/29/2007      | Recoveries of Principal | 1,233,090.00         |
| MHRBIII 2003B | 2/7/2008        | Recoveries of Principal | 3,527,745.00         |
| MHRBIII 2003B | 2/7/2008        | Excess Revenue          | 2,255.00             |
| MHRBIII 2003B | 4/17/2008       | Excess Revenue          | 131,840.21           |
| MHRBIII 2003B | 4/17/2008       | Unexpended Proceeds     | 363,159.79           |
| MHRBIII 2003B | 5/22/2008       | Refunding               | <u>33,390,000.00</u> |
|               |                 | Total                   | 68,140,000.00        |

APPENDIX C

Redemption History for CalHFA Multifamily Bond Programs

| <b>Bond Series</b> | <b>Redemption Date</b> | <b>Source of Funds</b>  | <b>Amount</b> |
|--------------------|------------------------|-------------------------|---------------|
| MHRBIII 2003C      | 5/4/2006               | Recoveries of Principal | 2,135,000.00  |
| MHRBIII 2003C      | 11/30/2006             | Recoveries of Principal | 10,201,878.76 |
| MHRBIII 2003C      | 11/30/2006             | Excess Revenue          | 3,121.24      |
| MHRBIII 2003C      | 2/8/2007               | Recoveries of Principal | 4,600,000.00  |
| MHRBIII 2003C      | 5/24/2007              | Float                   | 740.64        |
| MHRBIII 2003C      | 5/24/2007              | Recoveries of Principal | 7,069,259.36  |
| MHRBIII 2003C      | 2/28/2008              | Recoveries of Principal | 2,890,000.00  |
| MHRBIII 2003C      | 7/17/2008              | Recoveries of Principal | 5,627,029.73  |
| MHRBIII 2003C      | 7/17/2008              | Excess Revenue          | 2,970.27      |
| MHRBIII 2003C      | 10/30/2008             | Recoveries of Principal | 10,127,461.00 |
| MHRBIII 2003C      | 10/30/2008             | Excess Revenue          | 2,539.00      |
| MHRBIII 2003C      | 3/19/2009              | Unexpended Proceeds     | 98,121.24     |
| MHRBIII 2003C      | 3/19/2009              | Excess Revenue          | 1,878.76      |
| MHRBIII 2003C      | 9/10/2009              | Recoveries of Principal | 2,643,711.00  |
| MHRBIII 2003C      | 9/10/2009              | Excess Revenue          | 1,289.00      |
| MHRBIII 2003C      | 6/17/2010              | Recoveries of Principal | 3,559,546.40  |
| MHRBIII 2003C      | 6/17/2010              | Excess Revenue          | 5,453.60      |
|                    |                        | Total                   | 48,970,000.00 |
| MHRBIII 2004A      | 5/20/2010              | Recoveries of Principal | 1,033,893.23  |
| MHRBIII 2004A      | 5/20/2010              | Excess Revenue          | 1,106.77      |
|                    |                        | Total                   | 1,035,000.00  |
| MHRBIII 2004B      | 2/1/2006               | Recoveries of Principal | 3,535,000.00  |
| MHRBIII 2004B      | 7/27/2006              | Excess Revenue          | 5,465,000.00  |
| MHRBIII 2004B      | 11/9/2006              | Recoveries of Principal | 700,000.00    |
| MHRBIII 2004B      | 1/25/2007              | Recoveries of Principal | 13,237,916.16 |
| MHRBIII 2004B      | 1/25/2007              | Excess Revenue          | 2,083.84      |
| MHRBIII 2004B      | 5/10/2007              | Recoveries of Principal | 15,580,000.00 |
| MHRBIII 2004B      | 10/30/2008             | Recoveries of Principal | 3,647,800.00  |
| MHRBIII 2004B      | 10/30/2008             | Excess Revenue          | 2,200.00      |
| MHRBIII 2004B      | 1/8/2009               | Recoveries of Principal | 3,700,000.00  |
| MHRBIII 2004B      | 3/19/2009              | Unexpended Proceeds     | 376,673.66    |
| MHRBIII 2004B      | 3/19/2009              | Excess Revenue          | 3,326.34      |
| MHRBIII 2004B      | 11/26/2009             | Excess Revenue          | 2,000,000.00  |
| MHRBIII 2004B      | 12/17/2009             | Unexpended Proceeds     | 4,215,000.00  |
| MHRBIII 2004B      | 5/20/2010              | Recoveries of Principal | 786,598.63    |
| MHRBIII 2004B      | 5/20/2010              | Excess Revenue          | 3,401.37      |
|                    |                        | Total                   | 53,255,000.00 |
| MHRBIII 2004C      | 5/20/2010              | Recoveries of Principal | 4,073,340.91  |
| MHRBIII 2004C      | 5/20/2010              | Excess Revenue          | 1,659.09      |
|                    |                        | Total                   | 87,647,083.84 |

APPENDIX C

Redemption History for CalHFA Multifamily Bond Programs

| <b>Bond Series</b> | <b>Redemption Date</b> | <b>Source of Funds</b>  | <b>Amount</b>       |
|--------------------|------------------------|-------------------------|---------------------|
| MHRBIII 2004D      | 11/9/2006              | Recoveries of Principal | 5,645,000.00        |
| MHRBIII 2004D      | 1/25/2007              | Recoveries of Principal | 12,625,000.00       |
| MHRBIII 2004D      | 8/16/2007              | Recoveries of Principal | 4,320,000.00        |
| MHRBIII 2004D      | 11/29/2007             | Float                   | 4,604.00            |
| MHRBIII 2004D      | 11/29/2007             | Recoveries of Principal | 1,470,396.00        |
| MHRBIII 2004D      | 2/7/2008               | Recoveries of Principal | 15,760,000.00       |
| MHRBIII 2004D      | 7/10/2008              | Recoveries of Principal | 24,172,248.32       |
| MHRBIII 2004D      | 7/10/2008              | Excess Revenue          | 2,751.68            |
| MHRBIII 2004D      | 10/30/2008             | Recoveries of Principal | 8,510,915.33        |
| MHRBIII 2004D      | 10/30/2008             | Excess Revenue          | 1,759,084.67        |
| MHRBIII 2004D      | 3/19/2009              | Recoveries of Principal | 325,000.00          |
| MHRBIII 2004D      | 3/19/2009              | Unexpended Proceeds     | 2,751.68            |
| MHRBIII 2004D      | 3/19/2009              | Excess Revenue          | 2,248.32            |
| MHRBIII 2004D      | 9/10/2009              | Recoveries of Principal | 1,529,800.00        |
| MHRBIII 2004D      | 9/10/2009              | Excess Revenue          | 200.00              |
| MHRBIII 2004D      | 11/27/2009             | Recoveries of Principal | 585,000.00          |
| MHRBIII 2004D      | 12/17/2009             | Unexpended Proceeds     | <u>5,885,000.00</u> |
|                    |                        | Total                   | 82,600,000.00       |
| MHRBIII 2005B      | 5/9/2007               | Recoveries of Principal | 31,275,000.00       |
| MHRBIII 2005B      | 8/15/2007              | Float                   | 1,856.20            |
| MHRBIII 2005B      | 8/15/2007              | Recoveries of Principal | 7,138,143.80        |
| MHRBIII 2005B      | 11/28/2007             | Recoveries of Principal | 4,095,000.00        |
| MHRBIII 2005B      | 7/9/2008               | Recoveries of Principal | 4,750,000.00        |
| MHRBIII 2005B      | 10/29/2008             | Recoveries of Principal | 765,056.06          |
| MHRBIII 2005B      | 10/29/2008             | Excess Revenue          | 4,943.94            |
| MHRBIII 2005B      | 2/1/2009               | Unexpended Proceeds     | 4,160,000.00        |
| MHRBIII 2005B      | 3/18/2009              | Unexpended Proceeds     | 491,855.90          |
| MHRBIII 2005B      | 3/18/2009              | Excess Revenue          | 3,144.10            |
| MHRBIII 2005B      | 9/23/2009              | Unexpended Proceeds     | 972,219.23          |
| MHRBIII 2005B      | 9/23/2009              | Recoveries of Principal | 4,737,780.77        |
| MHRBIII 2005B      | 10/7/2009              | Unexpended Proceeds     | 245,000.00          |
| MHRBIII 2005B      | 4/21/2010              | Recoveries of Principal | 9,148,240.44        |
| MHRBIII 2005B      | 4/21/2010              | Excess Revenue          | <u>1,759.56</u>     |
|                    |                        | Total                   | 67,790,000.00       |

APPENDIX C

Redemption History for CalHFA Multifamily Bond Programs

| <b>Bond Series</b> | <b>Redemption Date</b> | <b>Source of Funds</b>  | <b>Amount</b> |
|--------------------|------------------------|-------------------------|---------------|
| MHRBIII 2005D      | 11/28/2007             | Recoveries of Principal | 6,800,000.00  |
| MHRBIII 2005D      | 2/6/2008               | Recoveries of Principal | 15,950,000.00 |
| MHRBIII 2005D      | 7/9/2008               | Recoveries of Principal | 4,028,029.94  |
| MHRBIII 2005D      | 7/9/2008               | Excess Revenue          | 1,970.06      |
| MHRBIII 2005D      | 10/29/2008             | Recoveries of Principal | 24,622,629.45 |
| MHRBIII 2005D      | 10/29/2008             | Excess Revenue          | 2,370.55      |
| MHRBIII 2005D      | 1/2/2009               | Unexpended Proceeds     | 1,910,000.00  |
| MHRBIII 2005D      | 3/19/2009              | Unexpended Proceeds     | 497,910.57    |
| MHRBIII 2005D      | 3/19/2009              | Excess Revenue          | 2,089.43      |
| MHRBIII 2005D      | 4/1/2009               | Unexpended Proceeds     | 350,000.00    |
| MHRBIII 2005D      | 4/1/2009               | Excess Revenue          | 1,460,000.00  |
| MHRBIII 2005D      | 7/1/2009               | Unexpended Proceeds     | 100,000.00    |
| MHRBIII 2005D      | 8/27/2009              | Unexpended Proceeds     | 320,000.00    |
| MHRBIII 2005D      | 8/27/2009              | Recoveries of Principal | 1,306,916.00  |
| MHRBIII 2005D      | 8/27/2009              | Excess Revenue          | 3,084.00      |
| MHRBIII 2005D      | 5/20/2010              | Recoveries of Principal | 13,356,984.29 |
| MHRBIII 2005D      | 5/20/2010              | Excess Revenue          | 3,015.71      |
|                    |                        | Total                   | 70,715,000.00 |
| MHRBIII 2006A      | 2/1/2007               | Unexpended Proceeds     | 12,165,000.00 |
| MHRBIII 2006A      | 7/9/2008               | Recoveries of Principal | 3,068,039.70  |
| MHRBIII 2006A      | 7/9/2008               | Excess Revenue          | 1,960.30      |
| MHRBIII 2006A      | 10/29/2008             | Recoveries of Principal | 10,809,992.36 |
| MHRBIII 2006A      | 10/29/2008             | Excess Revenue          | 7.64          |
| MHRBIII 2006A      | 1/26/2009              | Recoveries of Principal | 17,650,000.00 |
| MHRBIII 2006A      | 4/1/2009               | Recoveries of Principal | 152,182.32    |
| MHRBIII 2006A      | 4/1/2009               | Unexpended Proceeds     | 1,019,785.62  |
| MHRBIII 2006A      | 4/1/2009               | Excess Revenue          | 3,032.06      |
| MHRBIII 2006A      | 8/27/2009              | Recoveries of Principal | 965,591.00    |
| MHRBIII 2006A      | 8/27/2009              | Excess Revenue          | 4,409.00      |
| MHRBIII 2006A      | 9/23/2009              | Excess Revenue          | 1,440,000.00  |
| MHRBIII 2006A      | 9/23/2009              | Unexpended Proceeds     | 613,800.96    |
| MHRBIII 2006A      | 9/23/2009              | Recoveries of Principal | 6,986,199.04  |
|                    |                        | Total                   | 54,880,000.00 |
| MHRBIII 2007B      | 1/3/2008               | Recoveries of Principal | 65,000.00     |
| MHRBIII 2007B      | 2/7/2008               | Recoveries of Principal | 300,000.00    |
| MHRBIII 2007B      | 9/10/2009              | Recoveries of Principal | 2,435,000.00  |
| MHRBIII 2007B      | 1/13/2010              | Recoveries of Principal | 4,492,687.79  |
| MHRBIII 2007B      | 1/13/2010              | Excess Revenue          | 137,312.21    |
|                    |                        | Total                   | 7,430,000.00  |
| MHRBIII 2007C      | 1/31/2008              | Recoveries of Principal | 25,000.00     |
| MHRBIII 2007C      | 9/10/2009              | Recoveries of Principal | 3,703,236.45  |
| MHRBIII 2007C      | 9/10/2009              | Excess Revenue          | 1,763.55      |
| MHRBIII 2007C      | 11/24/2009             | Recoveries of Principal | 2,450,000.00  |
|                    |                        | Total                   | 6,180,000.00  |

