NEW ISSUE — BOOK-ENTRY ONLY

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, interest on the Offered Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the opinion that interest on the Offered Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Offered Bonds. See "TAX MATTERS" herein.

$174,180,000
CALIFORNIA HOUSING FINANCE AGENCY
Multifamily Housing Revenue Bonds III
2015 Series A (Taxable)

Dated: Date of Delivery **Due: See inside front cover page**

Price: See inside front cover page

This cover page contains selected information for quick reference only. It is not a summary of relevant information. Potential investors must read the Official Statement to obtain information essential to making an informed investment decision. Capitalized terms are defined inside.

The California Housing Finance Agency Multifamily Housing Revenue Bonds III, 2015 Series A (Taxable) (the "Offered Bonds") will mature on the dates and in the amounts listed on the inside front cover page. The Offered Bonds will bear interest at the rates set forth on the inside cover page, payable on August 1, 2015, and thereafter on February 1 and August 1 of each year and at final maturity or prior redemption.

The Offered Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. DTC will hold the Offered Bonds in book-entry form. Purchasers will not receive certificates representing their interests in the Offered Bonds. Interest on and principal of the Offered Bonds are payable on behalf of the Agency by U.S. Bank National Association, as Trustee under the Indenture, to DTC. So long as DTC or its nominee remains the registered owner of the Offered Bonds, disbursement of payments to DTC Participants is the responsibility of DTC and disbursement of payments to the Beneficial Owners of the Offered Bonds is the responsibility of DTC Participants and Indirect Participants. See "The Offered Bonds – DTC and Book-Entry" in Part 1 of this Official Statement.

The Offered Bonds are subject to redemption prior to maturity as described herein. See "The Offered Bonds."

The Offered Bonds are general obligations of the Agency, payable from the Revenues and other assets pledged therefor under the Indenture, and also payable out of any other assets, revenues or moneys of the Agency, subject only to any agreements with the holders of other obligations of the Agency pledging any particular assets, revenues or moneys. The Offered Bonds shall not be deemed to constitute a debt or liability of the State of California or any political subdivision thereof, other than the Agency, or a pledge of the faith and credit of the State of California or any such political subdivision, other than the Agency. The Agency has no taxing power. Neither the faith and credit nor the taxing power of the State of California is pledged to the payment of the principal of or the interest on the Offered Bonds.

The issuance and delivery of the Offered Bonds are subject to approval of certain legal matters by Orrick, Herrington & Sutcliffe LLP, Bond and Disclosure Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by their counsel, Kutak Rock LLP. The Offered Bonds are expected to be available for delivery through DTC in New York, New York, on or about April 14, 2015.

J.P. Morgan **Citigroup**

Dated: April 7, 2015

MATURITY SCHEDULE

CALIFORNIA HOUSING FINANCE AGENCY
Multifamily Housing Revenue Bonds III

$174,180,000 2015 Series A Bonds

$15,600,000 2.379% 2015 Series A Term Bonds due August 1, 2020 at 100%
CUSIP† 13034PUF2

$31,720,000 2.966% 2015 Series A Term Bonds due August 1, 2022 at 100%
CUSIP† 13034PUG0

$98,580,000 3.65% 2015 Series A Term Bonds due August 1, 2025 at 100%
CUSIP† 13034PUH8

$28,280,000 4.05% 2015 Series A Term Bonds due August 1, 2030 at 100%
CUSIP† 13034PUJ4

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No dealer, broker, sales person or other person has been authorized by the Agency or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Offered Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the Agency and by other sources that are believed to be reliable. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. Part 1 and Part 2 of this Official Statement, including their respective appendices, are to be read together, and together Part 1 and Part 2, including their respective appendices, constitute this Official Statement.

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IN CONNECTION WITH THIS OFFERING THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE OFFERED BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

OFFICIAL STATEMENT PART 1

CALIFORNIA HOUSING FINANCE AGENCY

Multifamily Housing Revenue Bonds III
2015 Series A

This Official Statement Part 1 ("Part 1") provides information as of its date (*except* where otherwise expressly stated) concerning the Agency's Offered Bonds. It contains only a part of the information to be provided by the Agency in connection with the issuance and delivery of the Offered Bonds. Additional information concerning the Agency, security for the Bonds, the Program and the Agency's other financing programs is contained in the Official Statement Part 2 ("Part 2") and is subject in all respects to the information contained herein.

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OFFICIAL STATEMENT PART 1
of the
California Housing Finance Agency
relating to
$174,180,000
Multifamily Housing Revenue Bonds III,
2015 Series A

INTRODUCTION

This Official Statement consists of Part 1 and Part 2 and provides information concerning the California Housing Finance Agency (the "Agency"), its Multifamily Housing Revenue Bonds III Program (the "Program"), and the following series of its Multifamily Housing Revenue Bonds III, together with certain related features:

Bond Series Designation	Initial Principal Amount	Federal Tax Character of Interest	Interest Rate Character	Defined Term Used in this Official Statement
2015 Series A	$174,180,000	Taxable	Fixed	"Offered Bonds"

The Agency is issuing the Offered Bonds pursuant to Parts 1 through 4 of Division 31 of the California Health and Safety Code (the "Act"), a resolution of the Board of Directors of the Agency (the "Board"), an Indenture, dated as of March 1, 1997, as amended by that certain Supplemental Indenture dated as of September 1, 2002 and that certain Supplemental Indenture dated as of December 1, 2003 (collectively, the "General Indenture"), by and between the Agency and U.S. Bank National Association, as trustee (the "Trustee"), and as supplemented by the 2015 Series A Series Indenture (the "2015 Series A Indenture"), dated as of April 1, 2015, by and between the Agency and the Trustee. All bonds outstanding under the General Indenture (including additional bonds that may hereafter be issued) are herein called "Bonds." Each series of Bonds is issued pursuant to a Series Indenture. The General Indenture, collectively with all Series Indentures, is herein called the "Indenture." The Bonds issued under the Indenture prior to the issuance of the Offered Bonds are collectively herein called the "Prior Series Bonds." Capitalized terms used in this Official Statement and not otherwise defined have the meanings specified in the Indenture. See Part 2 of this Official Statement under "Summary of Certain Provisions of the Indenture — Certain Defined Terms." All references to times in this Official Statement, unless otherwise indicated, are to New York City time.

The Offered Bonds are the forty-sixth Series of Bonds issued under the Indenture. As of the date hereof, the Agency has issued Prior Series Bonds in the aggregate principal amount of $2,041,455,000. As of February 1, 2015, there were Prior Series Bonds Outstanding in the aggregate principal amount of $459,205,000 (of which $213,845,000 aggregate principal amount are fixed-rate bonds and $245,360,000 aggregate principal amount are auction or other variable rate bonds). See Appendix D of Part 2 of this Official Statement— "Certain Agency Financial Information and Operating Data — Outstanding Indebtedness." Except to the extent described in "Security for the Bonds" in Part 2 of this Official Statement, all Bonds, including the Prior Series

Bonds, the Offered Bonds and any additional Multifamily Housing Revenue Bonds III ("Additional Bonds") which may be issued under the Indenture, will be parity obligations, equally and ratably secured under the Indenture. See Part 2 "Security for the Bonds — Additional Bonds." The Bonds are general obligations of the Agency. See Part 2 "Security for the Bonds — General."

Proceeds of the 2015 Series A Bonds are expected to be used, together with other available moneys, to redeem all or a portion of the Agency's then-outstanding Multifamily Housing Revenue Bonds III, 1997 Series A, 1998 Series A, B and C, 1999 Series A, and 2005 Series C and E (collectively the "Refunded Bonds"). Immediately following such redemption, loans then allocated on the Agency's books to the Refunded Bonds (the "Prior Loans"), which are already pledged to the payment of the Bonds, will be allocated to the Offered Bonds.

For additional information about the Prior Loans, see Appendix B to Part 2 – "Description of Developments and Loans Allocable to the Offered Bonds." See also Part 2 – "Program Procedures and Servicing" and "Lending Programs of the Agency" for additional information pertinent to the programs of the Agency.

Loans financed under the Indenture are permitted, but are not required, to be insured or to be in the form of a Mortgage-Backed Security. Any such insurance may be under a Federal Housing Administration ("FHA") insurance program, such as the mortgage insurance program authorized by the Housing and Community Development Act of 1992 (the "Risk Sharing Act"). See "Insurance under the Risk Sharing Act" and "Other FHA Insurance" of Part 2 of this Official Statement. Certain Prior Loans are insured under the Risk Sharing Act; certain, but not all, of the Prior Loans are covered by other mortgage insurance or other additional insurance under other FHA programs. None of the Prior Loans are in the form of a Mortgage-Backed Security.

For certain information with respect to amounts invested under the Indenture, see Appendix D of Part 2 of this Official Statement — "Certain Agency Financial Information and Operating Data — Certain Investments."

Descriptions of the Agency, the security for the Bonds, the Offered Bonds, the Program, and the Indenture are included in this Official Statement. All summaries or descriptions in this Official Statement of documents and agreements are qualified in their entirety by reference to such documents and agreements and all summaries in this Official Statement of the Offered Bonds are qualified in their entirety by reference to the Indenture and the provisions with respect thereto included in the aforesaid documents and agreements, copies of which are available for inspection at the offices of the Agency or the Underwriters listed on the cover page of this Official Statement. The agreements of the Agency with the Holders of the Offered Bonds are fully set forth in the Indenture, and this Official Statement is not to be construed as a contract with the purchasers of the Offered Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact.

APPLICATION OF FUNDS

The proceeds of the Offered Bonds and certain amounts contributed by the Agency are expected to be applied and deposited approximately as follows:

Refunding of Refunded Bonds	$174,180,000.00
Costs of Issuance[1]	350,000.00
Underwriting Compensation[1]	909,352.08
Total.....	$175,439,352.08

[1] To be paid from available funds of the Agency, not from proceeds of the Offered Bonds.

THE OFFERED BONDS

General

The Offered Bonds will be dated and interest thereon will be payable on the dates, as set forth on the cover page. The Offered Bonds will mature on the dates and in the amounts, and will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) from their dated date to maturity (or prior redemption) at the applicable rates, as set forth on the inside front cover page. The Offered Bonds will be issuable in denominations of $5,000 principal amount or any integral multiple thereof.

The Offered Bonds are being issued only as fully registered bonds without coupons, in book-entry form only, registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Offered Bonds. See "The Offered Bonds — DTC and Book-Entry." U.S. Bank National Association is the Trustee.

Redemption Provisions

Optional Redemption. The Offered Bonds are subject to redemption, at the option of the Agency, from any source of funds, in whole or in part from such maturities as are determined by the Agency, on any date on or after August 1, 2024, at 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption.

Special Redemption. The Offered Bonds are subject to special redemption on any date, in whole or in part, from such maturities as are determined by the Agency (and from among Serial Bonds or Term Bonds of a maturity as is determined by the Agency), at a redemption price equal to the principal amount thereof, without premium, plus accrued interest thereon to the date fixed for redemption, from any source of funds, to the extent of the following amounts: (i) amounts representing payments, including Loan Principal Prepayments (including any Risk Sharing Insurance Payments or payments received pursuant to any other FHA insurance) received by the Agency from any Loans, including but not limited to Loans allocated to the Offered Bonds, and not required by the Indenture to be applied or reserved for other purposes, (ii) amounts on deposit in the Revenue Account derived from any Series of Bonds and not required by the Indenture to be applied or reserved for other purposes (see in Part 2 of this Official Statement

"Security for the Bonds − Loans" and " −Certain Factors Affecting the Loans" and "Summary of Certain Provisions of the Indenture − Establishment and Application of Accounts − Revenue Account"), and (iii) amounts credited to the Bond Reserve Account in excess of the sum of all Bond Reserve Requirements for all Series.

Loan Principal Prepayments include amounts received as a result of the sale of a Loan. *However,* the Agency covenants in the Indenture not to redeem Offered Bonds as described under this subheading "Special Redemption" from the proceeds of a voluntary sale of Loans by the Agency, *unless* such Loans are (a) in default, (b) not in compliance with the Agency's Program requirements or (c) sold in order to meet the Agency's tax covenants. Such Loan sale proceeds *(except* from sales of Loans described in clauses (a), (b) or (c) of the immediately preceding sentence) may only be used to redeem the Offered Bonds as described above under "Optional Redemption." Loan Principal Prepayments also include amounts received as a result of the sale or refinancing of a project by its owner, including a sale or refinancing financed with proceeds of the Agency's bonds. *However,* the Agency also covenants in the Indenture not to redeem the Offered Bonds as described under this subheading "Special Redemption" from the proceeds of a sale or refinancing of a Development by its owner using funds provided by the Agency (including but not limited to proceeds of the Agency's bonds), *unless* such Development is (x) in default with respect to the related Loan, (y) not in compliance with the Agency's Program requirements or (z) sold in order to meet the Agency's tax covenants. Such Agency-provided Development sale or refinancing proceeds *(except* from sales or refinancings of Developments described in clauses (x), (y) or (z) of the immediately preceding sentence) may only be used to redeem the Offered Bonds as described above under "Optional Redemption." See "Security for the Bonds — Loans," the definition of "Loan Principal Prepayments" under "Summary of Certain Provisions of the Indenture — Certain Defined Terms" and "Summary of Certain Provisions of the Indenture — Loan Principal Prepayments" in Part 2 of this Official Statement. The Prior Loans permit a voluntary loan prepayment under certain circumstances.

Selection of Offered Bonds to be Redeemed

If less than all of the Offered Bonds of any maturity, interest rate or otherwise of like tenor are to be redeemed prior to maturity and if the Offered Bonds are in book-entry form at the time of such redemption, the Trustee shall provide written notice thereof to DTC in accordance with the Indenture and the DTC Letter of Representations of the Agency. If less than all of the Offered Bonds of any maturity, interest rate or otherwise of like tenor are to be redeemed prior to maturity and if the Offered Bonds are not then in book-entry form at the time of such redemption, on each redemption date, the Trustee shall select the specific Offered Bonds for redemption on a pro rata basis from such maturity of Outstanding Offered Bonds. The portion of any Offered Bond of a denomination of more than $5,000 to be redeemed will be in the principal amount of $5,000 or any integral multiple thereof. The Trustee will select such portions of Offered Bonds to be redeemed on a pro rata basis from each maturity of Outstanding Offered Bonds, as the Trustee in its discretion may deem to be fair and appropriate.

Notice of Redemption

When the Trustee shall be required or authorized or shall receive notice from the Agency of its election to redeem Bonds, the Trustee shall, in accordance with the terms and provisions of the Bonds and the Indenture, select the Bonds to be redeemed and shall give notice, in the name of the Agency, of the redemption of the Bonds. Each such notice shall state the date of such notice, the complete official name of the Bonds (including Series designation) to be redeemed, the Issue Date, maturity dates, interest rates and CUSIP numbers (if any) of such Bonds, the date fixed for redemption, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee or the Paying Agent) and, if less than all of the Bonds of any Series are being redeemed, the numbers of the Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall further state that on the date fixed for redemption there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the portion of the principal thereof to be redeemed in the case of a Bond to be redeemed in part only, together with interest accrued to such date, and that from and after such date interest thereon shall cease to accrue and be payable. Each such notice may state that such notice may be rescinded.

Such notice shall be given by mailing a copy of such notice, postage prepaid, in accordance with then-current DTC requirements (currently not less than 20 days prior to the related redemption date) but in any event not less than 15 days nor more than 60 days before such redemption date, (1) by first class mail to the registered owner of any Bond all or a portion of which is to be redeemed, at such owner's last address, if any, appearing upon the registry books; and (2) by certified mail, return receipt requested, (i) upon written request of any registered owner of $1,000,000 or more in aggregate principal amount of any Series of Bonds, each such request directed to the Trustee, (ii) to two or more Information Services, as defined in the Indenture, (iii) to the Securities Depositories, as defined in the Indenture, and (iv) to each Credit Provider (if any). A second notice shall be given by certified mail, return receipt requested, to any registered owner of Bonds being redeemed if such registered owner has not surrendered such Bonds for redemption on or before the date sixty (60) days after the date fixed for redemption.

Failure by the Trustee to give any notice as described above, or the insufficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption.

DTC and Book-Entry

General. The Offered Bonds will be issued as fully registered bonds registered in the name of Cede & Co., as nominee of DTC, as registered owner of the Offered Bonds. Purchasers of such Bonds will not receive physical delivery of bond certificates. For purposes of this Official Statement, so long as all of the Offered Bonds are immobilized in the custody of DTC, references to holders or owners of the Offered Bonds (except under Part 1 − "Tax Matters") mean DTC or its nominee.

The information in this section concerning DTC and the DTC book-entry system has been obtained from DTC, and neither the Agency nor the Underwriters take responsibility for the accuracy or completeness thereof.

DTC will act as securities depository for the Offered Bonds. The Offered Bonds will be issued as fully registered securities registered in the name of Cede & Co., DTC's partnership nominee ("Cede"), or such other name as may be requested by an authorized representative of DTC. One fully registered Offered Bond certificate will be issued for all Offered Bonds of each particular maturity and interest rate and otherwise of like tenor in the aggregate principal amount of the Offered Bonds of such maturity, interest rate and tenor and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Offered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Offered Bonds on DTC's records. The ownership interest of each actual purchaser of each Offered Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Offered Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Offered Bonds, except in the event that use of the book-entry system for the Offered Bonds is discontinued.

To facilitate subsequent transfers, all Offered Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede, or such other name as may be requested by an authorized representative of DTC. The deposit of the Offered Bonds with DTC and their registration in the name of Cede or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Offered Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Offered Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Offered Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Offered Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of Offered Bonds may wish to ascertain that the nominee holding the Offered Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Offered Bonds of like maturity and interest rate and otherwise of like tenor is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Offered Bonds of such maturity, interest rate and tenor to be redeemed.

Neither DTC nor Cede (nor any other DTC nominee) will consent or vote with respect to the Offered Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede's consenting or voting rights to those Direct Participants to whose accounts the Offered Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the Offered Bonds will be made to Cede, or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee or the Agency, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. NEITHER THE AGENCY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS, TO THE PERSONS FOR WHOM THEY ACT AS NOMINEES

WITH RESPECT TO THE OFFERED BONDS, OR TO ANY BENEFICIAL OWNER IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT, THE PAYMENT BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE OFFERED BONDS, ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDOWNERS UNDER THE INDENTURE, THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE OFFERED BONDS OR ANY OTHER ACTION TAKEN BY DTC AS REGISTERED BONDOWNER.

DTC may discontinue providing its services as securities depository with respect to the Offered Bonds at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Offered Bond certificates are required to be printed and delivered as described in the Indenture.

The Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Offered Bond certificates will be required to be printed and delivered as described in the Indenture.

In the event that the book-entry system with respect to the Offered Bonds is discontinued as described above, the following requirements of the Indenture will apply. The Indenture provides for issuance of bond certificates directly to registered owners of the Offered Bonds other than DTC or its nominee at the expense of such registered owners. Interest in respect of the Offered Bonds will be payable on each Interest Payment Date in lawful money of the United States of America to the person whose name appears on the registration books of the Trustee as the registered owner thereof as of the close of business on the fifteenth day preceding each Interest Payment Date (each, a "Record Date"), provided, however, that if such Record Date is not a Business Day, then such Record Date shall be deemed to be the first Business Day following such non-Business Day, such interest to be paid by check mailed on the date such interest is due to the registered owner at its address as it appears on such registration books or at such other address as may have been filed with the Registrar for such purpose. Principal or Redemption Price of each Offered Bond will be payable to the registered owner thereof upon surrender of such Offered Bond at the office of U.S. Bank National Association, as Trustee, in St. Paul, Minnesota (or at such other place as may be later designated by the Trustee). Notwithstanding the foregoing, upon written request of a registered owner of five million dollars ($5,000,000) or more in aggregate principal amount of any Offered Bonds received on or before the applicable Record Date, payments of the principal of (including Redemption Price) and interest on such Offered Bonds will be made by wire transfer from the Trustee to the registered owner thereof. The Offered Bonds may be transferred or exchanged by the registered owners thereof in person or by duly authorized attorney. Any Offered Bond may be transferred with a written, instrument of transfer, in a form approved by the Trustee, duly executed by the registered owner or his or her duly authorized attorney, at the principal office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of the Offered Bonds to be exchanged or transferred. Upon such exchange or transfer, a new Offered Bond or Bonds, as applicable, of the same or any other authorized denomination or denominations for the same aggregate principal

amount, will be issued to the owner or transferee, as the case may be, in exchange therefor. No transfer or exchange of any Offered Bond will be required during the five days next preceding any date established by the Trustee for the selection of such Offered Bonds for redemption, or with respect to an Offered Bond for which notice of redemption has been given.

TAX MATTERS

Interest on the Bonds generally will be taxable as ordinary interest income at the time such amounts are accrued or received, in accordance with the Bondholder's method of accounting for U.S. federal income tax purposes. Bond Counsel is of the opinion that interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. The proposed form of opinion of Bond Counsel is contained in Appendix A to this Part 1.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

STATE PLEDGE

In accordance with Section 51373 of the Act, the Agency has included the following pledge and agreement of the State in the Indenture:

The State pledges with the Holders of any Bonds issued under the Indenture that the State will not limit or alter the rights vested in the Agency to fulfill the terms of any agreements made with the Holders or in any way impair the rights and remedies of such Holders until such Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully met and discharged.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and delivery of the Offered Bonds are subject to the approval of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. The proposed form of legal opinion of Bond Counsel to be delivered on the Issue Date is attached as Exhibit A to Part 1 of this Official Statement. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement or other offering material relating to the Offered Bonds and expresses no opinion with respect thereto. Certain legal matters with respect to the Offered Bonds will be passed upon for the Underwriters by their counsel, Kutak Rock LLP.

LITIGATION

There is no pending (with service of process on the Agency completed) litigation of any nature restraining or enjoining or seeking to restrain or enjoin the issuance or delivery of the Offered Bonds or contesting the validity of the Offered Bonds, the Indenture or other proceedings of the Agency taken with respect to the authorization, issuance or sale of the Offered Bonds, or the pledge or application of any money under the Indenture, or the existence or powers of the Agency to implement the Program.

While at any given time, including the present, there are or may be civil actions pending against the Agency, which could, if determined adversely to the Agency, affect the Agency's expenditures and in some cases its revenues, the Agency is of the opinion that no pending actions are likely to have a material adverse effect on the Agency's ability to pay principal of, premium, if any, and interest on the Offered Bonds when due.

LEGALITY FOR INVESTMENT

Under the Act, the Offered Bonds are legal investments for all public officers and public bodies of the State of California or its political subdivisions, all municipalities and municipal subdivisions, all insurance companies or banks, savings and loan associations, building and loan associations, trust companies, savings banks, savings associations and investment companies, and administrators, guardians, conservators, executors, trustees and other fiduciaries, and may be used as security for public deposits.

RATINGS

Moody's has assigned the Offered Bonds a rating of "A1" and S&P has assigned the Offered Bonds a rating of "AA+". The Agency has furnished to each rating agency certain information and materials with respect to the Offered Bonds. Generally, rating agencies based their ratings on such information and materials, and on investigations, studies and assumptions made by the rating agencies. Such ratings assigned to the Offered Bonds reflect only the views of the respective rating agency and an explanation of the significance of such ratings may be obtained from the rating agencies. The Underwriters' obligation to purchase the Offered Bonds is conditioned on Moody's and S&P giving the respective aforementioned ratings to the Offered Bonds. There is no assurance that the ratings which have been assigned to the Offered Bonds will continue for any given period of time or that they will not be revised or withdrawn entirely by such rating agencies, if in the judgment of the rating agencies, circumstances so warrant. A downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Offered Bonds. For additional information about recent ratings actions in respect of the Indenture and the Agency, see Part 2 — "Certain Recent Developments — Recent Ratings Actions."

INDEPENDENT AUDITORS

The financial statements of the California Housing Finance Fund (which is administered by the California Housing Finance Agency), as of June 30, 2014 and 2013 and for the years then

ended, included in this Official Statement have been audited by CliftonLarsonAllen LLP, independent auditors (the "Auditor"), as stated in their report dated October 13, 2014, appearing herein.

CONTINUING DISCLOSURE

The Agency has covenanted for the benefit of the Holders and Beneficial Owners of the Offered Bonds to provide certain financial information and operating data relating to the Agency and the General Indenture by not later than 180 days following the end of each of the Agency's Fiscal Years (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The specific nature of the information to be contained in the Annual Report and the notices of such enumerated events is summarized in Appendix B to this Part 1 — "Summary of Certain Provisions of the Continuing Disclosure Agreement." These covenants have been made in order to assist the Underwriters to comply with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule").

During the past five years, there have been instances when the Agency has been late in filing required annual financial information and operating data with respect to previous continuing disclosure undertakings under the Rule, both related to the Bonds and related to other bonds issued by the Agency. Such latenesses have generally ranged from one to three days, except on three occasions, when the filings were 13 days, 16 days and 17 days late, respectively. On one occasion, the Agency did not report an indenture rating downgrade; however, three months later the indenture rating was downgraded again, and this subsequent rating downgrade was reported. On one occasion, the Agency incorrectly stated that the rating of an indenture was downgraded from "Baa2" to "Baa1" when, in fact, it was downgraded from "Baa1" to "Baa2." On six occasions, the Agency did not report bond rating changes resulting from bond insurer rating changes.

The Agency has adopted formal procedures intended to ensure that the Agency maintains adequate system for complying with the Rule and the Agency's continuing disclosure undertakings, and to promote best practices regarding all Agency disclosure reporting.

UNDERWRITING

J.P. Morgan Securities LLC and Citigroup Global Markets Inc. (the "Underwriters") have agreed, subject to certain conditions, to purchase the Offered Bonds at a price of $174,180,000.00 (the aggregate principal amount of the Offered Bonds). The Underwriters will be paid a fee of $909,352.08 with respect to the Offered Bonds. The Underwriters' obligations are subject to certain conditions precedent, and the Underwriters will be obligated to purchase all the Offered Bonds if any are purchased. The initial public offering prices of the Offered Bonds may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Offered Bonds to certain dealers (including dealers depositing such Offered Bonds into unit investment trusts, certain of which may be sponsored or managed by the Underwriters) and others at prices lower than the initial public offering prices.

The following information has been provided by the Underwriters for inclusion in this Official Statement.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Offered Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Offered Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Offered Bonds that such firm sells.

Citigroup Global Markets Inc. ("Citigroup"), an underwriter of the Offered Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Offered Bonds.

Each of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Each of the Underwriters and their respective affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Agency, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, each of the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Agency. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. Without limiting the generality of the foregoing, each of the Underwriters and their affiliates may hold bonds that the Agency is refunding through the issuance of the Offered Bonds and, as a result, may receive proceeds from such refunding.

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MISCELLANEOUS

The agreements of the Agency with the owners of the Offered Bonds are fully set forth in the Indenture, and this Official Statement is not to be construed as a contract with the purchasers of the Offered Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact.

The execution and delivery of this Official Statement have been duly authorized by the Agency.

CALIFORNIA HOUSING FINANCE AGENCY

By: /s/ Timothy Hsu
Director of Financing

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APPENDIX A

PROPOSED FORM OF LEGAL OPINION FOR THE OFFERED BONDS

_____, 2015

California Housing Finance Agency
Sacramento, California

California Housing Finance Agency
Multifamily Housing Revenue Bonds III,
2015 Series A (Taxable)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the California Housing Finance Agency (the "Agency") in connection with the issuance by the Agency of the California Housing Finance Agency Multifamily Housing Revenue Bonds III, 2015 Series A (Taxable), in the aggregate principal amount of $174,180,000 (the "2015 Series A Bonds"), issued pursuant to Parts 1 through 4 of Division 31 of the Health and Safety Code of the State of California (the "Act"), and an Indenture, dated as of March 1, 1997, by and between the Agency and U.S. Bank National Association, as trustee (the "Trustee"), as amended and supplemented, including as supplemented by a Series Indenture, dated as of April 1, 2015, by and between the Agency and the Trustee (collectively, the "Indenture"). The 2015 Series A Bonds are issued for the stated purpose of providing funds to refund certain Bonds issued to finance or refinance the construction or development of multifamily rental housing. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, certificates of the Agency, the Trustee and others and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Agency. We have assumed, without undertaking to verify, the accuracy of the factual matters

represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture. We call attention to the fact that the rights and obligations under the 2015 Series A Bonds and the Indenture and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the 2015 Series A Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The 2015 Series A Bonds constitute the valid and binding obligations of the Agency.

2. The Indenture has been duly authorized, executed and delivered by, and constitutes the valid and binding obligation of, the Agency. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the 2015 Series A Bonds, of the Revenues and assets pledged under the Indenture, and any other amounts held by the Trustee in any fund or account established pursuant to the Indenture (except the Rebate Account and the Bond Purchase Account), subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. Principal of and interest on the 2015 Series A Bonds are also payable from any other moneys of the Agency legally available therefor, subject only to any agreements with the holders of other obligations of the Agency pledging any particular assets, revenues or moneys.

3. The 2015 Series A Bonds are not a lien or charge upon the funds or property of the Agency except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal of or interest on the 2015 Series A Bonds.

4. Interest on the 2015 Series A Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the 2015 Series A Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2015 Series A Bonds.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE CONTINUING DISCLOSURE AGREEMENT

Certain provisions of the Continuing Disclosure Agreement between the Agency and the Trustee not previously discussed in this Official Statement are summarized below. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Disclosure Agreement.

At the time of issuance and delivery of the Offered Bonds, the Agency and the Trustee will enter into a Supplemental Continuing Disclosure Agreement, supplementing the Amended and Restated Master Continuing Disclosure Agreement, dated as of April 1, 2014 (as so amended and supplemented, the "Disclosure Agreement"), for the benefit of the Holders and Beneficial Owners of the Offered Bonds and to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5), as currently in effect.

Certain Definitions

Defined terms used in the Disclosure Agreement and not otherwise defined therein have the meanings set forth in the Indenture.

"Annual Report" means any Annual Report provided by the Agency pursuant to, and as described in, the Disclosure Agreement.

"Beneficial Owner" means any person who has or shares the power, directly or indirectly, to make investment decisions concerning the ownership of, any Subject Bonds, including persons holding such Bonds through nominees, depositories or other intermediaries.

"Disclosure Representative" means the Director of Financing of the Agency or his or her designee, or such other officer or employee as the Agency shall designate in writing to the Trustee from time to time.

"Dissemination Agent" means the Agency, acting in its capacity as Dissemination Agent under the Disclosure Agreement, or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Trustee a written acceptance of such designation.

"Listed Event" means any of the events listed below under the heading "Reporting of Significant Event."

"Major Obligated Borrower" means a Borrower whose Loan or Loans have an aggregate outstanding principal balance which equals or exceeds twenty percent (20%) of the aggregate outstanding principal balance of all the Loans pledged under the Indenture.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule.

"Participating Underwriter" means any of the original underwriters of the Subject Bonds required to comply with the Rule in connection with the offering of the Subject Bonds.

"Repository" means the MSRB.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Provision of Annual Reports

The Dissemination Agent will, not later than 180 days after the end of the Agency's Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of the Disclosure Agreement. The audited financial statements of the Agency may be submitted separately from the balance of the Annual Report, and later than the date required for the filing of the Annual Report if not available by that date. If the Agency's fiscal year changes, it will give notice of such change in the same manner as for a Listed Event.

The Dissemination Agent will file a report with the Trustee certifying that the Annual Report has been provided pursuant to the Disclosure Agreement.

Not later than 15 Business Days prior to the date specified above for providing the Annual Report, the Dissemination Agent will provide the Annual Report to the Trustee, in the manner described in the Disclosure Agreement. If by the date specified above for providing the Annual Report to the Repository, the Trustee has not received a copy of the Annual Report, the Trustee is required to contact the Dissemination Agent to determine if the Agency is in compliance with the Disclosure Agreement. If the Trustee is unable to verify that an Annual Report has been provided to the Repository by such date, the Trustee must send, in a timely manner, a notice to the Repository indicating that the Annual Report has not been filed and when the Dissemination Agent anticipates it will file the Annual Report.

Content of Annual Reports

The Agency's Annual Report shall contain or include by reference the following:

(a) the audited financial statements of the Agency for the immediately preceding Fiscal Year, prepared in accordance with generally accepted accounting principles applicable to governmental entities; provided that if the Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to the Disclosure Agreement, the Annual Report shall contain unaudited financial statements in appropriate form;

(b) a description of the Bonds issued by the Agency and outstanding as of the date of such report;

(c) amounts in the Bond Reserve Account and amounts on deposit in any Loan Reserve Accounts relating to the Bonds;

(d) a schedule of Bond redemptions and the sources of funds for such redemptions;

(e) the status of the Agency's Loan portfolio, including the interest rates on the Loans, the principal amounts of Loans to be made, purchased or otherwise acquired, the types of such Loans and the principal amount of the current Loan portfolio;

(f) information with respect to the Agency's Mortgage-Backed Securities portfolio;

(g) information regarding principal prepayments with respect to the Loans;

(h) a summary of Loan delinquencies, including the percentage of loans that are 30 days, 60 days, 90 days or 120 days delinquent or in foreclosure; and

(i) information regarding interest rate swap agreements, liquidity facilities and certain investments, all with respect to the Bonds, and certain information with respect to the bonds of the Agency, in substantially the form set forth in Appendix D of Part 2 of the Official Statement, dated April 8, 2015, in respect of the Offered Bonds.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. The Agency shall clearly identify each such other document so included by reference.

