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## S&P Raises California Housing Finance Agency ICR To 'A'; Outlook Positive

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SAN FRANCISCO (Standard & Poor's) Jan. 20, 2016--Standard & Poor's Ratings Services corrected its issuer credit rating (ICR) to 'A' from 'A-' on California Housing Finance Agency (CalHFA or the agency). The outlook is positive.

"The rating is based on a significant recovery in CalHFA's profitability and equity levels, as well as the mitigation of many of the risks that the agency was plagued with four to six years ago," said Standard & Poor's credit analyst Aulii Limtiaco. "The positive outlook indicates an upward trend in ratios, profitability, asset quality, and equity levels, which are more in line with those of HFAs rated in the 'AA-' category."

The rating reflects our opinion of:

- CalHFA's two consecutive years of net operating profits after six years of losses, resulting in improved profitability and strengthened equity ratios;
- The strong asset quality and leverage ratios;
- CalHFA's seasoned and proactive financial management;
- The agency's significantly reduced exposure to variable-rate debt and swaps;
- The elimination of CalHFA's exposure to the risks and costs associated with the federal Temporary Credit and Liquidity Program; and
- The noticeable improvement in CalHFA's delinquency and foreclosure rates in its loan portfolio.

RELATED CRITERIA AND RESEARCH

Related Criteria

- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- USPF Criteria: Housing Finance Agencies, June 14, 2007
- USPF Criteria: Assigning Issue Credit Ratings Of Operating Entities, May 20, 2015
- Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009

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