APPENDIX C

Redemption History for CalHFA Multifamily Bond Programs

| <b>Bond Series</b> | <b>Redemption Date</b> | <b>Source of Funds</b>  | <b>Amount</b>       |
|--------------------|------------------------|-------------------------|---------------------|
| MHRBIII 2008A      | 12/10/2009             | Recoveries of Principal | 1,254,955.78        |
| MHRBIII 2008A      | 12/10/2009             | Excess Revenue          | 5,044.22            |
| MHRBIII 2008A      | 12/10/2009             | Unexpended Proceeds     | 770,000.00          |
| MHRBIII 2008A      | 4/21/2010              | Recoveries of Principal | 751,621.56          |
| MHRBIII 2008A      | 4/21/2010              | Excess Revenue          | <u>8,378.44</u>     |
|                    |                        | Total                   | 2,790,000.00        |
| MHRBIII 2008B      | 10/29/2008             | Recoveries of Principal | 15,618,636.33       |
| MHRBIII 2008B      | 10/29/2008             | Excess Revenue          | 6,363.67            |
| MHRBIII 2008B      | 11/24/2009             | Recoveries of Principal | 660,000.00          |
| MHRBIII 2008B      | 12/10/2009             | Recoveries of Principal | 2,205,142.35        |
| MHRBIII 2008B      | 12/10/2009             | Excess Revenue          | 4,857.65            |
| MHRBIII 2008B      | 4/21/2010              | Recoveries of Principal | 751,621.56          |
| MHRBIII 2008B      | 4/21/2010              | Excess Revenue          | <u>8,378.44</u>     |
|                    |                        | Total                   | 19,255,000.00       |
| MHRBIII 2008C      | 5/19/2010              | Recoveries of Principal | 4,072,468.99        |
| MHRBIII 2008C      | 5/19/2010              | Excess Revenue          | <u>2,531.01</u>     |
|                    |                        | Total                   | 4,075,000.00        |
| MURHRB 1994B       | 11/15/2007             | Excess Revenue          | 11,345,000.00       |
| MURHRBII 1992B     | 2/1/2005               | Float                   | 2,965,000.00        |
| MURHRBII 1992B     | 8/1/2005               | Float                   | 2,940,000.00        |
| MURHRBII 1992B     | 2/1/2006               | Float                   | 2,420.92            |
| MURHRBII 1992B     | 2/1/2006               | Recoveries of Principal | 7,367,579.08        |
| MURHRBII 1992B     | 5/24/2006              | Float                   | 2,978.00            |
| MURHRBII 1992B     | 5/24/2006              | Recoveries of Principal | 4,507,022.00        |
| MURHRBII 1992B     | 8/11/2006              | Excess Revenue          | <u>3,350,000.00</u> |
|                    |                        | Total                   | 21,135,000.00       |
| MURHRBII 1994A     | 8/1/2005               | Float                   | 3,110,000.00        |
| MURHRBII 1994A     | 12/22/2005             | Float                   | <u>4,620,000.00</u> |
|                    |                        | Total                   | 7,730,000.00        |

## APPENDIX D

**DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY THE MULTIFAMILY HOUSING REVENUE BONDS III INDENTURE  
as of June 30, 2010**

| Name of Development                              | Location<br>(City and County)   | Property Value    | Loan Type | Original Loan<br>Amount | Number<br>of Units | Outstanding<br>Loan Amount | Existing Loan<br>Interest Rate | Original<br>Loan Term | Loan Maturity<br>Date | HAP Contract<br>Expiration Date | FHA<br>Insurance |
|--|---------------------------------|-------------------|-----------|-------------------------|--------------------|----------------------------|--------------------------------|-----------------------|-----------------------|---------------------------------|------------------|
| <b>Developments Financed by the 1997A Bonds:</b> |                                 |                   |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Arbor Terraces Senior Apt                        | San Jose,<br>Santa Clara        | 7,370,000         | Permanent | 4,450,000               | 86                 | 3,662,301                  | 6.75%                          | 360                   | 1/1/2029              |                                 | Risk Share       |
| Parkside Glen Apartments                         | San Jose,<br>Santa Clara        | 23,000,000        | Permanent | 14,200,000              | 180                | 11,764,659                 | 6.75%                          | 360                   | 4/1/2029              |                                 | Risk Share       |
| Ashwood Village Apts                             | Modesto,<br>Stanislaus          | 6,300,000         | Permanent | 5,040,000               | 120                | 4,448,511                  | 6.75%                          | 420                   | 4/1/2034              |                                 | Risk Share       |
| Villa Savannah Apartments                        | San Jose,<br>Santa Clara        | 19,700,000        | Permanent | 6,784,199               | 140                | 5,752,444                  | 6.75%                          | 360                   | 3/1/2030              |                                 | Risk Share       |
| Stonegate Apartments                             | San Jose,<br>Santa Clara        | 10,200,000        | Permanent | 10,225,000              | 120                | 8,669,961                  | 6.75%                          | 360                   | 3/1/2030              |                                 | Risk Share       |
| Renwick Square                                   | Elk Grove,<br>Sacramento        | 7,740,000         | Permanent | 6,000,000               | 150                | 5,273,234                  | 6.75%                          | 420                   | 1/1/2034              |                                 | Risk Share       |
| Panas Place                                      | Santa Rosa,<br>Sonoma           | 4,840,000         | Permanent | 3,316,000               | 66                 | 3,071,270                  | 6.75%                          | 480                   | 1/1/2040              |                                 | Risk Share       |
| Cordova Village                                  | Chula Vista,<br>San Diego       | 2,700,000         | Permanent | 2,174,800               | 40                 | 1,914,134                  | 6.75%                          | 420                   | 2/1/2034              |                                 | Risk Share       |
| Lark Ellen Housing                               | West Covina,<br>Los Angeles     | 6,730,000         | Permanent | 5,600,000               | 122                | 5,119,712                  | 6.75%                          | 480                   | 11/1/2038             |                                 | Risk Share       |
| Schoolhouse Court                                | Napa,<br>Napa                   | 1,800,000         | Permanent | 770,000                 | 14                 | 713,172                    | 6.75%                          | 480                   | 1/1/2040              |                                 | Risk Share       |
| Pecan Court                                      | Napa,<br>Napa                   | 1,700,000         | Permanent | 1,070,000               | 25                 | 993,646                    | 6.75%                          | 480                   | 4/1/2040              |                                 | Risk Share       |
|  | Subtotals                       | <u>92,080,000</u> |           | <u>59,629,999</u>       | <u>1063</u>        | <u>51,383,044</u>          |                                |                       |                       |                                 |                  |
| <b>Developments Financed by the 1998A Bonds:</b> |                                 |                   |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Bermuda Gardens                                  | San Leandro,<br>Alameda         | 4,450,000         | Permanent | 2,985,000               | 80                 | 2,474,267                  | 6.45%                          | 360                   | 8/1/2029              |                                 | Risk Share       |
| Tahoe Valley Apartments                          | South Lake Tahoe,<br>El Dorado  | 3,440,000         | Permanent | 2,610,000               | 70                 | 2,172,305                  | 6.20%                          | 360                   | 1/1/2030              |                                 | Risk Share       |
| Owl's Landing                                    | Livermore,<br>Alameda           | 6,970,000         | Permanent | 4,800,000               | 72                 | 4,321,236                  | 6.35%                          | 420                   | 1/1/2036              |                                 | Risk Share       |
| Britton Court                                    | San Francisco,<br>San Francisco | 8,300,000         | Permanent | 2,809,999               | 92                 | 1,330,192                  | 6.00%                          | 180                   | 12/1/2015             |                                 | Risk Share       |
| Park Place Apartments                            | Van Nuys,<br>Los Angeles        | 8,450,000         | Permanent | 4,600,000               | 143                | 3,936,956                  | 5.90%                          | 360                   | 6/1/2031              |                                 | None             |
| West Oaks  | Santa Rosa,<br>Sonoma           | 4,940,000         | Permanent | 2,925,000               | 53                 | 2,696,918                  | 6.50%                          | 480                   | 1/1/2040              |                                 | Risk Share       |
| Windmere II                                      | Davis,<br>Yolo                  | 4,410,000         | Permanent | 2,075,000               | 58                 | 1,837,910                  | 6.35%                          | 420                   | 1/1/2035              |                                 | Risk Share       |
| Hookston Manor                                   | Pleasant Hill,<br>Contra Costa  | 6,000,000         | Permanent | 4,250,000               | 101                | 3,539,330                  | 5.90%                          | 360                   | 5/1/2030              |                                 | Risk Share       |
| Rancho Carrillo Family                           | Carlsbad,<br>San Diego          | 10,220,000        | Permanent | 7,060,000               | 116                | 6,316,496                  | 6.05%                          | 420                   | 1/1/2036              |                                 | Risk Share       |
| Center Pointe Villas                             | Norwalk,<br>Los Angeles         | 14,450,000        | Permanent | 780,006                 | 240                | 718,554                    | 6.05%                          | 420                   | 12/1/2037             |                                 | None             |
|  | Subtotals                       | <u>71,630,000</u> |           | <u>34,895,005</u>       | <u>1025</u>        | <u>29,344,163</u>          |                                |                       |                       |                                 |                  |

APPENDIX D

**DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY THE MULTIFAMILY HOUSING REVENUE BONDS III INDENTURE  
as of June 30, 2010**

| Name of Development                              | Location<br>(City and County) | Property Value     | Loan Type            | Original Loan<br>Amount | Number<br>of Units | Outstanding<br>Loan Amount | Existing Loan<br>Interest Rate | Original<br>Loan Term | Loan Maturity<br>Date | HAP Contract<br>Expiration Date | FHA<br>Insurance |
|--|-------------------------------|--------------------|----------------------|-------------------------|--------------------|----------------------------|--------------------------------|-----------------------|-----------------------|---------------------------------|------------------|
| <b>Developments Financed by the 1998B Bonds:</b> |                               |                    |                      |                         |                    |                            |                                |                       |                       |                                 |                  |
| Farley Place                                     | Belvedere,<br>Marin           | 1,115,000          | Permanent            | 636,000                 | 11                 | 503,351                    | 7.50%                          | 360                   | 8/1/2028              |                                 | None             |
| Gravenstein North                                | Sebastopol,<br>Sonoma         | 2,200,000          | Permanent            | 1,715,000               | 42                 | 955,776                    | 7.50%                          | 360                   | 8/1/2018              |                                 | None             |
| Brannan Court Apts.                              | Sacramento,<br>Sacramento     | 2,490,000          | Permanent            | 1,980,000               | 40                 | 1,165,385                  | 9.95%                          | 360                   | 11/1/2018             |                                 | None             |
| Ridgeview Commons                                | Pleasanton,<br>Alameda        | 13,200,000         | Permanent            | 9,360,000               | 200                | 6,927,594                  | 5.50%                          | 360                   | 10/1/2029             |                                 | None             |
| Meadow Glen Apartments                           | Pittsburg,<br>Contra Costa    | 1,525,000          | Permanent            | 1,000,000               | 32                 | 869,507                    | 7.50%                          | 360                   | 7/1/2030              |                                 | None             |
| Lincoln Garden Apts                              | Woodland,<br>Yolo             | 2,475,000          | Permanent            | 1,500,000               | 66                 | 1,160,103                  | 7.50%                          | 360                   | 2/1/2028              |                                 | None             |
| The Lakes  | Selma,<br>Fresno              | 2,300,000          | Permanent            | 1,800,000               | 39                 | 1,369,506                  | 7.25%                          | 360                   | 12/1/2025             |                                 | Risk Share       |
| Century Village                                  | Fremont,<br>Alameda           | 5,680,000          | Permanent            | 4,000,000               | 100                | 2,961,399                  | 7.25%                          | 360                   | 3/1/2025              |                                 | Risk Share       |
| Villa Savannah Apartments                        | San Jose,<br>Santa Clara      | 19,700,000         | Permanent            | 5,170,801               | 140                | 4,384,413                  | 6.75%                          | 360                   | 3/1/2030              |                                 | Risk Share       |
| Monte Vista Apartments                           | Milpitas,<br>Santa Clara      | 33,000,000         | Permanent            | 22,698,104              | 306                | 20,971,981                 | 6.75%                          | 480                   | 10/1/2039             |                                 | Risk Share       |
| Swans Market                                     | Oakland,<br>Alameda           | 970,000            | Permanent            | 775,000                 | 18                 | 722,783                    | 6.75%                          | 480                   | 10/1/2040             |                                 | Risk Share       |
| Village Place                                    | San Diego,<br>San Diego       | 1,600,000          | Permanent            | 1,200,000               | 47                 | 929,033                    | 6.00%                          | 360                   | 10/1/2027             |                                 | Risk Share       |
| Stone Pine Meadow                                | Tracy,<br>San Joaquin         | 5,100,000          | Permanent            | 2,335,000               | 72                 | 2,172,129                  | 6.75%                          | 480                   | 6/1/2040              |                                 | Risk Share       |
| The Villaggio I                                  | Carson,<br>Los Angeles        | 6,480,000          | Permanent            | 4,915,000               | 84                 | 4,576,081                  | 6.75%                          | 480                   | 7/1/2040              |                                 | Risk Share       |
| Northstar/Twin Pines                             | Davis,<br>Yolo                | 3,269,500          | Permanent            | 1,010,000               | 36                 | 845,846                    | 6.75%                          | 360                   | 9/1/2029              |                                 | Risk Share       |
| Villa Maria                                      | San Diego,<br>San Diego       | 3,360,000          | Permanent            | 2,265,000               | 37                 | 2,026,622                  | 6.75%                          | 420                   | 2/1/2035              |                                 | None             |
| The Villaggio II                                 | Carson,<br>Los Angeles        | 4,960,000          | Permanent            | 3,951,000               | 65                 | 3,678,555                  | 6.75%                          | 480                   | 7/1/2040              |                                 | Risk Share       |
| Storke Ranch Family Apts                         | Isla Vista,<br>Santa Barbara  | 2,320,000          | Permanent            | 1,462,000               | 36                 | 1,316,624                  | 6.75%                          | 420                   | 7/1/2035              |                                 | Risk Share       |
| Mercy Village Folsom                             | Folsom,<br>Sacramento         | 2,830,000          | Permanent            | 2,350,000               | 81                 | 1,793,150                  | 3.50%                          | 360                   | 1/1/2030              |                                 | Risk Share       |
| Montebello Senior Villas                         | Montebello,<br>Los Angeles    | 11,815,000         | Permanent            | 4,000,000               | 160                | 3,381,567                  | 5.90%                          | 360                   | 12/1/2030             |                                 | Risk Share       |
| The Arbors                                       | Hercules,<br>Contra Costa     | 3,760,000          | Permanent            | 3,397,600               | 60                 | 2,559,068                  | 5.90%                          | 300                   | 3/1/2025              |                                 | Risk Share       |
| CCBA Senior Apartments                           | San Diego,<br>San Diego       | 2,800,000          | Permanent            | 1,950,000               | 45                 | 1,715,172                  | 6.05%                          | 420                   | 1/1/2035              |                                 | Risk Share       |
| Swans Market                                     | Oakland,<br>Alameda           | 970,000            | Residual<br>Receipts | 240,000                 | 18                 | 240,000                    | 3.00%                          | 492                   | 10/1/2040             |                                 | None             |
| Center Pointe Villas                             | Norwalk,<br>Los Angeles       | 14,450,000         | Permanent            | 11,199,994              | 240                | 10,317,700                 | 6.05%                          | 420                   | 12/1/2037             |                                 | None             |
|  | Subtotals                     | <u>148,369,500</u> |                      | <u>90,910,499</u>       | <u>1975</u>        | <u>77,543,347</u>          |                                |                       |                       |                                 |                  |