Reporting of Significant Event

The Agency will give, or cause to be given, notice to the MSRB of the occurrence of any of the following events with respect to the Offered Bonds, in a timely manner not in excess of ten (10) Business Days after the occurrence of such event:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Offered Bonds, or other material events affecting the tax status of the Offered Bonds;

(7) modifications to rights of Bondholders, if material;

(8) Bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of property securing repayment of the Offered Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Agency;

(13) the consummation of a merger, consolidation, or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Agency in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Agency, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Agency.

Filings with MSRB; Format

Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access ("EMMA") website of the MSRB, currently located at http://emma.msrb.org. Any report or filing with the MSRB pursuant to the Disclosure Agreement shall be in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Major Obligated Borrowers

In the Disclosure Agreement the Agency will also undertake, for the benefit of the Holders and Beneficial Owners of the Offered Bonds, to require that each Borrower provide to the Agency, which will then forward to the Repository, on an annual basis, not later than 180 days after the end of the fiscal year of the related Development or Developments during which

such Borrower is at any time a Major Obligated Borrower, certain financial and operating data concerning such related Development or Developments, including (a) if produced in the usual course of business, audited financial statements for the immediately preceding fiscal year prepared in accordance with Generally Accepted Accounting Principles, or, if not so produced in the usual course of business, unaudited financial statements for the immediately preceding fiscal year prepared in accordance with Generally Accepted Accounting Principles and (b) levels of occupancy (collectively, the "Major Obligated Borrower Annual Disclosure"). If the Agency has not received such Major Obligated Borrower Annual Disclosure by the required date, the Agency (or, at the request of the Agency, the Trustee or Dissemination Agent on behalf of the Agency) shall, in a timely manner, send a notice to the MSRB of the failure of such Major Obligated Borrower to file such information with the Agency.

The Agency will also undertake in the Disclosure Agreement to require that each Major Obligated Borrower will give, or cause to be given, notice to the MSRB of the occurrence with respect to such Major Obligated Borrower of any of the events described in subparagraphs (12) or (13) under "Reporting of Significant Event" above, in a timely manner not in excess of ten (10) Business Days after the occurrence of such event.

Amendment of Disclosure Agreement

The Agency and the Trustee may amend the Disclosure Agreement, and any provision of the Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the date the Annual Report is to be filed, the contents of the Annual Report or the reporting of Listed Events, such amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Offered Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Offered Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Offered Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Offered Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Agreement, the Agency will describe such amendment in the next Annual Report, and include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Agency. If the amendment relates

to the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made will present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Default

In the event of a failure of the Agency or the Trustee to comply with any provision of the Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any Holder or Beneficial Owner of Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency or Trustee, as the case may be, to comply with its obligations under the Disclosure Agreement. A default under the Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under the Disclosure Agreement in the event of any failure of the Agency or the Trustee to comply with the Disclosure Agreement shall be an action to compel performance.

Termination of Reporting Obligation

The Agency's obligations under the Disclosure Agreement terminate upon legal defeasance under the Indenture, prior redemption or payment in full of all of the Bonds. If such termination occurs before the final maturity of the Offered Bonds, the Agency will give notice of such termination in accordance with the Disclosure Agreement.

CALIFORNIA HOUSING FINANCE AGENCY

OFFICIAL STATEMENT PART 2
Relating to

CALIFORNIA HOUSING FINANCE AGENCY
Multifamily Housing Revenue Bonds III
2015 Series A (Taxable)

This Part 2 of this Official Statement provides certain information concerning the Agency, the Program, the Offered Bonds and the Bonds. It contains only a part of the information to be provided by the Agency in connection with the Offered Bonds. The terms of the Offered Bonds, including the designation, principal amount, authorized denominations, price, maturity, interest rate and time of payment of interest, redemption provisions, and any other terms or information relating thereto are set forth in Part 1 of this Official Statement. Additional information concerning the Agency is contained in Part 1 of this Official Statement. The information contained herein may be supplemented or otherwise modified by Part 1 of this Official Statement and is subject in all respects to the information contained therein.

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OFFICIAL STATEMENT PART 2
of the
CALIFORNIA HOUSING FINANCE AGENCY
relating to
Multifamily Housing Revenue Bonds III
2015 Series A (Taxable)

INTRODUCTION

The purpose of this Part 2 of this Official Statement, which includes the cover page and the appendices hereto, is to set forth certain information concerning the Agency, the Program and the Bonds in connection with the issuance of the above-captioned Offered Bonds by the Agency. The Bonds are issued pursuant to the Act and the Indenture. All capitalized terms used in this Part 2 and not otherwise defined shall have the respective meanings ascribed thereto in Part 1 of this Official Statement.

All references in this Official Statement to the Act and the Indenture are qualified in their entirety by reference to each such document, copies of which are available from the Agency, and all references to the Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture and this Official Statement.

THE AGENCY

Powers

The Agency was created in 1975 by the Act as a public instrumentality and a political subdivision of the State of California (the "State") within the Business, Transportation and Housing Agency for the primary purpose of meeting the housing needs of persons and families of low or moderate income. As of July 1, 2013, as part of the Governor's Reorganization Plan of 2012, as amended, the Agency was transferred from the Department of Business, Transportation and Housing (which no longer exists) into the Department of Housing and Community Development, which in turn is within the newly created Business, Consumer Services and Housing Agency. These changes have not, and are not expected to, affect the Agency's statutory independence.

The Agency is authorized to issue its bonds, notes and other obligations for a variety of purposes, including (1) making development loans, construction loans, mortgage loans and property improvement loans to qualified borrowers to finance housing developments and other residential structures; (2) purchasing such loans through qualified mortgage lenders; and (3) making loans to qualified mortgage lenders under terms and conditions requiring the proceeds thereof to be used for certain loans.

The Agency may also provide consulting and technical services in connection with the financing of housing developments and may act as a State representative in receiving and allocating federal housing subsidies.

The Act currently provides the Agency with the authority to have outstanding bonds or notes, at any one time, in the aggregate principal amount of $13,150,000,000, excluding refunding issues and certain taxable securities. As of March 1, 2015, approximately $3,452,781,733.09 aggregate principal amount of such bonds and notes were outstanding.

Management

The Agency is administered by the Board, which consists of 13 voting members when all positions are filled. The State Treasurer, the Secretary of the Business, Transportation and Housing Agency, the Director of the Department of Housing and Community Development ("HCD"), and the Secretary of Veterans Affairs, or their designees, are voting ex officio members. Seven members are appointed by the Governor and confirmed by the Senate. One member is appointed by the Speaker of the Assembly. One member is appointed by the Senate Rules Committee. All such appointments are for six-year terms. In addition, the Act provides that the Director of the Department of Finance, the Director of the Governor's Office of Planning and Research, and the Executive Director of the Agency shall serve as non-voting ex officio members of the Board. The Chairperson of the Board is selected by the Governor from among his appointees. Members of the Board are:

Name	Term Expires	Principal Occupation
Voting Board Members†		
Matthew Jacobs††	September 26, 2015	Co-Managing Partner, Bulldog Partners, LLC
Janet Falk	September 26, 2015	Retired; formerly Vice President of Real Estate Development for Mercy Housing
Michael A. Gunning	September 26, 2015	Vice President, Personal Insurance Federation of California
Preston Prince	September 26, 2019	CEO & Executive Director, Fresno Housing Authority
Dalila Sotelo	September 26, 2019	Principal, The Sotelo Group
Jonathan C. Hunter	November 18, 2019	Consultant, JCHunter Consulting
Tiena Johnson-Hall	September 26, 2019	VP, Community Relations Officer BBVA Compass

† There are currently two vacancies on the Board, one of which is to be filled by appointment by the Governor and confirmation by the Senate, and one to be filled by appointment by the Speaker of the Assembly.

†† Board Chair.

Name	Term Expires	Principal Occupation
John Chiang	*	State Treasurer
Anna Caballero	*	Secretary, Business, Transportation and Housing Agency
Debbie Endsley	*	Acting Secretary, California Department of Veterans Affairs
Claudia Cappio	*	Director, Department of Housing and Community Development
Non-Voting Board Members		
Tia Boatman Patterson	*	Executive Director, California Housing Finance Agency
Michael J. Cohen	*	Director, Department of Finance
Ken Alex	*	Director, Governor's Office of Planning and Research

* *ex officio.*

Organization and Staff

The Agency is organized into the following divisions under the Executive Director: Single Family Programs, Multifamily Programs, Financing, Fiscal Services, Office of General Counsel, Legislative, Marketing, Administration, Information Technology, and Asset Management. As a result of the Governor's reorganization plan, certain divisions of the Agency are integrated with, or collaborate closely with, their counterparts at HCD.

The Single Family Division is responsible for directing and administering the Agency's single family lending programs, servicing of single family loans, directing and administering the single family loan portfolio, including quality assurance, REO administration, REO sales, loss mitigation, and servicer administration/short sales, and directing and administering mortgage insurance operations.

The Multifamily Programs Division is responsible for underwriting all multifamily direct loans, preparing documentation for loan closings and monitoring the construction of

developments financed by direct loans from the Agency. The staff of the Multifamily Programs Division includes loan underwriters, architects and construction inspectors.

The Financing Division is responsible for all of the Agency's financing activities and the management of risks related thereto, including the supervision of note and bond sales, issuances and redemptions, cash flow analyses of the Agency's obligations and the investment of the Agency's funds.

The Fiscal Services Division is overseen by the Agency's Comptroller and is responsible for accounting activities, fiscal operations, in-house servicing of loans, and preparation of Agency financial statements.

The Office of General Counsel is responsible for all legal matters that affect the Agency, including review of all contracts and legislation and supervision of loan closings for multifamily developments. The Office of General Counsel also provides legal advice to the Agency's Board of Directors. The office is headed by a General Counsel and an Assistant General Counsel.

The Legislative Division is integrated with the legislative and policy functions of HCD and is responsible for monitoring, tracking, and lobbying legislation impacting the housing arena, both on the State and Federal level.

The Marketing Division is integrated with the marketing functions of HCD and is responsible for developing and implementing the Agency's marketing programs and for managing all public information activities such as preparation of the annual report and press releases.

The Administration Division is responsible for directing and administering the Agency's personnel, training, and business services, and preparing the annual budget of the Agency.

The Information Technology Division has responsibility for developing, implementing and maintaining the IT infrastructure and application systems supporting the Agency.

The Asset Management Division is responsible for monitoring the financial and physical status of the Agency's multifamily loan portfolio of 469 projects, as well as occupancy compliance for Section 8 and low income units.

The Agency's senior staff are listed below.

Tia Boatman Patterson, *Executive Director* since August 2014. B.A., San Diego State University; J.D. University of Pacific, McGeorge School of Law. Previously: General Counsel, Sacramento Housing and Redevelopment Agency (2009-2014); Special Assistant to California State Assembly Speakers Bass and Núñez (2005-2009); Senior Associate at Best Best and Krieger (2003-2004); Agency Counsel, Sacramento Housing and Redevelopment Agency (1999-2003); Legislative Policy Consultant California State Assembly, for the Committees on Revenue and Taxation, Judiciary, Rules and Housing and Community Development (1995-1999); Law Clerk, Greve Clifford Wengel and Paras (1992 to 1995).

Donald Cavier, *Chief Deputy Director* since February 2015. B.A. University of California, Davis. Previously: Director of Finance, Sacramento Housing and Redevelopment Agency ("SHRA") (2007-2015); Finance Manager, SHRA (1998-2007); Senior Internal Auditor, First Union Bank-TMS (1995-1998); Inventory Control Auditor, Nissan Motor Acceptance Corp. (1994-1995). He earned the Certified Internal Auditor and Certified Financial Services Auditor designations in 1998, and he became a licensed real estate broker in 2006.

Kenneth H. Giebel, *Director of Marketing* since September 2002. B.S. and M.B.A., University of Santa Clara. Previously: Senior Marketing Manager at the California Lottery (1996-2002); various marketing positions for private sector corporations and advertising agencies.

Timothy Hsu, *Director of Financing* since July 2012. B.A. Wesleyan University. Previously: Financing Risk Manager (2005-2012). Vice President at a major Wall Street investment bank (2003-2004); Financing Officer (2002); Senior Consultant at a leading quantitative consultancy (1995-2001). He earned the Chartered Financial Analyst designation in 2007, and he earned the Financial Risk Manager designation in 2008.

Victor J. James, *General Counsel* since July 2012. J.D., University of California Hastings College of Law; B.A., University of California at Berkeley. Previously: Acting General Counsel, (2011-2012); deputy general counsel, staff counsel and attorney under contract for CalHFA (2001-2006; 2008-2010), chief of Driver Safety Branch of the California Department of Motor Vehicles (2007); deputy prosecuting attorney at the County of Hawaii Prosecuting Attorney's Office (2001-2002); private legal practice (1988-2001); legal counsel at the California Department of Personnel Administration (1985-1987); and assistant counsel, Department of the Navy, Office of General Counsel (1982-1985).

Diane Richardson, *Director of State Legislation* since January 1999. Previously: Deputy Legislative Secretary for Governor Wilson (1998); Director of Legislation for the California Environmental Protection Agency (1997); Deputy Director for Legislation and other positions, Office of Planning and Research (1983-1996); Legislative Aide, California State Assembly (1981-1983).

Liane W. Morgan, *Chief Information Officer* since July 2012. B.S., California State University, Sacramento. Previously: Acting Chief Information Officer (2010-2012); IT Project Manager (2005-2012), CalHFA; Various programming positions, CalHFA (1987-2005), Systems Engineer, EDS (1984-1987).

Anthony Sertich, *Financing Risk Manager* since February 2013. B.A., University of California, Berkeley. Previously: Financing Officer (2008-2013); Financing Specialist (2006-2008); Financing Associate (2004-2006); Actuarial Analyst, Watson Wyatt Worldwide (1998-2003).

Lori Hamahashi, *Comptroller* since April 2014 (Acting Comptroller since May 2013). B.S., California State University, Sacramento. Previously: Deputy Comptroller, CalHFA (2009-2013); Accounting Administrator II, CalHFA (2006-2009); Accounting Administrator I (Supervisor), CalHFA (2002-2006); various accounting positions for CalHFA.

The positions of Director of Administration, Director of Multifamily Programs and Director of Single Family Lending are currently vacant.

The Agency's principal office is located at 500 Capitol Mall, Suite 1400, Sacramento, California 95814, (916) 322-3991.

SECURITY FOR THE BONDS

General

The Bonds are general obligations of the Agency, payable out of the Revenues and assets pledged under the Indenture and also payable from any other assets, revenues or moneys of the Agency, subject only to any agreements with the holders of other obligations of the Agency pledging any particular assets, revenues or moneys. The Secured Obligations (which include the payment when due of principal of and interest on the Bonds) are secured by a pledge of and first lien on the following specific revenues and assets of the Agency (the "trust estate"):

(1) All of the right, title and interest of the Agency in, to and under the Loans financed pursuant to the Indenture;

(2) All of the Revenues, other than Rebatable Arbitrage (see the definition of Revenues in this Part 2 under "Summary of Certain Provisions of the Indenture — Certain Defined Terms");

(3) All proceeds of the sale of the Bonds;

(4) All Accounts established pursuant to the Indenture (other than the Bond Purchase Account and the Rebate Account) and the moneys and securities therein; and

(5) All property which is by the express provisions of the Indenture required to be subjected to the lien thereof; and any additional property that may, from time to time by delivery or by writing of any kind, be subjected to the lien thereof, by the Agency or by anyone on its behalf;

in each case subject to the provisions of the Indenture permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Indenture.

Under the Indenture, the Agency covenants not to create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a charge and lien on the Revenues or other security for the Secured Obligations, prior to or on a parity with the lien of the Indenture, except for Series of Additional Bonds which may be issued from time to time on a parity with the Offered Bonds and any other Bonds and Secured Obligations previously issued. See "Additional Bonds" below.

The pledge and security interest of the Indenture in the trust estate are subject to the power of the Agency to direct the release of Revenues free and clear of such pledge and security interest if the Agency delivers to the Trustee a certificate complying with the requirements of the

Indenture. See "Summary of Certain Provisions of the Indenture — Establishment and Application of Accounts — Revenue Account" in this Part 2.

Upon the occurrence and continuation of an Event of Default under the Indenture, the Trustee has available to it various remedies, including those provided by the Indenture. Such remedies do *not* include declaring all Bonds to be immediately due and payable. See "Summary of Certain Provisions of the Indenture — Remedies" in this Part 2. A failure by the Agency to pay scheduled debt service on its general obligations (other than the Bonds) when due is *not* an Event of Default under the Indenture. See "Summary of Certain Provisions of the Indenture — Events of Default" in Part 2.

THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AGENCY, OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR ANY SUCH POLITICAL SUBDIVISION, OTHER THAN THE AGENCY. THE AGENCY HAS NO TAXING POWER. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS.

See Part 1 – "Ratings" and "Certain Recent Developments – Ratings Actions" in this Part 2 for information regarding the ratings applicable to the Offered Bonds, the Prior Series Bonds and other obligations of the Agency.

Loans

Each Borrower Loan shall, among other things, (1) be evidenced by a Note and secured by a Deed of Trust which shall constitute and create a lien of any priority (subject to permitted encumbrances acceptable to the Agency) on the real property or interest therein of the multifamily rental housing development with respect to which the Loan is made (each, a "Development"); (2) be the subject of a title insurance policy in the full amount of the Loan insuring that the Deed of Trust constitutes and creates a lien of any priority (subject to permitted encumbrances acceptable to the Agency) on the real property or interest therein of such Development; and (3) be made to a Borrower who is eligible under the Act. See "Program Procedures and Servicing — Lending Program" and Appendix C to this Part 2 —"Description of Developments and Loans Allocable to the Offered Bonds."

Loans are permitted, but are not required, to be insured, including insurance pursuant to the Risk Sharing Act, or to be in the form of a Mortgage-Backed Security. See Appendix B to this Part 2 — "Description of Developments and Loans Allocable to the Offered Bonds" and Appendix C to this Part 2 — "Description of Developments and Loans Financed by the Prior Series Bonds" for a list of Developments that have received firm approval for insurance under the Risk Sharing Act and for a list of those Loans that are insured under the Risk Sharing Act or are covered by other FHA insurance. See also "Insurance Under the Risk Sharing Act" and "Other FHA Insurance."

As of December 31, 2014, the Loans held under the Indenture have the credit characteristics set forth in the following table. Substantially all of such Loans are in first-lien

priority positions. As of December 31, 2014, none of the Loans were more than 30 days delinquent.

Loan Type	Outstanding Loan Principal Balance (December 31, 2014)	Percentage
Uninsured - Non-Section 8	$342,812,866	49.91%
Uninsured - Section 8	100,667,519	14.66
Risk-Share - Non-Section 8	188,008,807	27.37
Risk-Share - Section 8	34,111,952	4.97
FHA - Section 8	1,417,212	0.21
MBS	19,832,515	2.89
Total	$686,850,871	100.00%

Historically, the Agency acquired six developments through foreclosures occurring between 1995 and 2005. Of the six, two were pledged to the Indenture, and the related Bonds were fully redeemed. In January 2006, all of such developments were sold in excess of their unpaid principal loan balances, interest, costs and fees. In 2004, a Development under the Indenture and insured under the Risk Sharing Act defaulted on its Loan, and a related claim was submitted under the Risk Sharing Act. FHA made an insurance claim payment which was applied to fully redeem the related Bonds. The Agency pursued a workout and sale in respect of such development, which was completed in 2009. Proceeds from such sale were applied to fully reimburse the Risk Sharing Act insurance payment. Other than as described in this paragraph, the Agency has not acquired any project through foreclosure or had a Risk Sharing Act insurance claim payment for any Development funded by the Bonds.

The Indenture does not require any restriction on the Borrower's ability to prepay its Loan in whole or in part at any time. Historically, the Agency prohibited voluntary prepayment throughout the life of nearly all the multifamily loans it originated, including most loans for Developments receiving HUD Section 8 rent subsidies (the "Section 8 Developments"). In recent years, however, the Agency has allowed prepayments under certain circumstances. See "Summary of Certain Provisions of the Indenture — Loan Principal Prepayments."

Loans may also be terminated prior to their respective final maturities as a result of events such as default, condemnation or casualty loss.

Under the General Indenture, any Loan Principal Prepayments may be reinvested in Loans, invested in Investment Obligations or used to redeem Bonds; *provided, however,* that Loan Principal Prepayments may be deposited to a Program Account to make new Loans only if the Agency files with the Trustee a certificate stating that (1) either (a) such deposit will have no material adverse impact on the Agency's ability to pay all Secured Obligations when due or (b) after such deposit, Revenues and other amounts then pledged under the Indenture are projected to be sufficient to pay all Secured Obligations when due and (2) making such deposit is not in violation of any related Series Indenture or, to the extent applicable, the Risk Sharing Act.

Applicable federal tax law also imposes restrictions on the Agency's ability to use Loan Principal Prepayments to make new Loans.

The Agency generally expects that Loan Principal Prepayments, as well as amounts on deposit in the Revenue Account and not needed to pay required rebate, certain Program expenses and scheduled debt service on the Bonds and to fund the Bond Reserve Account and the Loan Reserve Account to their respective requirements, will be applied to the redemption of Bonds that are subject to such redemption, including the Offered Bonds. See Part 1 − "The Offered Bonds — Redemption Provisions — Special Redemption" and Part 2 − "Summary of Certain Provisions of the Indenture — Establishment and Application of Accounts — Revenue Account."

The Agency may elect to use proceeds of or allocable to a Series of Bonds to fund a participation in a loan or mortgage-backed security (a "Bond Participation") and may fund the remaining participation or participations (each, a "Non-Bond Participation") with proceeds of tax-exempt or taxable Bonds or other monies pledged under the Indenture, with proceeds of tax-exempt or taxable bonds issued under other indentures of the Agency, or with amounts from other sources, including the Agency's unrestricted available moneys. If a Non-Bond Participation is financed from sources other than proceeds of Bonds or other monies pledged under the Indenture, the Agency is required to file with the Trustee, at the time the Bond Participation is funded, an agreement that specifies the terms of such participation or, if there is no such agreement, a certificate that describes the terms of such participation, including such terms as the allocation of each scheduled principal repayment, interest payment and principal prepayment, if any, and the amounts recovered in the event of a default. (Currently, there are no Non-Bond Participations financed from such sources with respect to Loans under the Indenture.) The terms of such participation may provide for a disproportionate allocation of interest or scheduled principal repayments to the Non-Bond Participation, including allocation of all scheduled principal repayments until the Non-Bond Participation is paid in full.

Certain Factors Affecting the Loans

In estimating the amount of moneys available to pay principal of and interest on the Bonds, a number of assumptions were made, including the assumptions that (1) payments of principal of and interest on the Loans will be available on a timely basis and (2) Loan Principal Prepayments made from casualty insurance or condemnation proceeds or otherwise, which result in the Agency's having to redeem Bonds, will be sufficient to pay the principal amount of Bonds allocable to such Loans. The Agency believes that the above assumptions are reasonable, but no assurance can be given that actual receipts will correspond with estimated revenues.

In the event of the failure of a Borrower to make the required payments under its Loan Documents, the Agency may institute foreclosure or other recovery proceedings. The Agency cannot assure that the amount received in a foreclosure or other recovery proceeding will be sufficient to pay principal of and interest on the allocable portion of the Bonds.

Pursuant to Section 142(d) of the Internal Revenue Code of 1986 (the "Code"), at least 20% (or, at the election of the Agency, 40%) of the units in each Development financed by certain Loans must be occupied, or held available for occupancy, on a continuous basis by

individuals or families whose income does not exceed 50% (or, if the Agency elects to set aside 40% of the units as described above, 60%) of area median income, as adjusted for family size. (Compliance with the income limitations is measured by reference to "very low income," which is determined by HUD and may include adjustments for unusually high or low family income.)

Pursuant to Section 145 of the Code, the Developments financed by certain Loans must either (1) be owned and operated by a qualified nonprofit Borrower under Section 501(c)(3) of the Code (a "501(c)(3) Borrower") so that ownership and operation are not a trade or business unrelated to the charitable purpose of the Borrower or (2) be owned by a governmental entity or instrumentality. In either event, a substantial percentage (more than 20%) of the units in each such Development will be restricted to occupancy by low or very low income individuals or families.

Pursuant to Section 51335 of the Act, at least 20% of the units in each Development financed by a Loan must be available for occupancy on a priority basis by "lower income households." Not less than half of the units that must be available for occupancy on a priority basis by lower income households must be for occupancy on a priority basis by "very low income households." Such income limitations are based on the income limitations established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, as held harmless by Federal and State law and policy, which prevents the reduction of income limits used by a project in the event the most recently established Section 8 income limitations are lower than the previous year.

A default by a Borrower in its obligations under the documents evidencing or securing its Loan, including the obligation to comply with the requirements of the Act or Section 142(d) or Section 145 of the Code, may result in acceleration of the Loan and redemption of a portion of the Bonds. See "Tax Matters" in Part 1.

Reserve Accounts

No amounts will be deposited in the Bond Reserve Account in connection with the issuance of the Offered Bonds. The balance on deposit in the Bond Reserve Account is $4,180,310, which is at least equal to of all Bond Reserve Account Requirements for all Series of Bonds. Of such balance, $3,170,310, consists of a debt service reserve surety bond from National Public Finance Guarantee Corp. (as successor in interest to MBIA Insurance Corporation) (the "1997 Reserve Surety") providing coverage in such amount in respect of the Bond Reserve Account Requirement applicable to the Multifamily Housing Revenue Bonds III, 1997 Series A (the "1997 Series A Bonds"). The Agency expects to terminate the 1997 Reserve Surety concurrently with the optional redemption of the remaining outstanding 1997 Series A Bonds on or about April 24, 2015. After providing for the payment of required rebate deposits, fees and charges due and payable to the Trustee and any Paying Agent or Credit Provider and amounts required to be on deposit for the payment of principal of and interest on the Bonds, amounts in the Revenue Account are required to be applied to the Bond Reserve Account if and to the extent that the amount on deposit therein is less than the sum of all Bond Reserve Account Requirements established for all Series. The priority of drawings among letters of credit, surety bonds or other sources of moneys in the Bond Reserve Account will be determined by the Agency. It is not a condition to the issuance of a Series of Additional Bonds that the amount

credited to the Bond Reserve Account be equal to the sum of all Bond Reserve Account Requirements for all Series. See "Security for the Bonds — Additional Bonds" and "Summary of Certain Provisions of the Indenture — Establishment and Application of Accounts — Bond Reserve Account" in this Part 2. Moneys credited to the Bond Reserve Account may be used only to meet deficiencies in the Bond Account in the event that the amount of such deficiencies is not available in the Revenue Account, the Redemption Account (to the extent of moneys with respect to which notice of redemption has not been given), the Program Account (to the extent designated by the Agency) or the Loan Reserve Account; except that any amounts in excess of the sum of all Series Bond Reserve Account Requirements may, upon request of the Agency, be transferred to the Revenue Account or the Redemption Account and that under certain circumstances, amounts in the Bond Reserve Account may be applied to the purchase or redemption of all Bonds then Outstanding.

After providing for the payment of required rebate deposits, fees and charges due and payable to the Trustee and any Paying Agent or Credit Provider, amounts required to be on deposit for the payment of principal of and interest on the Bonds and amounts required so that the amount on deposit in the Bond Reserve Account is at least equal to the sum of all Bond Reserve Account Requirements established for all Series, amounts in the Revenue Account are required to be applied to the Loan Reserve Account if and to the extent that the amount on deposit therein is less than the sum of all Loan Reserve Account Requirements established for all Series. There is no Loan Reserve Account Requirement with respect to the Offered Bonds, nor with respect to any other Series currently Outstanding. It is not a condition to the issuance of a Series of Additional Bonds that the amount credited to the Loan Reserve Account be equal to the sum of all Loan Reserve Account Requirements for all Series. See "Additional Bonds" below and "Summary of Certain Provisions of the Indenture — Establishment and Application of Accounts — Loan Reserve Account" in this Part 2.

Additional Bonds

Under the Indenture, the Agency covenants not to create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a charge and lien on the Revenues, the Property or other security for the Bonds, prior to or on a parity with the lien of the Indenture, except that any Series of Additional Bonds may be issued from time to time pursuant to a Series Indenture, subsequent to the issuance of the Offered Bonds, on a parity with the Offered Bonds and any other Bonds previously issued, and secured by an equal charge and lien on the Revenues or other security for the Bonds and payable equally and ratably from the Accounts established and created pursuant to the Indenture. Additionally, the Agency may enter into any Hedging Instrument or any agreements with a Credit Provider pursuant to which payments from the Agency (but only for Secured Obligations) may be secured on a parity with the Bonds.

No Series of Additional Bonds shall be issued subsequent to the issuance of the Offered Bonds unless:

(1) the Principal Amount of the Additional Bonds then to be issued, together with the Principal Amount of the Bonds and other obligations of the Agency theretofore

issued, will not exceed in aggregate Principal Amount any limitation thereon imposed by law;

(2) at the time of the issuance and delivery of the Series of Additional Bonds, other than Bonds issued and delivered in accordance with the Indenture to refund any Outstanding Bonds of one or more Series or to refund any other obligations of the Agency or any other entity designated by the Agency ("Refunding Bonds"), and the application of the proceeds thereof, there shall be no deficiency in the Bond Account;

(3) upon the issuance of such Bonds, Revenues and other amounts then pledged under the Indenture are projected to be sufficient to pay all Secured Obligations when due; and

(4) the issuance of such Bonds will not result in the reduction, suspension or withdrawal of the Unenhanced Rating then assigned to any of the Series by each Rating Agency for such Series.

In the Indenture, the Agency expressly reserves the right to adopt one or more general or special bond resolutions or to enter into one or more other indentures for any of its corporate purposes and reserves the right to issue other obligations so long as the same are not a charge or lien prohibited as described in the first paragraph under this caption "Additional Bonds." The Agency expressly reserves the right to authorize and issue bonds, notes, warrants, certificates or other obligations or evidences of indebtedness which as to principal or interest, or both, (1) are payable from Revenues after and subordinate to the payment from Revenues of the Secured Obligations, or (2) are payable from moneys which are not Revenues as such term is defined in the Indenture. See Appendix D to this Part 2 — "Certain Agency Financial Information and Operating Data."

INSURANCE UNDER THE RISK SHARING ACT

Pursuant to the Risk Sharing Agreement by and between the Agency and HUD dated April 26, 1994 (the "Risk Sharing Agreement"), HUD (through FHA) has agreed to insure any Loans reviewed and approved for that purpose by the Agency. HUD regulations implementing the Risk Sharing Act currently require that the Agency must use proceeds of insurance under the Act to redeem Bonds of the related Series. In the event of a loan default, the Risk Sharing Agreement requires the Agency to share with HUD in any loss arising as a consequence of the loan default. The following summary is qualified in its entirety by reference to the mentioned regulations, the Risk Sharing Act and sections of the National Housing Act, as amended (12 U.S.C. §1701 et seq.) (the "National Housing Act").

Subsection 542(c) of the Risk Sharing Act authorizes the HUD Secretary to enter into risk-sharing agreements with qualified state or local housing finance agencies ("HFAs"). The program allows HFAs to carry out certain HUD functions under the program, including the assumption of loan management and property disposition responsibilities for defaulted loans. The program is designed to increase the supply of affordable multifamily units by allowing HFAs to originate and service mortgage loans that are fully insured by FHA. Under the program participating HFAs are required to reimburse FHA for a portion of losses that may be incurred as

a consequence of any loan defaults. The Risk Sharing Agreement provides that HUD will fully insure any Loans selected for that purpose by the Agency, and for reimbursement to HUD by the Agency for a portion of any losses incurred on such insured Loans. The Agency is qualified to elect a range of percentages of the risk of loss related to any defaulted insured Loans. The Agency has historically elected and currently intends to elect a 50% risk of loss, but may elect 60%, 70%, 80% or 90%.

Under the Risk Sharing Act and the Risk Sharing Agreement, in the event that the rating on any general obligation of the Agency falls below "A", the Agency will be required to immediately establish and maintain a reserve account (at a minimum level of $500,000) that may only be drawn upon by HUD to satisfy any of the Agency's obligations under the Risk Sharing Agreement. The actual amount of such required reserve may be in excess of the minimum level.

