NOT A NEW ISSUE — BOOK-ENTRY ONLY

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 2009 Series A-6 Multifamily Program Bonds (as defined below) 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 2009 Series A-6 Multifamily Program Bond during any period such 2009 Series A-6 Multifamily Program 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 2009 Series A-6 Multifamily Program 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 2009 Series A-6 Multifamily Program 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 accrual or receipt of interest on, the 2009 Series A-6 Multifamily Program Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix A hereto. See "TAX MATTERS" herein

CalHFA℠

$69,950,000
CALIFORNIA HOUSING FINANCE AGENCY
Residential Mortgage Revenue Bonds (Multifamily Program)
2009 Series A-6

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

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

The California Housing Finance Agency Residential Mortgage Revenue Bonds (Multifamily Program) 2009 Series A-6 Bonds (the "2009 Series A-6 Multifamily Program Bonds" or the "Bonds") are scheduled to mature on the date and in the amount listed on the inside front cover page and will bear interest at the rates set forth on the inside front cover page. Interest on the Bonds is payable on February 12, 2013 and thereafter on each February 1, May 1, August 1 and November 1, beginning May 1, 2013.

The authorized denominations of the Bonds are as described herein. DTC will hold the Bonds in book-entry form. Purchasers will not receive certificates representing their interests in the Bonds. Interest on and principal of the Bonds are payable on behalf of the Agency by U.S. Bank National Association, as Trustee under the RMRB General Indenture (defined herein) and a Series Indenture relating to the Bonds, dated as of December 1, 2012, by and between the Agency and the Trustee, to DTC. So long as DTC or its nominee remains the registered owner of the Bonds, disbursement of payments to DTC Participants is the responsibility of DTC and disbursement of payments to the Beneficial Owners of the Bonds is the responsibility of DTC Participants and Indirect Participants. See "The Bonds — DTC and Book-Entry."

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

Proceeds of the Bonds will provide moneys to enable the Agency to originate mortgage loans to eligible borrowers as described herein insured under the Risk Sharing Act (defined herein) (the "Loans") on or about December 13, 2012.

The Bonds are special limited obligations of the Agency, payable solely from the revenues, assets and properties pledged therefor under the Indenture (defined herein). The Agency has no taxing power. The Bonds shall not be deemed to constitute a debt or liability of the State of California or any political subdivision thereof, other than the Agency, or a pledge of the faith and credit of the State of California or any such political subdivision, other than the Agency as provided in the Indenture. The Bonds are not a debt of the United States of America, any agency thereof, FHA or Fannie Mae, and are not guaranteed by the full faith and credit of the United States of America.

The modification, release and delivery of the Bonds are subject to approval of certain legal matters by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel, and certain other conditions.

Dated: December 11, 2012

MATURITY SCHEDULE

CALIFORNIA HOUSING FINANCE AGENCY
Residential Mortgage Revenue Bonds (Multifamily Program)

$69,950,000 2009 Series A-6 Bonds

$69,950,000 2009 Series A-6 Term Bonds due August 1, 2030
CUSIP†: 130333 BZ9

Interest rate from and including December 12, 2012 to but not including February 12, 2013: Short-Term Rate (as described herein under "The Bonds — General Description").

From and after February 12, 2013: 3.27%.

† CUSIP is a registered trademark of American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP data herein is set forth for convenience of reference only. The Agency does not assume any responsibility for the accuracy of such data.

No dealer, broker, sales person or other person has been authorized by the Agency to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the Agency and by other sources that are believed to be reliable. Part 1 and Part 2 of this Official Statement, including their respective appendices, are to be read together, and together Part 1 and Part 2, including their respective appendices, constitute this Official Statement.

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OFFICIAL STATEMENT PART 1

CALIFORNIA HOUSING FINANCE AGENCY

Residential Mortgage Revenue Bonds (Multifamily Program) 2009 Series A-6

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

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OFFICIAL STATEMENT PART 1
of the
California Housing Finance Agency
relating to
$69,950,000
Residential Mortgage Revenue Bonds (Multifamily Program)
2009 Series A-6 (AMT)†

INTRODUCTION

This Official Statement consists of Part 1 and Part 2 and provides information concerning the California Housing Finance Agency (the "Agency") and the following subseries of the California Housing Finance Agency Residential Mortgage Revenue Bonds, 2009 Series A (the "Program Bonds"), together with certain related features. Capitalized terms used in this Official Statement and not otherwise defined have the respective meanings ascribed thereto by the Indenture. See Part 2 of this Official Statement under "Summary of Certain Provisions of the Series Indenture — Certain Defined Terms."

Bond Series or Subseries Designation	Initial Principal Amount	Federal Tax Character of Interest	Interest Rate Character
2009 Series A-6†	$69,950,000	AMT	Fixed

The Agency is modifying, converting and releasing the above-captioned bonds (the "Bonds") pursuant to Parts 1 through 4 of Division 31 of the California Health and Safety Code (the "Act"), Pursuant to 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 (the "Act") and Article XIII of the Residential Mortgage Revenue Bonds General Indenture dated as of December 1, 2009, as restated as of December 1, 2010 (the "RMRB General Indenture"), as amended and supplemented, the Series Indenture dated as of December 1, 2009, as amended and supplemented, including by the Second Supplemental Indenture dated as of January 1, 2012 (as so amended (the "2009 Series A Series Indenture" and, together with the RMRB General Indenture, as so amended and supplemented, the "Original Indenture"), and the Series Indenture relating to the 2009 Series A-6 Bonds, dated as of December 1, 2012 (the "Series Indenture"), each between the California Housing Finance Agency (the "Issuer" or the "Agency"), a public instrumentality and political subdivision of the State of California (the "State"), and U.S. Bank National Association (the "Trustee"). The Agency previously released the Program Bonds in the amount of $610,115,000, and other bonds of the Agency in the original aggregate principal amount of $379,750,000 to provide for the financing of single family loans and multifamily rental housing developments through the New Issue Bond Program of the Housing Finance Agency Initiative announced by the United States Department of the Treasury on October 19, 2009 (the "Program").

Article XIII of the RMRB General Indenture, which incorporates Exhibit A to the RMRB General Indenture, together with Articles I, II, III and IV of the RMRB Series Indenture

†Not Reoffered

(collectively, the "Multifamily Program Indenture"), provides that, in connection with a Release, the Agency may determine that a subseries of Program Bonds may be treated as issued under the Multifamily Program Indenture and not under other articles of the RMRB General Indenture. The Agency has made such a determination with respect to the Bonds. The Multifamily Program Indenture and the Series Indenture are collectively referred to herein as the "Indenture."

The Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation (collectively, the "GSEs") purchased the Program Bonds under the Program. The proceeds thereof were deposited in an escrow fund (the "2009 Series A Escrow Fund"). Upon satisfaction of certain conditions, moneys can be released from the 2009 Series A Escrow Fund (each such event, a "Release") to for the purposes permitted by the Original Indenture, including to refund outstanding Agency's variable-rate debt (subject to certain limitations set forth in the Original Indenture), or to redeem 2009 Series A Bonds.

There have been four previous releases by the Agency with respect to the Program Bonds issued under the RMRB General Indenture. The Agency is using a portion of the proceeds derived from the sale of the Program Bonds (re-designated as the Bonds) expected to be released on December 12, 2012 (the related "Release Date") pursuant to the Indenture. No proceeds are expected to remain in escrow after the Release Date for the Bonds; however, any proceeds remaining in escrow on January 1, 2013 are required to be applied to redeem Program Bonds for which a release date has not occurred.

Beginning on the Release Date, interest on the Bonds will accrue at an interim rate for two calendar months, then to a long-term rate until maturity or prior redemption, all as more particularly described herein. The GSEs will retain ownership of the Bonds following the Release. The amounts to be withdrawn from the 2009 Series A Escrow Fund on the Release Date with respect to the Bonds will provide moneys to enable the Agency to make mortgage loans to eligible borrowers as described herein. See APPENDIX B to Part 2 of this Official Statement – "Description of Developments and Loans Expected to be Financed by or Allocable to the Bonds."

The Indenture requires that Borrower Loans carry insurance under the mortgage insurance program authorized by the Housing and Community Development Act of 1992 (the "Risk Sharing Act"), an insurance program of the Federal Housing Administration ("FHA"). See "Insurance Under the Risk Sharing Act" in Part II. Loans made, purchased or otherwise acquired with the proceeds of bonds are referred to as "Borrower Loans." All Borrower Loans carry Risk Sharing Insurance. See Part 2, "Security for the Bonds."

The Bonds have been structured assuming that there will be no Loan Principal Prepayments with respect to the Borrower Loans and that payments of principal and interest on the Borrower Loans and earnings on investments in accounts established under the Indenture, together with other available Revenues, will be sufficient to pay scheduled debt service on the Bonds, including Sinking Fund Requirements, subject to the realization of certain assumptions made by the Agency in structuring the Bonds. See "The Bonds — Redemption — Special

Redemption" and "Assumptions Regarding Revenues, Debt Service Requirements, and Program Expenses" herein.

The Bonds are special limited obligations of the Agency, payable solely from the revenues, assets and properties pledged therefor under the Series Indenture. No revenues or assets pledged under the RMRB General Indenture (excluding the Multifamily Program Indenture) will be available for the payment of principal, redemption price, or interest on the Bonds. The Agency has no taxing power. The Bonds shall not be deemed to constitute a debt or liability of the State of California or any political subdivision thereof, other than the Agency, or a pledge of the faith and credit of the State of California or any such political subdivision, other than the Agency as provided in the Series Indenture. The Bonds are not a debt of the United States of America or any agency thereof, including FHA, and are not guaranteed by the full faith and credit of the United States of America.

Descriptions of the Agency, the security for the Bonds, the Bonds, the Risk Sharing Act and the Indenture are included in this Official Statement. All summaries or descriptions in this Official Statement of documents and agreements are qualified in their entirety by reference to such documents and agreements and all summaries in this Official Statement of the Bonds are qualified in their entirety by reference to the Indenture and the provisions with respect thereto included in the aforesaid documents and agreements, copies of which are available for inspection at the offices of the Agency.

APPLICATION OF FUNDS

Moneys on deposit in the funds and accounts relating to the Bonds (including certain amounts contributed by the Agency) are expected to be applied and deposited approximately as follows:

Program Account to originate Borrower Loans	$ 69,950,000
Bond Reserve Account	1,852,000
Capitalized Interest Subaccount	167,000
Costs of Issuance Subaccount	185,000
Total	$ 72,154,000

THE BONDS

General Description

The Bonds are issued pursuant to the Indenture to provide moneys to enable the Agency to make mortgage loans to eligible borrowers as described herein.

Terms of the Bonds

The Bonds will mature on the date and in the amount set forth on the inside front cover page. The authorized denominations of the Bonds are $5,000 and integral multiples thereof and, for purposes of redemption of Bonds, $10,000 and integral multiples thereof. Interest on the Bonds will be payable on the dates set forth on the cover page. The Bonds will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) (i) from December 12, 2012 to but not including February 12, 2013 at the per annum rate (the "Short Term Rate") of 1.61% per annum and (ii) from February 12, 2013 to their maturity (or prior redemption) at the per annum rate of 3.27%.

The Indenture provides that neither the Agency nor the Trustee shall be required to make any transfer or exchange of any Related Bond during the 15 days preceding each Interest Payment Date or with respect to a Related Bond for which notice of its redemption has been given.

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

Redemption of 2009 Series A-6 Multifamily Program Bonds

Optional Redemption. The 2009 Series A-6 Multifamily Program Bonds shall be subject to redemption prior to maturity, at the option of the Agency (as designated in an Officer's Certificate), in whole or in part, in Authorized Denominations, on the earliest practicable Business Day after the Trustee's receipt of written notice thereof for which funds are available, and after giving of notice to the Rating Agency thereof accompanied by a current Cash Flow Statement, and with proper notice of redemption having been given pursuant to the Indenture, at a price of par plus accrued interest to the redemption date, without premium.

Mandatory Redemption. Upon receipt thereof, all Loan Principal Prepayments, including Risk Sharing Insurance Payments and any regularly scheduled principal repayments received in respect of 2009 Series A-6 Loans (collectively, "Loan Principal Receipts") shall be credited to the Redemption Account in accordance with the Indenture, together with all amounts transferred to the Redemption Account in accordance with the Indenture and any amounts transferred from the Bond Reserve Account to the Redemption Account (which amounts, if any, shall be transferred from the Bond Reserve Account at least annually), provided that certain amounts so transferred shall require notice to the Rating Agency accompanied by a current Cash Flow Statement, as set forth in the Indenture. On the first Business Day of each March, June, September and December, the Trustee shall determine the amount of 2009 Series A-6 Program Bonds to be called for redemption on the first Business Day of the second succeeding month, in the maximum amount possible, in Authorized Denominations, based on the amount then on deposit in the Redemption Account and available for such purpose, and such 2009 Series A-6 Program Bonds shall be redeemed as aforesaid. Notice of such redemption shall be given in accordance with the Indenture.

Mandatory Redemption on Escrow Period Termination Date. If less than all of the 2009 Series A-6 Multifamily Program Bonds are released on the Release Date and an escrow period has been established and is continuing, then on or prior to December 25, 2012, the Trustee shall, on the next Business Day thereafter, give written notice in substantially the manner set forth in the Indenture stating that the 2009 Series A-6 Multifamily Program Bonds are subject to mandatory redemption in full on a date not later than December 31, 2012 (the "Escrow Period Termination Date"). Notice having been given as aforesaid, the Bonds shall be subject to mandatory redemption on the Escrow Period Termination Date from amounts held in the Escrow Account established for such purpose under the Series Indenture.

Scheduled Sinking Fund Redemption. The 2009 Series A-6 Multifamily Program Bonds shall be subject to mandatory redemption in part by operation of Sinking Fund Installments upon notice as provided in the Indenture, on August 1, 2015 and on August 1, 2030 as set forth below, in each case at a Redemption Price equal to the principal amount of such 2009 Series A-6 Multifamily Program Bonds to be redeemed, without premium, together with interest accrued thereon to the date fixed for redemption. Unless none of such 2009 Series A-6 Multifamily Program Bonds shall then be Outstanding, the Agency shall be required to pay on each date set forth in the following table, for the retirement of such 2009 Series A-6 Multifamily Program Bonds, the amount of money set forth opposite such date in said table, and said amount of money so to be paid on each such date is hereby established as and shall constitute a Sinking Fund

Installment for retirement of such 2009 Series A-6 Multifamily Program Bonds, subject to reduction as provided in the Indenture:

Date	Sinking Fund Installment Amount
August 1, 2015	$18,970,000
August 1, 2030*	$50,980,000

*Final Maturity.

THE AGENCY MAY APPLY LOAN PRINCIPAL PREPAYMENTS AND OTHER REVENUES, AND MAY REDEEM BONDS, IN ANY MANNER PERMITTED BY THE SERIES INDENTURE.

General Redemption Provisions Applicable to Bonds

Loan Principal Prepayments

The Indenture defines "Loan Principal Prepayments" to mean any amounts, other than Risk Sharing Reimbursements, received by the Agency or the Trustee representing recovery of the Principal Amount of any Loan (exclusive of amounts representing regularly scheduled principal payments) as a result of (1) any voluntary prepayment of all or part of the Principal Amount of a Loan, including any prepayment, fee, premium or other such additional charge; (2) the sale, assignment or other disposition of a Loan (including assignment of a Loan to collect upon any insurance); (3) the acceleration of a Loan (for default or any other cause) or the foreclosure or sale under a Deed of Trust or other proceedings taken in the event of default of such Loan; and (4) compensation for losses incurred with respect to such Loan from the proceeds of condemnation, title insurance or hazard insurance.

Revenues

The Indenture defines "Revenues" to mean all amounts received by the Agency or the Trustee (1) as or representing payment or recovery of the principal of or interest on any Loan, including, without limiting the generality of the foregoing, scheduled payments of principal and interest on any Loan and paid from any source (including both timely and delinquent payments and any late charges and Loan Principal Prepayments), (2) any fees paid with respect to any Loan and expressly designated for deposit under the Indenture, (3) amounts paid under any Deed of Trust or other Loan Document as damages or reimbursement of expenses or otherwise, (4) all Acquired Development Receipts, (5) all amounts required by any Indenture to be deposited in the Revenue Account for the payment of bonds, and (6) all interest, profits or other income derived from the investment of amounts in any Account; but "Revenues" shall not include (a) Escrow Payments, (b) any amounts representing reimbursement to the Agency of advances of principal or interest or expenses incurred by the Agency in connection with the collection or recovery of principal of, or interest on, or other amounts due under, any Loan, (c) the proceeds of hazard insurance to the extent used to repair or rebuild a damaged Development, (d) servicing fees, insurance premiums, closing fees, finance charges, administrative fees, commitment fees or other similar fees, premiums or charges imposed by the Agency or (e) any amounts pledged to secure Non-Parity Bonds.

Provisions as to Purchase or Redemption of Bonds

At any time prior to giving notice of redemption as provided in the Indenture, the Trustee may, and upon the request of the Agency in an Officer's Certificate shall, apply moneys in the Bond Account or the Revenue Account, in an amount not in excess of such Sinking Fund Installments, if any, to the purchase of the Bonds at public or private sale, as and when and at such prices (including brokerage and other charges) as the Trustee may in its discretion determine, except that the purchase price (excluding accrued interest) shall not exceed the Redemption Prices that would be payable for such Bonds upon redemption by application of such Sinking Fund Installments. Subject to applicable law, and notwithstanding the maximum purchase price set forth in the preceding sentence, if at any time the investment earnings on the moneys in the Revenue Account equal to the Redemption Price of Bonds to be redeemed on a given date shall be less than the interest accruing on the Bonds to be redeemed on such date, then the Trustee may pay a purchase price for any such Bond in excess of the Redemption Price which would be payable on the next redemption date to the owner of such Bond if an Officer's Certificate is filed with the Trustee certifying that the amount paid in excess of said Redemption Price is expected to be less than the interest which is expected to accrue on said Bond less any investment earnings on such available moneys during the period from the settlement date of the proposed purchase to the redemption date.

If, during the period preceding an Interest Payment Date the Trustee purchases Bonds with moneys in the Revenue Account or Bond Account, or during said period and prior to giving the notice of redemption for Bonds to be redeemed from Sinking Fund Installments on such date the Agency otherwise deposits Bonds with the Trustee (together with an Officer's Certificate requesting the Trustee to apply such Bonds so deposited to the Sinking Fund Installments due on said date), the amount of Bonds so purchased or deposited shall be credited at the time of such purchase or deposit, to the extent of the full Principal Amount thereof, to reduce such Sinking Fund Installments.

Selection of Bonds for Redemption

Under the Indenture, if less than all of the 2009 Series A-6 Multifamily Program Bonds are to be redeemed, such redemption shall be pro rata on the basis of each denominated amount of the Principal Amount of such Bond or portion thereof to be redeemed. Redemptions of 2009 Series A-6 Multifamily Program Bonds shall be allocated first to the reduction of the Sinking Fund Installment amount due August 1, 2015, until such amount has been duly paid or provided for, and next to the final Sinking Fund Installment Amount due on the Maturity Date. Selection of 2009 Series A-6 Multifamily Program Bonds for redemption in the manner set forth in the Indenture may be modified by the Agency as set forth in an Officer's Certificate with prior notice thereof to the Rating Agency accompanied by a current Cash Flow Statement.

In the event of redemption by lot of Bonds of like maturity and tenor, the Trustee shall assign to each Bond of such maturity and tenor then Outstanding a distinctive number for each minimum denomination amount of the Principal Amount of such Bond and shall select by lot, using such method of selection as the Trustee shall deem proper in its sole discretion and from the numbers so assigned to such Bonds, as many numbers as, at the Authorized Denomination amount for each number, shall equal the Principal Amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected, but only so much of the Principal Amount of each such Bond of a denomination of more than the Authorized Denomination amount shall be redeemed as shall equal the minimum denomination amount for each number assigned to it and so selected. For this purpose, Bonds which have previously been selected by lot for redemption shall not be deemed Outstanding.

Notice of Redemption

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

Such notice shall be given by mailing a copy of such notice, postage prepaid, not less than three (3) days nor more than ninety (90) days before such redemption date, (1) by first class mail to the registered owner of any Bond all or a portion of which is to be redeemed, at such owner's last address, if any, appearing upon the registry books; and (2) by certified mail, return receipt requested, (i) upon written request of any registered owner of one million dollars ($1,000,000) or more in aggregate principal amount of any Bonds, each such request directed to the Trustee, and (ii) to the Securities Depositories and to two or more of the Information Services, as defined below. A second notice shall be given by certified mail, return receipt requested, to any registered owner of Bonds being redeemed if such registered owner has not surrendered such bonds for redemption on or before the date sixty (60) days after the date fixed for redemption.

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

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services' "Called Bond Service," 65 Broadway, 16th Floor, New York, New York 10006; Moody's "Municipal and Government," 5250 77 Center Drive, Charlotte, North Carolina 28217, Attention: Municipal News Reports; and Standard and Poor's "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; or such other addresses and/or such other services providing information with respect to called bonds as the Agency may designate.

"Securities Depositories" means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 277-4039 or 4190; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax-(215) 496-5058; or such other addresses and/or such other securities depositories as the Agency may designate.

DTC and Book-Entry

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

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

DTC will act as securities depository for the Bonds. The Bonds are issued as fully-registered securities registered in the name of Cede & Co., DTC's partnership nominee ("Cede"), or such other name as may be requested by an authorized representative of DTC. One fully-registered Related Bond certificate is issued for each maturity of each subseries thereof in the aggregate principal amount of each such maturity, and will be deposited with DTC.

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

AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

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

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

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

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

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

Payments of principal of and interest on the Bonds will be made to Cede, or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee or the Agency, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. NEITHER THE AGENCY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS, TO THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE BONDS, OR TO ANY BENEFICIAL OWNER IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT, THE PAYMENT BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS, ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDOWNERS UNDER THE INDENTURE, THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS OR ANY OTHER ACTION TAKEN BY DTC AS REGISTERED BONDOWNER.

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

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

In the event that the book-entry system with respect to the Bonds is discontinued as described above, the following requirements of the Indenture will apply. The Indenture provides for issuance of bond certificates directly to registered owners of the Bonds other than DTC or its nominee at the expense of such registered owners. Interest on such Bonds will be payable by check or draft mailed to the persons whose names appear on the registration books of the Agency maintained by the Trustee. Principal of each Related Bond will be payable to the registered owner thereof upon surrender of such Related Bond at the office of the Trustee in San Francisco, California or, at the option of the registered owner, at the office of U.S. Bank National Association, St. Paul, Minnesota. Notwithstanding the foregoing, upon written request of a registered owner of $5,000,000 or more in aggregate principal amount of the Bonds, interest on, and upon surrender, principal of such Bonds will be payable by wire transfer from the Trustee to the registered owner thereof. The Bonds may be exchanged by the registered owners thereof in person or by duly authorized attorney. Any Related Bond may be transferred with a written instrument of transfer, in form and with a medallion guarantee of signature satisfactory to the Trustee, duly executed by the registered owner or his or her duly authorized attorney, at the principal office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of the Bonds to be exchanged or transferred. No transfer or exchange of any Related Bond shall be required to be made during the 15 days next preceding each Interest Payment Date or with respect to a Related Bond for which notice of redemption has been given. Upon such exchange or transfer, a new Related Bond or Bonds, as applicable, of the same or any other authorized denomination or denominations for the same aggregate principal amount, will be issued to the owner or transferee, as the case may be, in exchange therefor.

ASSUMPTIONS REGARDING REVENUES, DEBT SERVICE REQUIREMENTS, AND PROGRAM EXPENSES

General

The Agency has made, or will make, certain assumptions, including those set forth under this caption "Assumptions Regarding Revenues, Debt Service Requirements, and Program Expenses," in establishing the principal amounts of the Bonds, the maturities and Sinking Fund Requirements with respect to the Bonds and the Sinking Fund Requirements with respect to the Bonds. In determining the maturities of the Bonds and the Sinking Fund Requirements of Bonds, the Agency has assumed that there will be no Loan Principal Prepayments with respect to the Borrower Loans.

The Agency expects payments under the Borrower Loans and moneys and securities held under the Indenture and the income thereon to be sufficient to pay, when due, the principal (including Sinking Fund Installments) of and interest on the Bonds. Other than the Bonds, the Series Indenture does not authorize or permit the issuance of any additional bonds. The Bonds will rank equally with respect to the security afforded by the Indenture.

The Agency believes it is reasonable to make these assumptions regarding the Bonds, but can give no assurance that the actual receipt of money will correspond with the estimates of money available to pay the debt service on the Bonds and the expenses of the Agency and the Trustee incurred in connection with the Program.

Certain Investments

Amounts allocable to the Bonds and held under the Indenture, including amounts on deposit in the Program Account, Costs of Issuance Subaccount and Bond Reserve Account, are expected to be invested in Investment Obligations from time to time.

Cash Flow Statements

Cash Flow Statements delivered pursuant to the Indenture include certain assumptions about the receipt of principal and interest in respect of the Borrower Loans and the receipt of investment income as projected. There can be no assurance that the actual receipt of money will correspond with the estimates, however reasonable, of money available to pay the debt service on the Bonds and the expenses of the Agency and the Trustee incurred in connection with the Program.

TAX MATTERS

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 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 for any period that 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. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix A hereto.

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 has made certain representations and has 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.

In addition, Bond Counsel has relied on opinions of counsel to certain eligible borrowers to the effect that each such borrower is not a related party to the respective seller of the respective project under Section 707(b) of the Code. A relationship between a borrower and a 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 issuance of the Bonds.

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 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, 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. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses 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. Pursuant to the design of and the accompanying commentary about the New Issue Bond Program by the United States Department of the Treasury, Bond Counsel has assumed that the Bonds are treated as reissued for federal income tax purposes on the Release Date. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Agency, 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 has 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, 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 and its 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 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 or the Beneficial Owners to incur significant expense.

LEGAL MATTERS

Certain legal matters incident to the modification, exchange and release 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 Release Date is attached hereto as Exhibit A. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

LITIGATION

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

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

LEGALITY FOR INVESTMENT

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

RATING

Moody's has assigned the Bonds a rating of "Aa2". The Agency has furnished to Moody's certain information and materials with respect to the Bonds. Generally, rating agencies base their ratings on such information and materials, and on investigations, studies and assumptions made by the rating agencies. There is no assurance that the rating assigned to the Bonds will continue for any given period of time or that it will not be revised or withdrawn entirely, if in the judgment of Moody's, circumstances so warrant. A downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

INDEPENDENT AUDITORS

The combined financial statements of the California Housing Finance Fund (which is administered by the California Housing Finance Agency), as of June 30, 2012 and for the years ended June 30, 2012 and June 30, 2011, included in this Official Statement have been audited by CliftonLarsonAllen LLP, independent auditors, as stated in their report appearing herein.

Assets pledged under the respective programs referenced in the financial statements, other than Trust Estate (as described in Part 2 under "Summary of Certain Provisions of the Series Indenture — Certain Defined Terms"), are not pledged to and should not be considered as a source of payment for the Bonds.

CONTINUING DISCLOSURE

The Agency has covenanted for the benefit of the Holders and Beneficial Owners (each as defined in Appendix B to this Part 1) of the Bonds to provide certain financial information and operating data relating to the General Indenture by not later than 180 days following the end of each of the Agency's Fiscal Years (the "Annual Report"), and to provide notices ("Event Notices") of the occurrence of certain enumerated events. The Annual Report will be filed by the Agency with the Municipal Securities Rulemaking Board (the "MSRB"). The Event Notices will be filed by the Trustee on behalf of the Agency with the MSRB. The specific nature of the information to be contained in the Annual Report and the Event Notices is summarized in Appendix B to this Part 1 — "Form of the Continuing Disclosure Agreement."

MISCELLANEOUS

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

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

CALIFORNIA HOUSING FINANCE AGENCY

By: ______________________________
Timothy Hsu
Director of Financing

Dated: December 11, 2012

APPENDIX A

PROPOSED FORM OF LEGAL OPINION FOR THE BONDS

Upon the modification, conversion and release of the Bonds, Bond Counsel proposes to issue an approving opinion in substantially the following form:

________________, 2012

California Housing Finance Agency
Sacramento, California
Federal National Mortgage Association
Washington, D.C.

Federal Home Loan Mortgage Corporation
McLean, Virginia

California Housing Finance Agency
Residential Mortgage Revenue Bonds
(Multifamily Program)
2009 Series A-6
(Final Opinion)

Ladies and Gentlemen:

The California Housing Finance Agency Residential Mortgage Revenue Bonds, 2009 Series A, in the original aggregate principal amount of $1,016,440,000 (the "Program Bonds") were issued by the California Housing Finance Agency (the "Agency") on December 20, 2009 pursuant to the provisions of Parts 1 through 4 of Division 31 of the California Health and Safety Code, as amended (the "Act"), and pursuant to the Residential Mortgage Revenue Bonds General Indenture, dated as of December 1, 2009, as restated as of December 1, 2010, as amended and supplemented, including as amended by the Supplemental Indenture dated as of January 1, 2012, and the Amendment and Consent, dated as of November 1, 2012 (as so amended, restated and supplemented, the "RMRB General Indenture"), as amended and supplemented by the Series Indenture, dated as of December 1, 2009, as heretofore amended and supplemented (as so amended and supplemented, the "2009 Series A Series Indenture") each between the Agency and U.S. Bank National Association, as Trustee (the "Trustee"). On the date hereof, $69,950,000 of the California Housing Finance Agency Residential Mortgage Revenue Bonds (Multifamily Program) 2009 Series A-6 (the "2009 Series A-6 Multifamily Program Bonds") will be released and delivered pursuant to Article XIII of the RMRB General Indenture, Article IV of the 2009 Series A Series Indenture (collectively, the "Multifamily Program Indenture") and a Series Indenture, dated as of December 1, 2012, by and between the Agency and the Trustee (the "2009 Series A-6 Series Indenture" and, together with the Multifamily Program Indenture, the "Indenture"). The 2009 Series A-6 Series Indenture provides that the 2009 Series A-6 Multifamily Program Bonds are issued to provide funds 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 Agency Tax Certificate relating to the 2009 Series A-6 Multifamily Program Bonds (the "2009 Series A-6 Tax Certificate"), the Borrower Tax

Certificates, the Regulatory Agreements, each dated as of December 1, 2012, executed by the Agency and the respective borrower, certificates of the Agency, the Trustee and others, opinions of counsel to the Agency, the borrowers, the Trustee and others, and such other documents, opinions and matters to the extent we have deemed necessary to render the opinions set forth herein.

We have relied on opinions of counsel to certain eligible borrowers to the effect that each such borrower is not a related party to the respective seller of the respective project under Section 707(b) of the Code. A relationship between a borrower and a seller that would result in a disallowance of losses under Section 707(b) of the Code also would result in interest on the 2009 Series A-6 Multifamily Program Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the 2009 Series A-6 Multifamily Program 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 2009 Series A-6 Multifamily Program Bonds has concluded with their release, 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. Pursuant to the design of and the accompanying commentary about the New Issue Bond Program by the United States Department of the Treasury, we also have assumed that the 2009 Series A-6 Multifamily Program Bonds are treated as reissued on the date hereof. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the 2009 Series A-6 Tax Certificate and the Borrower Tax Certificates, 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 2009 Series A-6 Multifamily Program 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 2009 Series A-6 Multifamily Program Bonds, the Indenture and the 2009 Series A-6 Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, 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 the limitations on legal remedies against public instrumentalities or political subdivisions in the State of California (the "State"). We express no opinion with respect to any indemnification, contribution, penalty, arbitration, choice of law, choice of forum, choice of venue, 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 as subject to the lien of the 2009 Series A-6 Series Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. No opinion is expressed in this letter with respect to any Program Bonds that are not 2009 Series A-6 Multifamily Program Bonds. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the 2009 Series A-6 Multifamily Program 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 of the State of California, and has the lawful authority to perform its obligations in accordance with the law and the terms and conditions of the Indenture.

2. The 2009 Series A-6 Multifamily Program Bonds constitute the valid and binding limited obligations of the Agency, payable solely from the Trust Estate pledged therefor under the Indenture.

3. The Indenture has been duly 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 2009 Series A-6 Multifamily Program Bonds, of the trust estate, 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 2009 Series A-6 Multifamily Program Bonds do not constitute a debt or liability of the State or any political subdivision thereof, other than the Agency to the extent provided in the Indenture, or a pledge of the faith and credit of the State or any such political subdivision. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of or interest on the 2009 Series A-6 Multifamily Program Bonds.

5. Interest on the 2009 Series A-6 Multifamily Program 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 2009 Series A-6 Multifamily Program Bonds for any period that such 2009 Series A-6 Multifamily Program Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities with respect to which the proceeds of the 2009 Series A-6 Multifamily Program Bonds were used or is a "related person." Interest on the 2009 Series A-6 Multifamily Program 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. Interest on the 2009 Series A-6 Multifamily Program 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 accrual or receipt of interest on, the 2009 Series A-6 Multifamily Program Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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APPENDIX B

FORM OF THE
CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") dated as of December 1, 2012, is by and between the CALIFORNIA HOUSING FINANCE AGENCY, a public instrumentality and a political subdivision of the State of California (the "Issuer") and U.S. BANK NATIONAL ASSOCIATION, as Trustee (the "Trustee") under the Article XIII of that certain Residential Mortgage Revenue Bonds General Indenture, dated as of December 1, 2009, as restated as of December 1, 2010 (as heretofore amended, restated and supplemented, the "RMRB General Indenture"), as amended and supplemented by the Series Indenture, dated as of December 1, 2009, (as heretofore amended and supplemented, the "2009 Series A Series Indenture") and a Series Indenture, dated as of December 1, 2012, relating to the within-defined Bonds (the "Series Indenture"; collectively, the "Indenture"). The Issuer 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 Issuer and the Trustee for the benefit of the Holders and Beneficial Owners of the Bonds (as hereinafter defined) and any other bonds issued under the Indenture to which the Issuer elects to make this Disclosure Agreement applicable (collectively, the "Bonds").