## APPENDIX D

**DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY THE MULTIFAMILY HOUSING REVENUE BONDS III INDENTURE**  
**as of June 30, 2010**

| Name of Development                              | Location<br>(City and County)   | Property Value     | Loan Type | Original Loan<br>Amount | Number<br>of Units | Outstanding<br>Loan Amount | Existing Loan<br>Interest Rate | Original<br>Loan Term | Loan Maturity<br>Date | HAP Contract<br>Expiration Date | FHA<br>Insurance |
|--|---------------------------------|--------------------|-----------|-------------------------|--------------------|----------------------------|--------------------------------|-----------------------|-----------------------|---------------------------------|------------------|
| <b>Developments Financed by the 1998C Bonds:</b> |                                 |                    |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Corinthian House                                 | Campbell,<br>Santa Clara        | 3,599,500          | Permanent | 2,426,254               | 104                | 1,403,307                  | 7.25%                          | 480                   | 5/1/2021              | 4/29/2021                       | Risk Share       |
| Ocean Park Villas                                | Santa Monica,<br>Los Angeles    | 1,557,000          | Permanent | 1,557,000               | 24                 | 1,220,703                  | 9.05%                          | 480                   | 11/1/2023             | 8/31/2007                       | None             |
| Villa Jardin                                     | Sacramento,<br>Sacramento       | 970,000            | Permanent | 692,000                 | 43                 | 515,084                    | 6.20%                          | 300                   | 9/1/2024              |                                 | Risk Share       |
| Sycamore Square                                  | Hayward,<br>Alameda             | 3,350,000          | Permanent | 1,579,600               | 26                 | 1,360,684                  | 5.70%                          | 360                   | 12/1/2031             | 12/31/2007                      | None             |
| Morse Court                                      | Sunnyvale,<br>Santa Clara       | 4,250,000          | Permanent | 1,621,828               | 35                 | 1,504,593                  | 5.40%                          | 360                   | 9/1/2035              | 5/31/2008                       | Risk Share       |
|  | Subtotals                       | <u>13,726,500</u>  |           | <u>7,876,682</u>        | <u>232</u>         | <u>6,004,371</u>           |                                |                       |                       |                                 |                  |
| <b>Developments Financed by the 1999A Bonds:</b> |                                 |                    |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Sierra Meadows                                   | Fresno,<br>Fresno               | 10,750,000         | Permanent | 8,180,064               | 220                | 7,211,758                  | 7.50%                          | 360                   | 4/1/2031              |                                 | None             |
| Britton Court                                    | San Francisco,<br>San Francisco | 8,300,000          | Permanent | 1,331,600               | 92                 | 630,350                    | 6.00%                          | 180                   | 12/1/2015             |                                 | Risk Share       |
| Light Tree Apartments                            | E. Palo Alto,<br>San Mateo      | 7,800,000          | Permanent | 5,888,067               | 94                 | 4,988,437                  | 5.90%                          | 360                   | 1/1/2031              |                                 | None             |
| Maplewood Apartments                             | Lakeside,<br>San Diego          | 4,460,000          | Permanent | 3,050,000               | 79                 | 2,583,832                  | 5.90%                          | 360                   | 1/1/2031              |                                 | None             |
| Canyon Run                                       | Healdsburg,<br>Sonoma           | 3,900,000          | Permanent | 3,000,000               | 51                 | 2,719,808                  | 6.05%                          | 420                   | 11/1/2036             |                                 | Risk Share       |
| Detroit Street                                   | West Hollywood,<br>Los Angeles  | 900,000            | Permanent | 270,000                 | 10                 | 236,928                    | 5.90%                          | 360                   | 7/1/2032              |                                 | Risk Share       |
| Breezewood Village Senior                        | La Mirada,<br>Los Angeles       | 8,650,000          | Permanent | 4,153,001               | 122                | 3,830,348                  | 6.05%                          | 420                   | 1/1/2038              |                                 | None             |
|  | Subtotals                       | <u>44,760,000</u>  |           | <u>25,872,731</u>       | <u>668</u>         | <u>22,201,461</u>          |                                |                       |                       |                                 |                  |
| <b>Developments Financed by the 2000A Bonds:</b> |                                 |                    |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Playa Del Alameda                                | Alameda,<br>Alameda             | 5,400,000          | Permanent | 3,080,001               | 40                 | 2,618,116                  | 6.20%                          | 360                   | 11/1/2030             |                                 | None             |
| El Rancho Verde I & II                           | San Jose,<br>Santa Clara        | 92,000,000         | Permanent | 64,250,000              | 700                | 57,019,229                 | 6.38%                          | 384                   | 8/1/2032              |                                 | None             |
| El Rancho Verde I & II                           | San Jose,<br>Santa Clara        | 92,000,000         | I.R.P     | 2,495,028               | 700                | 512,365                    | 6.20%                          | 140                   | 4/1/2012              |                                 | None             |
| Plum Tree West                                   | Gilroy,<br>Santa Clara          | 6,540,000          | Permanent | 5,650,000               | 70                 | 4,802,715                  | 6.20%                          | 360                   | 11/1/2030             |                                 | None             |
| Santa Ana Towers                                 | Santa Ana,<br>Orange            | 11,600,000         | Permanent | 9,600,003               | 200                | 8,762,700                  | 6.35%                          | 420                   | 12/1/2036             |                                 | None             |
| Breezewood Village Senior                        | La Mirada,<br>Los Angeles       | 8,650,000          | Permanent | 1,099,999               | 122                | 1,014,540                  | 6.05%                          | 420                   | 1/1/2038              |                                 | None             |
|  | Subtotals                       | <u>216,190,000</u> |           | <u>86,175,031</u>       | <u>1832</u>        | <u>74,729,665</u>          |                                |                       |                       |                                 |                  |

## APPENDIX D

**DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY THE MULTIFAMILY HOUSING REVENUE BONDS III INDENTURE  
as of June 30, 2010**

| Name of Development                              | Location<br>(City and County)   | Property Value     | Loan Type | Original Loan<br>Amount | Number<br>of Units | Outstanding<br>Loan Amount | Existing Loan<br>Interest Rate | Original<br>Loan Term | Loan Maturity<br>Date | HAP Contract<br>Expiration Date | FHA<br>Insurance |
|--|---------------------------------|--------------------|-----------|-------------------------|--------------------|----------------------------|--------------------------------|-----------------------|-----------------------|---------------------------------|------------------|
| <b>Developments Financed by the 2000B Bonds:</b> |                                 |                    |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Village Oduduwa                                  | Marin City,<br>Marin            | 1,385,000          | Permanent | 1,108,000               | 25                 | 620,713                    | 7.50%                          | 360                   | 11/1/2018             |                                 | None             |
| Arlington Farm                                   | Davis,<br>Yolo                  | 10,100,000         | Permanent | 7,800,000               | 138                | 4,366,327                  | 9.25%                          | 360                   | 12/1/2018             |                                 | None             |
| West Avenue                                      | Santa Rosa,<br>Sonoma           | 2,000,000          | Permanent | 1,025,500               | 40                 | 773,222                    | 6.50%                          | 360                   | 7/1/2030              |                                 | None             |
| Olive Court                                      | Davis,<br>Yolo                  | 1,200,000          | Permanent | 722,275                 | 24                 | 563,731                    | 6.00%                          | 360                   | 1/1/2028              |                                 | None             |
|  | Subtotals                       | <u>14,685,000</u>  |           | <u>10,655,775</u>       | <u>227</u>         | <u>6,323,993</u>           |                                |                       |                       |                                 |                  |
| <b>Developments Financed by the 2000C Bonds:</b> |                                 |                    |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Homestead Park                                   | Sunnyvale,<br>Santa Clara       | 39,200,000         | Permanent | 9,710,004               | 222                | 8,394,717                  | 6.50%                          | 360                   | 4/1/2031              |                                 | None             |
| Homestead Park                                   | Sunnyvale,<br>Santa Clara       | 39,200,000         | I.R.P     | 1,815,883               | 222                | 817,893                    | 6.20%                          | 167                   | 3/1/2015              |                                 | None             |
| Runnymede Gardens                                | E. Palo Alto,<br>San Mateo      | 7,000,000          | Permanent | 3,909,998               | 78                 | 3,363,615                  | 6.45%                          | 360                   | 2/1/2031              |                                 | None             |
| Vista Terrace Hills                              | San Ysidro,<br>San Diego        | 20,000,000         | Permanent | 15,800,002              | 262                | 13,963,946                 | 6.30%                          | 378                   | 7/1/2032              |                                 | None             |
| Vista Terrace Hills                              | San Ysidro,<br>San Diego        | 20,000,000         | I.R.P     | 1,895,527               | 262                | 345,966                    | 5.75%                          | 360                   | 12/31/2012            |                                 | None             |
| Summercrest                                      | National City,<br>San Diego     | 19,500,000         | Permanent | 13,900,001              | 372                | 12,390,374                 | 6.30%                          | 372                   | 12/1/2032             |                                 | None             |
| Summercrest                                      | National City,<br>San Diego     | 19,500,000         | I.R.P     | 2,099,770               | 372                | 350,189                    | 5.75%                          | 131                   | 11/30/2011            |                                 | None             |
| Coronado Terrace                                 | San Diego,<br>San Diego         | 18,500,000         | Permanent | 394,897                 | 312                | 352,285                    | 6.20%                          | 377                   | 1/1/2033              |                                 | None             |
| Saratoga Senior Apts II                          | Vacaville,<br>Solano            | 365,000            | Permanent | 5,730,000               | 120                | 5,048,357                  | 6.20%                          | 360                   | 6/1/2032              |                                 | None             |
| Vista Las Flores                                 | Carlsbad,<br>San Diego          | 3,295,000          | Permanent | 1,020,001               | 28                 | 932,887                    | 6.05%                          | 420                   | 6/1/2037              |                                 | None             |
|  | Subtotals                       | <u>186,560,000</u> |           | <u>56,276,083</u>       | <u>2250</u>        | <u>45,960,229</u>          |                                |                       |                       |                                 |                  |
| <b>Developments Financed by the 2000D Bonds:</b> |                                 |                    |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Northside Flats                                  | Long Beach,<br>Los Angeles      | 1,850,000          | Permanent | 1,500,000               | 47                 | 1,238,072                  | 5.90%                          | 360                   | 1/1/2030              |                                 | None             |
| Oceanview Apartments                             | Pacifica,<br>San Mateo          | 11,400,000         | Permanent | 9,425,000               | 100                | 7,885,965                  | 5.75%                          | 360                   | 9/1/2030              |                                 | None             |
| O'Farrell Tower Apartment                        | San Francisco,<br>San Francisco | 10,500,000         | Permanent | 4,240,000               | 101                | 3,589,429                  | 6.20%                          | 360                   | 9/1/2030              | 7/31/2007                       | None             |
| O'Farrell Tower Apartment                        | San Francisco,<br>San Francisco | 10,500,000         | Permanent | 2,274,000               | 101                | 1,042,872                  | 6.20%                          | 360                   | 9/1/2015              | 7/31/2007                       | None             |
|  | Subtotals                       | <u>34,250,000</u>  |           | <u>17,439,000</u>       | <u>349</u>         | <u>13,756,337</u>          |                                |                       |                       |                                 |                  |

## APPENDIX D

**DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY THE MULTIFAMILY HOUSING REVENUE BONDS III INDENTURE  
as of June 30, 2010**

| Name of Development                              | Location<br>(City and County) | Property Value     | Loan Type | Original Loan<br>Amount | Number<br>of Units | Outstanding<br>Loan Amount | Existing Loan<br>Interest Rate | Original<br>Loan Term | Loan Maturity<br>Date | HAP Contract<br>Expiration Date | FHA<br>Insurance |
|--|-------------------------------|--------------------|-----------|-------------------------|--------------------|----------------------------|--------------------------------|-----------------------|-----------------------|---------------------------------|------------------|
| <b>Developments Financed by the 2001C Bonds:</b> |                               |                    |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Coy D. Estes Sr. Housing                         | Upland,<br>San Bernardino     | 4,500,000          | Permanent | 2,150,000               | 130                | 2,010,020                  | 8.50%                          | 480                   | 1/1/2038              |                                 | Risk Share       |
| Vista Terrace Hills                              | San Ysidro,<br>San Diego      | 20,000,000         | Permanent | 1,579,998               | 262                | 1,397,868                  | 6.30%                          | 378                   | 7/1/2032              |                                 | None             |
| Summercrest                                      | National City,<br>San Diego   | 19,500,000         | Permanent | 1,389,999               | 372                | 1,240,341                  | 6.30%                          | 372                   | 12/1/2032             |                                 | None             |
| West Avenue                                      | Santa Rosa,<br>Sonoma         | 2,000,000          | Permanent | 115,000                 | 40                 | 63,628                     | 6.50%                          | 180                   | 12/1/2016             |                                 | None             |
| Parwood  | Long Beach,<br>Los Angeles    | 46,200,000         | Permanent | 1,499,990               | 528                | 1,355,701                  | 5.70%                          | 384                   | 2/1/2034              |                                 | None             |
| Countrywood                                      | Linda,<br>Yuba                | 2,980,000          | Permanent | 50,000                  | 65                 | 42,038                     | 5.00%                          | 240                   | 8/1/2025              |                                 | Risk Share       |
| Seventeenth St Commons                           | Sacramento,<br>Sacramento     | 1,820,000          | Permanent | 1,419,000               | 29                 | 1,258,870                  | 5.25%                          | 360                   | 9/1/2033              |                                 | None             |
| Linden Manor                                     | Riverside,<br>Riverside       | 5,760,000          | Permanent | 260,000                 | 192                | 238,674                    | 6.50%                          | 360                   | 4/1/2034              |                                 | None             |
| Oak Village                                      | Oakland,<br>Alameda           | 10,100,000         | Permanent | 1,140,000               | 117                | 1,073,177                  | 5.50%                          | 384                   | 6/1/2036              |                                 | None             |
| Golden West Tower                                | Torrance,<br>Los Angeles      | 17,300,000         | I.R.P     | 1,120,000               | 180                | 462,993                    | 5.70%                          | 101                   | 9/1/2013              |                                 | None             |
|  | Subtotals                     | <u>130,160,000</u> |           | <u>10,723,987</u>       | <u>1915</u>        | <u>9,143,310</u>           |                                |                       |                       |                                 |                  |
| <b>Developments Financed by the 2001D Bonds:</b> |                               |                    |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Corinthian House                                 | Campbell,<br>Santa Clara      | 3,599,500          | Permanent | 1,173,246               | 104                | 678,590                    | 7.25%                          | 480                   | 5/1/2021              | 4/29/2021                       | Risk Share       |
|  | Subtotals                     | <u>3,599,500</u>   |           | <u>1,173,246</u>        | <u>104</u>         | <u>678,590</u>             |                                |                       |                       |                                 |                  |