HUD Regulations under the Risk Sharing Act define an event of default under a mortgage insured pursuant to the Risk Sharing Act as failure to make any payment due under the mortgage, or failure to perform any other mortgage covenant (which includes covenants in the related regulatory agreement) if the mortgagee, because of such failure to perform such other mortgage covenant, has accelerated the debt. In the event of a payment default continuing for a period of 30 days, the Agency must, in order to preserve its right to insurance benefits, give notice to the Federal Housing Commissioner of the default and of its intention to file an insurance claim. Within 75 calendar days from the date of default (unless an extension is granted by HUD), the Agency must file an application for initial claim payment. Pursuant to the Series Indenture, the Agency has covenanted to take all necessary actions to realize the benefit of any insurance in the event an insured Loan becomes a defaulted Loan.

In the event of a default on an insured Loan and the filing of a claim for FHA insurance, FHA will pay mortgage insurance benefits in cash in an amount equal to the sum of (a) the unpaid principal amount of the defaulted insured Loan computed as of the date of default and (b) interest on the insurance proceeds from the date of default to the date of initial claim payment at the defaulted insured Loan rate, less any delinquent mortgage insurance premiums and late charges and interest attributable to such delinquent mortgage insurance premiums.

When FHA pays a claim related to an insured Loan, the Risk Sharing Agreement provides that the Agency will issue a debenture (each, a "Debenture") to HUD for the full amount of the claim, which shall be supported by the full faith and credit of the Agency. Each Debenture will have a term of five years, will bear interest at HUD's published debenture rate, and interest will be payable annually. The Risk Sharing Act contemplates that during the five-year term of each Debenture, the Agency would work toward curing the default, foreclosure or resale of the related project. Not later than the due date of each Debenture, the total loss to be shared by the Agency and HUD shall be computed pursuant to the Risk Sharing Agreement.

The Indenture permits, but does not require, that Loans made with proceeds of Bonds be insured, including insurance by FHA under any of its insurance programs, or be in the form of a Mortgage-Backed Security. See Appendix C to this Part 2 – "Description of Developments and Loans Financed by the Prior Series Bonds."

FHA insurance with respect to Loans insured under the Risk Sharing Act may be terminated upon the occurrence of certain events, including the following: (i) the mortgage is paid in full; (ii) the Agency acquires the mortgaged property and notifies the Commissioner that it will not file an insurance claim; (iii) a party other than the Agency acquires the property at a foreclosure sale; (iv) the Agency notifies the Commissioner of a voluntary termination; (v) the Agency or its successors commit fraud or make a material misrepresentation to the Commissioner with respect to certain information; (vi) the receipt by the Commissioner of an application for final claims settlement by the Agency; or (vii) the Agency acquires the mortgaged property and fails to make an initial claim.

OTHER FHA INSURANCE

Certain Loans not insured under the Risk Sharing Act are insured by FHA under programs established under Sections 221(d)(3) and 221(d)(4) of the National Housing Act. See Appendix C to this Part 2 – "Description of Developments and Loans Financed by the Prior Series Bonds" for a list of such Loans.

Under the terms of these insurance programs, the Agency is entitled to claim insurance benefits upon the failure of the Borrower to make a Loan payment (or to perform any other obligation under the mortgage if, because of such failure, the Agency accelerates the debt), if such default continues for 30 days. After the continuation of a default for 30 days, the Agency is entitled to receive the benefits of the insurance. To perfect its claim for payment, the Agency is required either to assign the Loan to FHA or to tender to it good and marketable title to the property covered by the insured Loan. Upon assignment of the Loan to FHA, the mortgagee may request that the insurance be paid in cash or debentures. Current HUD policies for such programs provide that settlement payments will be made in cash unless the Agency elects to have payments made in debentures.

The amount of insurance benefits generally paid by FHA is equal to the unpaid principal amount of the Loan adjusted to reimburse the Agency for certain tax, insurance, and similar payments made by it, foreclosure costs, or costs of acquiring the property paid by the Agency, and to deduct certain amounts received or retained by the Agency after default. When entitlement to insurance benefits results from assignment of the Loan to HUD, the insurance payment includes the unpaid principal balance of the Loan at the time of assignment plus, among other things, accrued and unpaid interest on the claim from the date of default at the debenture interest rate. HUD debentures issued in satisfaction of FHA insurance claims generally bear interest from the date of issue, payable semiannually on the first day of January and the first day of July of each year at the HUD debenture interest rate in effect under HUD regulations as of the day the commitment was issued, or as of the date the mortgage was initially endorsed for insurance, whichever rate is higher.

Upon the assignment of a defaulted mortgage to FHA, FHA will also deduct 1% of the outstanding principal balance of the Loan as of the date of default from the amount of insurance benefits paid to the Agency. However, FHA may waive all or part of this 1% if the Agency assigns the mortgage in lieu of foreclosure proceedings at the request of FHA. Because of the manner in which FHA calculates the insurance claim payment, FHA's claim payment will not include one month's interest on the Loan.

When any property to be conveyed to HUD or subject to a mortgage to be assigned to HUD has been damaged by fire, earthquake, flood, or tornado, or the property has suffered damage because of the Agency's failure to take required action, the damage is required to be repaired prior to such conveyance or assignment, except in certain circumstances as provided for in the HUD regulations.

SECTION 8 LOANS

Certain Developments financed with Loans financed with or allocable to Prior Series Bonds have a HAP Contract (defined below) in effect. See Appendix B to this Part 2 — "Description of Developments and Loans Allocable to the Offered Bonds" and Appendix C to this Part 2 – "Description of Developments and Loans Financed by the Prior Series Bonds." Such contracts may not be co-terminus with the related mortgage. Such Section 8 Developments currently receive, or are expected to receive, rent subsidies pursuant to Section 8 of the United States Housing Act of 1937, as amended ("Section 8"), which provides for the payment by HUD of a federal housing subsidy ("HAP Payments") for the benefit of low-income families (defined generally as families whose annual income does not exceed 80% of the median income for the area as determined by HUD) and very low-income families (defined generally as families whose annual income does not exceed 50% of the median income for the area as determined by HUD). HAP Payments may be made to or for the account of the owner of dwelling units occupied by low-income and very low-income families. Provision is made under the National Housing Act and HUD regulations under the Series Indenture for administration of the Section 8 program through performance-based contract administrators or state housing finance agencies, including the Agency. Under this arrangement, the state housing finance agency enters into a Housing Assistance Payments Contract ("HAP Contract"), pursuant to which it agrees to pay the subsidy to or for the account of the owner and concurrently enters into an Annual Contributions Contract ("ACC") with HUD for the receipt of a corresponding subsidy payment from HUD. Certain of the Agency's Section 8 projects' HAP Contracts are administered by performance-based contract administrators, and others by the Agency. The subsidy is generally equal to the difference between the "contract rent" (as established by HUD) and 30% of the income of the qualifying tenant. The contract rent and, consequently, the amount of the subsidy, are subject to annual adjustment. There can be no assurance that increases in contract rents, if any, will result in revenues sufficient to compensate for increased operating expenses of the Section 8 Developments.

Until 1997, there was substantial uncertainty as to what would happen to Section 8 developments upon the expiration of their HAP Contracts at the end of their terms. HUD's Fiscal Year 1998 Appropriations Act, Pub. L. 105-65, signed into law on October 27, 1997, included within it the "Multifamily Assisted Housing Reform and Affordability Act of 1997" (the "1997 Act"), which has been further amended since. The 1997 Act implemented a new "Mark-to-Market" program by which many FHA-insured Section 8 projects with expiring HAP Contracts and above-market rents are eligible for restructuring plans, and, upon restructuring, will receive continuing Section 8 assistance. These restructuring plans may include refinancing and/or partial prepayment of mortgage debt intended to reduce Section 8 rent levels to those of comparable market rate properties or to the minimum level necessary to support proper operations and maintenance, and in many cases is designed to result in a change from "project-

based" to "tenant-based" Section 8 payments. The 1997 Act provides, however, that no restructuring or renewal of HAP Contracts will occur if the owner of a project has engaged in material adverse financial or managerial actions with respect to that project or other federally assisted projects, or if the poor condition of the project cannot be remedied in a cost effective manner.

Although the primary focus of the Mark-to-Market Program is developments that have FHA-insured mortgages with terms ranging from 30 to 40 years and which have HAP Contracts with substantially shorter terms, the 1997 Act contains distinct mortgage restructuring and HAP Contract renewal and contract rent determination standards for Section 8 developments for which the primary financing or mortgage insurance was provided by a State or local government or a unit or instrumentality of such government. Except as noted below, such developments are, under the 1997 Act, excluded from restructuring and instead are eligible for renewals at the least of (i) existing rents, adjusted by an operating cost adjustment factor established by HUD, (ii) a budget-based rent, or (iii) in the case of certain "moderate rehabilitation" Section 8 assistance contracts, the least of (x) existing rents, adjusted by an operating cost adjustment factor established by HUD, (y) existing fair market rents (less any amounts allowed for tenant purchased utilities), or (z) comparable market rents for the market area.

Congress passed the "Preserving Affordable Housing for Senior Citizens and Families in the 21st Century Act" as part of HUD's Fiscal Year 2000 Appropriations Act (the "1999 Act"), which amended portions of the 1997 Act. Under the 1999 Act, Section 8 developments with FHA-insured mortgages for which the primary financing was provided by a unit of state or local government are subject to the Mark-to-Market program unless the implementation of a mortgage restructuring plan is in conflict with applicable law or agreements governing such financing. To the extent any such State and local government financed Section 8 developments with FHA-insured mortgages are determined not to qualify for the Mark-to-Market program, such developments would be treated in the same manner as other Section 8 developments, as discussed above, that do not have FHA-insured mortgages. To the extent any such Section 8 developments are determined to be eligible for the Mark-to-Market program, all or a portion of the debt for such developments may be prepaid as part of a restructuring agreement. The 1999 Act also provides for a new program for the preservation of Section 8 developments that allows increases in the Section 8 rent levels for certain Section 8 developments that have below-market rents, to market- or near market-rate levels. Contract rents under the 1997 Act, as amended, may be significantly lower than the current Section 8 contract rents in the Section 8 Developments, and the corresponding reduction in HAP Payments for such Developments would materially adversely affect the ability of the owners of such Developments to pay debt service on the related Loans. Any termination or expiration of HAP Contracts without renewal or replacement with other project-based assistance (whether due to enactment of additional legislation, material adverse financial or managerial actions by a Borrower, poor condition of the project or other causes) could also have a material adverse impact on the ability of the related Section 8 Developments to generate revenues sufficient to pay debt service on the related Loans.

For FHA-insured projects, a reduction in Section 8 contract rents or the termination or expiration of the HAP Contract (without renewal or replacement with other project-based assistance), as described in the previous paragraphs, could thus result in a default under the related Loan and claims for insurance benefits. The restructuring plans established by the 1997

Act, as a general matter, contemplate restructuring FHA-insured mortgage loans on certain Section 8 projects through a nondefault partial or full prepayment of such loans. Nondefault prepayment or similar forgiveness or write-down of mortgage debt pursuant to a restructuring of some or all of the Loans on the Section 8 Developments may result in the redemption of an allocable portion of the allocable Bonds at any time with the proceeds the Agency receives from any such prepayment, forgiveness or write-down.

In addition to possible restructuring of Loans on the Section 8 Developments as discussed above, the related loan documents may or may not include a prohibition against voluntary loan prepayments without the express written consent of the Agency. See Appendix C to this Part 2 – "Description of Developments and Loans Financed by the Prior Series Bonds." for certain information regarding the Section 8 Developments.

Certain of the Section 8 Developments have a Mortgage that is not covered by FHA or other mortgage insurance and also have a HAP Contract that expires prior to the maturity of such Mortgage. Following expiration, each such HAP Contract can be renewed for an additional term of between one and five years (20 years in the case of certain projects). Funding of these renewal HAP contracts (like funding of all renewal contracts under the Mark-to-Market Program) is subject to annual appropriation by Congress. For certain such Projects, in the event that the HAP Contract for a Section 8 Development were not to be renewed at the end of its term, or Congress did not appropriate funds for the renewal of HAP contracts generally, a Transition Operating Reserve is required, and would be available to cover any operating deficits during the project's expected transition from the Section 8 subsidy. See Appendix B to this Part 2 — "Description of Developments and Loans Allocable to the Offered Bonds" and Appendix C to this Part 2 – "Description of Developments and Loans Financed by the Prior Series Bonds."

PROGRAM PROCEDURES AND SERVICING

The following describes the Program as it currently is in effect and certain information relating to other Loans. Features of the Program are subject to change by the Agency. In addition, to the extent that the description of the Program set forth below reflects the current requirements of the Program, the Act, the Loans or HUD, these requirements are subject to change. Other Bonds issued pursuant to the General Indenture may be issued in accordance with the Program as it is in effect at the time such other Bonds are issued.

General

Under the Program, Loans are financed and serviced directly by the Agency as described below. The Loans may provide acquisition, rehabilitation and permanent financing for developments intended for occupancy by persons and families of low or moderate income. Under the Program as currently in effect (although not required by the Indenture), Borrower Loans are required to be in first-lien priority positions over other non-Agency project financing, subject to certain encumbrances, and are required to carry Risk Sharing Insurance. See Appendix B to this Part 2 — "Description of Developments and Loans Allocable to the Offered Bonds."

Developments are required to meet criteria established by the Agency, including the requirement that the Developments will not discriminate against possible tenants with Section 8 vouchers. Such criteria may provide for the direct financing by the Agency for the permanent financing of Developments in which at least 20% or 40% of the units, as the case may be, with respect to a particular Development, are to be occupied by persons or families whose income is generally not greater than 50% or 60%, respectively, as applicable, of the area median income adjusted for family size; provided, however, that in the event that the election is made to set aside 40% of the units as described above, 10% of the units must be restricted to occupants whose income is not greater than 50% of the area median income, adjusted for family size. (Compliance with the income limitation is measured by reference to "very low income," which income standards are determined by HUD.) The Agency requires these units to be rented at rents which, when added to the Agency approved utility expense allowance, do not exceed thirty percent (30%) of the income of a household earning fifty percent (50%) or sixty percent (60%), as applicable, of the area median income, adjusted for household size based on an assumed number of occupants depending on the number of bedrooms per unit. State law generally defines low income households as households whose income does not exceed eighty percent (80%) of the median income and very low income households as households whose income does not exceed fifty percent (50%) of median income. In some areas, the low and very low income household limits may be greater than or less than 80% (or 50%, as appropriate) of median income due to adjustments made by HUD to reflect unusually high or low construction costs or income in such areas. The Agency or other government entities may provide, for certain Developments intended for occupancy in whole or in part by low and very low income households, deferred payment loans secured by junior liens and other forms of financial assistance to finance a portion of the costs of such Developments. Appendix B of this Part 2 sets forth information about the Developments which are expected to be financed with proceeds of the Offered Bonds or which will be allocated to the Offered Bonds.

The Indenture permits, but does not require, that Loans made with the proceeds of Bonds be insured, including insurance by FHA under any of its insurance programs, or be in the form of a Mortgage-Backed Security.

Loan Processing

General. Each proposal for financing from a housing sponsor is subject to a review and evaluation procedure which, if successfully completed, results in a commitment for financing by the Agency. Additional processing involving the Agency, HUD, if applicable, the developer and the locality, if applicable, culminates in a loan closing and, if applicable, the commencement of the rehabilitation. The Agency has established various requirements and procedures intended to ensure the timely completion of the rehabilitation. After completion and occupancy, the Agency monitors the Development to ensure that the management of the Development complies with the applicable regulatory agreement and sound management practices.

Review and Commitment Procedures. The following review and commitment procedures are those currently being used by the Agency.

The Agency review process generally begins with the submission by a developer of an application accompanied by supporting materials and exhibits, including, but not limited to, an income loan analysis prepared by the developer or its consultant, providing an estimate of anticipated income generated from rents that can be substantiated in the market area where the proposed units will be built, acquired or rehabilitated; area and zoning maps together with applicable evidence of zoning compliance; a market study, which for developments with more than 20 units must be prepared by an independent third party; evidence of site control; information concerning the previous experience of each member of the development team; and a site plan.

Members of the Agency's staff review the suitability of the site for acquisition and/or rehabilitation, if applicable, environmental considerations, the extent of need for rental housing in the community and the experience of the prospective developer with rental Developments. This evaluation includes an inspection of site characteristics, surrounding land uses, availability of public transportation and utility systems, access to supporting public facilities and employment opportunities within the region, and the proximity of the site to recreation, health care, social amenities, shopping and educational facilities. Local planning requirements are reviewed to establish the extent of compliance of the proposed rehabilitation with existing zoning regulations. The Agency reviews current rent levels, vacancy rates and the extent of waiting lists for other comparable rental properties within the market area. Subsequently, based upon this evaluation, the staff of the Agency determines the suitability of the project concept. A concept meeting is then conducted among the developer, the development team and the Agency to discuss the economic, management and physical characteristics of the project and the Agency's processing and technical requirements.

Based upon the site evaluation, the loan application and the concept meeting, the staff of the Agency determines the suitability and feasibility of the project concept.

If the Agency and the developer agree to proceed with processing, the developer is required to supplement the application package with additional specific information pertinent to the Development. The acquisition and/or rehabilitation loan application package generally includes a site survey, management plan, marketing plan, marketing expense budget, operating expense budget, affirmative action plan and environmental site assessment.

At the time Agency staff determines that (i) the operating expense projections have been refined, (ii) development costs have been reviewed, (iii) the appraisal supports project value, and (iv) there is a commitment of other lender financing, if applicable, the project is brought before the Board of Directors or Agency Senior Staff (depending upon the dollar amount of the Loan) for authorization to issue a final commitment (the "Final Commitment"). Upon approval by the Board, the Agency evidences its Final Commitment in a letter to the developer setting forth the terms of the Final Commitment, including, as applicable, loan term, fees, construction loan amount, acquisition cost, rehabilitation cost, permanent loan amount, loan closing requirements, cash equity requirements and affirmative marketing plan requests. Upon all conditions of the Final Commitment being satisfied, the loan is closed.

Lending Program

The Agency expects to make Loans for Developments for which acquisition and/or rehabilitation financing is provided by the Agency. The Agency's construction inspectors will visit a Development site while construction is in progress. Loans may be provided with proceeds of taxable or tax-exempt bonds, or other Agency monies.

Preservation Loan Program. The Agency's Preservation Loan Program (also referred to herein as the Acquisition/Rehabilitation Loan Program) funds the acquisition and/or rehabilitation of the Development using its "as is" value. The scope of work is agreed upon between the Borrower and the Agency based on a third party report referred to as a "physical needs assessment." The acquisition and/or rehabilitation Loan may convert to a permanent Loan with the Agency at the same amount or an amount that is lower than the original Loan.

Projects eligible for this program are subject to Federal Davis-Bacon wage requirements. Projects are eligible for Agency acquisition and/or rehabilitation financing up to a maximum of 80% of rehabilitation cost, or 90% of restricted value (*i.e.*, the projected value of the Project after completion of planned rehabilitation, taking into account rent and occupancy restrictions), whichever is less.

The acquisition and rehabilitation Loan maturities will be up to 24 months, as determined by the Agency, depending primarily on the project's construction and rent-up schedules. The interest rate for acquisition and rehabilitation loans will be a fixed interest rate. Payments will be monthly, interest-only and may be capitalized and paid from reserves through the Rehabilitation Loan term, paid from cash flow or a combination of both. One six-month extension of an acquisition and/or rehabilitation loan is permitted, if necessary, with a charge of a percentage (historically 0.25% - 0.5%) of the loan. The fixed interest rate for such loan does not change during the extension period.

Acquisition and Rehabilitation Loans will generally be recourse to the Borrower, (typically an entity whose only asset is the related Development) during the Rehabilitation period, and all such loans are required to be secured by a first-lien deed of trust. Generally, non-Agency loans, leases, development and regulatory agreements must be subordinate to the Agency's Rehabilitation Loan documents. Additional security will be required in the form of a payment and completion guarantee, typically by the developer entity or the sponsor of the development, if different, in the amount of 100% of the Loan amount, accrued interest and any related payments due. Upon completion of rehabilitation but no later than permanent loan closing, the payment and completion guarantee will be released. The required amount of "additional security" may be decreased or increased in the Agency's sole discretion. The Agency may, in its sole discretion, require a letter of credit or cash deposit in the amount of 10% of the construction contract amount in lieu of the payment and completion guarantee. Assignment of rights under non-Agency financing or tax credit equity commitments, or both, will be required. The Agency must approve the selected contractor, based on the contractor's qualifications, experience and credit, and payment and performance bonds will be required at 100% of the contract price.

Loan Closing Procedures — Permanent Loan Closing. Upon completion of rehabilitation, a certificate of completion will be issued and the developer will submit a cost certification, which must be approved by the Agency. The relevant loan closing documents, which generally include a promissory note, deed of trust, financing statement and regulatory agreement, give the Agency a first-lien priority security interest in the real property, or an interest therein, and the construction in place. They also provide the Agency with the power to take possession of the Development upon default and foreclose and sell it if necessary. The Borrower is required to maintain adequate insurance and establish escrows for taxes and insurance. The Borrower is also required to provide a title insurance policy acceptable to the Agency and certifications from its architect and an opinion from its attorney that the Development conforms to all applicable laws, rules, regulations and codes. The Permanent Loan will be a fixed interest rate, and may be fully amortizing for up to 40 years or amortized over a 35 year period and due in 17 to 20 years. Additionally, the Permanent Loan may be prepaid after the later of (a) the fifteenth (15th) anniversary of the conversion of the Rehabilitation Loan to the Permanent Loan; or (b) the expiration of the tax credit compliance period (as defined in the Section 42(i)(1) of the Internal Revenue Code of 1986), as amended from time to time.

Loan Closing Procedures – Acquisition and/or Rehabilitation Loan Closing. Upon approval by the Agency of the plans and specifications of the Development and/or the Development manual, along with the construction line item budget, construction contracts with the general contractor, the architect and the engineer(s) (as appropriate to each Loan), financial sources and uses statements, zoning and title status and posting of appropriate payment and performance bonds, along with any other conditions precedent which the Agency deems as necessary, the Agency closes the acquisition and/or rehabilitation loan. The relevant loan closing documents are the promissory note (which typically but not always specifies new terms and amounts upon conversion from a acquisition and/or rehabilitation loan to a Permanent Loan), a deed of trust, financing statement, regulatory agreement and a Rehabilitation Loan Agreement. In general, the Acquisition/Rehabilitation Loan Agreement specifies requirements associated with conditions necessary for the funding of the Permanent Loan.

Management of Developments

The following management criteria are those currently required by the Agency:

Prior to Final Commitment, the Agency generally reviews the qualifications of the management agent proposed by the developer, including its management experience, its financial statements and references.

Initial Operating Budget. As soon as the number of units and gross rents have been established, and prior to Final Commitment, the developer and management agent prepare and submit a detailed operating budget projecting a typical 12 month operating expense period. This operating budget must be approved by the Agency and is the basis for the various reserves and impound accounts to be funded by the Borrower.

Development Financial Management and Financial Reporting Requirements. Before a Loan is funded, Agency staff reviews and evaluates the existing and/or projected occupancy levels for the related Development. Progress toward achieving a sustaining level of occupancy is a factor in determining the amount of required project reserves.

Commencing with the permanent funding of a Loan, the Agency requires monthly financial reports, audited financial statements and an annual operating budget. Annual physical inspections are made and occupancy compliance is reviewed. The Agency also sends monthly statements to Borrowers itemizing loan principal and interest, hazard insurance premiums, real property taxes, and replacement reserve payments.

Development Controls, Reserves and Insurance

Major areas of control exercised by the Agency as part of its supervision are described below. In appropriate cases, the Agency may waive or modify these controls. Certain of these controls may be applicable only to Developments which receive Section 8 assistance, and others may be applicable only, or potentially applicable only, to Developments financed with certain Bonds issued hereafter.

Equity Requirement. Under the Act as presently enacted, the maximum Loan to limited dividend Borrowers cannot be greater than ninety five percent (95%) of the total Development Costs, and the maximum Loan to public housing authorities and nonprofit Borrowers cannot be greater than one hundred percent (100%) of the total development costs authorized by law and approved by the Agency as reasonable and necessary ("Development Costs"). The Agency's current policy is to limit the loan to value ratio of Loans to the lesser of ninety percent (90%) of the replacement cost or eighty percent (80%) of the economic value of the related Development.

Return on Equity. Generally, the Agency will not limit the return on equity to Borrowers.

Title Insurance. A title insurance policy is required in the full amount of the Loan insuring title to, and the validity and enforceability of the lien of any priority on, the real property, or an interest therein securing such Loan.

Lien. The Loan is required to be secured by a lien of any priority (subject to permitted encumbrances acceptable to the Agency) on the Development. Generally, such liens will be first liens.

Insurance. Insurance policies on the Developments are required covering fire and other hazards, builder's risk, comprehensive liability and workers' compensation coverage. Certain Loans are required to be covered by earthquake insurance. The Agency currently has in force and intends to maintain, subject to the commercially reasonable availability of such insurance, for its multifamily housing developments (including the Developments), a $60 million earthquake and flood insurance policy subject to a deductible of five percent (5%) of the total insured value of each Development at the time of loss. The policy also includes rental interruption insurance covering a term of one year. The current policy expires November 9, 2015.

Rehabilitation Account. A reserve may be required by the Agency with respect to the rehabilitation of a Development to provide funds, subject to Agency approval, to be used, if necessary, to pay for the rehabilitation construction after all disbursements of Loan funds have been approved by the Agency and drawn by the Borrower. If there remains any excess funds in the Rehabilitation Account after rehabilitation has been completed and fully funded, then the use of such excess funds shall be determined by Agency in its sole and absolute discretion.

Vacancy Factor. In determining the economic feasibility of Developments, the Agency generally allows for a vacancy factor of between three and five percent or a rate that reflects an appropriate vacancy for the Development.

Debt Service Coverage. The Agency may establish a minimum debt service coverage ratio. "Debt service coverage ratio" is defined as the ratio of net income to debt service payments. "Net income" is defined as monthly payments to be made by tenants for the rental of the units located in a Development (excluding utilities) and any miscellaneous revenues and receipts from a Development, including drawdowns from any reserves or escrows provided by the Borrower to cover excesses of operating costs over gross rental income, less the required vacancy allowance (currently three percent to five percent) and operating expenses. "Debt service payments" is defined as total principal and interest payments on the Loan.

Rent Up Reserve. A reserve may be required by the Agency with respect to multi unit developments to supplement income during the initial rent-up period. The Agency will specify the maximum number of months of projected gross rental income of the Development that may be necessary. Monthly disbursements from the rent up account will be applied first to principal and interest payments on the Loan and then to required impounds. If funds remain in the rent up account after the number, specified by the Agency, of consecutive months in which gross rental income equals or exceeds operating expenses, such funds will be disbursed to the Borrower.

Operating Expense Reserve. The Agency may require that a separately funded operating expense reserve be established for each Development, to pay operating expenses not covered by gross rental income, the rent up account and the projected operating expense escrow, if any. Any such operating expense reserve would be funded by the Borrower from sources other than Development income in the form of cash or cash equivalents in an amount equal to a percentage

of the projected initial gross rental income per annum. The operating expense reserve may be required by the Agency to be maintained until two consecutive years have elapsed during which gross rental income is sufficient to meet all operating expenses, debt service payments and reserve requirements.

Replacement Reserve. After the completion of the Development, the Borrower is required to establish a replacement reserve by depositing amounts monthly with the Agency from sources other than proceeds of the Loan. Disbursements from the replacement reserve, which may be made only upon the approval or at the discretion of the Agency, are to be made for the purpose of replacing structural elements or equipment of the Development or for any other purpose consistent with maintaining the financial and physical integrity of the Development.

Impounds. The Borrower is required to pay to the Agency, each month on the day upon which monthly installments of interest and/or principal are due under the Loan, such amounts as the Agency estimates are necessary to create and maintain a fund from which to pay before the same become due, the next maturing taxes, assessments, levies, charges and insurance premiums with respect to the Development.

Fiscal Control. All rents and other revenues from a Development will be placed in a federally insured account and paid out only for specified purposes. The Agency will control all moneys in the various reserves and impounds required for the Development.

Loan Documents

Each Borrower Loan is evidenced by certain documents, including a promissory note (the "Promissory Note"), and secured by a deed of trust with assignment of rents (the "Deed of Trust") and a regulatory agreement (the "Regulatory Agreement"). Acquisition/Rehabilitation Loans have a Rehabilitation Loan Agreement which dictates the specific terms regarding disbursements of Loan Proceeds. In addition, for Loans related to Section 8 Developments, under a related Pledge Agreement, the Borrower assigns to the Agency all rights that the Borrower may have or acquire to the payments under the HAP Contract. These documents are collectively referred to as the "Loan Documents."

Promissory Note. The Promissory Note, payable to the order of the Agency, contains a provision which exculpates the Borrower or, if the Borrower is a partnership, any partner from personal liability on the Promissory Note, except during the rehabilitation period.

Deed of Trust. The Deed of Trust secures the Promissory Note and any additional indebtedness of the Borrower to the Agency and performance by the Borrower of all of the terms, covenants and conditions of the Promissory Note and the other Loan Documents. The Deed of Trust constitutes a lien of any priority (generally a first lien subject only to permitted encumbrances acceptable to the Agency) on the real property for the Development and contains an assignment by the Borrower of all rents, issues and profits of the mortgaged property. The Deed of Trust requires that the Borrower maintain certain types of insurance at such levels as the Agency specifies, and provides that the Agency may require that funds be deposited into escrow for payment of taxes, insurance premiums and other charges against the Development. Upon

default, the Agency has the power to take possession of and operate, and to foreclose upon and sell, the Development.

In the event that a Borrower defaults in the payments on a Loan and the Agency institutes foreclosure or other recovery proceedings, there are certain time periods which must expire before subsequent action may be taken. These delays may derive from the procedures applicable to insurance, as well as those required under California law for the enforcement of creditors' rights. California law is such that the Agency's rights (including its rights under a Promissory Note to payment of principal and interest) secured by a Deed of Trust may, under certain circumstances, only be enforceable by foreclosure on the Development. Thus, the Agency may not be able to sue the Borrower upon the Promissory Note without at the same time and in the same action foreclosing on the Development, and may not be able to sue for payments as they come due. The extent to which these restrictions apply to enforcement of rights other than to the payment of indebtedness, such as to actions to enforce other covenants of the Borrower, has not been definitely determined by California courts. However, the Agency may sue a Borrower to enforce regulatory covenants of the Borrower without in the same action foreclosing on the Development.

In order to obtain title to and possession of the property upon foreclosure, the Agency will normally pursue its rights under the power of sale contained in the Deed of Trust, subject to the constraints imposed by applicable California law. These constraints require that a period of approximately four months elapse between the filing of a formal notice of default and the exercise of the power of sale. During this period, the Borrower will be entitled to reinstate the Loan by making overdue payments. Since there may be a delay of several months after the initial default on a Loan before the notice of default is filed, the period for realizing upon a Deed of Trust could be in excess of seven months after the initial default. Shorter periods of time are possible, however, if the Borrower is willing to execute a deed in lieu of foreclosure or if the property has been abandoned and more rapid foreclosure is required to protect the property, provided such actions are in the best interest of the Agency. Additionally, California law imposes certain other procedural requirements which must be fully complied with if the Agency is to enforce its security interest in the Development. Under the terms of some Loan Documents, the Agency might have no personal recourse against a Borrower.

Regulatory Agreement. The Regulatory Agreement requires the Borrower to operate the Development in conformity with applicable laws, regulations and Program requirements. The Regulatory Agreement requires that each Borrower take such actions as are necessary to ensure that the required percentage of units occupied by very low income households is maintained. The Regulatory Agreement requires that the Borrower obtain a signed management contract with the management agent for the property prior to the loan closing. The management contract must include a provision allowing the Agency to require the Borrower to remove the management agent, with or without cause, upon 30 days' advance written notice (or immediately, at the option of the Agency, in case of a default by the Borrower). It must detail the management agent's responsibilities, including provisions as to maintenance, proof of insurance, collection of rents, enforcement of leases, funding of reserves and accounting. The management agent must furnish, at its own expense, a fidelity bond equal to one month's gross rent for the Development. The Regulatory Agreement also requires the Borrower to establish with the Agency various reserve funds. (See "Program Procedures and Servicing — Development Controls, Reserves and

Insurance.") In the event the Borrower violates any of the provisions of the Regulatory Agreement, and if such violation is not corrected to the satisfaction of the Agency within 30 days after mailing of notice by the Agency, the Agency may declare a default under the Regulatory Agreement. In the event of such a declaration of default, the Agency may declare all amounts evidenced by the Promissory Note to be immediately due and payable, take possession of and operate the Development on behalf of the Borrower, appoint a receiver to take over and operate the Development pursuant to the terms of the Regulatory Agreement or seek any other relief the Agency deems necessary.

LENDING PROGRAMS OF THE AGENCY

The Agency is currently operating the financing programs described below. For certain information regarding the indentures of the Agency, including the Indenture, see the financial statements attached as Appendix A to this Part 2.