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 Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Bonds" shall mean the California Housing Finance Agency Residential Mortgage Revenue Bonds (Multifamily Program) at any time issued and outstanding under and secured by the Indenture, and made subject to this Disclosure Agreement, including the 2009 Series A-6 Bonds.

"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.

"Disclosure Agreement" shall mean this Continuing Disclosure Agreement.

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

"Dissemination Agent" shall mean initially the Issuer, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee and the Issuer a written acceptance of such designation.

"Holders" means either the registered owners of the Bonds or, if the Bonds are registered in the name of a recognized depository, any applicable participant in its depository system.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Agreement.

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

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

"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 Issuer and the Trustee supplementing this Disclosure Agreement.

"2009 Series A-6 Bonds" means the $69,950,000 aggregate principal amount of California Housing Finance Agency Residential Mortgage Revenue Bonds (Multifamily Program 2009 Series A-6, being the Series of Bonds released on December 12, 2012, as "Article XIII bonds" under the Indenture.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the Issuer's Fiscal Year (which currently is June 30), commencing with the report for the 2012-2013 Fiscal Year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report must be submitted in electronic format and accompanied by such identifying information as prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer 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 Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f). The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the 2009 Series A-6 Bonds by name and CUSIP number.

(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 Issuer 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 Issuer and the Dissemination Agent (if the Dissemination Agent is other than the Trustee) to determine if the Issuer 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 a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying the date that the Annual Report was provided to the MSRB pursuant to this Disclosure Agreement.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the audited financial statements of the Issuer for the immediately preceding Fiscal Year, prepared in accordance with Generally Accepted Accounting Principles applicable to government entities; provided that if the Issuer'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.

To the extent not included in the audited financial statements of the Issuer, the Annual Report shall also include the following:

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

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

(c) a schedule of Bond redemptions and the source of funds for such redemptions;

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

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

(f) a summary of Loan delinquencies (not including delinquencies in Mortgage-Backed Securities or Lender Loans) including the percentage of Loans that are 30 days, 60 days, 90 days or 120 days delinquent or in foreclosure.

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 Issuer or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

(1) Principal and interest payment delinquencies;

(2) Unscheduled draws on debt service reserves reflecting financial difficulties;;

(3) Unscheduled draws on credit enhancements reflecting financial difficulties;

(4) Substitution of credit or liquidity providers, or their failure to perform;

(5) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(6) Tender offers;

(7) Defeasances;

(8) Rating changes; or

(9) Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer 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 Issuer, 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 Issuer.

(b) The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(1) Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(2) Modifications to rights of Bond holders;

(3) Optional, unscheduled or contingent Bond calls;

(4) Release, substitution, or sale of property securing repayment of the Bonds;

(5) Non-payment related defaults;

(6) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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; or

(7) Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Notwithstanding the foregoing, notice of the Listed Event described in subsections (b)(3) 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.

(d) The Trustee shall, within one (1) Business Day (or as soon as reasonably possible thereafter) of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Issuer's Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Trustee and the Dissemination Agent in writing whether or not to report the event.

(e) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall as soon as possible file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 6. Major Obligated Borrowers. The Issuer shall, for the benefit of the Holders and Beneficial Owners of the Bonds, require that each Borrower provide the Issuer, and the Issuer shall then forward to the MSRB, on an annual basis, not later than 180 days after the end of the fiscal year of the related Development or Developments during which such Borrower is at any time a Major Obligated Borrower, certain financial and operating data concerning such related Development or Developments, including (a) if produced in the usual course of business, audited financial statements for the immediately preceding fiscal year prepared in accordance with Generally Accepted Accounting Principles, or, if not so produced in the usual course of business, unaudited financial statements for the immediately preceding fiscal year prepared in accordance with Generally Accepted Accounting Principles and (b) levels of occupancy.

SECTION 7. Termination of Reporting Obligation. The Issuer'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 Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 8. Dissemination Agent. The Issuer 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 Issuer, if acceptable to the Trustee, shall be the Dissemination Agent. The initial Dissemination Agent shall be the Issuer.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer 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 Issuer), 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) or (b), 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 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 Issuer 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 Issuer. 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 a filing with the MSRB 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.

In addition to the foregoing provisions of this Section permitting amendments to this Disclosure Agreement, the Issuer at any time may elect to make the provisions hereof applicable to any Series of Bonds, issued under the Indenture, either by election in the applicable Series Indenture or by execution of a supplement hereto; and upon request of the Issuer the Trustee shall execute any such supplement.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer 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 Issuer 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 Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 11. Default. In the event of a failure of the Issuer or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, to the extent indemnified to its satisfaction from and against any liability, cost or expense related thereto), 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 Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer:	California Housing Finance Agency Attention: Timothy Hsu Director of Financing 500 Capitol Mall, Suite 1400 Sacramento, CA 95814 Telecopy: (916) 322-1464 E-Mail: thsu@calhfa.ca.gov
	and
	California Housing Finance Agency Attention: Financing Division 500 Capitol Mall, Suite 1400 Sacramento, CA 95814 Telecopy: (916) 322-1464 E-Mail: financing@calhfa.ca.gov
To the Trustee:	U.S. Bank National Association One California Street, Suite 1000 Attention: Global Corporate Trust Services San Francisco, CA 94111 Telephone: 415-677-3593 Fax: 415-677-3769

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 Issuer, the Trustee, the Dissemination Agent, the 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 Issuer and the Trustee by their duly authorized representatives as of the date first written above.

CALIFORNIA HOUSING FINANCE AGENCY

By___________________________________
Director of Financing

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By___________________________________
Vice President

EXHIBIT A

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

Name of Issuer: California Housing Finance Agency

Name of Bond Issue: California Housing Finance Agency Residential Mortgage Revenue Bonds (Multifamily Program) 2009 Series A-6

Date of Issuance:

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

Dated:_______________

U.S. BANK NATIONAL ASSOCIATION, as Trustee,
on behalf of California Housing Finance Agency

cc: California Housing Finance Agency

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CALIFORNIA HOUSING FINANCE AGENCY

OFFICIAL STATEMENT PART 2
Relating to
Residential Mortgage Revenue Bonds (Multifamily Program)
2009 Series A-6

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

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OFFICIAL STATEMENT PART 2
of the
CALIFORNIA HOUSING FINANCE AGENCY
relating to
Residential Mortgage Revenue Bonds (Multifamily Program)
2009 Series A-6

INTRODUCTION

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

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

THE AGENCY

Powers

The Agency was created in 1975 by the Act as a public instrumentality and a political subdivision of the State of California (the "State") within the Business, Transportation and Housing Agency, for the primary purpose of meeting the housing needs of persons and families of low or moderate income. The Agency is authorized to issue its bonds, notes and other obligations for a variety of purposes, including (1) making development loans, construction loans, mortgage loans and property improvement loans to qualified borrowers to finance housing developments and other residential structures; (2) purchasing such loans through qualified mortgage lenders; and (3) making loans to qualified mortgage lenders under terms and conditions requiring the proceeds thereof to be used for certain loans.

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

The Act currently provides the Agency with the authority to have outstanding bonds or notes, at any one time, in the aggregate principal amount of $13,150,000,000, excluding refunding issues and certain taxable securities. As of December 1, 2012, approximately $5,633,315,887.21 aggregate principal amount of such bonds and notes were outstanding.

Management

The Agency is administered by the Board, which consists of 11 voting members when all positions are filled. The State Treasurer, the Secretary of the Business, Transportation and Housing Agency, and the Director of the Department of Housing and Community Development, or their designees, are voting ex officio members. Six members are appointed by the Governor and confirmed by the Senate. One member is appointed by the Speaker of the Assembly. One member is appointed by the Senate Rules Committee. All such appointments are for six-year terms. In addition, the Act provides that the Director of the Department of Finance, the Director of the Governor's Office of Planning and Research, and the Executive Director of the Agency shall serve as non-voting ex officio members of the Board. The Chairperson of the Board is selected by the Governor from among his appointees. Members of the Board are:

Name	Term Expires	Principal Occupation
Voting Board Members†, ††		
Peter N. Carey††	September 26, 2013	President/Chief Executive Officer, Self-Help Enterprises
Michael A. Gunning	September 26, 2015	Vice President, Personal Insurance Federation of California
Jonathan C. Hunter	November 18, 2013	Managing Director, Region II Corporation for Supportive Housing
Jack Shine	September 26, 2013	Chairman, American Beauty Development Co.
Ruben A. Smith	September 26, 2013	Partner, AlvaradoSmith
Tia Boatman Patterson	March 6, 2015	General Counsel for Sacramento Housing and Redevelopment Agency
Bill Lockyer	*	State Treasurer
Brian P. Kelly	*	Acting Secretary, Business, Transportation and Housing Agency
Linn Warren†††	*	Director, Department of Housing and Community Development

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

†† Peter N. Carey is currently serving as Acting Board Chair.

††† Subject to confirmation by the Senate.

Name	Term Expires	Principal Occupation
Non-Voting Board Members		
Claudia Cappio	*	Executive Director, California Housing Finance Agency
Ana Matosantos	*	Director, Department of Finance
Ken Alex	*	Director, Governor's Office of Planning and Research

Organization and Staff

The Agency is organized into the following divisions under the Executive Director: Single Family Programs, Multifamily Programs, Mortgage Insurance Services, Financing, Fiscal Services, Office of General Counsel, Legislative, Marketing, Administration, Information Technology, and Asset Management.

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

The Multifamily Programs Division is responsible for underwriting all multifamily direct loans, preparing documentation for loan closings and monitoring the construction of developments financed by direct loans from the Agency. The staff of the Multifamily Programs Division includes loan underwriters, architects and construction inspectors.

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

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

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

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* *ex officio.*

The Legislative Division is responsible for monitoring, tracking, and lobbying legislation impacting the housing arena, both on the State and Federal level.

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

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

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

The Asset Management Division is responsible for monitoring the financial and physical status of the Agency's multifamily loan portfolio of 446 projects, as well as occupancy compliance for Section 8 and low income units.

The Agency's senior staff are listed below.

Claudia Cappio, *Executive Director* since April 2011. B.A., Ohio Wesleyan University. Previously: Principal at Sparticles LLC, a planning and development consulting firm (December 2008 – March 2011); City of Oakland – Director of Planning, Building, Major Projects and the Oakland Base Reuse Authority (2000-2007); City of Emeryville Planning and Building Director (1995-2000); City of Albany Planning Director (1985-1995); Town of Corte Madera Planner (1980 – March 1985.)

Margaret Alvarez, *Director of Asset Management* since March 1996. B.A., California State University, Chico. Previously: Asset Management Specialist, Federal Home Loan Mortgage Corporation (1994-1996); Senior Asset Manager, FWC Realty Services Corporation (1987-1993); Property Manager, American Development Corporation (1986-1987); Property Manager, Far West Management Corporation (1980-1986).

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

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

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

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

Howard Iwata, *Director of Administration* since January 2009. B.A., Political Science, U.C. Berkeley. Previously: Bureau Chief, State Controller's Office (2005-2008); Assistant Executive Director, San Francisco Bay Conservation and Development Commission (1997-2005); Division Administrative Officer, Department of Fish and Game (1991-1997); and various administrative positions for a variety of State agencies (1980-1991).

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

The positions of Chief Deputy Director and Director of Multifamily Programs is currently vacant.

The position of Director of Homeownership Programs is currently vacant. This position must ultimately be filled by appointment by the Governor.

The position of Comptroller is currently vacant. Howard Iwata, Director of Administration, is currently fulfilling the day-to-day duties of the Comptroller as Acting Director of Fiscal Services.

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

SECURITY FOR THE BONDS

Special Obligation; Pledge of the Indenture

The Bonds are special obligations of the Agency payable solely from and secured by the "trust estate" as defined under the Indenture. The Agency has no taxing power. The Bonds shall not be deemed to constitute a debt or liability of the State or of any political subdivision of the State, other than the Agency, or a pledge of the faith and credit of the State, but shall be payable solely from the trust estate. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of or interest on the Bonds. The issuance of the Bonds shall not directly or indirectly or contingently obligate the State or any political subdivision of the State to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Bonds are not a debt of the United States of America or any agency thereof, FHA or Fannie Mae, and are not guaranteed by the full faith and credit of the United States of America.

See the definition of "trust estate" under "Summary of Certain Provisions of the Indenture — Certain Defined Terms."

Amounts in the Funds and Accounts may be applied only as provided in the Indenture. Amounts in the Revenue Fund may, *however,* at the request of the Agency, be withdrawn free and clear of the pledge of the Indenture if permitted pursuant to a Cash Flow Statement filed with the Trustee. See "Summary of Certain Provisions of the Indenture — Cash Flow Statements."

Bond Reserve Account

The Indenture establishes the Bond Reserve Account and requires to be funded and maintained in the amount of the Bond Reserve Account Requirement. If at any time there is not a sufficient amount credited to the Bond Account to pay interest or Principal Installments then becoming due on the Bonds, and in the event that the amount credited from other Accounts is not sufficient to make up such deficiency, the Indenture requires the Trustee to charge the Bond Reserve Account and credit the Bond Account the amount of the deficiency then remaining. The Trustee shall immediately notify the Agency in writing of any such charge of the Bond Reserve Account. See "Summary of Certain Provisions of the Indenture — Bond Reserve Account."

No Additional Bonds

Other than the Bonds in the aggregate principal amount of $69,950,000, no additional bonds are authorized or permitted to be issued under the Indenture.

Cash Flow Statements

The Indenture provides that, while any Bonds are Outstanding, the Agency shall file with the Trustee a Cash Flow Statement (i) at least annually; (ii) upon purchase or redemption of Bonds or withdrawal of funds from this Indenture in a manner materially inconsistent with the last Cash Flow Statement filed by the Agency with the Trustee, (iii) and upon the occurrence of certain other events including, but not limited to, modification or disposition of any Borrower Loan or any partial redemption of Bonds.

See "Summary of Certain Provisions of the Indenture — Cash Flow Statements."

INSURANCE UNDER THE RISK SHARING ACT

Pursuant to the Risk Sharing Agreement by and between the Agency and HUD dated April 26, 1994 (the "Risk Sharing Agreement"), HUD (through FHA) has agreed to insure any Loans reviewed and approved for that purpose by the Agency. The Risk Sharing Act as presently enacted requires that the Agency must use proceeds of insurance under the Act to redeem 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. Currently, the Agency intends to elect a 50% risk of loss, but may elect 60%, 70%, 80% or 90%.

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

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

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

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

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.

HUD regulations currently require mortgages insured under the applicable provisions of the Risk Sharing Act to be fully amortizing. In connection with the issuance of the 2009 Series A-6 Multifamily Program Bonds, the Agency has obtained a waiver from HUD that permits the Agency to provide loans that are not fully amortizing and have a term of 17 years.

SECTION 8 LOANS

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

Until 1997, there was substantial uncertainty as to what would happen to Section 8 developments upon the expiration of their HAP Contracts at the end of their terms. HUD's Fiscal Year 1998 Appropriations Act, Pub. L. 105-65, signed into law on October 27, 1997, included within it the "Multifamily Assisted Housing Reform and Affordability Act of 1997" (the "1997 Act"), which has been further amended since. The 1997 Act implemented a new "Mark-to-Market" program by which many FHA-insured Section 8 projects with expiring HAP Contracts and above-market rents are eligible for restructuring plans, and, upon restructuring, will receive continuing Section 8 assistance. These restructuring plans may include refinancing and/or partial prepayment of mortgage debt intended to reduce Section 8 rent levels to those of comparable market rate properties or to the minimum level necessary to support proper operations and maintenance, and in many cases is designed to result in a change from "project-based" to "tenant-based" Section 8 payments. The 1997 Act provides, however, that no restructuring or renewal of HAP Contracts will occur if the owner of a project has engaged in material adverse financial or managerial actions with respect to that project or other federally assisted projects, or if the poor condition of the project cannot be remedied in a cost effective manner.

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

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

For FHA-insured projects, a reduction in Section 8 contract rents or the termination or expiration of the HAP Contract (without renewal or replacement with other project-based assistance), as described in the previous paragraphs, could thus result in a default under the related Loan and claims for insurance benefits. The restructuring plans established by the 1997 Act, as a general matter, contemplate restructuring FHA-insured mortgage loans on certain Section 8 projects through a nondefault partial or full prepayment of such loans. Nondefault prepayment or similar forgiveness or write-down of mortgage debt pursuant to a restructuring of some or all of the Loans on the Section 8 Developments may result in the redemption of an allocable portion of the allocable Bonds at any time with the proceeds the Agency receives from any such prepayment, forgiveness or write-down.

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

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

PROGRAM PROCEDURES AND SERVICING

Borrower Loans

Under the Program, Borrower Loans are financed and serviced directly by the Agency as described below. Borrower Loans may provide acquisition, construction (both for new construction and rehabilitation) and permanent financing for developments intended for occupancy by persons and families of low or moderate income. All Borrower Loans are secured by first-priority liens subject to certain encumbrances and carry Risk Sharing Insurance. See

APPENDIX B to this Part 2 — "Description of Developments and Loans Expected to be Financed by or Allocable to the Bonds."

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

Management of Developments

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

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

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

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

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

Development Controls, Reserves and Insurance

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

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

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

Title Insurance. A title insurance policy is required in the full amount of the Loan insuring title to, and the validity and enforceability of the lien of any priority on, the real property, or an interest therein securing such Loan. No title insurance is required for Lender Loans.

Lien. The Loan is required to be secured by a lien of any priority (subject to permitted encumbrances acceptable to the Agency) on the Development. Generally, such liens will be first liens. Lender Loans are not secured by a lien of any priority.

Insurance. Insurance policies on the Developments are required covering fire and other hazards, builder's risk, comprehensive liability and workers' compensation coverage. Certain Loans are required to be covered by earthquake insurance. The Agency currently has in force and intends to maintain, subject to the commercially reasonable availability of such insurance, for its multifamily housing developments (including the Developments), a $50 million earthquake and flood insurance policy subject to a deductible of five percent (5%) of the total insured value of each Development at the time of loss. The policy also includes rental interruption insurance covering a term of one year. The current policy expires November 9, 2013.

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

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

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

Operating Expense Reserve. The Agency may require that a separately funded operating expense reserve be established for each Development, to pay operating expenses not covered by gross rental income, the rent up account and the projected operating expense escrow, if any. Any such operating expense reserve would be funded by the Borrower from sources other than Development income in the form of cash or cash equivalents in an amount equal to a percentage of the projected initial gross rental income per annum. The operating expense reserve may be required by the Agency to be maintained until two consecutive years have elapsed during which gross rental income is sufficient to meet all operating expenses, debt service payments and reserve requirements.

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

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

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

Loan Documents

Each Borrower Loan is evidenced by certain documents, including a promissory note (the "Promissory Note"), and secured by a deed of trust with assignment of rents (the "Deed of Trust") and a regulatory agreement (the "Regulatory Agreement"). Construction Loans also have a Construction Loan Agreement, which dictates the specific terms regarding disbursements of Loan Proceeds. Lender Loans are not secured by a Deed of Trust or a lien on the related Development. In connection with each IRP Loan, the Agency, the Borrower and HUD also enter into an IRP Agreement. In addition, for Loans related to Section 8 Developments, under a related Pledge Agreement, the Borrower assigns to the Agency all rights that the Borrower may have or acquire to the payments under the HAP Contract. These documents are collectively referred to as the "Loan Documents."

Promissory Note. Except for Construction Loans, certain Acquisition/Rehabilitation Loans and Lender Loans, the Promissory Note, payable to the order of the Agency, contains a provision which exculpates the Borrower or, if the Borrower is a partnership, any partner from personal liability on the Promissory Note.

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

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

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

Regulatory Agreement. The Regulatory Agreement requires the Borrower to operate the Development in conformity with applicable laws, regulations and Program requirements. The Regulatory Agreement requires that each Borrower take such actions as are necessary to ensure that the required percentage of units occupied by very low income households is maintained. The Regulatory Agreement requires that the Borrower obtain a signed management contract with the management agent for the property prior to the loan closing. The management contract must include a provision allowing the Agency to require the Borrower to remove the management agent, with or without cause, upon 30 days' advance written notice (or immediately, at the option of the Agency, in case of a default by the Borrower). It must detail the management agent's responsibilities, including provisions as to maintenance, proof of insurance, collection of rents, enforcement of leases, funding of reserves and accounting. The management agent must furnish, at its own expense, a fidelity bond equal to one month's gross rent for the Development. The Regulatory Agreement also requires the Borrower to establish with the Agency various reserve funds. (See "Program Procedures — Development Controls, Reserves and Insurance.") In the event the Borrower violates any of the provisions of the Regulatory Agreement, and if such violation is not corrected to the satisfaction of the Agency within 30 days after mailing of notice by the Agency, the Agency may declare a default under the Regulatory Agreement. In the event of such a declaration of default, the Agency may declare all amounts evidenced by the Promissory Note to be immediately due and payable, take possession of and operate the Development on behalf of the Borrower, appoint a receiver to take over and operate the Development pursuant to the terms of the Regulatory Agreement or seek any other relief the Agency deems necessary.

PROGRAMS OF THE AGENCY

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

Homeownership Programs. The Agency has issued bonds pursuant to its Home Mortgage Revenue Bonds indenture to provide funds for the Agency to purchase eligible mortgage loans, and mortgage-backed securities backed by such mortgage loans, secured by first mortgage liens on newly constructed or existing single family homes, condominiums, planned unit developments and manufactured housing permanently attached to the land and originated and serviced by qualified lenders. Mortgage loans purchased under this program (other than certain of such mortgage loans underlying mortgage-backed securities) will be insured either by FHA, the California Housing Loan Insurance Fund, the VA or a private mortgage guaranty insurance policy covering a loss of up to 50% of the outstanding principal amount of the mortgage loans.

Multifamily Housing Revenue Bond II Program. The Multifamily Housing Revenue Bond II Program provides for the construction and/or permanent financing of loans insured by FHA or that underlie a mortgage-backed security for multifamily housing developments through the issuance of Multifamily Housing Revenue Bonds II. The Multifamily Housing Revenue Bonds II are general obligations of the Agency. The Agency has not issued bonds under the Multifamily Housing Revenue Bonds II Indenture since 1996 and currently does not expect to issue bonds under the Series Indenture.

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

Residential Mortgage Revenue Bonds Indenture (Single Family Programs). The Agency developed this indenture in connection with the New Issue Bond Program. Proceeds of bonds previously issued under this indenture are applied to purchase mortgage-backed securities secured by mortgage liens on newly constructed or existing single family homes, condominiums, planned unit developments, and manufactured housing permanently attached to the land. The Residential Mortgage Revenue Bonds are limited obligations of the Agency.

Affordable Multifamily Housing Revenue Bonds Indenture. The Agency developed this indenture in connection with the New Issue Bond Program. Proceeds of bonds issued under this indenture are applied to finance and refinance affordable multifamily housing developments. The Affordable Multifamily Housing Revenue Bonds are limited obligations of the Agency.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a 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, to which reference is made and copies of which are available from the Trustee or the Agency.

Certain Defined Terms

The following are definitions in summary form of some of the terms contained in the General Indenture and used therein:

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

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

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

"Acquired Development Account" means the Account so designated which is created and established pursuant to the Indenture.

"Acquired Development Expense Requirement" means such amount of money as may, from time to time, be determined by an Officer's Certificate to be necessary for the payment or as a reserve for the payment of any costs and expenses incurred in connection with all Acquired Developments.

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

"Act" means the Zenovich Moscone Chacon Housing and Home Finance Act, constituting Division 31 of the Health and Safety Code of the State, and all laws supplementary thereto and amendatory thereof.

"Agency" means the California Housing Finance Agency, a public instrumentality and a political subdivision of the State, created by and existing under the Act.

"Agency Contribution" means the contribution of funds of the Agency, not constituting Released Proceeds, to be deposited on or before the Release Date in the amount set forth in the Series Indenture.

"Agency Fee" means the Agency's annual administrative fee, in an amount equal to 1% of the aggregate principal outstanding amount of the Loans, which amount shall be due and payable quarterly in arrears on each February 1, May 1, August 1 and November 1 based on the monthly average outstanding principal amount of the related Loan over the preceding quarterly period.

"Authorized Officer" means the Chairperson, the Executive Director, the Deputy Director or the Director of Financing, or any other person authorized by resolution of the Agency to act as an Authorized Officer under the Indenture.

"Bond Account" means the account so designated which is established and created by the Indenture.

"Bondholder" or "Holder" or "holder" or any similar term means the person in whose name a Bond is registered.

"Bond Reserve Account" means the account so designated which is established and created by the Indenture.

"Bond Reserve Account Requirement," means, with respect to the 2009 Series A-6 Multifamily Program Bonds, initially $1,852,000, or, as of any particular date of calculation, any lesser amount accompanied by a Rating Confirmation. The Trustee may conclusively rely upon an Officer's Certificate setting forth the Bond Reserve Account Requirement as of the date of such certificate.

"Bond Year" means the period of twelve consecutive months ending on January 1 in any year in which Bonds are or will be Outstanding, beginning January 1, 2013.

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

"Borrower Loan" means a loan made, purchased or otherwise acquired with the proceeds of Bonds (other than Non-Parity Bonds) or with the proceeds of a Lender Loan for the construction or permanent financing of a development, and for which the obligation to repay is evidenced by a Note and secured by a Deed of Trust. All Borrower Loans shall carry Risk Sharing Insurance.

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

"Capitalized Interest" means interest to be paid or reserved from the proceeds of the issuance of Bonds.

"Capitalized Interest Subaccount" means the subaccount by that name created in the 2009 Series A-6 Program Subaccount pursuant to the Series Indenture.

"Cash Flow Statement" means an Officer's Certificate giving effect to the action proposed to be taken and demonstrating in the current and each succeeding Fiscal Year in which Bonds are scheduled to be Outstanding that:

(a) pledged assets expected to be on deposit in the Accounts maintained under the Indenture, exclusive of rebatable amounts, in each such Fiscal Year will be at least equal to amounts required hereby to be on deposit in such Accounts for the payment of the principal and Redemption Price of, and interest on, Bonds Outstanding when due (excluding Non-Parity Bonds), all obligations to any Credit Provider and all other expenses to be paid from amounts held under the Indenture and for the funding of the Bond Reserve Account and any Loan Reserve Accounts to their respective Requirements, except that, to the extent specified in a Series Indenture, an Account established in such Series Indenture shall not be taken into account when preparing the Cash Flow Statement; and

(b) and the aggregate of the amounts on deposit in all Accounts under the Indenture (excluding Rebatable Arbitrage), plus the aggregate principal balances of all Loans and Mortgage-Backed Securities, shall at least equal the sum of the aggregate principal amount of the Bonds Outstanding plus accrued interest.

Each Cash Flow Statement shall set forth the assumptions upon which the estimates therein are based, and, after filing any Cash Flow Statement, the Agency shall administer the Program and perform its obligations under the Indenture in accordance, in all material respects, with the assumptions set forth in such Cash Flow Statement that are the most financially conservative. Any Cash Flow Statement shall assume that all amounts held under the Indenture with respect to which an investment arrangement is not in effect that guarantees a certain rate or rates are invested at a rate that does not exceed the then prevailing savings passbook rate in the State.

"Chairperson" means the Chairperson of the Board of Directors of the Agency.

"Code" means the Internal Revenue Code of 1986 and the regulations promulgated under the Series Indenture.

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

"Costs of Issuance Subaccount" means the Costs of Issuance Subaccount established and maintained within the Program Account pursuant to the Indenture.

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

"Credit Facility" means any supplemental credit support or liquidity support for a Series of Bonds (other than Non-Parity Bonds).

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

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

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

"Delivery Date" shall mean the Release Date, unless an Escrow Period shall be established with respect to the Bonds, in which case "Delivery Date" shall mean and refer to the Escrow Break Date.

"Deputy Director" means the Deputy Director of the Agency.

"Development" means a multifamily rental housing development financed by a Loan made, purchased or otherwise acquired with the proceeds of Bonds (other than Non-Parity Bonds).

"Director of Financing" means the Director of Financing of the Agency.

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

"Executive Director" means the Executive Director of the Agency.

"FHA" means the Federal Housing Administration of HUD or any successor agency of the United States of America.

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

"Fiscal Year" means any fiscal year (or other comparable period) of the Agency.

"Four-Week T-Bill Rate" means 0.06 percent per annum.

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

"Interest Deposit Subaccount" means the Interest Deposit Subaccount of the Escrow Account established by the Trustee pursuant to the Indenture.

"Interest Payment Date," for purposes of the 2009 Series A-6 Multifamily Program Bonds, means (i) the Permanent Rate Conversion Date, (ii) following the Permanent Rate Conversion Date, February 1, May 1, August 1 and November 1 of each calendar year so long as the Bonds are Outstanding, (iii) the Maturity Date, and (iv) in respect of the Bonds subject to redemption but only in respect of such Bonds, the date of redemption.

"Interest Requirement" means, as of any particular date of calculation and with respect to any particular Series of Bonds Outstanding on such date of calculation, an amount equal to the sum of (1) any previously unpaid interest then due on Outstanding Bonds of such Series (including any amount required to be reimbursed to any Credit Provider for payment of such interest), plus (2) an amount equal to the interest due and payable on Outstanding Bonds of such Series on the next succeeding Interest Payment Date; provided that Non-Parity Bonds shall be excluded from the calculation of the Interest Requirement. For purposes of this definition, any assumptions made in the calculation of interest in connection with the issuance of Bonds bearing interest at a variable rate shall be as set forth in the Series Indenture.

"Investment Obligation" means, for purposes of the 2009 Series A-6 Multifamily Program Bonds, any of the following which at the time are lawful investments under the laws of the State for the moneys held under the Indenture then proposed to be invested therein: (1) direct general obligations of the United States of America, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America, any federal agency of the United States of America; (2) bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by Federal Land Banks or Federal Intermediate Credit Banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and Banks for Cooperatives established under the Farm Credit Act of 1933, as amended, bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, bonds, debentures and other obligations of Fannie Mae or of the Government National Mortgage Association, established under the National Housing Act, as amended, bonds of any Federal Home Loan Bank established under said act, bonds, debentures and other obligations of the Federal Home Loan Mortgage Corporation guaranteeing timely payment of principal and interest, bonds, notes, and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended, except, in each case, securities evidencing ownership interests in specified portions of the interest on or principal of such obligations; (3) commercial paper rated within the highest short-term Rating Category of each Rating Agency so long as such commercial paper matures within 366 days or less, and rated within the highest long-term Rating Category with respect to commercial paper with a maturity of more than 366 days, issued by corporations (a) organized and operating within the United States and (b) having total assets in excess of five hundred million dollars ($500,000,000); (4) bills of exchange or time drafts drawn on and accepted by a commercial bank the general obligations of which are rated within the highest short-term rating and the highest two Rating Categories by each Rating Agency, otherwise known as bankers acceptances, which are eligible for purchase by the Federal Reserve System, and negotiable certificates of deposits issued by a nationally or state chartered bank or savings and loan association which are insured by federal deposit insurance and which are issued by an institution the general obligations of which are rated within the highest short-term rating and the highest two Rating Categories by each Rating Agency; (5) repurchase agreements or reverse repurchase agreements, with nationally recognized broker dealers which are agreements for the purchase or sale of Investment Obligations pursuant to which the seller or buyer agrees to repurchase or sell back such securities on or before a specified date and for a specified amount, which seller or buyer has outstanding long-term indebtedness which are rated within the highest two Rating Categories by each Rating Agency; (6) investment agreements with corporations, financial institutions or national associations within the United States the general obligations of which (or, if payment of such investment agreement is guaranteed, the general obligations of the guarantor) are rated within the two highest Rating Categories by each Rating Agency; (7) interest bearing accounts in State or national banks or other financial institutions having principal offices in the State (including those of the Trustee or its affiliates) which are issued by an institution the general obligations of which are rated within the highest short-term rating and the highest two Rating Categories by each Rating Agency; (8) interests in any short term investment fund (including those of the Trustee or its affiliates) restricted to investment in obligations described in any of clauses (1) through (5) of this definition, which are rated within the highest two Rating Categories by each Rating Agency; (9) deposits in the Surplus Money Investment Fund referred to in Section 51003 of the Act, with notice to the Rating Agency (provided that the Liquidity Subaccount may not be invested therein); (10) other investment securities acceptable to each Credit Provider which will not cause the rating on any

Bonds to be reduced or withdrawn; or (11) any investments authorized in a Series Indenture authorizing Bonds, as long as the related Bonds are rated by each Rating Agency.

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

"Lender Loan" means a loan made by the Agency to a Lender to finance a Borrower Loan. No 2009 Series A-6 Loans are Lender Loans.

"Letter of Credit" means, prior to the Delivery Date, if the Delivery Date is not the Release Date, an unconditional, irrevocable letter of credit in favor of the Trustee, delivered to the Trustee and in form and substance satisfactory to the Rating Agency, which is either issued by a Qualified Financial Institution or for which a confirming Letter of Credit, in form and substance satisfactory to the Rating Agency, is issued by a Qualified Financial Institution, together with any amendment delivered with respect to such letter of credit.

"Liquidity Subaccount Requirement" has the meaning given thereto in the Indenture.

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

"Loan Documents" means, with respect to any particular Loan, the Note, Deed of Trust, any loan agreement, any regulatory agreement and all other agreements between the Agency and a Borrower or a Lender, or between a Lender and a Borrower, relating to a Loan, and any documents relating to a Mortgage-Backed Security or a credit enhancement instrument relating to such Loan and to which or of which the Agency or the Trustee is a party or a beneficiary.