APPENDIX D

**DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY THE MULTIFAMILY HOUSING REVENUE BONDS III INDENTURE  
as of June 30, 2010**

| Name of Development                              | Location<br>(City and County)  | Property Value     | Loan Type | Original Loan<br>Amount | Number<br>of Units | Outstanding<br>Loan Amount | Existing Loan<br>Interest Rate | Original<br>Loan Term | Loan Maturity<br>Date | HAP Contract<br>Expiration Date | FHA<br>Insurance |
|--|--------------------------------|--------------------|-----------|-------------------------|--------------------|----------------------------|--------------------------------|-----------------------|-----------------------|---------------------------------|------------------|
| <b>Developments Financed by the 2001E Bonds:</b> |                                |                    |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Willowbrook I                                    | Merced,<br>Merced              | 4,170,000          | Permanent | 3,080,000               | 80                 | 2,264,304                  | 6.27%                          | 360                   | 9/1/2024              |                                 | None             |
| Rohit Villas                                     | Los Angeles,<br>Los Angeles    | 1,285,000          | Permanent | 531,899                 | 16                 | 399,752                    | 8.50%                          | 360                   | 5/1/2024              |                                 | None             |
| Villa Del Rey                                    | Farmersville,<br>Tulare        | 1,200,000          | Permanent | 990,000                 | 34                 | 646,162                    | 6.00%                          | 360                   | 8/1/2021              |                                 | None             |
| Cottonwood Grove                                 | Clovis,<br>Fresno              | 10,860,000         | Permanent | 7,960,262               | 150                | 7,186,042                  | 6.50%                          | 360                   | 5/1/2033              |                                 | None             |
| Parlier Parkwood Apts.                           | Parlier,<br>Fresno             | 2,462,000          | Permanent | 1,562,800               | 70                 | 1,119,917                  | 6.50%                          | 360                   | 11/1/2023             |                                 | None             |
| Coronado Terrace                                 | San Diego,<br>San Diego        | 18,500,000         | Permanent | 15,165,103              | 312                | 13,528,715                 | 6.20%                          | 377                   | 1/1/2033              |                                 | None             |
| Coronado Terrace                                 | San Diego,<br>San Diego        | 18,500,000         | I.R.P     | 1,756,000               | 312                | 342,631                    | 5.75%                          | 129                   | 4/1/2012              |                                 | None             |
| Marina Towers Annex                              | Vallejo,<br>Solano             | 3,000,000          | Permanent | 1,000,000               | 57                 | 863,793                    | 5.70%                          | 360                   | 2/1/2032              |                                 | None             |
| Marina Towers Annex                              | Vallejo,<br>Solano             | 3,000,000          | Permanent | 1,225,000               | 57                 | 666,603                    | 5.70%                          | 180                   | 2/1/2017              |                                 | None             |
| Vista Las Flores                                 | Carlsbad,<br>San Diego         | 3,295,000          | Permanent | 294,999                 | 28                 | 269,805                    | 6.05%                          | 420                   | 6/1/2037              |                                 | None             |
| Monticelli                                       | Gilroy,<br>Santa Clara         | 1,560,000          | Permanent | 2,990,000               | 52                 | 2,622,828                  | 5.25%                          | 360                   | 3/1/2033              |                                 | None             |
| Riverwood Grove                                  | Santa Clara,<br>Santa Clara    | 4,660,000          | Permanent | 4,500,000               | 71                 | 3,977,388                  | 5.25%                          | 360                   | 6/1/2033              |                                 | None             |
| Stanley Avenue                                   | Oakland,<br>Alameda            | 340,000            | Permanent | 415,000                 | 24                 | 329,292                    | 3.00%                          | 300                   | 7/1/2028              |                                 | None             |
| Torrey Del Mar                                   | San Diego,<br>San Diego        | 14,325,000         | Permanent | 4,080,000               | 112                | 3,619,583                  | 5.25%                          | 360                   | 8/1/2033              |                                 | None             |
| Grayson Creek                                    | Pleasant Hill,<br>Contra Costa | 10,400,000         | Permanent | 5,625,000               | 70                 | 5,008,572                  | 5.25%                          | 360                   | 10/1/2033             |                                 | None             |
| Singing Wood                                     | El Monte,<br>Los Angeles       | 8,000,000          | Permanent | 123,894                 | 110                | 111,900                    | 5.25%                          | 360                   | 6/1/2034              |                                 | None             |
| Skyline Village                                  | Los Angeles,<br>Los Angeles    | 8,200,000          | Permanent | 3,750,000               | 73                 | 3,596,203                  | 5.35%                          | 480                   | 6/1/2045              |                                 | None             |
|  | Subtotals                      | <u>113,757,000</u> |           | <u>55,049,957</u>       | <u>1628</u>        | <u>46,553,489</u>          |                                |                       |                       |                                 |                  |
| <b>Developments Financed by the 2001F Bonds:</b> |                                |                    |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Oak Manor Townhouses                             | Palo Alto,<br>Santa Clara      | 3,775,000          | Permanent | 2,122,872               | 33                 | 1,571,788                  | 6.50%                          | 360                   | 10/1/2023             |                                 | None             |
| Northgate Village Apts                           | Victorville,<br>San Bernardino | 8,312,000          | Permanent | 6,650,000               | 140                | 5,129,693                  | 6.00%                          | 507                   | 10/1/2034             |                                 | None             |
| Longfellow                                       | Chico,<br>Butte                | 725,000            | Permanent | 773,500                 | 24                 | 616,070                    | 3.00%                          | 360                   | 10/1/2031             |                                 | None             |
| Sycamore Square                                  | Hayward,<br>Alameda            | 3,350,000          | Permanent | 620,400                 | 26                 | 535,917                    | 5.70%                          | 360                   | 12/1/2031             | 12/31/2007                      | None             |
| Sycamore Square                                  | Hayward,<br>Alameda            | 3,350,000          | Permanent | 290,000                 | 26                 | 54,669                     | 5.70%                          | 120                   | 12/1/2011             | 12/31/2007                      | None             |
| Country Hills                                    | San Jose,<br>Santa Clara       | 19,750,000         | Permanent | 5,279,623               | 152                | 4,700,419                  | 6.00%                          | 360                   | 2/1/2033              |                                 | None             |
|  | Subtotals                      | <u>39,262,000</u>  |           | <u>15,736,395</u>       | <u>401</u>         | <u>12,608,557</u>          |                                |                       |                       |                                 |                  |

APPENDIX D

**DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY THE MULTIFAMILY HOUSING REVENUE BONDS III INDENTURE  
as of June 30, 2010**

| Name of Development                              | Location<br>(City and County) | Property Value     | Loan Type | Original Loan<br>Amount | Number<br>of Units | Outstanding<br>Loan Amount | Existing Loan<br>Interest Rate | Original<br>Loan Term | Loan Maturity<br>Date | HAP Contract<br>Expiration Date | FHA<br>Insurance |
|--|-------------------------------|--------------------|-----------|-------------------------|--------------------|----------------------------|--------------------------------|-----------------------|-----------------------|---------------------------------|------------------|
| <b>Developments Financed by the 2001G Bonds:</b> |                               |                    |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Rohit Villas                                     | Los Angeles,<br>Los Angeles   | 1,285,000          | Permanent | 106,101                 | 16                 | 79,739                     | 8.50%                          | 360                   | 5/1/2024              |                                 | None             |
| Sequoia Knolls                                   | Fresno,<br>Fresno             | 4,700,000          | Permanent | 3,760,000               | 100                | 3,522,327                  | 6.50%                          | 360                   | 6/1/2033              |                                 | None             |
| Oak Haven Seniors Apts                           | Oakdale,<br>Stanislaus        | 4,045,000          | Permanent | 2,140,000               | 80                 | 1,806,089                  | 6.50%                          | 360                   | 3/1/2033              |                                 | None             |
| Oak Manor Townhouses                             | Palo Alto,<br>Santa Clara     | 3,775,000          | Permanent | 170,198                 | 33                 | 126,016                    | 6.50%                          | 360                   | 10/1/2023             |                                 | None             |
| Childs Avenue Apartments                         | Merced,<br>Merced             | 2,120,000          | Permanent | 1,575,000               | 27                 | 1,407,120                  | 6.50%                          | 480                   | 8/1/2043              |                                 | None             |
| Shasta Villa Apartments                          | Farmersville,<br>Tulare       | 1,175,000          | Permanent | 640,000                 | 20                 | 485,833                    | 6.00%                          | 360                   | 1/1/2026              |                                 | None             |
| Papillon Apartments                              | Fresno,<br>Fresno             | 7,780,000          | Permanent | 6,200,000               | 132                | 5,078,626                  | 6.50%                          | 360                   | 4/1/2033              |                                 | Risk Share       |
| Ridgeview  | Coalinga,<br>Fresno           | 2,320,000          | Permanent | 1,265,000               | 42                 | 1,038,776                  | 6.50%                          | 360                   | 5/1/2033              |                                 | None             |
| Parwood  | Long Beach,<br>Los Angeles    | 46,200,000         | Permanent | 29,000,010              | 528                | 26,210,196                 | 5.70%                          | 384                   | 2/1/2034              |                                 | None             |
| South Gate Senior Villas                         | Southgate,<br>Los Angeles     | 6,180,000          | Permanent | 2,300,000               | 75                 | 2,171,596                  | 6.20%                          | 480                   | 10/1/2042             |                                 | None             |
| Oak Circle                                       | San Jose,<br>Santa Clara      | 11,500,000         | Permanent | 3,640,000               | 100                | 3,252,867                  | 5.25%                          | 360                   | 12/1/2033             |                                 | None             |
| Murphy Ranch                                     | Morgan Hill,<br>Santa Clara   | 3,750,000          | Permanent | 4,355,000               | 62                 | 3,949,116                  | 5.70%                          | 360                   | 4/1/2034              |                                 | None             |
| Singing Wood                                     | El Monte,<br>Los Angeles      | 8,000,000          | Permanent | 1,961,466               | 110                | 1,771,540                  | 5.25%                          | 360                   | 6/1/2034              |                                 | None             |
| Old Grove Apartments                             | Oceanside,<br>San Diego       | 5,040,000          | Permanent | 980,000                 | 56                 | 885,108                    | 5.25%                          | 360                   | 6/1/2034              |                                 | None             |
|  | Subtotals                     | <u>107,870,000</u> |           | <u>58,092,775</u>       | <u>1381</u>        | <u>51,784,949</u>          |                                |                       |                       |                                 |                  |
| <b>Developments Financed by the 2001H Bonds:</b> |                               |                    |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Homestead Park                                   | Sunnyvale,<br>Santa Clara     | 39,200,000         | Permanent | 4,370,996               | 222                | 3,778,920                  | 6.50%                          | 360                   | 4/1/2031              |                                 | None             |
| Runnymede Gardens                                | E. Palo Alto,<br>San Mateo    | 7,000,000          | Permanent | 1,380,002               | 78                 | 1,187,158                  | 6.45%                          | 360                   | 2/1/2031              |                                 | None             |
| Oak Center I Apartments                          | Oakland,<br>Alameda           | 3,150,000          | Permanent | 2,424,000               | 77                 | 2,151,209                  | 7.50%                          | 360                   | 7/1/2031              |                                 | None             |
| Oak Center I                                     | Oakland,<br>Alameda           | 3,150,000          | I.R.P     | 555,246                 | 77                 | 112,304                    | 7.25%                          | 360                   | 1/1/2012              |                                 | None             |
| Santa Ana Towers                                 | Santa Ana,<br>Orange          | 11,600,000         | Permanent | 899,997                 | 200                | 821,503                    | 6.35%                          | 420                   | 12/1/2036             |                                 | None             |
| Marina Towers Annex                              | Vallejo,<br>Solano            | 3,000,000          | Permanent | 275,000                 | 57                 | 156,102                    | 7.00%                          | 180                   | 2/1/2017              |                                 | None             |
| Parwood  | Long Beach,<br>Los Angeles    | 46,200,000         | Permanent | 1,500,000               | 528                | 1,368,706                  | 5.70%                          | 360                   | 4/1/2034              |                                 | None             |
| Morh I   | Oakland,<br>Alameda           | 8,250,000          | Permanent | 4,725,000               | 124                | 4,250,020                  | 7.50%                          | 360                   | 3/1/2032              |                                 | None             |
| Morh I   | Oakland,<br>Alameda           | 8,250,000          | I.R.P     | 1,310,000               | 124                | 197,376                    | 7.25%                          | 125                   | 8/1/2012              |                                 | None             |
|  | Subtotals                     | <u>129,800,000</u> |           | <u>17,440,241</u>       | <u>1487</u>        | <u>14,023,299</u>          |                                |                       |                       |                                 |                  |

