

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (as defined below) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to the status of interest on any Bond during any period such Bond is held by a "substantial user" of the facilities financed or refinanced by the Bonds or by a "related person" within the meaning of Section 147(a) of the Code. In the further opinion of Bond Counsel interest on the Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also 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 related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds. See "TAX MATTERS" herein.



\$8,600,000
CALIFORNIA HOUSING FINANCE AGENCY
MULTIFAMILY HOUSING REVENUE BONDS
(MAPLEWOOD APARTMENTS – FHA RISK-SHARE INSURED MORTGAGE LOAN)
2016 ISSUE A

Dated: Date of Delivery

Due: As shown on inside front cover

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 above-captioned bonds (the "Bonds") are being issued by the California Housing Finance Agency (the "Agency") under and pursuant to a Trust Indenture, dated as of February 1, 2016 (the "Indenture"), between the Agency and Wilmington Trust, National Association, as trustee (the "Trustee"). Proceeds of the Bonds, together with certain other funds of the Agency, will be used to reimburse the Agency for amounts previously expended by the Agency to originate a Mortgage Loan to the Borrower for the acquisition and rehabilitation of a multifamily affordable residential rental development (the "Development"); to fund certain reserves to be held under the Indenture; and to pay costs of issuance of the Bonds. The Mortgage Loan allocated to the Bonds is insured by the Federal Housing Administration ("FHA") pursuant to its Risk-Share program, as more particularly described herein. The Bonds are payable from Revenues, including payments received in respect of FHA Insurance. See "SOURCES OF PAYMENT FOR THE BONDS."

The Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof. When issued, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). The principal of, premium, if any, and interest on the Bonds are payable by the Trustee by wire transfer directly to DTC, which will in turn remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds. Interest on the Bonds will be payable each February 1 and August 1, commencing August 1, 2016.

The Bonds will be subject to redemption prior to their stated maturity date at the prices, on the terms and upon the occurrence of the events described herein. See "REDEMPTION OF BONDS."

THE BONDS ARE LIMITED OBLIGATIONS OF THE AGENCY, PAYABLE SOLELY FROM THE REVENUES (INCLUDING BUT NOT LIMITED TO PAYMENTS IN RESPECT OF FHA INSURANCE) AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE. NONE OF THE AGENCY, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AGENCY, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) OR ANY PUBLIC AGENCY WILL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE AGENCY'S AGREEMENTS OR OBLIGATIONS WILL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE AGENCY HAS NO TAXING POWER.

The issuance and delivery of the 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 February 29, 2016.

Citigroup

J.P. Morgan

Dated: February 23, 2016

MATURITY SCHEDULE

**CALIFORNIA HOUSING FINANCE AGENCY
MULTIFAMILY HOUSING REVENUE BONDS
(MAPLEWOOD APARTMENTS – FHA RISK-SHARE INSURED MORTGAGE LOAN)
2016 ISSUE A**

\$635,000 2016 Issue A Serial Bonds

Maturity Date	Principal Amount	Interest Rate	Price	CUSIP* (13034P __)
August 1, 2018	\$35,000	0.80%	100%	WA1
February 1, 2019	25,000	1.00	100	WB9
August 1, 2019	30,000	1.05	100	WC7
February 1, 2020	25,000	1.15	100	WD5
August 1, 2020	30,000	1.20	100	WE3
February 1, 2021	30,000	1.30	100	WF0
August 1, 2021	30,000	1.35	100	WG8
February 1, 2022	30,000	1.55	100	WH6
August 1, 2022	35,000	1.60	100	WJ2
February 1, 2023	30,000	1.80	100	WK9
August 1, 2023	35,000	1.85	100	WL7
February 1, 2024	35,000	2.00	100	WM5
August 1, 2024	35,000	2.00	100	WN3
February 1, 2025	35,000	2.20	100	WP8
August 1, 2025	40,000	2.20	100	WQ6
February 1, 2026	35,000	2.40	100	WR4
August 1, 2026	40,000	2.40	100	WS2
February 1, 2027	40,000	2.55	100	WT0
August 1, 2027	40,000	2.55	100	WU7

\$3,890,000 0.70% Term Bond due May 1, 2018 Price 100%, CUSIP* 13034PWX1

\$365,000 3.00% Term Bond due August 1, 2031 Price 100%, CUSIP* 13034PWW5

\$3,710,000 3.25% Term Bond due August 1, 2035 Price 100%, CUSIP* 13034PWW3

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No dealer, broker, salesman or other person has been authorized by the Agency or Citigroup Global Markets Inc. and J.P. Morgan Securities LLC (together, the "Underwriters") to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby, 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 will there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as a 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.

The information set forth herein has been obtained from the Agency and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder, under any circumstances, will create any implication that there has been no change in the affairs of any party described herein subsequent to the date as of which such information is presented.

THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE HEREUNDER WILL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION REFERENCED HEREIN SINCE THE DATE HEREOF.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

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

This Official Statement contains certain descriptions of the Agency's lending program, the Act, and the requirements of certain programs of the United States Department of Housing and Urban Development and the Federal Housing Administration. These programs and their requirements are subject to change.

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OFFICIAL STATEMENT

\$8,600,000

**California Housing Finance Agency
Multifamily Housing Revenue Bonds**

**(Maplewood Apartments – FHA Risk-Share Insured Mortgage Loan)
2016 Issue A**

INTRODUCTION

The following introductory statement is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, which includes the cover page, inside cover page and Appendices hereto, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page, inside cover page and Appendices hereto, must be considered in its entirety. Certain capitalized terms used in this Official Statement are defined herein and in the Appendices hereto. All capitalized terms used in this Official Statement that are not otherwise defined herein will have the meanings ascribed to them in the Indenture.

This Official Statement, which includes the cover page and Appendices hereto, is furnished in connection with the offering and sale by the California Housing Finance Agency (the “Agency”) of the above-captioned bonds (the “Bonds”). See “THE BONDS” herein. The Bonds will be issued pursuant to the Act and a Trust Indenture, dated as of February 1, 2016 (the “Indenture”), between the Agency and Wilmington Trust, National Association, as trustee (the “Trustee”). Proceeds of the Bonds, together with certain funds of the Agency, will be used to reimburse the Agency for amounts previously expended by the Agency to originate a Mortgage Loan in the original principal amount of \$8,600,000 to the Borrower for the acquisition and rehabilitation of a 79-unit multifamily affordable residential rental development located in Lakeside, San Diego County, California (the “Development”); to fund certain reserves to be held under the Indenture; and to pay costs of issuance of the Bonds. The Mortgage Loan is evidenced by a promissory note, dated as of November 1, 2015 from Lindo Housing Associates, L.P. (the “Borrower”) to the Agency and an Acquisition and Rehabilitation Loan Agreement, dated as of November 1, 2015 (the “Borrower Loan Agreement”), by and between the Agency and the Borrower. While the scheduled principal payments on the Mortgage Loan are structured based upon a 35-year amortizing loan, (i) the Borrower is required to make a mortgage loan conversion payment expected to be in the amount of \$3,890,000 (the “Mortgage Loan Conversion Payment”) upon the completion of rehabilitation of the Development and (ii) the Borrower is required to pay the entire outstanding principal amount of the Mortgage Loan on the date which is 17 years following the date of the Mortgage Loan Conversion Payment. The Mortgage Loan Conversion Payment will be applied to the payment of the Bond due May 1, 2018 on or before the maturity date thereof. See “REDEMPTION OF BONDS – Terms of Redemption – *Special Redemption from Mortgage Loan Conversion Payment.*” The Mortgage Loan allocated to the Bonds is insured by the Federal Housing Administration (“FHA”) pursuant to its Risk-Share program, as more particularly described herein. The Bonds are payable from Revenues, which includes all payments, proceeds, rents, charges and other income derived by or for the account of

the Agency from or related to the Development, including monies received in respect of FHA Insurance. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

This Official Statement contains brief descriptions of the Bonds, the sources of payment for the Bonds, the Risk-Sharing program, the Agency and the Development, together with summaries of certain provisions of the Indenture. The summaries in this Official Statement do not purport to be complete. Full copies of the Indenture are available for inspection by prospective investors at the office of the Trustee.

THE AGENCY

General

The Agency was created in 1975 by the Act as a public instrumentality and a political subdivision of the State of California (the “State”) for the primary purpose of meeting the housing needs of persons and families of low or moderate income, and exists within the Department of Housing and Community Development, which is part of the Business, Consumer Services and Housing Agency of the State.

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 has sold and delivered obligations other than the Bonds, which other obligations are and will be secured by instruments separate and apart from the Indenture and the Bonds. The holders of such obligations of the Agency have no claim on the security for the Bonds, and the owners of the Bonds will have no claim on the security for such other obligations issued by the Agency.

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ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the sale of the Bonds and certain other moneys are expected to be applied approximately as follows:

SOURCES:

Bond Proceeds	\$8,600,000
Agency Contribution	214,765
Total Sources	\$8,814,765

USES:

Mortgage Loan Account	\$8,600,000
Debt Service Reserve Fund	133,000
Cost of Issuance Account ⁽¹⁾	81,765
Total Uses	\$8,814,765

⁽¹⁾ Includes Underwriters' discount, Trustee's fees, legal fees and expenses, rating agency fees and other miscellaneous costs of issuance.

THE BONDS

Description of the Bonds

The Bonds will be issued in fully registered form without coupons and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). The Bonds will be held by the Trustee pursuant to DTC's Fast Automated Securities Transfer ("FAST") Program. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form. Purchasers will not receive certificates representing their interest in the Bonds purchased. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the "owners" or "Bondholders" or "registered owners of the Bonds" will mean Cede & Co., and will not mean the beneficial owners of the Bonds, and principal, premium, if any, and interest on the Bonds will be payable by the Trustee by wire transfer of New York clearing house or equivalent next-day funds, to Cede & Co., as nominee for DTC. DTC will, in turn, remit such amounts to the DTC Participants (as defined herein) for subsequent disbursement to the beneficial owners. See APPENDIX D—"Book-Entry-Only System."

