Homeownership Programs
CalHFA Mid-Year Business Plan Update
Fiscal Year 2002-03
Accomplishments
Homeownership Production
By Fiscal Year

- FY 2001-02: $1,051,771,074 Goal, $562,500,000 Actual
- FY 2002-03: $509,421,881 Goal, $3,279 Actual

CalHFA
Affordable Housing is our Business
Mid-Year Accomplishments

First Mortgage Loan Programs
(as of 12/31/02)

- Purchased 3,279 first mortgages for
  $509,421,881 - an average of $155,359
  - 1,141 new constructions loans
    (34.8%); 2,138 resale loans (65.2%)
- 1,591 loans (48.5%) were made in
  high-cost areas
- 1,286 loans (39.2%) were made to low-income households (HCD defined)
CalHFA Second Loan Programs

- CHAP (100% Loan)
  - 2,315 second mortgage loans ($11,304,452) – an average of $4,883
  - 70.6% of all CalHFA mortgages have a CHAP second

- ECTP
  - 130 first mortgage loans ($24,947,098)
    - 108 second mortgage loans ($810,000)
HiCAP

- All six counties have originated loans
- 98 first mortgage loans ($26,225,132)
  - 77 second mortgage loans ($1,916,300)
- Pipeline $35,138,035 first mortgage loans with $4,815,000 in seconds
Borrower Incomes - FYTD
2002-2003

County Median Income by Family Size

- 120% or More: 18%
- 110% to 120%: 9%
- 100% to 110%: 10%
- 80% to 100%: 24%
- 50% to 80%: 33%
- 50% or Less: 6%

CalHFA
Affordable Housing is our Business
Self-Help Builder Assistance Program Loans

- FY 2002-2003 SHBAP Development Loan
  Allocation: $2,500,000
  - One Application in Process for $500,000
  - Applications Expected by April, 2003: Two @ $500,000 each
- 24 first mortgages were closed since 7/1/02
Homeownership Proposal 46 Implementation and Plan Concepts

- **CHDAP**
  - $117.5 million
  - 3% DPA

- **School Facility Fee**
  - $50 million
  - Econ. Distressed
  - First-Time Homebuyer

- **Teachers**
  - $25 million
  - $7,500 Second Active Program

- **Nonprofit Set Aside**
  - $12.5 million
  - Second Loans

- **Plan Concepts**
  - Looking at Lending Opport.
  - For Economic Stimulus

Cal HFA
Affordable Housing is our Business
Mortgage Insurance Services

CalHFA Mid-Year Business Plan Update
Fiscal Year 2002-2003

CalHFA

Affordable Housing is our Business
Accomplishments

- Selected and in process of implementing strategic alliance with GEMICO to provide agency with reinsurance and related services
- Finalizing the revisions to the Master Policy and related endorsements
- Reviewed all programs/products and streamlined offering as appropriate; upgrade reporting process and product codes
- Completing review of premium pricing structure including determining monthly premium for agency products
- Proceeding to standardize the insurance provided to support agency bond transactions
- Hired manager for Product Development and Outreach
- Working to expand Workforce Housing Initiative with CSU system
Proposition 46 Implementation

- Met with CAR to solicit input for potential gaps in market coverage and program enhancements
- Currently meeting with executives of KB Homes and KB Mortgage to discuss current agency partnership and potential expansion leveraging $85 million in funds
- Discussions to take place with CBIA, GSE’s, and several non-conforming investors in regards to opportunities to provide mortgage insurance coverage that is not available today from the private mortgage insurance companies
- Meet with both GEMICO and Milliman USA to discuss product voids and opportunities
- Convene a focus group or roundtable to include companies listed above along with realtors, lenders, consumers, and non-profits to determine best opportunities and areas of need to leverage the $85 million
- Continue work with Federal Home Loan Bank of San Francisco on Workforce Housing Initiative for San Francisco and California State University System
- Explore with CalHFA alternative bond structures

Cal HFA
Affordable Housing is our Business
Redesign Infrastructure
Continued

For Prop. 46 Implementation
Design and Program

Initiative
Housing Workforce
Expand

Changes Statutory and Legislative

Partner Reinsurance
New Transition to

Services Mortgage Insurance
MULTIFAMILY PROGRAMS

CalHFA Mid-Year Business Plan Update

Fiscal Year 2002-03
Loans and Dollar Volumes
In Process
Mid-Year 1999 - 2002

Dollar Volume (millions)