APPENDIX D

**DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY THE MULTIFAMILY HOUSING REVENUE BONDS III INDENTURE  
as of June 30, 2010**

| Name of Development                              | Location<br>(City and County) | Property Value    | Loan Type | Original Loan<br>Amount | Number<br>of Units | Outstanding<br>Loan Amount | Existing Loan<br>Interest Rate | Original<br>Loan Term | Loan Maturity<br>Date | HAP Contract<br>Expiration Date | FHA<br>Insurance |
|--|-------------------------------|-------------------|-----------|-------------------------|--------------------|----------------------------|--------------------------------|-----------------------|-----------------------|---------------------------------|------------------|
| <b>Developments Financed by the 2002A Bonds:</b> |                               |                   |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Altadena Vistas Apts.                            | Altadena,<br>Los Angeles      | 1,070,000         | Permanent | 750,000                 | 22                 | 397,174                    | 4.00%                          | 420                   | 10/1/2039             |                                 | None             |
| Altamont Apartments                              | Rohnert Park,<br>Sonoma       | 13,300,000        | Permanent | 10,000,000              | 230                | 6,613,645                  | 6.50%                          | 360                   | 7/1/2022              |                                 | None             |
| Winter Creek Village                             | Windsor,<br>Sonoma            | 4,900,000         | Permanent | 1,620,000               | 41                 | 1,458,039                  | 5.25%                          | 360                   | 4/1/2034              |                                 | None             |
| The Village At Beechwood                         | Lancaster,<br>Los Angeles     | 3,200,000         | Permanent | 890,000                 | 100                | 709,555                    | 5.25%                          | 240                   | 5/1/2024              |                                 | None             |
| The Village At Beechwood                         | Lancaster,<br>Los Angeles     | 3,200,000         | I.R.P     | 469,000                 | 100                | 20,860                     | 5.25%                          | 75                    | 9/1/2010              |                                 | None             |
| Carrillo Place                                   | Santa Rosa,<br>Sonoma         | 7,700,000         | Permanent | 2,475,000               | 68                 | 2,235,351                  | 5.25%                          | 360                   | 6/1/2034              |                                 | None             |
| Singing Wood                                     | El Monte,<br>Los Angeles      | 8,000,000         | Permanent | 2,479,640               | 110                | 2,239,541                  | 5.25%                          | 360                   | 6/1/2034              |                                 | None             |
| Far East Building                                | Los Angeles,<br>Los Angeles   | 640,000           | Permanent | 160,000                 | 16                 | 72,531                     | 3.00%                          | 120                   | 8/1/2014              |                                 | None             |
| Villa Ramona                                     | Baldwin Park,<br>Los Angeles  | 6,200,000         | Permanent | 3,660,000               | 71                 | 3,488,565                  | 5.25%                          | 480                   | 12/1/2044             |                                 | None             |
| Parkwood Apartments                              | Yorba Linda,<br>Orange        | 9,625,000         | Permanent | 1,420,361               | 101                | 1,323,428                  | 5.75%                          | 360                   | 9/1/2035              |                                 | None             |
|  | Subtotals                     | <u>57,835,000</u> |           | <u>23,924,001</u>       | <u>859</u>         | <u>18,558,689</u>          |                                |                       |                       |                                 |                  |
| <b>Developments Financed by the 2002B Bonds:</b> |                               |                   |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Regency Manor                                    | Los Angeles,<br>Los Angeles   | 7,850,000         | Permanent | 5,906,464               | 120                | 3,980,263                  | 7.00%                          | 360                   | 3/1/2024              |                                 | None             |
| Hillside Villa                                   | Los Angeles,<br>Los Angeles   | 8,000,000         | Permanent | 4,974,553               | 124                | 3,411,715                  | 7.00%                          | 360                   | 3/1/2024              |                                 | None             |
| Somersett Hills                                  | Roseville,<br>Placer          | 6,900,000         | Permanent | 5,520,000               | 124                | 3,801,950                  | 7.13%                          | 360                   | 3/1/2024              |                                 | None             |
| Huntington Square                                | Citrus Heights,<br>Sacramento | 13,100,000        | Permanent | 10,289,487              | 225                | 7,248,830                  | 6.50%                          | 360                   | 3/1/2024              |                                 | None             |
| Southlake Tower                                  | Oakland,<br>Alameda           | 8,130,000         | Permanent | 6,500,000               | 130                | 5,914,377                  | 5.50%                          | 384                   | 8/1/2034              |                                 | Risk Share       |
| Southlake Tower                                  | Oakland,<br>Alameda           | 8,130,000         | Permanent | 820,000                 | 130                | 590,801                    | 6.50%                          | 204                   | 8/1/2019              |                                 | None             |
|  | Subtotals                     | <u>52,110,000</u> |           | <u>34,010,504</u>       | <u>853</u>         | <u>24,947,935</u>          |                                |                       |                       |                                 |                  |
| <b>Developments Financed by the 2002C Bonds:</b> |                               |                   |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Victoria Green                                   | Hercules,<br>Contra Costa     | 15,000,000        | Permanent | 9,455,000               | 132                | 8,598,251                  | 5.25%                          | 360                   | 10/1/2034             |                                 | None             |
| Artist Colony                                    | Burbank,<br>Los Angeles       | 19,525,000        | Permanent | 14,970,000              | 141                | 13,953,290                 | 5.28%                          | 480                   | 1/1/2046              |                                 | None             |
|  | Subtotals                     | <u>34,525,000</u> |           | <u>24,425,000</u>       | <u>273</u>         | <u>22,551,542</u>          |                                |                       |                       |                                 |                  |

APPENDIX D

**DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY THE MULTIFAMILY HOUSING REVENUE BONDS III INDENTURE  
as of June 30, 2010**

| Name of Development                              | Location<br>(City and County)     | Property Value     | Loan Type | Original Loan<br>Amount | Number<br>of Units | Outstanding<br>Loan Amount | Existing Loan<br>Interest Rate | Original<br>Loan Term | Loan Maturity<br>Date | HAP Contract<br>Expiration Date | FHA<br>Insurance |
|--|-----------------------------------|--------------------|-----------|-------------------------|--------------------|----------------------------|--------------------------------|-----------------------|-----------------------|---------------------------------|------------------|
| <b>Developments Financed by the 2002D Bonds:</b> |                                   |                    |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Country Hills                                    | San Jose,<br>Santa Clara          | 19,750,000         | Permanent | 4,120,377               | 152                | 3,668,346                  | 6.00%                          | 360                   | 2/1/2033              |                                 | None             |
| Countrywood                                      | Linda,<br>Yuba                    | 2,980,000          | Permanent | 580,000                 | 65                 | 487,638                    | 5.00%                          | 240                   | 8/1/2025              |                                 | Risk Share       |
| Countrywood                                      | Linda,<br>Yuba                    | 2,980,000          | Permanent | 170,000                 | 65                 | 98,341                     | 5.00%                          | 120                   | 8/1/2015              |                                 | None             |
|  | Subtotals                         | <u>25,710,000</u>  |           | <u>4,870,377</u>        | <u>282</u>         | <u>4,254,324</u>           |                                |                       |                       |                                 |                  |
| <b>Developments Financed by the 2002E Bonds:</b> |                                   |                    |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Victoria Woods Sr Apts                           | San Bernardino,<br>San Bernardino | 9,900,000          | Permanent | 7,575,000               | 178                | 5,603,955                  | 7.90%                          | 360                   | 7/1/2024              |                                 | None             |
| Casa Del Rio                                     | Antioch,<br>Contra Costa          | 4,600,000          | Permanent | 600,000                 | 82                 | 449,267                    | 7.80%                          | 360                   | 12/1/2024             |                                 | None             |
| Willowbrook II                                   | Merced,<br>Merced                 | 4,800,000          | Permanent | 3,840,000               | 96                 | 2,739,615                  | 6.27%                          | 360                   | 4/1/2024              |                                 | None             |
| The Grove  | Bakersfield,<br>Kern              | 9,250,000          | Permanent | 7,500,000               | 140                | 6,109,602                  | 6.50%                          | 360                   | 3/1/2033              |                                 | None             |
| Cedar Park                                       | Grass Valley,<br>Nevada           | 7,000,000          | Permanent | 5,600,000               | 81                 | 5,382,021                  | 5.95%                          | 480                   | 1/1/2045              |                                 | None             |
| Dove Canyon                                      | San Diego,<br>San Diego           | 14,400,000         | Permanent | 7,420,000               | 120                | 7,008,891                  | 5.85%                          | 420                   | 1/1/2040              |                                 | None             |
| White Rock Village                               | El Dorado Hills,<br>El Dorado     | 20,250,000         | Permanent | 10,000,000              | 168                | 9,628,482                  | 5.60%                          | 480                   | 8/1/2045              |                                 | None             |
| Parkwood Apartments                              | Yorba Linda,<br>Orange            | 9,625,000          | Permanent | 4,994,639               | 101                | 4,653,779                  | 5.75%                          | 360                   | 9/1/2035              |                                 | None             |
| Gateway Santa Clara                              | Santa Clara,<br>Santa Clara       | 4,750,000          | Permanent | 1,815,000               | 42                 | 1,693,611                  | 5.75%                          | 360                   | 10/1/2035             |                                 | None             |
| Fremont Oak Gardens                              | Fremont,<br>Alameda               | 1,745,000          | Permanent | 2,700,000               | 51                 | 2,437,773                  | 3.00%                          | 360                   | 1/1/2036              |                                 | None             |
| Artist Colony                                    | Burbank,<br>Los Angeles           | 19,525,000         | Permanent | 1,045,000               | 141                | 974,027                    | 5.28%                          | 480                   | 1/1/2046              |                                 | None             |
| Laguna Canyon                                    | Irvine,<br>Orange                 | 15,350,000         | Permanent | 8,460,000               | 120                | 8,160,506                  | 5.75%                          | 420                   | 11/1/2041             |                                 | None             |
| Sierra Vista Apts                                | Sierra Madre,<br>Los Angeles      | 5,685,000          | Permanent | 17,461                  | 46                 | 17,086                     | 5.35%                          | 420                   | 5/1/2043              |                                 | None             |
|  | Subtotals                         | <u>126,880,000</u> |           | <u>61,567,100</u>       | <u>1366</u>        | <u>54,858,615</u>          |                                |                       |                       |                                 |                  |

APPENDIX D

**DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY THE MULTIFAMILY HOUSING REVENUE BONDS III INDENTURE  
as of June 30, 2010**

| Name of Development                              | Location<br>(City and County)   | Property Value     | Loan Type | Original Loan<br>Amount | Number<br>of Units | Outstanding<br>Loan Amount | Existing Loan<br>Interest Rate | Original<br>Loan Term | Loan Maturity<br>Date | HAP Contract<br>Expiration Date | FHA<br>Insurance |
|--|---------------------------------|--------------------|-----------|-------------------------|--------------------|----------------------------|--------------------------------|-----------------------|-----------------------|---------------------------------|------------------|
| <b>Developments Financed by the 2003C Bonds:</b> |                                 |                    |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Regency Court - Monrovia                         | Monrovia,<br>Los Angeles        | 5,535,000          | Permanent | 4,540,000               | 115                | 3,393,345                  | 6.85%                          | 360                   | 11/1/2025             |                                 | None             |
| Manhattan Village Senior                         | Manhattan Beach,<br>Los Angeles | 7,780,000          | Permanent | 6,400,000               | 104                | 5,072,287                  | 6.85%                          | 360                   | 8/1/2027              |                                 | Risk Share       |
| Palos Verdes Villas                              | Palm Springs,<br>Riverside      | 6,500,000          | Permanent | 5,000,000               | 98                 | 4,491,752                  | 6.50%                          | 420                   | 7/1/2040              |                                 | None             |
| Ocean View Gardens                               | Berkeley,<br>Alameda            | 9,000,000          | Permanent | 3,160,000               | 62                 | 2,858,378                  | 5.75%                          | 360                   | 3/1/2034              | 10/21/2013                      | None             |
| Coyote Run                                       | Palm Springs,<br>Riverside      | 10,500,000         | Permanent | 2,000,000               | 0                  | 1,903,123                  | 5.25%                          | 360                   | 3/1/2037              |                                 | None             |
| Copper Creek                                     | San Marcos,<br>San Diego        | 21,225,000         | Permanent | 4,360,000               | 156                | 4,080,493                  | 5.50%                          | 360                   | 2/1/2036              |                                 | Risk Share       |
| Lorenzo Creek                                    | Castro Valley,<br>Alameda       | 3,500,000          | Permanent | 640,000                 | 28                 | 549,990                    | 1.00%                          | 300                   | 7/1/2031              |                                 | None             |
| Lorenzo Creek                                    | Castro Valley,<br>Alameda       | 3,500,000          | Permanent | 1,430,000               | 28                 | 886,881                    | 1.00%                          | 120                   | 7/1/2016              |                                 | None             |
| Timothy Commons                                  | Santa Rosa,<br>Sonoma           | 4,700,000          | Permanent | 640,000                 | 32                 | 602,684                    | 5.25%                          | 360                   | 8/1/2036              |                                 | None             |
| The Breakers At Bayport                          | Alameda,<br>Alameda             | 7,840,000          | Permanent | 2,100,000               | 52                 | 1,983,405                  | 5.25%                          | 360                   | 10/1/2036             |                                 | None             |
| Moulton Plaza                                    | Sunnyvale,<br>Santa Clara       | 12,200,000         | Permanent | 5,985,000               | 66                 | 5,755,842                  | 5.25%                          | 420                   | 12/1/2041             |                                 | None             |
| Windrow Apts                                     | Irvine,<br>Orange               | 13,625,000         | Permanent | 5,777,539               | 96                 | 5,596,067                  | 5.25%                          | 420                   | 7/1/2042              |                                 | None             |
| Villa Victoria                                   | Oxnard,<br>Ventura              | 11,400,000         | Permanent | 4,110,000               | 54                 | 3,986,834                  | 5.30%                          | 360                   | 5/1/2038              |                                 | None             |
| Villa Victoria                                   | Oxnard,<br>Ventura              | 11,400,000         | Permanent | 400,000                 | 54                 | 333,008                    | 5.25%                          | 120                   | 5/1/2018              |                                 | None             |
| Villa Amador                                     | Brentwood,<br>Contra Costa      | 6,330,000          | Permanent | 4,425,000               | 96                 | 4,375,545                  | 5.35%                          | 480                   | 12/1/2048             |                                 | None             |
|  | Subtotals                       | <u>135,035,000</u> |           | <u>50,967,539</u>       | <u>1041</u>        | <u>45,869,633</u>          |                                |                       |                       |                                 |                  |
| <b>Developments Financed by the 2004A Bonds:</b> |                                 |                    |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Dalton Arms                                      | Los Angeles,<br>Los Angeles     | 98,300             | Permanent | 98,300                  | 5                  | 70,914                     | 8.00%                          | 444                   | 1/1/2021              |                                 | None             |
| Avery Park Apartments                            | Fairfield,<br>Solano            | 6,123,700          | Permanent | 4,405,000               | 136                | 3,279,243                  | 8.30%                          | 360                   | 2/1/2025              |                                 | None             |
| Crescent Terrace                                 | Sunnyvale,<br>Santa Clara       | 2,767,718          | Permanent | 1,469,224               | 48                 | 1,212,525                  | 6.00%                          | 360                   | 7/1/2035              |                                 | None             |
| Heritage Park/Anaheim                            | Anaheim,<br>Orange              | 4,200,207          | Permanent | 1,805,090               | 94                 | 1,400,293                  | 8.00%                          | 360                   | 12/21/2028            |                                 | None             |
| Hidaway Apartments                               | San Clarita,<br>Los Angeles     | 4,625,000          | Permanent | 3,749,213               | 67                 | 2,713,635                  | 7.75%                          | 360                   | 7/1/2024              |                                 | None             |
| Huntcliff  | Fair Oaks,<br>Sacramento        | 4,200,000          | Permanent | 3,405,300               | 78                 | 2,864,266                  | 6.00%                          | 360                   | 6/1/2035              |                                 | None             |
| Winters Apartments                               | Winters,<br>Yolo                | 2,050,000          | Permanent | 1,365,000               | 44                 | 1,204,861                  | 5.40%                          | 336                   | 1/1/2032              |                                 | None             |
| Woodglen Vista                                   | Santee,<br>San Diego            | 17,750,000         | Permanent | 9,150,000               | 188                | 8,283,501                  | 5.90%                          | 360                   | 2/1/2034              | 8/2/2019                        | None             |
| Woodglen Vista                                   | Santee,<br>San Diego            | 17,750,000         | Permanent | 1,300,000               | 188                | 899,637                    | 5.90%                          | 186                   | 8/1/2019              | 8/2/2019                        | None             |
|  | Subtotals                       | <u>59,564,925</u>  |           | <u>26,747,127</u>       | <u>848</u>         | <u>21,928,874</u>          |                                |                       |                       |                                 |                  |