The Bonds will be issuable in denominations of \$5,000 principal amount or any integral multiple thereof ("Authorized Denominations"). The Bonds will be subject to redemption prior to maturity as described under the heading "REDEMPTION OF BONDS." The Bonds will be dated, and interest thereon will be payable on the dates, as set forth on the inside cover page. The 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. Each Bond will bear interest from the date to which interest has been paid on the Bonds next preceding the date of its authentication or otherwise duly provided for in accordance with the Indenture.

Limited Obligations

THE BONDS ARE LIMITED OBLIGATIONS OF THE AGENCY, PAYABLE SOLELY FROM THE REVENUES AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE. NONE OF THE AGENCY, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AGENCY, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) OR ANY PUBLIC AGENCY WILL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE AGENCY'S AGREEMENTS OR OBLIGATIONS WILL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE AGENCY HAS NO TAXING POWER.

NO OFFICER, AGENT, EMPLOYEE OR ATTORNEY OF THE AGENCY, INCLUDING ANY PERSON EXECUTING THE INDENTURE OR THE BONDS, WILL BE LIABLE PERSONALLY ON THE BONDS OR FOR ANY REASON RELATING TO THE ISSUANCE OF THE BONDS. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS, OR FOR ANY CLAIM BASED ON THE BONDS, OR OTHERWISE IN RESPECT OF THE BONDS, OR BASED ON OR IN RESPECT OF THE INDENTURE OR ANY SUPPLEMENTAL INDENTURE, AGAINST ANY OFFICER, EMPLOYEE OR AGENT, AS SUCH, OF THE AGENCY OR ANY SUCCESSOR, WHETHER BY VIRTUE OF ANY CONSTITUTION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY BEING, AND AS PART OF THE CONSIDERATION FOR THE ISSUANCE OF THE BONDS, EXPRESSLY WAIVED AND RELEASED.

No Acceleration

The Indenture does not provide for automatic acceleration of amounts due in respect of the Bonds without the approval of the Holders of all Outstanding Bonds.

No Additional Bonds

The Indenture does not provide for the issuance of any bonds of any other series or amount, other than the Bonds offered hereby.

REDEMPTION OF BONDS

Terms of Redemption

The Bonds are subject to redemption upon the circumstances, on the dates and at the prices set forth as follows:

Optional Redemption. The Bonds are subject to redemption, at the option of the Agency, from any source of funds, in whole or in part, on any date on or after August 1, 2025 at a price of 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 2031 shall be subject to mandatory redemption from Scheduled Principal Receipts deposited into the Bond Fund on the applicable dates set forth below, in the principal amount of such Bonds being redeemed plus accrued interest thereon to the date fixed for redemption, without premium:

<u>Date</u>	<u>Principal Amount (\$)</u>
February 1, 2028	40,000
August 1, 2028	45,000
February 1, 2029	45,000
August 1, 2029	45,000
February 1, 2030	45,000
August 1, 2030	45,000
February 1, 2031	50,000
August 1, 2031 [†]	50,000

[†]Final Maturity

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The Bonds maturing on August 1, 2035 shall be subject to mandatory redemption from Scheduled Principal Receipts deposited into the Bond Fund on the applicable dates set forth below, in the principal amount of such Bonds being redeemed plus accrued interest thereon to the date fixed for redemption, without premium:

<u>Date</u>	<u>Principal Amount (\$)</u>
February 1, 2032	50,000
August 1, 2032	50,000
February 1, 2033	55,000
August 1, 2033	55,000
February 1, 2034	55,000
August 1, 2034	55,000
February 1, 2035	60,000
August 1, 2035 [†]	3,330,000

[†]Final Maturity

The sinking fund installments set forth above may be reduced, pro rata, following the redemption of the Bonds of such maturity from moneys other than Scheduled Principal Receipts.

Mandatory Redemption from Prepayments. The Bonds are subject to mandatory redemption from amounts received by the Agency as Prepayments, in whole or in part, on any Business Day for which notice of such redemption may be given, at a price of 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption.

Special Redemption from Recovery Payments. The Bonds are subject to special redemption from amounts received by the Agency as Recovery Payments, in whole or in part, on any Business Day for which notice of such redemption may be given, at a price of 100% of the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption.

Special Redemption from Mortgage Loan Conversion Payment. The Term Bonds having a stated maturity date of May 1, 2018 (the “2018 Term Bonds”) are subject to special redemption, in whole or in part, on the earliest practicable Business Day for which notice of such redemption may be given, at a price of 100% of the principal amount of such 2018 Term Bonds (or portion thereof) to be redeemed, plus accrued interest thereon to the date fixed for redemption, as a result of the Mortgage Loan Conversion Payment.

Selection of Bonds to be Redeemed

Amounts (other than Scheduled Principal Receipts) to be applied to any partial redemption of the Bonds shall be allocated on a proportional basis (based upon the ratio that the then-outstanding principal amount of any Bond bears to the original principal amount of the Bonds); provided, however, that the amount allocable to each such Bond (or sinking fund payment) shall be rounded to the nearest \$5,000; and provided, further, that if any rounding

would cause the amounts selected or the aggregate thereof to be incorrect, then the Agency (or the Trustee, at the direction of the Agency) shall omit or adjust the rounding of all or some of the amounts as necessary to cause the amounts selected or the aggregate thereof to be accurate (but in any case not less than the minimum Authorized Denomination). Notwithstanding the foregoing, if a different procedure for such selection is required to comply with DTC procedures, the Trustee will be deemed to comply with this paragraph in following DTC procedures.

Notice of Redemption

Notice of redemption will be given by the Trustee not less than 20 days before the redemption date (or such longer or shorter period as may be required to comply with DTC procedures), to the Holder of any Bond all or a portion of which is to be redeemed, at the Holder's last address appearing upon the registry books as of the Record Date. The Indenture provides that such notice will specify the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds are to be redeemed, the letters and numbers of such Bonds to be redeemed, and, in the case of a Bond to be redeemed in part only, such notice will also specify the portion of the principal amount to be redeemed. The redemption described in such notice may be conditioned upon the occurrence of such events or conditions as will be specified in such notice and may be subject to revocation on the terms and in the manner described therein. Any defect in or failure to give the required mailed notice of redemption will not affect the validity of any proceedings for the redemption of Bonds not affected by such defect or failure.

Effect of Redemption

Notice of redemption having been duly given as described under the heading "Notice of Redemption" above, and moneys for payment of the redemption price being held by the Trustee, the Bonds so called for redemption will, on the date fixed for redemption, become due and payable at the redemption price specified in such notice, interest on the Bonds called for redemption will cease to accrue, and the holders of said Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Mortgage Loan is insured as to all payments of principal and interest (including payment of the Mortgage Loan Conversion Payment and any "balloon" principal payment in respect of the Mortgage Loan) by the Federal Housing Administration ("FHA") pursuant to its Risk-Share program, as more particularly described below. See "INSURANCE UNDER THE RISK-SHARING ACT."

The Bonds are payable from and secured primarily by (i) Revenues, consisting of all payments, proceeds, rents, charges and other income derived by or for the account of the Agency from or related to the Development, including without limitation the scheduled amortization payments of principal of and interest on Mortgage Loan; (ii) reserves and certain other moneys and securities held or to be held and set aside by the Trustee in any Fund or Account created by the Indenture (except Escrow Payments held for insurance, taxes and similar expenses of the

Development); and (iii) monies received in respect of FHA Insurance. Prepayments and Recovery Payments received by the Agency are also pledged to secure payment of the principal or Redemption Price of, and of interest on, the Bonds.

All proceeds of Bonds deposited to the credit of each Fund and Account established under the Indenture, and all obligations held as investments thereof and the proceeds of such investments, shall be held in trust and applied only as directed in the Indenture, and are assigned and pledged to the Trustee, pending such application, for the benefit of the Holders of Bonds and for the security of the payment of the Principal Installments of and interest on Bonds, and shall at all times be subject to the lien of such assignment and pledge until paid out or transferred pursuant to the Indenture.

Debt Service Reserve Fund

The Indenture provides for the establishment of a Debt Service Reserve Fund, which will initially be funded from funds of the Agency in the amount of \$133,000, equal to the initial Debt Service Reserve Requirement. If at any time there is not a sufficient amount in the Bond Fund to provide for the payment when due of Principal Installments of and interest on the Outstanding Bonds, the Trustee shall withdraw from the Debt Service Reserve Fund and pay into the Bond Fund the amount of the deficiency then remaining. See Appendix B – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Establishment of Funds – Debt Service Reserve Fund.”

The Mortgage Loan and the Revenues

The Indenture requires that the Agency shall, consistent with the Act as then in effect and with the provisions of the Indenture, do all such acts and things as are necessary to receive and collect Revenues, Prepayments, Recovery Payments and Escrow Payments, consistent with sound practices and principles, and diligently enforce and take all steps, actions and proceedings reasonably necessary in the judgment of the Agency for the enforcement of all terms, covenants and conditions of the Mortgage Loan, including the prompt collection of Mortgage repayments and fees and charges and other Revenues. The Indenture requires that the Agency, as the Servicer, provide for servicing of the Mortgage Loan pursuant to the servicing requirements of the Agency and the FHA.

Enforcement of Mortgage; Maintenance of FHA Insurance

The Indenture requires the Agency to take all reasonable steps to enforce the terms, covenants and conditions of the Mortgage securing the Mortgage Loan, including the prompt collection of Mortgage repayments and fees and charges and other Revenues, and take such steps, actions and proceedings reasonably necessary in the judgment of the Agency to protect its rights with respect to or to maintain the FHA Insurance on the Mortgage Loan. The Trustee may enforce all rights of the Agency under the FHA Insurance for and on behalf of the Bondholders whether or not an Event of Default under the Indenture has occurred. The Indenture requires the Agency not to delay in the requisite notification to FHA, prosecution and collection of any claim for FHA Insurance to which it shall be entitled, permit any such delay under its control or fail to

elect to assign the Mortgage Loan whenever it shall be necessary to do so to obtain the benefits of FHA Insurance.