Multifamily Housing Revenue Bond III Program. The Multifamily Housing Revenue Bond III Program provides for the construction and/or permanent financing of uninsured loans, loans insured by FHA or loans that underlie a mortgage-backed security for multifamily housing developments through the issuance of Multifamily Housing Revenue Bonds III. The Multifamily Housing Revenue Bonds III are general obligations of the Agency.

Homeownership Programs. The Agency has issued bonds pursuant to its Home Mortgage Revenue Bonds indenture to provide funds for the Agency to purchase eligible mortgage loans, and mortgage-backed securities backed by such mortgage loans, secured by first mortgage liens 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 lenders.

Conduit Financing for Affordable Multifamily Housing. The Agency has issued bonds to finance and refinance a number of affordable multifamily housing developments on a conduit basis, meaning that the bonds issued are special, limited obligations of the Agency, typically issued under a single stand-alone indenture for each development, payable only from revenues of the subject developments. The Agency takes no real estate or other credit risk with respect to such financings.

CERTAIN RECENT DEVELOPMENTS

The following provides a brief overview of certain recent developments concerning the Agency and the Program. The information set forth herein does not purport to be a complete description of all developments affecting the Agency or the security for the Offered Bonds. Additional information is set forth in "Certain Investor Considerations," below in this Part 2. For additional information pertaining to financial and operating information of the Agency, see Appendix A to this Part 2 – "Financial Statements of the Agency for the Fiscal Years Ended June 30, 2014 and 2013," and Appendix D to this Part 2 — "Certain Agency Financial Information and Operating Data."

Certain Recent Changes in the Agency's Financial Position

The Agency has in recent years executed various strategies to improve its financial position and the financial position of the Indenture. These efforts have yielded the following results, among others:

1. The outstanding principal balance of variable rate demand obligations under the Indenture that are supported by the Temporary Credit and Liquidity Program ("TCLP") sponsored by Fannie Mae, Freddie Mac, the Federal Housing Finance Agency and Treasury as part of the HFA Initiative, has steadily decreased from $686.5 million as of January 31, 2010 to $72.45 million as of February 1, 2015. The Agency expects to terminate the remaining outstanding TCLP under the Indenture on or around May 6, 2015, and to provide substitute credit support in the form of a letter of credit provided by Citibank, N.A. No assurance can be provided that such substitute credit support will be provided in such timeframe or that Citibank, N.A. will provide such substitute credit support.

2. Total net swap accruals for all of the Agency's fixed-payer interest rate swaps have steadily declined from $67 million for the six-month period from August 1, 2009 to January 31, 2010 (including payments through February 1, 2010) to $28.6 million for the six-month period from August 1, 2014 to January 31, 2015 (including payments through February 1, 2015). The total notional amount of all fixed-payer interest rate swaps of the Agency declined from $3.6 billion as of August 1, 2009 to $1.3 billion as of February 1, 2015; of this amount, the total notional amount of the Agency's fixed-payer interest rate swaps in respect of Bonds under the Indenture declined from $639 million as of August 1, 2009 to $474 million as of February 1, 2015.

3. The use of generally available funds of the Agency to pay net interest rate swap payments made in respect of the Agency's Home Mortgage Revenue Bonds has steadily declined from $54.9 million (for the six-month period from August 1, 2009 to January 31, 2010) to $18.6 million (for the six-month period from August 1, 2014 to January 31, 2015). See "Certain Investor Considerations ─ Agency General Obligation Support" below.

4. The Agency's obligation to post collateral under certain of its interest rate swap contracts has declined from its peak of $132 million at the end of January 2012. Between February 12, 2014 and February 18, 2015, the Agency's collateral posting requirements have ranged between $47 to $59 million.

5. Equity held under the Indenture has steadily increased from $72 million as of June 30, 2009 to $227 million as of June 30, 2014. The ratio of assets to

liabilities under the Indenture has increased from 106% to 144% over the same period. [1]

The Agency has pursued a number of strategies in furtherance of the results described above, including bond refundings, securitizations of whole loans, and use of prepayments of whole loans and excess revenues and income to redeem variable rate bonds. The Agency expects in the coming years to continue pursuing these and other strategies with the objective of improving its overall financial position in general, and in particular reducing the outstanding balance of its variable rate debt obligations and reducing its reliance on TCLP. No assurance can be given that such strategies will fully achieve their intended results.

Recent Ratings Actions

On December 19, 2013, S&P confirmed the Agency's issuer credit (i.e., general obligation) rating at A- and moved its rating outlook from negative to stable. At the same time, S&P provided a rating of "AA" with stable outlook for Multifamily Housing Revenue Bonds III. Previously, S&P's rating of Multifamily Housing Revenue Bonds III was based upon and equal to the Agency's issuer credit rating. On December 18, 2014, S&P upgraded its credit rating of Multifamily Housing Revenue Bonds III from "AA" to "AA+" with stable outlook. On February 28, 2014, Moody's affirmed the Agency's then current issuer rating at "A3", and revised the outlook on the issuer rating from negative to stable. On March 27, 2014, Moody's upgraded its Multifamily Housing Revenue Bonds III credit rating from "A3" to "A1" with stable outlook. Previously, Moody's rating of Multifamily Housing Revenue Bonds III was based upon and equal to the Agency's issuer rating. On February 12, 2015, Moody's again affirmed the Agency's issuer rating at "A3", and revised the outlook on the issuer rating from stable to positive.

CERTAIN INVESTOR CONSIDERATIONS

This section of this Official Statement describes certain factors and considerations that may affect the security for the Bonds, including the Offered Bonds, and the general credit of the Agency, including matters relating to the Agency's Home Mortgage Revenue Bond Indenture, variable rate bonds, interest rate swaps, the Insurance Fund, the Agency's other program commitments, economic conditions and government action, as discussed below. Potential investors should consider, among other matters, these factors and considerations in connection with any purchase of the Offered Bonds. The following discussion is not meant to present an exhaustive list of the risks associated with the purchase of any Offered Bonds (and other considerations that may be relevant to particular investors) and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors and considerations, along with all other information contained or incorporated by reference in this Official Statement, in evaluating whether to purchase the Offered Bonds. For

[1] Equity and asset to liability ratio figures are derived from the Agency's audited financial statements and do not reflect the impact of Government Accounting Standards Board Statement No. 53 ("GASB 53"), which generally requires certain derivative investments to be reported at fair market value for periods beginning after June 15, 2009.

additional information pertaining to financial and operating information of the Agency, see Appendix A to this Part 2 – "Financial Statements of the Agency for the Fiscal Years Ended June 30, 2014 and 2013" and Appendix D to this Part 2 — "Certain Agency Financial Information and Operating Data."

Agency General Obligation Support

The Agency has made certain discrete and limited financial commitments to the Agency's Home Mortgage Revenue Bond program that are payable from certain moneys of the Agency available in the California Housing Finance Fund (which is administered by the Agency) (the "Housing Finance Fund"). For example, the Agency makes net payments on certain interest rate swap agreements in respect of Home Mortgage Revenue Bonds ("Designated Hedges"), including payments, if any, owed upon termination of such Designated Hedges. Accordingly, as the Bonds are general obligations of the Agency, such commitments may, in certain circumstances, affect the financial condition of the Housing Finance Fund and, therefore, the security for the Bonds. For additional information pertaining to the Agency's commitments with respect to its Home Mortgage Revenue Bond program, see "CERTAIN RECENT DEVELOPMENTS – Certain Recent Changes in the Agency's Financial Position" above.

Risks Relating to Variable Rate Bonds

General. As of February 1, 2015, approximately $245.4 million principal amount of the Outstanding Bonds were variable rate (including auction rate) obligations. Approximately $93.2 million principal amount of such variable rate obligation Bonds bore interest at an auction rate or indexed rate or were otherwise not supported by a liquidity facility, including approximately $71.2 million principal amount of Bonds whose rates were intended to be determined by periodic auctions ("ARSs"). In addition, as of February 1, 2015, approximately $1.0 billion principal amount of the Agency's Home Mortgage Revenue Bonds were variable rate obligations, including approximately $448 million principal amount of bonds that bore interest at an indexed rate or that were otherwise not supported by a liquidity facility. None of the Agency's Home Mortgage Revenue Bonds are ARSs. Successful auctions with respect to ARSs generally have not been held since 2008, and such bonds currently bear interest at a calculated rate based on a multiple of the highest of certain financial indices. Any increase in such underlying indices in the absence of successful auctions would disproportionately increase the interest due on such bonds. From December 23, 2009 to November 19, 2014, except for bonds that bore interest at an indexed rate or that were otherwise not supported by a liquidity facility (such as ARSs), all of the Agency's variable rate bonds, including certain of the Bonds, were supported by a credit and liquidity facility provided by Fannie Mae and Freddie Mac (the "GSE Credit and Liquidity Facility") under TCLP. Participation in the TCLP requires the Agency to make certain programmatic covenants, applicable while the GSE Credit and Liquidity Facility remains in place, under a Reimbursement Agreement with Fannie Mae and Freddie Mac, including limitations on release of cash and assets from the lien of the Indenture that are more restrictive than those in the Indenture. The stated expiration date of the GSE Credit and Liquidity Facilities is December 23, 2015. On November 19, 2014, the Agency replaced the portion of the GSE Credit and Liquidity Facility relating to approximately $81.3 million variable rate bonds with letters of credit provided by JPMorgan Chase Bank, National Association ("JPMorgan Letters of Credit"). The Agency expects to substitute the remaining outstanding portion of the GSE Credit

and Liquidity Facility with one or more letters of credit to be provided by Citibank, N.A., on or around May 6, 2015. No assurance can be provided that such substitute credit support will be provided in such timeframe or that Citibank, N.A. will provide such substitute credit support.

Failure of Remarketings. Liquidity facility bonds that are not remarketed upon optional or mandatory tender, including mandatory tender upon expiration of a liquidity facility that has not been renewed or replaced, are purchased by the applicable liquidity provider and become "Bank Bonds." The Agency has not experienced any failed remarketings with respect to liquidity facility bonds since in December 2009.

Principal Payment Requirements for Bank Bonds. Under the terms of certain types of liquidity facilities and credit facilities, including the GSE Credit and Liquidity Facility and the JPMorgan Letters of Credit, a failure to successfully remarket certain Bank Bonds for a period of time will trigger "term out" provisions requiring such Bank Bonds to be redeemed in installments over periods varying from two to ten years, depending on the terms of the applicable facility. The GSE Credit and Liquidity Facility has a ten-year term-out period without required installments, but requires all Bank Bonds to have been retired by December 2022 (*i.e.,* by the end of the tenth year following the original expiration of the GSE Credit and Liquidity Facility). However, in all cases, including with respect to the GSE Credit and Liquidity Facility and the JPMorgan Letters of Credit, the obligation to redeem Bank Bonds subject to such term-out provisions is payable solely from amounts available under the Indenture for scheduled Principal Installments of the related Series and certain redemptions of Bonds of the related Series from Recoveries of Principal and excess Revenues and Income. Excess revenues generally cannot be released from the lien of the Indenture at any time when Bank Bonds are outstanding. The Agency has not structured the maturities and Sinking Fund Installments with respect to liquidity facility bonds assuming that such Bonds would become Bank Bonds and be subject to such mandatory redemption.

Rollover Risk with Respect to Liquidity Facilities. When Liquidity Facilities or Credit Facilities, including the GSE Credit and Liquidity Facility, the JPMorgan Letters of Credit, or other credit or liquidity facilities expire, the Agency may not be able to replace such facilities, or may only be able to replace them by paying significantly higher periodic liquidity facility fees. In the alternative, if no replacement facility is available, the related variable rate Bonds are subject to mandatory tender and the Agency may elect to cause such bonds to bear interest at an auction rate, a fixed interest rate or an indexed rate. If one of those alternatives is not implemented, the liquidity facility bonds are purchased by the applicable liquidity provider and become "Bank Bonds," which, if not successfully remarketed for a period of time, become subject to redemption as described above under "Principal Payment Requirements for Bank Bonds." Bank Bonds generally bear interest at higher rates than variable rate bonds that have been successfully remarketed. For example, Bank Bonds under the GSE Credit and Liquidity Facility will bear interest at a rate not less than the prime rate of JPMorgan Chase Bank, National Association, plus 2.0%. In addition, the periodic fee for the GSE Credit and Liquidity Facility and levels currently being quoted for replacement liquidity facilities are substantially higher than was assumed in the original cash flow statements for each series of bonds, which cash flow statements may also not have assumed Bond interest rates at Bank Bond levels. The Agency may not be able to renew or replace any facility supporting the variable rate Bonds, or may only

be able to renew or replace such facility by paying significantly higher periodic liquidity facility fees than originally anticipated.

Risks With Respect to Interest Rate Swaps

The Agency has entered into interest rate swap agreements relating to a portion of its variable rate bonds, in each case with one or more counterparties.

"Basis" Risk. The purpose of the Agency's swap agreements is to place the aggregate net obligation of the Agency with respect to the portion of the related program financed by such bonds on an approximately fixed-rate basis. Generally, the Agency's payments to the counterparty are determined on a fixed rate basis and the counterparty's payments to the Agency are determined on the basis of a variable index designed to match as closely as practicable the variable rates to be paid from time to time by the Agency on the related bonds. For a number of possible reasons, at any time the actual variable rate paid by the Agency on a series of bonds may be higher than the variable index determining the Agency's receipts under the related swap agreement. The risk of such a mismatch is commonly known as "basis risk." The reasons for basis risk include, but are not limited to, general market disruptions, unexpected or unusual changes in the relationship between taxable and tax-exempt rates, and financial problems encountered by the providers of Credit Facilities and Liquidity Facilities relating to such bonds (including credit rating downgrades) and other rating actions related to bonds. The original cash flow statements for variable rate bonds generally have assumed that the variable index with respect to a swap agreement would equal the actual variable rate paid on the related bonds and have not assumed any basis risk.

Termination Risk. "Termination Risk" is the risk that an interest rate swap must be terminated prior to its scheduled amortization under circumstances that would require a termination payment by one of the counterparties. The Agency's swap agreements provide for a number of termination "events," i.e., circumstances under which the swaps may or must be terminated early. Such events include, for example, a bankruptcy or payment default or a reduction in a counterparty's credit ratings with a failure of such counterparty to post sufficient collateral to offset its rating downgrade. If a termination is required, the swap valuation may determine both the amount of the termination payment and the counterparty required to make the termination payment. Termination payments, if any, made to the counterparties by the Agency under the swap agreements will be paid from other available funds of the Agency and not from Revenues pledged under the Indenture (except to the extent that any such Revenues are released to the Agency in accordance with the Indenture). Termination payments, if any, received by the Agency under the swap agreements related to the Bonds are pledged under the Indenture.

Posting of Collateral. Most of the Agency's swap agreements require that the parties to the agreements post collateral to secure their payment obligations under the agreements under certain circumstances. Each party is typically required periodically to post eligible collateral in favor of the other party (the "Secured Party") in the event that the termination payment that would be owed to the Secured Party if the agreement were terminated on the date of measurement exceeds a certain threshold established under the contract. These thresholds, which constitute the maximum uncollateralized exposure of either party to the other party, are scaled to be higher for higher-rated parties and lower for lower-rated parties. If collateral is required to be

posted, the swap valuation may determine both the amount of the collateral to be posted and the counterparty required to post the collateral. Reductions in the Agency's general obligation rating (currently A3 and A- from Moody's and S&P, respectively) could result in the Agency being required to post substantial amounts of collateral under its swap agreements, which could impair the liquidity of the Housing Finance Fund. The Agency cannot offer any assurances regarding future actions by the Rating Agencies or any collateral posting requirements that might result from such actions. See Part 1 – "RATINGS" for information specific to the ratings applicable to the Offered Bonds. See also "CERTAIN RECENT DEVELOPMENTS – Certain Recent Changes in the Agency's Financial Position" above for additional information pertaining to the Agency's obligation to post collateral under its interest rate swap contracts.

Principal Amount/Notional Amount Mismatch Risk. Variable rate bonds are generally subject to redemption with recoveries of principal and certain excess revenues and income. The notional amounts of the interest rate swaps relating to such bonds generally decline over time based on assumptions about the receipt of recoveries of principal on the mortgage loans relating to such bonds. Some, but not all, of the swaps also provide that the Agency may reduce the notional amount of such interest rate swaps without making any termination payment. The Agency has generally designed various features of each series of related bonds so that the principal amount of the variable rate bonds of a series equals the notional amount of the related interest rate swap over a range of actual mortgage loan prepayments. From time to time prepayments on the mortgage loans related to a swap are outside that range, resulting either in unhedged variable rate bonds or in the notional amount of the swap exceeding the principal amount of the related bonds.

Unhedged Variable Rate Bonds

As of February 1, 2015, approximately $1.3 billion of the Agency's outstanding bonds are variable rate obligations, including approximately $245 million of variable rate Bonds under the Indenture. In addition, the Agency's total notional amount of fixed-payer swaps outstanding is approximately $1.3 billion as of such date, including approximately $474.2 million total notional amount outstanding in respect of Bonds under the Indenture. The interest rates on such bonds may vary substantially, depending on market conditions, the credit quality of credit and liquidity providers and the success of the remarketing agent in remarketing bonds that are tendered for purchase. The original cash flow statements for Series with variable rate bonds may not have assumed interest rates as high as those actually experienced from time to time.

Risks Relating to the Insurance Fund

The Insurance Fund, a separate statutory fund administered by the Agency, provides mortgage insurance coverage for certain of the single-family mortgage loans held under the Home Mortgage Revenue Bonds Indenture (the "HMRB Indenture"). The Insurance Fund is the primary mortgage insurance provider for a substantial portion of the loans held under the HMRB Indenture. The Insurance Fund also provides supplemental coverage, as required by the HMRB Indenture, for the difference between the amount of any primary mortgage insurance for any mortgage loan and 50% of the outstanding principal balance of such Mortgage Loan.

The Agency previously provided, by way of contractual arrangement, support of the Insurance Fund's supplemental coverage obligations with respect to the HMRB Indenture. Such support is no longer in effect, and no further HMRB Indenture supplemental coverage indemnification payments are expected to be made by the Agency to the Insurance Fund.

On or about September 8, 2011, the Insurance Fund first depleted its funds available to pay claims and expenses. Subsequently, the Insurance Fund has applied its share of premiums received from policies still in force, together with any other available funds received, toward payment of the Insurance Fund's obligations on a "first-in, first-out" basis. The inability of the Insurance Fund to make timely payments of claims for primary mortgage insurance or supplemental coverage has led, and is expected to continue in the future to lead, to unreimbursed losses with respect to single-family mortgage loans.

Risks With Respect to Investment Securities

Funds and accounts under the Indenture are permitted to be invested in Investment Obligations. See "Summary of Certain Provisions of the General Indenture — Investment of Funds." If the obligor on an Investment Security should encounter financial problems, payments could be delayed or losses could occur.

As of December 31, 2014, approximately $14 million held in funds and accounts under the Indenture (approximately 25% of all moneys held in funds and accounts under the Indenture) were invested in investment agreements with providers rated "A" or better by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), and "Baa" or better by Moody's Investors Service, Inc. As of December 31, 2014, approximately $1 million held in funds and accounts under the Indenture (approximately 1% of all moneys held in funds and accounts under the Indenture) were invested in the U.S. Bank Open Commercial Paper account managed by U.S. Bank National Association. As of December 31, 2014, approximately $19 million held in funds and accounts under the Indenture (approximately 34% of all moneys held in funds and accounts under the Indenture) were invested in the Surplus Money Investment Fund ("SMIF"), a portion of the California Pooled Money Investment Account ("PMIA") managed by the Treasurer of the State of California. For more information regarding the investment guidelines governing PMIA, contact the Trustee. As of December 31, 2014, approximately $22 million held in funds and accounts under the Indenture (approximately 40% of all moneys held in funds and accounts under the Indenture) were invested in FNMA mortgage-backed securities.

Uncertainties in Financial Markets

Uncertainties, disruptions or volatility in the financial markets, including but not limited to, credit or liquidity provider credit rating downgrades, swap provider credit rating downgrades, defaults under swap agreements, substantial fund flows into or out of the market for variable rate bonds, government monetary and fiscal policy and other factors affect market rates for variable rate bonds and the rates on the Agency's variable rate bonds. Moreover, although the Agency, in the course of administering its programs, has established (including by means of provisions of the related indenture) a number of criteria that depend on the credit rating of a counterparty with whom the Agency may be dealing, such ratings reflect only the views of the respective rating agency and a high credit rating is not a guarantee of performance by such a counterparty.

Uncertainties in Mortgage and Real Estate Markets

The mortgage and residential real estate markets periodically face uncertainties that create risk for market participants, including the Agency. General market uncertainties that exist from time to time include interest rate volatility, changes in tolerance for credit risk, unavailability of certain mortgage products, decline or instability in residential real estate values, concerns about the financial health and market participation of Fannie Mae and Freddie Mac and other secondary mortgage market participants, changes in legislative requirements relating to mortgage lending disclosure and the exercise of mortgage remedies, the health of various financial institutions, insurance companies and other market participants and the health of the residential construction industry. Many sectors of the California residential real estate market have experienced, to varying degrees, increasing mortgage loan delinquency and foreclosure rates and declines in the market value of residences.

Risks Relating to Assumptions and Projections

Certain information in this Official Statement is based upon projections and assumptions about, among other things, the rate of prepayment of Mortgage Loans, the level of Mortgage Loan defaults, the interest rates on variable rate bonds, and the effectiveness of the Agency's hedging strategies with respect to variable rate bonds. In addition, the structuring of each series of bonds and the preparation of cash flow statements, as applicable, involves the making of similar projections and assumptions. These projections and assumptions are subject to risks and uncertainties, including risks and uncertainties outside the control of the Agency. The accuracy of such projections and assumptions is subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from such projections and assumptions. Differences in actual results from projections may be difficult to recognize in a timely manner for purposes such as the adjustment of requirements relating to single-family mortgage loans. Material differences could result in a variety of unpredictable consequences which could adversely affect the ability of the Agency to pay debt service on the Bonds.

Uncertainties With Respect to Additional Bonds or New Programs

Additional bonds of the Agency could be structured in ways that create additional risks. In addition, the Agency has reserved the right to implement new programs, by means of a new indenture, under which could be issued new bonds that are separately secured from bonds issued under existing indentures. Implementing such a new program may result in reduced flexibility to correct any cash flow problems that might materialize under the Indenture. Even without the creation and implementation of such new programs, a similar reduction in flexibility could result if issuances under the Indenture or other indentures of the Agency ceased.

Uncertainties Relating to Government Action

Possible Federal or State Legislation Relating to the Rights of Mortgagors. Congress and the State Legislature have enacted and could enact further legislation that adversely affect the timing and amount of the Agency's recoveries from mortgage loans and thereby adversely

affect the financial condition of the Housing Finance Fund and, in certain circumstances, the security for the Agency's bonds.

While the Due Process Clause of the United States Constitution protects against certain contract impairments by the federal government, the Due Process Clause may not adequately protect owners of bonds against adverse effects of federal legislation or action. The provisions of the United States Constitution discussed below under "Possible State Amendment of the Act," affording protection to the Owners of the Bonds against contract impairments by State action, do not apply to the federal government.

Possible State Amendment of the Act. The Act and the General Indenture include a pledge by the State that the State will not limit or alter the rights vested in the Agency to fulfill the terms of any agreements made with the Bondholders or in any way impair the rights and remedies of such holders until such Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully met and discharged. This provision of the Act affords limited but not complete protection for the owners of Bonds against amendment of the Act. Owners of the Bonds are entitled to the benefit of the prohibitions in Article I, Section 10, of the Constitution of the United States (the "Contract Clause") against a state's impairment of the obligation of contracts. The prohibition, although not absolute, is particularly strong when applied to the State's attempt to evade its own obligations. Similar protections are afforded by Article I, Section 9, of the State Constitution.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following statements are brief summaries, which do not purport to be comprehensive, of certain provisions of the Indenture.

Certain Defined Terms

"*Account*" means an account or fund created by or pursuant to the Indenture.

"*Accreted Value*" means, on any particular date of calculation with respect to any particular Bond the interest on which is not payable at least semiannually (except for an initial period not to exceed one year), an amount equal to the original reoffering price of such Bond compounded on each Interest Payment Date or Principal Installment Date for Bonds of the same Series at the Original Issue Yield for such Bond, less interest paid, as of the Interest Payment Date or Principal Installment Date next preceding such date of calculation.

"*Acquired Development*" means a Development constructed, owned, operated or administered by the Agency by reason of the Agency's obtaining possession thereof when the Borrower Loan with respect thereto is a Defaulted Loan.

"*Acquired Development Expense Requirement*" means such amount of money as may, from time to time, be determined by an Officer's Certificate to be necessary for the payment or

as a reserve for the payment of any costs and expenses incurred in connection with all Acquired Developments.

"*Acquired Development Receipts*" means all moneys received by the Agency in connection with Acquired Developments.

"*Bond*" means any bond or bonds, as the case may be, authorized under, secured by, and issued pursuant to, the General Indenture.

"*Bond Reserve Account Requirement*" means, as of any particular date of calculation with respect to any particular Series, the amount specified for such date of calculation in the related Series Indenture; which Requirement, as to any Series, may be satisfied by a letter of credit, surety bond or other source of moneys if so provided in the related Series Indenture.

"*Borrower*" means the owner of a Development and the direct or indirect obligor on a Borrower Loan.

"*Borrower Loan*" means a loan made, purchased or otherwise acquired with the proceeds of Bonds, with the proceeds of a Lender Loan or through a Mortgage-Backed Security for the construction or permanent financing of one or more Developments, and for which the obligation to repay is evidenced by a Note and secured by one or more Deeds of Trust, or a participation in such a Loan.

"*Business Day*" means any day other than (i) a Saturday, a Sunday or another day on which banking institutions in the State of California are authorized or obligated by law or executive order to be closed, (ii) a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed and (iii) with respect to any Series, a day upon which commercial banks are authorized or obligated by law or executive order to be closed in the city in which demands for payment are to be presented to any Credit Provider of such Series.

"*Capitalized Interest*" means interest to be paid or reserved from the proceeds of the issuance of Bonds or other amounts deposited by the Agency in the Program Account.

"*Costs of Issuance*" means items of expense payable or reimbursable directly or indirectly by the Agency and related to the authorization, sale and issuance of Bonds.

"*Counsel's Opinion*" means a written opinion, including supplemental opinions thereto, addressed to the Agency and signed by an attorney or firm of attorneys (who may be counsel for the Agency) acceptable to the Agency and the Trustee.

"*Credit Facility*" means any supplemental credit support or supplemental liquidity support for a Series.

"*Credit Provider*" means any person, firm or entity designated in a Series Indenture or Supplemental Indenture as providing supplemental credit support or liquidity support for a Series of Bonds.

"*Deed of Trust*" means a deed of trust or other instrument which constitutes a lien on real property and improvements thereon and secures the obligation to repay a Borrower Loan.

"*Defaulted Loan*" means any Loan described in an Officer's Certificate and stated to be in default in accordance with its terms.

"*Development*" means any residential structure, housing development, multifamily rental housing or mobile home park, financed by one or more Loans made, purchased or otherwise acquired with the proceeds of Bonds.

"*Escrow Payments*" means any payments made with respect to any Borrower Loan in order to obtain or maintain loan insurance, any subsidy and any fire or other hazard insurance and any payments required to be made with respect to any Borrower Loan for reserves or escrows for operating expenses or replacements or for taxes or other governmental charges or similar charges to be paid by a Borrower and required to be escrowed pending their application.

"*Fiduciaries*" means the Trustee and any Paying Agents and any other person identified as such by a Series Indenture.

"*Hedging Instrument*" means any interest rate, currency or cash-flow swap agreement, interest rate cap, floor or option agreement, forward payment conversion agreement, put, call or other agreement or instrument to hedge payment, interest rate, spread or similar exposure, which meets the requirements of the Indenture and which in each case is a general obligation of a counterparty whose general obligations at the time of execution of the Hedging Instrument are rated "A" or equivalent or better by each Rating Agency and is designated as a Hedging Instrument related to the Bonds.

"*HUD*" means the United States Department of Housing and Urban Development or its successor.

"*Interest Requirement*" means, as of any particular date of calculation, with respect to any particular Series Outstanding on such date of calculation, an amount equal to the sum of

(1) any previously unpaid interest then due on Outstanding Bonds of such Series (including any amount required to be reimbursed to any Credit Provider for payment of such interest), plus

(2) an amount equal to the interest accrued and unpaid on Outstanding Bonds of such Series as of such date of calculation, but not including the interest portion of the Accreted Value. For purposes of this definition as applied to Bonds bearing interest at a variable rate, any assumptions made in the calculation of interest in connection with the issuance of such Bonds shall be as set forth in the related Series Indenture, and any assumptions made in the calculation of interest in connection with the other matters arising under the Indenture shall be as set forth in the related Series Indenture or as set forth in an Officer's Certificate consistent with the related Series Indenture.

"*Investment Obligation*" means any of the following which at the time are lawful investments under the laws of the State for the moneys held under the Indenture then proposed to be invested therein:

(1) direct general obligations of the United States of America or of the State, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America, any federal agency of the United States of America, or the State;

(2) bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by Federal Land Banks or Federal Intermediate Credit Banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and Banks for Cooperatives established under the Farm Credit Act of 1933, as amended, bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, stock, bonds, debentures and other obligations of Fannie Mae or of the Government National Mortgage Association, established under the National Housing Act, as amended, bonds of any Federal Home Loan Bank established under said act, bonds, debentures and other obligations of the Federal Home Loan Mortgage Corporation guaranteeing timely payment of principal and interest, bonds, notes, and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended, except, in each case, securities evidencing ownership interests in specific portions of the interest on or principal of such obligations;

(3) commercial paper rated within the three highest Rating Categories of each Rating Agency and issued by corporations (a) organized and operating within the United States and (b) having total assets in excess of five hundred million dollars ($500,000,000);

(4) bills of exchange or time drafts drawn on and accepted by a commercial bank the general obligations of which are rated within the highest three Rating Categories by each Rating Agency, otherwise known as bankers acceptances, which are eligible for purchase by the Federal Reserve System, and negotiable certificates of deposit issued by a nationally or state-chartered bank or savings and loan association which are insured by federal deposit insurance, or which are issued by such an institution the general obligations of which are rated within the highest three Rating Categories by each Rating Agency;

(5) bonds, debentures, and notes issued by corporations organized and operating within the United States and rated within the highest three Rating Categories by each Rating Agency;

(6) repurchase agreements or reverse repurchase agreements with nationally recognized broker-dealers which are agreements for the purchase or sale of Investment Obligations pursuant to which the seller or buyer agrees to repurchase or sell back such securities on or before a specified date and for a specified amount, which seller or buyer has outstanding long-term indebtedness which is rated within the highest three Rating Categories by each Rating Agency;

(7) investment agreements with corporations, financial institutions or national associations within the United States the general obligations of which (or, if payment of

such investment agreement is guaranteed, the general obligations of the guarantor) are rated within the highest three Rating Categories by each Rating Agency;

(8) interest-bearing accounts in State or national banks or other financial institutions having principal offices in the State (including those of the Trustee or its affiliates) which, to the extent they are not insured by federal deposit insurance, are issued by an institution the general obligations of which are rated within the highest three Rating Categories by each Rating Agency;

(9) interests in any short-term investment fund (including those of the Trustee or its affiliates) restricted to investment in obligations described in any of clauses (1) through (5) of this definition, which are rated within the highest three Rating Categories by each Rating Agency;

(10) deposits in the Surplus Money Investment Fund referred to in Section 51003 of the Act; or

(11) other investment securities which will not cause any Unenhanced Rating on any Bonds to be reduced or withdrawn.

"*Lender*" means a financial institution which borrows money from the Agency in order to make, purchase or otherwise acquire a Borrower Loan.

"*Lender Loan*" means a loan made by the Agency to a Lender to finance one or more Borrower Loans, or a participation in such a loan made to a Lender.

"*Liquidity Facility*" means any Credit Facility, or that portion of any Credit Facility, under which amounts may be drawn or otherwise made available to provide moneys with which to purchase Bonds tendered pursuant to their terms by Bondholders prior to their respective maturity dates or dates fixed for redemption.

"*Liquidity Provider*" means any person, firm or entity designated in a Series Indenture or Supplemental Indenture as providing a Liquidity Facility.

"*Loan*" means a Borrower Loan or a Lender Loan or a Mortgage-Backed Security.

"*Loan Expenses*" means the cost of real estate taxes, appraisal fees, insurance fees, legal fees and any other expenses which may be required to maintain any priority of the Agency's lien, to protect or enforce the Agency's rights, or to maintain in full force and effect or realize the benefits of any insurance or guarantee, on or with respect to any Loan.