## APPENDIX D

**DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY THE MULTIFAMILY HOUSING REVENUE BONDS III INDENTURE  
as of June 30, 2010**

| Name of Development                              | Location<br>(City and County)   | Property Value     | Loan Type | Original Loan<br>Amount | Number<br>of Units | Outstanding<br>Loan Amount | Existing Loan<br>Interest Rate | Original<br>Loan Term | Loan Maturity<br>Date | HAP Contract<br>Expiration Date | FHA<br>Insurance |
|--|---------------------------------|--------------------|-----------|-------------------------|--------------------|----------------------------|--------------------------------|-----------------------|-----------------------|---------------------------------|------------------|
| <b>Developments Financed by the 2004B Bonds:</b> |                                 |                    |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Willowbrook Green                                | Willowbrook,<br>Los Angeles     | 3,440,000          | Permanent | 2,579,768               | 48                 | 1,977,599                  | 6.00%                          | 480                   | 7/1/2034              |                                 | None             |
| Las Brisas                                       | Cudahy,<br>Los Angeles          | 7,060,000          | Permanent | 2,725,000               | 100                | 2,458,829                  | 5.40%                          | 360                   | 4/1/2034              |                                 | None             |
| Linden Manor                                     | Riverside,<br>Riverside         | 5,760,000          | I.R.P     | 940,000                 | 192                | 249,575                    | 5.40%                          | 87                    | 6/1/2012              |                                 | None             |
| Linden Manor                                     | Riverside,<br>Riverside         | 5,760,000          | Permanent | 3,985,000               | 192                | 3,595,755                  | 5.40%                          | 360                   | 4/1/2034              |                                 | None             |
| Oak Village                                      | Oakland,<br>Alameda             | 10,100,000         | Permanent | 5,727,000               | 117                | 5,391,303                  | 5.50%                          | 384                   | 6/1/2036              |                                 | None             |
| Oak Village                                      | Oakland,<br>Alameda             | 10,100,000         | I.R.P     | 460,200                 | 117                | 133,561                    | 5.50%                          | 98                    | 7/1/2012              |                                 | None             |
| Citrus Grove                                     | Fontana,<br>San Bernardino      | 5,250,000          | Permanent | 890,000                 | 51                 | 837,831                    | 5.50%                          | 384                   | 7/1/2036              | 12/1/2014                       | None             |
| Citrus Grove                                     | Fontana,<br>San Bernardino      | 5,250,000          | Permanent | 1,500,000               | 51                 | 800,035                    | 5.50%                          | 113                   | 12/1/2014             | 12/1/2014                       | None             |
| Murphy Ranch II                                  | Morgan Hill,<br>Santa Clara     | 7,000,000          | Permanent | 7,235,000               | 38                 | 4,093,324                  | 5.50%                          | 360                   | 10/1/2035             |                                 | None             |
| Lion Creek Crossings I                           | Oakland,<br>Alameda             | 25,600,000         | Permanent | 3,420,000               | 0                  | 3,305,489                  | 5.50%                          | 420                   | 3/1/2042              |                                 | None             |
| Parkwood Apartments                              | Yorba Linda,<br>Orange          | 9,625,000          | Permanent | 185,000                 | 101                | 172,375                    | 5.75%                          | 360                   | 9/1/2035              |                                 | None             |
| St. Vincent'S Gardens                            | Santa Barbara,<br>Santa Barbara | -                  | Permanent | 3,460,000               | 75                 | 3,393,241                  | 5.50%                          | 360                   | 1/1/2039              |                                 | None             |
| Springs Village                                  | Sonoma,<br>Sonoma               | 3,590,000          | Permanent | 1,985,000               | 80                 | 1,876,690                  | 5.50%                          | 360                   | 9/1/2036              |                                 | None             |
| Vista Point @ Pacific Grove                      | Pacific Grove,<br>Monterey      | 1,900,000          | Permanent | 1,670,000               | 49                 | 1,581,113                  | 5.50%                          | 360                   | 11/1/2036             |                                 | None             |
| Bayview Landing Senior Apts                      | Newport Beach,<br>Orange        | 15,000,000         | Permanent | 8,720,000               | 120                | 8,271,484                  | 5.40%                          | 360                   | 12/1/2036             |                                 | None             |
| St. Vincent's Gardens                            | Santa Barbara,<br>Santa Barbara | -                  | Permanent | 2,390,000               | 75                 | 2,087,472                  | 5.50%                          | 108                   | 1/1/2018              |                                 | None             |
| St. Vincent's Gardens                            | Santa Barbara,<br>Santa Barbara | -                  | Bridge    | 7,450,000               | 75                 | 5,695,599                  | 4.00%                          | 48                    | 1/1/2013              |                                 | None             |
|  | Subtotals                       | <u>115,435,000</u> |           | <u>55,321,968</u>       | <u>1481</u>        | <u>45,921,276</u>          |                                |                       |                       |                                 |                  |
| <b>Developments Financed by the 2004C Bonds:</b> |                                 |                    |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Bennington Apartments                            | Fairfield,<br>Solano            | 6,675,000          | Permanent | 5,186,092               | 132                | 3,753,659                  | 6.00%                          | 360                   | 10/1/2024             |                                 | None             |
| Ellington Apartments                             | Davis,<br>Yolo                  | 5,800,000          | Permanent | 4,531,304               | 125                | 3,279,727                  | 6.00%                          | 360                   | 10/1/2024             |                                 | None             |
| Laurel Court                                     | Pacoima,<br>Los Angeles         | 650,000            | Permanent | 542,049                 | 15                 | 420,311                    | 4.75%                          | 480                   | 10/1/2034             |                                 | None             |
|  | Subtotals                       | <u>13,125,000</u>  |           | <u>10,259,445</u>       | <u>272</u>         | <u>7,453,697</u>           |                                |                       |                       |                                 |                  |

## APPENDIX D

**DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY THE MULTIFAMILY HOUSING REVENUE BONDS III INDENTURE  
as of June 30, 2010**

| Name of Development                              | Location<br>(City and County) | Property Value     | Loan Type | Original Loan<br>Amount | Number<br>of Units | Outstanding<br>Loan Amount | Existing Loan<br>Interest Rate | Original<br>Loan Term | Loan Maturity<br>Date | HAP Contract<br>Expiration Date | FHA<br>Insurance |
|--|-------------------------------|--------------------|-----------|-------------------------|--------------------|----------------------------|--------------------------------|-----------------------|-----------------------|---------------------------------|------------------|
| <b>Developments Financed by the 2004D Bonds:</b> |                               |                    |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Manhattan Place                                  | Los Angeles,<br>Los Angeles   | 2,750,000          | Permanent | 2,658,734               | 60                 | 2,129,256                  | 5.50%                          | 360                   | 10/1/2034             |                                 | None             |
| Batteries Included, L.P.                         | Compton,<br>Los Angeles       | 6,200,000          | Permanent | 3,450,000               | 72                 | 3,164,820                  | 5.50%                          | 360                   | 1/1/2035              | 11/30/2007                      | None             |
| College View                                     | Linda,<br>Yuba                | 5,420,000          | Permanent | 500,000                 | 88                 | 468,324                    | 5.70%                          | 372                   | 2/1/2036              | 10/8/2021                       | None             |
| College View                                     | Linda,<br>Yuba                | 5,420,000          | Permanent | 2,730,000               | 88                 | 2,125,567                  | 5.70%                          | 204                   | 2/1/2022              | 10/8/2021                       | None             |
| Central Plaza                                    | Santa Maria,<br>Santa Barbara | 10,500,000         | Permanent | 5,605,000               | 112                | 5,324,117                  | 5.70%                          | 360                   | 11/1/2036             |                                 | None             |
| Central Plaza                                    | Santa Maria,<br>Santa Barbara | 10,500,000         | I.R.P     | 940,000                 | 112                | 570,929                    | 5.70%                          | 137                   | 9/1/2016              |                                 | None             |
| White Rock Village                               | El Dorado Hills,<br>El Dorado | 20,250,000         | Permanent | 1,500,000               | 168                | 878,643                    | 5.60%                          | 120                   | 8/1/2015              |                                 | None             |
| Camellia Place                                   | Dublin,<br>Alameda            | 24,800,000         | Permanent | 5,860,000               | 112                | 5,647,086                  | 5.70%                          | 360                   | 10/1/2037             |                                 | None             |
| Casitas Del Valle                                | Moreno Valley,<br>Riverside   | 5,900,000          | Permanent | 930,000                 | 40                 | 851,743                    | 5.50%                          | 240                   | 8/1/2027              |                                 | None             |
| Corde Terra                                      | San Jose,<br>Santa Clara      | 14,880,000         | Permanent | 24,235,000              | 300                | 23,840,835                 | 5.70%                          | 480                   | 2/1/2048              |                                 | None             |
| Encore Hall                                      | Los Angeles,<br>Los Angeles   | 11,175,000         | Permanent | 2,560,000               | 104                | 2,418,237                  | 3.00%                          | 300                   | 6/1/2033              |                                 | None             |
| Sobrato  | Gilroy,<br>Santa Clara        | 7,700,000          | Permanent | 1,070,000               | 60                 | 667,467                    | 2.00%                          | 120                   | 7/1/2016              |                                 | None             |
| The Crossings                                    | San Diego,<br>San Diego       | 17,350,000         | Permanent | 4,830,000               | 108                | 4,593,983                  | 5.70%                          | 360                   | 12/1/2036             |                                 | None             |
| Camino De Las Flores                             | Los Angeles,<br>Los Angeles   | 2,450,000          | Permanent | 155,000                 | 24                 | 134,487                    | 3.00%                          | 180                   | 1/1/2023              |                                 | None             |
| Camino De Las Flores                             | Los Angeles,<br>Los Angeles   | 2,450,000          | Permanent | 455,000                 | 24                 | 243,584                    | 3.00%                          | 60                    | 1/1/2013              |                                 | None             |
| Camino De Las Flores                             | Los Angeles,<br>Los Angeles   | 2,450,000          | Bridge    | 1,595,000               | 24                 | 770,000                    | 3.00%                          | 36                    | 1/1/2011              |                                 | None             |
| Sierra Vista Apts                                | Sierra Madre,<br>Los Angeles  | 5,685,000          | Permanent | 825,000                 | 46                 | 807,283                    | 5.35%                          | 420                   | 5/1/2043              |                                 | None             |
|  | Subtotals                     | <u>155,880,000</u> |           | <u>59,898,734</u>       | <u>1542</u>        | <u>54,636,361</u>          |                                |                       |                       |                                 |                  |
| <b>Developments Financed by the 2005A Bonds:</b> |                               |                    |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Emerson Arms                                     | Martinez,<br>Contra Costa     | 3,300,000          | Permanent | 2,480,000               | 32                 | 2,288,988                  | 5.25%                          | 360                   | 7/1/2035              |                                 | None             |
|  | Subtotals                     | <u>3,300,000</u>   |           | <u>2,480,000</u>        | <u>32</u>          | <u>2,288,988</u>           |                                |                       |                       |                                 |                  |