Prepayments

The Indenture provides that on and after the Optional Prepayment Date in respect of the Mortgage Loan, the Agency may consent to the Prepayment of the Mortgage Loan, in whole or in part, provided that the amount to be paid prior to satisfaction of the Mortgage equals, as of the date of the Prepayment the unpaid principal balance of the Mortgage Loan, plus accrued interest to the date of the Prepayment.

Modification of Mortgage Terms

The Indenture provides that the Agency shall not consent to the modification of the security for or any terms or provisions of the Mortgage Loan or the Mortgage securing the same in a manner materially adverse to Bondholders. No reduction in the interest rate or schedule of payments will be made.

Sale of the Mortgage

The Indenture permits the Agency to sell the Mortgage Loan provided that a determination has been made that the proceeds of the sale will be used to optionally redeem Bonds on the earliest date occurring on or after the first date on which optional redemption of the Bonds is permitted for which due notice of such optional redemption may be given. See “REDEMPTION OF BONDS – Optional Redemption.”

LOAN PROCEDURES AND POLICIES

Program Procedures and Servicing

Pursuant to the Agency’s program, loans such as the Mortgage Loan are financed and serviced directly by the Agency. Such loans may provide acquisition, rehabilitation and permanent financing for developments intended for occupancy by persons and families of low or moderate income. Such loans are currently 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.

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. For certain developments intended for occupancy in whole or in part by low and very low income households, the Agency or other government entities may provide deferred payment loans secured by junior liens and other forms of financial assistance to finance a portion of the costs of such developments.

Loan Documentation, Processing and Monitoring

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. Each loan is evidenced by certain documents, including a promissory note, and secured by a deed of trust with assignment of rents 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. The Agency has established various requirements and procedures intended to ensure the timely completion of the rehabilitation. After completion and occupancy, the Agency monitors each development to ensure that the management of the development comply with the applicable regulatory agreement and sound management practices.

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, such as the Mortgage Loan, reviewed and approved for that purpose by the Agency. HUD regulations implementing the Risk Sharing Act currently require that the Agency use proceeds of insurance under the Act to redeem the related Bonds. 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 elected a 50% risk of loss in respect of the Mortgage Loan.

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 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.

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.

CERTAIN BONDHOLDERS' RISKS

The purchase of the Bonds will involve a number of risks. The following is a summary, which does not purport to be comprehensive or definitive, of some of such risk factors.

Limited Liability

THE BONDS ARE LIMITED OBLIGATIONS OF THE AGENCY, PAYABLE SOLELY FROM THE REVENUES AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE. NONE OF THE AGENCY, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AGENCY, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) OR ANY PUBLIC AGENCY WILL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE

BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE AGENCY'S AGREEMENTS OR OBLIGATIONS WILL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE AGENCY HAS NO TAXING POWER.

NO OFFICER, AGENT, EMPLOYEE OR ATTORNEY OF THE AGENCY, INCLUDING ANY PERSON EXECUTING THE INDENTURE OR THE BONDS, WILL BE LIABLE PERSONALLY ON THE BONDS OR FOR ANY REASON RELATING TO THE ISSUANCE OF THE BONDS. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS, OR FOR ANY CLAIM BASED ON THE BONDS, OR OTHERWISE IN RESPECT OF THE BONDS, OR BASED ON OR IN RESPECT OF THE INDENTURE OR ANY SUPPLEMENTAL INDENTURE, AGAINST ANY OFFICER, EMPLOYEE OR AGENT, AS SUCH, OF THE AGENCY OR ANY SUCCESSOR, WHETHER BY VIRTUE OF ANY CONSTITUTION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY BEING, AND AS PART OF THE CONSIDERATION FOR THE ISSUANCE OF THE BONDS, EXPRESSLY WAIVED AND RELEASED.

Early Redemption

Purchasers of Bonds should consider the fact that the Bonds are subject to redemption at a redemption price equal to their principal amount plus accrued interest prior to maturity. This could occur, for example, in the event that the Loan is prepaid as a result of a casualty or condemnation affecting the Development or if there is a default under the Loan. See "REDEMPTION OF BONDS" herein.

Enforceability and Bankruptcy

The remedies available to the Trustee and the holders of the Bonds upon an event of default under the Indenture are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing laws and judicial decisions, the remedies provided under the aforesaid documents may not readily be available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds and the aforesaid documents will be qualified to the extent that the enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

THE DEVELOPMENT

The information under this heading has been furnished by the Agency derived from information provided by the Borrower. None of the Agency, the Trustee, or the Underwriters makes any representation whatsoever as to the accuracy, adequacy or completeness of such information.

General

The Development, known as Maplewood Apartments, is a 79-unit multifamily affordable apartment development located in located in Lakeside, San Diego County, California. The Development was originally constructed in 1985. As of February 2016, the most recent month for which such information is available, the unit mix is 51 two-bedroom units and 28 three-bedroom units and the Development was approximately 95% occupied.

Regulatory Restrictions

Bond Regulatory Agreement. The Regulatory Agreement imposes certain requirements on the Borrower with respect to the tax-exempt status of the Bonds under the Code, which include, among other requirements, a requirement that 20% of the completed residential units in the Development be occupied by individuals whose income does not exceed 50% of the median gross income for the area in which the Development is located. In addition, the Regulatory Agreement restricts rents which may be charged for occupancy of these units during the qualified project period (generally 55 years).

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), Bond Counsel to the Agency, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”), except that no opinion is expressed as to the status of interest on any Bond during any period such Bond is held by a person who is a “substantial user” of the facilities financed or refinanced by the Bonds or by a “related person” within the meaning of Section 147(a) of the Code. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal

individual and corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of California personal income taxes. The proposed form of Bond Counsel opinion is attached hereto as Appendix A.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Agency and the Borrower have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) or any other matters coming to Bond Counsel’s attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on the Bonds. Accordingly, the

opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and that interest on the Bonds is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, the Obama Administration's budget proposals in recent years have proposed legislation that would limit the exclusion from gross income of interest on the Bonds to some extent for high income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Agency or the Borrower or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Agency and the Borrower have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Agency, the Borrower or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Agency, the Borrower and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Agency or the Borrower legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Agency, the Borrower or the Beneficial Owners to incur significant expense.

UNDERWRITING

Citigroup Global Markets Inc. and J.P. Morgan Securities LLC (the “Underwriters”) have agreed, subject to certain conditions, to purchase the Bonds at a price of \$8,600,000 (the aggregate principal amount of the Bonds). The Underwriters will be paid a fee of \$49,764.81 with respect to the Bonds. The Underwriters’ obligations are subject to certain conditions precedent, and the Underwriters will be obligated to purchase all the Bonds if any are purchased. The initial public offering prices of the Bonds may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing such 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.

Citigroup Global Markets Inc. (“Citigroup”), an underwriter of the 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 Bonds.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the 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 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

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.

CONTINUING DISCLOSURE

The Agency has covenanted for the benefit of the Holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the Development 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. See Appendix C — "FORM OF 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, related to other bonds issued by the Agency. Such latenesses have generally ranged from one to three days, except on one occasion, when the filing was 13 days late. 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 five occasions, the Agency did not report bond rating changes resulting from bond insurer rating changes. On one occasion, the Agency timely filed its annual operating data but inadvertently omitted its audited financial statements for certain CUSIPs; however, seven months later the audited financial statements were filed against the omitted CUSIPs.

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.

RATINGS

Moody's has assigned the Bonds a rating of "Aaa". The Agency has furnished to such rating agency certain information and materials with respect to the Bonds. Generally, rating agencies based their ratings on such information and materials, and on investigations, studies and assumptions made by the rating agencies. Such rating assigned to the Bonds reflects only the views of the rating agency and an explanation of the significance of such rating may be obtained from the rating agency. The Underwriters' obligation to purchase the Bonds is conditioned on Moody's giving the aforementioned rating to the Bonds. There is no assurance that the rating which has been assigned to the Bonds will continue for any given period of time or that it will not be revised or withdrawn entirely by such rating agency, if in the judgment of the rating agency, circumstances so warrant. A downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and delivery of the 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 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 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.

ABSENCE OF LITIGATION

The Agency

In connection with the issuance of the Bonds, the Agency is delivering a certificate to the effect that, to the knowledge of the authorized officer of the Agency, no litigation is pending with service of process complete or threatened against the Agency (i) to restrain or enjoin the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings and authority under which they are to be issued, or the pledge or application of any money or security provided for the payment of the Bonds, or (ii) which questions the validity of any of the Indenture or the Bonds.

MISCELLANEOUS

The information contained above is subject to change without notice, and no implication is to be derived therefrom or from the sale of the Bonds that there has been no change from the date of such information. The Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Agency and the purchasers or owners of any of the Bonds. The Agency has caused this Official Statement to be executed by its authorized representative.

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APPENDIX A

PROPOSED FORM OF BOND COUNSEL OPINION

February ___, 2016

California Housing Finance Agency
Sacramento, California

California Housing Finance Agency
Multifamily Housing Revenue Bonds
(Maplewood Apartments – FHA Risk-Share Insured Mortgage Loan) 2016 Issue A
(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 (Maplewood Apartments – FHA Risk-Share Insured Mortgage Loan) 2016 Issue A, in the aggregate principal amount of \$8,600,000 (the “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 a Trust Indenture, dated as of February 1, 2016, (the “Indenture”) by and between the Agency and Wilmington Trust, National Association, as trustee (the “Trustee”). The Bonds are issued for the stated purposes of making loans of the proceeds thereof 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, the tax certificate, dated the date hereof (the “Agency Tax Certificate”) executed by the Agency, a tax certificate of Lindo Housing Associates, L.P. (the “Borrower”) (the “Borrower Tax Certificate” and, together with the Agency Tax Certificate, the “Tax Certificates”), 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.