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

"Loan Principal Prepayments" means any amounts, other than Risk Sharing Reimbursements, received by the Agency or the Trustee representing recovery of the Principal Amount of any Loan (exclusive of amounts representing regularly scheduled principal payments) as a result of (1) any voluntary prepayment of all or part of the Principal Amount of a Loan, including any prepayment, fee, premium or other such additional charge; (2) the sale, assignment or other disposition of a Loan (including assignment of a Loan to collect upon any insurance); (3) the acceleration of a Loan (for default or any other cause) or the foreclosure or sale under a Deed of Trust or other proceedings taken in the event of default of such Loan; and (4) compensation for losses incurred with respect to such Loan from the proceeds of condemnation, title insurance or hazard insurance.

"Loan Reserve Account" means an Account so designated which is created and established by a Series Indenture pursuant to the Indenture.

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

"Maturity Date" means the applicable final stated maturity of each series of the Bonds.

"Moody's" means Moody's Investors Service, Inc. its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Agency by notice to the Trustee.

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

"Non-Parity Bonds." References to "Non-Parity Bonds" shall be of no force and effect. No Non-Parity Bonds are permitted under the Indenture.

"Note" means an instrument evidencing a Borrower's obligation to repay a Borrower Loan.

"Officer's Certificate" means a certificate signed by an Authorized Officer.

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

"Outstanding", when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being delivered except (1) any Bond cancelled by the Trustee, or proved to the satisfaction of the Trustee to have been cancelled by the Agency or by any other Fiduciary at or before said date, (2) any bond paid or deemed to be paid within the meaning of the Indenture, and (3) any Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to the Indenture.

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

"Permanent Rate" means, with respect to the Bonds, 3.27% per annum (the sum of the Weighted Average Life Rate plus the Spread).

"Permanent Rate Conversion Date" means, with respect to the Bonds, February 12, 2013.

"Principal Amount" means on any particular date of calculation (1) with respect to any particular Bonds (other than Non-Parity Bonds), the sum of (a) the principal amount on such date of calculation of such Bonds not having an Accreted Value, plus (b) the Accreted Value on such date of calculation of such Bonds having an Accreted Value, and (2) with respect to any Loan, the principal amount of such Loan on such date of calculation.

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

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

"Principal Installment Date," for purposes of the 2009 Series A-6 Multifamily Program Loans, means each February 1, May 1, August 1 and November 1.

"Principal Office," when used with respect to a particular Fiduciary, means the office of such Fiduciary so designated herein or in any notice given by such Fiduciary to the Agency, and in the case of the Trustee, as of the date hereof, is at the applicable address set forth in the Indenture.

"Principal Requirement" means, as of any particular date of calculation, and with respect to any particular Series of Bonds Outstanding on such date of calculation, an amount equal to the sum of (1) any previously unpaid Principal Installment of such Series then due (including any amount required to be reimbursed to any Credit Provider for payment of such Principal Installment), and (2) any Principal Installment of such Series due on the next succeeding Principal Installment Date(s) for such Series during the period of twelve months from such date of calculation; provided that Non-Parity Bonds shall be excluded from the calculation of the Principal Requirement.

"Program Account" means the account so designated which is established and created by the Indenture.

"Qualified Financial Institution" means a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America and financial institutions that are rated "Aa3" and in the highest short-term rating category, as applicable, or financial institutions whose guarantors are rated "Aa3" (or equivalent rating) and in the highest short-term rating category, as applicable, or as otherwise permitted by the Rating Agency.

"Rating Agency" means, with respect to the 2009 Series A-6 Multifamily Program Bonds, Moody's Investors Service Inc. or, at any particular time, any other nationally recognized credit rating service designated by the Agency and then maintaining a rating on the 2009 Series A-6 Multifamily Program Bonds.

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

"Rebatable Arbitrage" means the amount (determinable as of the end of each Bond Year) of arbitrage profits earned from the investment of "gross proceeds" of a Series of Bonds in "nonpurpose investments" described in Section 148(f)(2) of the Internal Revenue Code of 1986 and defined as "Rebatable Arbitrage" in Section 1.148-2 of the Regulations, which are payable to the United States at the times and in the amounts specified in Section 148(f)(3) of the Internal Revenue Code of 1986 and Section 1.148-1 of the Regulations.

"Record Date" means the 15th day of the month preceding the month in which any Interest Payment Date falls.

"Redemption Account" means the account so designated which is established and created by the Indenture.

"Redemption Price," when used with respect to a particular Bond or portion thereof, means the Principal Amount of such Bond or portion to be redeemed plus the applicable premium, if any, payable upon redemption thereof in accordance with its terms.

"Release Date" means December 12, 2012, the date on which the Bonds are modified and exchanged and the proceeds of the Bonds are released.

"Released Proceeds" means proceeds of the Bonds released from escrow on the Release Date as provided in the Original Indenture.

"Released Proceeds Subaccount" means the Released Proceeds Subaccount of the Escrow Account established by the Trustee pursuant to the Indenture.

"Reserve Deposit" means the funds to be deposited on or before the Release Date in the amount set forth in the Indenture.

"Required Rebate Deposit" means an amount determinable as of the end of each Bond Year and as of the date of retirement of the last Bond, which when added to amounts then on deposit in the rebate fund to be established pursuant to the related Tax Certificate, equals the aggregate amount of Rebatable Arbitrage for the Bonds less the amount of Rebatable Arbitrage theretofore paid to the United States with respect to the Bonds, if any.

"Revenue Account" means the Account so designated which is established and created by the Indenture.

"Revenues" means all amounts received by the Agency or the Trustee (1) as or representing payment or recovery of the principal of or interest on any Loan, including, without limiting the generality of the foregoing, scheduled payments of principal and interest on any Loan and paid from any source (including both timely and delinquent payments and any late charges and Loan Principal Prepayments), (2) any fees paid with respect to any Loan and expressly designated for deposit under the Indenture, (3) amounts paid under any Deed of Trust or other Loan Document as damages or reimbursement of expenses or otherwise, (4) all Acquired Development Receipts, (5) all amounts required by any Series Indenture to be deposited in the Revenue Account for the payment of Bonds (other than Non-Parity Bonds), and (6) all interest, profits or other income derived from the investment of amounts in any Account, but "Revenues" shall not include (a) Escrow Payments, (b) any amounts representing reimbursement to the Agency of advances of principal or interest or expenses incurred by the Agency in connection with the collection or recovery of principal of, or interest on, or other amounts due under, any Loan, (c) the proceeds of hazard insurance to the extent used to repair or rebuild a damaged Development, (d) servicing fees, insurance premiums, closing fees, finance charges, administrative fees, commitment fees or other similar fees, premiums or charges imposed by the Agency, or (e) any amounts pledged to secure Non-Parity Bonds.

"Risk Sharing Act" means Section 542(c) of the Housing and Community Development Act of 1992, as may be amended from time to time, and any regulations issued thereunder, including 24 CFR Part 266.

"Risk Sharing Insurance" means mortgage insurance issued by FHA under the Risk Sharing Act in respect of a Borrower Loan.

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

"Risk Sharing Reimbursement" means moneys which, under the regulations applicable to the loan insurance provided pursuant to the Risk Sharing Act, are required to be paid to HUD following HUD's payment of an insurance claim with respect to a Loan, including but not limited to: (a) that portion of an initial claim payment by HUD in excess of the amount necessary to retire Bonds which financed or are deemed by the Agency to have financed the related Loan; (b) Loan payments by a Borrower after payment of an insurance claim by HUD with respect to such Loan, up to an amount equal to that amount due to HUD; and (c) that portion of the proceeds from the foreclosure of the related Loan equal to the amount due to HUD.

"S&P" means Standard & Poor's, its successors and their assigns, or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Agency by notice to the Trustee.

"Secured Obligations" means (i) the payment of the principal of, and the interest and premium, if any, on, all Bonds at any time issued and outstanding under the Indenture, according to their tenor; and the performance and observance of all the covenants and conditions therein and herein set forth; and (ii) the payment and performance of all obligations of the Agency to all Credit Providers pursuant to any documents executed by the Agency in connection with the issuance of the Bonds or with any liquidity or credit support provided by the Credit Providers; provided, however, that Non-Parity Bonds shall not constitute Secured Obligations.

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

"Series Indenture" means any Supplemental Indenture authorizing the issuance of a Series of Bonds and entered into between the Agency and the Trustee in accordance with the Indenture and, with respect to the 2009 Series A-6 Multifamily Program Bonds, means the Series Indenture dated as of December 1, 2012, between the Agency and the Trustee, authorizing such bonds and setting forth the terms thereof.

"Short Term Rate," with respect to the Bonds, means 1.61 percent per annum, calculated in accordance with the definition thereof as set forth in the NIBP Appendix.

"Sinking Fund Installment" means the amount of money required by or pursuant to the Indenture to be paid by the Agency on any single date toward the retirement of any particular Term Bonds of any particular Series on or prior to their respective stated maturities and includes, for purposes of the 2009 Series A-6 Multifamily Program Bonds, all Loan Principal Receipts.

"State" means the State of California.

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

"Tax Certificate" means each Tax Certificate dated the date of issuance and delivery of a Series of Bonds (if and to the extent interest on such Series is intended to be excluded from gross income for federal tax purposes), executed and delivered by the Agency, as amended, supplemented or otherwise modified from time to time.

"Term Bonds" shall mean any Bonds of any Series so designated in the Series Indenture authorizing the issuance of such Series and for the retirement of which Sinking Fund Installments may be established.

"Trustee" means U.S. Bank National Association, in San Francisco, California, or its successor as Trustee under the Indenture.

Payments on Business Days Only

If an Interest Payment Date or other date on which interest or principal (including purchase price) on the Bonds is due falls on a day that is not a Business Day, payment shall be made on the next succeeding Business Day and no additional interest shall accrue on the Bonds for the period after the date on which such interest or principal (including purchase price) was due.

Purpose and Function of Article XIII of RMRB General Indenture

The purpose of Article XIII of the RMRB General Indenture is to provide for the issuance and/or holding of bonds that are separately secured from all other bonds issued and to be issued under the RMRB General Indenture, including Article XIV thereof.

The Series Indenture is being executed and delivered pursuant to the terms of Article XIII of the RMRB General Indenture. The provisions adopted pursuant to Article XIII are for administrative convenience only and shall be treated, interpreted and construed as if they constitute an entirely separate indenture from the RMRB General Indenture, Article XIV thereof and all other supplemental indentures thereto (other than the 2009 Series A Indenture, as defined in the RMRB General Indenture, as and to the extent applicable to bonds issued pursuant to Article XIII). Notwithstanding anything to the contrary contained in the RMRB General Indenture, no revenues or assets pledged under the RMRB General Indenture shall be available for the payment of the principal or Redemption Price of or interest on Bonds issued pursuant to the Indenture, including the 2009 Series A-6 Multifamily Program Bonds, and no Revenues or assets pledged under the RMRB Indenture shall under any circumstances (including, but not limited to, the occurrence of an Event of Default under the RMRB General Indenture), be available for the payment of the principal or Redemption Price or Sinking Fund Payments or interest on any bonds (other than the Bonds) issued or to be issued under the RMRB General Indenture.

Notwithstanding the foregoing, nothing in the Indenture shall preclude the Agency from contributing or pledging other funds or other assets to the funds and accounts established under the Indenture so long as such funds or assets are not subject to the sole lien of the General Indenture and not otherwise encumbered. For all purposes of the RMRB General Indenture including, but not limited to, determining whether funds or assets may be released from the lien of the RMRB General Indenture, the Bonds shall not be considered outstanding under the RMRB General Indenture (and the Loans shall not be included in any calculations or computations required pursuant to the RMRB General Indenture) and nothing in the Indenture shall limit or restrict the Agency's rights under the RMRB General Indenture (including, but not limited to, the Agency's right to withdraw money from the RMRB General Indenture in accordance with its terms, which right shall not be conditioned or restricted by any provisions of the Indenture). In particular, all covenants, agreements and restrictions set forth in the Indenture shall be applicable solely to the Bonds and shall not be applicable, in any manner, to any other bonds issued or to be issued under the RMRB General Indenture or to the provisions of the RMRB General Indenture.

Limited Obligation; Pledge of the Indenture

The Bonds are special, limited obligations of the Agency, payable solely from the Revenues and other amounts pledged under the Indenture. The Bonds are not a debt of the State or of any other political subdivision of the State (other than the Agency, to the extent provided in the Indenture), and neither the State nor any other political subdivision of the State will be liable for the payment of the Bonds. The faith and credit of the Agency, the State or of any political subdivision of the State are not pledged to the payment of the principal of or interest on the Bonds. The Agency has no taxing power.

Modification, Conversion and Release of Bonds

The Bonds shall be executed substantially in the form and manner set forth in the Indenture and shall be deposited with the Trustee for authentication.

The Trustee shall authenticate and deliver the Bonds at the written request of the Agency upon satisfaction of all conditions precedent set forth in the Indenture.

Additional Obligations under the Indenture

The Agency shall not create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a charge and lien on the Revenues, the trust estate or other security for the Bonds, prior to or on a parity with the lien of the Indenture, except that, subject to any additional terms or conditions as may be set forth in any Series Indenture or Supplemental Indenture, additional Series of Bonds may be issued from time to time pursuant to a Series Indenture, or Non-Parity Bonds may be converted to parity status pursuant to a supplement or amendment to the Series Indenture or Supplemental Indenture pursuant to which such Bonds were designated as Non-Parity Bonds, subsequent to the issuance of the initial Series of Bonds under the Indenture, on a parity with Bonds previously issued and secured by an equal charge and lien on the Revenues or other security for the Bonds, except as otherwise provided in the Indenture, and payable equally and ratably from the Accounts established and created pursuant hereto, except as otherwise provided in the Indenture, for one or more of the purposes set forth in the Indenture.

No additional Series of Bonds shall be issued, nor shall any Non-Parity Bonds be converted to parity status under the Indenture, subsequent to the issuance of the initial Series of Bonds under the Indenture unless:

(1) the Principal Amount of the additional Bonds then to be issued, together with the Principal Amount of the Bonds and other obligations of the Agency theretofore issued, will not exceed in aggregate Principal Amount any limitation thereon imposed by law;

(2) at the time of the issuance and delivery of the additional Series of Bonds, other than Refunding Bonds, and the application of the proceeds thereof, there shall be no deficiency in any Accounts created hereby and the amount in the Bond Reserve Account shall not be less than the Bond Reserve Account Requirement and the amount in each Loan Reserve Account shall be not less than its Loan Reserve Account Requirement;

(3) the Agency shall have delivered to the Trustee a current Cash Flow Statement reflecting the issuance of such Series of Bonds; and

(4) the Agency shall have received, from each Rating Agency, evidence that the issuance of such Series will not result in the reduction, suspension or withdrawal of the rating then assigned to any of the Series then having Bonds Outstanding.

The Agency expressly reserves the right to adopt one or more general or special bond resolutions or to enter into one or more other indentures for any of its corporate purposes and reserves the right to issue other obligations so long as the same are not a charge or lien prohibited by the first paragraph of this section. Specifically, but without limiting the foregoing, the Agency expressly reserves the right to authorize and issue bonds, notes, warrants, certificates or other obligations or evidences of indebtedness (including Non-Parity Bonds issued under the Indenture, to which the requirements described under this section shall not apply) which as to principal or interest, or both, (i) are payable from Revenues after and subordinate to the payment from Revenues of the Secured Obligations, or (ii) are payable from moneys which are not Revenues as such term is defined in the Indenture.

The Agency shall not enter into any agreement with a Credit Provider pursuant to which payments from the Agency may be secured on a parity with the Bonds if doing so would result in the reduction, suspension or withdrawal of the rating then assigned to any Bonds then Outstanding.

No Additional Obligations under the Series Indenture

No bonds or additional obligations other than the 2009 Series A-6 Multifamily Program Bonds are authorized by the Series Indenture.

Bonds No Longer Outstanding

Bonds shall no longer be treated as Outstanding (a) if they have been duly called for redemption or irrevocable instructions to call such Bonds for redemption shall have been given by the Agency to the Trustee and (b) with respect to which the Trustee holds money or sufficient to pay the principal and interest on such on their respective interest payment, stated maturity or prescribed redemption dates.

Establishment of Accounts

The Agency has established and created the following Accounts under the Indenture:

Revenue Account;

Bond Account;

Bond Reserve Account;

Redemption Account;

Rebate Account; and

Acquired Development Account

Program Accounts and Loan Reserve Accounts may be established and created as provided in the Indenture, respectively, and other Accounts may be established by the Series Indenture or an Officer's Certificate as deemed advisable by the Agency.

Establishment and Application of Program Account, Capitalized Interest Subaccount and Costs of Issuance Subaccount.

The Agency has established and created a separate trust account to be held in trust by the Trustee and designated the "Program Account," and the "Costs of Issuance Subaccount" and the "Capitalized Interest Subaccount" therein.

Except as otherwise provided in the Series Indenture, moneys in subaccounts of the Program Account shall be used solely for (1) the financing of Loans (including accrued interest thereon), (2) redemption of Bonds by operation of the Redemption Account, (3) payment of Costs of Issuance and (4) payment of interest on the Bonds and accrued interest on the Loans from the Capitalized Interest Subaccount therein.

Moneys credited to the Program Account shall be deemed to be a part of the Program Account until the check, draft or warrant issued by the Trustee is certified or otherwise paid. If for any reason the Agency should decide prior to the payment of any item in a requisition to stop payment of such item, the Agency shall file with the Trustee an Officer's Certificate giving notice of such decision and thereupon the Trustee shall reverse any steps taken prior to such notice toward payment of such items. The Agency shall maintain in the office of the Agency accurate records of all such requisitions, a description of the Loans financed or refinanced pursuant hereto and the purchase price and Principal Balance of such Loans.

Upon receipt of an Officer's Certificate specifying that moneys in a Program Account are to be credited to the Redemption Account in order to effect the redemption of Bonds, the Trustee shall credit such moneys to the Redemption Account for said purpose.

Amounts remaining on deposit in the Costs of Issuance Subaccount 90 days after the Release Date shall be returned to the Agency.

No amount shall be charged against the Program Account except as expressly provided in the Indenture.

Deposit of Revenues

All Revenues collected or received by the Agency, or the Trustee on behalf of the Agency, shall be deemed to be held, and to have been collected or received, by the Agency as the agent of the Trustee and shall forthwith be paid by the Agency to the Trustee; provided, however, that the Agency may transfer Revenues directly to any investment agreement provider for credit to an Investment Obligation held in the name of the Trustee, or otherwise use such Revenues to purchase any other Investment Obligations in its name or in the name of the

Trustee, which Investment Obligations shall be held in trust for the benefit of the holders of all Secured Obligations.

All Revenues shall be credited by the Trustee upon the receipt thereof to the Revenue Account; except that:

(1) Loan Principal Prepayments shall be credited as provided in the Indenture;

(2) income earned on amounts in the Bond Reserve Account shall be credited to the Revenue Account, subject to the provisions of the Act in effect at the time;

(3) income earned on amounts in subaccounts of the Program Account may, upon the request of the Agency in an Officer's Certificate, be retained in such Program Account;

(4) Acquired Development Receipts shall be credited to the Acquired Development Account;

(5) Risk Sharing Insurance Payments shall be credited to the Redemption Account; and

6) an amount of interest received with respect to an Investment Obligation equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Obligation shall be credited to the Account from which such accrued interest was paid.

All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee solely as provided in the Indenture.

Periodic Application of Revenue Account

The Trustee, on or before each Interest Payment Date, shall, out of any moneys in the Revenue Account, credit the following accounts or make the following payments, but only to the extent moneys in the Revenue Account are then available and only within the limitations hereinafter indicated with respect thereto and only after the required payment within such limitation into every Account prior in order in the following enumeration:

First: To the Bond Account, to the extent necessary to increase the amount therein so that it equals the sum on such day of (a) the Interest Requirement for all Series having Bonds then Outstanding (when added to amounts to be charged to the Program Accounts to pay Capitalized Interest) and (b) the Principal Requirement for all Series having Bonds then Outstanding;

Second: To the Bond Reserve Account, to the extent necessary to increase the amount therein to the Bond Reserve Account Requirement;

Third: To pay any Trustee, Paying Agent and Credit Provider fees and charges then due and payable, any Agency administrative fees then due and payable, and any fees and expenses of any tender agent, remarketing agent or other fiduciary in connection with the Bonds, and, as directed by an Officer's Certificate, to make the Required Rebate Deposit pursuant to any Tax Certificate;

Fourth: To each Loan Reserve Account, to the extent necessary to increase the amount therein to the Loan Reserve Account Requirement for the Series for which such Account was created (and if the amount available is less than the amount needed, the amount transferred to each such account shall be in proportion to the Principal Amount of the Series for which such Account was established);

Fifth: To the Redemption Account to the extent necessary to increase the sum of amounts in the Program Accounts (including the aggregate Principal Balance of all Loans), the Bond Reserve Accounts, the Loan Reserve Accounts, the Bond Account (to the extent to be used to pay Principal Installments) and the Redemption Account, plus the present value (discounted at the Bond yield of the respective Series) of any additional Revenues pledged by the Agency under any Series Indentures, to an amount equal to any amount required by any agreement between the Agency and any Credit Provider; provided, however, that if and to the extent requested by the Agency in an Officer's Certificate, any amount to be credited under this paragraph shall be credited to one or more Program Accounts as the Agency may select; and

Sixth: If requested by the Agency upon delivery of a current Cash Flow Statement, to the Agency, and subject to any additional terms or conditions as may be set forth in any Series Indenture or Supplemental Indenture, free and clear of the lien of the Indenture, or to the Redemption Account, as directed by the Agency.

Application of Bond Account

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

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

All charges to the Bond Account under the provisions described in the first paragraph of this section shall be made not earlier than three days prior to the Interest Payment Date to which they relate, and the amount so charged shall, for the purposes hereof, be deemed to remain in and be part of the Bond Account until such Interest Payment Date. Any charges made to the Bond Account relating to reimbursement of amounts payable to any Credit Provider shall be made from a separate subaccount.

On each Interest Payment Date, the Trustee shall apply the Sinking Fund Installments, if any, required on that date to the redemption (or payment at maturity, as the case may be) of the applicable Term Bonds (or to reimburse any Credit Provider which has advanced funds to make such redemption or payment) upon the notice and in the manner provided in the redemption provisions of the Indenture. Upon the redemption of Term Bonds (or the reimbursement of advances made by Credit Provider to redeem or pay Term Bonds) with moneys in the Redemption Account, the Principal Amount of such Term Bonds shall be credited against remaining applicable Sinking Fund Installments as specified by the Agency in an Officer's Certificate or, in the event the Agency has not so specified the Sinking Fund Installments to be credited, as provided in the Indenture, treating Sinking Fund Installments as if they were maturities. If at any date there shall be credited to the Bond Account any moneys set aside for the payment of a Sinking Fund Installment and there shall be Outstanding none of the Bonds for which such moneys were set aside, such moneys shall be charged to the Bond Account by the Trustee and credited to the Revenue Account.

At any time prior to giving notice of redemption as described in the preceding paragraph of this section, the Trustee may, and upon the request of the Agency in an Officer's Certificate shall, apply moneys in the Bond Account or the Revenue Account, in an amount not in excess of such Sinking Fund Installments, if any, to the purchase of the applicable Term Bonds at public or private sale, as and when and at such prices (including brokerage and other charges) as the Trustee may in its discretion determine, except that the purchase price (excluding accrued interest) shall not exceed the Redemption Prices that would be payable for such Bonds upon redemption by application of such Sinking Fund Installments. Subject to applicable law, and notwithstanding the maximum purchase price set forth in the preceding sentence, if at any time the investment earnings on the moneys in the Revenue Account equal to the Redemption Price of Bonds to be redeemed on a given date shall be less than the interest accruing on the Bonds to be redeemed on such date, then the Trustee may pay a purchase price for any such Bond in excess of the Redemption Price which would be payable on the next redemption date to the owner of such Bond under the provisions of the Series Indenture, if an Officer's Certificate is filed with the Trustee certifying that the amount paid in excess of said Redemption Price is expected to be less than the interest which is expected to accrue on said Bond less any investment earnings on such available moneys during the period from the settlement date of the proposed purchase to the redemption date.

If, (1) during the period preceding an Interest Payment Date the Trustee purchases applicable Term Bonds with moneys in the Revenue Account or Bond Account, or (2) during said period and prior to giving the notice of redemption for Bonds to be redeemed from Sinking Fund Installments on such date the Agency otherwise deposits applicable Term Bonds with the Trustee (together with an Officer's Certificate requesting the Trustee to apply such Bonds so deposited to the applicable Sinking Fund Installments due on said date), the amount of Bonds so purchased or deposited shall be credited at the time of such purchase or deposit, to the extent of the full Principal Amount thereof, to reduce such Sinking Fund Installments.

No amount shall be charged against the Bond Account except as expressly described in the Indenture, as summarized above.

Deficiency in Bond Account

In the event that the amount credited to the Bond Account on or before any Interest Payment Date is insufficient to pay the interest and Principal Installments on the Bonds due on such Interest Payment Date, the Trustee shall credit to the Bond Account the amount of such deficiency, after the charges and credits required by the Indenture, by charging the following

Accounts in the following order of priority: (1) the Revenue Account; (2) the Redemption Account, except that no such charge to the Redemption Account shall be made from moneys to be used to effect a redemption for which notice of redemption has been provided for with respect to Bonds which are no longer Outstanding under the Indenture; (3) the Program Accounts if and to the extent requested by the Agency in an Officer's Certificate; (4) the Loan Reserve Accounts, to the extent provided in the Indenture; and (5) the Bond Reserve Account, to the extent provided in the Indenture.

Application of Bond Reserve Account

If at any time there shall not be a sufficient amount credited to the Bond Account to pay interest or Principal Installments then becoming due on the Bonds, and in the event that the amount credited from any other Accounts is not sufficient to make up such deficiency, the Trustee shall charge the Bond Reserve Account and credit the Bond Account the amount of the deficiency then remaining. The Trustee shall immediately notify the Agency in writing of any such charge of the Bond Reserve Account.

From time to time, when the amount in the Bond Reserve Account is greater than its Bond Reserve Account Requirement, any excess amount shall either be retained in such Account or, upon request of the Agency in an Officer's Certificate, be credited to the Redemption Account or the Revenue Account, as the Agency may request.

No amount shall be charged against the Bond Reserve Account except as expressly provided in the Indenture or to pay interest or Principal Installments on the Bonds in accordance with their terms as the same become due.

Establishment and Application of Loan Reserve Accounts

The Agency has established and created a separate trust account to be held in trust by the Trustee and designated the "Loan Reserve Account."

If, for a Series of Bonds with respect to which a Loan Reserve Account has been established, at any time there shall not be a sufficient amount credited to the Bond Account to pay interest or Principal Installments then becoming due on the Bonds of such Series, and in the event that the amount credited from any other Accounts (except the Bond Reserve Account) in accordance with the Indenture is not sufficient to make up such deficiency, the Trustee shall charge the Loan Reserve Account for such Series and credit the Bond Account the amount of the deficiency then remaining. The Trustee shall immediately notify the Agency in writing of any such charge of any Loan Reserve Account.

If at any time the Agency shall file with the Trustee an Officer's Certificate in the form as described by the fourth paragraph of this section, the Trustee shall charge the applicable Loan Reserve Account the amount of, and pay, the Loan Expenses specified in such Certificate, provided that following any such use there should be compliance with all of the terms, conditions and covenants hereof.

Payments from any Loan Reserve Account for Loan Expenses shall be made upon the filing with the Trustee of an Officer's Certificate stating, with respect to each such payment:

(1) the Development with respect to which such payment is being made, (2) the person to whom payment is being made, (3) the amount to be paid, (4) the purpose for which such payment is to be made, and (5) that the payment of such certificate is a valid charge upon the Loan Reserve Account of such Series.

From time to time, when the amount in any Loan Reserve Account is greater than its Loan Reserve Account Requirement, any excess amount shall either be retained in such Account or, upon request of the Agency in an Officer's Certificate, be credited to the Redemption Account or the Revenue Account, as the Agency may request.

No amount shall be charged against any Loan Reserve Account except as expressly provided in the Indenture or in the Series Indenture or to pay Principal Installments of or interest on Bonds in accordance with their terms as the same become due.

The amount of coverage provided under any letter of credit, surety bond or other facility on deposit in any Loan Reserve Account shall be included in calculating the amount credited to such Account.

Application of Redemption Account

Any moneys credited to the Redemption Account and not otherwise restricted shall be applied to the purchase or the redemption of Bonds as provided in the Indenture. Any Risk Sharing Insurance Payments that are not applied within thirty (30) days after receipt by the Agency (or such longer or shorter period as may be required pursuant to the Risk Sharing Act) to the redemption of Bonds shall be deemed to be Risk Sharing Reimbursements and shall then be withdrawn from the lien of the Indenture and applied at the direction of an Officer's Certificate in accordance with the Risk Sharing Act.

Upon receipt of the Officer's Certificate referred to below, the Trustee shall apply moneys in the Redemption Account to the purchase of the Bonds designated in such Officer's Certificate at the most advantageous price obtainable with due diligence, such price (calculated excluding accrued interest but including any brokerage or other charges) not to exceed the Redemption Price of such Bonds applicable on the next ensuing redemption date for such Bonds. Subject to applicable law, and notwithstanding the maximum purchase price set forth in the preceding sentence, if at any time the investment earnings on the moneys in the Revenue Account equal to the Redemption Price of Bonds to be redeemed on a given date shall be less than the interest accruing on the Bonds to be redeemed on such date, then the Trustee may pay a purchase price for any such Bond in excess of the Redemption Price which would be payable on the next redemption date to the owner of such Bond under the provisions of the Series Indenture, if an Officer's Certificate is filed with the Trustee certifying that the amount paid in excess of said Redemption Price is expected to be less than the interest which is expected to accrue on said Bond less any investment earnings on such available moneys during the period from the settlement date of the proposed purchase to the redemption date. Bonds not so purchased may be redeemed at a Redemption Price designated at the time and in the manner provided in the Indenture. Charges to the Redemption Account for Bonds purchased pursuant to the provisions of the Indenture as described in this paragraph may be made at any time except that no such charge to the Redemption Account shall be made from moneys to be used to effect a redemption for which notice of redemption has been provided for with respect to Bonds which are no longer Outstanding under the Indenture.

If at any time there shall not be a sufficient amount credited to the Bond Account to pay interest or Principal Installments then becoming due on the Bonds, and in the event that the amount credited from any other Accounts (except the Bond Reserve Account, the Loan Reserve Accounts and the Program Accounts) in accordance with the priorities set forth in the Indenture is not sufficient to make up such deficiency, the Trustee shall charge the Redemption Account and credit the Bond Account the amount of the deficiency then remaining, except that no such charge to the Redemption Account shall be made from moneys to be used to effect a redemption for which notice of redemption has been provided for with respect to Bonds which are no longer Outstanding under the Indenture.

Bonds shall be purchased or redeemed by the Trustee with moneys credited to the Redemption Account upon receipt by the Trustee of an Officer's Certificate (which Officer's Certificate shall be delivered within 10 days after receipt by the Agency of any moneys representing Risk Sharing Insurance Payments, or such longer or shorter period as may be appropriate in order for the Agency to comply with the Risk Sharing Act) determining or certifying the following:

a) The Series of Bonds to be purchased or redeemed;

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

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

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

e) That upon purchase or redemption of Bonds pursuant to such Officer's Certificate, the Agency will be in compliance with its covenant contained in the Indenture; and

f) The amount and source of funding for any Risk Sharing Reimbursement as may be required to be repaid to HUD.

Any Bonds purchased or redeemed by the Trustee in accordance with the provisions hereof shall be cancelled by the Trustee.

No amount shall be charged against the Redemption Account except as expressly provided in the Indenture.

Application of Loan Principal Prepayments

Loan Principal Prepayments shall be credited to the Redemption Account, unless the Agency files with the Trustee an Officer's Certificate, including a Cash Flow Statement, directing the Trustee to credit all or any specified portion of such Loan Principal Prepayments to a Program Account and stating that crediting such Loan Principal Prepayments to such Program Account will have no material adverse impact on the Agency's ability to pay Principal Installments or interest on the Bonds Outstanding when due, or stating that after such crediting, Revenues to be derived from Loans then pledged under the Indenture together with Revenues to be derived from the investment of moneys in the Accounts will be sufficient to pay Principal Installments and interest on Bonds Outstanding when due.

No Loan shall be financed from moneys attributable to Loan Principal Prepayments if such Loan has a final principal maturity date beyond the final Principal Installment Date of the Series of Bonds to which such Loan Principal Prepayments are attributable unless the Agency files with the Trustee an Officer's Certificate, including a Cash Flow Statement, stating that such financing has no material adverse effect on the ability of the Agency to pay the Principal Installments of and interest on Bonds Outstanding at the time such Loan is financed or unless after such financing Revenues then pledged under the Indenture will be sufficient to pay Principal Installments and interest on Bonds Outstanding when due.

Application of Acquired Development Account

If at any time the Trustee shall receive an Officer's Certificate in the form as described in the second paragraph of this section, the Trustee shall charge the Acquired Development Account and pay the costs or expenses incurred in connection with an Acquired Development as specified in such certificate.

Payments from the Acquired Development Account shall be made upon filing with the Trustee of an Officer's Certificate stating, with respect to each payment, (1) the item number of the payment, (2) the Acquired Development with respect to which payment is being made, (3) the name of the person to whom payment is to be made, (4) the amount to be paid, and (5) that the amount of such payment, when added to the amount of all previous payments made with respect to the specified Acquired Development during the current period for which an Acquired Development Expense Requirement has been established by the Agency for that Acquired Development, does not exceed such Acquired Development Expense Requirement.