"*Loan Principal Prepayments*" means any amounts, other than Risk Sharing Reimbursements, received by the Agency or the Trustee representing recovery of the Principal Balance of a Loan (exclusive of amounts representing regularly scheduled principal payments) as a result of

(1) any voluntary prepayment of all or part of the Principal Balance of a Loan, including any prepayment, fee, premium or other such additional charge;

(2) the sale, assignment or other disposition of a Loan (including assignment of a Loan to collect upon mortgage insurance, if any);

(3) the acceleration of a Loan (for default or any other cause) or the foreclosure or sale under a Deed of Trust or other proceedings taken in the event of default of such Loan; and

(4) compensation for losses incurred with respect to such Loan from the proceeds of condemnation, title insurance or hazard insurance.

"*Loan Reserve Account Requirement*" means, as of any particular date of calculation with respect to any particular Series, the amount specified for such date in the related Series Indenture, which Requirement, as to any Series, may be satisfied by a letter of credit, surety bond or other facility if so provided in the related Series Indenture.

"*Mortgage-Backed Security*" means a pass-through certificate, mortgage participation certificate or other mortgage-backed security issued by or in the name of, and guaranteed as to timely payment of principal and interest by, the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association or the Government National Mortgage Association or, in each case, any successor federally-sponsored association or agency, registered or recorded in book-entry form in the name of the Trustee or the Agency, and backed by or representing an undivided interest in one or more Borrower Loans, or a participation interest in any of the foregoing types of securities.

"*Original Issue Yield*" means, with respect to any particular Bond, the original issue yield to maturity of such Bond from the initial date of delivery of such Bond, calculated on the basis of semiannual compounding on the Interest Payment Dates and Principal Installment Dates for Bonds of the same Series.

"*Principal Amount*" means, as of any particular date of calculation with respect to any particular Bonds, the sum of (a) the principal amount as of such date of calculation of such Bonds not having an Accreted Value, plus (b) the Accreted Value as of such date of calculation of such Bonds having an Accreted Value.

"*Principal Balance*" means, with respect to each Loan, the unpaid principal balance

thereof.

"*Principal Installment*" means, as of any particular date of calculation and with respect to any particular Series Outstanding on such date of calculation and with respect to any particular future date, an amount of money equal to the sum of (1) the Principal Amount of Outstanding Bonds of such Series which mature on such future date, reduced by the aggregate Principal Amount of such Outstanding Bonds of such Series which would at or before such future date cease to be Outstanding by reason of the application of Sinking Fund Installments at or before said future date, and (2) the amount of any Sinking Fund Installment payable on such Series on such future date.

"*Principal Installment Date*" means, with respect to any particular Series of Bonds, any date on which a Principal Installment with respect to such Series is required to be made.

"*Principal Requirement*" means, as of any particular date of calculation, with respect to any particular Series Outstanding on such date of calculation, an amount equal to the sum of (1) any previously unpaid Principal Installment of such Series then due (including any amount required to be reimbursed to any Credit Provider for payment of such Principal Installment) and (2) the portion of each Principal Installment for such Series that is to have been transferred to the Bond Account assuming ratable transfer (in proportion to the number of months elapsed) over the Principal Payment Period for such Bonds ending on the date such Principal Installment is due.

"*Rating Agency*" means, at any particular time with respect to any particular Series, any nationally recognized credit rating service designated by the Agency for such Series, if and to the extent such service has at the time one or more outstanding ratings of such Series. The Agency shall at all times have designated for each Series at least one such service as a Rating Agency for the Series.

"*Rating Category*" means one of the general rating categories of a Rating Agency (in the case of long-term securities only, without regard to any refinement or graduation of such category by numerical or symbolic modifier or otherwise).

"*Revenues*" means amounts received by the Agency or the Trustee

(1) as or representing payment or recovery of the principal of or interest on any Loan, including, without limiting the generality of the foregoing, scheduled payments of principal and interest on any Loan and paid from any source (including both timely and delinquent payments and any late charges) and Loan Principal Prepayments,

(2) any fees paid with respect to any Loan and expressly designated for deposit under the Indenture,

(3) amounts paid under any Deed of Trust or other Loan document as damages or reimbursement of expenses or otherwise,

(4) all Acquired Development Receipts,

(5) all amounts so designated by any Supplemental Indenture and required by such Supplemental Indenture to be deposited in the Revenue Account,

(6) all interest, profits or other income derived from the investment of amounts in any Account, and

(7) amounts received by the Agency or the Trustee under any Hedging Instrument;

but "Revenues" shall not include

(a) Escrow Payments,

(b) any amounts representing reimbursement to the Agency of advances of principal of or interest or expenses incurred by the Agency in connection with the collection or recovery of principal, or interest on, or other amounts due under, any Loan,

(c) the proceeds of hazard insurance to the extent used to repair or rebuild a damaged Development,

(d) servicing fees, insurance premiums, closing fees, finance charges, administrative fees, commitment fees or other similar fees, premiums or charges imposed by the Agency,

(e) amounts deposited in an Agency Payment Account, or

(f) amounts derived from any Credit Facility.

"*Risk Sharing Insurance Payments*" means amounts paid by HUD under the Risk Sharing Act representing initial claim payments (less any delinquent mortgage insurance premiums, late charges and interest or other amounts as may be assessed by HUD) in connection with an insurance claim with respect to a Loan.

"*Risk Sharing Reimbursement*" means moneys which, under the regulations applicable to the loan insurance provided pursuant to the Risk Sharing Act, are required to be paid to HUD following HUD's payment of an insurance claim with respect to a Loan, including but not limited to:

(a) that portion of an initial claim payment by HUD in excess of the amount necessary to retire Bonds which financed or are deemed by the Agency to have financed the related Loan;

(b) Loan payments by a Borrower after payment of an insurance claim by HUD with respect to such Loan, up to an amount equal to that amount due to HUD; and

(c) that portion of the proceeds from the foreclosure of the related Loan equal to the amount due HUD.

"*Secured Obligations*" means

(1) the obligation of the Agency to pay the principal of, and the interest and premium, if any, on, all Bonds according to their tenor, and the performance and observance of all the Agency's covenants and conditions in the Bonds and the Indenture;

(2) each obligation of the Agency to reimburse-a Credit Provider for amounts drawn on or paid pursuant to a Credit Facility for the payment of obligations described in clause (1) of this definition, and the performance and observance of all the Agency's

covenants and conditions in any documents executed by the Agency in connection with a Credit Facility; and

(3) the payment and performance of all obligations of the Agency pursuant to any Hedging Instrument entered into with respect to all or any portion of the Bonds and specified as such in any Series Indenture;

but "Secured Obligations" shall not include any obligation of the Agency to purchase Bonds tendered prior to their maturity date or redemption date or to reimburse any Liquidity Provider for amounts drawn on or made available pursuant to a Liquidity Facility for the payment of any such purchase obligation.

"*Series*" or "*Series of Bonds*" means all Bonds of like designation authenticated and delivered on original issuance at the same time pursuant to a Series Indenture and any Bond or Bonds thereafter delivered in lieu of or as substitution for any of such Bonds pursuant to the General Indenture.

"*Series Indenture*" means any Supplemental Indenture authorizing the issuance of a Series and entered into between the Agency and the Trustee in accordance with the General Indenture.

"*Sinking Fund Installment*" means the amount of money required by or pursuant to the Indenture to be paid by the Agency on any single date toward the retirement of any particular Term Bonds of any particular Series on or prior to their respective stated maturities.

"*State*" means the State of California.

"*Supplemental Indenture*" means any indenture entered into between the Agency and the Trustee amending or supplementing the General Indenture in accordance with the provisions of the General Indenture.

"*Tax Certificate*" means each Tax Certificate, if any, dated the date of issuance and delivery of a Tax-Exempt Series, executed and delivered by the Agency, as amended, supplemented or otherwise modified from time to time.

"*Unenhanced Rating*" means with respect to any particular Bonds, the Agency's unsecured general obligation bond rating assigned by each Rating Agency for such Bonds or, if the Agency does not have an unsecured general obligation bond rating, the long term credit rating, if any, assigned to such Bonds by each Rating Agency for such Bonds assuming that there were no Credit Facility for such Bonds.

Establishment and Application of Accounts

The General Indenture creates and establishes the Program Account, Revenue Account, Bond Account, Bond Reserve Account, Loan Reserve Account, Redemption Account, Acquired Development Account, Rebate Account, Agency Payment Account and Bond Purchase Account. In addition, other Accounts may be established by a Series Indenture for each Series of Bonds.

Revenue Account. All Revenues shall be deposited in the Revenue Account upon receipt, except that Loan Principal Prepayments shall be credited to the Redemption Account or under certain circumstances to the Program Account; income earned on amounts in the Bond Reserve Account and the Program Account will be deposited as herein described; Acquired Development Receipts shall be deposited in the Acquired Development Account; an amount of interest received with respect to an Investment Obligation equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Obligation shall be credited to the Account from which such accrued interest was paid; and amounts received in respect of any Hedging Instrument shall be credited as specified by the Agency in a Supplemental Indenture or an Officer's Certificate. Notwithstanding the preceding sentence, the Agency may transfer Revenues directly to any investment agreement provided for credit to an Investment Obligation held in the name of the Agency and the Trustee or otherwise use such Revenues to purchase any other Investment Obligation to be held in trust for the benefit of the holders of all Secured Obligations. On or before each Interest Payment Date, the Trustee shall, out of the moneys then held in the Revenue Account, credit the following Accounts or make the following payments, in the following order of priority, the requirements of each such Account or party (including the making up of any deficiencies in any such Account or payment resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of credit or payment to be satisfied, and the results of such satisfaction being taken into account, before any credit or payment is made subsequent in priority:

(1) To pay any Trustee, Paying Agent and Credit Provider fees and charges then due and payable, together with any fees and expenses of any tender agent, remarketing agent or other fiduciary for the Bonds, and, as directed by an Officer's Certificate, to make each required rebate deposit, if any.

(2) To the Bond Account, to the extent necessary to increase the balance thereof so that it equals the sum on such day of (a) the Interest Requirements for all Series (when added to amounts to be charged to the Program Account to pay Capitalized Interest) and (b) the Principal Requirements for all Series.

(3) To the Bond Reserve Account, to the extent necessary to increase the amount therein to the sum of the Bond Reserve Account Requirements for all Series, if any.

(4) To the Loan Reserve Account, to the extent necessary to increase the amount therein to the sum of the Loan Reserve Account Requirements for all Series.

(5) To the Redemption Account or the Program Account, such amount as may be requested by an Officer's Certificate.

(6) To the Agency, free and clear of the lien of the Indenture, such amount as may be requested by an Officer's Certificate stating that after such transfer

(a) the sum of the amounts in

(i) the Program Account (including the aggregate Principal Balance of all Loans but excluding amounts reserved to pay Costs of Issuance and Capitalized Interest),

(ii) the Bond Reserve Account (not including the amounts of any surety

(iii) the Loan Reserve Account (not including the amounts of any surety bonds),

(iv) the Bond Account (to the extent to be used to pay Principal Installments),

(v) the Redemption Account (not including any amounts being held to pay Bonds that are to be paid but are no longer deemed Outstanding),

(vi) any supplementary reserve account created by a Supplemental Indenture (but only to the extent provided by such Supplemental Indenture), and

(vii) the Revenue Account (not including any amounts necessary to pay interest or Principal Installments on the Bonds on the next Interest Payment Date),

plus the present value (discounted on a semiannual basis at the composite yield of the then Outstanding related Bonds) of any additional Revenues pledged by the Agency under the Indenture, is equal to or greater than an amount equal to the Principal Amount of all then Outstanding Bonds; and

(b) Revenues pledged under the Indenture are projected to be sufficient to pay all Secured Obligations when due.

Notwithstanding the foregoing, the Trustee shall pay from the Revenue Account to the counterparty of any Hedging Instrument such amount as shall be due from the Agency or the Trustee thereunder, as specified in the related Series Indenture or Officer's Certificate consistent with the related Series Indenture, in such order of priority with respect to clauses (2) through (6) above as may be specified in such Series Indenture or Officer's Certificate.

Pursuant to a Supplemental Indenture, dated as of December 1, 2003, Revenues, upon receipt thereof, may be invested in Investment Obligations in the name of the Agency and held in trust for the benefit of the holders of all Secured Obligations.

Bond Account. The Trustee shall charge the Bond Account, on or prior to each Interest Payment Date, an amount equal to the unpaid Principal Installments and interest due on the Bonds on such Interest Payment Date, and shall cause the same to be applied to the payment of such interest and Principal Installments when due or to reimburse any Credit Provider which has advanced moneys to pay such interest and/or Principal Installments. The Trustee is authorized to withdraw funds from the Bond Account and transmit funds to the Paying Agents in order to make such payments.

When the amount in the Bond Account is greater than the balance required to be maintained therein, such excess amounts shall either be retained in such Account or, upon request of the Agency in an Officer's Certificate, credited to the Revenue Account.

In the event that the amount credited to the Bond Account is insufficient to pay interest when due or a Principal Installment on the Bonds when due, the Trustee shall immediately notify the Agency of such insufficiency and give the Agency the option to immediately transfer moneys to the Bond Account (from sources other than Revenues and other assets pledged under the Indenture) equal to all or any portion of the amount of such insufficiency. If all or any portion of the insufficiency remains after such notification, the Trustee shall credit to the Bond Account the amount of the insufficiency, after the Revenue Account charges described above, by charging the following Accounts in the following order of priority:

(1) the Revenue Account;

(2) the Redemption Account, except that no such charge shall be made from moneys to be used to effect a redemption for which notice of redemption has been provided;

(3) the Program Account if and to the extent requested by the Agency;

(4) the Loan Reserve Account, to the extent provided in the Indenture; and

(5) the Bond Reserve Account, to the extent provided in the Indenture.

Agency Payment Account. If, following transfers described above under "Revenue Account" and the last paragraph under "Bond Account," there are not sufficient moneys to pay all interest and Principal Installments due and payable on any one or more Series, the Trustee shall again immediately notify the Agency in writing of the amount of such insufficiency and shall request from the Agency an immediate deposit of legally available moneys equal to the aggregate such insufficiency. The Agency shall pay to the Trustee (from the Agency's other moneys legally available therefor, subject only to any agreements with the holders of other obligations of the Agency pledging any particular assets, revenues or moneys), for deposit in the Agency Payment Account the amount of the insufficiency. If the aggregate amount provided by the Agency is less than the aggregate amount of such insufficiency, any shortfall shall be allocated pro rata among the holders of the Bonds in proportion to the amounts then due and payable on such Bonds.

Amounts deposited with the Trustee by the Agency as described in the immediately preceding paragraph shall be deposited into the Agency Payment Account. Amounts in such Account shall only be used to pay interest or Principal Installments due and payable on the Bonds. When the amount in the Agency Payment Account is greater than the amount required therein, any excess amount shall either be retained in such Account or, upon the request of the Agency in an Officer's Certificate, be paid to the Agency.

Bond Reserve Account. If at any time there shall not be a sufficient amount in the Bond Account to pay interest or Principal Installments then coming due on the Bonds, and in the event that any amounts credited from the Revenue Account, the Redemption Account (to the extent of

moneys with respect to which notice of redemption has not been given), the Program Account (if and to the extent requested by the Agency) and the Loan Reserve Account (to the extent provided in the Indenture) are insufficient to make up such deficiency, the Trustee shall charge the Bond Reserve Account and credit the Bond Account the amount of the deficiency then remaining. The Trustee shall immediately notify the Agency in writing of any such charge of the Bond Reserve Account.

The income realized from the investment or deposit of moneys attributable to the Bond Reserve Account shall be credited to the Revenue Account, subject to the provisions of the Act in effect at the time. When the balance of the Bond Reserve Account is greater than the sum of the Bond Reserve Account Requirements for all Series, such excess shall either be retained in such Account or, upon the request of the Agency in an Officer's Certificate, credited to the Redemption Account or the Revenue Account. Revenues deposited in the Bond Reserve Account may be used to reimburse draws on letters of credit, surety bonds or other facilities in the Bond Reserve Account if and to the extent that such reimbursement results in a commensurate increase in the amount of available coverage provided under the respective letter of credit, surety bond or other facility.

The amount of available coverage provided under any letter of credit, surety bond or other facility attributable to the Bond Reserve Account shall be included in calculating the amount credited to such Account, except for purposes as described in clause (6) above under "Summary of Certain Provisions of the Indenture — Establishment and Application of Accounts — Revenue Account."

Loan Reserve Account. If at any time there shall not be a sufficient amount credited to the Bond Account to pay interest or Principal Installments then becoming due on the Bonds, and in the event that the amount credited from other Accounts is not sufficient to make up such deficiency, the Trustee shall charge the Loan Reserve Account and credit the Bond Account the amount of the deficiency then remaining. Revenues deposited in the Loan Reserve Account may be used to reimburse draws on letters of credit, surety bonds or other facility in the Loan Reserve Account if and to the extent that such reimbursement results in a commensurate increase in the amount of available coverage provided under such letter of credit, surety bond or other facility.

The amount of coverage provided under any letter of credit, surety bond or other facility attributable to the Loan Reserve Account shall be included in calculating the amount credited to such Account, except for purposes as described in clause (6) above under "Summary of Certain Provisions of the Indenture — Establishment and Application of Accounts — Revenue Account."

Redemption Account. Bonds are required to be purchased or redeemed by the Trustee with moneys credited to the Redemption Account upon instructions from the Agency (which must be delivered within ten days after receipt by the Agency of any moneys representing Risk Sharing Insurance Payments, or such longer or shorter period as may be appropriate in order for the Agency to comply with the Risk Sharing Act) determining or certifying the following:

(1) The Series to be purchased or redeemed;

(2) The maturities and tenors within such Series from which Bonds are to be purchased or redeemed;

(3) The Principal Amount of Bonds within such maturities and tenors to be purchased or redeemed;

(4) If any of the Bonds to be purchased or redeemed are Term Bonds, the years in which related Sinking Fund Installments are to be reduced and the amount by which the Sinking Fund Installments so determined are to be reduced, provided that the aggregate amount of such reductions in Sinking Fund Installments shall equal the aggregate Principal Amount of Term Bonds to be purchased or redeemed;

(5) That upon purchase or redemption of Bonds pursuant to the determinations made under the provisions of clauses (1) through (4) above (other than pursuant to Sinking Fund Installments), there shall be either no material adverse effect on the ability of the Agency to pay all Secured Obligations when due or after such purchase or redemption Revenues and other amounts then pledged under the Indenture are projected to be sufficient to pay the Secured Obligations when due; and

(6) The amount and source of funding for any Risk Sharing Reimbursement that may be required to be repaid to HUD.

Notwithstanding the preceding paragraph, any Loan Principal Prepayments that have been credited to the Redemption Account for a period exceeding six months shall be applied by the Trustee to purchase or redeem Bonds of the related Series.

Acquired Development Account. Upon receipt of an Officer's Certificate in the form required by the Indenture, the Trustee shall charge the Acquired Development Account and pay the costs or expenses incurred in connection with an Acquired Development as specified in such certificate. Payments from the Acquired Development Account shall be made upon a request of the Agency in an Officer's Certificate which states, with respect to each payment, that the amount of such payment, added to the amount of all previous payments made with respect to the specified Acquired Development during the current period for which an Acquired Development Expense Requirement has been established by the Agency for that Acquired Development, does not exceed such Acquired Development Expense Requirement.

When the balance of the Acquired Development Account is greater than the Acquired Development Expense Requirement, the excess amount shall be credited to the Revenue Account.

Bond Purchase Account. A Series Indenture may create one or more subaccounts within the Bond Purchase Account for the purpose of holding amounts to be used to purchase related Bonds tendered by Bondholders pursuant to the terms of such Series Indenture. Such subaccounts shall be held in trust by the Fiduciary designated by such Series Indenture for the purposes specified by such Series Indenture. Amounts in the Bond Purchase Account are not pledged by the Indenture as security for the payment of Secured Obligations; and the term "Secured Obligations" shall not include any obligation of the Agency to purchase Bonds tendered prior to their maturity date or redemption date or to reimburse any Liquidity Provider

for amounts drawn on or made available pursuant to a Liquidity Facility for the payment of any such purchase obligation.

Program Account. Each Series Indenture authorizing the issuance of a Series of Bonds, excepting Bonds which are issued as Refunding Bonds, shall establish a separate subaccount in the Program Account and specify the amount of Bond proceeds to be deposited therein. Except as otherwise provided in the Indenture, moneys in a subaccount of the Program Account shall be used solely for the financing of Loans (including accrued interest thereon), redemption of Bonds by operation of the Redemption Account, payment of Costs of Issuance, and payment of Capitalized Interest. The income realized from the investment or deposit of moneys attributable to a subaccount of the Program Account shall be credited to the Revenue Account unless retained in any such subaccount at the request of the Agency in an Officer's Certificate or unless so provided in the related Series Indenture.

In the event that there are amounts remaining in a subaccount of the Program Account derived from Bond proceeds three years after the issuance of the related Series, or such earlier or later date as may be provided in the Indenture or the related Series Indenture, such amounts (excluding amounts continuing to be reserved for the financing of Loans and for the payment of Capitalized Interest and Costs of Issuance) shall be transferred to the Redemption Account; *provided, however,* that such transfer may be to a different Account or subaccount specified by an Officer's Certificate or such date of transfer may be extended under certain circumstances as provided in the Indenture.

Pursuant to a supplemental indenture, dated as of September 1, 2002, between the Agency and the Trustee, the Agency may take possession of any subaccount of the Program Account, upon request of the Agency; provided that the Agency shall administer and invest the funds on deposit in such subaccount and otherwise take all actions, as may be necessary for the Trustee to comply with its responsibilities under the Indenture.

Loan Principal Prepayments

Loan Principal Prepayments shall be credited to the Redemption Account, unless the Agency files with the Trustee an Officer's Certificate directing the Trustee to credit all or any portion of such Loan Principal Prepayments to another Account or subaccount and stating that

(1) either

(a) such crediting will have no material adverse impact on the Agency's ability to pay all Secured Obligations when due, or

(b) after such crediting, Revenues and other amounts then pledged under the Indenture are projected to be sufficient to pay all Secured Obligations when due, and

(2) such crediting is not in violation of any related Series Indenture or, to the extent applicable, the Risk Sharing Act.

Investment of Funds

Moneys attributable to the Accounts, on instructions confirmed in writing by the Agency, shall be invested by the Trustee in Investment Obligations; *provided, however,* that moneys attributable to the Revenue Account and the Program Account may be invested in Investment Obligations in the name of the Agency and held in trust for the benefit of the holders of all Secured Obligations.

Covenants

Under the Indenture the Agency covenants, among other things, as provided below:

The Agency shall not cause any Bonds to be purchased or redeemed other than pursuant to Sinking Fund Installments unless either

(1) such purchase or redemption has no material adverse effect on the ability of the Agency to pay all Secured Obligations when due or

(2) after such purchase or redemption, Revenues and other amounts then pledged under the Indenture are projected to be sufficient to pay the Secured Obligations when due.

The Agency may consent to a modification of, or modify, the rate or rates of interest on, or the amount or time of payment of any installment of principal of or interest on, any Loan or the security for or any terms or provisions of any Note or Deed of Trust unless such modification materially adversely affects the ability of the Agency to pay all Secured Obligations when due or to realize the benefits of any applicable insurance.

In the event that a Loan becomes a Defaulted Loan, the Agency shall promptly identify such Loan to the Trustee and state the principal amount then due on the Loan and any other information reasonably requested by the Trustee, all as more fully described in the Indenture. The Agency shall take all steps, actions and proceedings reasonably necessary to recover the balance due and to become due on a Defaulted Loan or to realize the benefit of any insurance of such Loan or guarantee thereof, including but not limited to the prompt filing of notices of default, claims payment and extensions for filing claims with HUD pursuant to the Risk Sharing Act.

The Agency may not sell or otherwise transfer a Loan unless either

(A) such sale or transfer has no material adverse impact on the ability of the Agency to pay all Secured Obligations when due or

(B) after such sale or transfer Revenues and other amounts then pledged under the Indenture are projected to be sufficient to pay all Secured Obligations when due.

The Agency may exchange any Borrower Loan for a Mortgage-Backed Security relating to such Loan.

Upon the occurrence of an Event of Default under the Indenture and upon written request of the Trustee or the Holders of not less than twenty-five percent (25%) in Principal Amount of the Outstanding Bonds, the Agency shall assign any or all of the Loans held by the Agency to the Trustee; provided, however, if the Trustee and the Bondholders are restored to their positions in accordance with the Indenture, the Trustee shall assign such Loans back to the Agency.

The Agency has covenanted to keep and maintain proper books of record and account in which complete and accurate entries will be made of all its transactions relating to the Bonds, the Loans and the Accounts. The Indenture requires that such books be open for inspection at reasonable times by the Trustee, any Credit Provider and any Holders of not less than five percent (5%) in Principal Amount of Bonds then Outstanding.

Additional Obligations

No obligation of the Agency shall be created or issued by the Agency which is secured by a charge or lien prior to or on a parity with the lien of the Indenture on the Revenues or other security for the Bonds other than additional parity Bonds under the Indenture, except that the Agency may enter into any Hedging Instrument with respect to all or any portion of the Bonds or any agreements with a Credit Provider pursuant to which payments from the Agency may be secured on a parity with the Bonds.

No additional Series of Bonds shall be issued subsequent to the issuance of the initial Series of Bonds under the Indenture unless, among other things, the conditions described above under "Security for the Bonds — Additional Bonds" are satisfied.

Amendments

A Series Indenture or Supplemental Indenture may be entered into by the Agency and the Trustee without the consent of any Credit Provider or the owners of the Bonds to:

(1) Provide for the issuance of a Series and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed which are not contrary to or inconsistent with the Indenture;

(2) Close the Indenture against, or provide limitations and restrictions in addition to those contained in the Indenture on, the issuance of future Bonds or of other notes, bonds, obligations or evidences of indebtedness;

(3) Add to the covenants or agreements contained in the Indenture to be observed by the Agency, which are not materially adverse to the interests of the Bondholders or any of the Credit Providers;

(4) Add to the limitations or restrictions contained in the Indenture or surrender any right, power or privilege reserved to or conferred upon the Agency, provided that such actions are not inconsistent with the provisions of the Indenture;

(5) Surrender any right, power or privilege reserved to or conferred upon the Agency in the General Indenture, provided that the surrender of such right, power or privilege is not

contrary to or inconsistent with the covenants and agreements of the Agency contained in the Indenture;

(6) Confirm any pledge under and the subjection to any lien or pledge created or to be created by the Indenture of Revenues or any other moneys, securities or funds;

(7) Appoint a successor Fiduciary;

(8) Cure any ambiguity, supply any omission, or cure any defect or inconsistent provision in the Indenture;

(9) Insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not materially adverse to the interests of the Bondholders or any Credit Provider;

(10) Provide for the issuance of bearer Bonds or coupon Bonds, registrable as to principal, subject to any applicable requirements of law;

(11) Provide for the issuance of book-entry form Bonds or to modify the provisions with respect thereto;

(12) Modify, amend or supplement the Indenture or any Supplemental Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute in effect or under any state securities registration or "blue sky" law;

(13) Make any other change which does not materially adversely affect the interests of the Bondholders or any Credit Providers; or

(14) Make any other change in the Indenture, including any change otherwise requiring the consent of the Bondholders under the Indenture, if such change affects only Bonds which are subject to mandatory or optional tender for purchase and if

(i) with respect to Bonds subject to mandatory tender, such change is effective as of a date for such mandatory tender, and

(ii) with respect to Bonds subject to tender at the option of the holders thereof, notice of such change is given to such holders at least thirty days before the effective date thereof.

Any other modification or amendment of the Indenture and of the rights and obligations of the Agency and of the Holders of the Bonds, in any particular, may be made by a Supplemental Indenture with the written consent of each- Credit Provider and the Holders of at least fifty percent (50%) in Principal Amount of the Bonds Outstanding at the time such consent is given; *provided, however,* that (i) if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series, maturity and tenor remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds

for amendment purposes under the Indenture and (ii) if so provided by the related Series Indenture, the consent of the Credit Provider for a Series shall be deemed to be the consent of the holders of one-hundred percent (100%) in Principal Amount of the Bonds Outstanding of such Series; and *provided, further,* that no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds or of any installment of interest thereon or a reduction in the Principal Amount or the Redemption Price thereof or the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages of Bonds the consent of the Holder of which is required to effect any such modification or amendment, or permit the creation of a lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien of the Indenture, or deprive the holders of the Bonds of the lien created by the Indenture upon such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Holders of all Bonds then Outstanding. Nothing under this subheading shall be interpreted as prohibiting the Agency from modifying or amending the terms of any Bond with the consent of the Holder of such Bond if such modification or amendment has no material adverse effect on the interests of any Credit Provider or of any other Bondholder.

Events of Default

Each of the following shall constitute an Event of Default under the Indenture:

(i) if interest on any of the Bonds shall not be paid when due, or any Principal Installment or redemption premium, if any, of any of the Bonds shall become due on any date, and shall not be paid when due, whether at maturity or upon call for redemption; or

(ii) if a default shall be made in the observance or performance of any covenant, contract or other provision contained in the Bonds or the Indenture and such default shall continue for a period of ninety (90) days after written notice to the Agency from the Holders of at least five percent (5%) of the Principal Amount of the Bonds Outstanding at such time or from the Trustee specifying such default and requiring the same to be remedied; or

(iii) if there shall have been entered an order or decree, by a court having jurisdiction in the premises, for relief against the Agency in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Agency or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and such order or decree shall have continued unstayed and in effect for a period of sixty (60) consecutive days; or

(iv) if there shall have been instituted or commenced by the Agency a voluntary case under any applicable bankruptcy, insolvency, receivership or other similar law now or hereafter in effect, or the Agency shall have consented to the entry of an order for relief against it in any involuntary case under any such law, or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Agency or of any substantial part of its property, or the Agency

shall have made an assignment for the benefit of creditors, or failed generally to pay its debts as they become due, or admitted in writing such failure, or shall have taken any action in the furtherance of any such action; or

(v) if the State has limited or altered the rights of the Agency pursuant to the Act, as amended to the date of the Indenture, to fulfill the terms of any agreements made with the Holders of Bonds or in any way impaired the rights and remedies of Holders of Bonds prior to the time such Bonds, together with the interest thereon and with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully met and discharged.

Remedies

Upon the occurrence and continuation of any Event of Default under the Indenture, the Trustee shall give notice of such Event of Default to each Credit Provider. After notice to the Agency, the Trustee may, and upon the written request of any Credit Provider or of the Holders of not less than twenty-five percent (25%) in Principal Amount of the Bonds then Outstanding the Trustee must, proceed to protect and enforce any rights of the Trustee and, to the full extent that the Holders of such Bonds themselves might do, the rights of such Bondholders under the laws of the State or under the Indenture by such of the following remedies as the Trustee shall deem most effectual to protect and enforce such rights:

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Holders of Bonds, including the right to require the Agency to receive and collect Revenues adequate to carry out the pledge, the assignments in trust and the covenants and agreements made in the Indenture, and to require the Agency to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(2) by bringing suit upon the Bonds;

(3) by action or suit in equity, to require the Agency to account as if it were the trustee of an express trust for the Holders of Bonds;

(4) by realizing or causing to be realized through sale or otherwise upon the security pledged under the Indenture; and

(5) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of Bonds.

No Holder of any Bond shall have the right to institute any proceedings for any remedy under the Indenture unless:

(i) following the occurrence of an Event of Default the Trustee, after being requested in writing to institute such proceedings by any Credit Provider or by the Holders of not less than twenty-five percent (25%) in Principal Amount of the Bonds

then Outstanding, and after having been offered satisfactory indemnity, shall have refused or neglected to comply with such request within a reasonable time or

(ii) such Holder obtains the previous consent of the Trustee and such proceeding is brought for the ratable benefit of all Holders of all Bonds.

Subject to the terms of the Indenture, in the event that at any time the moneys credited to the Bond Account and any other funds held by the Agency or Fiduciaries available for the payment of interest or principal or Redemption Price then due with respect to Bonds shall be insufficient for such payment, such moneys and funds (other than funds held for the payment or redemption of particular Bonds as provided in the Indenture) shall be applied as follows:

First: To the payment of the fees, costs and expenses of the Trustee (including the fees and expenses of counsel) in declaring such event of Default and pursuing remedies;

Second: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference, or to reimburse any Credit Provider for amounts advanced for payment thereof; and

Third: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order in which they become due and payable, and, if the amount available shall not be sufficient to pay in full all the Bonds so due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference, or to reimburse any Credit Provider for amounts advanced for payment thereof.

Right to Direct Proceedings

Upon the occurrence of an Event of Default under the Indenture, the Holders of a majority in Principal Amount of the Bonds then Outstanding, subject to the limitations described in the first paragraph under "Remedies" above, by an instrument in writing executed and delivered to the Trustee, shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee; *provided, however,* that such direction shall not be otherwise than in accordance with the provisions of law and shall not involve the Trustee in personal liability or be unjustly prejudicial to Bondholders not parties to such direction.