We have relied on the opinion of Gubb & Barshay LLP that Maplewood Housing Associates, L.P. (the “Seller”) is not a related party to the Borrower under Section 707(b) of the Code. A relationship between the Borrower and the Seller that would result in a disallowance of losses under Section 707(b) of the Code also would result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of execution and delivery of the Bonds.

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. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, 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 and third paragraphs hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Tax Certificates, and the regulatory agreement, dated as of November 1, 2015 (the "Regulatory Agreement") executed by the Borrower in connection with the financing of the Mortgage Loan, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Tax Certificates, and the Regulatory Agreement 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 (the "State"). 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 real or personal property described in or 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 property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of any offering material relating to the 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 Agency is a public instrumentality and political subdivision, duly organized and validly existing under the laws of the State, and has lawful authority to issue the Bonds.
2. The Bonds constitute the valid and binding limited obligations of the Agency.
3. 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, premium, if any, and interest on the Bonds, of the Revenues, Prepayments, Recovery Payments, and other moneys and securities held in any fund or account established pursuant to the Indenture (except Escrow Payments), 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.

4. The 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 or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the exclusion from gross income of interest on any Bond for any period during which such Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed or refinanced by such Bond or by a "related person." Interest on the Bonds is not a specific preference item for purposes of the federal individual and or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating federal or corporate alternative minimum taxable income. Interest on the Bonds is exempt from State 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 Bonds.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture. This summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Indenture.

Certain Definitions

“Act” means the Zenovich Moscone Chacon Housing and Home Finance Act, consisting of Parts 1 through 4 of Division 31 of the California Health and Safety Code, as amended.

“Agency” means the California Housing Finance Agency, a public instrumentality and political subdivision of the State of California, and its successors.

“Authorized Denominations” means \$5,000 or any integral multiple thereof.

“Bond Fund” means the Fund so designated which is established and created by the Indenture.

“Bond Requirement” means as of any particular date of calculation, the sum of (i) that amount of the interest to become due on the Outstanding Bonds at their next Interest Payment Date; (ii) that amount of the Principal Installment due on the Outstanding Bonds at their next Principal Installment Date; (iii) any Principal Installment and interest due and unpaid before the date of calculation; and (iv) interest accrued on any such Principal Installment and (to the extent lawful) on any such interest at the same rate as that borne by the Principal Installment before its maturity.

“Business Day” means any day other than (i) a Saturday, a Sunday or another day on which banking institutions in the State of California or New York, New York 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 or (iii) a California state holiday.

“Closing Date” means the date of initial issuance of the Bonds.

“Code” means the Internal Revenue Code of 1986, and the temporary, proposed and final Treasury Regulations promulgated thereunder.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of the date of issuance of the Bonds, between the Agency and the Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Cost of Issuance” means all items of expense payable or reimbursable directly or indirectly by the Agency and related to the authorization, sale and issuance of Bonds, including but not limited to expenses of printing, reproducing documents, filing and recording, initial fees and charges of Fiduciaries, bond discounts, legal, financial consulting, bond underwriting and other professional service and consultation, credit ratings, execution, transportation and safekeeping of Bonds, and other costs, charges and fees in connection with the foregoing.

“Cost of Issuance Account” means the account by such name established in the Program Fund pursuant to the Indenture.

“Counsel’s Opinion” means an opinion signed by any attorney or firm of attorneys (who may be counsel or of counsel to the Agency or an attorney or firm of attorneys retained by it in other connections) licensed to practice in the state in which he or it maintains an office, selected or employed by the Agency and satisfactory to the Trustee.

“Debt Service Reserve Fund” means the Fund so designated which is established and created by the Indenture.

“Debt Service Reserve Requirement” means, in respect of any Bonds and as of any particular date of computation, an amount of money equal to the single largest sum resulting from the following calculation: in respect of every semi-annual debt service period for the Bonds, (a) interest payable on the Outstanding Bonds during such period, plus (b) Principal Installments payable on the Outstanding Bonds during such period, plus (c) the largest amount of monthly interest due on the Mortgage Loan during any month occurring during such period; provided, however, that the Principal Installments due on May 1, 2018 and August 1, 2035 shall be excluded for the purpose of calculating the amount described in (b) above.

“Depository” means each bank, trust company and national banking association appointed pursuant to the Indenture to act as a depository, and any successor.

“Development” has the meaning given such term elsewhere in this Official Statement.

“Dissemination Agent” means initially the Trustee, or any successor, as Dissemination Agent appointed under and pursuant to the Continuing Disclosure Agreement.

“Escrow Accounts” means the one or more accounts held by or on behalf of the Agency or any Servicer or by the Trustee or a Depository for the making of Escrow Payments pursuant to the Indenture.

“Escrow Payment” means any payment made to obtain or maintain mortgage insurance and fire and other hazard insurance, including payments for any Federal, state, local or private program intended to assist in providing mortgages, and any payments required to be made with respect to the Mortgage for taxes or other governmental charges or other similar charges to a Mortgagor customarily required to be escrowed, and payments or charges constituting construction or operating contingency, performance or completion or replacement reserves required pursuant to the Mortgage Loan.

“Expense Fund” means such Fund established by the Indenture.

“Fannie Mae” means the Federal National Mortgage Association, or any successor thereto.

“FHA” means the Federal Housing Administration of the Department of Housing and Urban Development or any agency or instrumentality of the United States of America succeeding to the mortgage insurance functions thereof.

“FHA Insurance” means risk-share insurance provided for the Mortgage Loan by the FHA pursuant to Section 542(c) of the Housing and Community Development Act of 1992, including insurance of advances.

“Fiduciary” means the Trustee, a Depository or a Paying Agent.

“Fiscal Year” means the period of 12 calendar months commencing on July 1 in any calendar year and ending on June 30 in the following year, or such other 12-month period as may be designated by the Agency by an Officer’s Certificate delivered to the Trustee.

“Freddie Mac” means the Federal Home Loan Mortgage Corporation, a corporate instrumentality of the United States created pursuant to the Federal Home Loan Mortgage Act (Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459), and any successor to its functions.

“Interest Deposit Requirement” means, as of any date of calculation, an amount equal to the maximum amount of monthly interest installment coming due on the Bonds in the current or any future month, plus \$10,000.00.

“Interest Payment Date” means each February 1 and August 1, commencing August 1, 2016 and, in respect of the 2018 Term Bond, May 1, 2018, subject to earlier redemption.

“Investment Obligation” means includes any of the following securities and other investments (other than Program Securities), if and to the extent the same are at the time legal for the investment of the Agency’s moneys” means

- (a) Direct obligations of, or obligations the timely payment of principal and interest on which are insured or guaranteed by, the United States of America, which obligations include, but are not limited to, the following” means (i) United States Treasury obligations which are direct or fully guaranteed obligations, and (ii) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by Government National Mortgage Association (“GNMA”);
- (b) Obligations (i) which are backed by the full faith and credit of any state of the United States of America, (ii) of any agency of the United States of America, or (iii) of any public corporation sponsored by the United States of America, provided that, at the time of purchase, such obligations shall not impair the Rating of any Outstanding Bonds;

- (c) Federal Home Loan Mortgage Corporation participation certificates guaranteed by Freddie Mac as to timely payment of principal and interest and senior debt obligations;
- (d) Fannie Mae's mortgage-backed securities and senior debt obligations, excluding interest-only stripped securities;
- (e) Interest bearing time or demand deposits, certificates of deposit or other similar banking arrangements with any bank, trust company, national banking association or other savings institution (including any Fiduciary) whose outstanding unsecured short-term debt obligations are rated by Moody's not less than P1 (or such comparable rating from each Rating Agency then providing a rating on the Bonds), provided that (i) such deposits, certificates and other arrangements are fully insured by the Federal Deposit Insurance Corporation or guaranteed by the State, the proceeds of which insurance are timely available, or (ii) such Depository has combined capital and surplus of at least \$75,000,000 and such deposits, certificates and other arrangements are fully secured by obligations described in clause (a) or (b) of this definition, or a combination thereof, at such levels and valuation frequency as shall not impair the Rating of any Outstanding Bonds, or (iii) the deposit of funds with such Depository will not impair the Rating of any Outstanding Bonds;
- (f) Any repurchase agreement and reverse repurchase agreement with banks which are members of the Federal Deposit Insurance Corporation, or with government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreement is secured by obligations described in the preceding clauses (a) and (b) of this definition, as long as such agreement, as of the date of its execution and delivery, does not impair the Rating of any Outstanding Bonds;
- (g) Shares of (i) an investment company registered under the federal investment company act of 1940, whose shares are registered under the federal securities act of 1933, whose only investments are in securities described in subparagraphs (a), (b) or (f) above, or (ii) a common trust fund established by a national banking association or a bank or trust company organized under the laws of any state with combined capital and surplus of at least \$75,000,000, under the supervision and regulation of the Comptroller of the Currency pursuant to 12 C.F.R. 9, or any successor regulation, whose only investments are in securities described in subparagraphs (a), (b) or (f) above and, in the case of both (i) and (ii), which are rated not less than Aaa by Moody's (or such comparable rating from each Rating Agency then providing a Rating on the Bonds);
- (h) Any investment contract with any provider as long as such investment contract, as of the date of its execution and delivery, does not impair the Rating of any Outstanding Bonds; and
- (j) Any other investment that as of the date made does not impair the Rating of any Outstanding Bonds.

“Moody’s” means Moody’s Investors Service, Inc.

“Mortgage” means a mortgage deed, deed of trust, or other instrument which shall constitute a first lien in the State on improvements and real property in fee simple.

“Mortgage Insurance Premium” means the annual mortgage insurance premium payments coming due in respect of FHA Insurance.

“Mortgage Insurance Premium Requirement” means, as of any date of calculation, an amount equal to 0.0025 times the then-outstanding principal amount of the Mortgage Loan.

“Mortgage Loan” means a loan by the Agency to a Mortgagor for the financing and/or refinancing of the Development for the purposes of the Program, secured by the Mortgage on the Development.