When the amount in the Acquired Development Account is greater than the Acquired Development Expense Requirement, the excess amount shall be charged to such Account and credited to the Revenue Account.

Investment of Funds

The moneys held by a Fiduciary shall be a trust fund. Moneys attributable to each of the Accounts, on instructions confirmed in writing by an Authorized Officer, shall be invested by the Fiduciary holding the same in Investment Obligations.

Amounts held in the Bond Account and the Redemption Account shall be invested in Investment Obligations maturing on or prior to the date when needed. Investment Obligations representing an investment of moneys attributable to any Account shall be deemed at all times to be a part of said Account. Such investments shall be sold at the best price obtainable whenever it shall be necessary to do so in order to provide moneys to make any transfer, withdrawal, payment or disbursement from said Account, or, in the case of any required transfer of moneys to another such Account, may be transferred to that Account in lieu of the required moneys if permitted as an investment of moneys in that Account, and the Fiduciary shall not be liable or responsible for any loss resulting from any investment made in accordance herewith.

In computing for any purpose under the Indenture the amount in any Account (other than the Bond Reserve Account and the Loan Reserve Accounts) on any date, obligations credited to such Account shall be valued at the lower of cost or face value exclusive of accrued interest, and may be so valued as of any time within four days prior to such date. In computing for any purpose under the Indenture the amount of the Bond Reserve Account or ant Loan Reserve Account, obligations credited to such Account shall be valued at par if purchased at par and shall be valued at amortized value if purchased at other than par. For this purpose, the term "amortized value," when used with respect to obligations purchased at a premium above or a discount below par, shall mean the value as of any given date obtained by dividing the total amount of the premium or discount at which such obligations were purchased by the number of interest payments remaining to maturity on such obligations after such purchase and by multiplying the amount so calculated by the number of interest payment dates having passed since the date of such purchase; and (1) in the case of obligations purchased at a premium, by deducting the product thus obtained from the purchase price, and (2) in the case of obligations purchased at a discount, by adding the product thus obtained to the purchase price.

Tax Covenants

The Agency shall at all times comply with the applicable tax covenants contained in the Series Indenture. If applicable, the Agency shall pay moneys in any Account in the Rebate Fund to the United States of America as required by the Code.

Program Covenants

The Agency shall finance Loans, and shall do all acts and things necessary to obtain, receive and collect Revenues from Loans in such manner as is consistent with the Act and with sound lending practices and principles.

No Loan shall be financed by the Agency from the proceeds of Bonds unless it complies with the terms, conditions, provisions and limitations specified by the Series Indenture or Supplemental Indenture with respect to such Loan and the related Borrower, Development and Loan Documents.

The Agency may consent to a modification of, or modify, the rate or rates of interest on, or the amount or time of payment of any installment of principal of or interest on, any Loan or the security for or any terms or provisions of any Note or Deed of Trust unless such modification materially adversely affects the ability of the Agency to pay the Principal Installments and interest on the Bonds Outstanding or to realize the benefits of any applicable insurance. Any such modification shall be accompanied by (i) a certification of the Agency that, in the reasonable business judgment of the Agency, such modification is not expected to materially adversely affect the ability of the Agency to pay the Principal Installments and interest on the Bonds Outstanding or to realize the benefits of any applicable insurance, or (ii) a Cash Flow Statement.

The Agency shall at all times appoint, retain and employ competent personnel for the purpose of carrying out its respective programs.

Disposition of Defaulted Loans

In the event that a Loan becomes a Defaulted Loan, the Agency shall promptly certify to the Trustee the Agency loan number of such Defaulted Loan, the nature and duration of the Loan default(s), the amount of any payments with respect to such Loan then due and unpaid, the unpaid Principal Amount of the Loan, and any other information reasonably requested by the Trustee

The Agency shall take all steps, actions and proceedings reasonably necessary to recover the balance due and to become due on a Defaulted Loan or to realize the benefit of any insurance of such Loan or guarantee thereof, including but not limited to the prompt filing of notices of default, claims payment and extensions for filing claims with HUD pursuant to the Risk Sharing Act. Any Series Indenture may provide for the disposition of particular Defaulted Loans (including their assignment to FHA) in connection with the realization of the benefits of any insurance.

Disposition of Loans

The Agency may not sell or otherwise transfer a Loan unless such sale or transfer has no material adverse impact on the ability of the Agency to pay Principal Installments of and interest on the Bonds (and to reimburse any Credit Provider for advances made to pay such Principal Installments and/or interest) when due or unless after such sale or transfer Revenues then pledged under the Indenture will be sufficient to pay the Secured Obligations when due. The Agency may dispose of any Borrower Loan in exchange for a Mortgage-Backed Security relating to such Loan.

Events of Default

Each of the following constitutes an Event of Default under the Indenture:

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

(2) if a default shall be made in the observance or performance of any covenant, contract or other provision in the Bonds or the Indenture and such default shall continue for a period of ninety (90) days after written notice to the Agency from the Holders of at least

twenty-five percent (25%) of the Principal Amount of the Bonds Outstanding at such time or from the Trustee specifying such default and requiring the same to be remedied; or

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

(4) if there shall have been instituted or commenced by the Agency a voluntary case under any applicable bankruptcy, insolvency, receivership or other similar law now or hereafter in effect, or the Agency shall have consented to the entry of an order for relief against it in any involuntary case under any such law, or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Agency or of any substantial part of its property, or the Agency shall have made an assignment for the benefit of creditors, or failed generally to pay its debts as they become due, or admitted in writing such failure, or shall have taken any action in the furtherance of any such action; or

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

(6) any other event specified in a Series Indenture.

Enforcement by Trustee

Upon the happening and continuance of an Event of Default described in the preceding Section, the Trustee shall give notice of such Event of Default to each Credit Provider, and 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, after notice to the Agency, and, subject to any additional terms or conditions as may be set forth in any Series Indenture or Supplemental Indenture, upon the written request of any Credit Provider or of the Holders of not less than twenty-five percent (25%) in Principal Amount of the Bonds then Outstanding shall, proceed to protect and enforce any rights of the Trustee and, to the full extent that the Holders of such Bonds themselves might do, the rights of such Bondholders under the laws of the State or under the Indenture by such of the following remedies as the Trustee shall deem most effectual to protect and enforce such rights:

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Holders of Bonds, including the right to require the Agency to receive and collect Revenues adequate to carry out the pledge, the assignments in trust and the covenants and

agreements made in the Indenture, and to require the Agency to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(2) by bringing suit upon the Bonds;

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

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

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

(6) by declaring all Bonds immediately due and payable and, if all defaults shall be made good, then, with the written consent of the Holders of not less than twenty-five percent (25%) in Principal Amount of the Outstanding Bonds, to annul such declaration and its consequences; provided that a Credit Provider may request acceleration only if the Credit Facility will be available for payment of principal of and interest on the Bonds as accelerated, and may prevent acceleration only if the Credit Facility will be available for payment of principal of and interest on the Bonds as regularly scheduled; provided further that interest shall cease to cease to accrue on the date of such declaration; and provided further that an acceleration of the Bonds as a result of an Event of Default under the Indenture shall require the written consent of the Holders of not less than fifty percent (50%) in Principal Amount of the Outstanding Bonds.

In the enforcement of any rights and remedies under the Indenture, the Trustee, in its own name and as trustee of an express trust on behalf of and for the benefit of the Holders of all Bonds, shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Agency for principal, Redemption Price, interest or otherwise, under any provision hereof or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under the Indenture and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Agency for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

Application of Moneys after Default

All moneys collected by the Trustee at any time after a Default, except to the extent, if any, otherwise directed by the court, be credited by the Trustee to the Revenue Account. Such moneys so credited to the Revenue Account, and all other moneys from time to time credited to the Revenue Account, shall at all times be held, transferred, withdrawn and applied as prescribed by the provisions of the Indenture.

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

(i) Unless the principal of all of the Bonds shall have become or have been declared due and payable:

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

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

(ii) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal or Redemption Price of and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds, or to reimburse any Credit Provider for amounts advanced for payment thereof.

Resignation and Removal of Trustee; Appointment of Successor Trustee

The Agency may remove the Trustee upon thirty (30) days' prior written notice at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Holders of not less than a majority in aggregate Principal Amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible as a Trustee under the Indenture, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint a successor Trustee by Supplemental Indenture.

The Trustee may at any time resign by giving written notice of such resignation to the Agency and each Credit Provider and by giving each Bondholder notice of such resignation by mail. Upon receiving such notice of resignation, the Agency shall promptly appoint a successor Trustee by Supplemental Indenture.

Any removal or resignation of the Trustee and appointment of a successor Trustee shall not become effective until acceptance of appointment by the successor Trustee and each Credit Facility has been transferred to such successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the Agency, the resigning Trustee, any Credit Provider or any Bondholder (on behalf of itself and all other Bondholders) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee.

Supplemental Indentures

For any one or more of the following purposes and at any time or from time to time, a Series Indenture or Supplemental Indenture may be entered into by the Agency and the Trustee which Series Indenture or Supplemental Indenture, upon the execution and delivery thereof by an Authorized Officer of the Agency and by the Trustee, and without the consent of any Credit Provider or of the Bondholders, shall be fully effective in accordance with its terms:

(A) To provide for the issuance of a Series of Bonds and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(B) To close the Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained herein on, the issuance of future Bonds, or of other notes, bonds, obligations or evidences of indebtedness pursuant hereto;

(C) To add to the covenants or agreements of the Agency in the Indenture contained other covenants or agreements to be observed by the Agency which are not materially adverse to the interests of the Bondholders or any of the Credit Providers;

(D) To add to the limitations or restrictions contained in the Indenture other limitations or restrictions to be observed by the Agency which are not contrary to or inconsistent with the provisions thereof as theretofore in effect;

(E) To surrender any right, power or privilege reserved to or conferred upon the Agency in the Indenture, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Agency contained in the Indenture;

(F) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture, of the Revenues or any other moneys, securities or funds;

(G) To appoint a successor Fiduciary;

(H) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture;

(I) To insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not materially adverse to the interests of the Bondholders or any of the Credit Providers;

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

(K) To provide for the issuance of book entry form Bonds or to modify the provisions with respect thereto;

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

(M) To make any other change which does not materially adversely affect the interests of the Bondholders or any of the Credit Providers;

(N) To make any change affecting only the Bonds of a particular Series in accordance with the Series Indenture or Supplemental Indenture under which the Bonds of such Series are issued;

(O) To make any other change in the Indenture, including any change otherwise requiring the consent of Bondholders as provided in the Indenture, if such change affects only Bonds which are subject to mandatory or optional tender for purchase and if (i) with respect to Bonds subject to mandatory tender, such change is effective as of a date for such mandatory tender, and (ii) with respect to Bonds subject to tender at the option of the holders thereof, notice of such change is given to such holders at least thirty (30) days before the effective date thereof.

Except as provided above, at any time or from time to time, a Supplemental Indenture amending or supplementing the Indenture may be entered into by the Agency and the Trustee modifying any of the provisions of the Indenture or releasing the Agency from any of the obligations, covenants, agreements, limitations, conditions or restrictions therein, but no such Supplemental Indenture shall be effective until the execution and delivery thereof by an Authorized Officer and by the Trustee and, unless no Bonds delivered by the Agency prior to the adoption of such Supplemental Indenture remain Outstanding at the time it becomes effective, such Supplemental Indenture is consented to by the Bondholders in accordance with and subject to the provisions of the Indenture.

Defeasance

If the Agency shall pay or cause to be paid to the Holders of the Bonds the principal and interest or Redemption Price, if any, to become due thereon, at the times and in the manner stipulated in the Indenture, and shall pay or cause to be paid all other Secured Obligations under the Indenture (unless waived by the beneficiaries of such Secured Obligations), then the pledge of the Revenues, Loans, Accounts and moneys and securities therein pledged and the covenants, agreements and other obligations of the Agency to the Bondholders under the Indenture shall be discharged and satisfied. In such event, the Trustee shall, 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 shall pay over and deliver to the Agency all moneys or securities held by them pursuant hereto which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption and shall reconvey to the applicable Credit Provider any credit facility or liquidity facility in accordance with its terms or as may be directed by the Credit Provider.

Any Bonds or interest installments appertaining thereto for the payment or redemption of which moneys shall have been deposited with the Trustee by or on behalf of the Agency, whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid; provided, however, that if any such Bonds are to be redeemed prior to maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made as follows: (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Agency shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide, as provided in the Indenture, notice of redemption on said date of such Bonds, and (b) in the event said Bonds are not by their terms subject to redemption within the next succeeding thirty (30) days, the Agency shall have given the Trustee in form satisfactory to it irrevocable instructions to provide written notice to the Bondholders, as soon as practicable, that the deposit required by the Indenture has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, of said Bonds. No moneys so deposited with the Trustee shall be withdrawn or used for any purpose other than, and all such moneys shall 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, excepting only that any money so held by the Trustee for the payment of the Holders of any particular Bonds of principal or Redemption Price of, or interest on, such Bonds shall be invested by the Trustee, upon receipt of an Officer's Certificate of the Agency, authorizing such investment, only in Investment Obligations described as direct general obligations of the United States of America or of the State, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America, any federal agency of the United States of America, or the State, as the Agency may approve; provided that any cash received from principal or interest payments on such Investment Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in such Investment Obligations as described in this paragraph maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Agency, to the extent not needed for payment of the Bonds as aforesaid, as received by the Trustee, free and clear of any trust, lien, assignment in trust or pledge.

As an alternative cumulative to and not excluding the provisions of the second paragraph above, any Bonds or interest installments appertaining thereto, whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid if in case any such Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made as set forth in the second paragraph above, and either (i) there shall have been deposited with the Trustee by or on behalf of the Agency either (a) moneys in an amount which shall be sufficient, or (b) Investment Obligations as described in the second paragraph of this section the principal of and the interest on which when due and without reinvestment will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall 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; or (ii) the Credit Provider for such Bonds shall have consented to such redemption and shall have agreed to advance amounts sufficient to provide the amount described in the preceding clause (i). 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 shall be withdrawn or used for any purpose other than 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, and all such moneys shall be held in trust for and be applied to such payment until such payment is made.

If, through the deposit of moneys by the Agency or otherwise, the Fiduciaries shall hold moneys sufficient to pay the principal of and interest at maturity on all Outstanding Bonds or, in the case of Bonds which the Agency shall have taken all action necessary to redeem prior to maturity, sufficient to pay the Redemption Price and interest to such redemption date, then at the request of the Agency all moneys held by any Paying Agent shall be paid over to the Trustee and, together with other moneys held by it under the Indenture, shall be held by the Trustee for the payment or redemption of Outstanding Bonds.

Anything in the Indenture to the contrary notwithstanding, any moneys, other than remarketing proceeds, held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for two 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 two years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall, at the request of the Agency expressed in one or more Officer's Certificates delivered to the Trustee, be paid by the Fiduciary to the Agency as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Holders of such Bonds shall look only to the Agency for the payment thereof; provided, however, that before being required to make any such payment to the Agency, the Fiduciary shall, at the expense of the Agency, cause written notice to be sent to the Holders of such Bonds, at the address shown on the registration books of the Trustee, that said moneys remain unclaimed and that, after a date named in said notice, the balance of such moneys then unclaimed will be paid to the Agency.

Governing Law

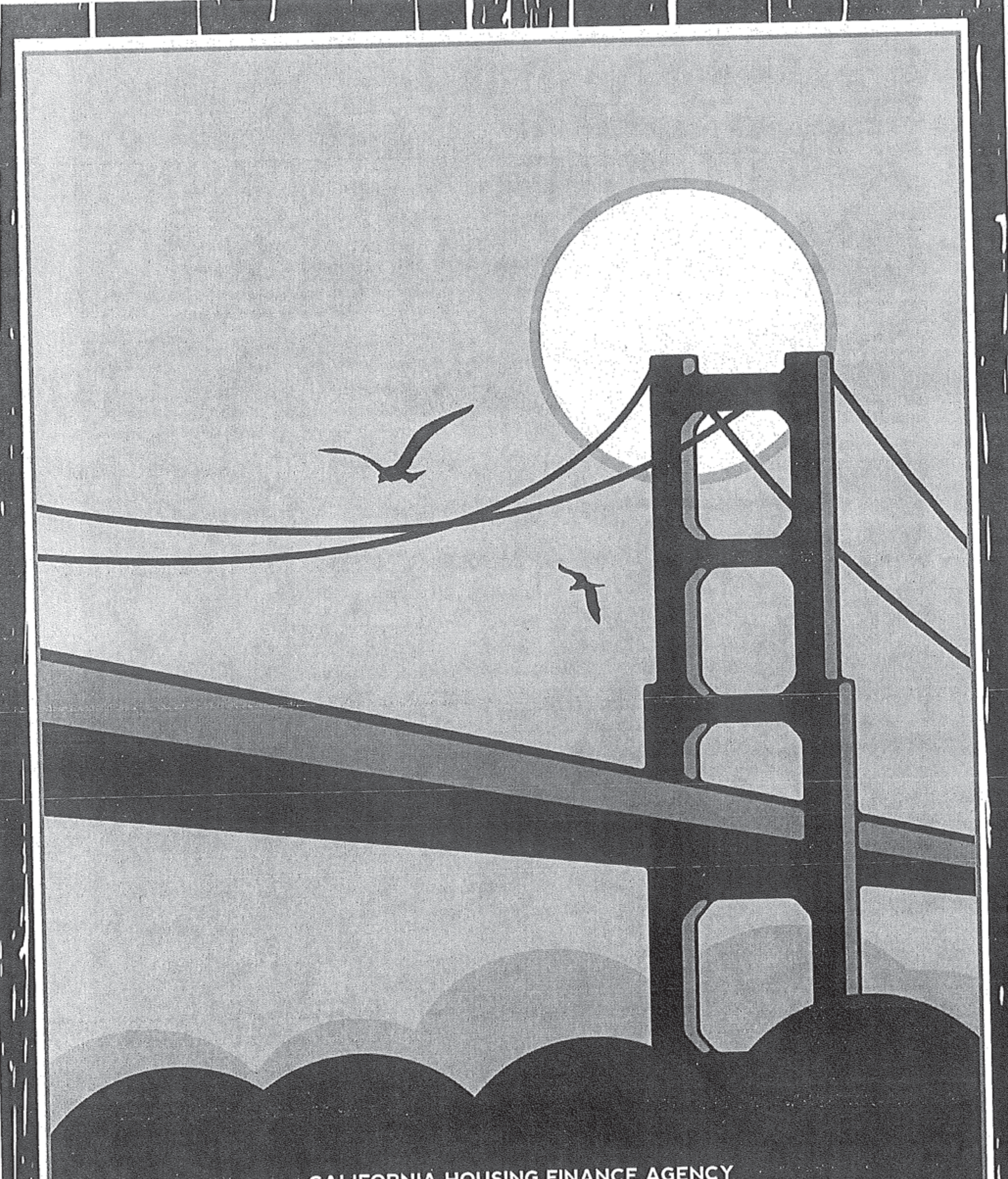
The Indenture shall be governed by and construed and interpreted in accordance with the laws of the State without regard to conflicts of laws principles.

GSEs as Third-Party Beneficiaries

To the fullest extent permitted by the indenture, each GSE is intended to be and shall be a third-party beneficiary of the Indenture and shall have the right (but not the obligation) to enforce, separately or jointly with the Trustee, or cause the Trustee to enforce, provisions of the Indenture authorizing the issuance of the Agency's 2009 Series A-6 Multifamily Program Bonds.

APPENDIX A

FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011



CALIFORNIA HOUSING FINANCE AGENCY

CALIFORNIA HOUSING FINANCE FUND

AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Viewing Instructions:

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

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

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

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

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

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CALIFORNIA HOUSING FINANCE AGENCY
(A Component Unit of the State of California)

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CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

Independent Auditor's Report

Board of Directors
California Housing Finance Agency
Sacramento, California

We have audited the accompanying statement of net assets of the California Housing Finance Fund (the Fund), which is administered by the California Housing Finance Agency (the Agency), a component unit of the State of California as of and for the year ended June 30, 2012, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the California Housing Finance Fund as of June 30, 2011 were audited by other auditors whose report dated October 14, 2011, expressed an unqualified opinion on these financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only financial information about the Fund and are not intended to present fairly the net assets, revenues, expenses, and cash flows of the Agency as a whole in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2012, and changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2012 on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. However, we did not audit the information and express no opinion on it.

CliftonLarsonAllen LLP

Baltimore, Maryland
October 12, 2012

CALIFORNIA HOUSING FINANCE FUND
Management Discussion and Analysis
of Financial Position and Results of Operations
As of and for the fiscal years ended June 2012 and 2011

Introduction – The California Housing Finance Agency

The California Housing Finance Agency ("Agency") was created in 1975 by an act of the California Legislature and commenced operations in 1976. The Agency is a component unit of the State of California ("State") and is included in the State's Comprehensive Annual Financial Report. The Agency is authorized to administer the activities of the California Housing Finance Fund ("Fund"), the California Housing Loan Insurance Fund ("Mortgage Insurance Fund") and two state general obligation bond funds. The annual audited financial statements of the Mortgage Insurance Fund are available on the Agency's website - www.calhfa.ca.gov.

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

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

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

The Homeownership Programs provide low cost mortgage capital to a network of approved lenders from whom the Fund purchases previously funded and closed loans secured by single family homes purchased by individual borrowers. The Multifamily Rental Housing Programs are typically used to directly fund loans to developers and housing sponsors for the construction or acquisition of multifamily rental housing developments. Interest rates on the Fund loans are generally below market rate; however, the programs are operated to be self-supporting. The Agency issues its own bonds and uses other available monies to provide the funding for these loan programs. Interest paid to bondholders is generally exempt from both state and federal tax; however, the Agency also issues federally-taxable bonds.

The Other Programs and Accounts category includes the Agency's Housing Assistance Trust ("HAT"), funded periodically from a portion of the Fund's operating income before transfers. The HAT provides a source of funding for low or very low income multifamily developments and other special purpose loans. Loans for these purposes generally would not produce sufficient revenues to support payments to bondholders. These loans typically accrue simple interest with repayment of principal and interest deferred for the term of the loan or until certain events occur, such as a sale of the property. Also included in this category are certain State-funded programs, which the Agency has been asked to administer for the State on a contract basis. Operating expenses of the Agency's loan and bond programs are paid from an Operating Account that is replenished from the Fund's operating income before transfers. Other accounts maintained by the Agency provide security for the issuance of bonds, emergency contingencies, loan servicing operations and loan warehousing activities.

Summary of Financial Results 2012-2011

- Operating loss before transfers was $105.4 million for fiscal year 2012 compared to an operating loss of $116.9 million for fiscal year 2011. The Agency has been primarily focused on loss mitigation while continuing to provide loan availability and down-payment assistance for qualified first time homebuyers.

- Other revenues were $18.6 million for fiscal year 2012 compared to $99.8 million in fiscal year 2011. The decrease was primarily due to the changes in the gain on early debt extinguishment and decrease in fair value of the investment swaps. The Agency recorded a $35.5 million gain on sale of early debt extinguishment in fiscal year 2011 compared to $0 in fiscal year 2012 and the fair value of investment swaps declined by $41.4 million in fiscal year 2012.

- The Fund's mortgage loan delinquencies have declined over the past year. The Fund's single family loan portfolio consists of 44.7% Federally guaranteed and 55.3% conventional loans. The overall delinquency ratio of the Fund's single family loan portfolio was 13.6% or 2,901 delinquent loans as of June 30, 2012. By comparison, the delinquency ratio for the Agency's single family portfolio was 14.7% or 3,546 loans as of June 30, 2011. Overall, the total number of delinquent loans declined by 18.2% or 645 loans.

- The Fund had $188.2 million in new loans receivable during fiscal year 2012. Total program loans receivable decreased by close to $862.3 million at fiscal year end. Decreases in program loans receivable for the homeownership loan portfolio were primarily due to the loan prepayments. Loan prepayments include all unscheduled principal payments applied to the unpaid principal balance of a loan such as principal received in loan payoff transactions, short sale and foreclosure transactions, and mortgage insurance claims, etc.

- Under the Home Mortgage Revenue Bonds ("HMRB") indenture, there was a total of $105.8 million of loans written-off during fiscal year 2012 due to the sale of foreclosed properties (net of insurance payment received) and on short sales (net of insurance payment received), $89.9 million and $15.9 million, respectively. The remaining HMRB foreclosed properties were written down by $27.2 million to reflect anticipated losses, net of anticipated insurance payment, upon sale of the foreclosed properties.

- The net total allowance for loan loss reserve under the HMRB indenture decreased by $5.3 million changing from $122.3 million in fiscal year 2011 to $117.0 million in fiscal year 2012.

- The Agency continued to actively manage and reduce the Fund's interest expense and exposures within the debt portfolio and redeemed $1.24 billion of bonds during fiscal year 2012.

- In June 2012, the Agency closed a bond issuance and converted $466.1 million of temporary rate bonds to permanent fixed rate bonds under the Federal Government's HFA Initiative Program – New Issue Bond Program ("NIBP") for the purpose of refunding variable rate bonds issued under the HMRB indenture. The refunding is scheduled to occur in July 2012.

- During fiscal year 2012, $75.1 million was transferred into the Fund by the State pursuant to the Housing and Emergency Shelter Trust Fund Act of 2002. The funds were used to make loans and grants to borrowers and homeowners through programs administered by the Agency on a contract basis.

- As part of the Governor's Reorganization Plan (GRP) for California government in 2012, both the Agency and Department of Housing and Community Development are scheduled to move into the newly formulated Business, Consumer Services and Housing Agency ("BCSHA") while the Business, Transportation and Housing Agency ("BT&H") is dissolved. An excerpt from the GRP No. 2 states that: " (12) Existing law establishes the California Housing Finance Agency within the Business, Transportation and Housing Agency, and authorizes the California Housing Agency to carry out various powers and duties relating to meeting the housing needs of persons and families of low or moderate income. This plan would instead provide that the California Housing Finance Agency is within the Department of Housing and Community Development and make various conforming changes."

- In April/May 2012, the Little Hoover Commission, an independent state oversight agency, reviewed the GRP and approved a reorganization that keeps both entities intact. The Agency would retain its board structure and independence to manage financial risks and its bond debt. The Project Initiation Document ("PID") is due to the Governor's Office in late 2012 and it is expected that the major areas of the collaboration/consolidation model are in place by July 1, 2013.

- The Agency's Standard and Poor's issuer credit and HMRB ratings, along with the Agency's ratings from Moody's, remained unchanged during fiscal year 2012.

Condensed Financial Information:

Condensed Schedule of Assets, Liabilities, and Net Assets

The following table presents condensed Schedule of Assets, Liabilities, and Net Assets for the Fund as of June 30, 2012 and 2011 and the change from the prior year (dollars in millions):

	2012	2011	Change
Assets			
Cash and investments	$2,789	$3,336	(547)
Program loans receivable-net	5,459	6,321	(862)
Other	500	562	(62)
Total Assets	$8,748	$10,219	(1,471)
Liabilities			
Bonds payable	$6,503	$7,843	(1,340)
Unamortized premium/Deferred gain	6	8	(2)
Notes payable	88	91	(3)
Other	701	797	(96)
Total Liabilities	$7,298	$8,739	(1,441)
Net Assets			
Invested in capital assets	$1	$1	-
Restricted net assets	1,449	1,479	(30)
Total Net Assets	$1,450	$1,480	(30)
Total Liabilities and Net Assets	$8,748	$10,219	(1,471)

Assets

Of the Fund's assets, 94.3% is represented by cash and investments and program loans receivable. The Fund does not have a significant investment in capital assets, holding $1.1 million in furniture and equipment.

Total assets decreased by $1.47 billion during fiscal year 2012. The Fund's cash and investments were $2.79 billion as of June 30, 2012, a decrease of $546.6 million from June 30, 2011. The cash and investments balance decrease is primarily due to the increased in bond redemption activity in Homeownership and Multifamily Programs.

Of the Fund's assets, 31.9% is in the form of cash and investments at fiscal year end. Of the Fund's investment balance, 9.5% is in investment agreements. The amount of funds invested in investment agreements during the 2012 fiscal year decreased by $25.4 million. Additionally, $1.31 billion of the Fund's investments are held in the State's Surplus Money Investment Fund ("SMIF") and earn a variable rate of interest. The amount of funds invested in SMIF during fiscal year 2012 decreased by $199.5 million.

The composition of cash and investments as of June 30, 2012 and 2011 and the changes from the prior year are shown in the table below (dollars in millions):

Cash and Investments

	2012	2011	Change
Investment agreements	$212	$237	(25)
SMIF	1,312	1,512	(200)
Securities	705	456	249
Cash	560	1,131	(571)
Total Cash and Investments	$2,789	$3,336	(547)

Program loans receivable decreased by $862.3 million during fiscal year 2012 compared to fiscal year 2011. This decrease is primarily due to an increase in loan prepayments along with an increase in loan write-offs in fiscal year 2012. Loan prepayments decreased to $637.8 million during fiscal year 2012 compared to $776.9 million received in fiscal year 2011. Real estate owned ("REO") properties decreased $106.3 million to $86.2 million during fiscal year 2012 compared to $192.5 million in fiscal year 2011.

As of June 30, 2012 and June 30, 2011, the fair values of interest rate swaps were in the negative position of $324.4 million and $252.4 million, respectively.

Other Assets decreased by $61.8 million during fiscal year 2012 when compared to fiscal year 2011. The decrease is primarily due to the recording of the deferred outflow of resources related to interest rate swaps, and a decrease in REO properties offset by the increase in cash collateral held by the swap counterparties.

Liabilities

The Fund's liabilities were $7.30 billion as of June 30, 2012, a decrease of $1.44 billion from June 30, 2011. Of the Fund's liabilities, 89.2% is in the form of bond indebtedness. The Fund's bonds payable at June 30, 2012 decreased by $1.34 billion from the prior year mainly due to the scheduled principal payments and $1.24 billion in bond redemptions. The Agency's governing statutes impose a cap of $13.15 billion for bonds and notes issued and outstanding within the Fund for the year ended June 30, 2012 and 2011.

All of the bonds issued by the Agency are reported within the Fund and also includes the reporting of conduit bond obligations as liabilities in the accompanying financial statements along with the related assets. The bonds are limited obligations of the Agency, payable solely from the revenues and other funds and money pledged and assigned under the applicable indenture, series indenture, or master pledge and assignment (see Note 7).

The Agency issues both tax-exempt and federally taxable bonds. During the 2012 fiscal year, federally taxable bonds outstanding decreased by $1,002.8 million and as of June 30, 2012 represent 21.1% of all bonds outstanding, while tax-exempt bonds outstanding decreased by $337.3 million and as of June 30, 2012 represent 78.9% of all bonds outstanding. The use of federally taxable bonds allows the Agency to leverage its allocation of the Private Activity Bond volume cap for the Homeownership Programs. This limitation is imposed by the federal government to regulate the issuance of tax-exempt bonds for private purposes. During fiscal year 2012, the Agency did not issue any taxable bonds.

Shown below are the amounts of variable and fixed rate indebtedness, by tax status, as of June 30, 2012 and 2011 and the changes from the prior year (dollars in millions):

Bonds Payable

	2012	2011	Change
Tax-Exempt Bonds			
*Variable Rate	$2,496	$3,226	(730)
Fixed Rate	2,638	2,245	393
Total Tax-Exempt Bonds	$5,134	$5,471	(337)
Federally Taxable Bonds			
*Variable Rate	$1,025	$2,014	(989)
Fixed Rate	344	358	(14)
Total Federally Taxable Bonds	$1,369	$2,372	(1,003)
Total Bonds Outstanding	$6,503	$7,843	(1,340)

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

All other liabilities decreased by $95.9 million during fiscal year 2012. The decrease was a combination of reclassification of gap loan loss reserve and mortgage insurance loan loss reserve to allowance for loan loss against the loan receivables, swap liability increase, and decrease in Pooled Money Investment Account (PMIA) loan payable. As of June 30, 2012, there was no outstanding balance for PMIA.

Net Assets

All of the Fund's net assets are restricted pursuant to trust agreements with bondholders and the Agency's enabling legislation or invested in capital assets. Total net assets of the Fund decreased by $30.3 million primarily as a result of transfers to the Fund in the amount of $75.1 million pursuant to the Housing and Emergency Shelter Trust Fund Acts of 2002 and 2006 and was offset by operating losses of the Fund in the amount of $105.4 million.

Revenues, Expenses, and Changes in Net Assets

The following table presents condensed schedules of revenues, expenses, and changes in net assets for the Fund for the fiscal years ended June 30, 2012 and June 30, 2011 and the changes from the prior year (dollars in millions):

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

	2012	2011	Change
Operating Revenues:			
Interest income program loans – net	$289	$346	(57)
Interest income investments – net	34	32	2
Increase (Decrease) in fair value of investments	42	(5)	47
Other loan and commitment fees	30	31	(1)
Other revenues	19	100	(81)
Total Operating Revenues	$414	$504	(90)
Operating Expenses:			
Interest	$191	$249	(58)
Mortgage servicing fees	12	14	(2)
Salaries & general expenses	41	43	(2)
Other expenses	275	315	(40)
Total Operating Expenses	$519	$621	(102)
Operating Loss before transfers	(105)	(117)	12

Operating Revenues

Total operating revenues of the Fund were $413.9 million during fiscal year 2012 compared to $504.2 million during fiscal year 2011, a decrease of $90.3 million or 17.9%.

Interest income on program loans was $289.4 million during fiscal year 2012 compared to $346.4 million during fiscal year 2011, a decrease of $57 million. The decrease in interest income on program loans is primarily the result of a decrease in interest income on program loans and a net increase in the yield reduction liability for the Fund's homeownership and multifamily loan portfolios. Overall, program loans receivable decreased $862.2 million or 13.6% at June 30, 2012 compared to June 30, 2011.