APPENDIX D

**DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY THE MULTIFAMILY HOUSING REVENUE BONDS III INDENTURE  
as of June 30, 2010**

| Name of Development                              | Location<br>(City and County) | Property Value    | Loan Type | Original Loan<br>Amount | Number<br>of Units | Outstanding<br>Loan Amount | Existing Loan<br>Interest Rate | Original<br>Loan Term | Loan Maturity<br>Date | HAP Contract<br>Expiration Date | FHA<br>Insurance |
|--|-------------------------------|-------------------|-----------|-------------------------|--------------------|----------------------------|--------------------------------|-----------------------|-----------------------|---------------------------------|------------------|
| <b>Developments Financed by the 2005B Bonds:</b> |                               |                   |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| The Surf Apartments                              | San Leandro,<br>Alameda       | 3,600,000         | Permanent | 2,825,000               | 46                 | 2,607,409                  | 5.60%                          | 360                   | 4/1/2035              |                                 | Risk Share       |
| Golden West Tower                                | Torrance,<br>Los Angeles      | 17,300,000        | Permanent | 14,100,000              | 180                | 13,464,895                 | 5.70%                          | 360                   | 3/1/2037              |                                 | Risk Share       |
| Seacliff Highlands                               | Aptos,<br>Santa Cruz          | 9,750,000         | Permanent | 1,385,000               | 40                 | 1,319,095                  | 5.70%                          | 360                   | 2/1/2037              |                                 | None             |
| Grizzly Hollow                                   | Galt,<br>Sacramento           | 1,620,000         | Permanent | 950,000                 | 54                 | 861,632                    | 5.70%                          | 240                   | 4/1/2027              |                                 | None             |
| Eleanor Roosevelt                                | Davis,<br>Yolo                | 7,150,000         | Permanent | 550,000                 | 60                 | 530,809                    | 5.90%                          | 360                   | 10/1/2037             |                                 | None             |
| Vista Sunrise                                    | Palm Springs,<br>Riverside    | 6,030,000         | Permanent | 450,000                 | 80                 | 359,928                    | 1.00%                          | 120                   | 5/1/2018              |                                 | None             |
| Larkfield Oaks                                   | Santa Rosa,<br>Sonoma         | 9,760,000         | Permanent | 1,830,000               | 56                 | 1,754,850                  | 5.90%                          | 360                   | 5/1/2037              |                                 | None             |
| Eleanor Roosevelt                                | Davis,<br>Yolo                | 7,150,000         | Bridge    | 2,400,000               | 60                 | 835,460                    | 4.50%                          | 36                    | 10/1/2010             |                                 | None             |
| Mlk Village                                      | Sacramento,<br>Sacramento     | 3,880,000         | Permanent | 3,380,000               | 80                 | 3,380,000                  | 1.00%                          | 36                    | 10/1/2012             |                                 | None             |
|  | Subtotals                     | <u>66,240,000</u> |           | <u>27,870,000</u>       | <u>656</u>         | <u>25,114,078</u>          |                                |                       |                       |                                 |                  |
| <b>Developments Financed by the 2005C Bonds:</b> |                               |                   |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Plaza De Las Flores                              | Sunnyvale,<br>Santa Clara     | 12,410,000        | Permanent | 9,025,000               | 101                | 8,532,558                  | 5.50%                          | 360                   | 9/1/2036              |                                 | Risk Share       |
|  | Subtotals                     | <u>12,410,000</u> |           | <u>9,025,000</u>        | <u>101</u>         | <u>8,532,558</u>           |                                |                       |                       |                                 |                  |
| <b>Developments Financed by the 2005D Bonds:</b> |                               |                   |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Promenade I Apartments                           | Pleasanton,<br>Alameda        | 12,000,000        | Permanent | 3,399,603               | 68                 | 3,109,616                  | 6.00%                          | 600                   | 12/1/2047             |                                 | Risk Share       |
| Promenade II Apartments                          | Pleasanton,<br>Alameda        | 12,000,000        | Permanent | 6,500,000               | 78                 | 5,945,549                  | 6.00%                          | 600                   | 12/1/2047             |                                 | Risk Share       |
| Kalmia Courtyards                                | Fallbrook,<br>San Diego       | 1,200,000         | Permanent | 951,000                 | 28                 | 767,031                    | 7.25%                          | 360                   | 10/1/2027             |                                 | Risk Share       |
| Vista Valle Townhomes                            | Claremont,<br>Los Angeles     | 2,831,000         | Permanent | 2,200,000               | 48                 | 1,712,501                  | 7.50%                          | 360                   | 5/1/2026              |                                 | Risk Share       |
| Plaza Del Sol                                    | San Jose,<br>Santa Clara      | 5,500,000         | Permanent | 4,545,000               | 80                 | 4,150,268                  | 6.00%                          | 600                   | 8/1/2047              |                                 | Risk Share       |
| Regency Court Snr-Salinas                        | Salinas,<br>Monterey          | 6,190,000         | Permanent | 4,901,750               | 120                | 3,884,805                  | 6.00%                          | 360                   | 6/1/2027              |                                 | Risk Share       |
| Woodland Terrace                                 | North Hills,<br>Los Angeles   | 1,270,000         | Bridge    | 3,295,000               | 30                 | 999,153                    | 1.00%                          | 36                    | 4/1/2011              |                                 | None             |
|  | Subtotals                     | <u>40,991,000</u> |           | <u>25,792,353</u>       | <u>452</u>         | <u>20,568,923</u>          |                                |                       |                       |                                 |                  |

APPENDIX D

**DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY THE MULTIFAMILY HOUSING REVENUE BONDS III INDENTURE  
as of June 30, 2010**

| Name of Development                              | Location<br>(City and County)       | Property Value    | Loan Type                       | Original Loan<br>Amount | Number<br>of Units | Outstanding<br>Loan Amount | Existing Loan<br>Interest Rate | Original<br>Loan Term | Loan Maturity<br>Date | HAP Contract<br>Expiration Date | FHA<br>Insurance |
|--|-------------------------------------|-------------------|---------------------------------|-------------------------|--------------------|----------------------------|--------------------------------|-----------------------|-----------------------|---------------------------------|------------------|
| <b>Developments Financed by the 2005E Bonds:</b> |                                     |                   |                                 |                         |                    |                            |                                |                       |                       |                                 |                  |
| Sunset Heights                                   | Rancho Cucamonga,<br>San Bernardino | 11,780,000        | Permanent                       | 6,610,000               | 117                | 1,445,449                  | 5.30%                          | 360                   | 1/1/2038              |                                 | None             |
| Sunset Heights                                   | Rancho Cucamonga,<br>San Bernardino | 11,780,000        | Acquisition /<br>Rehabilitation | 3,000,000               | 117                | 2,442,762                  | 5.20%                          | 204                   | 1/1/2023              |                                 | None             |
| Gish Apartments                                  | San Jose,<br>Santa Clara            | 3,100,000         | Permanent                       | 2,685,000               | 35                 | 2,531,789                  | 3.00%                          | 360                   | 10/1/2037             |                                 | None             |
| Hemet Estates                                    | Hemet,<br>Riverside                 | 4,500,000         | Permanent                       | 3,500,000               | 80                 | 3,385,872                  | 5.30%                          | 360                   | 4/1/2038              | 2/15/2013                       | None             |
| Hemet Estates                                    | Hemet,<br>Riverside                 | 4,500,000         | Permanent                       | 1,000,000               | 80                 | 531,917                    | 5.30%                          | 96                    | 5/1/2014              | 2/15/2013                       | None             |
| Sterling Village                                 | San Bernardino,<br>San Bernardino   | 4,700,000         | Permanent                       | 4,075,000               | 80                 | 3,942,082                  | 5.30%                          | 360                   | 4/1/2038              | 4/29/2013                       | None             |
| Sterling Village                                 | San Bernardino,<br>San Bernardino   | 4,700,000         | Permanent                       | 80,000                  | 80                 | 43,303                     | 6.25%                          | 96                    | 5/1/2014              | 4/29/2013                       | None             |
| Woodland Terrace                                 | North Hills,<br>Los Angeles         | 1,270,000         | Permanent                       | 685,000                 | 30                 | 392,403                    | 1.00%                          | 60                    | 4/1/2013              |                                 | None             |
| Villa Montgomery                                 | Redwood City,<br>San Mateo          | 17,250,000        | Permanent                       | 4,760,000               | 58                 | 4,609,972                  | 5.90%                          | 360                   | 1/1/2038              |                                 | None             |
| Dana Strand                                      | Wilmington,<br>Los Angeles          | 26,100,000        | Permanent                       | 1,900,000               | 116                | 1,847,851                  | 5.50%                          | 300                   | 1/1/2034              |                                 | None             |
|  | Subtotals                           | <u>89,680,000</u> |                                 | <u>28,295,000</u>       | <u>793</u>         | <u>21,173,400</u>          |                                |                       |                       |                                 |                  |
| <b>Developments Financed by the 2006A Bonds:</b> |                                     |                   |                                 |                         |                    |                            |                                |                       |                       |                                 |                  |
| Indio Gardens                                    | Indio,<br>Riverside                 | 11,490,000        | Permanent                       | 4,400,000               | 151                | 4,282,054                  | 5.45%                          | 360                   | 7/1/2038              | 2/1/2022                        | None             |
| Indio Gardens                                    | Indio,<br>Riverside                 | 11,490,000        | Permanent                       | 3,710,000               | 151                | 3,130,807                  | 5.45%                          | 204                   | 8/1/2023              | 2/1/2022                        | None             |
| Cesar Chavez Plaza                               | Davis,<br>Yolo                      | 6,000,000         | Permanent                       | 765,000                 | 53                 | 720,808                    | 3.00%                          | 300                   | 5/1/2033              |                                 | None             |
| Palm Springs Senior                              | Palm Springs,<br>Riverside          | 8,100,000         | Permanent                       | 2,930,000               | 116                | 2,865,699                  | 5.45%                          | 360                   | 12/1/2038             | 8/6/2021                        | None             |
| Palm Springs Senior                              | Palm Springs,<br>Riverside          | 8,100,000         | Permanent                       | 2,740,000               | 116                | 2,445,065                  | 5.35%                          | 240                   | 1/1/2027              | 8/6/2021                        | None             |
| Lion Creek Crossings III                         | Oakland,<br>Alameda                 | 6,025,000         | Permanent                       | 4,080,000               | 106                | 4,043,197                  | 5.70%                          | 480                   | 2/1/2049              |                                 | None             |
| Seven Directions                                 | Oakland,<br>Alameda                 | -                 | Permanent                       | 1,150,000               | 36                 | 1,090,638                  | 5.25%                          | 120                   | 10/1/2019             |                                 | None             |
| Cesar Chavez Plaza                               | Davis,<br>Yolo                      | 6,000,000         | Bridge                          | 3,000,000               | 53                 | 1,034,850                  | 3.00%                          | 36                    | 5/1/2011              |                                 | None             |
| Lion Creek Crossings III                         | Oakland,<br>Alameda                 | 6,025,000         | Permanent                       | 475,000                 | 106                | 425,680                    | 5.50%                          | 120                   | 2/1/2019              |                                 | None             |
|  | Subtotals                           | <u>63,230,000</u> |                                 | <u>23,250,000</u>       | <u>888</u>         | <u>20,038,797</u>          |                                |                       |                       |                                 |                  |
| <b>Developments Financed by the 2007A Bonds:</b> |                                     |                   |                                 |                         |                    |                            |                                |                       |                       |                                 |                  |
| Fireside Apts                                    | Mill Valley,<br>Marin               | -                 | Construction                    | 12,165,000              | 50                 | 12,063,200                 | 1.76%                          | 59                    | 11/1/2010             |                                 | None             |
|  | Subtotals                           | <u>-</u>          |                                 | <u>12,165,000</u>       | <u>50</u>          | <u>12,063,200</u>          |                                |                       |                       |                                 |                  |

## APPENDIX D

**DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY THE MULTIFAMILY HOUSING REVENUE BONDS III INDENTURE  
as of June 30, 2010**

| Name of Development                              | Location<br>(City and County)    | Property Value    | Loan Type | Original Loan<br>Amount | Number<br>of Units | Outstanding<br>Loan Amount | Existing Loan<br>Interest Rate | Original<br>Loan Term | Loan Maturity<br>Date | HAP Contract<br>Expiration Date | FHA<br>Insurance |
|--|----------------------------------|-------------------|-----------|-------------------------|--------------------|----------------------------|--------------------------------|-----------------------|-----------------------|---------------------------------|------------------|
| <b>Developments Financed by the 2007B Bonds:</b> |                                  |                   |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Parkview Apartments                              | Sacramento,<br>Sacramento        | 10,110,000        | Permanent | 4,520,000               | 97                 | 4,478,268                  | 5.30%                          | 360                   | 11/1/2039             |                                 | None             |
| Parkview Apartments                              | Sacramento,<br>Sacramento        | 10,110,000        | Permanent | 1,885,000               | 0                  | 1,623,003                  | 5.20%                          | 168                   | 11/1/2021             |                                 | None             |
| Eureka Family Housing                            | Eureka,<br>Humboldt              | -                 | Permanent | 940,000                 | 50                 | 927,951                    | 5.30%                          | 360                   | 8/1/2039              |                                 | None             |
| Eureka Family Housing                            | Eureka,<br>Humboldt              | -                 | Permanent | 1,150,000               | 0                  | 996,499                    | 5.30%                          | 168                   | 12/1/2021             |                                 | None             |
| Diamond Aisle Apts                               | Anaheim,<br>Orange               | 770,000           | Permanent | 770,000                 | 25                 | 739,433                    | 1.00%                          | 120                   | 1/1/2020              |                                 | None             |
|  | Subtotals                        | <u>20,990,000</u> |           | <u>9,265,000</u>        | <u>172</u>         | <u>8,765,154</u>           |                                |                       |                       |                                 |                  |
| <b>Developments Financed by the 2007C Bonds:</b> |                                  |                   |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Lion Creek Crossings II                          | Oakland,<br>Alameda              | 9,000,000         | Permanent | 4,040,000               | 146                | 3,970,386                  | 5.90%                          | 480                   | 11/1/2047             |                                 | None             |
| Lion Creek Crossings II                          | Oakland,<br>Alameda              | 9,000,000         | Permanent | 620,000                 | 146                | 489,509                    | 5.25%                          | 120                   | 11/1/2017             |                                 | None             |
| Ridgewood / La Loma                              | Sacto/Rancho Cord,<br>Sacramento | 8,240,000         | Permanent | 3,165,000               | 0                  | 3,142,774                  | 5.20%                          | 360                   | 1/1/2040              |                                 | None             |
| Ridgewood / La Loma                              | Sacto/Rancho Cord,<br>Sacramento | 8,240,000         | Permanent | 1,160,000               | 75                 | 1,009,515                  | 5.20%                          | 168                   | 1/1/2022              |                                 | None             |
| Casa De Las Hermanitas                           | Los Angeles,<br>Los Angeles      | 5,600,000         | Permanent | 4,490,000               | 0                  | 4,463,782                  | 5.20%                          | 360                   | 2/1/2040              |                                 | None             |
| Casa De Las Hermanitas                           | Los Angeles,<br>Los Angeles      | 5,600,000         | Permanent | 1,035,000               | 88                 | 719,269                    | 5.20%                          | 84                    | 2/1/2015              |                                 | None             |
| La Vista Apts                                    | Concord,<br>Contra Costa         | 9,200,000         | Permanent | 5,545,000               | 75                 | 5,459,078                  | 5.20%                          | 360                   | 6/1/2039              |                                 | None             |
| Yosemite Manor                                   | Madera,<br>Madera                | 4,530,000         | Permanent | 950,000                 | 76                 | 941,207                    | 5.30%                          | 360                   | 11/1/2039             | 1/31/2020                       | None             |
| Yosemite Manor                                   | Madera,<br>Madera                | 4,530,000         | Permanent | 810,000                 | 76                 | 732,068                    | 5.30%                          | 180                   | 6/1/2023              | 1/31/2020                       | None             |
|  | Subtotals                        | <u>63,940,000</u> |           | <u>21,815,000</u>       | <u>682</u>         | <u>20,927,587</u>          |                                |                       |                       |                                 |                  |
| <b>Developments Financed by the 2008A Bonds:</b> |                                  |                   |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| Alexis Apartments                                | San Francisco,<br>San Francisco  | -                 | I.R.P     | 1,070,000               | 206                | 718,506                    | 5.20%                          | 71                    | 9/1/2013              |                                 | None             |
| Alexis Apartments                                | San Francisco,<br>San Francisco  | -                 | Permanent | 7,575,044               | 206                | 7,519,861                  | 5.00%                          | 360                   | 12/1/2039             |                                 | None             |
|  | Subtotals                        | <u>-</u>          |           | <u>8,645,044</u>        | <u>412</u>         | <u>8,238,367</u>           |                                |                       |                       |                                 |                  |