“Mortgage Loan Account” means the Account in the Program Fund so designated in respect of the Development, established and created pursuant to the Indenture.

“Mortgage Loan Conversion Payment” means the required payment to be made by the Borrower under the Mortgage Loan following completion of the rehabilitation phase of such Mortgage Loan.

“Mortgagor” means a natural person, a public or private corporation, a partnership, a joint venture or other Person, to the extent permitted by the Act and the rules of the Agency thereunder (including the Agency or any corporation, agency or instrumentality created or controlled by the Agency).

“Officer’s Certificate” means a certificate signed by an Authorized Officer.

“Official Statement” means the Official Statement, dated February 23, 2016, relating to the Bonds.

“Optional Prepayment Date” means, in respect of the Mortgage Loan, the date upon or following the later of (a) the fifteenth (15th) anniversary of the conversion of the rehabilitation loan to a permanent loan, or (b) the expiration of the tax credit compliance period (as defined in Section 42(i)(1) of the Code), as amended from time to time.

“Outstanding” means a reference as of any particular time to all Bonds theretofore delivered except (i) any Bond cancelled by the Trustee, or proven to the satisfaction of the Trustee to have been cancelled by the Agency or by any other Fiduciary, at or before that time, and (ii) any Bond for the payment or redemption of which either (a) money equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, or (b) Investment Obligations or money in the amounts, of the maturities and otherwise as described and required under the related provisions of the Indenture, has been deposited with one or more Fiduciaries in trust (whether upon or prior to the maturity or redemption date of the Bond) and, except in the case of a Bond to be paid at maturity, of which notice of redemption has been given or provided for in accordance with the Indenture, and

(iii) any Bond in lieu of or in substitution for which another Bond has been delivered pursuant to the Indenture.

“Participant” means any broker-dealer, bank or other financial institution for which DTC hold Bonds as securities depository.

“Paying Agent” means any paying agent for Bonds appointed by or pursuant to the Indenture, and its successor or successors and any other corporation or association which may at any time be substituted in place pursuant to the Indenture.

“Prepayment” means any money received from a payment of principal on the Mortgage Loan in excess of the scheduled payments of principal then due, or from the sale of the Mortgage Loan pursuant to the Indenture, other than money constituting a Recovery Payment.

“Principal Installment” means as of any particular date of calculation, the principal amount of all Bonds due and payable on such date at maturity or pursuant to sinking fund redemption.

“Principal Installment Date” means the date on which a Principal Installment is payable.

“Principal Office” means with respect to a Fiduciary, its corporate trust or principal trust office in the city in which the Fiduciary is described as being located.

“Program” means the Agency’s program of making the Mortgage Loan for the purposes described in the Indenture.

“Proceeds Account” means the Account in the Program Fund established and created by the Indenture.

“Program Fund” means the Program Fund created by the Indenture.

“Rating” means with respect to any Bonds and as of any date, the rating issued by a Rating Agency.

“Rating Agency” means any nationally recognized entity which, upon the request of the Agency, has issued a credit rating on any Bonds issued pursuant to the Indenture. Initially, Moody’s is the only Rating Agency.

“Record Date” means (i) for payment of principal of and interest on the Bonds shall be the 15th day (whether or not a Business Day) of the month immediately preceding the payment date and (ii) for purposes of giving notice of redemption or other notice pursuant to the provisions of the Indenture, the last Business Day of the month preceding the month in which such notice is mailed.

“Recovery Payment” means any money received or recovered by the Agency, in excess of the expenses necessarily incurred by the Agency in collection thereof, from (i) the sale or other disposition of the Development acquired by the Agency, or (ii) condemnation of the

Development or part thereof or (iii) other proceedings taken in the event of default by the Mortgagor, or (iv) the sale or other disposition of the Mortgage in default for the purpose of realizing on the Agency's interest therein, or (v) mortgage insurance or guaranty or hazard insurance.

“Redemption Fund” means the Fund so designated which is established and created by the Indenture.

“Redemption Price” means when used with respect to a Bond or portion thereof, the principal amount of such Bond, or any portion thereof, payable upon redemption thereof in accordance with its terms.

“Registrar” means the Trustee acting as registrar hereunder, and any other bond registrar appointed to act as such pursuant to the Indenture.

“Revenue Fund” means the Fund so designated which is established and created by the Indenture.

“Revenues” means all payments, proceeds, rents, charges and other income derived by or for the account of the Agency from or related to the Development, including without limitation the scheduled amortization payments of principal of and interest on Mortgage (whether paid by or on behalf of the Mortgagor or occupants of the Development subject to the Mortgage) and payments received in respect of FHA Insurance, but not including Prepayments, Recovery Payments or Escrow Payments, and not including inspection, financing, application, commitment or similar fees or charges of the Agency which are included in the original principal amount of the Mortgage.

“Scheduled Principal Receipts” means all money received from regularly scheduled payments of principal on the Mortgage Loan.

“Servicer” means (i) initially the Agency and (ii) any bank, trust company, savings bank, national banking association, savings and loan association, building and loan association, life insurance company, or other institution authorized to transact business in the State, which shall execute a Servicing Agreement.

“Servicing Agreement” means a contractual agreement of the Agency with a Servicer for the servicing of the Mortgage Loan, if any.

“State” means the State of California.

“Supplemental Indenture” means any resolution of the Agency amending or supplementing the Indenture, executed and delivered and becoming effective in accordance with the Indenture.

“Trustee” means Wilmington Trust, National Association, or any successor trustee duly appointed pursuant to the Indenture.

Application of Bond Proceeds

All proceeds of Bonds deposited to the credit of each Fund and Account established in the Indenture, and all obligations held as investments thereof and the proceeds of such investments, will be held in trust and applied only as directed in the Indenture, and are assigned and pledged to the Trustee, pending such application, for the benefit of the Holders of Bonds and for the security of the payment of the Principal Installments of and interest on Bonds, with the force and effect stated in the Indenture, and will at all times be subject to the lien of this assignment and pledge until paid out or transferred as therein provided.

Establishment of Funds; Deposits

The Indenture establishes and creates a series of special Funds to be held by the Trustee or by Depositories in the name of the Trustee, designated collectively, together with the Program Fund, as the California Housing Finance Agency Special Obligation Multifamily Housing Trust Funds and designated individually as follows: (1) a Revenue Fund, and a Principal Account therein; (2) a Bond Fund; (3) an Expense Fund; (4) a Debt Service Reserve Fund; and (5) a Redemption Fund.

Deposits. The Agency will collect and deposit with the Trustee all Revenues, Prepayments, Recovery Payments, and Escrow Payments, and will forward to the Trustee statements of each amount deposited. All moneys so deposited shall be apportioned by the Agency and credited on the books of the Trustee as follows: (1) Revenues to the Revenue Fund, and Scheduled Principal Receipts into the Principal Account therein; (2) Prepayments and Recovery Payments to the Redemption Fund; and (3) each Escrow Payment to the related Escrow Account held by the Trustee or the Agency.

Revenue Fund. On any date as further provided in the Indenture, from any money in the Revenue Fund (or, to the extent specified below, from the Principal Account therein) then held by the Trustee and Depositories, the Trustee will credit on its books to each of the following Funds the amount indicated in the following tabulation, or so much thereof as remains after first crediting to each Fund preceding it in the tabulation the full amount indicated for that Fund: (1) On or before the twenty-fifth (25th) day of each month, to the Expense Fund, one-twelfth of the Mortgage Insurance Premium Requirement (provided that, for the first such Mortgage Insurance Premium payment following the Closing Date, such monthly amount will be prorated, in equal installments (rounded to the nearest \$0.01, as necessary) of the total amount of Mortgage Insurance Premium coming due divided by the number of Interest Payment Dates prior to such payment); (2) On or before the twenty-fifth (25th) day of the month prior to each Interest Payment Date, from the Principal Account of the Revenue Fund to the Bond Fund the amount of the next Principal Installment; (3) On or before the twenty-fifth (25th) day of the month prior to each Interest Payment Date, to the Bond Fund, the amount needed to increase the aggregate balance therein to the Bond Requirement; (4) On or before the twenty-fifth (25th) day of the month prior to each Interest Payment Date, to the Debt Service Reserve Fund, the amount, if any, needed to increase the balance therein to the Debt Service Reserve Requirement; and (5) Immediately after each Interest Payment Date, to the Agency, free and clear of the lien of the Indenture, all remaining funds other than amounts remaining on deposit in the Principal Account, if any, plus the amount of the Interest Deposit Requirement.

The Agency reserves the right, in its sole and absolute discretion, to deliver to the Trustee from time to time funds not constituting Revenues or otherwise subject to the pledge of the Indenture and an Officer's Certificate directing the Trustee to credit such funds to one or more Funds or Accounts thereunder, and the Trustee is authorized to credit such funds in accordance with the directions of the Officer's Certificate and such funds will thereupon become subject to the lien and provisions of the Indenture, as applicable.

Bond Fund. The Trustee, as Paying Agent thereunder, will withdraw from the Bond Fund, prior to each Interest Payment Date, an amount equal to the unpaid interest due on the Outstanding Bonds on or before that date, and will cause it to be applied to the payment of said interest when due. If the withdrawals required under the Indenture on the same and every prior date have been made, the Trustee will withdraw from the Bond Fund, prior to each Principal Installment Date, an amount equal to the principal amount of the Outstanding Bonds, if any, maturing, or subject to mandatory redemption, on or before that date and will cause it to be applied to the payment or redemption of the principal of said Bonds when due. Each withdrawal from the Bond Fund under the Indenture will be made not earlier than five days prior to the Interest Payment or Principal Installment Date to which it relates, and the amount so withdrawn will be deemed to be part of the Bond Fund until that Interest Payment or Principal Installment Date. The Trustee will apply money in the Bond Fund to the redemption of Outstanding Bonds subject to mandatory redemption in the manner provided in the Indenture. No amount will be withdrawn or transferred from or paid out of the Bond Fund except as provided in the Indenture.