Interest income from investments increased 8.6% to $34.3 million in fiscal year 2012 from $31.6 million in fiscal year 2011. The increase is primarily due to the increase in interest income from mortgage backed securities. Investment Agreements decreased $25.4 million from $237.3 million at June 30, 2011 to $211.9 million as of June 30, 2012, while SMIF decreased $200 million from $1.51 billion to $1.31 billion.

The increase in the total fair value of investments was $41.6 million in fiscal year 2012, a net increase of $46.5 million from fiscal year 2011, which had a decrease of $4.9 million in the fair value of investments. There was no gain on sale of securities in fiscal year ending June 30, 2012.

Other loan and commitment fees decreased $1.3 million to $30 million in fiscal year 2012 compared to $31.3 million for fiscal year 2011. The decrease was primarily due to the lower amount of loan servicing fees and the application fees received by the Fund.

Other revenues decreased by $81.2 million to $18.6 million during fiscal year 2012 compared to $99.8 million in fiscal year 2011. The decrease was primarily due to the decrease in the gain on debt extinguishment and the decrease in fair value of investment swap revenue.

Operating Expenses

Total operating expenses of the Fund were $519.3 million during fiscal year 2012 compared to $621.1 million during fiscal year 2011, a decrease of $101.8 million or 16.4%. The decrease is primarily due to the decrease in bond interest expenses and swap expenses.

Bonds payable at June 30, 2012 decreased by $1.34 billion from June 30, 2011 and bond interest and swap expense, which represents 36.8% of the Fund's total operating expenses, decreased by $58.0 million or 23.3% compared to fiscal year 2011. The decrease in bond interest and swap expense is attributed to the increased bond redemption activity and the Agency's participation in the Temporary Credit and Liquidity Program ("TCLP") which provides replacement credit and facilities for existing variable rate debt for State and local Housing Finance Agencies.

Salaries and general expenses slightly decreased from $42.7 million during fiscal year 2011 to $41.3 million during fiscal year 2012 (as shown in the condensed statements of revenues, expenses and changes in net assets).

Operating Loss before Transfers

Operating loss before transfers for fiscal year 2012 was $105.4 million compared to an operating loss of $116.9 million for fiscal year 2011. The $11.5 million decrease in operating loss before transfers is reflective of the activities mentioned above.

Summary of Financial Results 2011-2010

- Operating loss before transfers was $116.9 million for fiscal year 2011 compared to an operating loss of $188.5 million for fiscal year 2010. The Agency has been primarily focused on loss mitigation while continuing to provide loan availability and down-payment assistance for qualified first time homebuyers through the securitization of federally insured and guaranteed loans using Ginnie Mae "GNMA" securities and the Federal New Issue Bond Program "NIBP".

- The Fund's mortgage loan delinquencies have declined over the past year. The Fund's single family loan portfolio consists of 44% Federally guaranteed and 56% conventional loans. The overall delinquency ratio of the Fund's single family loan portfolio was 14.7% or 3,546 delinquent loans as of June 30, 2011. By comparison, the delinquency ratio for the Agency's single family portfolio was 17.1% or 4,706 loans as of June 30, 2010. Overall, the total number of delinquent loans declined by 24.6% or 1,160 loans.

- In fiscal year 2011, the total allowance for loan loss reserve was decreased by a net of $22.9 million to $94.3 million. Under the Home Mortgage Revenue Bonds ("HMRB") indenture, there was a total of $41 million of loans written-off during fiscal year 2011 due to the sale of foreclosed properties (net of insurance payment received) and on short sales (net of insurance payment received), $35.7 million and $5.3 million, respectively. The remaining HMRB foreclosed properties were written down by $36.7 million to reflect anticipated losses, net of anticipated insurance payment, upon sale of the foreclosed properties. Last fiscal year, the Agency established a cap of up to $135 million on the Agency's indemnification payments to the Mortgage Insurance Fund. Once the cap is reached in the Supplementary Bond Security Account ("SBSA") account, the gap insurance loss reserves and gap claim payments will be charged to the HMRB indenture. As of June 30, 2011, a total of $127.6 million in gap claim payments had been paid from fiscal years 2008 through 2011 leaving a balance of $7.4 million to be paid out of the SBSA. The gap insurance loss reserve established under the HMRB indenture increased $45.6 million from $40.2 million to $85.8 million in fiscal year 2011. As of June 30, 2011, the balance remaining in the Mortgage Insurance Fund to pay outstanding claim payments was $7.7 million. The Fund established a reserve during the year to cover the anticipated shortfall for Fund's loans insured by the Mortgage Insurance Fund. As of June 30, 2011, the Mortgage Insurance Fund loan loss reserve established under HMRB indenture was $29.5 million.

- The Fund had $301.3 million in new loans receivable during fiscal year 2011. Total Program loans receivable decreased by close to $823.4 million at fiscal year end. Decreases in programs loans receivable for the homeownership loan portfolio were primarily due to the increase in loan prepayments. Loan prepayments include all unscheduled principal payments applied to the unpaid principal balance of a loan.

- The Agency continued to actively manage the Fund's interest expense and exposures within the debt portfolio and redeemed $994.3 million of bonds during fiscal year 2011.

- During fiscal year 2011, the Agency issued $111.6 million of new bonds. The majority of the new bonds were issued under the Residential Mortgage Revenue Bonds ("RMRB") indenture and the amount issued represented only 40% of the total issue. Under the NIBP, the Agency was required to issue 40% or $96 million, to the general public. The remaining 60% or $144 million in bonds were already being held in escrow and were converted to fixed rate debt on the bond issuance date. During fiscal year 2011, $189 million of mortgage-backed securities were purchased under the RMRB indenture.

- During fiscal year 2011, $42.9 million was transferred into the Fund by the State pursuant to the Housing and Emergency Shelter Trust Fund Act of 2002. The funds were used to make loans and grants to borrowers and homeowners through programs administered by the Agency on a contract basis.

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

Condensed Financial Information:

Condensed Schedule of Assets, Liabilities, and Net Assets

The following table presents condensed Schedule of Assets, Liabilities, and Net Assets for the Fund as of June 30, 2011 and 2010 and the change from the prior year (dollars in millions):

	2011	2010	Change
Assets			
Cash and investments	$3,336	$3,784	(448)
Program loans receivable-net	6,321	7,144	(823)
Other	562	635	(73)
Total Assets	$10,219	$11,563	(1,344)
Liabilities			
Bonds payable	$7,843	$8,895	(1,052)
Unamortized premium/Deferred gain	8	11	(3)
Notes payable	91	94	(3)
Other	797	1,009	(212)
Total Liabilities	$8,739	$10,009	(1,270)
Net Assets			
Invested in capital assets	$1	$1	-
Restricted net assets	1,479	1,553	(74)
Total Net Assets	$1,480	$1,554	(74)
Total Liabilities and Net Assets	$10,219	$11,563	(1,344)

Assets

Of the Fund's assets, 94.5% is represented by cash and investments and program loans receivable. The Fund does not have a significant investment in capital assets, holding $1.1 million in furniture and equipment.

Total assets decreased by $1.34 billion during fiscal year 2011. The Fund's cash and investments were $3.34 billion as of June 30, 2011, a decrease of $447.6 million from June 30, 2010. The cash and investments balance decrease is primarily due to the increased bond redemption activity in Homeownership Programs.

Of the Fund's assets, 32.7% is in the form of cash and investments at fiscal year end. Of the Fund's investment balance, 10.8% is in investment agreements. The amount of funds invested in investment agreements during the 2011 fiscal year decreased by $66.1 million. In addition, $1.51 billion of the Fund's investments are held in the State's Surplus Money Investment Fund ("SMIF") and earn a variable rate of interest. The amount of funds invested in SMIF during fiscal year 2011 decreased by $174.8 million.

The composition of cash and investments as of June 30, 2011 and 2010 and the changes from the prior year are shown in the table below (dollars in millions):

Cash and Investments

	2011	2010	Change
Investment agreements	$237	$303	(66)
SMIF	1,512	1,687	(175)
Securities	456	282	174
Cash	1,131	1,512	(381)
Total Cash and Investments	$3,336	$3,784	(448)

Program loans receivable decreased by $823.4 million during fiscal year 2011 compared to fiscal year 2010. This decrease is primarily due to an increase in loan prepayments along with an increase in loan write-offs in fiscal year 2011. Loan prepayments increased to $776.9 million during fiscal year 2011 compared to $441.8 million received in fiscal year 2010. Real estate owned ("REO") properties decreased $8.1 million to $192.5 million during fiscal year 2011 compared to $200.6 million in fiscal year 2010.

As of June 30, 2011 and June 30, 2010, the fair values of interest rate swaps were in the negative position of $252.4 million and $329.4 million, respectively.

Other Assets decreased by $73.3 million during fiscal year 2011 when compared to fiscal year 2010. The decrease is primarily due to the recording of the deferred outflow of resources related to interest rate swaps, and a decrease in REO properties offset by the increase in cash collateral held by the swap counterparties.

Liabilities

The Fund's liabilities were $8.74 billion as of June 30, 2011, a decrease of $1.27 billion from June 30, 2010. Of the Fund's liabilities, 89.8% is in the form of bond indebtedness. The Fund's bonds payable at June 30, 2011 decreased by $1.05 billion from the prior year mainly due to the scheduled principal payments and $994.3 million in bond redemptions. The Agency's governing statutes impose a cap of $13.15 billion for bonds and notes issued and outstanding within the Fund for the year ended June 30, 2011 and 2010.

All of the bonds issued by the Agency are reported within the Fund. The Agency issued a total of $111.6 million of bonds during fiscal year 2011, a decrease of $1.29 billion from $1.4 billion of bonds issued during fiscal year 2010. During fiscal year 2011, the Agency issued only fixed rate debt.

The Agency issues both tax-exempt and federally taxable bonds. During the 2011 fiscal year, federally taxable bonds outstanding decreased by $436.9 million and as of June 30, 2011 represent 30.2% of all bonds outstanding, while tax-exempt bonds outstanding decreased by $614.6 million and as of June 30, 2011 represent 69.8% of all bonds outstanding. The use of federally taxable bonds allows the Agency to leverage its allocation of the Private Activity Bond volume cap for the Homeownership Programs. This limitation is imposed by the federal government to regulate the issuance of tax-exempt bonds for private purposes. During fiscal year 2011, the Agency did not issue any taxable bonds.

Shown below are the amounts of variable and fixed rate indebtedness, by tax status, as of June 30, 2011 and 2010 and the changes from the prior year (dollars in millions):

Bonds Payable

	2011	2010	Change
Tax-Exempt Bonds			
*Variable Rate	$3,226	$3,568	(342)
Fixed Rate	2,245	2,518	(273)
Total Tax-Exempt Bonds	$5,471	$6,086	(615)
Federally Taxable Bonds			
*Variable Rate	$2,014	$2,371	(357)
Fixed Rate	358	438	(80)
Total Federally Taxable Bonds	$2,372	$2,809	(437)
Total Bonds Outstanding	$7,843	$8,895	(1,052)

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

All other liabilities decreased by $212.4 million during fiscal year 2011. The decrease was primarily due to the recording of the decrease in fair value of interest rate swap, decrease on the revolving line of credit payable of Revolving Credit Agreement (:RCA"), and decrease in Pooled Money Investment Account loan payable. The RCA line of credit agreement ended February 28, 2011, and there was no outstanding balance at June 30, 2011.

Net Assets

All of the Fund's net assets are restricted pursuant to trust agreements with bondholders and the Agency's enabling legislation or invested in capital assets. Total net assets of the Fund decreased by $74 million primarily as a result of transfers to the Fund in the amount of $42.9 million pursuant to the Housing and Emergency Shelter Trust Fund Acts of 2002 and 2006 and was offset by operating losses of the Fund in the amount of $116.9 million.

Revenues, Expenses, and Changes in Net Assets

The following table presents condensed schedules of revenues, expenses, and changes in net assets for the Fund for the fiscal years ended June 30, 2011 and June 30, 2010 and the changes from the prior year (dollars in millions):

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

	2011	2010	Change
Operating Revenues:			
Interest income program loans – net	$346	$393	(47)
Interest income investments – net	32	40	(8)
Increase (Decrease) in fair value of investments	(5)	19	(24)
Other loan and commitment fees	31	29	2
Other revenues	100	49	51
Total Operating Revenues	$504	$530	(26)
Operating Expenses:			
Interest	$249	$318	(69)
Mortgage servicing fees	14	16	(2)
Salaries & general expenses	43	93	(50)
Other expenses	315	291	24
Total Operating Expenses	$621	$718	(97)
Operating Loss before transfers	(117)	(188)	71

Operating Revenues

Total operating revenues of the Fund were $504.2 million during fiscal year 2011 compared to $530 million during fiscal year 2010, a decrease of $25.8 million or 4.9%.

Interest income on program loans was $346.4 million during fiscal year 2011 compared to $393 million during fiscal year 2010, a decrease of $46.6 million. The decrease in interest income on program loans is primarily the result of a decrease in interest income on program loans and a net increase in the yield reduction liability for the Fund's homeownership and multifamily loan portfolios. Overall, program loans receivable decreased $823.4 million or 11.5% at June 30, 2011 compared to June 30, 2010.

Interest income from investments decreased 21.4% to $31.6 million in fiscal year 2011 from $40.2 million in fiscal year 2010. The decrease is primarily due to the decrease in interest income from Investment Agreements and SMIF. Investment Agreements decreased $66.1 million from $303.4 million at June 30, 2010 to $237.3 million as of June 30, 2011, while SMIF decreased $174.8 million from $1.69 billion to $1.51 billion.

The decrease in the total fair value of investments was $23.7 million in fiscal year 2011. The decrease in fair value of investments was $14.9 million and the decrease in gain of sale of securities was $8.9 million.

Other loan and commitment fees increased $2.2 million to $31.3 million in fiscal year 2011 compared to $29.1 million for fiscal year 2010. The increase was primarily due to the application fees received by the Fund.

Other revenues increased by $51 million to $99.8 million during fiscal year 2011 compared to $48.8 million in fiscal year 2010. The increase was primarily due to the gain on debt extinguishment and the increase in fair value of investment swap revenue.

Operating Expenses

Total operating expenses of the Fund were $621.1 million during fiscal year 2011 compared to $718.4 million during fiscal year 2010, a decrease of $97.4 million or 13.6%. The decrease is primarily due to the decrease in bond interest expenses, swap expenses and decrease in swap termination expenses.

Bonds payable at June 30, 2011 decreased by $1.05 billion from June 30, 2010 and bond interest and swap expense, which represents 40.1% of the Fund's total operating expenses, decreased by $68.8 million or 21.6% compared to fiscal year 2010. The decrease in bond interest and swap expense is attributed to the increased bond redemption activity and the Agency's participation in the Temporary Credit and Liquidity Program ("TCLP") which provides replacement credit and facilities for existing variable rate debt for State and local Housing Finance Agencies.

Salaries and general expenses decreased from $93.4 million during fiscal year 2010 to $42.7 million during fiscal year 2011 (as shown in the condensed statements of revenues, expenses and changes in net assets).

Operating Loss before Transfers

Operating loss before transfers for fiscal year 2011 was $116.9 million compared to an operating loss of $188.5 million for fiscal year 2010. The $71.6 million decrease in operating loss before transfers is reflective of the activities mentioned above.

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF NET ASSETS
June 30, 2012 and June 30, 2011
(Dollars in Thousands)

	2012 Totals	2011 Totals
ASSETS		
Current assets:		
Cash and cash equivalents	$ 559,865	$ 1,130,977
Investments	1,652,102	1,826,513
Current portion - program loans receivable, net of allowance	163,801	172,027
Interest receivable:		
Program loans, net	29,018	38,114
Investments	6,506	7,008
Accounts receivable	24,894	29,128
Other assets	85,536	52,435
Total current assets	2,521,722	3,256,202
Noncurrent assets:		
Investments	577,505	378,608
Program loans receivable, net of allowance	5,295,050	6,149,078
Deferred financing costs	23,860	28,689
Other assets and deferred outflow	329,867	406,146
Total noncurrent assets	6,226,282	6,962,521
Total assets	$ 8,748,004	$ 10,218,723
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion - bonds payable, net	$ 107,273	$ 173,961
Interest payable	84,955	100,679
Due to other government entities, net	570	22,889
Compensated absences	4,254	4,365
Deposits and other liabilities	230,370	346,780
Total current liabilities	427,422	648,674
Noncurrent liabilities:		
Bonds payable	6,402,243	7,677,063
Notes payable	87,929	90,979
Due to other government entities, net	32,805	33,156
Other liabilities and deferred inflow	324,224	261,845
Deferred revenues	23,569	26,931
Total noncurrent liabilities	6,870,770	8,089,974
Total liabilities	7,298,192	8,738,648
Commitments and contingencies (see notes 11 and 13)		
Net assets:		
Invested in capital assets	1,119	1,114
Restricted by indenture	323,271	339,441
Restricted by statute	1,125,422	1,139,520
Total net assets	1,449,812	1,480,075
Total liabilities and net assets	$ 8,748,004	$ 10,218,723

See notes to financial statements.

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended June 30, 2012 and June 30, 2011
(Dollars in Thousands)

	2012 Totals	2011 Totals
OPERATING REVENUES		
Interest income:		
Program loans, net	$ 289,433	$ 346,355
Investments, net	34,332	31,614
Increase (decrease) in fair value of investments	41,577	(4,851)
Loan commitment fees	2,577	2,507
Other loan fees	27,378	28,821
Other revenues	18,595	99,753
Total operating revenues	413,892	504,199
SALARIES AND GENERAL EXPENSES		
Interest	191,265	249,253
Amortization of bond discount and bond premium	(1,024)	(3,297)
Mortgage servicing expenses	11,688	13,685
Provision for program loan losses	105,833	62,858
Salaries and general expenses	41,303	42,668
Other expenses	170,232	255,888
Total salaries and general expenses	519,297	621,055
Operating loss before transfers	(105,405)	(116,856)
Transfers in	75,142	42,948
Decrease in net assets	(30,263)	(73,908)
Net assets at beginning of year	1,480,075	1,553,983
Net assets at end of year	$ 1,449,812	$ 1,480,075

See notes to financial statements.

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2012 and June 30, 2011
(Dollars in Thousands)

	2012 Totals	2011 Totals
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 298,527	$ 343,650
Payments to suppliers	(23,828)	(27,283)
Payments to employees	(30,357)	(30,206)
Other receipts	626,860	590,261
Net cash provided by operating activities	871,202	876,422
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Due from other government entities	(18,836)	(64,920)
Net cash used for noncapital financing activities	(18,836)	(64,920)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sales of bonds	32,862	111,627
Payment of bond principal	(139,387)	(174,161)
Early bond redemptions	(1,236,983)	(994,314)
Interest paid on debt	(206,990)	(271,784)
Interfund transfers	75,142	42,948
Increase to deferred costs	(47)	(1,067)
Net cash used for by capital and related financing activities	(1,475,403)	(1,286,751)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturity and sale of investments	4,149,265	3,833,563
Purchase of investments	(4,132,174)	(3,772,221)
Interest on investments, net	34,834	32,469
Net cash provided by (used for) investing activities	51,925	93,811
Net decrease in cash and cash equivalents	(571,112)	(381,438)
Cash and cash equivalents at beginning of year	1,130,977	1,512,415
Cash and cash equivalents at end of year	$ 559,865	$ 1,130,977
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating loss	$ (105,405)	$ (116,856)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Interest expense on debt	191,265	249,253
Interest on investments	(34,332)	(31,615)
Changes in fair value of investments	(41,577)	4,852
Accretion of capital appreciation bonds	453	2,478
Amortization of bond discount	78	330
Amortization of deferred losses on refundings of debt	335	485
Amortization of bond issuance costs	4,875	6,533
Amortization of bond premium	(1,916)	(4,112)
Amortization of deferred revenue	(2,577)	(2,507)
Depreciation	277	248
Provision for program loan losses	105,833	62,858
Provision for yield reduction payments	(3,092)	6,475
Provision for nonmortgage investment excess	(737)	(2,646)
Effect of changes in operating assets and liabilities:		
Purchase of program loans-net	(171,765)	(299,259)
Collection of principal from program loans, net	919,276	1,067,889
Interest receivable	9,096	(2,706)
Accounts receivable	919	(161)
Other assets and deferred outflow	(60,116)	61,456
Compensated absences	(111)	7
Deposits and other liabilities	(1,167)	(46,683)
Other liabilities and deferred inflow	61,590	(79,897)
Net cash provided by operating activities	$ 871,202	$ 876,422
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Noncash transfer of program loan to REO	$ 115,948	$ 4,217

See notes to financial statements.

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CALIFORNIA HOUSING FINANCE FUND
NOTES TO FINANCIAL STATEMENTS
Fiscal Years Ended June 30, 2012 and 2011

Note 1 – AUTHORIZING LEGISLATION AND ORGANIZATION

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

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

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

The accompanying financial statements are the financial statements of the Fund and do not include the financial position or the results of operations of the Mortgage Insurance Fund which insures loans owned by the Agency and others to finance the acquisition, new construction or rehabilitation of residential structures in California. As of December 31, 2011, the Mortgage Insurance Fund had total assets of $1.4 million and deficit of $91.8 million (not covered by this Independent Auditors' Report).

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

Programs and accounts are as follows:

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

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

Housing Program Bonds: The Housing Program Bonds Indenture was created to provide a vehicle for issuing debt to finance either multifamily or single family programs of the Agency. Bonds issued under this indenture are backed by the Agency's general obligation. As of June 30, 2012, the Agency has three series of bonds issued and outstanding under this indenture. These bonds were issued to finance deferred payment, simple interest loans originated under certain of the Agency's down payment assistance programs, as well as to finance certain multifamily loans.

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

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

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

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

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

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

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

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

Limited Obligation Multifamily Housing Revenue Bonds (Belovida Apartment Project): The bonds were issued pursuant to a Trust Indenture dated as of August 1, 2010 between the Agency and U.S. Bank National Association, as Trustee. The proceeds of the Bonds are used by the Agency to finance a mortgage loan, to Belovida at Newbury Park, L.P., for the purpose of financing a portion of the cost of the acquisition, construction and development of a multifamily rental housing development located in the city of San Jose, California.

Limited Obligation Multifamily Housing Revenue Bonds (Highlands Point Apartments): The bonds were issued pursuant to the Act and this Indenture to finance the acquisition, construction and development of an approximately 293-unit multifamily rental housing development located within the City of San Ramon, California to be known as Highlands Point Apartments for persons and families of low or moderate income.

Limited Obligation Multifamily Housing Revenue Bonds (South Pace Apartments): The bonds were issued pursuant to the Act for the purpose of funding a loan to finance the borrower's acquisition, rehabilitation, and development of a 93-unit multifamily rental housing project located in the City of Fairfield, California and known as South Pace apartments. The loan is secured by certain Construction Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing.

Limited Obligation Multifamily Housing Revenue Bonds (GNMA Collateralized Mortgage Loan - One Santa Fe Apartments): The bonds were issued to acquire fully modified mortgage-backed securities, Ginnie Mae Certificates, issued by PNC Bank, N.A. backed by a mortgage loan to 1SF-R, LP, which mortgage loan is insured by the Secretary of Housing and Urban Development. The Mortgage Loan is made to the borrower to provide for the financing of a multifamily rental housing development located in Los Angeles, California and to be known as One Santa Fe Apartment.

Limited Obligation Multifamily Housing Revenue Bonds (Woollf House Apartments): The bonds were issued for the purpose of making a loan to Woolf House Partners LP, to finance a portion of the costs of acquiring, rehabilitating equipping and otherwise improving an existing 182-unit residential rental apartment complex.

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

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

Contract Administration Programs: The Agency administers loan and grant programs for the Rental Housing Construction Program, the School Facilities Fee Assistance Program, the California Homebuyer's Down payment Assistance Program, National Foreclosure Mitigation Counseling Program, Mental Health Services Act Housing Program, and programs offered pursuant to the Housing and Emergency Shelter Trust Fund Act of 2002 and 2006. Funding of these programs was appropriated by the legislature or provided by voter authorized State bond programs to other departments and agencies within the State that have contracted with the Agency for this purpose. All monies transferred in accordance with the agreements and for the purposes of the program are considered assets of the Fund. The Fund received transfers in the amount of $75.1 million and $42.9 million for fiscal year 2012 and 2011, respectively.

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

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

Loan Servicing: The Agency services nearly all multifamily program loans, approximately 37.5% of the Agency's homeownership program loans in first lien position (as of June 30, 2012), and all junior or subordinate lien homeownership program loans and certain other loans for the California State Teachers' Retirement System and Fannie Mae. Loan servicing agreements require that the Agency hold and maintain escrow and reserve accounts, on behalf of borrowers, that are reported as "Deposits and Other Liabilities".

Loan Warehousing: The Agency borrowed $22.5 million from the State's Pooled Money Investment Account ("PMIA") for short-term warehousing of Agency loans. Homeownership loans are typically warehoused as they are purchased from originating lenders and subsequently transferred to individual bond financings on a monthly basis. The borrowing, which is reapplied for and approved in six-month intervals, requires that interest be paid on the loan at a rate equal to the earnings rate on SMIF on the date of the new loan. As of June 30, 2012, there was no outstanding balance on the PMIA loan which has been fully repaid.

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

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

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Recently Adopted Accounting Pronouncements: CalHFA has adopted GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53.* This Statement requires the government to cease hedge accounting upon the termination of the hedging derivative instrument, resulting in the immediate recognition of the deferred outflows of resources or deferred inflows of resources as a component of investment income. The objective of GASB 64 is to clarify whether an effective hedging relationship continues after the replacement of swap counterparty or swap counterparty's credit support provider occurs. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. For fiscal year 2012, CalHFA has adopted and complied with this standard.

New Accounting Pronouncements: GASB issued statements for the future reporting periods that will be applicable to the Agency. In December, 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective for periods beginning after December 15, 2011, with earlier application encouraged. The objective of GASB Statement No. 62 is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is include in the FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for period beginning after December 15, 2011, with earlier application encouraged. GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. In March 2012, the GASB issued Statement No. 65, Items *Previously Reported as Assets and Liabilities*, effective for period beginning after December 15, 2012, with earlier application encouraged. GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflow of resources, certain items that were previously reported as assets and liabilities. The Agency will adopt GASB No. 62 and GASB No. 63, and plans to apply GASB No. 65 for the fiscal year beginning July 1, 2012.

Use of Estimates: The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates are used in determining the gap insurance loss reserve. Based on factors such as reported delinquency categories, claim frequency percentages, severity of loss percentages and level of mortgage insurance coverage, the Agency records the estimated gap insurance losses for the delinquent mortgage loan portfolio. Actual results could differ materially from those estimates.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other Operating Revenues and Expenses: The Agency administers certain Section 8 contracts under the HUD guidelines of New Construction and Substantial Rehabilitation. Included in most contracts is an administrative fee earned by the Agency which totaled $1.7 million for both years ended June 30, 2012 and 2011. The Agency also administers National Foreclosure Mitigation Counseling Program ("FMC"). The HUD and FMC pass-through payments aggregated $73.4 million and $76.4 million for the years ended June 30, 2012 and 2011, respectively, and are reported as other operating revenues and expenses within Other Programs and Accounts.

Note 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

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

Cash and Cash Equivalents: At June 30, 2012 and 2011, all cash and cash equivalents, totaling $559.9 million and $1.13 billion, respectively, were covered by federal depository insurance or by collateral held by the Agency's agent in the Agency's name.

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

In December 2010, the Agency entered into a U. S. Bank National Association Open Repurchase agreement with U.S. Bank through its Money Center for most of the programs except HMRB. Although the repurchase agreements are not insured by Federal Deposit Insurance Corporation ("FDIC") or guaranteed by any governmental agency or authority, or by U.S. Bank, the securities purchased are U.S. government or other government agency securities at a specified price and U.S. Bank has the obligation to repurchase those securities back at a higher price after a specified period, or at the demand of the Agency. As of June 30, 2012, the par value and market value of U.S. Bank open repurchase agreements was $128.1 million.

The Agency is required to post collateral based on the Agency's current Long Term Debt Ratings assigned by either Standard and Poor's Rating Group or Moody's Investor Service, Inc., as set forth in each International Swap Dealers Association, Inc. ("ISDA") Master Agreement (see Note 7). The total cash and fair market value of investment securities posted as collateral at June 30, 2012 and 2011 was $120.3 million and $78.1 million, respectively.

Investments at June 30, 2012 and 2011 are as follows (dollars in thousands):

	Fair Value June, 30 2012	Fair Value June, 30 2011
U.S. Agency Securities --- GNMA's	$ 423,058	$ 209,762
Federal Agency Securities	154,447	168,846
Investment Agreements --- Financial Institutions (at cost)	-	149,307
Total		
Other Investments:		
Surplus Money Investment Fund --- State of California	1,312,147	1,511,662
'US Bank NA Open Repurchase Agreement	128,102	77,598
Other Investment Agreements (at cost)	70,229	87,946
Total Investments	$ 2,087,983	$ 2,205,121
Current portion	1,652,102	1,826,513
Noncurrent portion	577,505	378,608
Total	$ 2,229,607	$ 2,205,121

Note 4 – INVESTMENT RISK FACTORS

Investments by type at June 30, 2012 and 2011 consists of the following (dollars in thousands):

	2012 Totals	2011 Totals
U.S. Agency Securities --- GNMA's	$ 423,058	$ 209,762
Federal Agency Securities	154,447	168,846
Investment Agreements --- Financial Institutions (at cost)	211,853	237,253
US Bank NA Open Repurchase Agreement	128,102	77,598
Surplus Money Investment Fund --- State of California	1,312,147	1,511,662
Total Investments	$ 2,229,607	$ 2,205,121

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

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

The credit risk profile for fixed income securities at June 30, 2012 and 2011 are as follows (dollars in thousands):

	2012 Totals	2011 Totals
Fixed income securities:		
U.S. government guaranteed	$ 577,505	$ 378,608
Guaranteed interest contracts:		
Rated Aaa/AAA	-	13,997
Rated Aaa/AA+	116	
Rated Aaa/NR	12,716	32,977
Rated Aa2/AA+	-	857
Rated NR/AA+	-	5,027
Rated Aa2/AA	12,399	-
Rated Aa2/A+	-	96,739
Rated Aa3/A+	128,102	92,024
Rated A1/AA+	8,845	-
Rated A1/AA-	53,011	69,559
Rated A1/A+	-	3,188
Rated A2/A	110,208	-
Rated A3/A	-	483
Rated A3/NR	14,558	-
Total fixed income securities	$ 917,460	$ 693,459

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be returned. At June 30, 2012, the Agency did not have any investments exposed to custodial credit. All investments are held by the State of California or by pledging financial institutions in the name of the Agency.

Concentration of Credit Risk: Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the Agency to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. Investments issued or guaranteed by the U.S. government and investments in external investment pools, such as the commingled funds managed by the Agency are not considered subject to concentration of credit risk. At June 30, 2012, no investments in any one issuer exceed 5% of the net assets, except for securities issued by the U.S. government or its agencies.

Interest Rate Risk: Interest rate risk is the risk that the value of fixed income securities will decline due to decreasing interest rates. The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. At June 30, 2012, the Agency does not have any debt investments that are highly sensitive to changes in interest rates.