Defeasance

Bonds for the payment or redemption of which

(i) moneys or specified securities of the United States Government, any federal agency or the State have been deposited with the Trustee in an amount together with interest paid thereon sufficient to pay when due the principal or Redemption Price, if

applicable, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, or

(ii) the Credit Provider for such Bonds shall have consented to such redemption and shall have agreed to advance amounts sufficient to provide the amount described in the preceding clause (i)

shall be deemed to have been paid, provided that, if any of such Bonds are to be redeemed prior to the maturity thereof, provision satisfactory to the Trustee shall have been made for giving notice of such redemption.

The Trustee

U.S. Bank National Association is appointed as Trustee under the Indenture for the purpose of receiving all moneys which the Agency is required to deposit with the Trustee, to hold in trust, allocate, use and apply the same as provided in the Indenture and otherwise to hold all the offices and to perform all the functions and duties provided in the Indenture to be held and performed by the Trustee.

The Agency may remove the Trustee upon 30 days' prior written notice at any time, unless an Event of Default shall have occurred and be continuing under the Indenture, and shall remove the Trustee if requested to do so by an instrument in writing signed by the Holders of not less than a majority in aggregate Principal Amount of the Bonds then Outstanding or if the Trustee becomes ineligible under the Indenture. The Trustee may at any time resign, as provided in the Indenture, and upon such resignation the Agency shall appoint a successor Trustee. Any removal or resignation of the Trustee and appointment of a successor Trustee shall not become effective until acceptance of appointment by the successor Trustee and each Credit Provider has been transferred to such successor Trustee. Any Trustee shall be a bank or trust company, having trust powers, doing business and having an office in California, having capital and surplus aggregating at least seventy-five million dollars ($75,000,000) and subject to supervision or examination by federal or state authority.

APPENDIX A

FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

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(A Component Unit of the State of California)

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INDEPENDENT AUDITORS' REPORT

Board of Directors
California Housing Finance Fund
Sacramento, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of Matter

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

Emphasis of Matter Regarding a Correction of an Error

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
October 13, 2014

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

Introduction – The California Housing Finance Agency

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

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

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

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

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

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

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

Summary of Financial Results 2014-2013

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

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

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

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

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

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

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

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

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

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

Condensed Financial Information:

Condensed Schedule of Assets, Liabilities, and Net Position

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

Condensed Statement of Net Position

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

Assets

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

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

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

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

Cash and Investments

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

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

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

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

Liabilities

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

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

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

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

Bonds Payable

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

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

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

Net Position

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

Revenues, Expenses, and Changes in Net Position

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

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

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

Operating Revenues

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

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

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

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

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

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

Operating Expenses

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

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

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

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

Operating Loss before Transfers

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

Summary of Financial Results 2013-2012

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

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

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

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

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

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

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

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

Condensed Financial Information:

Condensed Schedule of Assets, Liabilities, and Net Position

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

Condensed Statement of Net Position

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

Assets

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

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

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

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

Cash and Investments

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

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

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

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

Liabilities

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

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

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

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

Bonds Payable

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

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

Net Position

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

Revenues, Expenses, and Changes in Net Position

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

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

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

Operating Revenues

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

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

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

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

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

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

Operating Expenses

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

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

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

Operating Loss before Transfers

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

Economic Factors

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

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

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

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

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

Request for Information

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

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

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

See notes to financial statements.

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

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

See notes to financial statements.

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

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

See notes to financial statements.

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Note 1 – AUTHORIZING LEGISLATION AND ORGANIZATION

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

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

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

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

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

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

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

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

Programs and accounts are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 3– PRIOR-PERIOD ADJUSTMENTS

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

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

Note 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

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

Note 5 – INVESTMENT RISK FACTORS

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

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

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

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

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

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

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

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

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

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

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

Note 6 – PROGRAM LOANS RECEIVABLE

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

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

Note 7 – ALLOWANCE FOR PROGRAM LOAN LOSSES

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

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

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

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

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

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

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

Swaps

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

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

Swaps

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

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

Swaps

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

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

Swaps

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*Includes Basis Swap.

Note 9 – NONMORTGAGE INVESTMENT AND MORTGAGE YIELD

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

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

Note 10 – PENSION PLAN AND OTHER EMPLOYEE BENEFITS

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

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

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

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

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

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

Note 11 – COMMITMENTS

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

Note 12 – LEASES

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

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

Note 13 – ARRANGEMENTS WITH THE MORTGAGE INSURANCE FUND

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

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

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

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

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

Note 14 – LITIGATION

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

Note 15 – RELATED PARTY TRANSACTIONS

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

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

Note 16 – SUBSEQUENT EVENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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APPENDIX B
DESCRIPTION OF DEVELOPMENTS AND LOANS ALLOCABLE TO THE OFFERED BONDS

Name of Development	Location (City and County)	Permanent Loan Origination Date	Total Development Cost	Original Permanent Loan Amount	Number of Units	Projected Outstanding Permanent Loan Balance April 24, 2015		Existing Loan Interest Rate	Existing Maturity Date	HAP Contract Expiration Date	FHA Insurance	Occupancy Rate	DCR	Audit Year	Average DCR of Last 3 Audit Years
Loans Transferred to 2015 Series A (previously financed by Multifamily Housing Revenue Bonds III 1997 Series A Bonds)															
Arbor Terraces	San Jose, Santa Clara		$ 8,773,267	$ 4,450,000	86	$ 3,097,542		6.75%	January 1, 2029	N.A.	Risk-Share	98%	2.35	2013	2.20
Ashwood Village Apts.	Modesto, Stanislaus		9,047,029	5,040,000	120	4,018,114		6.75%	April 1, 2034	N.A.	Risk-Share	97%	1.55	2013	1.70
Cordova Village	Chula Vista, San Diego		4,354,083	2,174,800	40	1,726,325		6.75%	February 1, 2034	N.A.	Risk-Share	99%	1.36	2013	1.24
Lark Ellen	West Covina,		13,870,580	5,600,000	122	4,778,648		6.75%	January 1, 2038	N.A.	Risk-Share	100%	1.32	2013	1.32
	Los Angeles			130,000		0		6.75%							
Panas Place	Santa Rosa,		9,864,710	3,316,000	66	2,884,564		6.75%	January 1, 2040	N.A.	Risk-Share	95%	1.31	2013	1.32
	Sonoma			1,360,000		0		6.75%							
Parkside Glen	San Jose, Santa Clara		24,074,558	14,200,000	180	9,992,580		6.75%	April 1, 2029	N.A.	Risk-Share	100%	2.29	2013	1.72
Pecan Court	Napa,		3,538,477	1,070,000	25	934,405		6.75%	April 1, 2040	N.A.	Risk-Share	95%	1.14	2013	1.10
	Napa			515,000		0		6.75%							
Renwick Square	Elk Grove, Sacramento		9,871,471	6,000,000	150	4,752,163		6.75%	January 1, 2034	N.A.	Risk-Share	90%	1.15	2013	1.49
Schoolhouse Court	Napa,		2,840,530	770,000	14	669,817		6.75%	January 1, 2040	N.A.	Risk-Share	97%	1.25	2012	1.22
	Napa			500,000		0		6.75%							
Stonegate Apts.	San Jose, Santa Clara		17,404,276	10,225,000	120	7,470,292		6.75%	March 1, 2030	N.A.	Risk-Share	98%	1.56	2013	1.50
Villa Savannah (1)	San Jose, Santa Clara		19,901,082	6,784,200	140	4,956,473	(1)	6.75%	March 1, 2030	N.A.	Risk-Share	99%	1.58	2013	1.55
	Subtotals		$ 123,540,063	$ 62,135,000	1063	$ 45,280,924									
Loans Transferred to 2015 Series A (previously financed by Multifamily Housing Revenue Bonds III 1998 Series A Bonds)															
Bermuda Gardens	San Leandro, Alameda		$ 6,238,630	$ 2,985,000	80	$ 2,103,148		6.45%	August 1, 2029	N.A.	Risk-Share	87%	1.20	2013	1.10
Britton Street (2)	San Francisco,		17,690,213	2,810,000	92	185,500	(2)	6.00%	December 1, 2015	N.A.	Risk-Share	99%	0.94	2013	1.00
	San Francisco			3,150,000		0		6.00%							
Center Pointe Villas (3)	Norwalk, Los Angeles		18,606,940	780,000	240	661,387	(3)	6.05%	December 1, 2037	N.A.	None	99%	2.22	2013	2.17
Hookston Manor	Pleasant Hill, Contra Costa		8,517,261	4,250,000	101	3,016,862		5.90%	May 1, 2030	N.A.	Risk-Share	99%	1.20	2013	1.26

Name of Development	Location (City and County)	Permanent Loan Origination Date	Total Development Cost	Original Permanent Loan Amount	Number of Units	Projected Outstanding Permanent Loan Balance April 24, 2015		Existing Loan Interest Rate	Existing Maturity Date	HAP Contract Expiration Date	FHA Insurance	Occupancy Rate	DCR	Audit Year	Average DCR of Last 3 Audit Years
Owl's Landing	Livermore,		14,942,706	4,800,000	72	3,939,536		6.35%	January 1, 2036	N.A.	Risk-Share	99%	1.31	2013	1.33
	Alameda			2,230,000		0		6.35%							
Park Place Apts.	Van Nuys,		9,543,406	4,600,000	142	3,406,392		5.90%	June 1, 2031	N.A.	None	98%	1.68	2013	1.67
	Los Angeles			200,000		0		6.20%							
Rancho Carrillo Family Apts.	Carlsbad, San Diego		15,121,294	7,060,000	116	5,735,623		6.05%	January 1, 2036	N.A.	Risk-Share	96%	1.73	2013	1.74
Tahoe Valley Townhomes	S. Lake Tahoe, El Dorado		6,527,497	2,610,000	70	1,851,230		6.20%	January 1, 2030	N.A.	Risk-Share	97%	1.10	2013	0.97
West Oaks Apts.	Santa Rosa,		7,599,096	2,925,000	53	2,525,983		6.50%	January 1, 2040	N.A.	Risk-Share	97%	1.29	2013	1.29
	Sonoma			830,000		0		6.50%							
Windmere II	Davis,		5,898,754	2,075,000	58	1,662,116		6.35%	January 1, 2035	N.A.	Risk-Share	97%	1.23	2013	1.21
	Yolo			795,000		0		6.35%							
	Subtotals		$ 110,685,797	$ 42,100,000	1024	$ 25,087,778									
Loans Transferred to 2015 Series A (previously financed by Multifamily Housing Revenue Bonds III 1998 Series B Bonds)															
The Arbors	Hercules,		$ 8,669,332	$ 3,397,600	60	$ 1,949,939		5.90%	March 1, 2025	N.A.	Risk-Share	99%	1.31	2013	1.26
	Contra Costa			805,000		0		5.90%							
Brannan Court	Sacramento, Sacramento		2,400,000	1,980,000	40	611,562		9.95%	November 1, 2018	N.A.	None	92%	1.45	2014	1.42
CCBA Senior Garden	San Diego,		4,499,370	1,950,000	45	1,544,752		6.05%	January 1, 2035	N.A.	Risk-Share	98%	1.22	2013	1.32
	San Diego			320,000		0		6.05%							
Center Pointe Villas (3)	Norwalk, Los Angeles		(3)	11,200,000	(3)	9,496,857	(3)	6.05%	December 1, 2037	N.A.	None	99%	2.22	2013	2.17
Farley Place	Belvedere, Marin		1,250,772	636,000	11	427,520		7.50%	August 1, 2028	N.A.	None	100%	1.17	2014	1.11
Gravenstein North Apts.	Sebastopol, Sonoma		1,951,890	1,715,000	42	461,379		7.50%	August 1, 2018	N.A.	None	98%	1.55	2013	1.62
The Lakes	Selma, Fresno		2,524,137	1,800,000	39	1,092,298		7.25%	December 1, 2025	N.A.	Risk-Share	95%	1.38	2013	1.47
Lincoln Gardens	Woodland, Yolo		2,199,580	1,500,000	66	976,249		7.50%	February 1, 2028	N.A.	None	96%	2.09	2013	1.93
Meadow Glen Apts.	Pittsburg, Contra Costa		1,965,300	1,088,000	32	761,015		7.50%	July 1, 2030	N.A.	None	87%	2.62	2013	2.92
Mercy Village Folsom	Folsom,		5,461,078	2,350,000	81	1,457,327		3.50%	January 1, 2030	N.A.	Risk-Share	95%	1.27	2013	1.36
	Sacramento			164,500		0		3.50%							

Name of Development	Location (City and County)	Permanent Loan Origination Date	Total Development Cost	Original Permanent Loan Amount	Number of Units	Projected Outstanding Permanent Loan Balance April 24, 2015		Existing Loan Interest Rate	Existing Maturity Date	HAP Contract Expiration Date	FHA Insurance	Occupancy Rate	DCR	Audit Year	Average DCR of Last 3 Audit Years
Montebello Senior Villas	Montebello, Los Angeles		14,717,780	4,000,000	160	2,906,428		5.90%	December 1, 2030	N.A.	Risk-Share	99%	2.40	2013	2.55
Montevista Apts.	Milpitas, Santa Clara		41,758,802	22,698,100	306	19,672,293		6.75%	October 1, 2039	N.A.	Risk-Share	97%	1.47	2013	1.46
Northstar Apts.	Davis,		4,359,629	1,010,000	36	723,289		6.75%	September 1, 2029	N.A.	Risk-Share	95%	1.50	2013	1.40
	Yolo			855,000		0		6.75%							
Ridgeview Commons	Pleasanton, Alameda		17,040,442	9,360,000	200	5,813,721		5.50%	October 1, 2029	N.A.	None	100%	1.03	2013	1.20
Stone Pine Meadow	Tracy,		9,112,831	2,335,000	72	2,044,294		6.75%	June 1, 2040	N.A.	Risk-Share	100%	1.22	2013	1.00
	San Joaquin			1,937,000		0		6.75%							
Storke Ranch	Isla Vista,		3,126,221	1,462,000	36	1,201,850		6.75%	July 1, 2035	N.A.	Risk-Share	99%	1.05	2013	1.14
	Santa Barbara			59,000		0		6.75%							
Swan's Market	Oakland,		3,396,589	1,015,000	18	681,061		6.75%	October 1, 2040	N.A.	Risk-Share	100%	1.07	2013	1.09
	Alameda			240,000		240,000		3.00%	October 1, 2040	N.A.	None				
				730,000		0		6.75%							
Villa Maria Apts.	San Diego,		5,018,917	2,265,000	37	1,843,750		6.75%	February 1, 2035	N.A.	None	96%	1.19	2013	1.71
	San Diego			415,000		0		6.75%							
Villa Savannah (1)	San Jose, Santa Clara		(1)	5,170,800	(1)	3,777,738	(1)	6.75%	March 1, 2030	N.A.	Risk-Share	99%	1.58	2013	1.55
Village Place	San Diego, San Diego		1,774,875	1,200,000	47	757,984		6.00%	October 1, 2027	N.A.	Risk-Share	99%	2.56	2013	2.12
Villaggio I	Carson,		13,821,217	4,915,000	84	4,308,504		6.75%	July 1, 2040	N.A.	Risk-Share	99%	1.42	2013	1.30
	Los Angeles			1,720,000		0		6.75%							
Villaggio II	Carson,		10,242,139	3,951,000	65	3,463,459		6.75%	July 1, 2040	N.A.	Risk-Share	99%	1.38	2013	1.27
	Los Angeles			990,000		0		6.75%							
	Subtotals		$ 155,290,901	$ 95,234,000	1477	$ 66,213,270									
Loans Transferred to 2015 Series A (previously financed by Multifamily Housing Revenue Bonds III 1998 Series C Bonds)															
Corinthian House	Campbell, Santa Clara		$ 3,812,420	$ 2,426,500	104	$ 915,925		7.25%	May 1, 2021	April, 2021	FHA	86%	1.27	2014	1.12
Morse Court	Sunnyvale, Santa Clara		1,991,213	1,767,200	35	1,350,148		5.40%	September 1, 2035	N.A.	Risk-Share	100%	2.65	2014	2.46
Ocean Park Villas	Santa Monica, Los Angeles		1,730,007	1,557,000	24	937,279		9.05%	November 1, 2023	August, 2009	None	100%	2.77	2014	2.77

Name of Development	Location (City and County)	Permanent Loan Origination Date	Total Development Cost	Original Permanent Loan Amount	Number of Units	Projected Outstanding Permanent Loan Balance April 24, 2015		Existing Loan Interest Rate	Existing Maturity Date	HAP Contract Expiration Date	FHA Insurance	Occupancy Rate	DCR	Audit Year	Average DCR of Last 3 Audit Years
Sycamore Square	Hayward, Alameda		2,693,421	1,576,864	26	1,180,899		5.70%	December 1, 2031	September, 2013	None	97%	1.91	2013	2.03
Villa Jardin	Sacramento, Sacramento		692,000	692,000	43	388,169		6.20%	September 1, 2024	N.A.	Risk-Share	87%	0.75	2013	0.82
	Subtotals		$ 10,919,061	$ 8,019,564	232	$ 4,772,420									
Loans Transferred to 2015 Series A (previously financed by Multifamily Housing Revenue Bonds III 1999 Series A Bonds)															
Breezewood Village	La Mirada, Los Angeles		$ 14,869,199	$ 4,153,000 3,400,000	122	$ 3,527,503 0		6.05% 6.05%	January 1, 2038	N.A.	None	100%	1.69	2013	1.68
Britton Street (2)	San Francisco, San Francisco		(2)	1,331,600	(2)	87,904	(2)	6.00%	December 1, 2015	N.A.	Risk-Share	99%	0.94	2013	1.00
Canyon Run Apts.	Healdsburg, Sonoma		$ 8,896,201	3,000,000 1,070,000	51	2,485,084 0		6.05% 6.05%	November 1, 2036	N.A.	Risk-Share	98%	1.43	2013	1.29
Detroit Street	West Hollywood, Los Angeles		8,896,201	270,000 680,000	10	207,710 0		5.90% 5.90%	July 1, 2032	N.A.	Risk-Share	100%	0.76	2013	0.88
Light Tree Apts.	East Palo Alto, San Mateo		10,399,099	5,888,400	94	4,292,433		5.90%	January 1, 2031	April, 2015	None	98%	1.48	2013	1.58
Maplewood Apts.	Lakeside, San Diego		5,718,118	3,050,000	79	2,223,311		5.90%	January 1, 2031	N.A.	None	92%	1.68	2013	1.49
Sierra Meadows	Fresno, Fresno		9,751,540	8,200,000	220	6,367,441		7.50%	April 1, 2031	N.A.	None	96%	1.72	2013	1.62
	Subtotals		$ 58,530,358	$ 31,043,000	576	$ 19,191,386									
	Total		$ 458,966,180	$ 238,531,564	4372	$ 160,545,778									

(1) This loan is financed by the 1997 Series A and 1998 Series B Bonds.
(2) This loan is financed by the 1998 Series A and 1999 Series A Bonds.
(3) This loan is financed by the 1998 Series A and 1998 Series B Bonds.

DESCRIPTION OF DEVELOPMENTS AND LOANS ALLOCABLE TO THE OFFERED BONDS

Name of Development	Location (City and County)	Permanent Loan Origination Date	Total Development Cost	Original Permanent Loan Amount	Number of Units	Projected Outstanding Permanent Loan Balance August 1, 2015	Existing Loan Interest Rate		Existing Maturity Date	HAP Contract Expiration Date	FHA Insurance	Occupancy Rate	DCR	Audit Year	Average DCR of Last 3 Audit Years
Loans Transferred to 2015 Series A (previously financed by Multifamily Housing Revenue Bonds III 2005 Series C Bonds)															
Plaza de las Flores	Sunnyvale, San Mateo		$ 16,730,209	$ 9,025,000	101	$ 7,680,695	5.50%		September 1, 2036	November, 2023	Risk-Share	99%	1.48	2013	1.45
Loans Transferred to 2015 Series A (previously financed by Multifamily Housing Revenue Bonds III 2005 Series E Bonds)															
Gish Apartments	San Jose, Santa Clara		$ 11,054,850	$ 2,685,000	35	$ 2,203,554	3.00%	(*)	October 1, 2037	N.A.	None	96%	1.01	2013	1.04
Hemet Estates	Hemet,		6,497,575	3,500,000	80	3,071,748	5.30%		April 1, 2038	February, 2033	None	96%	1.08	2013	1.15
	Riverside			1,000,000		-	5.30%								
Dana Strand	Wilmington, Los Angeles		27,176,715	1,900,000	116	1,623,683	5.50%		January 1, 2034	N.A.	None	100%	1.67	2013	1.06
Sterling Village	San Bernardino,		6,351,048	4,075,000	80	3,576,350	5.30%		April 1, 2038	April, 2033	None	99%	1.32	2013	1.25
	San Bernardino			80,000		-	6.25%								
Villa Montgomery	Redwood City, San Mateo		16,260,235	4,760,000	58	4,215,699	5.90%		January 1, 2038	N.A.	None	97%	1.21	2013	1.13
Sunset Heights	Rancho		16,859,072	1,500,000	117	1,309,591	5.30%		January 1, 2038	May, 2023	None	98%	1.73	2012	1.73
	Cucamonga, San Bernardino			3,000,000		1,635,106	5.20%		January 1, 2023	May, 2023	None				
	Subtotals		$ 84,199,495	$ 22,500,000	486	$ 17,635,731									
	Total		$ 100,929,704	$ 31,525,000	587	$ 25,316,426									

(*) The Agency is currently subsidizing the interest rate on this permanent loan.

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APPENDIX C – DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY THE PRIOR SERIES BONDS

The following tables set forth certain information regarding interest rate swap agreements, liquidity facilities and certain investments, all with respect to the Prior Series Bonds, and certain information with respect to the bonds of the Agency.

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APPENDIX C
DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY THE PRIOR SERIES BONDS*

Name of Development	Location(City and County)	Total Development Cost	Original Tax-Exempt Loan Amount	Original Loan Amount Not Tax-Exempt	Number of Units	Outstanding Tax-Exempt Loan Balance as of December 31, 2014		Existing Tax-Exempt Loan Interest Rate	Subsidizing Tax-Exempt Loan Interest Rate (1)	Existing Tax-Exempt Loan Term	Permanent Loan Maturity Date	HAP Contract Expiration Date	Replacement Reserve Balance December 31, 2014	FHA Insurance	Occupancy Rate	DCR	Audit Year	Average DCR of Last 3 Audit Years
Developments Financed by the 1997 Series A Bonds:																		
Arbor Terraces	San Jose, Santa Clara	$8,773,267	$4,450,000	N.A.	86	$3,142,661		6.75%		30 Years	January, 2029	N.A.	$212,665	Risk-Share	98%	2.35	2013	2.20
Ashwood Village Apts.	Modesto, Stanislaus	9,047,029	5,040,000	N.A.	120	4,052,499		6.75%		35 Years	April, 2034	N.A.	192,432	Risk-Share	97%	1.55	2013	1.70
Cordova Village	Chula Vista, San Diego	4,354,083	2,174,800	N.A.	40	1,741,329		6.75%		35 Years	February, 2034	N.A.	164,481	Risk-Share	99%	1.36	2013	1.24
Lark Ellen	West Covina,	13,870,580	5,600,000	N.A.	122	4,805,896		6.75%		40 Years	November, 2038	N.A.	163,353	Risk-Share	100%	1.32	2013	1.32
	Los Angeles		130,000			0		6.75%		1 Year								
Panas Place	Santa Rosa,	9,864,710	3,316,000	N.A.	66	2,899,481		6.75%		40 Years	January, 2040	N.A.	217,673	Risk-Share	95%	1.31	2013	1.32
	Sonoma		1,360,000			0		6.75%		6 Years								
Parkside Glen	San Jose, Santa Clara	24,074,558	14,200,000	N.A.	180	10,134,155		6.75%		30 Years	April, 2029	N.A.	213,738	Risk-Share	100%	2.29	2013	1.72
Pecan Court	Napa,	3,538,477	1,070,000	N.A.	25	939,138		6.75%		40 Years	April, 2040	N.A.	124,386	Risk-Share	95%	1.14	2013	1.10
	Napa		515,000			0		6.75%		4 Years								
Renwick Square	Elk Grove, Sacramento	9,871,471	6,000,000	N.A.	150	4,793,792		6.75%		35 Years	January, 2034	N.A.	164,745	Risk-Share	90%	1.15	2013	1.49
Schoolhouse Court	Napa,	2,840,530	770,000	N.A.	14	673,281		6.75%		40 Years	January, 2040	N.A.	86,669	Risk-Share	97%	1.25	2012	1.22
	Napa		500,000			0		6.75%		4 Years								
Stonegate Apts.	San Jose, Santa Clara	17,404,276	10,225,000	N.A.	120	7,566,136		6.75%		30 Years	March, 2030	N.A.	107,157	Risk-Share	98%	1.56	2013	1.50
Villa Savannah (2)	San Jose, Santa Clara	19,901,082	6,784,200	N.A.	140	5,020,064	(2)	6.75%		30 Years	March, 2030	N.A.	50,611	Risk-Share	99%	1.58	2013	1.55
	Subtotals	$123,540,063	$62,135,000	$0	1063	$45,768,432							$1,697,912					
Developments Financed by the 1998 Series A Bonds:																		
Bermuda Gardens	San Leandro, Alaeda	$6,238,630	$2,985,000	N.A.	80	$2,132,610		6.45%		30 Years	August, 2029	N.A.	$80,750	Risk-Share	87%	1.20	2013	1.10
Britton Street (3)	San Francisco,	17,690,213	2,810,000	N.A.	92	275,512	(3)	6.00%		15 Years	December, 2015	N.A.	255,789	Risk-Share	99%	0.94	2013	1.00
	San Francisco		3,150,000			0		6.00%		1 Year								
Center Pointe Villas (4)	Norwalk, Los Angeles	18,606,940	780,000	N.A.	240	665,887	(4)	6.05%		35 Years	December, 2037	N.A.	612,048	None	99%	2.22	2013	2.17
Hookston Manor	Pleasant Hill, Contra Costa	8,517,261	4,250,000	N.A.	101	3,057,859		5.90%		30 Years	May, 2030	N.A.	256,611	Risk-Share	99%	1.20	2013	1.26
Owl's Landing	Livermore,	14,942,706	4,800,000	N.A.	72	3,969,775		6.35%		35 Years	January, 2036	N.A.	144,954	Risk-Share	99%	1.31	2013	1.33
	Alameda		2,230,000	N.A.		0		6.35%		5 Years								
Park Place Apts.	Van Nuys,	9,543,406	4,600,000	N.A.	142	3,448,023		5.90%		30 Years	June, 2031	N.A.	141,053	None	98%	1.68	2013	1.67
	Los Angeles		200,000	N.A.		0		6.20%		8 Years								
Rancho Carrillo Family Apts.	Carlsbad, San Diego	15,121,294	7,060,000	N.A.	116	5,781,348		6.05%		35 Years	January, 2036	N.A.	211,274	Risk-Share	96%	1.73	2013	1.74
Tahoe Valley Townhomes	S. Lake Tahoe, El Dorado	6,527,497	2,610,000	N.A.	70	1,876,585		6.20%		30 Years	January, 2030	N.A.	121,234	Risk-Share	97%	1.10	2013	0.97
West Oaks Apts.	Santa Rosa,	7,599,096	2,925,000	N.A.	53	2,539,567		6.50%		40 Years	January, 2040	N.A.	61,327	Risk-Share	97%	1.29	2013	1.29
	Sonoma		830,000			0		6.50%		5 Years								
Windmere II	Davis,	5,898,754	2,075,000	N.A.	58	1,676,042		6.35%		35 Years	January, 2035	N.A.	26,998	Risk-Share	97%	1.23	2013	1.21
	Yolo		795,000			0		6.35%		3 Years								
	Subtotals	$110,685,797	$42,100,000	$0	1024	$25,423,208							$1,912,038					

Name of Development	Location(City and County)	Total Development Cost	Original Tax-Exempt Loan Amount	Original Loan Amount Not Tax-Exempt	Number of Units	Outstanding Tax-Exempt Loan Balance as of December 31, 2014	Existing Tax-Exempt Loan Interest Rate	Subsidizing Tax-Exempt Loan Interest Rate (1)	Existing Tax-Exempt Loan Term	Permanent Loan Maturity Date	HAP Contract Expiration Date	Replacement Reserve Balance December 31, 2014	FHA Insurance	Occupancy Rate	DCR	Audit Year	Average DCR of Last 3 Audit Years
Developments Financed by the 1998 Series B Bonds:																	
The Arbors	Hercules,	$8,669,332	$3,397,600	N.A.	60	$1,997,735	5.90%		25 Years	March, 2025	N.A.	$295,567	Risk-Share	99%	1.31	2013	1.26
	Contra Costa		805,000			0	5.90%		6 Years								
Brannan Court	Sacramento, Sacramento	2,400,000	1,980,000	N.A.	40	659,492	9.95%		30 Years	November, 2018	N.A.	164,405	None	92%	1.45	2014	1.42
CCBA Senior Garden	San Diego,	4,499,370	1,950,000	N.A.	45	1,558,167	6.05%		35 Years	January, 2035	N.A.	240,485	Risk-Share	98%	1.22	2013	1.32
	San Diego		320,000			0	6.05%		1 Year								
Center Pointe Villas (4)	Norwalk, Los Angeles	(4)	11,200,000	N.A.	(4)	9,561,472 (4)	6.05%		35 Years	December, 2037	N.A.	(4)	None	99%	2.22	2013	2.17
Farley Place	Belvedere, Marin	1,250,772	636,000	N.A.	11	433,674	7.50%		30 Years	August, 2028	N.A.	8,882	None	100%	1.17	2014	1.11
Gravenstein North Apts.	Sebastopol, Sonoma	1,951,890	1,715,000	N.A.	42	501,504	7.50%		30 Years	August, 2018	N.A.	195,152	None	98%	1.55	2013	1.62
The Lakes	Selma, Fresno	2,524,137	1,800,000	N.A.	39	1,114,679	7.25%		30 Years	December, 2025	N.A.	67,198	Risk-Share	95%	1.38	2013	1.47
Lincoln Gardens	Woodland, Yolo	2,199,580	1,500,000	N.A.	66	991,171	7.50%		30 Years	February, 2028	N.A.	35,515	None	96%	2.09	2013	1.93
Meadow Glen Apts.	Pittsburg, Contra Costa	1,965,300	1,088,000	N.A.	32	769,820	7.50%		30 Years	July, 2030	N.A.	176,545	None	87%	2.62	2013	2.92
Mercy Village Folsom	Folsom,	5,461,078	2,350,000	N.A.	81	1,482,353	3.50%	6.20%	30 Years	January, 2030	N.A.	219,174	Risk-Share	95%	1.27	2013	1.36
	Sacramento		164,500			0	3.50%	6.20%	5 Years								
Montebello Senior Villas	Montebello, Los Angeles	14,717,780	4,000,000	N.A.	160	2,943,711	5.90%		30 Years	December, 2030	N.A.	382,293	Risk-Share	99%	2.40	2013	2.55
Montevista Apts.	Milpitas, Santa Clara	41,758,802	22,698,100	$4,500,000	306	19,776,127	6.75%		40 Years	October, 2039	N.A.	483,624	Risk-Share	97%	1.47	2013	1.46
Northstar Apts.	Davis,	4,359,629	1,010,000	N.A.	36	733,080	6.75%		30 Years	September, 2029	N.A.	103,859	Risk-Share	95%	1.50	2013	1.40
	Yolo		855,000			0	6.75%		3 Years								
Ridgeview Commons	Pleasanton, Alameda	17,040,442	9,360,000	N.A.	200	5,900,382	5.50%		30 Years	October, 2029	N.A.	749,941	None	100%	1.03	2013	1.20
Stone Pine Meadow	Tracy,	9,112,831	2,335,000	N.A.	72	2,054,507	6.75%		40 Years	June, 2040	N.A.	56,102	Risk-Share	100%	1.22	2013	1.00
	San Joaquin		1,937,000			0	6.75%		4 Years								
Storke Ranch	Isla Vista,	3,126,221	1,462,000	N.A.	36	1,211,020	6.75%		35 Years	July, 2035	N.A.	110,657	Risk-Share	99%	1.05	2013	1.14
	Santa Barbara		59,000			0	6.75%		2 Years								
Swan's Market	Oakland,	3,396,589	1,015,000	N.A.	18	684,394	6.75%		40 Years	October, 2040	N.A.	166,927	Risk-Share	100%	1.07	2013	1.09
	Alameda		240,000			240,000	3.00%		40 Years		N.A.		None				
			730,000			0	6.75%		4 Years								
Villa Maria Apts.	San Diego,	5,018,917	2,265,000	N.A.	37	1,858,360	6.75%		35 Years	February, 2035	N.A.	160,235	None	96%	1.19	2013	1.71
	San Diego		415,000			0	6.75%		1 Year								
Villa Savannah (2)	San Jose, Santa Clara	(2)	5,170,800	N.A.	(2)	3,826,206 (2)	6.75%		30 Years	March, 2030	N.A.	(2)	Risk-Share	99%	1.58	2013	1.55
Village Place	San Diego, San Diego	1,774,875	1,200,000	N.A.	47	771,434	6.00%		30 Years	October, 2027	N.A.	171,857	Risk-Share	99%	2.56	2013	2.12
Villaggio I	Carson,	13,821,217	4,915,000	N.A.	84	4,329,882	6.75%		40 Years	July, 2040	N.A.	109,751	Risk-Share	99%	1.42	2013	1.30
	Los Angeles		1,720,000			0	6.75%		4 Years								
Villaggio II	Carson,	10,242,139	3,951,000	N.A.	65	3,480,643	6.75%		40 Years	July, 2040	N.A.	101,223	Risk-Share	99%	1.38	2013	1.27
	Los Angeles		990,000			0	6.75%		4 Years								
	Subtotals	$155,290,901	$95,234,000	$4,500,000	1417	$66,879,813						$3,999,393					