Debt Service Reserve Fund. If at any time there is not a sufficient amount in the Bond Fund to provide for the payment when due of Principal Installments of and interest on the Outstanding Bonds, the Trustee will withdraw from the Debt Service Reserve Fund and pay into the Bond Fund the amount of the deficiency then remaining. The Trustee will notify the Agency in writing ten days prior to any such withdrawal from the Debt Service Reserve Fund. If as of the first day of any month the amount in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement, the Trustee within ten days thereafter will credit any amount therein in excess of the Debt Service Reserve Requirement to the Revenue Fund. No amount will be withdrawn from or paid out of the Debt Service Reserve Fund except as provided in the Indenture; provided, however, that, at the direction of the Agency, amounts remaining on deposit in the Debt Service Reserve Fund may be applied to the prepayment in full of the Bonds or to the payment thereof upon final maturity.

Expense Fund. Money deposited in the Expense Fund will be disbursed for the payment by the Trustee on behalf of the Agency for payment of Mortgage Insurance Premium. If, immediately following the annual payment of Mortgage Insurance Premium, the amount remaining in the Expense Fund exceeds the amount needed to be set aside for the Mortgage Interest Premium Requirement, the Trustee will transfer any excess amount therein to Revenue Fund. Income from the investment of the Expense Fund will be transferred as received to the Revenue Fund.

Redemption Fund. The Trustee will establish a Redemption Fund, to which it will credit all Prepayments and Recovery Payments, each of which will be used and applied, as directed by an Officer's Certificate, for the redemption of Outstanding Bonds in accordance with the Indenture, provided that as of the first day of each month while any Prepayment or Recovery

Payment is held in the Redemption Fund, the Trustee will transfer from such Fund to the Bond Fund the originally scheduled monthly payment of principal of the Mortgage Loan with respect to which the Prepayment or Recovery Payment was received less the amount of any monthly payment of principal actually received with respect to said Mortgage Loan, if such transfer is required to meet the Bond Requirement. Bonds shall be redeemed from funds on deposit in the Redemption Fund at the Redemption Price determined by the Indenture at the time and in the manner provided in the Indenture. Income from the investment of the Redemption Fund will be transferred as received to the Revenue Fund. No amount will be withdrawn or transferred from or paid out of the Redemption Fund except as provided in the Indenture.

Escrow Payments

Escrow Payments received by the Agency or a Servicer, whether separately or as part of some other payment, will be deposited in an Escrow Account, which the Trustee will be authorized to establish for such purpose, and will be promptly applied by the Agency or Servicer to the purpose for which such payments were received, and any such payments received by the Trustee, whether separately or as part of some other payment, will immediately be paid by the Trustee to the Agency and applied by the Agency to the purpose for which they were received.

Investment and Deposit of Funds

Subject to instructions from time to time received from an Authorized Officer (which need not be in writing), and with the objective of assuring the maximum yield reasonably possible on money held in each Fund, each Fiduciary will keep all money held by it invested and reinvested, as continuously as reasonably possible, in Investment Obligations defined in the Indenture thereof (including interest-bearing time deposits and certificates of deposit). All Investment Obligations will mature (or be redeemable at the option of the Holder) and bear interest payable at the times and in the amounts estimated to be necessary to provide funds for Mortgage Loan disbursements and for the payment of the principal of and interest on Bonds when due or when scheduled for redemption pursuant to the Indenture. The maturity date of a security purchased under a repurchase agreement will be deemed to be the agreed repurchase date. The maturity date of a time deposit or certificate of deposit will be deemed to be any date on which, with such notice as may be required, the deposit may be withdrawn without loss of interest.

Money in separate Funds may be commingled for the purpose of investment or deposit, subject to instructions from an Authorized Officer, to the extent possible in conformity with the provisions of the Indenture. Moneys in separate Funds or Accounts may be invested in common trust funds or pools of which such money forms a part pursuant to the terms of which each Fund or Account is allocated a share of a pooled security proportionate to the amount contributed to the purchase price of the pooled security, subject to the provisions of the Indenture. Investments will be sold at the best price practicably obtainable, and amounts held in certificates of deposit or time deposits will be withdrawn, whenever necessary to make any disbursement for purchase of the Mortgage Loan, payment of expenses or debt service. Investment Obligations need not be disposed of to make required transfers from one Fund or Account to another, but one or more Investment Obligations or portions thereof may be transferred in lieu of cash. Except as

otherwise provided therein, investment earnings in respect of each Fund or Account will be credited to such Fund or Account.

Subject to approval by an Authorized Officer, the Trustee or another Fiduciary may apply money pertaining to any Fund or Account created by or pursuant to the Indenture to the purchase of Investment Obligations owned by it or its individual capacity, and may sell to itself in its individual capacity Investment Obligations held by it in any such Fund or Account as such Fiduciary.

No Fiduciary will be liable or responsible for any loss resulting from an investment made in accordance with the Indenture. In computing for any purpose thereunder the amount in any Fund or Account on any date, unless otherwise expressly set forth therein or as may be required by the Tax Certificate, Investment Obligations will be valued at the lower of face value or cost, without accrued interest.

Remedies on Default

Events of Default. Each of the following events will constitute an “Event of Default” under the Indenture: (1) interest on any of the Bonds is not paid on any date when due, or the principal or Redemption Price of any Bonds is not paid at maturity or at a redemption date at which the Bonds have been called for redemption; (2) a default will be made in the observance or performance of any covenant, contract or other provision contained in the Bonds or the Indenture and such default will continue for a period of 90 days after written notice to the Agency from a Bondholder or from the Trustee specifying such default and requiring the same to be remedied; or (3) if the Agency will (i) admit in writing its inability to pay its debts generally as they become due; or (ii) consent to the appointment of a custodian (as the term is defined in the United States Bankruptcy Code) for or assignment to a custodian of the whole or any substantial part of the Agency’s property, or fail to stay, set aside or vacate within 90 days from the date of entry thereof any order or decree entered by a court of competent jurisdiction ordering such appointment or assignment; or (iii) commence any proceeding or file a petition under the provisions of the United States Bankruptcy Code for liquidation, reorganization or adjustment of debts, or under any insolvency law or other statute or law providing for the modification or adjustment or the rights of creditors or fail to stay, set aside or vacate within 90 days from the date of entry thereof any order or decree entered by a court of competent jurisdiction pursuant to an involuntary proceeding, whether under federal or state law, providing for liquidation or reorganization of the Agency or modification or adjustment or the rights of creditors.

Notwithstanding the foregoing, that if the Event of Default is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure will not constitute an Event of Default so long as the Agency institutes curative action within the applicable period and diligently pursues that action to completion, which must be resolved within one hundred eighty (180) days after the commencement of the default.

Enforcement by Trustee. Upon the happening and continuance of an Event of Default described in the Indenture (and after written notice to the Agency in the case of Events of Default described in the Indenture thereof) the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the Holders of all Bonds, may

proceed, and upon the written request of not less than a majority in aggregate principal amount of Bondholders as provided in the Indenture will proceed, subject to the provisions of the Indenture, to protect and enforce its rights and, to the full extent that the Holders of such Bonds themselves might do, the rights of such Bondholders under the law of the State or under the Indenture by such suits, actions or proceedings in equity or at law, either for the specific performance of any covenant or contract contained herein or in aid or execution of any power herein granted or for any proper legal or equitable remedy as the Trustee will deem most effectual to protect and enforce the rights aforesaid; provided, that in the case of an Event of Default described in the Indenture, the Trustee will not accelerate payment of principal and interest on the Bonds without the approval of the Holders of all Outstanding Bonds.

Restriction on Bondholder's Action. No Holder of any Bond will have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any provision of the Indenture or for the execution of any trust thereunder or for any other remedy thereunder, unless: (1) such Holder previously will have given to the Agency and the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted; (2) after the occurrence of such Event of Default, written request will have been made of the Trustee to institute such suit, action or proceeding by the Holders of not less than a majority in principal amount of the Bonds then Outstanding or, if such Event of Default is one described in the Indenture, by the Holders of not less than a majority in principal amount of the Bonds then Outstanding; (3) there will have been offered to the Trustee security and indemnity satisfactory to it against the costs and liabilities to be incurred pursuant to the Indenture; (4) the Trustee will have refused or neglected to comply with such request within a reasonable time; and (5) such suit, action or proceeding is brought for the ratable benefit of all Holders of all Bonds, subject to the provisions of the Indenture. No Holder of any Bond will have any right in any manner whatever by his or her action to affect, disturb or prejudice the pledge of Revenues, Prepayments, Recovery Payments or any other moneys, securities, Funds or Accounts thereunder, or, except in the manner and on the conditions in the Indenture, to enforce any right or duty thereunder.

Application of Moneys After Default. Any moneys collected by the Trustee at any time pursuant to the Indenture will, except to the extent, if any, otherwise directed by the court, be paid by the Trustee into and credited to the Revenue Fund and other funds described in the Indenture, and will at all times be held, transferred, withdrawn and applied as prescribed by the provisions of the Indenture. In the event that at any time the moneys in the Bond Fund 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 will 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) will be applied as follows:

FIRST: To the payment to the Persons entitled thereto of all installments of interest then due in the order of maturity of such installments, and, if the amount available will 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. and

SECOND: To the payment to the Persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which will have become due, whether at maturity or by required call for redemption, in the order of their due dates, and, if the amount available will 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.

Whenever moneys are to be applied pursuant to the provisions of the Indenture, such moneys will be applied at such times, and from time to time, as Trustee will determine, have due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee will apply such funds, it will fix the date (which will be an Interest Payment Date unless it will deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates will cease to accrue. Trustee will give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and will not be required to make payment to any Bondholder until such Bond will be presented to Trustee for appropriate endorsement or for cancellation if fully paid.