Effective duration is the approximate change in price of a security resulting from a 100 basis points (1 percentage point) change in the level of interest rates. It is not a measure of time. The effective duration for fixed income securities at June 30, 2012 and 2011 are as follows:

	2012	2011
Fixed income securities:		
U.S. government guaranteed	16.31	16.91

Note 5 – PROGRAM LOANS RECEIVABLE

Changes in program loans receivable for the years ended June 30, 2012 and 2011 are as follows (dollars in thousands):

	2012 Totals	2011 Totals
Beginning of year balance	$ 6,932,903	$ 7,787,149
Loans purchased/funded	304,167	305,548
Noncash transfers - REO	(115,948)	(4,216)
Amortized principal repayments	(178,580)	(291,985)
Prepayments	(637,826)	(776,943)
Principal Reduction Program	(1,491)	(932)
Chargeoffs	(115,626)	(85,718)
Subtotal	6,187,599	6,932,903
Unamortized Mortgage Discount	(3,101)	(3,249)
Transfer to mortgage-backed securities	(439,685)	(321,705)
Transfer to REO- net of write-down	(86,186)	(192,518)
Allowance for loan loss	(199,776)	(94,326)
	$ 5,458,851	$ 6,321,105
Current portion	$ 163,801	$ 172,027
Noncurrent portion	5,295,050	6,149,078
Total	$ 5,458,851	$ 6,321,105

Note 6 – ALLOWANCE FOR PROGRAM LOAN LOSSES

Changes in the allowance for program loan losses for the year ended June 30, 2012 and 2011 are as follows (dollars in thousands):

	2012 Totals	2011 Totals
Beginning of year balance	$ 94,326	$ 117,186
Provisions for program loan losses	105,833	62,858
Noncash transfer of Gap and CalHLIF reserve to Allowance for loan loss	115,243	-
Chargeoffs	(115,626)	(85,718)
End of year balance	$ 199,776	$ 94,326

Note 7 – BONDS AND NOTES PAYABLE AND ASSOCIATED INTEREST RATE SWAPS

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

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

Bonds payable and the terms and outstanding notional amounts and fair value of associated interest rate swaps as of June 30, 2012 are as follows (dollars in thousands):

	Bonds					
Bond Issue	Type of Bond	Interest Rate Range	Final Maturity Date	Outstanding Fixed	Outstanding Variable	Total
Home Mortgage Revenue Bonds:						
1999 Series O	Taxable					
2000 Series D	Taxable					
2000 Series H	Taxable	0.630%	2017		$ 20,680	$ 20,680
2000 Series J	Tax-Exempt					
2000 Series N	Tax-Exempt	0.170%	2031		20,500	20,500
2000 Series V	Taxable	0.890%	2032		17,905	17,905
2000 Series V	Taxable	0.890%	2032		17,990	17,990
2000 Series X-2	Tax-Exempt	0.170%	2031		11,150	11,150
2000 Series Z	Taxable	0.690%	2031		38,330	38,330
2001 Series D	Taxable	0.770%	2022		48,750	48,750
2001 Series G	Taxable	0.710%	2029		42,235	42,235
2001 Series J	Tax-Exempt	0.170%	2032		27,420	27,420
2001 Series K	Taxable	0.750%	2032		47,105	47,105
2001 Series N	Tax-Exempt					
2001 Series O	Taxable	0.780%	2032		53,065	53,065
2001 Series S	Taxable	0.820%	2023		37,080	37,080
2001 Series U	Tax-Exempt	0.170%	2032		37,225	37,225
2001 Series V	Taxable	0.640%	2031		15,795	15,795
2002 Series B	Tax-Exempt	0.170%	2033		32,895	32,895
2002 Series C	Taxable	0.760%	2033		26,930	26,930
2002 Series D	Taxable	0.680%	2030		25,405	25,405
2002 Series F	Tax-Exempt					
2002 Series H	Taxable	0.760%	2022		18,265	18,265
2002 Series J	Tax-Exempt	0.170%	2033		63,100	63,100
2002 Series L	Taxable	0.760%	2024		21,590	21,590
2002 Series M	Tax-Exempt	0.170%	2022		39,250	39,250
2002 Series M	Tax-Exempt	0.170%	2033		8,290	8,290
2002 Series O	Taxable	0.710%	2033		19,065	19,065
2002 Series P	Tax-Exempt					
2002 Series Q	Tax-Exempt	0.170%	2033		5,030	5,030
2002 Series U	Tax-Exempt	0.170%	2032		26,120	26,120
2002 Series U	Tax-Exempt	0.170%	2031		26,140	26,140
2003 Series D	Tax-Exempt	0.170%	2033		39,230	39,230

Swaps

Type	Fixed Rate Paid By Agency	Floating Rate Received By Agency	Effective Date	Termination Date	Outstanding Notional/Applicable Amount	Fair Value
Fixed payer	6.6550%	LIBOR	12/9/99	8/1/12	$ 1,045	$ (6)
Fixed payer	7.1950%	LIBOR	1/27/00	2/1/13	1,420	(10)
Fixed payer	4.9000%	LIBOR @ 65%	5/25/00	8/1/30	18,990	(5,584)
Fixed payer	4.5275%	LIBOR @ 65%	10/5/00	8/1/15	17,905	(1,202)
Fixed payer	7.0960%	6 mo LIBOR	10/5/00	8/1/14	12,925	(840)
Fixed payer	4.5100%	LIBOR @ 65%	12/13/00	8/1/31	22,770	(5,883)
Fixed payer	6.8430%	3 mo LIBOR	12/13/00	8/1/16	18,175	(2,016)
Fixed payer	6.2150%	3 mo LIBOR+.26%	1/25/01	8/1/19	33,460	(5,247)
Fixed payer	6.0100%	3 mo LIBOR+.20%	4/5/01	2/1/16	17,005	(1,790)
Fixed payer	4.1430%	LIBOR @ 65%	5/31/01	8/1/24	28,155	(3,935)
Fixed payer	3.9910%	LIBOR @ 65%	7/26/01	8/1/18	7,010	(626)
Fixed payer	6.3600%	3 mo LIBOR+.27%	7/26/01	8/1/20	37,050	(6,551)
Fixed payer	5.5300%	3 mo LIBOR+.31%	10/10/01	8/1/18	23,120	(2,601)
Fixed payer	4.1300%	SIFMA less .15%	12/6/01	8/1/32	42,590	(6,651)
Fixed payer	3.8880%	LIBOR @ 65%	4/18/02	8/1/27	33,925	(7,588)
Fixed payer	5.6000%	3 mo LIBOR+.25%	5/1/02	8/1/12	795	(3)
Fixed payer	3.9940%	LIBOR @ 65%	6/6/02	2/1/24	35,620	(5,169)
Fixed payer	5.5350%	3 mo LIBOR+.25%	11/1/02	2/1/13	2,285	(40)
Fixed payer	3.8630%	LIBOR @ 65%	8/8/02	8/1/32	58,760	(7,685)
Fixed payer	5.1000%	3 mo LIBOR+.25%	12/1/02	2/1/13	2,320	(22)
Fixed payer	3.7280%	LIBOR @ 65%	10/17/02	8/1/22	41,600	(5,766)
Fixed payer	3.1480%	LIBOR @ 65%	12/12/02	8/1/22	50,610	(6,300)
Fixed payer	3.8200%	LIBOR @ 65%	12/12/02	8/1/32	10,635	(559)
Fixed payer	3.2400%	LIBOR @ 60%+.26%	3/6/03	2/1/31	25,855	(65)

Bond Issue	Type of Bond	Interest Rate Range	Final Maturity Date	Outstanding Fixed	Outstanding Variable	Total
	Bonds					
2003 Series D	Tax-Exempt	0.170%	2022		32,105	32,105
2003 Series F	Tax-Exempt	0.170%	2022		25,555	25,555
2003 Series F	Tax-Exempt	0.170%	2034		64,645	64,645
2003 Series G	Taxable	0.660%	2034		16,810	16,810
2003 Series H	Tax-Exempt	0.170%	2032		40,475	40,475
2003 Series H	Tax-Exempt	0.170%	2033		45,390	45,390
2003 Series I	Taxable	0.690%	2033		30,355	30,355
2003 Series K	Tax-Exempt	0.170%	2033		47,730	47,730
2003 Series K	Tax-Exempt	0.170%	2034		31,475	31,475
2003 Series L	Taxable	0.690%	2034		29,215	29,215
2003 Series M	Tax-Exempt	0.170%	2024		40,255	40,255
2003 Series M	Tax-Exempt	0.170%	2034		57,530	57,530
2003 Series N	Taxable	0.720%	2034		32,250	32,250
2004 Series A	Tax-Exempt					
2004 Series E	Tax-Exempt	0.170%	2023		38,940	38,940
2004 Series E	Tax-Exempt	0.170%	2035		49,525	49,525
2004 Series F	Taxable	0.700%	2035		43,445	43,445
2004 Series G	Tax-Exempt					
2004 Series G	Tax-Exempt					
2004 Series I	Tax-Exempt					
2005 Series A	Tax-Exempt	0.170%	2035		101,025	101,025
2005 Series B	Tax-Exempt	0.170%	2016		9,755	9,755
2005 Series B	Tax-Exempt	0.170%	2035		91,300	91,300
2005 Series D	Tax-Exempt	0.170%	2038		44,755	44,755
2005 Series D	Tax-Exempt	0.170%	2040		88,075	88,075
2005 Series F	Tax-Exempt	0.170%	2037		50,395	50,395
2005 Series F	Tax-Exempt	0.170%	2038		80,280	80,280
2005 Series H	Tax-Exempt	0.170%	2036		54,995	54,995
2005 Series H	Tax-Exempt	0.170%	2036		69,155	69,155
2006 Series C	Tax-Exempt	0.170%	2037		51,075	51,075
2006 Series C	Tax-Exempt	0.170%	2037		71,120	71,120
2006 Series D	Tax-Exempt	4.250% - 4.400%	2017	20,000		20,000
2006 Series E	Tax-Exempt	4.600% - 5.000%	2026	45,390		45,390
2006 Series F	Tax-Exempt	0.170%	2040		7,100	7,100
2006 Series F	Tax-Exempt	0.170%	2041		54,295	54,295
2006 Series G	Tax-Exempt	3.700% - 3.875%	2016	25,420		25,420
2006 Series H	Tax-Exempt	5.750% - 5.750%	2030	19,085		19,085
2006 Series I	Tax-Exempt	4.600% - 4.875%	2041	71,135		71,135
2006 Series J	Tax-Exempt	4.050% - 4.150%	2016	17,295		17,295
2006 Series K	Tax-Exempt	4.550% - 5.500%	2042	158,115		158,115
2006 Series L	Tax-Exempt	4.000% - 4.150%	2016	26,505		26,505
2006 Series M	Tax-Exempt	4.550% - 5.000%	2042	123,660		123,660
2007 Series A	Taxable	5.720%	2032	90,000		90,000
2007 Series B	Taxable	0.690%	2042		40,000	40,000
2007 Series C	Taxable	0.690%	2042		20,000	20,000
2007 Series D	Tax-Exempt	4.050% - 4.400%	2018	47,360		47,360
2007 Series E	Tax-Exempt	4.650% - 5.000%	2042	126,250		126,250
2007 Series F	Tax-Exempt	4.400% - 4.700%	2017	30,635		30,635
2007 Series G	Tax-Exempt	4.950% - 5.050%	2029	65,615		65,615
2007 Series G	Tax-Exempt	5.500%	2042	49,200		49,200
2007 Series H	Tax-Exempt	0.170%	2033		41,255	41,255
2007 Series H	Tax-Exempt	0.170%	2042		50,000	50,000
2007 Series I	Tax-Exempt	4.000% - 4.350%	2017	11,595		11,595
2007 Series J	Tax-Exempt	5.750%	2047	21,245		21,245
2007 Series K	Tax-Exempt	0.170%	2037		17,340	17,340

			Swaps			
Type	Fixed Rate Paid By Agency	Floating Rate Received By Agency	Effective Date	Termination Date	Outstanding Notional/Applicable Amount	Fair Value
Fixed payer	3.1300%	LIBOR @ 60%+.26%	4/10/03	8/1/19	30,935	(75)
Fixed payer	2.6750%	LIBOR @ 60%+.26%	8/7/03	8/1/30	40,475	(798)
Fixed payer	3.2700%	LIBOR @ 60%+.26%	8/1/04	2/1/18	47,730	(1,269)
Fixed payer	3.2250%	LIBOR @ 60%+.26%	2/4/04	8/1/19	41,570	(628)
Fixed payer	3.8900%	LIBOR @ 60%+.26%	2/4/04	8/1/34	40,705	(783)
Fixed payer	3.0875%	LIBOR @ 60%+.26%	8/1/04	8/1/30	27,085	(2,478)
Fixed payer	3.5400%	LIBOR @ 60%+.26%	4/1/05	8/1/20	42,540	(1,803)
Fixed payer	4.1330%	LIBOR @ 60%+.26%	4/1/05	2/1/35	43,845	(2,385)
Fixed payer	3.6100%	LIBOR @ 60%+.26%	2/1/05	2/1/34	48,085	(6,787)
Fixed payer	4.0821%	LIBOR @ 60%+.26%	8/1/04	2/1/35	6,275	(246)
Fixed payer	3.5600%	LIBOR @ 60%+.26%	8/4/04	2/1/33	15,285	(2,069)
Fixed payer	3.8040%	LIBOR @ 60%+.26%	4/5/05	8/1/35	101,025	(16,509)
Fixed payer	3.0490%	LIBOR @ 60%+.26%	7/1/05	2/1/16	24,600	(1,111)
Fixed payer	3.7260%	LIBOR @ 60%+.26%	7/1/05	2/1/35	21,985	(789)
Fixed payer	3.1580%	LIBOR @ 60%+.26%	5/19/05	2/1/36	48,470	(2,630)
Fixed payer	3.3860%	LIBOR @ 60%+.26%	7/28/05	2/1/38	61,830	(3,547)
Fixed payer	3.8570%	LIBOR @ 62%+.25%	12/15/05	2/1/36	49,720	(3,077)
Fixed payer	4.0590%	LIBOR @ 62%+.25%	4/19/06	2/1/37	71,120	(6,838)
Fixed payer	4.2550%	LIBOR @ 62%+.25%	7/27/06	8/1/40	60,000	(4,303)
Fixed payer	4.1360%	LIBOR @ 62%+.25%	7/27/06	2/1/41	60,000	(7,456)
Fixed payer	4.0480%	LIBOR @ 62%+.25%	8/8/07	2/1/31	50,000	(6,850)
Fixed payer	4.2360%	LIBOR @ 62%+.25%	8/8/07	2/1//38	50,000	(7,663)
Fixed payer	3.9870%	LIBOR @ 63%+.24%	11/7/07	8/1/32	25,000	(2,607)

Bond Issue	Type of Bond	Interest Rate Range	Final Maturity Date	Outstanding Fixed	Outstanding Variable	Total
			Bonds			
2007 Series K	Tax-Exempt	0.170%	2038		25,000	25,000
2007 Series L	Taxable	5.530%	2027	44,190		44,190
2007 Series M	Taxable	5.835%	2032	80,495		80,495
2007 Series N	Taxable	0.690%	2043		60,000	60,000
2008 Series A	Tax-Exempt	3.700% - 4.500%	2020	31,900		31,900
2008 Series B	Tax-Exempt	4.800% - 5.000%	2028	11,710		11,710
2008 Series C	Tax-Exempt	0.170%	2041		12,130	12,130
2008 Series C	Tax-Exempt	0.170%	2041		15,850	15,850
2008 Series C	Tax-Exempt	0.170%	2041		7,005	7,005
2008 Series C	Tax-Exempt	0.170%	2041		7,760	7,760
2008 Series C	Tax-Exempt	0.170%	2041		12,550	12,550
2008 Series D	Tax-Exempt	0.170%	2043		1,680	1,680
2008 Series D	Tax-Exempt	0.170%	2043		2,595	2,595
2008 Series D	Tax-Exempt	0.170%	2043		1,355	1,355
2008 Series D	Tax-Exempt	0.170%	2043		3,865	3,865
2008 Series D	Tax-Exempt	0.170%	2031		35,420	35,420
2008 Series D	Tax-Exempt	0.170%	2031		27,460	27,460
2008 Series D	Tax-Exempt	0.170%	2043		4,210	4,210
2008 Series D	Tax-Exempt	0.170%	2043		1,980	1,980
2008 Series E	Tax-Exempt	0.170%	2032		17,385	17,385
2008 Series E	Tax-Exempt	0.170%	2032		7,930	7,930
2008 Series F	Tax-Exempt	0.170%	2032		20,160	20,160
2008 Series G	Taxable	6.000%	2025	50,000		50,000
2008 Series H	Taxable	4.950%	2020	77,645		77,645
2008 Series I	Taxable	1.730%	2042		17,000	17,000
2008 Series I	Taxable	1.730%	2042		13,990	13,990
2008 Series I	Taxable	1.730%	2042		47,270	47,270
2008 Series J	Tax-Exempt	4.375% - 5.125%	2018	61,280		61,280
2008 Series K	Tax-Exempt	5.300% - 5.550%	2038	102,885		102,885
2008 Series L	Tax-Exempt	5.200% - 5.550%	2033	155,950		155,950
Housing Program Bonds:						
2004 Series A	Tax-Exempt	0.170%	2036		28,000	28,000
2006 Series A	Tax-Exempt	4.750% - 4.950%	2036	42,890		42,890
2006 Series B	Taxable	0.150%	2036		32,650	32,650
Residential Mortgage Revenue Bonds:						
2009 Series A-1	Taxable	0.118%	2041		150,000	150,000
2009 Series A-3	Tax-Exempt	3.100%	2041	35,700		35,700
2009 Series A-4	Tax-Exempt	0.630%	2041	107,190		107,190
2009 Series A-5	Tax-Exempt	1.150%	2041	466,115		466,115
2010 Series A	Tax-Exempt	0.950% - 4.625%	2027	23,395		23,395
2011 Series A	Tax-Exempt	0.375% - 4.750%	2028	70,855		70,855
Multifamily Loan Purchase Bonds:						
2000 Series A	Taxable	Variable	2017		16,100	16,100
Multifamily Housing Revenue Bonds II:						
1996 Series A	Tax-Exempt	6.050%	2027	15,025		15,025
1996 Series B	Tax-Exempt	6.050% - 6.150%	2022	17,120		17,120

Swaps

Type	Fixed Rate Paid By Agency	Floating Rate Received By Agency	Effective Date	Termination Date	Outstanding Notional/Applicable Amount	Fair Value
Fixed payer	4.0400%	LIBOR @ 63%+.24%	11/7/07	2/1/38	25,000	(2,607)
Fixed payer	4.8000%	LIBOR @ 65%	4/6/00	2/1/23	2,225	(765)
Fixed payer	4.1430%	LIBOR @ 65%	5/31/01	8/1/24	13,345	(2,779)
Fixed payer	3.9940%	LIBOR @ 65%	6/6/02	2/1/24	7,005	(1,916)
Fixed payer	3.8630%	LIBOR @ 65%	8/8/02	8/1/32	7,760	(2,571)
Fixed payer	4.9000%	LIBOR @ 65%	5/25/00	8/1/30	1,680	(825)
Fixed payer	4.1430%	LIBOR @ 65%	5/31/01	8/1/24	2,595	(630)
Fixed payer	3.9910%	LIBOR @ 65%	7/26/01	8/1/18	1,355	(261)
Fixed payer	4.1300%	SIFMA less .15%	12/6/01	8/1/32	3,865	(1,279)
Fixed payer	4.8500%	LIBOR @ 65%	11/18/08	2/1/17	23,235	(1,901)
Fixed payer	4.8000%	LIBOR @ 65%	4/6/00	2/1/23	11,460	(1,739)
Fixed payer	4.8000%	LIBOR @ 65%	11/18/00	2/1/17	4,210	(819)
Fixed payer	4.6600%	LIBOR @ 65%	11/18/08	2/1/16	9,235	(696)
Fixed payer	3.8700%	LIBOR @ 65%	11/18/08	8/1/17	18,645	(1,636)
Fixed payer	6.1950%	LIBOR	8/1/02	8/1/14	10,005	(499)
Fixed payer	7.1100%	LIBOR	11/18/08	8/1/22	33,700	(9,793)

Bond Issue	Type of Bond	Interest Rate Range	Final Maturity Date	Bonds Outstanding Fixed	Outstanding Variable	Total
Multifamily Housing Revenue Bonds III:						
1997 Series A	Tax-Exempt	5.850% - 6.050%	2038	60,040		60,040
1998 Series A	Tax-Exempt	5.050% - 5.500%	2038	25,900		25,900
1998 Series B	Tax-Exempt	5.400% - 5.500%	2039	64,910		64,910
1998 Series C	Tax-Exempt	5.200% - 5.300%	2022	6,730		6,730
1999 Series A	Tax-Exempt	5.200% - 5.375%	2036	29,420		29,420
2000 Series A	Tax-Exempt	0.167%	2035		69,655	69,655
2000 Series B	Tax-Exempt	0.157%	2031		5,280	5,280
2000 Series C	Tax-Exempt	0.167%	2033		43,580	43,580
2000 Series D	Tax-Exempt	0.157%	2031		12,365	12,365
2001 Series C	Taxable	0.170%	2041		10,730	10,730
2001 Series D	Tax-Exempt	0.143%	2022		615	615
2001 Series E	Tax-Exempt	0.167%	2036		45,240	45,240
2001 Series F	Tax-Exempt	0.142%	2032		11,990	11,990
2001 Series G	Tax-Exempt	0.167%	2025		3,265	3,265
2001 Series G	Tax-Exempt	0.167%	2036		36,070	36,070
2001 Series G	Tax-Exempt	0.167%	2036		8,955	8,955
2001 Series H	Taxable	0.156%	2036		14,715	14,715
2002 Series A	Tax-Exempt	0.167%	2037		8,875	8,875
2002 Series A	Tax-Exempt	0.167%	2037		6,815	6,815
2002 Series B	Tax-Exempt	0.160%	2035		17,280	17,280
2002 Series C	Tax-Exempt	0.173%	2037		5,985	5,985
2002 Series C	Tax-Exempt	0.170%	2037		15,125	15,125
2002 Series D	Tax-Exempt	0.143%	2033		4,045	4,045
2002 Series E	Tax-Exempt	0.167%	2037		14,485	14,485
2002 Series E	Tax-Exempt	0.167%	2037		38,420	38,420
2003 Series C	Tax-Exempt	0.637%	2038		9,225	9,225
2003 Series C	Tax-Exempt	0.637%	2038		13,300	13,300
2003 Series C	Tax-Exempt	0.637%	2038		8,995	8,995
2004 Series A	Tax-Exempt					
2004 Series B	Tax-Exempt	4.087%	2039		1,905	1,905
2004 Series B	Tax-Exempt	4.087%	2039		5,835	5,835
2004 Series B	Tax-Exempt	4.087%	2039		5,095	5,095
2004 Series B	Tax-Exempt	4.087%	2039		13,470	13,470
2004 Series B	Tax-Exempt	4.087%	2039		1,570	1,570
2004 Series C	Tax-Exempt	0.407%	2037		5	5
2004 Series C	Tax-Exempt	0.407%	2037		7,435	7,435
2004 Series D	Tax-Exempt	0.407%	2039		43,375	43,375
2005 Series A	Tax-Exempt	0.143%	2035		2,205	2,205
2005 Series B	Tax-Exempt	0.186%	2038		2,360	2,360
2005 Series B	Tax-Exempt	0.186%	2038		2,645	2,645
2005 Series B	Tax-Exempt	0.186%	2038		3,180	3,180
2005 Series C	Tax-Exempt	3.800% - 4.900%	2036	8,200		8,200
2005 Series D	Tax-Exempt	0.170%	2038		16,610	16,610
2005 Series E	Tax-Exempt	4.250% - 5.125%	2038	20,145		20,145
2006 Series A	Tax-Exempt	0.170%	2041		1,070	1,070
2006 Series A	Tax-Exempt	0.170%	2041		1,360	1,360
2006 Series A	Tax-Exempt	0.170%	2041		3,595	3,595
2007 Series A	Tax-Exempt	4.400% - 4.750%	2034	1,465		1,465
2007 Series B	Tax-Exempt	0.167%	2040		845	845
2007 Series B	Tax-Exempt	0.167%	2040		1,535	1,535
2007 Series C	Tax-Exempt	0.167%	2042		5,845	5,845
2007 Series C	Tax-Exempt	0.167%	2040		4,740	4,740
2008 Series A	Tax-Exempt	0.153%	2040		7,985	7,985
2008 Series B	Tax-Exempt	0.167%	2036		19,045	19,045

		Swaps				
Type	Fixed Rate Paid By Agency	Floating Rate Received By Agency	Effective Date	Termination Date	Outstanding Notional/Applicable Amount	Fair Value
Fixed payer	4.5850%	LIBOR @ 64%	7/12/00	2/1/31	1,240	(256)
Fixed payer	4.3950%	LIBOR @ 64%	11/18/08	2/1/31	13,170	(3,790)
Fixed payer	4.4520%	SIFMA less .20%	6/28/01	8/1/22	2,200	(423)
Fixed payer	4.7120%	SIFMA less .15%	6/28/01	2/1/36	45,240	(14,672)
Fixed payer	4.0290%	SIFMA less .20%	2/1/02	2/1/32	13,470	(2,665)
Fixed payer	4.2050%	SIFMA less .15%	2/1/02	8/1/36	3,280	(683)
Fixed payer	4.2050%	SIFMA less .15%	2/1/02	8/1/36	37,585	(9,911)
Fixed payer	4.5950%	SIFMA less .15%	2/1/04	2/1/34	8,955	(2,790)
Fixed payer	4.5000%	SIFMA less .15%	8/1/02	8/1/32	15,970	(4,294)
Fixed payer	4.8900%	SIFMA less .15%	2/2/04	2/1/37	10,955	(4,080)
Fixed payer	4.0370%	SIFMA less .20%	2/1/03	2/1/35	22,950	(5,415)
Fixed payer	4.4050%	SIFMA less .15%	2/1/04	2/1/37	13,060	(4,189)
Fixed payer	4.6380%	SIFMA less .15%	8/1/05	8/1/37	15,350	(5,209)
Fixed payer	4.0850%	SIFMA less .20%	2/3/03	2/1/35	11,025	(2,982)
Fixed payer	4.1510%	SIFMA less .15%	2/3/03	2/1/35	14,485	(4,031)
Fixed payer	4.5710%	SIFMA less .15%	11/1/04	8/1/37	38,420	(13,961)
Fixed payer	3.5560%	LIBOR @ 60%+.26%	2/1/04	8/1/35	13,135	(702)
Fixed payer	4.0260%	LIBOR @ 60%+.26%	8/1/05	8/1/35	13,985	(507)
Fixed payer	4.1770%	LIBOR @ 60%+.26%	2/1/06	8/1/38	16,140	(615)
Fixed payer	3.0590%	LIBOR @ 60%+.21%	8/1/04	8/1/34	18,970	(2,816)
Fixed payer	3.6920%	LIBOR @ 60%+.26%	8/1/06	8/1/36	11,830	(2,148)
Fixed payer	3.3860%	LIBOR @ 60%+.26%	8/1/04	8/1/34	5,860	(173)
Fixed payer	3.3300%	LIBOR @ 60%+.26%	8/1/04	8/1/34	4,980	(649)
Fixed payer	4.9783%	SIFMA less .15%	8/1/06	2/1/39	13,375	(3,242)
Fixed payer	4.5390%	SIFMA less .15%	8/1/04	8/1/34	2,355	(494)
Fixed payer	3.4350%	LIBOR @ 60%+.21%	2/1/05	8/1/25	7,560	(1,192)
Fixed payer	3.5640%	SIFMA less .20%	7/1/05	8/1/35	2,205	(480)
Fixed payer	3.9540%	SIFMA less .15%	6/15/05	8/1/35	2,525	(476)
Fixed payer	4.0790%	SIFMA less .15%	2/1/07	2/1/37	23,670	(4,851)
Fixed payer	3.9570%	SIFMA less .15%	8/1/07	2/1/38	3,790	(771)
Fixed payer	3.7010%	LIBOR @ 60%+.26%	2/1/06	2/1/38	29,350	(6,685)
Fixed payer	4.042% * HR	97% SIFMA & HR	6/15/06	8/1/27	6,645	(1,127)
Fixed payer	4.381% * HR	97% SIFMA & HR	6/15/06	8/1/39	8,950	(1,889)
Fixed payer	4.492% * HR	97% SIFMA & HR	6/15/06	2/1/41	4,075	(922)
Fixed payer	3.9370%	LIBOR @ 64%+.25%	7/12/07	2/1/22	2,300	(324)
Fixed payer	4.2220%	LIBOR @ 64%+.25%	8/1/09	2/1/40	5,905	(1,469)
Fixed payer	3.7280%	LIBOR @ 63%+.30%	2/1/08	8/1/42	6,360	(1,003)
Fixed payer	3.9190%	LIBOR @ 63%+.30%	11/1/09	8/1/40	13,725	(3,137)
Fixed payer	3.2950%	LIBOR @ 61%+.24%	11/1/09	8/1/40	10,465	(2,443)
Fixed payer	3.3850%	SIFMA less .15%	8/1/03	8/1/36	22,625	(3,591)

Bond Issue	Type of Bond	Interest Rate Range	Final Maturity Date	Outstanding Fixed	Outstanding Variable	Total
			Bonds			
2008 Series B	Tax-Exempt	0.167%	2038		9,810	9,810
2008 Series C	Tax-Exempt	0.187%	2038		5,475	5,475
2008 Series C	Tax-Exempt	0.187%	2036		13,520	13,520
2008 Series C	Tax-Exempt	0.187%	2038		760	760
Affordable Multifamily Housing Revenue Bonds:						
2009 Series A-1	Tax-Exempt	4.090%	2043	12,500		12,500
2009 Series A-2	Tax-Exempt	3.210%	2042	4,830		4,830
2009 Series A-3	Tax-Exempt	3.210%	2042	5,740		5,740
2009 Series A-4	Tax-Exempt	3.210%	2042	5,090		5,090
2009 Series A-5	Tax-Exempt	3.210%	2042	4,650		4,650
2009 Series A-6	Tax-Exempt	3.010%	2044	5,100		5,100
2009 Series A-7	Tax-Exempt	3.010%	2051	14,120		14,120
2009 Series A-8	Tax-Exempt	3.010%	2051	12,970		12,970
2009 Series A-9	Tax-Exempt	3.010%	2044	10,850		10,850
2009 Series A-10	Tax-Exempt	3.010%	2044	48,660		48,660
2009 Series A-11	Tax-Exempt	3.010%	2040	9,770		9,770
2009 Series A-12	Tax-Exempt	3.010%	2041	6,510		6,510
2009 Series A-13	Tax-Exempt	3.010%	2041	5,790		5,790
2009 Series A-14	Tax-Exempt	3.010%	2044	10,370		10,370
2009 Series A-15	Tax-Exempt	3.010%	2051	7,010		7,010
2009 Series A-16	Tax-Exempt	3.550%	2044	4,250		4,250
2009 Series A-17-1	Tax-Exempt	3.550%	2044	12,870		12,870
2009 Series A-17-2	Tax-Exempt	0.680%	2044	1,130		1,130
2009 Series A-18	Tax-Exempt	3.550%	2044	9,460		9,460
2009 Series A-19	Tax-Exempt	2.320%	2051	77,830		77,830
2009 Series A-20	Tax-Exempt	2.330%	2051	16,500		16,500
2009 Series A-21	Tax-Exempt	2.320%	2046	55,780		55,780
2009 Series A-22	Tax-Exempt	2.320%	2039	36,530		36,530
Variable Rate Demand Limited Obligation Multifamily Housing Revenue Bonds (Mission Gardens Apartments)						
2009 Series A	Tax-Exempt	0.180%	2041		4,620	4,620
Variable Rate Demand Limited Obligation Multifamily Housing Revenue Bonds (Montecito Village Apartments)						
2009 Series B	Tax-Exempt	0.180%	2043		6,325	6,325
Limited Obligation Multifamily Housing Revenue Bonds (Fairmont Apartments)						
2009 Series C	Tax-Exempt	7.000%	2026	442		442
Limited Obligation Multifamily Housing Revenue Bonds (Belovida Apartments)						
2010 Series A	Tax-Exempt	2.375%	2014	11,390		11,390
Subordinate Limited Obligation Multifamily Housing Revenue Bonds (Highlands Point Apartments)						
2010 Series B	Taxable	6.000%	2044	2,350		2,350
Limited Obligation Multifamily Housing Revenue Bonds (South Pace Apartments)						
2010 Series C	Tax-Exempt	4.500%	2012	5,442		5,442

Swaps

Type	Fixed Rate Paid By Agency	Floating Rate Received By Agency	Effective Date	Termination Date	Outstanding Notional/Applicable Amount	Fair Value
Fixed payer	4.2950%	SIFMA less .15%	8/1/05	2/1/38	26,990	(4,581)
Fixed payer	3.8830%	LIBOR @ 60%+.26%	12/1/04	8/1/38	8,425	(2,500)
Fixed payer	3.9680%	LIBOR @ 60%+.26%	7/1/05	2/1/36	13,520	(3,756)
Fixed payer	4.0600%	LIBOR @ 60%+.26%	2/1/06	8/1/38	8,750	(2,774)

Bond Issue	Type of Bond	Interest Rate Range	Final Maturity Date	Outstanding Fixed	Outstanding Variable	Total
				Bonds		
Limited Obligation Multifamily Housing Revenue Bonds (One Santa Fe Apartments)						
2011 Series A	Tax-Exempt	3.350%	2021	8,370		8,370
Limited Obligation Multifamily Housing Revenue Bonds (Woolf House Apartments)						
2011 Series B	Tax-Exempt	1.050%	2014	16,700		16,700
				2,982,664	3,520,735	6,503,399
Unamortized discount						(314)
Unamortized premium						9,798
Unamortized deferred losses on refundings						(3,367)
Total Bonds						$ 6,509,516

Swaps

Type	Fixed Rate Paid By Agency	Floating Rate Received By Agency	Effective Date	Termination Date	Outstanding Notional/Applicable Amount	Fair Value
					$ 2,303,445	$ (324,224)

Bank Bonds: Under standby bond purchase agreements for the Agency's Variable Rate Demand Obligations ("VRDO"), if the Agency's variable rate bonds cannot be remarketed, the banks under the agreement are required to buy the bonds from the bondholders. These bonds may be remarketed or may be subject to mandatory redemptions at a later date. As of June 30, 2012 and 2011, the Agency had no outstanding bank bonds.

Note Payable: The Agency entered into a loan agreement with Citibank N.A. on March 1, 2010. The Agency received funds to use for special bond redemptions in exchange for a total note payable of $95.1 million. The loan is collateralized by the Multifamily loan receivables. The Agency collects and remits the mortgage payments less servicing fees to Citibank on 35 Multifamily loans. The Citibank loans note payable balance is $87.9 million and $90.1 million at June 30, 2012 and 2011, respectively, as included in Notes Payable in the combined statements of net assets. The outstanding maturity dates of the note payable are various and ranges from July 1, 2012 to January 1, 2046. The range of the interest rates for the note payable is from 5.25% to 9.15%. The table below provides a summary of the note payment requirements for the next five years and in five year increments thereafter (dollars in thousands).

Fiscal Year Ending June 30	Principal	Interest	Total
2013	$ 3,204	$ 4,780	$ 7,984
2014	3,074	4,610	7,684
2015	3,270	4,419	7,689
2016	3,427	4,218	7,645
2017	3,550	4,032	7,582
2018-2022	20,952	16,823	37,775
2023-2027	24,129	10,504	34,633
2028-2032	15,405	4,986	20,391
2033-2037	7,320	1,703	9,023
2038-2042	1,968	665	2,633
2043-2047	1,630	158	1,788
Total	$ 87,929	$ 56,898	$ 144,827

Conduit Bond Obligations: Beginning in 2010, the Agency has issued conduit housing revenue bonds to provide financial assistance for the acquisition, construction, and development of multifamily rental housing. The bonds are limited obligations of the Agency, payable solely from the revenues and other funds and money pledged and assigned under the applicable indenture, series indenture, or master pledge and assignment. However, the bonds are reported as liabilities in the accompanying financial statements along with the related assets.

