



CalHFA PORTFOLIO LOAN PREPAYMENT POLICY (“Policy”)
(Loans matured 15 years or more*)

Application Deadlines:

1. Prepayment Requests, Applications and the Application Fees must be received by **June 30, 2017**.
(This Policy expires and prepayments and related loans must close by **December 31, 2017**.)

This **Policy** allows certain owners of CalHFA portfolio multifamily projects (“Owner”) to prepay their existing CalHFA loan(s) if 1) CalHFA is either the lender or the bond issuer for the new financing and 2) the owner complies with all the terms and conditions as set forth below.

Qualification/Conditions/Requirements

1. The CalHFA loan must have matured for 15 years or more* and the Low Income Housing Tax Credit compliance period must be satisfied, as may be applicable.
2. Prepayment of the existing CalHFA loan(s) is allowed only if CalHFA is used as either the lender pursuant to one of CalHFA’s lending programs (“CalHFA Lending Program”) or the bond issuer under the CalHFA Conduit Issuer Program (“Conduit Issuer Program”) to finance the transaction.** Utilization of CalHFA as the lender under a CalHFA Lending Program may result in a lower yield maintenance fee.
3. The Owner shall submit in writing a request for prepayment to the CalHFA asset manager assigned to the project. The request shall include the name of the project, location of the project, the CalHFA Development number and the estimated loan closing and/or prepayment date. In addition to the request, the Owner must be in compliance with all conditions as set forth in the CalHFA loan documents. This request, as well as the Application and payment of the Application Fee pursuant to either a CalHFA Lending Program or the Conduit Issuer Program, as applicable, must be received by CalHFA on or before the Application Deadline designated above. Closing of the new financing and prepayment in full of the existing CalHFA loan must occur on or before **December 31, 2017**.
4. The purchaser of the CalHFA multifamily project shall be responsible for all costs of bond issuance including but not limited to fees of the underwriter, trustee, rating agencies, lender, compliance administrator, bond counsel, and any other parties required to complete the transaction. The Borrower will not be responsible for costs expressly retained by CalHFA.
5. CalHFA, in its sole and absolute discretion, will make a determination whether to allow prepayment based on tax, financial and public purpose considerations (see page 2, Public Purpose Considerations for Prepayment).
6. Owner agrees to pay all fees and costs associated with the prepayment of the CalHFA loan(s), including but not limited to the yield maintenance fee, processing fees, and any other fees and costs associated with the loan transaction.
7. Upon prepayment and the closing of new CalHFA financing, a CalHFA Regulatory Agreement (“Regulatory Agreement”) will be recorded against the property for the greater of (i) the term of the new CalHFA first-lien loan; (ii) the term of the qualified project period (“QPP”) as required by Section 142(d) of the Internal Revenue Code; (iii) 20 years; or (iv) the term of the California Debt Limit Allocation Committee (“CDLAC”) resolution requirements.
8. Owner is required to pay off all outstanding CalHFA debt. This includes subordinate loans, deferred payment loans, residual receipts loans, indirect loans provided by CalHFA to localities or other lending entities and made to a project, or any other financing provided directly or indirectly by CalHFA at loan origination or anytime thereafter.
9. Purchaser shall comply with CDLAC monitoring requirements for the term of the CDLAC resolution and pay a monitoring fee as determined by CalHFA.

* All references regarding the age of the CalHFA loan are based on the closing/conversion date of the CalHFA permanent loan.

** Developments being prepaid and refinanced using Federal 9% Low Income Housing Tax Credits (“9% LIHTC”) are excepted from this requirement. The existing CalHFA affordability restrictions and related requirements shall continue to restrict Developments using 9% LIHTCs until the later of: (i) the original term of the CalHFA financing; (ii) the QPP; or (iii) the

remaining term of the preexisting CDLAC Resolution requirements.

Public Purpose Considerations for Prepayment

In addition to the above-mentioned qualifications/conditions/requirements, and as a condition of CalHFA allowing a prepayment of the CalHFA loan(s), CalHFA, in its sole and absolute discretion, shall require that one or more of the following public purpose needs are addressed:

1. **Continued affordability:** CalHFA will give favorable consideration to projects that extend affordability restrictions beyond the term of the QPP. Affordability considerations include but are not limited to the term of a HUD Section 8 contract, Tax Credit Regulatory Agreement, or other enforceable restrictions which indicate the preservation or enhancement of affordability.
2. **Location:** If the project is located in an area of high demand for affordable housing, CalHFA will give favorable consideration for deeper or extended affordability than exists pursuant to prior restrictions.
3. **Green projects:** CalHFA will give favorable consideration for those projects being rehabilitated utilizing sustainable building methods and obtaining increased energy efficiencies.
4. **Special Needs:** CalHFA will give favorable consideration for those projects which benefit persons having special needs such as: mental health disabilities, physical disabilities, developmental disabilities, homeless or at risk of becoming homeless.
5. **Other Public Purpose Considerations:** CalHFA will give favorable consideration to any additional and significant public benefit that will result from a prepayment of the existing CalHFA financing

Questions

Please direct questions regarding the CalHFA Portfolio Loan Prepayment Policies to CalHFA's Asset Management Division:

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