Effect of Waiver and Other Circumstances. No delay or omission of the Trustee or of any Holders of Bonds to exercise any right or power occurring upon any default will impair any such right or power or will be construed to be a waiver of any such default, or acquiescence therein, and every right, power and remedy given by the Indenture to them or any of them may be exercised from time to time and as often as may be deemed expedient by the Trustee or, when so provided by the Indenture, by the Bondholders. In case the Trustee will have proceeded to enforce any right under the Indenture, and such proceedings will have been discontinued or abandoned for any reason, or will have been determined adversely to the Trustee, then and in every such case the Agency and the Trustee will be restored to their former positions and the rights thereunder with respect to all rights, remedies and powers of the Trustee, which will continue as if no such proceedings had been taken.

The Fiduciaries

Trustee and Depositories, Appointment and Acceptance. Pursuant to the Indenture, the Agency appoints Wilmington Trust, National Association, a national banking association having trust powers and having a combined capital and surplus not less than \$75,000,000, as Trustee thereunder. Upon executing and delivering to the Agency its written acceptance of the duties and obligations imposed upon it by the Indenture, the Trustee will be and is thereby vested with all the property, rights, powers and duties granted, pledged and assigned to it by the Indenture, in trust for the Bondholders.

The Agency may by resolution appoint Depositories of money held under the provisions of the Indenture, each of whom will be a bank, trust company, or national banking association having trust powers, qualified under the provisions of the Indenture to receive deposits in the amounts from time to time held by it as invested trust accounts or time deposits. Each Depository will signify its acceptance of the duties and obligations imposed upon it by the Indenture by executing and delivering to the Agency and the Trustee written acceptance thereof. The Trustee may be a Depository of any Fund, subject to the provisions of the Indenture.

Responsibilities of Fiduciaries. The recitals of fact therein and in the Bonds contained will be taken as the statements of the Agency and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Indenture or any Bonds issued thereunder or in respect of the security afforded by the Indenture, and no Fiduciary will incur any responsibility in respect thereof. No Fiduciary will have any responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds. No Fiduciary will be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof except the Trustee to the extent such proceeds are paid to the Trustee in its capacity as Trustee, or the application of any moneys paid to the Agency or others in accordance with the Indenture. No Fiduciary will be under any responsibility or duty with respect to the application of any moneys paid to any other Fiduciary. No Fiduciary will be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any action or suit in respect of the Indenture or Bonds, or to advance any of its own moneys, unless properly indemnified. No Fiduciary will be liable in connection with the performance of its duties thereunder except for its own negligence or default.

Resignation of Fiduciary. A Fiduciary, or any successor thereof, may at any time resign and be discharged of its duties and obligations created by the Indenture by giving not less than 60 days' written notice to the Agency and each Rating Agency. Such resignation will take effect upon the day specified in such notice unless previously a successor will have been appointed by the Agency or Bondholders as therein provided, in which event such resignation will take effect immediately on the appointment of a successor, or unless no successor has been so appointed, in which event such resignation will not take effect until the appointment of a successor.

Removal. A Fiduciary, or any successor thereof, may be removed at any time by the Holders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Agency, or may be removed by the Agency (for good and sufficient cause including, without limitation, fees which exceed those customarily charged by other institutions for similar work or failure to promptly and diligently perform its duties thereunder), by an instrument or concurrent instruments in writing signed and duly acknowledged by such Bondholders or by their attorneys duly authorized in writing and delivered to the Agency, or by resolution duly adopted by the Agency; provided that no such removal will become effective until a successor has been appointed pursuant to the Indenture thereof. Copies of each such instrument or resolution will be delivered by the Agency to each Rating Agency and each other Fiduciary and any successor thereof.

Appointment of Successor Fiduciary. In case at any time a Fiduciary, or any successor thereof, will resign or will be removed or will become incapable of acting, or will be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of such Fiduciary or its property will be appointed, or if any public officer will take charge or control of such Fiduciary or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Agency, by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to such successor Fiduciary, notification thereof being given to the Agency, each Rating Agency, the predecessor Fiduciary and any other

Fiduciaries. Pending such appointment, the Agency will forthwith appoint a Fiduciary to fill such vacancy until a successor Fiduciary will be appointed by Bondholders as therein authorized. The Agency will mail notice of any such appointment to all affected Bondholders within twenty days after such appointment which notice will specify the reason for the change. Any successor Fiduciary appointed by the Agency will, immediately and without further act, be superseded by a Fiduciary appointed by Bondholders. If in a proper case no appointment of a successor Fiduciary will be made pursuant to the foregoing provisions of the Indenture within 45 days after the Fiduciary will have given to the Agency written notice as provided in the Indenture, or after the occurrence of any other event requiring or authorizing such appointment, the Fiduciary or any other Fiduciary or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Said court may thereupon, after such notice, if any, as said court may deem proper and prescribe, appoint such successor Fiduciary. Any Fiduciary appointed under the provisions of the Indenture will have the qualifications prescribed for its predecessor in the Indenture.

Amendments

Powers of Amendment. Any modification or amendment of the Indenture and of the rights and obligations of the Agency and of the Holders of the Bonds thereunder, in any particular, may be made by a Supplemental Indenture with the written consent, given as hereinafter provided in the Indenture, of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given. provided, however, that no such modification or amendment will 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 will reduce the percentages or otherwise affect the description of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or will change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of its written assent thereto.

Consent of Bondholders. The Agency may at any time execute and deliver a Supplemental Indenture of the Agency making a modification or amendment permitted by the provisions of the Indenture, to take effect when and as provided in the Indenture. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, will be mailed to Bondholders (but failure to mail such copy and request to any particular Bondholder will not affect the validity of such Supplemental Indenture when consented to as therein provided). Such Supplemental Indenture will not be effective unless and until, and will take effect in accordance with its terms when, (i) there will have been filed with the Trustee (a) the written consents of Holders of the percentage of Outstanding Bonds specified in the Indenture, and (b) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully adopted by the Agency in accordance with the provisions of the Indenture, is authorized or permitted by the provisions of the Indenture, and, when effective, will be valid and binding upon the Agency and enforceable in accordance with its terms, and (ii) a notice will have been mailed as hereinafter in the Indenture provided. Each such consent will be effective only if accompanied by evidence as provided in the Indenture that such consent has been executed by a Holder of Bonds as of the date such consent is given. Any such consent will be binding upon the

Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), but, notwithstanding the provisions of the Indenture, such Consent may be revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, not later than the time when the written statement of the Trustee hereinafter in the Indenture provided for is filed, such a revocation. The fact that a consent has not been revoked may also be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentage of Bonds will have filed their consents to such Supplemental Indenture, the Trustee will make and file with the Agency a written statement that the Holders of such required percentage of Bonds have filed and given such consents, and that proof of the holding of such Bonds has been examined and found sufficient by the Trustee under the provisions of the Indenture. Such written statement will be conclusive that such consents have been so filed and have been given. At any time thereafter notice, stating in substance that such Supplemental Indenture has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in the Indenture, will be mailed to Bondholders. The Agency will file with the Trustee proof of the mailing thereof. A record, consisting of the papers required or permitted by this Section to be made by or filed with the Trustee, will be proof of the matters therein stated. Such Supplemental Indenture making such modification or amendment will be deemed conclusively binding upon the Agency, the Fiduciaries and the Holders of all Bonds at the expiration of 30 days after the filing with the Trustee of proof of the mailing of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Indenture in a legal action or equitable proceeding for such purpose commenced within such thirty-day period provided, however, that any Fiduciary and the Agency during such thirty-day period and any further period during which any such action or proceeding may be pending will be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as they may deem expedient.

Modification by Unanimous Consent. Notwithstanding anything contained in the Indenture, the terms and provisions of the Indenture and the rights and obligations of the Agency and the Holders of the Bonds in any particular, may be modified or amended in any respect upon the execution and delivery by the Agency and filing in accordance with the provisions of the Indenture of a Supplemental Indenture of the Agency making such modifications or amendment and the consent to such Supplemental Indenture of the Holders of all of the Bonds then Outstanding, such consent to be given and proved as provided in the Indenture except that no notice to Bondholders will be required. provided, however, that no such modification or amendment will change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of its written assent thereto.

Miscellaneous

Defeasance, Unclaimed Funds. If the Agency will pay or cause to be paid to the Holders of the Bonds, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then, unless there will be an Officer's Certificate delivered to the Trustee to the contrary, the pledge of the Revenues, Prepayments, Recovery Payments and other moneys, securities and funds thereby pledged and the covenants, agreements and other obligations of the Agency to the Bondholders thereunder

will be discharged and satisfied. In such event, the Trustee will, upon the request of the Agency expressed in an Officer's Certificate delivered to the Trustee, execute and deliver to the Agency all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries will pay over and deliver to the Agency all money or securities held by them pursuant to the Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Any Bonds or interest installments appertaining thereto for the payment or redemption of which moneys will have been deposited with the Trustee by or on behalf of the Agency, whether at or prior to the maturity or the optional redemption date of such Bonds, will be deemed to have been paid within the meaning of the Indenture; provided, however, that there will also have been delivered to the Trustee (i) opinion, in form satisfactory to the Rating Agency, of nationally recognized bankruptcy counsel to the effect that the use by the Trustee of such money in accordance would not constitute an avoidable preference or be subject to the automatic stay provisions of the Indenture, respectively, of the United States Bankruptcy Code or similar laws of the United States of America or the State in the event a petition in bankruptcy is filed by or against the entity depositing such money; (ii) verification by a firm of independent certified public accountants acceptable to the Trustee of the sufficiency of the such moneys; and (iii) an opinion of Bond Counsel substantially to the effect that the defeased are no longer Outstanding under the Indenture and such defeasance or prepayment will not, in and of itself, adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. There will have been taken, for any such Bonds to be redeemed prior to maturity thereof, all action necessary to call such Bonds for redemption and notice of such redemption will have been duly given or provision satisfactory to the Trustee will have been made for the giving of such notice. Notwithstanding the foregoing, the failure to provide notice of redemption or any defect therein will not affect the validity of any redemption.