The Agency had twenty-nine series of conduit debt obligations aggregating $342 million as of June 30, 2012 and twenty-five series of conduit debt obligations aggregating $224 million as of June 30, 2011.

Reconciliation of Bonds Payable: Changes in bonds payable for the year ended June 30, 2012 and 2011 are as follows (dollars in thousands):

	2012 Totals	2011 Totals
Beginning of year balance	$ 7,851,024	$ 8,905,816
New bonds issued	32,862	111,627
Scheduled maturities	(136,337)	(171,286)
Redemptions	(1,236,983)	(994,314)
Bond accretions	453	2,478
Amortized discount	78	330
Amortized premium	(1,916)	(4,112)
Amortized deferred loss	335	485
End of year balance	$ 6,509,516	$ 7,851,024
Current portion	$ 107,273	$ 173,961
Noncurrent portion	6,402,243	7,677,063
Total	$ 6,509,516	$ 7,851,024

Variable Rate Debt and Debt Service Requirements: The Agency's variable rate debt is typically related to remarketed rates or common indices such as the Securities Industry and Financial Markets Association ("SIFMA") or the London Inter-Bank Offered Rate ("LIBOR") and resets periodically. The interest calculations shown in the table below are based on the variable rate in effect at June 30, 2012, and may not be indicative of the actual interest expense that will be incurred by the Fund. As rates vary, variable rate bond interest payments and net swap payments will vary. The table below provides a summary of debt service requirements and net swap payments for the next five years and in five year increments thereafter (dollars in thousands).

Fiscal Year Ending June 30	Fixed/Variable Unswapped Principal	Fixed/Variable Unswapped Interest	Variable Swapped Principal	Variable Swapped Interest	Interest Rate Swaps, Net	Total
2013	$ 90,082	$123,799	$ 17,190	$ 5,650	$ 85,710	$ 322,431
2014	140,780	121,051	18,700	5,523	78,569	364,623
2015	144,770	116,136	29,940	5,420	72,178	368,444
2016	137,995	111,345	45,990	5,278	66,328	366,936
2017	134,335	106,846	43,720	5,116	60,945	350,962
2018-2022	755,205	460,396	310,965	22,699	242,053	1,791,318
2023-2027	784,377	336,933	295,185	17,246	170,352	1,604,093
2028-2032	915,730	229,717	512,160	11,282	109,240	1,778,129
2033-2037	843,520	142,874	393,780	4,272	43,302	1,427,748
2038-2042	549,050	69,329	85,800	869	4,122	709,170
2043-2047	212,175	12,501	16,540	29	7	241,252
2048-2052	25,410	906				26,316
Total	$ 4,733,429	$ 1,831,833	$ 1,769,970	$ 83,384	$ 932,806	$ 9,351,422

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

Terms, Fair Value and Credit Risk: The terms, including the fair values, of the outstanding fixed payer swaps as of June 30, 2012 are summarized in the table at the beginning of Note 7. The terms, including fair values, of the outstanding basis swaps are summarized in the table under Basis Risk Associated with Interest Rate Swaps.

The fair value of the swaps is reported as "Derivative swap asset" within "Other assets and deferred outflow" in the statements of net assets or as "Derivative swap liability" within "Other liabilities and deferred inflow." The cumulative gain or loss on the fair value of the effective swaps is reported as "Deferred outflow of resources" within "Other assets and deferred outflows" or "Deferred inflow of resources" within "Other liabilities and deferred inflows" in the statements of net assets. Alternatively, the gain or loss on the fair value of the ineffective swaps is reported as "Investment swap revenues" within "Other revenues" in the statements of revenues, expenses and changes in net assets. The Agency did not pay or receive any cash when the swap transactions were initiated except for in-substance assignments. The following table summarizes the swap fair value activity in the statements of net assets as of June 30, 2012 and 2011 and the statements of revenues, expenses, and changes in net assets for the years ended June 30, 2012 and 2011 (dollars in thousands):

	2012	2011
Statements of Net Assets:		
Derivative swap asset	$ 376	$ 113
Deferred outflow of resources	239,108	212,374
Derivative swap liability	324,224	252,486
Statements of Revenues, Expenses, and Changes in Net Assets:		
Investment swap revenues	$ (44,741)	$ (3,360)

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

As of June 30, 2012, the Agency executes interest rate swap transactions with 12 swap counterparties. All of the Agency's interest rate swap agreements require the Agency to post collateral if its general obligation credit ratings, as issued by Moody's and Standard and Poor's fall below a certain level or if the fair value of the swaps breach a certain threshold. The collateral can be posted in several forms in the amount of the fair value of the interest rate swaps. If the Agency does not post collateral, the interest rate swap can be terminated by the counterparty. As of June 30, 2012, the Agency had a total cash and fair value of mortgage-backed securities posted as collateral with swap counterparties in the amount of $85.0 million and $35.3 million, respectively, as included in "Other assets" and "Investments" in the statements of net assets. As of June 30, 2011, the Agency had a total cash and fair value of mortgage-backed securities posted as collateral in the amount of $51.9 million and $26.2 million, respectively

Because interest rates are generally lower than the rates in effect at inception of the swap agreements, the Agency's fixed payer swap agreements had an aggregate negative fair value of $324.2 million as of June 30, 2012 and $252.3 million as of June 30, 2011. Fair values are as reported by the Agency's dealer counterparties and are estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

As of June 30, 2012, the Agency's swap portfolio had an aggregate asset position of $0.4 million. This represents the maximum loss that would be reported at the reporting date if all counterparties failed to perform as contracted. However, this maximum exposure is eliminated by the applicable counterparty swap liabilities included in the $324.2 million total. Therefore, the Agency has no net exposure to credit risk.

The table below shows the number of fixed payer swaps and outstanding notional amounts by the counterparties' respective credit ratings as of June 30, 2012 (dollars in thousands).

Moody's	Standard & Poors	Outstanding Notional Amount	Number of Swap Transactions
Aa1	AA-	$ 25,000	1
Aa2	AAA	231,560	7
Aa2	AA	54,360	2
Aa3	AAA	654,590	36
Aa3	A+	594,260	19
A1	A	10,465	1
A2	A+	194,605	11
A2	A	14,265	2
Baa1	A-	111,830	2
Baa2	A-	412,510	16
		$ 2,303,445	97

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

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

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

Multiple swap formulas have been used by the Agency. As of June 30, 2012, the formulas for the swap portfolio utilized the SIFMA, the 1 month LIBOR, the 3 month LIBOR, and the 6 month LIBOR rates. As of June 30, 2012, rates for the SIFMA, the 1 month LIBOR, the 3 month LIBOR, and the 6 month LIBOR were 0.18%, 0.25%, 0.46%, and 0.73% respectively. The swap formulas will continue to be monitored for its effectiveness in the case that the Agency chooses to enter into any future interest rate swaps. In addition, the Agency holds 8 basis swaps as a means to change the variable rate formula received for $215.3 million of swap notional amount. These basis swaps changed the variable rate formula received from counterparties from 65% of LIBOR to those described in the following table as of June 30, 2012 (dollars in thousands):

Bond Issue	Variable Rate Paid By Agency	Floating Rate Received By Agency */**	Effective Date	Termination Date	Outstanding Notional/Applicable Amount	Fair Value
Home Mortgage Revenue Bonds:						
2000 Series C	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	2/1/17	$ 27,445	$ 26
2000 Series J	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/30	20,670	45
2000 Series U	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/15	17,905	12
2000 Series X-2	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/31	22,770	46
2001 Series N	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/18	8,365	12
2002 Series B	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/27	33,925	67
2002 Series F	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	2/1/24	42,625	86
2002 Series M	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/22	41,600	82
					$ 215,305	$ 376

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

**The variable interest rate received by the counterparties is dependent on the LIBOR interest rate at the time of settlement. The rate shown in the table is the effective rate at June 30, 2012.

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

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

Over Hedged Bonds: All notional amounts (or "applicable amounts") of the fixed payer swaps match the principal amounts of the associated debt with the following exceptions as of June 30, 2012 (dollars in thousands):

Bond Issue	Bonds Outstanding	Swap Notional Amount	Unmatched Swap	Fair Value
Home Mortgage Revenue Bonds				
1999 Series O		$ 1,045	$ 1,045	$ (6)
2000 Series D		1,420	1,420	(10)
2000 Series J *		18,990	18,990	(5,538)
2000 Series X2 *	$ 11,150	22,770	11,620	(2,978)
2001 Series J	27,420	28,155	735	(103)
2001 Series N *		7,010	7,010	(614)
2001 Series U	37,225	42,590	5,365	(838)
2002 Series B *	32,895	33,925	1,030	(228)
2002 Series F *		35,620	35,620	(5,083)
2002 Series M *	39,250	41,600	2,350	(321)
2002 Series P		50,610	50,610	(6,300)
2002 Series Q	5,030	10,635	5,605	(295)
2003 Series M	40,255	41,570	1,315	(20)
2004 Series A		27,085	27,085	(2,478)
2004 Series E	38,940	42,540	3,600	(153)
2004 Series G		48,085	48,085	(6,787)
2004 Series G		6,275	6,275	(246)
2004 Series I		15,285	15,285	(2,069)
2005 Series B	9,755	24,600	14,845	(670)
2005 Series D	44,755	48,470	3,715	(202)
2006 Series F	7,100	60,000	52,900	(3,794)
2006 Series F	54,295	60,000	5,705	(709)
2007 Series H	41,255	50,000	8,745	(1,198)
2007 Series K	17,340	25,000	7,660	(799)
2008 Series E	7,930	9,235	1,305	(98)
2008 Series I	13,990	33,700	19,710	(5,728)
Multifamily Housing Revenue Bonds III				
2000 Series D	12,365	13,170	805	(232)
2001 Series D	615	2,200	1,585	(305)
2001 Series F	11,990	13,470	1,480	(293)
2001 Series G	39,335	40,865	1,530	(397)
2002 Series A	8,875	15,970	7,095	(1,908)
2002 Series A	6,815	10,955	4,140	(1,542)
2002 Series B	17,280	22,950	5,670	(1,338)
2002 Series C	15,125	15,350	225	(76)
2002 Series C	5,985	13,060	7,075	(2,269)
2002 Series D	4,045	11,025	6,980	(1,888)
2003 Series C	9,225	13,135	3,910	(209)
2003 Series C	13,300	13,985	685	(25)
2003 Series C	8,995	16,140	7,145	(272)
2004 Series A		18,970	18,970	(2,816)
2004 Series B	1,905	11,830	9,925	(1,802)
2004 Series B	5,835	5,860	25	(1)
2004 Series B	1,570	2,355	785	(165)
2004 Series C	7,435	7,560	125	(20)
2005 Series B	2,360	2,525	165	(31)
2005 Series B	2,645	23,670	21,025	(4,309)
2005 Series B	3,180	3,790	610	(124)
2005 Series D	16,610	29,350	12,740	(2,902)
2006 Series A	1,070	6,645	5,575	(946)
2006 Series A	1,360	8,950	7,590	(1,602)
2006 Series A	3,595	4,075	480	(109)
2007 Series B	1,535	5,905	4,370	(1,087)
2007 Series B	845	2,300	1,455	(205)
2007 Series C	5,845	6,360	515	(81)
2007 Series C	4,740	13,725	8,985	(2,054)
2008 Series A	7,985	10,465	2,480	(579)
2008 Series B	9,810	26,990	17,180	(2,916)
2008 Series B	19,045	22,625	3,580	(568)
2008 Series C	5,475	8,425	2,950	(875)
2008 Series C	760	8,750	7,990	(2,533)
Total	$ 686,140	$ 1,219,615	$ 533,475	$ (83,744)

*Includes Basis Swap.

Borrowings Payable for Interest Rate Swaps: From time to time, the Agency transfers excess interest rate swap notional (or applicable) amounts between variable rate bond series. Generally, the transfers result in derivative instruments with off-market terms. In previous years, the Agency has established a borrowing payable in the amount of the swap fair value at the time of transfer and amortized it over the life of the swap. However upon further review, the Agency has concluded that this type of non-cash transaction has not been addressed in current governmental authoritative accounting guidance. Therefore, the Agency has fully amortized any remaining borrowings payable.

As of June 30, 2011, the Agency had borrowings payable of $9.4 million. The borrowings payable is reported within "Other liabilities and deferred inflows" in the statements of net assets and the amortization is reported within "Interest" in the statements of revenues, expenses, and changes in net assets.

Note 8 – NONMORTGAGE INVESTMENT AND MORTGAGE YIELD

In accordance with Federal law, the Agency is required to rebate to the Internal Revenue Service ("IRS") the excess of the amount actually earned on all nonmortgage investments (derived from investing the bond proceeds) over the amount that would have been earned had those investments borne a rate equal to the yield on the bond issue, plus any income attributable to such excess. As of June 30, 2012 and 2011, the Fund had liabilities to the IRS totaling $1.6 million and $2.3 million respectively reported in the statements of net assets as "Due to IRS" within "Due to other government entities." The net effect of changes in the liability account has been recorded as an increase in "Interest income: Investments" in the statements of revenues, expenses and changes in net assets.

Additionally, the Agency has identified all the bond series that were issued as variable rate plans of finance and subject to review and monitoring of mortgage yield excess. As of June 30, 2012 and 2011, the Fund had liabilities to the IRS totaling $17.8 million and $20.9 million respectively reported in the statements of net assets as "Due to IRS" within "Due to other government entities." The net effect of this change is recorded as an increase in "Interest income: Program loans" in the statements of revenues, expenses and changes in net assets. The Agency will continue to monitor the status of mortgage yield compliance to mitigate further liability.

Note 9 – EXTINGUISHMENT OF DEBT

On December 20, 2011, the Agency issued Affordable Multifamily Housing Revenue Bonds 2009 Series A-21 and A-22 and the proceeds were used to refund prior Multifamily Housing Revenue Bonds III series. The losses from the debt refundings were deferred and will be amortized as a component of interest expense over the shorter of the term of the bonds extinguished or the term of the refunding bonds. Both instances were applicable in the debt refundings. A summary of the losses from the extinguishment of Multifamily Rental Housing Programs' debt for the year ended June 30, 2012 is as follows (dollars in thousands):

Unmatured principal	$ 92,670
Unamortized bond issuance costs	(215)
Unamortized underwriter's fees	(263)
Net obligation refunded	92,192
Less proceeds disbursed	92,670
Deferred loss on refunding	$ (478)

The refundings will decrease the debt service cash flow for Multifamily Rental Housing Programs by approximately $16.6 million. The refundings may also provide for an economic gain (present value of the difference between new and old debt service requirements) for Multifamily Housing Rental Programs, which is estimated to be $13.1 million.

For the year ended June 30, 2012, the Agency had no gain or loss on the early extinguishment of debt. However, for the year ended June 30, 2011, the Agency recorded a gain on the early extinguishment of debt of $35.5 million.

Note 10 – PENSION PLAN AND OTHER EMPLOYEE BENEFITS

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

For the CalPERS fiscal year ended June 30, 2012 the employer contribution rates were 18.175 - 17.025% for the period from July 2011 to June 2012. The employer contribution rates were 17.528% - 16.442% for July 2010 – December 2010 and 19.922% - 19.622% for January 2011 to June 2011.

The Fund's contributions to the PERF for the years ended June 30, 2012 and 2011 were $7.1 million and $5.9 million, respectively, equal to the required contributions for each fiscal year.

Required contributions are determined by actuarial valuation using the individual entry age normal actuarial cost method. The most recent actuarial valuation available is as of June 30, 2010 which actuarial assumptions included (a) 7.75% investment rate of return compounded annually, (b) projected salary increases that vary based on duration of service, and (c) overall payroll growth factor of 3.25% annually. Both (a) and (c) included an inflation component of 3% compounded annually and a .25% per annum productivity increase assumption.

The most recent actuarial valuation of the PERF indicated that there was an unfunded actuarial accrued liability. The amount of the under funded liability applicable to each agency or department cannot be determined. For trend information, which presents CalPERS progress in accumulating sufficient assets to pay benefits when due, please see the June 30, 2012 CalPERS CAFR.

The Other Postemployment Benefits ("OPEB") is a cost-sharing multiple-employer defined benefit healthcare plan administered by CalPERS. The State of California is required to include the information in its financial reports. State Controller's Office sets the employer contribution rate based on the annual required contribution ("ARC") of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Agency's estimated unfunded OPEB costs were $13.4 million and $9.9 million for the year ended June 30, 2012 and June 30, 2011. This liability was added to personal services at the end of fiscal year. As of June 30, 2012, the allocated contribution of OPEB from the Fund was $1.8 million, compared to $1.6 million for the year ended June 30, 2011. CalPERS issues a publicly available CAFR that includes financial statements and required supplementary information for the OPEB.

Note 11 – COMMITMENTS

As of June 30, 2012, the Agency had no outstanding commitments and conditionally approved loan reservation to fund Homeownership Program and Multifamily Program loans. As of June 30, 2012, the Agency had proceeds available from bonds issued to fund $1.8 million of Homeownership Program loans and $0.5 million of Multifamily Program loans.

Note 12 – LEASES

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

Fiscal years ended June 30	500 Capitol Mall Tower, LLC (Sacramento Office) Lease ends 7/31/23	Harsch Investment Properties, LLC (West Sacramento Office) Lease ends 5/31/15	Slauson Investors, LLC (Culver City Office) Lease ends 8/31/13	Total
2012	$2,018	$322	$301	$2,641
2013	2,235	347	313	2,895
2014	2,280	358	27	2,665
2015	2,325	302	-	2,627
2016	2,372	-	-	2,372
2017 - 2021	12,590	-	-	12,590
2022 - 2026	5,623	-	-	5,623
Total	$29,443	$1,329	$641	$31,413

Note 13 – ARRANGEMENTS WITH THE MORTGAGE INSURANCE FUND

All operating and administrative expenses of the Agency are initially paid from the Fund including certain operating and administrative expenses in support of mortgage guarantee insurance programs which are reported in the Mortgage Insurance Fund. Monthly, the Fund charges the Mortgage Insurance Fund for these expenses.

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

Subsequently, the Agency Executive Director established an inter-fund credit agreement in the amount of $10 million in which the Mortgage Insurance Fund may borrow from the Fund as needed for the purpose of paying claims arising out of policies of mortgage guarantee insurance and costs and expenses related to the payment of such claims. Interest rate(s) and repayment terms are determined upon receipt of a request to draw on this credit facility. The Mortgage Insurance Fund had not requested a draw on this credit through June 30, 2012.

Resolution 03-19 authorized the Executive Director of the Agency to create one or more supplementary reserve accounts within the SBSA of the California Housing Finance Fund to indemnify the Mortgage Insurance Fund for losses incurred or to pay claims, the amendment places a limitation on the indemnity obligation to an aggregate amount not to exceed $135 million. In August 2011, the cap was reached and the aggregate total of $135 million in gap claim payments was paid from May 2008 to August 2011 As of June 30, 2012, the allowance for loan loss reserve established under the HMRB indenture decreased $5.3 million from $122.3 million to $117 million.

Effective March 1, 2003, the Mortgage Insurance Fund entered into a reinsurance treaty and administrative services agreement with Genworth Mortgage Insurance Corporation ("Genworth"). This agreement cedes to Genworth a 75% quota share of the insurance risk for most loans insured by the Mortgage Insurance Fund and provides for certain administrative services to be performed by Genworth. Prior to February 2011, Genworth was paying the full amount of the loss (100%) to the insured and was billing the Mortgage Insurance Fund for its portion of the loss (25%) each month. Effective February 1, 2011, Genworth is paying for their portion of the loss (75%) directly to the insured and the Mortgage Insurance Fund is paying for its portion of the loss (25%) directly to the insured. As of June 30, 2012, there is no cash or investments remaining in the Mortgage Insurance Fund to pay outstanding claims. The California Housing Finance Fund has already established a reserve to cover the anticipated shortfall for the loans insured by the Mortgage Insurance Fund. As of June 30, 2012, the reserve amount established under the HMRB indenture was $51.2 million.

Note 14 – LITIGATION

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

Note 15 – RELATED PARTY TRANSACTIONS

CalHFA MAC entered into an administrative agreement with CalHFA for support services, which include an allocation of CalHFA staff to provide program oversight, administrative and legal support, and direct reimbursement for goods and services of outside vendors. Due to its status as a state governmental agency, CalHFA enjoys the benefit of discounts for goods and services with strategic business partners. The administrative agreement enables CalHFA MAC to leverage these discounts by providing for CalHFA to purchase goods and services during program implementation and ongoing operations. CalHFA MAC reimburses CalHFA for these items at the actual cost expended. CalHFA MAC had liabilities to CalHFA of $0.53 million and $0.50 million for the fiscal year ended June 30, 2012 and the period from May 21, 2010 (inception date) to June 30, 2011, respectively. These amounts were comprised of accounts payable and accrued expenses resulting from unbilled vendor invoices for materials and services. Additionally, actual cash reimbursements paid to CalHFA totaled $1.3 million and $1.9 million for the fiscal year ended June 30, 2012 and period from May 21, 2010 (inception date) to June 30, 2011, respectively.

CalHFA MAC also leases office space from the CalHFA under an operation lease with a term of four years and five months that expires April 30, 2015.

Note 16 – SUBSEQUENT EVENTS

On July 4, 2012, the Agency used $466.1 million of RMRB bond proceeds to refund $466.1 million of variable rate demand bonds in the HMRB indenture thus reducing the Agency's total variable rate debt and risks associated with these type of debt.

On September 18, 2012, Standard & Poor's Rating Services affirmed the Agency's issuer credit rating (ICR) at A- with negative outlook and also affirmed the Agency's HMRB at BBB with stable outlook. The rating actions did not trigger any additional collateral postings.

On September 20, 2012, the Agency Board of Directors adopted resolution 12-10 which approved the extension of the Agency's participation in U.S. Treasury Department's Temporary Credit and Liquidity Program through December 23, 2015. The U.S. Treasury Department signed the extension documents on September 28, 2012 which formally put the extension into place.

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CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL COMBINING STATEMENTS OF NET ASSETS WITH ADDITIONAL COMBINING INFORMATION
June 30, 2012

(Dollars in Thousands)

	HOMEOWNERSHIP PROGRAMS	MULTIFAMILY RENTAL HOUSING PROGRAMS	OTHER PROGRAMS AND ACCOUNTS	COMBINED TOTALS
ASSETS				
Current assets:				
Cash and cash equivalents	$ 528,299	$ 1,038	$ 30,528	$ 559,865
Investments	748,244	85,874	817,984	1,652,102
Current portion - program loans receivable	84,837	46,460	32,504	163,801
Interest receivable - Program loans	16,337	5,779	6,902	29,018
Interest receivable - Investments	4,540	1,070	896	6,506
Accounts receivable	19,354	-	5,540	24,894
Due (to) from other funds	(28,225)	959	27,266	-
Other assets	70	373	85,093	85,536
Total current assets	1,373,456	141,553	1,006,713	2,521,722
Noncurrent assets:				
Investments	410,255	127,443	39,807	577,505
Program loans receivable	3,578,265	1,207,033	509,752	5,295,050
Deferred financing costs	20,299	3,556	5	23,860
Other assets and deferred outflow	89,587	98,191	142,089	329,867
Total Noncurrent assets	4,098,406	1,436,223	691,653	6,226,282
Total Assets	$ 5,471,862	$ 1,577,776	$ 1,698,366	$ 8,748,004
LIABILITIES AND NET ASSETS				
Current liabilities:				
Bonds payable	$ 73,819	$ 33,454	-	$ 107,273
Interest payable	41,928	15,584	$ 27,443	84,955
Due (from) to other government entities	(68)	-	638	570
Compensated absences	-	-	4,254	4,254
Deposits and other liabilities	3,646	34	226,690	230,370
Total current liabilities	119,325	49,072	259,025	427,422
Noncurrent liabilities:				
Bonds payable	5,126,952	1,275,291	-	6,402,243
Notess payable	-	-	87,929	87,929
Due to other government entities	1,505	17,883	13,417	32,805
Other liablities and deferred inflow	-	134,668	189,556	324,224
Deferred revenues	1,658	13	21,898	23,569
Total noncurrent liabilities	5,130,115	1,427,855	312,800	6,870,770
Total Liabilities	5,249,440	1,476,927	571,825	7,298,192
Net assets				
Invested in capital assets	-	-	1,119	1,119
Restricted by indenture	222,422	100,849	-	323,271
Restricted by statute	-	-	1,125,422	1,125,422
Total Net assets	222,422	100,849	1,126,541	1,449,812
Total Liabilities and Net assets	$ 5,471,862	$ 1,577,776	$ 1,698,366	$ 8,748,004

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL COMBINING STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS WITH ADDITIONAL COMBINING INFORMATION
Year Ended June 30, 2012
(Dollars in Thousands)

	HOMEOWNERSHIP PROGRAMS	MULTIFAMILY RENTAL HOUSING PROGRAMS	OTHER PROGRAMS AND ACCOUNTS	COMBINED TOTALS
OPERATING REVENUES				
Interest income:				
Program loans and loan agreements -- net	$ 212,991	$ 59,281	$ 17,161	$ 289,433
Interest income - Investments -- net	23,508	5,790	5,034	34,332
Decrease in fair value of investments	26,998	13,038	1,541	41,577
Loan commitment fees	167	-	2,410	2,577
Other loan fees	9	-	27,369	27,378
Other revenues	1,129	(33,161)	50,627	18,595
Total Operating revenues	264,802	44,948	104,142	413,892
SALARIES AND GENERAL EXPENSES				
Interest	104,095	33,699	53,471	191,265
Amortization of bond discount and bond premium	(1,552)	528	-	(1,024)
Mortgage servicing fees	11,600	6	82	11,688
Provision (reversal) for estimated loan losses	94,968	(3,143)	14,008	105,833
Salaries and general expenses	-	-	41,303	41,303
Other expenses	44,181	9,591	116,460	170,232
Total salaries and general expenses	253,292	40,681	225,324	519,297
Operating (loss) income before transfers	11,510	4,267	(121,182)	(105,405)
Transfers in	-	-	75,142	75,142
Transfers intrafund	(36,659)	4,712	31,947	-
(Deficit) Net assets	(25,149)	8,979	(14,093)	(30,263)
Net assets at beginning of year	247,571	91,870	1,140,634	1,480,075
Net assets at end of year	$ 222,422	$ 100,849	$ 1,126,541	$ 1,449,812

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL COMBINING STATEMENTS OF CASH FLOWS
WITH ADDITIONAL COMBINING INFORMATION
Year Ended June 30, 2012
(Dollars in Thousands)

	HOMEOWNERSHIP PROGRAMS	MULTIFAMILY RENTAL HOUSING PROGRAMS	OTHER PROGRAMS AND ACCOUNTS	COMBINED TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 222,235	$ 61,246	$ 15,046	$ 298,527
Payments to suppliers	(12,512)	(197)	(11,119)	(23,828)
Payments to employees	-	-	(30,357)	(30,357)
Other receipts (payments)	617,045	31,735	(21,920)	626,860
Net cash provided by (used for) operating activities	826,768	92,784	(48,350)	871,202
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intrafund transfers	(36,659)	4,712	31,947	-
Changes in due from other government entities	1,389	-	(20,225)	(18,836)
Net cash provided by (used for) noncapital financing activities	(35,270)	4,712	11,722	(18,836)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sales of bonds	-	32,862	-	32,862
Payment of bond principal	(88,412)	(47,925)	(3,050)	(139,387)
Early bond redemptions	(1,074,765)	(162,218)	-	(1,236,983)
Interest paid on debt	(109,718)	(36,339)	(60,933)	(206,990)
Interfund transfers	-	-	75,142	75,142
(Increase) Decrease in deferred financing costs	(85)	321	(283)	(47)
Net cash used for capital and related financing activities	(1,272,980)	(213,299)	10,876	(1,475,403)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturity and sale of investments	2,732,499	378,058	1,038,708	4,149,265
Purchase of investments	(2,663,168)	(455,222)	(1,013,784)	(4,132,174)
Interest on investments	23,926	5,599	5,309	34,834
Net cash provided by investing activities	93,257	(71,565)	30,233	51,925
Net decrease in cash and cash equivalents	(388,225)	(187,368)	4,481	(571,112)
Cash and cash equivalents at beginning of year	916,524	188,406	26,047	1,130,977
Cash and cash equivalents at end of year	$ 528,299	$ 1,038	$ 30,528	$ 559,865
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	11,510	4,267	(121,182)	(105,405)
Adjustments to reconcile operating (loss) income to net cash provided by (used for) operating activities:				
Interest expense on debt	104,095	33,699	53,471	191,265
Interest on investments	(23,508)	(5,790)	(5,034)	(34,332)
Changes in fair value of investments	(26,998)	(13,038)	(1,541)	(41,577)
Accretion of capital appreciation bonds	453	-	-	453
Amortization of bond discount	46	32	-	78
Amortization of deferred losses	318	17	-	335
Amortization of bond issuance costs	3,952	635	288	4,875
Amortization of bond premium	(1,916)	-	-	(1,916)
Amortization of deferred revenue	(167)	-	(2,410)	(2,577)
Depreciation	-	-	277	277
Provision (reversal) for estimated loan losses	94,968	(3,143)	14,008	105,833
Provision for yield reduction payments	(3,791)	699	-	(3,092)
Provision for nonmortgage investment excess	(382)	(355)	-	(737)
Effect of changes in operating assets and liabilities:				
Purchase of program loans-net	(144,437)	(6,258)	(21,070)	(171,765)
Collection of principal from program loans - net	815,047	59,102	45,127	919,276
Interest receivable	9,245	1,966	(2,115)	9,096
Accounts receivable	(5,180)	1,054	5,045	919
Due (from) to other funds	(197)	(12,522)	12,719	-
Other assets and deferred outflow	(14)	(21,314)	(38,788)	(60,116)
Compensated absences	-	-	(111)	(111)
Deposits and other liab	(604)	(15)	(548)	(1,167)
Other liabilities and deferred inflow	(5,672)	53,748	13,514	61,590
Net cash provided by (used for) operating activities	$ 826,768	$ 92,784	$ (48,350)	$ 871,202
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Noncash transfer of program loan to REO	$ 115,873	$ -	$ 75	$ 115,948

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF NET ASSETS
HOMEOWNERSHIP PROGRAMS
June 30, 2012
(Dollars in Thousands)

	HOME MORTGAGE REVENUE BONDS	DRAW DOWN BONDS	SINGLE FAMILY HOUSING PROGRAM BONDS
ASSETS			
Current assets:			
Cash and cash equivalents	$ 11,732	$ -	$ 2
Investments	635,277	-	1,834
Current portion - program loans receivable	82,526	-	-
Interest receivable - Program loans	15,888	-	199
Interest receivable - Investments	3,682	-	1
Accounts receivable	19,291	-	-
Due (to) from other funds	(27,243)	-	(721)
Other assets	49	-	-
Total current assets	741,202	-	1,315
Noncurrent assets:			
Investments	151,278	-	-
Program loans receivable	3,496,487	-	43,029
Deferred financing costs	18,817	-	475
Other assets and deferred outflow	89,587	-	-
Total Noncurrent assets	3,756,169	-	43,504
Total Assets	$ 4,497,371	$ -	$ 44,819
LIABILITIES AND NET ASSETS			
Current liabilities:			
Bonds payable	$ 63,625	$ -	$ -
Interest payable	36,724	-	886
Due from other government entities	(68)	-	-
Deposits and other liabilities	3,631	-	2
Total current liabilities	103,912	-	888
Noncurrent liabilities:			
Bonds payable	4,206,346	-	77,545
Notess payable	-	-	-
Due to other government entities	1,505	-	-
Deferred revenues	1,567	-	-
Total noncurrent liabilities	4,209,418	-	77,545
Total Liabilities	4,313,330	-	78,433
Net assets			
Invested in capital assets	-	-	-
Restricted by indenture	184,041	-	(33,614)
Restricted by statute	-	-	-
Total Net assets	184,041	-	(33,614)
Total Liabilities and Net assets	$ 4,497,371	$ -	$ 44,819

SINGLE FAMILY HOME MORTGAGE BONDS	RESIDENTIAL MORTGAGE REVENUE BONDS	RESIDENTIAL MORTGAGE REVENUE BONDS OVERCOLLATERALIZATION	TOTAL HOMEOWNERSHIP PROGRAMS
$ -	$ 516,563	$ 2	$ 528,299
-	109,597	1,536	748,244
-	-	2,311	84,837
-	-	250	16,337
-	834	23	4,540
-	-	63	19,354
-	(240)	(21)	(28,225)
-	-	21	70
-	626,754	4,185	1,373,456
-	251,077	7,900	410,255
-	-	38,749	3,578,265
-	1,007	-	20,299
-	-	-	89,587
-	252,084	46,649	4,098,406
$ -	$ 878,838	$ 50,834	$ 5,471,862
$ -	$ 10,194	$ -	$ 73,819
-	4,318	-	41,928
-	-	-	(68)
-	5	8	3,646
-	14,517	8	119,325
-	843,061	-	5,126,952
-	-	-	-
-	-	-	1,505
-	-	91	1,658
-	843,061	91	5,130,115
-	857,578	99	5,249,440
-	-	-	-
-	21,260	50,735	222,422
-	-	-	-
-	21,260	50,735	222,422
$ -	$ 878,838	$ 50,834	$ 5,471,862

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
HOMEOWNERSHIP PROGRAM
Year Ended June 30, 2012
(Dollars in Thousands)