## APPENDIX D

**DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY THE MULTIFAMILY HOUSING REVENUE BONDS III INDENTURE  
as of June 30, 2010**

| Name of Development                              | Location<br>(City and County) | Property Value     | Loan Type    | Original Loan<br>Amount | Number<br>of Units | Outstanding<br>Loan Amount | Existing Loan<br>Interest Rate | Original<br>Loan Term | Loan Maturity<br>Date | HAP Contract<br>Expiration Date | FHA<br>Insurance |
|--|-------------------------------|--------------------|--------------|-------------------------|--------------------|----------------------------|--------------------------------|-----------------------|-----------------------|---------------------------------|------------------|
| <b>Developments Financed by the 2008B Bonds:</b> |                               |                    |              |                         |                    |                            |                                |                       |                       |                                 |                  |
| Willow Glen Senior                               | San Jose,<br>Santa Clara      | 4,200,000          | Permanent    | 8,825,000               | 133                | 7,837,082                  | 5.95%                          | 360                   | 1/1/2033              |                                 | None             |
| Noble Towers                                     | Oakland,<br>Alameda           | 18,500,000         | Permanent    | 4,000,000               | 195                | 3,703,710                  | 5.25%                          | 360                   | 10/1/2035             | 1/13/2022                       | Risk Share       |
| Noble Towers                                     | Oakland,<br>Alameda           | 18,500,000         | Permanent    | 14,555,000              | 195                | 11,492,184                 | 5.25%                          | 195                   | 1/1/2022              | 1/13/2022                       | None             |
| Oak Tree Village                                 | San Jose,<br>Santa Clara      | 28,200,000         | Permanent    | 24,465,000              | 175                | 23,720,793                 | 5.45%                          | 480                   | 7/1/2046              |                                 | Risk Share       |
| Kennedy Meadows Apts                             | Jackson,<br>Amador            | 4,400,000          | Permanent    | 1,407,461               | 56                 | 1,331,268                  | 5.40%                          | 360                   | 10/1/2036             |                                 | None             |
| Sierra Vista Apts                                | Sierra Madre,<br>Los Angeles  | 5,685,000          | Permanent    | 1,437,539               | 46                 | 1,406,668                  | 5.35%                          | 420                   | 5/1/2043              |                                 | None             |
| Villa Springs Apts                               | Hayward,<br>Alameda           | 3,100,000          | Permanent    | 3,100,000               | 66                 | 3,077,435                  | 5.00%                          | 360                   | 12/1/2039             |                                 | None             |
| Bay Avenue Senior Apts                           | Capitola,<br>Santa Cruz       | 25,025,000         | Construction | 21,580,000              | 0                  | 15,604,510                 | 5.00%                          | 34                    | 8/1/2011              |                                 | None             |
|  | Subtotals                     | <u>107,610,000</u> |              | <u>79,370,000</u>       | <u>866</u>         | <u>68,173,651</u>          |                                |                       |                       |                                 |                  |
| <b>Developments Financed by the 2008C Bonds:</b> |                               |                    |              |                         |                    |                            |                                |                       |                       |                                 |                  |
| Union Court                                      | Manteca,<br>San Joaquin       | 4,500,000          | Permanent    | 1,295,000               | 68                 | 1,161,577                  | 5.75%                          | 360                   | 9/1/2033              |                                 | None             |
| Oak Court  | Palo Alto,<br>Santa Clara     | 12,920,000         | Permanent    | 11,500,000              | 53                 | 1,474,554                  | 5.25%                          | 380                   | 10/1/2035             |                                 | None             |
| West Covina Senior Villas                        | West Covina,<br>Los Angeles   | 5,250,000          | Permanent    | 2,800,000               | 86                 | 2,571,821                  | 5.25%                          | 360                   | 4/1/2035              |                                 | None             |
| Tremont Green                                    | Davis,<br>Yolo                | 9,340,000          | Permanent    | 1,600,000               | 36                 | 1,483,828                  | 5.25%                          | 360                   | 10/1/2035             |                                 | None             |
| Moore Village                                    | Davis,<br>Yolo                | 14,490,000         | Permanent    | 3,100,000               | 59                 | 2,879,437                  | 5.25%                          | 360                   | 11/1/2035             |                                 | None             |
| Baywood Apartments                               | Oakland,<br>Alameda           | 7,300,000          | Permanent    | 4,035,000               | 77                 | 3,747,912                  | 5.25%                          | 360                   | 12/1/2035             | 7/24/2011                       | Risk Share       |
| Glenbrook Apts                                   | Grass Valley,<br>Nevada       | 4,850,000          | Permanent    | 3,820,000               | 52                 | 3,689,917                  | 5.45%                          | 480                   | 2/1/2046              |                                 | None             |
| Kennedy Meadows Apts                             | Jackson,<br>Amador            | 4,400,000          | Permanent    | 2,112,539               | 56                 | 1,998,177                  | 5.40%                          | 360                   | 10/1/2036             |                                 | None             |
| Moulton Plaza                                    | Sunnyvale,<br>Santa Clara     | 12,200,000         | Permanent    | 455,000                 | 66                 | 437,579                    | 5.25%                          | 420                   | 12/1/2041             |                                 | None             |
| Mission Gateway                                  | Union City,<br>Alameda        | 20,000,000         | Permanent    | 6,730,000               | 121                | 6,365,656                  | 5.25%                          | 360                   | 11/1/2036             |                                 | Risk Share       |
| Point Reyes                                      | Point Reyes Sta.,<br>Marin    | 3,600,000          | Permanent    | 720,000                 | 27                 | 510,462                    | 5.25%                          | 108                   | 5/1/2016              |                                 | None             |
| Windrow Apts                                     | Irvine,<br>Orange             | 13,625,000         | Permanent    | 952,461                 | 96                 | 922,544                    | 5.25%                          | 420                   | 7/1/2042              |                                 | None             |
|  | Subtotals                     | <u>112,475,000</u> |              | <u>39,120,000</u>       | <u>797</u>         | <u>27,243,463</u>          |                                |                       |                       |                                 |                  |

APPENDIX D

**DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY THE MULTIFAMILY HOUSING REVENUE BONDS III INDENTURE  
as of June 30, 2010**

| Name of Development  | Location<br>(City and County)   | Property Value       | Loan Type | Original Loan<br>Amount | Number<br>of Units | Outstanding<br>Loan Amount | Existing Loan<br>Interest Rate | Original<br>Loan Term | Loan Maturity<br>Date | HAP Contract<br>Expiration Date | FHA<br>Insurance |
|--|---------------------------------|----------------------|-----------|-------------------------|--------------------|----------------------------|--------------------------------|-----------------------|-----------------------|---------------------------------|------------------|
| <b>Developments Financed by the MHRBIII General Account:</b> |                                 |                      |           |                         |                    |                            |                                |                       |                       |                                 |                  |
| West Capitol Courtyard II                                    | W. Sacramento,<br>Yolo          | 3,100,000            | Permanent | 1,873,600               | 75                 | 1,559,400                  | 6.20%                          | 360                   | 1/1/2030              |                                 | Risk Share       |
| Britton Court  | San Francisco,<br>San Francisco | 8,300,000            | Permanent | 1,033,401               | 92                 | 489,188                    | 6.00%                          | 180                   | 12/1/2015             |                                 | Risk Share       |
| Chelsea Gardens I & II                                       | Santa Rosa,<br>Sonoma           | 7,150,000            | Permanent | 3,855,001               | 120                | 3,181,845                  | 5.90%                          | 360                   | 1/1/2030              |                                 | Risk Share       |
| Tice Oaks  | Walnut Creek,<br>Contra Costa   | 8,125,000            | Permanent | 2,475,000               | 91                 | 2,133,254                  | 6.20%                          | 360                   | 7/1/2031              | 2/12/2011                       | None             |
| Tice Oaks  | Walnut Creek,<br>Contra Costa   | 8,125,000            | Permanent | 2,540,000               | 91                 | 330,263                    | 6.20%                          | 120                   | 7/1/2011              | 2/12/2011                       | None             |
| Albany Creekside   | Albany,<br>Alameda              | 1,650,000            | Permanent | 878,000                 | 16                 | 823,313                    | 6.35%                          | 480                   | 11/1/2041             |                                 | Risk Share       |
| The Arc Apartments   | San Francisco,<br>San Francisco | 2,400,000            | Permanent | 1,065,000               | 9                  | 797,686                    | 1.00%                          | 360                   | 1/1/2032              |                                 | Risk Share       |
|  | Subtotals                       | <u>38,850,000</u>    |           | <u>13,720,002</u>       | <u>494</u>         | <u>9,314,949</u>           |                                |                       |                       |                                 |                  |
|  | Total                           | <u>2,742,515,425</u> |           | <u>1,200,751,601</u>    | <u>31749</u>       | <u>1,015,462,863</u>       |                                |                       |                       |                                 |                  |

## APPENDIX E

CALHFA MULTIFAMILY DELINQUENCY REPORT  
FOR PAYMENTS DUE 12/01/10

| <u>LOAN #</u>                  | <u>PROJECT #</u> | <u>PROJECT NAME</u> | <u>UNPAID<br/>PRINCIPAL</u> | <u>LATE FEES<br/>DUE</u> | <u>CUMULATIVE<br/>AMOUNT DUE</u> | <u>NEXT PAYMENT<br/>DUE DATE</u> |
|--------------------------------|------------------|---------------------|-----------------------------|--------------------------|----------------------------------|----------------------------------|
| 1089                           | 81004H           | LA SALLE PLACE      | 148,759.73                  | 57.47                    | 114.94                           | 12/1/2010                        |
| 1124                           | 82062E           | WINSTON NORMANDIE   | 29,763.91                   | 38.90                    | 38.90                            | 12/1/2010                        |
| 1127                           | 82065E           | DALTON ARMS         | 68,762.83                   | 36.41                    | 36.41                            | 12/1/2010                        |
| 1159                           | 84030S           | CHELSEY COURT       | 445,655.98                  | 576.51                   | 576.51                           | 12/1/2010                        |
| 1162                           | 85008S           | GRIFFITH APTS       | 393,488.71                  | 464.67                   | 464.67                           | 12/1/2010                        |
| 1170                           | 85046N           | OLIVE COURT         | 554,546.55                  | 145.41                   | 1,308.68                         | 12/1/2010                        |
| 1171                           | 85046N           | OLIVE COURT         | 67,079.75                   | 9.25                     | 83.25                            | 12/1/2010                        |
| 1172                           | 86011N           | FARLEY PLACE        | 496,715.32                  | 123.99                   | 123.99                           | 12/1/2010                        |
| 1175                           | 86032N           | BRANNAN COURT       | 1,134,443.63                | 379.66                   | 19,362.46                        | 12/1/2010                        |
| 1194                           | 90002S           | WOODBURY SR         | 384,159.26                  | 69.04                    | 69.04                            | 12/1/2010                        |
| 1203                           | 90034S           | ALTADENA VISTA      | 393,576.58                  | 77.63                    | 232.89                           | 12/1/2010                        |
| 1257                           | 95025S           | COY D. ESTES        | 2,000,712.79                | 456.33                   | 456.33                           | 12/1/2010                        |
| 1293                           | 97022N           | TAHOE VALLEY        | 2,143,362.05                | 418.81                   | 1,309.23                         | 12/1/2010                        |
| 1294                           | 97026N           | MERCY VILLAGE       | 1,760,981.26                | 341.19                   | 406.19                           | 12/1/2010                        |
| 1470                           | 99022N           | OAK CENTER I        | 2,129,854.47                | 502.30                   | 502.30                           | 12/1/2010                        |
| 1633                           | 01044N           | COUNTRYWOOD         | 517,848.28                  | 162.25                   | 1,506.46                         | 12/1/2010                        |
| 1636                           | 99024N           | SEVENTEENTH         | 1,249,495.65                | 196.96                   | 10,044.73                        | 12/1/2010                        |
| 1792                           | 04002N           | CAMELLIA PLACE      | 5,603,443.70                | 858.69                   | 858.69                           | 12/1/2010                        |
| 1887                           | 02052N           | PLAZA DE LAS FLORES | 8,458,906.25                | 1,439.34                 | 4,318.02                         | 12/1/2010                        |
| 1917                           | 05016C           | FIRESIDE APTS       | 10,547,676.99               | 0.00                     | 10,562,235.23                    | 12/1/2010                        |
| 1937                           | 03039N           | POINT REYES         | 473,178.60                  | 233.75                   | 233.75                           | 12/1/2010                        |
| 2133                           | 08038C           | FIRESIDE APTS       | 2,070,000.00                | 42,479.52                | 2,166,455.48                     | 12/1/2010                        |
| <b><u>DAYS DUE - 60-89</u></b> |                  |                     |                             |                          |                                  |                                  |
| 1180                           | 87065S           | MANHATTAN PLACE     | 2,118,755.99                | 1,322.53                 | 67,449.03                        | 10/1/2010                        |
| 1261                           | 95038S           | VILLA WASHINGTON    | 790,498.97                  | 373.76                   | 23,974.08                        | 10/1/2010                        |