Name of Development	Location(City and County)	Total Development Cost	Original Tax-Exempt Loan Amount	Original Loan Amount Not Tax-Exempt	Number of Units	Outstanding Tax-Exempt Loan Balance as of December 31, 2014		Existing Tax-Exempt Loan Interest Rate		Subsidizing Tax-Exempt Loan Interest Rate (1)	Existing Tax-Exempt Loan Term	Permanent Loan Maturity Date	HAP Contract Expiration Date	Replacement Reserve Balance December 31, 2014	FHA Insurance	Occupancy Rate	DCR	Audit Year	Average DCR of Last 3 Audit Years
Developments Financed by the 1998 Series C Bonds:																			
Corinthian House (5)	Campbell, Santa Clara	$3,812,420	$2,426,500	N.A.	104	$955,275	(5)	7.25%			40 Years	May, 2021	April, 2021	$375,533	FHA	86%	1.27	2014	1.12
Morse Court	Sunnyvale, Santa Clara	1,991,213	1,767,200	N.A.	35	1,362,139		5.40%			40 Years	September, 2023	N.A.	59,777	Risk-Share	100%	2.65	2014	2.46
Ocean Park Villas (6)	Santa Monica, Los Angeles	1,730,007	1,557,000	N.A.	24	961,034		9.05%		(6)	40 Years	November, 2023	August, 2009	31,606	None	100%	2.77	2014	2.77
Sycamore Square (7)	Hayward, Alameda	2,693,421	1,576,864	N.A.	26	1,194,946	(7)	5.70%			30 Years	December, 2031	September, 2013	205,476	None	97%	1.91	2013	2.03
Villa Jardin	Sacramento, Sacramento	692,000	692,000	N.A.	43	398,191		6.20%			25 Years	September, 2024	N.A.	20,818	Risk-Share	87%	0.75	2013	0.82
	Subtotals	$10,919,061	$8,019,564	$0	232	$4,871,585								$693,209					
Developments Financed by the 1999 Series A Bonds:																			
Breezewood Village (8)	La Mirada,	$14,869,199	$4,153,000	N.A.	122	$3,551,342	(8)	6.05%			35 Years	January, 2038	N.A.	$258,563	None	100%	1.69	2013	1.68
	Los Angeles		3,400,000			0		6.05%			1 Year								
Britton Street (3)	San Francisco, San Francisco	(3)	1,331,600	N.A.	(3)	130,559	(3)	6.00%			15 Years	December, 2015	N.A.	(3)	Risk-Share	99%	0.94	2013	1.00
Canyon Run Apts.	Healdsburg,	$8,896,201	3,000,000	N.A.	51	2,503,561		6.05%			35 Years	November, 2036	N.A.	191,963	Risk-Share	98%	1.43	2013	1.29
	Sonoma		1,070,000			0		6.05%			5 Years								
Detroit Street	West Hollywood,	8,896,201	270,000	N.A.	10	210,002		5.90%			30 Years	July, 2032	N.A.	39,107	Risk-Share	100%	0.76	2013	0.88
	Los Angeles		680,000			0		5.90%			1 Year								
Light Tree Apts.	East Palo Alto, San Mateo	10,399,099	5,888,400	$586,600	94	4,347,047		5.90%			30 Years	January, 2031	April, 2015	154,756	None	98%	1.48	2013	1.58
Maplewood Apts.	Lakeside, San Diego	5,718,118	3,050,000	N.A.	79	2,251,600		5.90%			30 Years	January, 2031	N.A.	81,745	None	92%	1.68	2013	1.49
Sierra Meadows	Fresno, Fresno	9,751,540	8,200,000	N.A.	220	6,435,966		7.50%			35 Years	April, 2031	N.A.	160,901	None	96%	1.72	2013	1.62
	Subtotals	$58,530,358	$31,043,000	$586,600	576	$19,430,077								$887,034					
Developments Financed by the 2001 Series D Bonds:																			
Corinthian House (5)	Campbell, Santa Clara	(5)	$1,173,000	N.A.	(5)	$461,938	(5)	7.25%			40 Years	May, 2021	April, 2021	(5)	FHA	86%	1.27	2014	1.12
Developments Financed by the 2001 Series E Bonds:																			
Cottonwood Grove Apts.	Clovis, Fresno	9,213,223	$7,960,262	N.A.	150	$6,473,808		6.50%			30 Years	May, 2033	N.A.	$140,971	None	95%	1.50	2013	1.37
Grayson Creek	Pleasant Hill,	18,793,575	5,625,000	N.A.	70	4,452,653		5.25%			30 Years	October, 2033	N.A.	178,869	None	98%	1.30	2013	1.31
	Contra Costa		3,375,000			0		5.25%			3 Years								
Marina Towers Annex (9)	Vallejo,	4,671,174	1,000,000	275,000	57	759,366	(9)	5.70%			30 Years	February, 2032	November, 2021	211,357	None	100%	1.56	2013	1.50
	Solano		1,225,000			238,489		5.70%			15 Years	February, 2017	November, 2021		None				
Monticelli Apts.	Gilroy, Santa Clara	9,986,388	2,990,000	N.A.	52	2,323,171		5.25%			30 Years	March, 2033	N.A.	115,673	None	99%	1.47	2013	1.26
Parlier Parkwood Apts.	Parlier, Fresno	2,967,182	1,562,800	N.A.	70	846,281		6.50%			30 Years	November, 2023	N.A.	85,192	None	99%	2.29	2013	2.42
Riverwood Grove Apts.	Santa Clara, Santa Clara	17,194,077	4,500,000	N.A.	71	3,524,819		5.25%			30 Years	June, 2033	N.A.	154,681	None	99%	1.23	2013	1.21
Rohit Villas (10)	Los Angeles, Los Angeles	1,594,922	531,900	N.A.	16	317,333	(10)	8.50%			30 Years	May, 2024	N.A.	24,092	None	87%	0.98	2013	0.52
Singing Wood (11)	El Monte, Los Angeles	10,757,094	123,896	N.A.	110	100,075	(11)	5.25%			30 Years	June, 2034	N.A.	316,269	None	100%	1.59	2013	1.58
Skyline Village	Los Angeles, Los	13,248,902	3,750,000	N.A.	73	3,417,938		5.35%			40 Years	June, 2045	N.A.	119,724	None	99%	1.44	2013	1.56

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	Angeles																	
Stanley Avenue	Oakland, Alameda	5,833,562	415,000 1,100,000	N.A.	24	263,197 0		3.00% 3.00%	5.25% 5.25%	25 Years 3 Years	July, 2028	N.A.	82,580	None	99%	1.65	2013	1.47
Torrey Del Mar Apts.	San Diego, San Diego	18,681,974	4,080,000 5,310,000	N.A.	112	3,212,821 0		5.25% 5.25%		30 Years 3 Years	August, 2033	N.A.	351,204	None	98%	1.49	2013	1.44
Villa del Rey	Farmsville, Tulare	1,244,321	990,000	N.A.	34	436,148		8.109%		30 Years	August, 2021	N.A.	10,539	None	94%	0.86	2013	0.92
Vista Las Flores (12)	Carlsbad, San Diego	5,464,593	295,000	N.A.	28	249,276	(12)	6.05%		35 Years	June, 2037	N.A.	62,020	None	99%	1.77	2012	1.51
Willowbrook Apts.	Merced, Merced	3,358,823	3,080,000	N.A.	80	1,752,520		8.60%		30 Years	September, 2024	N.A.	133,511	None	82%	0.98	2013	1.01
	Subtotals	$123,009,810	$47,913,858	$275,000	947	$28,367,896							$1,986,683					
Developments Financed by the 2001 Series F Bonds:																		
Country Hills Apts. (13)	San Jose, Santa Clara	$10,253,500	$6,150,000	N.A.	152	$4,196,495	(13)	6.00%		30 Years	February, 2033	N.A.	$78,157	None	99%	1.42	2014	1.29
Longfellow Apts.	Chico, Butte	1,570,500	773,500	N.A.	24	514,738		3.00%	5.70%	30 Years	October, 2031	N.A.	38,428	None	93%	1.49	2013	1.51
Northgate Apts.	Victorville, San Bernardino	7,391,802	6,650,000	N.A.	140	4,647,825		6.00%		30 Years	October, 2034	N.A.	167,184	None	82%	0.01	2013	0.29
Oak Manor Townhouses (14)	Palo Alto, Santa Clara	4,700,000	2,220,000	N.A.	33	1,184,148	(14)	6.50%		30 Years	October, 2023	N.A.	199,848	None	100%	2.48	2013	2.17
Sycamore Square (7)	Hayward,	(7)	623,136	N.A.	(7)	470,822	(7)	5.70%		30 Years	December, 2031	September, 2013	(7)	None	97%	1.91	2013	2.03
	Alameda		290,000			0		5.70%		10 Years	December, 2011							
	Subtotals	$23,915,802	$16,706,636	$0	349	$11,014,028							$483,617					
Developments Financed by the 2001 Series G Bonds:																		
Child's Avenue Apts.	Merced, Merced	$2,203,280	$1,575,000	N.A.	27	$1,344,284		6.50%		40 Years	August, 2043	N.A.	$30,170	None	90%	1.23	2013	1.15
Murphy Ranch Apts.	Morgan Hill, Santa Clara	15,285,789	4,355,000	N.A.	62	3,548,951		5.70%		30 Years	April, 2034	N.A.	112,426	None	99%	1.27	2013	1.26
Oak Circle	San Jose,	8,256,465	3,640,000	N.A.	100	2,896,253		5.25%		30 Years	December, 2033	N.A.	175,995	None	98%	1.10	2013	1.17
(formerly Roberts Avenue)	Santa Clara		3,628,535			0		5.25%		3 Years								
Oak Haven Seniors Apts.	Oakdale, Stanislaus	5,900,389	2,140,000	N.A.	80	1,624,559		6.50%		30 Years	March, 2033	N.A.	197,810	None	88%	0.74	2013	1.00
Oak Manor Townhouses (14)	Palo Alto, Santa Clara	(14)	180,000	N.A.	(14)	94,937	(14)	6.50%		30 Years	October, 2023	N.A.	(14)	None	100%	2.48	2013	2.17
Old Grove Apts.	Oceanside, San Diego	9,992,402	980,000	N.A.	56	791,579		5.25%		30 Years	June, 2034	N.A.	98,448	None	98%	2.76	2013	2.83
Papillon Apts.	Fresno, Fresno	7,569,218	6,200,000	N.A.	132	4,571,736		6.50%		30 Years	April, 2033	N.A.	109,060	Risk-Share	95%	1.73	2013	1.71
Ridgeview	Coalinga, Fresno	2,259,193	1,265,000	N.A.	42	935,819		6.50%		30 Years	May, 2033	N.A.	22,045	None	93%	2.11	2013	2.21
Rohit Villas (10)	Los Angeles, Los Angeles	(10)	106,100	N.A.	(10)	63,299	(10)	8.50%		30 Years	May, 2024	N.A.	(10)	None	87%	0.98	2013	0.52
Sequoia Knolls	Fresno, Fresno	4,415,067	3,760,000	N.A.	100	3,169,796		6.50%		30 Years	June, 2033	N.A.	53,766	None	90%	1.14	2013	1.07
Shasta Villa Apts.	Farmersville, Tulare	1,422,829	640,000	N.A.	20	388,406		7.15%		30 Years	January, 2026	N.A.	45,547	None	100%	1.14	2013	1.24
Singing Wood (11)	El Monte,, Los Angeles	(11)	1,961,465	N.A.	(11)	1,584,342	(11)	5.25%		30 Years	June, 2034	N.A.	(11)	None	100%	1.59	2013	1.58
South Gate Senior Villas	Southgate, Los Angeles	9,283,162	2,300,000	N.A.	75	2,062,477		6.20%		40 Years	October, 2042	N.A.	61,004	None	98%	1.70	2013	1.69
	Subtotals	$66,587,794	$32,731,100	$ -	694	$23,076,438							$906,271					

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Developments Financed by the 2001 Series H Bonds:(15)																		
Homestead Park (16)	Sunnyvale, Santa Clara	$23,289,740	N.A	$4,371,000	222	$3,331,281	(16)	6.50%		30 Years	April, 2031	April, 2021	$45,827	None	98%	1.06	2013	1.10
Mandela Gateway	West Oakland,	$42,740,000	N.A	1,634,944	168	1,111,704		6.50%		15 Years	November, 2020	N.A.	509,313	None	94%	1.10	2013	1.33
	Alameda		N.A	961,121		209,221		6.50%		10 Years	November, 2015	N.A.		None				
Marina Towers Annex (9)	Vallejo, Solano	(9)	N.A	174,145	(9)	57,344	(9)	7.00%		16 Years	February, 2017	November, 2021	(9)	None	100%	1.56	2013	1.50
Parkside Apts.	Huron, Fresno	2,313,400	N.A	63,000	50	63,000		3.00%		18 Years	March, 2020	July, 2019	-	None	100%	1.02	2013	1.21
Runnymede Gardens (16)	E. Palo Alto, San Mateo	6,931,720	N.A	1,380,000	78	1,043,734	(16)	6.45%		30 Years	February, 2031	September, 2021	200,830	None	100%	1.41	2013	1.31
Santa Ana Towers (16)	Santa Ana, Orange	14,964,050	N.A	900,000	200	759,322	(16)	6.35%		35 Years	December, 2036	June, 2015	266,370	None	100%	1.84	2013	1.80
	Subtotals	$90,238,910	$0	$9,484,209	419	$6,575,606							$1,022,341					
Developments Financed by the 2002 Series D Bonds:																		
Country Hills (13)	San Jose, Santa Clara	(13)	$4,120,375	N.A.	(13)	$3,275,067	(13)	6.00%		30 Years	February, 2033	N.A.	(13)	None	99%	1.42	2014	1.29
Countrywood Apts.	Linda,	$2,276,610	580,000	$50,000	65	379,134		5.00%		20 Years	September, 2023	April, 2021	$56,054	Risk-Share	91%	0.62	2013	1.02
	Yuba		170,000			14,159		5.00%		10 Years	September, 2013	April, 2021		None				
	Subtotals	$2,276,610	$4,870,375	$50,000	65	$3,668,360							$56,054					
Developments Financed by the 2002 Series E Bonds:																		
Artist Colony (17)	Burbank, Los Angeles	$20,675,911	$1,045,000	N.A.	141	$958,291	(17)	5.28%		40 Years	January, 2046	N.A.	$389,979	None	80%	1.19	2013	1.14
Casa Del Rio	Antioch, Contra Costa	7,384,217	600,000	N.A.	82	359,113		7.80%		30 Years	December, 2024	N.A.	253,982	None	85%	2.71	2013	1.15
Cedar Park	Grass Valley,	10,864,648	5,600,000	N.A.	81	5,139,289		5.95%		40 Years	January, 2045	N.A.	83,096	None	95%	1.15	2013	1.12
	Nevada		200,000			0		5.95%		1 Year								
Fremont Oaks Gardens	Fremont, Alameda	11,206,109	2,700,000	N.A.	51	2,132,406		3.00%	5.75%	30 Years	January, 2036	N.A.	149,264	None	97%	0.81	2013	1.09
Gateway Santa Clara	Santa Clara, Santa Clara	10,000,598	1,815,000	N.A.	42	1,541,391		5.75%		30 Years	November, 2035	N.A.	106,367	None	99%	1.37	2013	1.45
The Grove Apts.	Bakersfield, Kern	8,613,478	7,500,000	N.A.	140	5,495,528		6.50%		30 Years	March, 2033	N.A	155,485	None	98%	2.01	2013	1.93
Sierra Vista Apts. (18)	Sierra Madre, Los Angeles	5,294,999	17,461	N.A.	46	16,119	(18)	5.35%		35 Years	May, 2043	N.A.	48,328	None	99%	0.78	2013	0.75
White Rock Village (19)	El Dorado Hills,	27,204,570	10,000,000	N.A.	180	9,179,736	(19)	5.60%		40 Years	August, 2045	N.A.	205,382	None	91%	0.94	2013	0.97
	El Dorado		3,375,000			0		5.60%		1 Year								
Willowbrook II	Merced, Merced	4,524,496	3,840,000	N.A.	96	2,092,168		6.27%		30 Years	April, 2024	N.A	154,034	None	78%	1.02	2013	0.92
	Subtotals	$105,769,026	$36,692,461	$0	859	$26,914,040							$1,545,918					
Developments Financed by the 2003 Series C Bonds:																		
The Breakers at Bayport	Alameda, Alameda	$12,311,045	$2,100,000	N.A.	77	$1,806,045		5.25%		30 Years	October, 2036	N.A.	$155,166	None	99%	2.31	2013	2.28
Coyote Run	Palm Springs, Riverside	11,920,315	2,000,000	N.A.	66	1,738,776		5.25%		30 Years	March, 2037	N.A.	125,530	None	99%	1.49	2013	1.50
Lorenzo Creek	Castro Valley,	10,574,328	640,000	N.A.	28	442,129		1.00%	5.25%	25 Years	July, 2031	N.A.	120,300	None	98%	1.09	2013	1.18
	Alameda		1,430,000			236,048		1.00%	5.25%	10 Years	July, 2016	N.A.		None				
Manhattan Village	Manhattan Beach, Los Angeles	8,150,570	6,400,000	N.A.	104	4,253,894		6.85%		30 Years	August, 2027	N.A.	329,127	Risk-Share	99%	1.47	2013	1.52

Name of Development	Location(City and County)	Total Development Cost	Original Tax-Exempt Loan Amount	Original Loan Amount Not Tax-Exempt	Number of Units	Outstanding Tax-Exempt Loan Balance as of December 31, 2014		Existing Tax-Exempt Loan Interest Rate		Subsidizing Tax-Exempt Loan Interest Rate (1)	Existing Tax-Exempt Loan Term	Permanent Loan Maturity Date	HAP Contract Expiration Date	Replacement Reserve Balance December 31, 2014	FHA Insurance	Occupancy Rate	DCR	Audit Year	Average DCR of Last 3 Audit Years
Moulton Plaza (20)	Sunnyvale,	16,965,841	5,985,000	N.A.	66	5,392,196	(20)	5.25%			35 Years	December, 2041	N.A.	115,030	None	100%	1.17	2013	1.08
	Santa Clara		2,890,000			-		4.00%			1 Year								
Ocean View Gardens	Berkeley, Alameda	5,879,695	3,160,000	N.A.	62	2,572,880		5.75%			30 Years	March, 2034	December, 2033	79,729	None	100%	2.07	2013	1.43
Palos Verdes Villas	Palm Springs, Riverside	7,867,733	5,172,018	N.A.	98	4,201,512		6.85% 4.5%-8.5%	(21)		40 Years	July, 2035	N.A.	89,016	None	94%	1.13	2013	1.13
Timothy Commons	Santa Rosa, Sonoma	6,760,111	640,000	N.A.	32	548,157		5.25%			30 Years	August, 2036	N.A.	123,976	None	99%	1.63	2013	1.53
Villa Amador	Brentwood, Contra Costa	23,234,691	4,425,000	N.A.	96	4,201,041		5.35%			40 Years	December, 2048	N.A	290,880	None	95%	1.20	2013	1.20
Villa Victoria	Oxnard,	12,983,312	4,110,000	N.A.	54	3,669,622		5.30%			30 Years	May, 2038	N.A.	179,849	None	100%	1.36	2013	1.39
	Ventura		400,000			160,759		5.25%			10 Years	May, 2018	N.A.		None				
	Subtotals	$116,647,641	$39,352,018	$0	683	$29,223,059								$1,608,604					
Developments Financed by the 2004 Series B Bonds:																			
Citrus Grove	Fontana,	$7,480,591	$890,000	N.A.	50	$765,233		5.50%			30 Years	July, 2036	December, 2014	$125,891	None	99%	1.35	2013	1.24
	San Bernardino		1,500,000			0		5.50%			9.5 Years	December, 2014	December, 2014		None				
			1,400,000			0		4.00%			2 Years								
Linden Manor (22)	Riverside,	5,480,927	3,985,000	260,000	192	3,217,967	(22)	5.40%			30 Years	April, 2034	N.A.	496,545	None	96%	2.77	2013	2.02
	Riverside		940,000			0		5.40%			7 Years	June, 2012							
Murphy Ranch II	Morgan Hill, Santa Clara	11,944,609	4,400,000	N.A.	38	3,713,109		5.50%			30 Years	October, 2035	N.A.	21,415	None	98%	1.34	2013	1.31
Oak Village (22)	Oakland,	12,270,324	5,727,000	1,140,000	117	4,914,195	(22)	5.50%			32 Years	June, 2036	N.A.	132,409	None	98%	1.50	2013	1.46
	Alameda		460,200			0		5.50%			8.5 Years	July, 2012							
Springs Village	Aqua Caliente, Sonoma	19,322,319	1,985,000	N.A.	80	1,713,576		5.50%			30 Years	September, 2036	N.A.	123,427	None	98%	2.41	2013	2.68
St. Vincent's Housing	Santa Barbara,		3,460,000	N.A.	75	3,143,386		5.50%			30 Years	January, 2039	N.A.	109,015	None	96%	1.10	2013	1.17
	Santa Barbara		2,390,000			954,533		5.50%			10 Years	January, 2018	N.A		None				
			7,450,000			0		4.00%			5 Years	January, 2013	N.A						
Vista Point at Pacific Grove	Pacific Grove, Monterey	9,848,050	1,670,000	N.A.	49	1,447,358		5.50%			30 Years	November, 2036	N.A.	95,998	None	99%	0.78	2013	0.88
Willowbrook Green	Willowbrook, Los Angeles	3,624,261	2,579,768	N.A.	48	1,823,624		5.00%			42 Years	July, 2034	N.A.	72,848	None	87%	1.07	2013	1.16
Citrus Grove	Fontana,	$7,480,591	$890,000	N.A.	50	$765,233		5.50%			30 Years	July, 2036	December, 2014	$125,891	None	99%	1.35	2013	1.24
	Subtotals	$69,971,081	$38,836,968	$1,400,000	649	$21,692,981								$1,177,547					
Developments Financed by the 2004 Series C Bonds:																			
Cambridge	Davis, Yolo	$5,625,994	$4,531,304	N.A.	125	$2,533,311		6.00%			30 Years	October, 2034	N.A.	$68,013	None	92%	2.25	2013	2.14
Laurel Court	Los Angeles, Los Angeles	963,563	542,049	N.A.	15	376,845		5.25%			40 Years	October, 2034	N.A.	71,276	None	97%	2.10	2013	1.54
Sheffield Greens	Fairfield, Solano	6,529,361	5,186,092	N.A.	132	2,899,383		6.00%			30 Years	October, 2034	N.A.	81,151	None	95%	2.19	2013	2.18
	Subtotals	$13,118,918	$10,259,445	$0	272	$5,809,538								$220,441					

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Developments Financed by the 2004 Series D Bonds:																		
Camino de las Flores	Los Angeles,	$9,308,156	$155,000	N.A.	25	$92,097		3.00%	5.70%	15 Years	January, 2023	N.A.	$70,124	None	91%	9.15	2013	3.76
	Los Angeles		450,000			0		3.00%	5.70%	5 Years	January, 2013	N.A.						
			1,595,000			0		3.00%	5.70%	3 Years	January, 2011	N.A.						
Casitas Del Valle	Moreno, Riverside	$8,282,602	$930,000	N.A.	40	699,606		5.50%		20 Years	August, 2027	N.A.	42,346	None	97%	0.95	2013	1.11
Central Plaza	Santa Maria,	12,508,740	5,605,000	N.A.	112	4,879,563		5.70%		30 Years	November, 2036	April, 2025	181,921	None	97%	1.57	2012	1.41
	Santa Barbara		940,000	N.A.		163,378		5.70%		10 Years	September, 2016	April, 2025		None				
College View	Linda,	5,565,906	500,000	$850,000	88	426,733		5.70%		30 Years	February, 2036	October, 2021	222,850	None	99%	0.96	2013	1.10
	Yuba		2,730,000			1,460,677		5.70%		17 Years	February, 2022	October, 2021		None				
			450,000			0		5.70%		1 Year		N.A.						
Corde Terra Family	San Jose, Santa Clara	45,455,711	24,235,000	N.A.	300	22,915,800		5.70%		40 Years	February, 2048	N.A.	693,000	None	100%	1.95	2013	1.92
Douglas Park	Compton, Los Angeles	5,565,906	3,450,000	N.A.	115	2,854,171		5.50%		30 Years	January, 2035	June, 2016	226,887	None	97%	1.98	2013	1.95
Dublin Transit Center	Dublin, Alameda	34,144,574	5,860,000	N.A.	112	5,205,814		5.70%		30 Years	October, 2037	N.A.	165,650	None	98%	1.38	2013	1.34
Encore Hall	Los Angeles, Los Angeles	18,738,000	2,560,000	N.A.	104	2,066,548		3.00%	5.70%	25 Years	June, 2033	N.A.	278,906	None	95%	0.85	2013	0.92
Manhattan Place	Los Angeles, Los Angeles	3,873,071	2,658,734	N.A.	60	1,940,806		5.00%		40 Years	October, 2034	N.A.	341,472	None	95%	2.64	2012	2.51
Sierra Vista Apts. (18)	Sierra Madre,	(18)	825,000	N.A.	(18)	761,577	(18)	5.35%		35 Years	May, 2043	N.A.	(18)	None	99%	0.78	2013	0.75
	Los Angeles		585,000			0		4.00%		1 Year	May, 2009							
White Rock Village (19)	El Dorado,	(20)	1,500,000	N.A.	(19)	128,121	(19)	5.60%		10 Years	August, 2015	N.A.	(19)	None	91%	0.94	2013	0.97
	El Dorado		295,000	N.A.		0		5.60%		1 Year	November, 2006	N.A.						
	Subtotals	$143,442,666	$55,323,734	$850,000	956	$43,594,891							$2,223,155					
Developments Financed by the 2005 Series C Bonds																		
Plaza de las Flores	Sunnyvale, San Mateo	$16,730,209	$9,025,000	N.A.	101	$7,790,943		5.50%		30 Years	September, 2036	November, 2023	$1,380,979	Risk-Share	99%	1.48	2013	1.45
Developments Financed by the 2005 Series D/E Bonds																		
Gish Apartments	San Jose, Santa Clara	$11,054,850	$2,685,000	N.A.	35	$2,243,820		3.00%	5.40%	30 Years	October, 2037	N.A.	$34,672	None	96%	1.01	2013	1.04
Hemet Estates	Hemet, Riverside	6,497,575	3,500,000	N.A.	80	3,112,182		5.30%		30 Years	April, 2038	February, 2033	92,017	None	96%	1.08	2013	1.15
			1,000,000			-		5.30%		8 Years	May, 2014							
Kalmia Courtyards	Fallbrook, San Diego	1,970,198	951,000	N.A.	28	649,112		7.25%		30 Years	October, 2027	N.A.	45,988	Risk-Share	100%	1.47	2013	1.42
Dana Strand	Wilmington, Los Angeles	27,176,715	1,900,000	N.A.	116	1,652,711		5.50%		25 Years	January, 2034	N.A.	147,653	None	100%	1.67	2013	1.06
Plaza Del Sol	San Jose, Santa Clara	8,248,844	4,545,000	N.A.	80	3,994,748		7.25%		40 Years	August, 2037	N.A.	97,141	Risk-Share	99%	3.07	2013	2.58
Promenade I	Pleasanton, Alameda	8,104,839	3,399,603	N.A.	68	2,995,666		7.25%		40 Years	December, 2037	N.A.	197,457	Risk-Share	99%	2.17	2012	2.09
Promenade II	Pleasanton, Alameda	7,693,874	6,500,000	N.A.	78	5,727,678		7.25%		40 Years	December, 2037	N.A.	93,867	Risk-Share	95%	1.90	2012	1.69
Regency Court Senior	Salinas, Monterey	7,025,655	4,901,750	N.A.	120	3,204,951		6.00%		30 Years	June, 2027	N.A.	124,476	Risk-Share	98%	1.93	2013	1.99

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Sterling Village	San Bernardino,	6,351,048	4,075,000	N.A.	80	3,623,428	5.30%		30 Years	April, 2038	April, 2033	157,734	None	99%	1.32	2013	1.25
	San Bernardino		80,000	$420,000		-	6.25%		8 Years	May, 2014							
Villa Montgomery	Redwood City, San Mateo	16,260,235	4,760,000	N.A.	58	4,267,190	5.90%		30 Years	January, 2038	N.A.	73,449	None	97%	1.21	2013	1.13
Vista Valle Townhomes	Claremont, Los Angeles	4,264,899	2,200,000	N.A.	48	1,413,031	7.50%		30 Years	May, 2026	N.A.	51,504	Risk-Share	98%	1.00	2013	1.00
Sunset Heights	Rancho Cucamonga, San Bernardino	16,859,072	1,500,000	N.A.	117	1,327,099	5.30%		30 Years	January, 2038	May, 2023	416,155	None	98%	1.73	2012	1.73
			3,000,000			1,738,968	5.20%		17 Years	January, 2023	May, 2023		None				
	Subtotals	$121,507,804	$44,997,353	$420,000	908	$35,950,583						$1,532,111					
Developments Financed by the 2007 Series C Bonds																	
Lion Creek Crossings II	Oakland,	$47,554,045	$4,040,000	N.A.	146	$3,820,726	5.90%		40 Years	November, 2047	N.A	$275,619	None	96%	1.68	2013	1.33
	Alameda		620,000			215,437	5.25%		10 Years	November, 2017	N.A		None				
Ridgewood/La Loma	Sacramento,	4,056,975	3,165,000	N.A.	75	2,914,525	5.20%		30 Years	January, 2040	May, 2020	171,481	None	99%	1.58	2013	1.44
	Sacramento		1,160,000			684,190	5.20%		14 Years	January, 2022	May, 2020		None				
Yosemite Manor	Madera,	7,158,685	950,000	N.A.	76	872,900	5.30%		30 Years	November, 2039	May, 2020	128,914	None	100%	1.31	2013	1.32
	Madera		810,000			531,356	5.30%		15 Years	June, 2023	May, 2020		None				
	Subtotals	$58,769,705	$10,745,000	$0	297	$9,039,134						$576,014					
Developments Financed by the 2008 Series A Bonds																	
Alexis Apts.	San Francisco,	$10,312,358	$7,575,044	N.A.	206	$6,956,067	5.00%		30 Years	December, 2039	August, 2027	$741,877	None	99%	3.57	2013	2.51
	San Francisco		1,070,000			0	5.20%		6 Years	September, 2013							
	Subtotals	$10,312,358	$8,645,044	$0	206	$6,956,067						$741,877					
Developments Financed by the 2008 Series B Bonds:																	
Bay Avenue Sr. Apts.	Capitola, Santa Cruz	$25,454,000	$7,200,000	N.A.	109	$6,845,330	3.00%	5.00%	35 Years	January, 2047	N.A.	$245,688	None	97%	1.18	2013	1.19
Kennedy Meadows (23)	Jackson, Amador	9,019,102	1,407,461	N.A.	56	1,214,652 (23)	5.40%		30 Years	October, 2036	N.A.	20,667	None	92%	1.11	2013	0.94
Noble Towers	Oakland, Alameda	30,365,805	14,555,000	N.A.	195	7,796,054	5.25%		17 Years	January, 2022	February, 2022	-	None	100%	1.33	2013	1.33
Sierra Vista Apts. (18)	Sierra Madre,	(18)	1,437,539	N.A.	(18)	1,327,027 (18)	5.35%		35 Years	May, 2043	N.A.	(18)	None	99%	0.78	2013	0.75
	Los Angeles		660,000			-	4.00%		1 Year	May, 2009							
Villa Springs Apts.	Hayward, Alameda	8,924,232	3,100,000	N.A.	66	2,847,036	5.00%		30 Years	December, 2039	N.A	107,835	None	99%	0.88	2013	1.12
Willow Glen Senior	San Jose, Santa Clara	22,426,855	8,825,000	N.A.	133	6,986,401	5.95%		30 Years	January, 2033	N.A	162,053	None	98%	1.53	2013	1.40
	Subtotals	$96,189,994	$37,185,000	$0	559	$27,016,500						$536,242					
Developments Financed by the 2008 Series C Bonds:																	
Baywood Apts.	Oakland, Alameda	$8,440,134	$4,035,000	N.A.	77	$3,397,780	5.25%		30 Years	December, 2035	August, 2031	$76,266	Risk-Share	99%	2.12	2013	2.19
Glenbrook Apts.	Grass Valley,	10,599,093	3,820,000	N.A.	52	3,518,130	5.45%		40 Years	February, 2046	N.A.	21,385	None	97%	1.01	2013	1.06
	Nevada		1,870,000			0	4.00%		1 Year								
Kennedy Meadows (23)	Jackson,	(23)	2,113,539	N.A.	(23)	1,823,141 (23)	5.40%		30 Years	October, 2036	N.A.	(23)	None	92%	1.11	2013	0.94
	Amador		1,695,000			-	4.00%		1 Year								