	HOME MORTGAGE REVENUE BONDS	DRAW DOWN BONDS	SINGLE FAMILY HOUSING PROGRAM BONDS
OPERATING REVENUES			
Interest income:			
Program loans and loan agreements -- net	$ 209,838	$ -	$ 754
Interest income - Investments -- net	13,966	-	8
Increase (Decrease) in fair value of investments	7,226	-	-
Loan commitment fees	165	-	-
Other loan fees	9	-	-
Other revenues	1,111	-	-
Total Operating revenues	232,315	-	762
SALARIES AND GENERAL EXPENSES			
Interest	91,057	-	2,002
Amortization of bond discount and bond premium	(1,630)	-	-
Mortgage servicing fees	11,484	-	-
Provision for estimated loan losses	90,902	-	4,198
Salaries and general expenses	-	-	-
Other expenses	43,425	-	375
Total salaries and general expenses	235,238	-	6,575
Operating income (loss) before transfers	(2,923)	-	(5,813)
Transfers in	-	-	-
Transfers intrafund	(80,428)	(90)	(1,757)
(Decrease) increase in net assets	(83,351)	(90)	(7,570)
Net assets at beginning of year	267,392	90	(26,044)
Net assets at end of year	$ 184,041	$ -	$ (33,614)

SINGLE FAMILY HOME MORTGAGE BONDS	RESIDENTIAL MORTGAGE REVENUE BONDS	RESIDENTIAL MORTGAGE REVENUE BONDS OVERCOLLATERALIZATION	TOTAL HOMEOWNERSHIP PROGRAMS
$ 2,017	$ -	$ 382	$ 212,991
54	9,457	23	23,508
(2)	19,122	652	26,998
2	-	-	167
-	-	-	9
18	-	-	1,129
2,089	28,579	1,057	264,802
1,519	9,517	-	104,095
78	-	-	(1,552)
100	-	16	11,600
(125)	-	(7)	94,968
-	-	-	-
42	337	2	44,181
1,614	9,854	11	253,292
475	18,725	1,046	11,510
-	-	-	-
(4,392)	319	49,689	(36,659)
(3,917)	19,044	50,735	(25,149)
3,917	2,216	-	247,571
$ -	$ 21,260	$ 50,735	$ 222,422

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF CASH FLOWS - HOMEOWNERSHIP PROGRAMS
Year Ended June 30, 2012
(Dollars in Thousands)

	HOME MORTGAGE REVENUE BONDS	DRAW DOWN BONDS	SINGLE FAMILY HOUSING PROGRAM BONDS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 218,990	$ -	$ 721
Payments to suppliers	(12,329)	-	(16)
Payments to employees	-	-	-
Other receipts (payments)	606,865	-	2,500
Net cash provided by operating activities	813,526	-	3,205
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intrafund transfers	(80,428)	(90)	(1,757)
Changes in due from other government entities	1,389	-	-
Net cash (used for) provided by noncapital financing activities	(79,039)	(90)	(1,757)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sales of bonds	-	-	-
Payment of bond principal	(85,532)	-	-
Early bond redemptions	(770,650)	-	-
Interest paid on debt	(95,701)	-	(2,133)
Interfund transfers	-	-	-
Increase in deferred financing costs	(86)	-	-
Net cash (used for) capital and related financing activities	(951,969)	-	(2,133)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturity and sale of investments	2,046,987	90	4,446
Purchase of investments	(1,874,861)	-	(3,771)
Interest on investments	14,675	-	10
Net cash provided by (used for) investing activities	186,801	90	685
Net decrease in cash and cash equivalents	(30,681)	-	-
Cash and cash equivalents at beginning of year	42,413	-	2
Cash and cash equivalents at end of year	$ 11,732	$ -	$ 2
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating (loss) income	$ (2,923)	$ -	$ (5,813)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Interest expense on debt	91,058	-	2,001
Interest on investments	(13,966)	-	(8)
Changes in fair value of investments	(7,226)	-	-
Accretion of capital appreciation bonds	453	-	-
Amortization of bond discount	46	-	-
Amortization of deferred losses	240	-	-
Amortization of bond issuance costs	3,844	-	26
Amortization of bond premium	(1,916)	-	-
Amortization of deferred revenue	(165)	-	-
Provision for estimated loan losses	90,901	-	4,198
Provision for yield reduction payments	(3,791)	-	-
Provision for nonmortgage investment excess	(382)	-	-
Effect of changes in operating assets and liabilities:			
Purchase of program loans-net	(144,190)	-	-
Collection of principal from program loans - net	805,198	-	1,962
Interest receivable	9,153	-	(33)
Accounts receivable	(5,368)	-	-
Due from other funds	(1,117)	-	875
Other assets and deferred outflow	6	-	-
Compensated absences	-	-	-
Deposits and other liab	(591)	-	(3)
Other liabilities and deferred inflow	(5,738)	-	-
Net cash (used for) provided by operating activities	$ 813,526	$ -	$ 3,205
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Noncash transfer of program loan to REO	$ 114,942	$ -	$ -

SINGLE FAMILY HOME MORTGAGE BONDS	RESIDENTIAL MORTGAGE REVENUE BONDS	RESIDENTIAL MORTGAGE REVENUE BONDS /ERCOLLATERALIZATI	TOTAL HOMEOWNERSHIP PROGRAMS
$ 2,392	$ -	$ 132	$ 222,235
(119)	(41)	(7)	(12,512)
-	-	-	-
48,696	10	(41,026)	617,045
50,969	(31)	(40,901)	826,768
(4,392)	319	49,689	(36,659)
-	-	-	1,389
(4,392)	319	49,689	(35,270)
-	-	-	-
(1,880)	(1,000)	-	(88,412)
(45,960)	(258,155)	-	(1,074,765)
(3,720)	(8,164)	-	(109,718)
-	-	-	-
86	(85)	-	(85)
(51,474)	(267,404)	-	(1,272,980)
105,050	575,926	-	2,732,499
(100,221)	(675,529)	(8,786)	(2,663,168)
59	9,182	-	23,926
4,888	(90,421)	(8,786)	93,257
(9)	(357,537)	2	(388,225)
9	874,100	-	916,524
$ -	$ 516,563	$ 2	$ 528,299
$ 475	$ 18,725	$ 1,046	11,510
1,519	9,517	-	104,095
(54)	(9,457)	(23)	(23,508)
2	(19,122)	(652)	(26,998)
-	-	-	453
-	-	-	46
78	-	-	318
16	66	-	3,952
-	-	-	(1,916)
(2)	-	-	(167)
(125)	-	(6)	94,968
-	-	-	(3,791)
-	-	-	(382)
			-
41,827	-	(42,074)	(144,437)
6,867	-	1,020	815,047
375	-	(250)	9,245
251	-	(63)	(5,180)
(216)	239	22	(197)
-	-	(20)	(14)
-	-	-	-
(19)	1	8	(604)
(25)	-	91	(5,672)
$ 50,969	$ (31)	$ (40,901)	$ 826,768
$ 931	$ -	$ -	$ 115,873

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF NET ASSETS
MULTIFAMILY RENTAL HOUSING PROGRAMS
June 30, 2012

(Dollars in Thousands)

	MULTIFAMILY LOAN PURCHASE BONDS	MULTIFAMILY HOUSING REVENUE BONDS II	MULTIFAMILY HOUSING REVENUE BONDS III	MULTIFAMILY HOUSING PROGRAM BONDS
ASSETS				
Current assets:				
Cash and cash equivalents	$ -	$ -	$ 865	$ 19
Investments	717	4,039	74,280	2,725
Current portion - program loans receivable	11,000	1,116	27,672	5,514
Interest receivable - Program loans	-	186	4,012	1,318
Interest receivable - Investments	-	3	928	14
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	959
Other assets	-	32	291	-
Total current assets	11,717	5,376	108,048	10,549
Noncurrent assets:				
Investments	-	-	82,851	2,840
Program loans receivable	4,472	30,336	750,501	26,665
Deferred financing costs	-	33	3,256	115
Other assets and deferred outflow	-	-	98,191	-
Total Noncurrent assets	4,472	30,369	934,799	29,620
Total Assets	$ 16,189	$ 35,745	$ 1,042,847	$ 40,169
LIABILITIES AND NET ASSETS				
Current liabilities:				
Bonds payable	$ -	$ 590	$ 25,223	$ -
Interest payable	91	815	14,278	17
Deposits and other liabilities	1	1	31	1
Total current liabilities	92	1,406	39,532	18
Noncurrent liabilities:				
Bonds payable	16,100	31,414	775,939	25,995
Notess payable	-	-	-	-
Due to other government entities	-	-	17,883	-
Other liablities and deferred inflow	-	-	134,668	-
Deferred revenues	-	-	13	-
Total noncurrent liabilities	16,100	31,414	928,503	25,995
Total Liabilities	16,192	32,820	968,035	26,013
Net assets				
Invested in capital assets	-	-	-	-
Restricted by indenture	(3)	2,925	74,812	14,156
Restricted by statute	-	-	-	-
Total Net assets	(3)	2,925	74,812	14,156
Total Liabilities and Net assets	$ 16,189	$ 35,745	$ 1,042,847	$ 40,169

MULTIFAMILY CONDUITS	AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS	TOTAL MULTIFAMILY RENTAL HOUSING PROGRAMS
$ 154	$ -	$ 1,038
-	4,113	85,874
294	864	46,460
25	238	5,779
-	125	1,070
-	-	-
-	-	959
-	50	373
473	5,390	141,553
-	41,752	127,443
55,191	339,868	1,207,033
-	152	3,556
-	-	98,191
55,191	381,772	1,436,223
$ 55,664	$ 387,162	$ 1,577,776
$ 5,441	$ 2,200	$ 33,454
26	357	15,584
-	-	34
5,467	2,557	49,072
50,197	375,646	1,275,291
-	-	-
-	-	17,883
-	-	134,668
-	-	13
50,197	375,646	1,427,855
55,664	378,203	1,476,927
-	-	-
-	8,959	100,849
-	-	-
-	8,959	100,849
$ 55,664	$ 387,162	$ 1,577,776

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
MULTIFAMILY PROGRAM
Year Ended June 30, 2012
(Dollars in Thousands)

	MULTIFAMILY LOAN PURCHASE BONDS	MULTIFAMILY HOUSING REVENUE BONDS II	MULTIFAMILY HOUSING REVENUE BONDS III	MULTIFAMILY HOUSING PROGRAM BONDS
OPERATING REVENUES				
Interest income:				
Program loans and loan agreements -- net	$ 1,379	$ 2,266	$ 51,439	$ 2,123
Interest income - Investments -- net	-	13	4,730	91
Increase in fair value of investments	-	-	9,386	451
Loan commitment fees	-	-	-	-
Other loan fees	-	-	-	-
Other revenues	-	-	(33,161)	-
Total Operating revenues	1,379	2,279	32,394	2,665
SALARIES AND GENERAL EXPENSES				
Interest	1,373	1,985	29,022	64
Amortization of bond discount and bond premium	-	32	482	-
Mortgage servicing fees	-	-	6	-
Provision (reversal) for estimated loan losses	-	(16)	(3,178)	58
Salaries and general expenses	-	-	-	-
Other expenses	6	113	8,483	599
Total salaries and general expenses	1,379	2,114	34,815	721
Operating income (loss) before transfers	-	165	(2,421)	1,944
Transfers in	-	-	-	-
Transfers intrafund	-	-	(6,424)	6,756
(Decrease) increase in net assets	-	165	(8,845)	8,700
Net assets at beginning of year	(3)	2,760	83,657	5,456
Net assets at end of year	$ (3)	$ 2,925	$ 74,812	$ 14,156

MULTIFAMILY CONDUITS	AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS	TOTAL MULTIFAMILY RENTAL HOUSING PROGRAMS
$ 306	$ 1,768	$ 59,281
-	956	5,790
-	3,201	13,038
-	-	-
-	-	-
-	-	(33,161)
306	5,925	44,948
306	949	33,699
-	14	528
-	-	6
-	(7)	(3,143)
-	-	-
-	390	9,591
306	1,346	40,681
-	4,579	4,267
-	-	-
-	4,380	4,712
-	8,959	8,979
-	-	91,870
$ -	$ 8,959	$ 100,849

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF CASH FLOWS - MULTIFAMILY RENTAL HOUSING PROGRAMS
Year Ended June 30, 2012
(Dollars in Thousands)

	MULTIFAMILY LOAN PURCHASE BONDS	MULTIFAMILY HOUSING REVENUE BONDS II	MULTIFAMILY HOUSING REVENUE BONDS III	MULTIFAMILY HOUSING PROGRAM BONDS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 1,378	$ 2,272	$ 52,402	$ 2,050
Payments to suppliers	(3)	(10)	(183)	(1)
Other receipts (payments)	11,218	968	192,831	3,129
Net cash provided by (used for) operating activities	12,593	3,230	245,050	5,178
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intrafund transfers	-	-	(6,424)	6,757
Net cash (used for) provided by noncapital financing activities	-	-	(6,424)	6,757
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sales of bonds	-	-	-	-
Payment of bond principal	(11,675)	(550)	(29,550)	-
Early bond redemptions	-	(3,400)	(139,085)	(18,455)
Interest paid on debt	(1,440)	(2,085)	(30,164)	(87)
Increase (decrease) in deferred financing costs	-	-	478	-
Net cash (used for) provided by capital and related financing activities	(13,115)	(6,035)	(198,321)	(18,542)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturity and sale of investments	13,117	16,953	186,273	18,144
Purchase of investments	(12,596)	(14,167)	(230,604)	(11,622)
Interest on investments	-	18	4,656	94
Net cash provided by (used for) investing activities	521	2,804	(39,675)	6,616
Net (decrease) increase in cash and cash equivalents	(1)	(1)	630	9
Cash and cash equivalents at beginning of year	1	1	235	10
Cash and cash equivalents at end of year	$ -	$ -	$ 865	$ 19
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	$ -	$ 165	$ (2,421)	$ 1,944
Adjustments to reconcile operating (loss) income to net cash provided by (used for) operating activities:				
Interest expense on debt	1,372	1,985	29,022	65
Interest on investments	-	(14)	(4,729)	(92)
Changes in fair value of investments	-	-	(9,386)	(451)
Amortization of bond discount	-	32	-	-
Amortization of deferred losses	-	-	481	-
Amortization of bond issuance costs	-	8	532	90
Provision (reversal) for estimated loan losses	-	(16)	(3,178)	58
Provision for yield reduction payments	-	-	699	-
Provision for nonmortgage investment excess	-	-	(355)	-
Effect of changes in operating assets and liabilities:				
Sale (Purchase) of program loans-net	-	-	168,247	2,412
Collection of principal from program loans - net	11,222	1,063	43,264	2,135
Interest receivable	-	6	962	(72)
Accounts receivable	-	-	1,054	-
Due (from) to other funds	-	-	(11,610)	(912)
Other assets and deferred outflow	-	2	(21,266)	-
Deposits and other liab	(1)	(1)	(14)	1
Other liabilities and deferred inflow	-	-	53,748	-
Net cash provided by (used for) operating activities	$ 12,593	$ 3,230	$ 245,050	$ 5,178
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Noncash transfer of program loan to REO	$ -	$ -	$ -	$ -

MULTIFAMILY CONDUITS	AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS	TOTAL MULTIFAMILY RENTAL HOUSING PROGRAMS
$ 416	$ 2,728	$ 61,246
-	-	(197)
(27,522)	(148,889)	31,735
(27,106)	(146,161)	92,784
-	4,379	4,712
-	4,379	4,712
32,862	-	32,862
(5,200)	(950)	(47,925)
(8)	(1,270)	(162,218)
(416)	(2,147)	(36,339)
-	(157)	321
27,238	(4,524)	(213,299)
-	143,571	378,058
-	(186,233)	(455,222)
-	831	5,599
-	(41,831)	(71,565)
132	(188,137)	(187,368)
22	188,137	188,406
$ 154	$ -	$ 1,038
$ -	$ 4,579	$ 4,267
306	949	33,699
-	(955)	(5,790)
-	(3,201)	(13,038)
-	-	32
-	(464)	17
-	5	635
-	(7)	(3,143)
-	-	699
-	-	(355)
(27,662)	(149,255)	(6,258)
140	1,278	59,102
110	960	1,966
-	-	1,054
-	-	(12,522)
-	(50)	(21,314)
-	-	(15)
-	-	53,748
$ (27,106)	$ (146,161)	$ 92,784
$ -	$ -	$ -

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF NET ASSETS
OTHER PROGRAMS AND ACCOUNTS
June 30, 2012
(Dollars in Thousands)

	HOUSING ASSISTANCE TRUST	CONTRACT ADMINISTRATION PROGRAMS	SUPPLEMENTAL BOND SECURITY ACCOUNT	EMERGENCY RESERVE ACCOUNT
ASSETS				
Current assets:				
Cash and cash equivalents	$ 2,192	$ 8,534	$ -	$ -
Investments	182,910	359,781	8,185	31,946
Current portion - program loans receivable	19,754	9,748	-	-
Interest receivable - Program loans	750	5,725	-	-
Interest receivable - Investments	320	325	8	29
Accounts receivable	1,445	-	-	137
Due (to) from other funds	(26,893)	(296)	17,735	1
Other assets	85,030	-	-	-
Total current assets	265,508	383,817	25,928	32,113
Noncurrent assets:				
Investments	39,807	-	-	-
Program loans receivable	148,406	275,536	-	-
Deferred financing costs	-	-	-	-
Other assets and deferred outflow	53	-	-	-
Total Noncurrent assets	188,266	275,536	-	-
Total Assets	$ 453,774	$ 659,353	$ 25,928	$ 32,113
LIABILITIES AND NET ASSETS				
Current liabilities:				
Interest payable	$ -	$ -	$ -	$ -
Due to other government entities	-	685	-	-
Compensated absences	-	-	-	-
Deposits and other liabilities	5	8,326	-	-
Total current liabilities	5	9,011	-	-
Noncurrent liabilities:				
Bonds payable	-	-	-	-
Notess payable	-	-	-	-
Due to other government entities	-	-	-	-
Other liabilities and deferred inflow	-	-	-	-
Deferred revenues	-	-	-	-
Total noncurrent liabilities	-	-	-	-
Total Liabilities	5	9,011	-	-
Net assets				
Invested in capital assets	-	-	-	-
Restricted by indenture	-	-	-	-
Restricted by statute	453,769	650,342	25,928	32,113
Total Net assets	453,769	650,342	25,928	32,113
Total Liabilities and Net assets	$ 453,774	$ 659,353	$ 25,928	$ 32,113

LOAN SERVICING	LOAN WAREHOUSING	HOMEOWNERSHIP SECONDARY MARKETING	CITIGROUP GLOBAL MARKETS	OPERATING ACCOUNT	TOTAL OTHER PROGRAMS AND ACCOUNTS
$ 19,071	$ 1	$ -	$ 163	$ 567	$ 30,528
206,666	98	-	-	28,398	817,984
-	-	-	3,002	-	32,504
-	31	-	396	-	6,902
184	1	-	-	29	896
3,244	-	-	-	714	5,540
(3,640)	17	-	-	40,342	27,266
-	-	-	-	63	85,093
225,525	148	-	3,561	70,113	1,006,713
-	-	-	-	-	39,807
-	3,249	-	82,561	-	509,752
-	-	-	-	5	5
-	-	-	-	142,036	142,089
-	3,249	-	82,561	142,041	691,653
$ 225,525	$ 3,397	-	86,122	$ 212,154	$ 1,698,366
$ -	$ -	$ -	$ 476	$ 26,967	$ 27,443
-	-	-	-	(47)	638
-	-	-	-	4,254	4,254
216,618	-	-	-	1,741	226,690
216,618	-	-	476	32,915	259,025
-	-	-	-	-	-
-	-	-	87,929	-	87,929
-	-	-	-	13,417	13,417
-	-	-	-	189,556	189,556
-	-	-	-	21,898	21,898
-	-	-	87,929	224,871	312,800
216,618	-	-	88,405	257,786	571,825
-	-	-	-	1,119	1,119
-	-	-	-	-	-
8,907	3,397	-	(2,283)	(46,751)	1,125,422
8,907	3,397	-	(2,283)	(45,632)	1,126,541
$ 225,525	$ 3,397	$ -	$ 86,122	$ 212,154	$ 1,698,366

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
OTHER PROGRAMS AND ACCOUNTS
Year Ended June 30, 2012
(Dollars in Thousands)

	HOUSING ASSISTANCE TRUST	CONTRACT ADMINISTRATION PROGRAMS	SUPPLEMENTAL BOND SECURITY ACCOUNT	EMERGENCY RESERVE ACCOUNT
OPERATING REVENUES				
Interest income:				
Program loans and loan agreements -- net	$ 12,857	$ 4,242	$ -	$ -
Interest income - Investments -- net	2,462	1,364	99	145
Increase (decrease) in fair value of investments	1,789	-	-	-
Loan commitment fees	11	-	-	-
Other loan fees	1,287	-	-	-
Other revenues	3,555	2,644	-	-
Total Operating revenues	21,961	8,250	99	145
SALARIES AND GENERAL EXPENSES				
Interest	-	-	-	-
Mortgage servicing fees	82	-	-	-
(Reversal) provision for estimated loan losses	(1,702)	15,596	-	-
Salaries and general expenses	-	-	-	-
Other expenses	5,216	28,896	-	-
Total salaries and general expenses	3,596	44,492	-	-
Operating income (loss) before transfers	18,365	(36,242)	99	145
Transfers in	-	75,142	-	-
Transfers intrafund	(33,280)	-	-	-
(Decrease) Increase in net assets	(14,915)	38,900	99	145
Net assets (Deficit) at beginning of year	468,684	611,442	25,829	31,968
Net assets (Deficit) at end of year	$ 453,769	$ 650,342	$ 25,928	$ 32,113

LOAN SERVICING	LOAN WAREHOUSING	HOMEOWNERSHIP SECONDARY MARKETING	CITIGROUP GLOBAL MARKETS	OPERATING ACCOUNT	TOTAL OTHER PROGRAMS AND ACCOUNTS
$ -	$ 62	$ -	$ -	$ -	$ 17,161
2	824	-	-	138	5,034
-	(248)	-	-	-	1,541
-	-	-	-	2,399	2,410
5,422	-	-	-	20,660	27,369
71,198	5	10	-	(26,785)	50,627
76,622	643	10	-	(3,588)	104,142
-	35	-	-	53,436	53,471
-	-	-	-	-	82
-	181	-	(67)	-	14,008
-	-	-	-	41,303	41,303
73,486	-	1	-	8,861	116,460
73,486	216	1	(67)	103,600	225,324
3,136	427	9	67	(107,188)	(121,182)
-	-	-	-	-	75,142
(6,000)	(20,948)	(55)	-	92,230	31,947
(2,864)	(20,521)	(46)	67	(14,958)	(14,093)
11,771	23,918	46	(2,350)	(30,674)	1,140,634
$ 8,907	$ 3,397	$ -	$ (2,283)	$ (45,632)	$ 1,126,541

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF CASH FLOWS - OTHER PROGRAMS AND ACCOUNTS
Year Ended June 30, 2012
(Dollars in Thousands)

	HOUSING ASSISTANCE TRUST	CONTRACT ADMINISTRATION PROGRAMS	SUPPLEMENTAL BOND SECURITY ACCOUNT	EMERGENCY RESERVE ACCOUNT
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 13,160	$ 1,811	$ -	$ -
Payments to suppliers	(90)	-	-	-
Payments to employees	-	-	-	-
Other receipts (payments)	39,583	(73,724)	(6,928)	(32)
Net cash provided (used for) by operating activities	52,653	(71,913)	(6,928)	(32)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intrafund transfers	(33,280)	-	-	-
Due (from) to other government entities	-	-	(1,124)	-
Net cash provided by (used for) noncapital financing activities	(33,280)	-	(1,124)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payment of bond principal	-	-	-	-
Interest paid on debt	-	-	-	-
Interfund transfers	-	75,142	-	-
Increase in deferred financing costs	(220)	-	-	-
Net cash provided by (used for) capital and related financing activities	(220)	75,142	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturity and sale of investments	722,126	115,679	9,862	3,949
Purchase of investments	(741,493)	(115,263)	(1,931)	(4,071)
Interest on investments - net	2,393	1,485	121	153
Net cash (used for) provided by investing activities	(16,974)	1,901	8,052	31
Net increase (decrease) in cash and cash equivalents	2,179	5,130	-	(1)
Cash and cash equivalents at beginning of year	13	3,404	-	1
Cash and cash equivalents at end of year	$ 2,192	$ 8,534	$ -	$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	$ 18,365	$ (36,242)	$ 99	$ 145
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Interest expense on debt	-	-	-	-
Interest on investments	(2,462)	(1,364)	(99)	(145)
Changes in fair value of investments	(1,789)	-	-	-
Amortization of bond issuance costs	220	-	-	-
Amortization of bond premium	-	-	-	-
Amortization of deferred revenue	(12)	-	-	-
Depreciation	-	-	-	-
(Reversal) provision for estimated loan losses	(1,703)	15,596	-	-
Provision for nonmortgage investment excess	-	-	-	-
Effect of changes in operating assets and liabilities:				
Sale (Purchase) of program loans-net	36,366	(63,063)	-	-
Collection of principal from program loans - net	31,184	15,854	-	-
Interest receivable	303	(2,431)	-	-
Accounts receivable	(1,376)	-	-	(42)
Due (from) to ther funds	53,695	(1,332)	467	10
Other assets and deferred outflow	(85,008)	-	-	-
Compensated absences	-	-	-	-
Deposits and other liab	(7)	1,069	(7,395)	-
Other liabilities and deferred inflow	4,877	-	-	-
Net cash provided by (used for) operating activities	$ 52,653	$ (71,913)	$ (6,928)	$ (32)
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Noncash transfer of program loan to REO	$ 75	$ -	$ -	$ -

LOAN SERVICING	LOAN WAREHOUSING	HOMEOWNERSHIP SECONDARY MARKETING	CITIGROUP GLOBAL MARKETS	OPERATING ACCOUNT	TOTAL OTHER PROGRAMS AND ACCOUNTS
$ -	$ 68	$ -	$ 7	$ -	$ 15,046
-	-	-	-	(11,029)	(11,119)
-	-	-	-	(30,357)	(30,357)
9,858	29,223	(41)	3,053	(22,912)	(21,920)
9,858	29,291	(41)	3,060	(64,298)	(48,350)
(6,000)	(20,948)	(55)	-	92,230	31,947
-	(22,500)	-	-	3,399	(20,225)
(6,000)	(43,448)	(55)	-	95,629	11,722
-	-	-	(3,050)	-	(3,050)
-	(63)	-	(16)	(60,854)	(60,933)
-	-	-	-	-	75,142
-	-	-	-	(63)	(283)
-	(63)	-	(3,066)	(60,917)	10,876
54,567	62,023	-	-	70,502	1,038,708
(59,545)	(50,729)	-	-	(40,752)	(1,013,784)
53	945	-	-	159	5,309
(4,925)	12,239	-	-	29,909	30,233
(1,067)	(1,981)	(96)	(6)	323	4,481
20,138	1,982	96	169	244	26,047
$ 19,071	$ 1	$ -	$ 163	$ 567	$ 30,528
$ 3,136	$ 427	$ 9	$ 67	$ (107,188)	(121,182)
					-
					-
-	35	-	-	53,436	53,471
(3)	(824)	-	-	(137)	(5,034)
-	248	-	-	-	(1,541)
-	-	-	-	68	288
-	-	-	-	-	-
-	-	-	-	(2,398)	(2,410)
-	-	-	-	277	277
-	182	-	(67)	-	14,008
-	-	-	-	-	-
				-	
-	5,627	-	-	-	(21,070)
-	(4,964)	-	3,053	-	45,127
-	6	-	7	-	(2,115)
1,061	26	-	-	5,376	5,045
(342)	28,542	(50)	-	(68,271)	12,719
-	-	-	-	46,220	(38,788)
-	-	-	-	(111)	(111)
6,006	(5)	-	-	(216)	(548)
-	(9)	-	-	8,646	13,514
$ 9,858	$ 29,291	$ (41)	$ 3,060	$ (64,298)	$ (48,350)
$ -	$ -	$ -	$ -	$ -	$ 75

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California Housing Finance Agency

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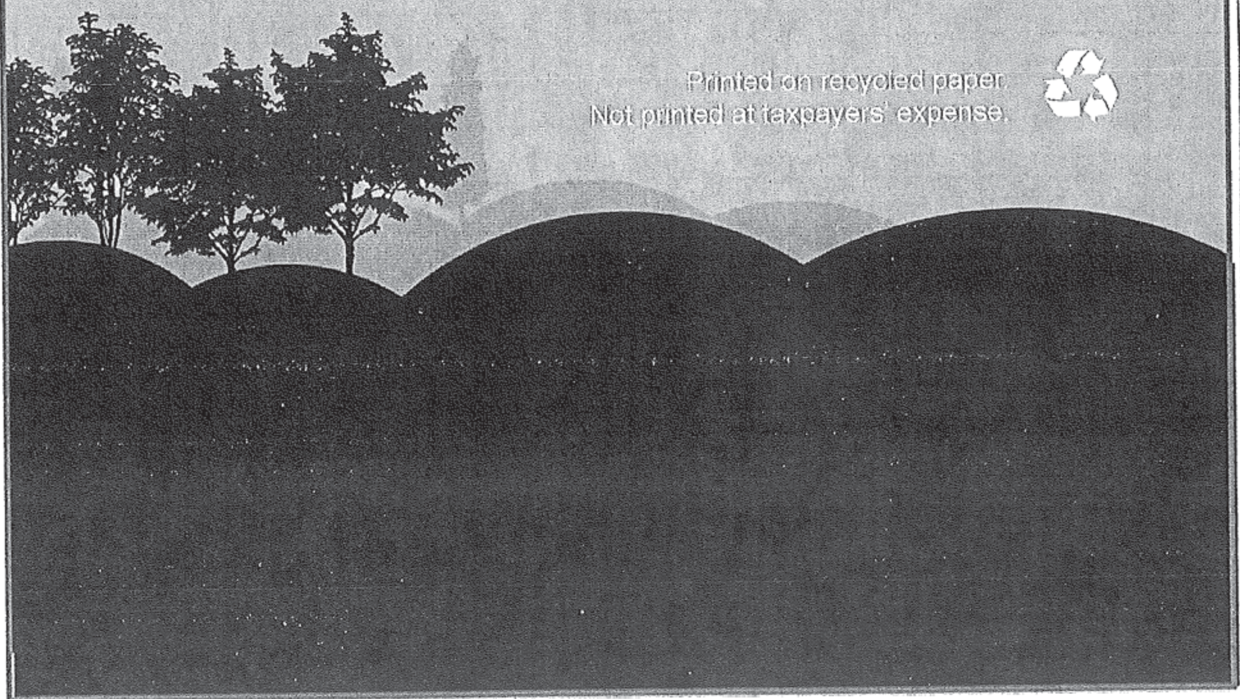

APPENDIX B

DESCRIPTION OF DEVELOPMENTS AND LOANS EXPECTED TO BE FINANCED BY OR ALLOCABLE TO THE BONDS

Name of Development	Location (City and County)	Name of Borrower	Percentage of Construction and Rehabilitation Completed	Projected Permanent Loan Origination Date	Projected Permanent Loan Amount	Projected Construction Loan Origination Date	Projected Acquisition/ Rehab Loan Amount	Projected Total Development Cost	Projected Permanent Loan Interest Rate	Projected Permanent Loan Term	Projected Construction Loan Interest Rate and Term	Projected Number of Units	Status of FHA Risk-Sharing	HAP Contract Expiration Date
Century Village Apts.	Fremont, Alameda	New Century Village, LP., a California limited partnership	0% Acquisition/ Rehab	July 2014	$6,430,000	January 2013	$15,000,000	$25,012,828	4.85%	35/16 years	4.85% 18 months	100	yes	N/A
Coronado Place (2)	Los Angeles, Los Angeles	671 Coronado Street, LP., a California limited partnership	0% Acquisition/ Rehab	July 2014	$1,490,000	January 2013	$6,000,000	$11,607,925	5.00%	35/16 years	5.00% 18 months	41	yes	N/A
Logan's Plaza (3)	Compton, Los Angeles	Logan's Plaza, LP., a California limited partnership	0% Acquisition/ Rehab	July 2014	$4,520,000	January 2013	$6,500,000	$12,522,703	5.25%	35/16 years	5.25% 18 months	61	yes	December, 2019
Villa Anaheim	Anaheim, Orange	Anaheim Affordable II, LP., a California limited partnership	0% Acquisition/ Rehab	January 2014	$9,000,000	January 2013	$11,500,000	$22,271,671	5.25%	35/16 years	5.25% 18 months	135	yes	N/A
Vintage at Kendall Apts.	San Bernardino, San Bernardino	San Bernardino 611, LP., a California limited partnership	0% Acquisition/ Rehab	July 2014	$10,580,000	January 2013	$10,580,000	$20,182,868	5.00%	35/16 years	5.00% 18 months	178	yes	N/A

Vintage at Stonehaven Apts.	Yorba Linda, Orange	Yorba Linda 610, LP., a California limited partnership	0% Acquisition/ Rehab	July 2014	$13,650,000	January 2013	$13,650,000	$21,479,511	4.90%	35/16 years	4.90% 18 months	125	yes	N/A
Woodbridge Village (3)	St. Helena, Napa	Woodbridge RAL, LP., a California limited partnership	0% Acquisition/ Rehab	July 2014	$5,310,000	December 2013	$6,720,000	$10,113,485	4.75%	35/16 years	4.75% 12 months	50	yes	January, 2018
				Total	$50,980,000		$69,950,000	$123,190,991				690		

(1) These projects have received final loan commitments from the Agency.

(2) The total projected permanent loan amount is $1,910,000. Of this amount, $1,490,000 is expected to be funded by the 2009 Series A-6 Multifamily Program Bonds. The balance of $420,000 is expected to be funded with the Agency's available monies.

(3) These Developments receive, and are expected to receive, Section 8 subsidies.