No moneys so deposited with the Trustee will be withdrawn or used for any purpose other than, and all such moneys will be paid in trust for and be applied to, the payment, when due, of the principal or Redemption Price of the Bonds for the payment or redemption of which they were deposited and the interest accrued thereon to the date of maturity or redemption, except that: (1) any money so held by the Trustee for the payment to the Holders of any particular Bonds of principal or Redemption Price of, or interest on, such Bonds will be invested by the Trustee, on instructions confirmed in writing by an Authorized Officer, in Investment Obligations which are direct obligations of the United States or guaranteed as to the payment of principal and interest by the United States maturing on or before the date when such payment is due; and (2) all interest and earnings on all such investments will be deposited in such Fund or Account as the Agency may direct by Officer's Certificate.

As an alternative cumulative to and not excluding the provisions of the Indenture, any Bonds or interest installments appertaining thereto, whether at or prior to the maturity or the redemption date of such Bonds, will be deemed to have been paid within the meaning of the Indenture if: (1) in case any such Bonds are to be redeemed prior to the maturity thereof, there will have been taken all action necessary to call such Bonds for redemption and notice of such redemption will have been duly given or provision satisfactory to the Trustee will have been made for the giving of such notice; (2) there will have been deposited with the Trustee by or on behalf of the Agency either (i) moneys in an amount which will be sufficient, or (ii) Investment

Obligations which are direct obligations of the United States or guaranteed as to the payment of principal and interest by the United States the principal of and the interest on which when due will provide money which, together with the moneys, if any, deposited with the Trustee at the same time, will be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be; and (3) neither such Investment Obligations nor any moneys so deposited with the Trustee nor any moneys received by the Trustee on account of principal of or interest on said Investment Obligations may be withdrawn or used for any purpose other than, and all such moneys will be held in trust for and be applied to, the payment, when due, of the principal or Redemption Price of the Bonds for the payment or redemption of which they were deposited and the interest accrued thereon to the date of maturity or redemption.

Anything in the Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for four years after the date when such Bonds have become due and payable, either at maturity or by call for redemption, if such moneys were held by the Fiduciary at said date, or for four years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds become due and payable, will, at the request of the Agency expressed in an Officer's Certificate delivered to the Trustee, be paid by the Fiduciary to the Agency as its absolute property and free from trust, and the Fiduciary will thereupon be released and discharged with respect thereto and the Holders of such Bonds will look only to the Agency for the payment thereof.

APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”), dated as of February __, 2016 (the “Disclosure Agreement”), by and between the CALIFORNIA HOUSING FINANCE AGENCY, a public instrumentality and a political subdivision of the State of California (the “Agency”) and WILMINGTON TRUST, NATIONAL ASSOCIATION, as Trustee (the “Trustee”) under that certain Trust Indenture, dated as of February 1, 2016 (as the same may be amended and supplemented from time to time, the “Indenture”), by and between the Agency and the Trustee. The Agency and the Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Agency and the Trustee for the benefit of the Holders and Beneficial Owners of the Bonds and any other bonds issued under the Indenture to which the Agency has elected to make this Disclosure Agreement applicable (collectively, the “Bonds”), and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning the ownership of any Bonds, including persons holding such Bonds through nominees, depositories or other intermediaries.

“Borrower” means Lindo Housing Associates, L.P., as borrower under the Mortgage Loan, together with its permissible successors or assigns.

“Disclosure Representative” shall mean 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” shall mean initially the Trustee, acting in its capacity as Dissemination Agent hereunder, 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” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“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” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Repository” shall mean the MSRB.

“Rule” shall mean 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.

“State” shall mean the State of California.

“Supplemental Disclosure Agreement” shall mean any supplemental disclosure agreement entered into between the Agency and the Trustee supplementing this Disclosure Agreement.

SECTION 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the Agency’s Fiscal Year (which currently is June 30), commencing with the report for the Fiscal Year ending June 30, 2016, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided, however, that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Agency’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5 hereof.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Agency shall provide the Annual Report to the Dissemination Agent (if the Dissemination Agent is other than the Trustee) and the Trustee (if the Trustee is not the Dissemination Agent). If by such date the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Agency and the Dissemination Agent (if the Dissemination Agent is other than the Trustee) to determine if the Agency is in compliance with subsection (a).

(c) If the Trustee is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Trustee shall send, in a timely manner, a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall, upon providing the Annual Report to the MSRB, file a report with the Agency and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been filed pursuant to this Disclosure Agreement and stating the date it was filed.

SECTION 4. 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 Section 3(a), the Annual Report shall contain unaudited financial statements in appropriate form;

(b) the original amount of the Mortgage Loan;

(c) the outstanding amount of the Mortgage Loan;

(d) the maturity date of the Bonds;

(e) the occupancy rate of the Development;

(f) the debt coverage ratio;

(g) a statement of amounts on deposit under the Indenture; and

(h) the audited financial statements of the Development for the immediately preceding Fiscal Year.

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 MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Agency shall clearly identify each such other document so included by reference. If any or all of the items and information listed above is not available at the time of filing of the Annual Report, the Agency shall include in the Annual Report a statement to such effect together with a statement of when such information is expected to become available.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice to the MSRB of the occurrence of any of the following events with respect to the 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 Bonds, or other material events affecting the tax status of the 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 Bonds, if material;

(11) rating changes;

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

(13) the consummation of a merger, consolidation, or acquisition involving the Borrower or the Agency or the sale of all or substantially all of the assets of the Borrower or 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 Borrower or the Agency, as applicable, 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 Borrower or the Agency, as applicable, 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 Borrower or the Agency, as applicable.

(b) In addition to, and not in lieu of, the requirements of Section 5(a) hereof:

(1) The Trustee shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of (i) an event that is a Listed Event only if material (a “Potential Listed Event”) or (ii) any other event that is a Listed Event, contact the Agency’s Disclosure Representative and inform such person of the event and, in the case of a Potential Listed Event, request that the Agency promptly notify the Trustee in writing whether or not to report the event

pursuant to paragraph (4) of this subsection (b) or, in the case of an event referred to in clause (ii), report the event to the MSRB.

(2) Whenever the Agency obtains knowledge of the occurrence of a Potential Listed Event as referred to in clause (i) of Subsection 5(b)(1), whether because of a notice from the Trustee pursuant to such subsection or otherwise, the Agency shall as soon as possible determine if such event is material under applicable federal securities laws.

(3) If the Agency has determined that knowledge of the occurrence of a Potential Listed Event is material under applicable federal securities laws, the Agency shall promptly notify the Trustee in writing. Such notice shall instruct the Trustee and Dissemination Agent to report the occurrence pursuant to paragraph 4 of this subsection (b).

(4) If in response to a request under subsection (b)(1) in respect of a Potential Listed Event, the Agency determines that such Potential Listed Event is not material under applicable federal securities laws, the Agency shall so notify the Trustee in writing and instruct the Trustee not to report the occurrence.

(5) If the Trustee and the Dissemination Agent (if not the Agency) have been instructed by the Agency to report the occurrence of a Listed Event, the Trustee shall as soon as possible file a notice of such occurrence with the MSRB.

(c) Notwithstanding the foregoing, notice of Bond calls and defeasances need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

SECTION 6. 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 this Disclosure Agreement shall be in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Agency’s obligations under this Disclosure Agreement shall 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 Bonds, the Agency shall give notice of such termination in the same manner as a Listed Event.

SECTION 8. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee, upon notice from the Agency, shall be the Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Agency and the Trustee may amend this Disclosure Agreement

(and, to the extent that any such amendment does not materially change or increase its obligations hereunder, the Trustee shall agree to any amendment so requested by the Agency), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it 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 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 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 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 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Agency shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should 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.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Agency shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Agency or the Trustee to comply with any provision of this 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 the 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 this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Agency or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article XI of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Trustee and Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Agency:

Overnight Deliveries:
California Housing Finance Agency
Financing Division, MS 940
500 Capitol Mall, Suite 400
Sacramento, CA 95814

U.S. Mail:
California Housing Finance Agency
Financing Division, MS 940
PO Box 4034
Sacramento, CA 95812-4034
Attention: Director of Financing
Telephone: 916-326-8660

To the Trustee:

Wilmington Trust, National Association
650 Town Center Drive, Suite 600
Costa Mesa, CA 92626
Attention: Corporate Trust Department
Telephone: (714) 384-4151

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Agency, the Trustee, the Dissemination Agent, the Participating Underwriters

and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 16. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of California.

IN WITNESS WHEREOF, this Disclosure Agreement has been executed on behalf of the Agency and the Trustee by their duly authorized representatives as of the date first written above.

CALIFORNIA HOUSING FINANCE AGENCY

By _____
Director of Financing

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By _____
Authorized Signatory

EXHIBIT A

[FORM OF] NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Agency: California Housing Finance Agency

Name of Bond Issue: Multifamily Housing Revenue Bonds (Maplewood Apartments – FHA Risk-Share Insured Mortgage Loan) 2016 Issue A

Date of Issuance: February __, 2016

NOTICE IS HEREBY GIVEN that the Agency has not provided an Annual Report with respect to the above-named Bonds as required by _____ of the Indenture, relating to such Bonds, between the Agency and the Trustee. [The Agency anticipates that the Annual Report will be filed by _____.]

Dated: _____

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee,
on behalf of California Housing Finance
Agency

cc: California Housing Finance Agency

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The information under this heading has been furnished by DTC, and has not been independently verified by the Agency, the Trustee, or the Underwriters. None of the Agency, the Trustee, or the Underwriter make any representation whatsoever as to the accuracy, adequacy or completeness of such information.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each series and maturity of the Securities, each in the aggregate principal amount of such series and maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any series and maturity exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such series and maturity.

DTC, the world’s largest 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 and www.dtc.org.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

Redemption notices will be sent to DTC. If less than all of the Securities within a series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series and maturity to be redeemed.

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

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., 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 issuer or the paying agent, on 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 paying agent, or the issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer or the paying agent, 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.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the issuer or the paying agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.



FOR ADDITIONAL BOOKS: ELABRA.COM OR (888) 935-2272