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Moore Village at Wildhorse	Davis,	9,547,890	3,100,000	N.A.	59	2,604,741	5.25%		30 Years	November, 2035	N.A.	207,594	None	97%	1.11	2013	1.19
	Yolo		1,945,000			-	4.00%		2 Years								
Moulton Plaza (20)	Sunnyvale, Santa Clara	(20)	455,000	N.A.	(20)	409,933 (20)	5.25%		35 Years	December, 2041	N.A.	(20)	None	100%	1.17	2013	1.08
Oak Court Apts.	Palo Alto, Santa Clara	15,198,073	1,590,000	N.A.	53	1,333,044	5.25%		30 Years	November, 2035	N.A.	89,545	None	100%	1.50	2013	1.58
Point Reyes Affordable Homes	Point Reyes, Marin	7,122,735	720,000	N.A.	27	136,996	5.25%		9 Years	May, 2016	N.A.	81,558	None	99%	1.67	2013	1.53
Tremont Green	Davis,	6,943,527	1,600,000	N.A.	36	1,341,428	5.25%		30 Years	November, 2035	N.A.	64,589	None	96%	1.15	2013	1.26
	Yolo		1,650,000			-	4.00%		2 Years								
Union Court	Manteca, San Joaquin	8,496,015	1,295,000	N.A.	68	1,039,181	5.75%		30 Years	September, 2033	N.A	101,179	None	100%	1.06	2013	1.19
West Covina Senior Villas	West Covina ,Los Angeles	7,028,500	2,800,000	N.A.	85	2,316,009	5.25%		30 Years	April, 2035	N.A	199,267	None	99%	2.58	2013	2.60
	Subtotals	$73,375,967	$28,688,539	$0	457	$17,920,384						$841,382					
Developments Financed by the 2014 Series A Bonds																	
Mountain Breeze Villas (24)	Highland, San Bernardino	$19,881,000	$12,000,000	N.A.	168	$12,000,000 (24)	4.15%		40 Years	July, 2015	N.A.	$84,118	Risk-Share	(24)	(24)	(24)	(24)
Regency Court Monrovia (24)	Monrovia, Los Angeles	12,301,324	6,700,000	N.A.	115	6,700,000 (24)	4.85%		40 Years	March, 2016	N.A.	115,128	Risk-Share	(24)	(24)	(24)	(24)
Villa San Pedro Apts. (24)	San Jose, Santa Clara	41,242,244	20,215,000	N.A.	100	19,774,942 (24)	4.00%		30 Years	June, 2015	January, 2034	0	Risk-Share	(24)	(24)	(24)	(24)
	Subtotals	$73,424,568	$38,915,000	$0	383	$38,474,942						$199,245					
Developments Financed by the General Program Account:																	
Altadena Vistas	Altadena, Los Angeles	$1,501,687	$750,000	N.A.	22	$362,057	4.00%		40 Years	October, 2039	N.A.	$33,446	None	95%	2.23	2013	2.61
Altamont Apartments	Rohnert Park, Sonoma	11,503,070	10,000,000	N.A.	230	4,729,074	6.50%		30 Years	July, 2022	N.A.	72,305	None	99%	1.64	2013	1.70
The ARC Apts.	San Francisco, San Francisco	2,548,002	1,065,000	N.A.	9	645,266	1.00%	5.90%	30 Years	January, 2032	N.A.	32,227	Risk-Share	100%	1.83	2013	1.56
Arlington Farms	Davis, Yolo	9,858,818	7,800,000	N.A.	138	2,478,615	9.25%(6.50% -9.25%) (21)		30 Years	December, 2018	N.A.	119,582	None	99%	1.84	2013	1.57
Arroyo Vista Apts.	Mission Viejo, Orange	19,347,138	7,000,000	N.A.	156	6,144,223	9.00%		40 Years	May, 2036	N.A.	272,813	Risk-Share	99%	1.50	2013	1.64
Artist Colony (17)	Burbank, Los Angeles	(17)	14,970,000	N.A.	(17)	13,727,866 (17)	5.28%		40 Years	January, 2046	N.A.	(17)	None	80%	1.19	2013	1.14
Breezewood Village (8)	La Mirada, Los Angeles	(8)	1,100,000	N.A.	(8)	940,640 (8)	6.05%		35 Years	January, 2038	N.A.	(8)	None	100%	1.69	2013	1.68
Britton Street (3)	San Francisco, San Francisco	(3)	1,033,400	N.A.	(3)	101,321 (3)	6.00%		15 Years	December, 2015	N.A.	(3)	Risk-Share	99%	0.94	2013	1.00
Carillo Place	Santa Rosa, Sonoma	11,621,514	2,475,000	N.A.	68	1,999,142	5.25%		30 Years	June, 2034	N.A.	98,651	None	99%	1.48	2013	1.53
			3,200,000				5.25%		1 Year								
Cesar Chavez	Davis,	7,075,788	765,000	N.A.	53	615,397	3.00%		25 Years	May, 2033	N.A.	295,743	None	97%	2.55	2013	2.27
	Yolo		3,000,000			0	3.00%		3 Years	May, 2011							
Chelsea Gardens	Santa Rosa, Sonoma	7,206,463	3,855,000	600,000	120	2,736,469	5.90%		30 Years	January, 2030	June, 2033	498,587	Risk-Share	99%	2.14	2013	1.73
Countrywood	Linda, Yuba	2,215,441	N.A	170,000	65	32,684	5.00%		20 Years	August, 2025	April, 2021	0	Risk-Share	91%	0.62	2013	1.02
Coy de Estes	Upland, San Bernardino	8,021,866	N.A	2,150,000	130	1,910,202	8.50%		40 Years	January, 2038	N.A.	259,360	Risk-Share	100%	2.12	2013	2.58

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Creekside Apts.	Albany, Alameda	3,141,466	878,000	N.A.	16	780,310	6.35%		40 Years	November, 2041	N.A.	105,252	Risk-Share	100%	1.14	2013	1.09
Crescent Terrace	Sunnyvale, Santa Clara	3,496,445	1,469,224	N.A.	48	1,105,178	6.00%		40 Years	July, 2035	N.A.	262,351	None	100%	3.16	2013	1.79
Dalton Arms	Los Angeles, Los Angeles	321,512	98,300	N.A.	5	48,086	8.00%		35 Years	January, 2021	N.A.	8,752	None	100%	0.54	2013	0.31
Diamond Aisle Apts.	Anaheim, Orange	5,639,000	770,000	N.A.	25	401,037	1.00%	5.20%	10 Years	January, 2020	N.A.	47,185	None	97%	1.75	2013	1.59
El Rancho Verde Apts (25)	San Jose, Santa Clara	115,413,256	N.A	6,000,000	700	6,000,000 (25)	1.00%		20 Years	April, 2033	May, 2032	(25)	None	98%	1.52	2011	1.45
Eleanor Roosevelt	Davis,	10,797,192	550,000	N.A.	60	490,792	5.90%		30 Years	October, 2037	N.A.	349,367	None	93%	0.37	2013	0.78
	Yolo		2,400,000	N.A.		0	4.50%		3 Years	October, 2010							
Emerson Arms	Martinez, Contra Costa	3,874,303	2,480,000	N.A.	32	2,065,360	5.25%		30 Years	October, 2035	April, 2029	295,752	None	100%	2.55	2013	2.23
Eureka Family Housing	Eureka,	3,542,848	940,000	N.A.	50	859,459	5.30%		30 Years	August, 2039	October, 2019	248,098	None	99%	1.03	2013	1.15
	Humboldt		1,150,000			673,523	5.30%		14 Years	December, 2021	October, 2019		None				
Fireside Apartments	Mill Valley, Marin	18,863,670	1,600,000	N.A.	50	1,323,806	1.00%	5.30%	30 Years	March, 2031	N.A.	116,502	None	99%	2.08	2013	2.12
			4,450,000			0	3.00%		3 Years	March, 2014							
Grand Plaza	Los Angeles, Los Angeles	16,813,733	7,986,965	N.A.	302	6,936,093	9.25%		40 Years	April, 2035	N.A.	530,829	Risk-Share	96%	1.84	2013	1.81
Grizzly Hollow	Galt, Sacramento	15,182,446	950,000	N.A.	54	705,301	5.70%		20 Years	April, 2027	N.A.	64,423	None	91%	1.55	2012	1.15
Hillside Villa	Los Angeles, Los Angeles	10,940,498	4,974,553	N.A.	124	2,616,081	6.50%(5.75% -7.0%) (21)		30 Years	March, 2024	N.A.	49,232	None	98%	1.06	2013	1.38
Homestead Park (16)	Sunnyvale,	(16)	9,710,000	N.A.	(16)	7,400,304 (16)	6.50%		30 Years	April, 2031	April, 2021	(16)	None	98%	1.06	2013	1.10
	Santa Clara		1,815,883			73,932	6.20%		5 Years		April, 2021		None				
Huntcliff	Fair Oaks, Sacramento	4,323,109	3,405,300	N.A.	78	2,608,767	6.00%		37 Years	July, 2024	N.A.	76,995	None	94%	1.83	2013	1.80
Huntington Square	Citrus Height, Sacramento	13,195,808	10,289,487	N.A.	225	5,541,857	6.50%		30 Years	March, 2024	N.A.	128,088	None	99%	1.46	2013	1.43
Larkfield Road	Santa Rosa, Sonoma	14,192,944	1,830,000	N.A.	56	1,617,538	5.90%		30 Years	May, 2037	N.A.	253,116	None	99%	1.5	2013	1.46
Linden Manor (22)	Riverside, Riverside	(22)	N.A	260,000	(22)	216,753 (22)	6.50%		30 Years	April, 2034	N.A.	(22)	None	96%	2.77	2013	2.02
Lion Creek Crossings III	Oakland,	40,467,774	4,080,000	N.A.	106	3,896,271	5.70%		40 Years	February, 2049	N.A.	235,894	None	95%	1.23	2013	1.24
	Alameda		475,000			229,880	5.50%		10 Years	February, 2019	N.A.		None				
Northside Flat	Long Beach, Los Angeles	1,500,000	1,500,000	N.A.	47	1,061,112	5.90%		30 Years	January, 2030	N.A.	200,694	None	93%	1.25	2012	1.55
O'Farrell Tower Apts.	San Francisco,	11,910,000	4,240,000	N.A.	101	3,128,429	6.20%		30 Years	September, 2030	August, 2031	680,414	None	99%	1.78	2013	1.80
	San Francisco		2,274,000			170,486	6.20%		15 Years	September, 2015	August, 2031		None				
			1,100,000			0	7.00%		5 Years								
Oak Village (22)	Oakland, Alameda	(22)	N.A	1,140,000	(22)	978,205 (22)	5.50%		30 Years	June, 2036	N.A.	(22)	None	98%	1.50	2013	1.46
Oceanview Apts.	Pacifica, San Mateo	12,050,731	9,425,000	N.A.	100	6,827,891	5.75%		30 Years	September, 2030	N.A.	49,520	None	99%	1.58	2014	1.42
Olive Court	Davis, Yolo	1,366,279	960,000	N.A.	24	470,280	6.00%		40 Years	January, 2028	N.A.	138,950	None	99%	0.83	2014	0.89

Name of Development	Location(City and County)	Total Development Cost	Original Tax-Exempt Loan Amount	Original Loan Amount Not Tax-Exempt	Number of Units	Outstanding Tax-Exempt Loan Balance as of December 31, 2014	Existing Tax-Exempt Loan Interest Rate	Subsidizing Tax-Exempt Loan Interest Rate (1)	Existing Tax-Exempt Loan Term	Permanent Loan Maturity Date	HAP Contract Expiration Date	Replacement Reserve Balance December 31, 2014	FHA Insurance	Occupancy Rate	DCR	Audit Year	Average DCR of Last 3 Audit Years
Playa Del Alameda	Alameda, Alameda	5,188,644	3,080,000	95,000	40	2,286,672	6.20%		30 Years	November, 2030	November, 2032	82,587	None	98%	2.13	2013	1.81
Quail Terrace	Fairfield, Solano	6,912,788	4,405,000	N.A.	136	2,653,687	8.30%		40 Years	February, 2025	N.A.	83,410	None	94%	1.92	2013	1.70
Regency Manor	Los Angeles, Los Angeles	7,619,626	5,906,464	N.A.	120	3,064,178	7.00%(4.25% (21) -7.0%)		30 Years	March, 2024	N.A.	89,705	None	99%	1.42	2013	1.46
Rubicon Homes	Richmond, Contra Costa	1,334,179	N.A	1,049,886	10	844,917	1.50%		20 Years	January, 2029	September, 2027	99,525	None	100%	1.17	2013	1.37
Runnymede Gardens (16)	E. Palo Alto, San Mateo	(16)	3,910,000	N.A.	(16)	2,957,250 (16)	6.45%		30 Years	February, 2031	September, 2021	(16)	None	100%	1.41	2013	1.31
Salandini Villa Apts.	Parlier, Fresno	10,112,391	3,500,000	N.A.	148	3,152,153	9.25%		40 Years	October, 2037	N.A.	86,633	Risk-Share	95%	1.32	2013	1.47
Santa Ana Towers (16)	Santa Ana, Orange	(16)	9,600,000	N.A.	(16)	8,099,424 (16)	6.35%		35 Years	December, 2036	June, 2015	(16)	None	100%	1.84	2013	1.80
Saratoga Senior Apts.	Vacaville, Solano	10,846,907	5,730,000	N.A.	120	4,488,742	6.20%		30 Years	June, 2032	N.A.	304,864	None	98%	1.79	2013	1.86
Seacliff Highlands	Aptos, Santa Cruz	11,789,952	1,385,000	N.A.	39	1,212,534	5.70%		30 Years	February, 2037	N.A.	72,619	None	99%	1.75	2013	1.80
Seven Directions	Oakland, Alameda	9,479,600	1,150,000	N.A.	36	630,933	5.25%		10 Years	October, 2019	N.A.	129,321	None	98%	1.38	2013	1.47
Seventeenth St. Commons	Sacramento, Sacramento	1,379,529	N.A	1,419,000	29	1,120,335	5.25%		30 Years	September, 2033	N.A.	92,826	None	92%	1.21	2014	1.45
Singing Wood (11)	El Monte, Los Angeles	(11)	2,479,639 1,350,000	N.A.	(11)	2,002,889 (11) 0	5.25% 5.25%		30 Years 2 Years	June, 2034	N.A.	(11)	None	100%	1.59	2013	1.58
Somersett Hills	Roseville, Placer	8,018,326	5,419,654	N.A.	124	2,937,322	7.13%(6.63% (21) -7.13%)		30 Years	March, 2024	N.A.	126,891	None	95%	1.73	2013	1.69
Southlake Tower	Oakland,	8,613,000	6,500,000	1,010,000	130	0	5.50%		30 Years	August, 2034	November, 2025	-	Risk-Share	98%	1.33	2013	1.34
	Alameda		820,000			344,243	6.50%		15 Years	August, 2019	November, 2025		None				
Stevens Creek/Tantau Apts	Cupertino, Santa Clara	3,329,900	1,768,900	N.A.	40	1,502,380	7.25%		40 Years	May, 2037	N.A.	154,581	Risk-Share	94%	1.31	2014	1.76
The Surf	San Leandro, Alameda	2,815,854	2,825,000	N.A.	46	2,460,312	5.60%		30 Years	April, 2035	N.A.	248,736	Risk-Share	97%	2.11	2013	1.65
Tice Oaks	Walnut Creek, Contra Costa	9,495,784	2,475,000 2,540,000	N.A.	91	1,881,789 -	6.20% 6.20%		30 Years 11 Years	July, 2031 July, 2011	March, 2031	330,202	None	100%	2.48	2013	1.74
Valle de las Brisas	Madera, Madera	4,113,813	1,350,000	126,500	81	1,219,610	9.50%		40 Years	August, 2037	N.A.	120,566	Risk-Share	98%	1.66	2013	1.60
Victoria Green	Hercules, Contra Costa	27,427,379	9,455,000 4,985,000	N.A.	132	7,711,505 -	5.25% 5.25%		30 Years 3 Years	October, 2034	N.A.	316,928	None	100%	1.11	2013	1.11
Villa Ramona (formerly Baldwin Park Family)	Baldwin Park, Los Angeles	13,092,505	3,660,000	N.A.	71	3,306,508	5.25%		40 Years	December, 2044	N.A.	209,307	None	99%	1.55	2013	1.38
The Village at Beechwood	Lancaster, Los Angeles	8,068,697	890,000 469,000	N.A.	100	533,773 0	5.25% 5.25%		20 Years 6 Years	May, 2024 September, 2010	N.A. N.A.	205,994	None None	92%	1.18	2012	0.99
Vista Las Flores (12)	Carlsbad, San Diego	(12)	1,020,000 1,075,000	N.A.	(12)	861,906 (12) 0	6.05% 6.05%		35 Years 5 Years	June, 2037	N.A.	(12)	None	99%	1.77	2012	1.51
Vista Sunrise Apts.	Palm Springs, Riverside	9,470,528	450,000	N.A.	85	158,870	1.00%	5.90%	10 Years	May, 2018	N.A.	143,996	None	88%	-2.23	2013	-0.04

Name of Development	Location(City and County)	Total Development Cost	Original Tax-Exempt Loan Amount	Original Loan Amount Not Tax-Exempt	Number of Units	Outstanding Tax-Exempt Loan Balance as of December 31, 2014	Existing Tax-Exempt Loan Interest Rate	Subsidizing Tax-Exempt Loan Interest Rate (1)	Existing Tax-Exempt Loan Term	Permanent Loan Maturity Date	HAP Contract Expiration Date	Replacement Reserve Balance December 31, 2014	FHA Insurance	Occupancy Rate	DCR	Audit Year	Average DCR of Last 3 Audit Years
West Avenue	Santa Rosa,	2,051,112	1,025,500	N.A.	40	675,360	6.50%		30 Years	July, 2030	N.A.	127,702	None	100%	1.95	2013	1.72
	Sonoma		N.A.	71,855		22,537	6.50%		15 Years	December, 2016	N.A.		None				
Winter Creek Village	Windsor,	7,483,061	1,620,000	N.A.	41	1,302,073	5.25%		30 Years	April, 2034	N.A.	82,700	None	100%	1.71	2013	1.81
	Sonoma		2,400,000			0	5.25%		1 Year								
Winters Apartments	Winters, Yolo	3,303,353	1,365,000	N.A.	44	1,054,539	5.40%		30 Years	January, 2032	N.A.	28,633	None	96%	1.81	2013	1.61
Woodglen Vista	Santee,	11,694,760	9,150,000	N.A.	188	7,448,129	5.90%		30 Years	February, 2034	September, 2019	169,364	None	99%	1.56	2013	1.50
	San Diego		1,300,000			513,655	5.90%		16 Years	August, 2019	September, 2019		None				
	Subtotals	$571,574,489	$243,874,269	13,082,241	4833	$161,097,913						$8,831,217					
	Total	$2,235,829,527	$943,293,365	$30,648,050	17561	$667,018,356						$35,059,282					

* Includes Bonds that are scheduled to be refunded with proceeds of the Offered Bonds. Certain of the Developments are financed by or allocable to more than one series of Bonds. In such cases, certain information regarding the related Developments only appears in a single entry in this Appendix.
(1) The Agency is currently subsidizing the interest rate on these permanent loans. The source of funds for this interest rate subsidy comes from the Agency's share of McKinney Act savings from certain FAF projects.
(2) This loan is financed by the 1997 Series A and 1998 Series B Bonds.
(3) This loan is financed by the 1998 Series A, 1999 Series A Bonds and the General Program account.
(4) This loan is financed by the 1998 Series A and 1998 Series B Bonds.
(5) This loan is financed by the 1998 Series C and 2001 Series D Bonds.
(6) This project is a FAF project for which the original loan interest rate of 12.00% is still in force. The difference between the principal and interest payment at 12.00% and the payment at 9.05% is treated as McKinney Act savings and shared equally by the Agency and HUD.
(7) This loan is financed by the 1998 Series C and 2001 Series F Bonds.
(8) This loan is financed by the 1999 Series A and the General Program account.
(9) This loan is financed by 2001 Series E and 2001 Series H Bonds.
(10) This loan is financed by 2001 Series E and 2001 Series G Bonds.
(11) This loan is financed by 2001 Series E, 2001 Series G and the General Program account.
(12) This loan is financed by 2001 Series E Bonds and the General Program account.
(13) This loan is financed by the 2001 Series F and 2002 Series D Bonds.
(14) This loan is financed by 2001 Series F and 2001 Series G Bonds.
(15) These Bonds are taxable. The loan information listed for these projects is for non-tax-exempt loans.
(16) These loans are financed by 2001 Series H Bonds and the General Program account.
(17) This loan is financed by 2002 Series E Bonds and the General Program account.
(18) This loan is financed by 2002 Series E, 2004 Series D and 2008 Series B Bonds.
(19) This loan is financed by 2002 Series E and 2004 Series D Bonds.
(20) This loan is financed by 2003 Series C and 2008 Series C Bonds.
(21) Indicates range of interest rates for stepped-rate loans.
(22) These loans are financed by 2004 Series B Bonds and the General Program account.
(23) This loan is financed by 2008 Series B and 2008 Series C Bonds.
(24) These loans are acquisition/rehab loans. Such loans are typically funded over the life of the loan and are interest only for up to two years. Please refer to Section "Lending Program" herein for a full description of the Preservation Loan program.
(25) Subordinate loan.

DESCRIPTION OF MULTIFAMILY MORTGAGE BACKED SECURITIES FINANCED BY MULTIFAMILY HOUSING REVENUE BONDS III

							December 31, 2014	
Project Name	**Purchased Amount**	**Pool #**	**CUSIP #**	**Interest Rate**	**Issuance Date**	**Maturity Date**	**Par Amount**	**Fair market Value**
Mortgage Backed Securities Financed by the General Program:								
Parkwood Apts (*)	$ 1,286,909.84	470076	31381TFR6	4.63%	1-Dec-11	1-Sep-35	$ 1,203,734.68	$ 1,386,100.51
Mortgage Backed Securities Financed by the 2002 Series E Bonds:								
Dove Canyon	$ 6,870,119.89	470086	31381TF39	4.47%	1-Dec-11	1-Jan-40	$ 6,553,331.55	$ 7,563,789.74
Laguna Canyon	8,015,669.19	470085	31381TF21	4.37%	1-Dec-11	1-Nov-41	7,685,783.13	8,615,301.75
Parkwood Apts (*)	4,525,363.80	470076	31381TFR6	4.63%	1-Dec-11	1-Sep-35	4,232,880.68	4,874,162.11
	$ 19,411,152.88						$ 18,471,995.36	$ 21,053,253.60
Mortgage Backed Securities Financed by the 2004 Series B Bonds:								
Parkwood Apts (*)	$ 167,618.18	470076	31381TFR6	4.63%	1-Dec-11	1-Sep-35	$ 156,784.59	$ 180,537.47
Grand Total	$ 20,865,680.90						$ 19,832,514.63	$ 22,619,891.58

(*) This loan is financed by the General Program account, the 2002 Series E and the 2004 Series B Bonds.

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APPENDIX D

CERTAIN AGENCY FINANCIAL INFORMATION AND OPERATING DATA

The following tables set forth certain information regarding interest rate swap agreements, liquidity facilities and certain investments, all with respect to the Prior Series Bonds, and certain information with respect to the bonds of the Agency.

Swap Agreements

Relating to Multifamily Housing Revenue Bonds III

as of February 1, 2015

Multifamily Housing Revenue Bonds III	Initial Notional Amount	Outstanding Notional Amount +	Effective Date	Fixed Rate Paid by Agency	Floating Rate Received by Agency	Maturity Date	Par Termination Date
2001 Series D	$ 3,265,000	$ 1,720,000	28-Jun-01	4.452%	100% of SIFMA - 0.20%	Aug-22	
2001 Series E	55,870,000	41,420,000	28-Jun-01	4.712%	100% of SIFMA - 0.15%	Feb-36	
2001 Series F	19,040,000	11,370,000	1-Feb-02	4.029%	100% of SIFMA - 0.20%	Feb-32	
2001 Series G	47,660,000	36,585,000	1-Feb-02	4.205%	100% of SIFMA - 0.15%	Aug-36	
2001 Series G	10,655,000	8,150,000	1-Feb-04	4.595%	100% of SIFMA - 0.15%	Feb-34	
2002 Series D	12,655,000	10,155,000	3-Feb-03	4.085%	100% of SIFMA - 0.20%	Feb-35	
2002 Series E	16,470,000	13,495,000	3-Feb-03	4.151%	100% of SIFMA - 0.15%	Feb-35	
2002 Series E	42,025,000	36,415,000	1-Nov-04	4.571%	100% of SIFMA - 0.15%	Aug-37	
2004 Series B	12,950,000	11,070,000	1-Aug-06	3.692%	60% of 1 mo. LIBOR + 0.26%	Aug-36	Aug-21
2004 Series B	5,680,000	4,610,000	1-Aug-04	3.330%	60% of 1 mo. LIBOR + 0.26%	Aug-34	Aug-19
2004 Series B	3,060,000	2,195,000	1-Aug-04	4.539%	100% of SIFMA - 0.15%	Aug-34	Aug-19
2004 Series B	16,890,000	11,095,000	1-Aug-06	4.978%	100% of SIFMA - 0.15%	Feb-39	Aug-21
2004 Series C	9,720,000	6,310,000	1-Feb-05	3.435%	60% of 1 mo. LIBOR + 0.21%	Aug-25	
2005 Series D	33,870,000	26,360,000	1-Feb-06	3.701%	60% of 1 mo. LIBOR + 0.26%	Feb-38	
2007 Series C	11,345,000	5,210,000	1-Feb-08	3.728%	63% of 1 mo. LIBOR + 0.30%	Aug-42	Aug-22
2007 Series C	14,125,000	13,020,000	1-Nov-09	3.919%	63% of 1 mo. LIBOR + 0.30%	Aug-40	Nov-24
2008 Series A	11,180,000	9,570,000	1-Nov-09	3.295%	61% of 1 mo. LIBOR + 0.24%	Aug-40	
2008 Series B	26,300,000	19,045,000	18-Nov-08	3.385%	100% of SIFMA – 0.15%	Aug-36	
2008 Series B	28,800,000	25,195,000	18-Nov-08	4.295%	100% of SIFMA – 0.15%	Feb-38	Aug-18
2008 Series C	15,035,000	12,150,000	1-Jul-05	3.968%	60% of 3 mo. LIBOR + 0.26%	Feb-36	
2008 Series C	8,995,000	7,895,000	1-Dec-04	3.883%	60% of 3 mo. LIBOR + 0.26%	Aug-38	
2008 Series C	9,360,000	8,200,000	1-Feb-06	4.060%	60% of 3 mo. LIBOR + 0.26%	Aug-38	
MHRBIII Indenture	19,575,000	14,095,000	1-Aug-02	4.500%	100% of SIFMA - 0.15%	Aug-32	
MHRBIII Indenture	13,275,000	10,105,000	2-Feb-04	4.890%	100% of SIFMA - 0.15%	Feb-37	
MHRBIII Indenture	25,875,000	20,080,000	18-Nov-08	4.037%	100% of SIFMA - 0.20%	Feb-35	
MHRBIII Indenture	13,980,000	12,150,000	18-Nov-08	4.405%	100% of SIFMA - 0.15%	Feb-37	
MHRBIII Indenture	16,500,000	14,210,000	18-Nov-08	4.638%	100% of SIFMA - 0.15%	Aug-37	
MHRBIII Indenture	9,200,000	895,000	12-Jul-00	4.585%	64% of 1 mo. LIBOR	Feb-31	

MHRBIII Indenture	15,160,000	11,205,000	18-Nov-08	4.395%	64% of 1 mo. LIBOR	Feb-31	
MHRBIII Indenture	23,900,000	16,270,000	1-Aug-04	3.059%	60% of 1 mo. LIBOR + 0.21%	Aug-34	
MHRBIII Indenture	2,480,000	2,050,000	1-Jul-05	3.564%	100% of SIFMA – 0.20%	Aug-35	
MHRBIII Indenture	2,825,000	2,350,000	15-Jun-05	3.954%	100% of SIFMA – 0.15%	Aug-35	Feb-22
MHRBIII Indenture	26,645,000	21,425,000	1-Feb-07	4.079%	100% of SIFMA – 0.15%	Feb-37	Feb-23
MHRBIII Indenture	4,060,000	3,540,000	1-Aug-07	3.957%	100% of SIFMA – 0.15%	Feb-38	Feb-24
MHRBIII Indenture	8,300,000	5,205,000	15-Jun-06	4.042%	97% of SIFMA	Aug-27	
MHRBIII Indenture	9,445,000	8,405,000	15-Jun-06	4.381%	97% of SIFMA	Aug-39	Nov-21
MHRBIII Indenture	4,290,000	3,845,000	15-Jun-06	4.492%	97% of SIFMA	Feb-41	May-23
MHRBIII Indenture	6,220,000	5,410,000	1-Aug-09	4.222%	64% of 1 mo. LIBOR + 0.25%	Feb-40	Nov-24
MHRBIII Indenture	6,410,000	1,700,000	12-Jul-07	3.937%	64% of 1 mo. LIBOR + 0.25%	Feb-22	
Total	$ 623,090,000	$ 474,175,000					

+ The notional amount of each interest rate swap agreement will be adjusted from time to time in accordance with the terms of such agreement

As of February 1, 2015, the following were the counterparties to the interest rate swap agreements reflected above, in the following respective approximate outstanding notional amounts:

Counterparty	Approximate Aggregate Outstanding Notional Amount
Bank of America N.A.	$ 164,045,000
Deutsche Bank AG	76,690,000
Goldman Sachs Mitsui Marine Derivative Products, L.P.	69,760,000
JPMorgan Chase Bank of New York	68,535,000
Merrill Lynch Capital Services, Inc.	41,535,000
AIG Financial Products, Corp.	32,670,000
UBS AG	11,370,000
Dexia Credit Local New York Agency	9,570,000
Total	$ 474,175,000

Multifamily Housing Revenue Bonds III Indenture
Liquidity Providers+
as of February 1, 2015

Provider	Current Amount of Liquidity Provided as of February 1, 2015++
JPMorgan Chase Bank N.A.	$ 79,700,000
Federal National Mortgage Association	$ 36,225,000
Federal Home Loan Mortgage Corporation	$ 36,225,000
Total	$ 152,150,000

+ The liquidity agreements with the providers set forth above have scheduled terms of three to seven years. The Agency actively monitors these agreements and the availability of liquidity and seeks to extend contracts where feasible and replace contracts as necessary.

++ Does not include interest component

Multifamily Housing Revenue Bonds III
Funds Deposited in Investment Agreements
as of December 31, 2014

Provider - Ratings as of February 13, 2015 (Moody's/S&P)		Type of Funds: Program	Type of Funds: Reserve	Type of Funds: Float	Total Amount Invested
Societe Generale, New York Branch	A2 / A	$ -	$ -	$ 2,459,050	$2,459,050
Transamerica Life Insurance Company	A1 / AA-	-	-	3,086,657	3,086,657
Bayerishe Landesbank Girozentrale	A3 / NR	-	-	8,210,788	8,210,788
Totals in Investment Agreements		$ -	$ -	$13,756,495	$13,756,495
Provider - Ratings as of December 8, 2014 (Moody's/S&P)					
Investment in SMIF		$9,387,256	$1,010,000	$ 8,393,744	$18,791,000
Investment in US Bank Open REPO	P-1/A-1+	8,087		641,112	649,199
Total Funds Invested		$9,395,343	$1,010,000	$22,791,351	$33,196,694

Multifamily Housing Revenue Bonds III
Summary of Investments in Securities
as of December 31, 2014

Type of Investment	Par Value Program Account	Par Value Reserve Account	Total Par Value	Total Market Value
FNMA Securities	$19,832,515	$ -	$19,832,515	$22,619,892
Totals in Investment Agreements	$19,832,515	$ -	$19,832,515	$22,619,892

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