Loans

1999 2000 2001 2002

$357.4 $410.7 $382.3 $529.7

89 74 66 57

Cal HFA
Affordable Housing is our Business
Multifamily Programs
Mid Year Accomplishments

- Finalized the 202 Lending Program
  - Five projects in process
- Completed the Section 8 Portfolio finance policy and program
- Hired seven new staff including a deputy director and staff with expertise in senior projects and construction financing
- Issued HELP commitments for $10.6 million in the first round
  - Total HELP commitments to date equal $90 million representing 9,708 units
Multifamily Programs
Mid Year Accomplishments
(continued)

- Processed 13 new loans totaling $112.5 million, representing 1,322 units equaling 55% of goal
- Responded to lending opportunities and initiated several new program areas:
  - HOPE VI
  - Brownfields
  - U.C. Student Housing
  - Assisted Living Projects
- Processed five loans under the $4 million delegated authority
Multifamily Programs
Prop 46

Preservation Opportunity Fund

- Acquisition fund targeted to at-risk assisted projects
  - Short term funds, individual loans recycle within two years after being repaid through permanent financing
  - Bond funds leveraged with Agency monies to comprise the acquisition loan
  - Administered under an agreement with HCD
  - Loan underwriting pursuant to CalHFA guidelines
MULTIFAMILY
Program and Business Plan Concepts

New Construction
- MHP Construction Lending

Preservation
- HUD 202
- CalHFA 236
- Sec 8 Portfolio Prop 46 Fund

Mixed Income
- U.C. Housing
- 80/20 Infill
- Assisted Living

Supportive Housing
- Special Needs Housing Coordination

Special Lending
- HELP
- Tax Increment Small Project Infill
Asset Management

CalHFA Mid-Year
Business Plan Update
Fiscal Year 2002-2003
Accomplishments

- Purchased new software to improve processing the subsidy for our Section 8 projects. Additions to the system are intended to improve communication between project sites and CalHFA.
- 12 active loan modifications due to bond refundings (projected 6-12 for the fiscal year).
- 2 Section 8 mis-match projects actively being restructured through OMHAR (HUD’s Office of Multi Housing Assistance Restructuring). Two more in application stage.
- All Section 8 properties receive passing REAC scores from HUD (Real Estate Assessment Center).
- 6 REOs all operating well.
- 17 TPAs (Transfer of Physical Assets) in progress.
- 2 work outs in progress.
2003-2008 Business Plan Concepts

- Restructuring will be the major focus for remainder of 2003-2005:
  - 19 Section 8 mis-matches have contracts that expire in 2003
  - 3 expire in 2004 and 6 expire in 2005 or later.
- Section 8 coterminous owners are looking for ways to improve financial stability at projects while remaining in program.
- With much of CalHFA’s portfolio over 20 years old, owners with inadequate Reserve for Replacement funds are looking for financial assistance with rehabilitation and project improvements.
- REO status:
  - High interest by parties wishing to purchase our six REOs.
  - Olive Tree, located in Livingston requires major repairs to siding.
  - Perform hold/sell analysis and revisit CalHFA’s position to hold properties in-house.
Administration

CalHFA Mid-Year Business Plan Update
Fiscal Year 2002-2003
Administration
Mid Year Update

Space

- Meridian Plaza lease finalized and ready to sign

- Occupancy anticipated by mid-Summer 2003

- Will accommodate current overflow and anticipated growth

- Coterminous with Senator Hotel lease which expires in August 2009
Administration
Mid Year Update

- Proposition 46 impact
  - 4 positions added by fiscal year end
    - 2 Homeownership and 2 Multifamily Programs
  - Budget will not be augmented
    - Costs can be absorbed with salary savings
Administration
Mid Year Update

- 10 new employees hired since July
- Document Management and Imaging System
  - Successful pilot project in Office of General Counsel
  - Agency-wide implementation by end of calendar year 2003
Financing Agenda Items

Item 5  Single Family Bond Authorization
       Resolution 03-05

Item 6  Multifamily Bond Authorization
       Resolution 03-06

Item 7  Authorization for Application to CDLAC
       Resolution 03-07

Item 8  Authorization to Invest in Bonds
       Resolution 03-08
Single Family Bond Authorization Resolution 03-05

Volume Limits

- $ Amount Being Retired
- $ Amount of New CDLAC Allocations
- $ 900 MM of Taxable Bonds
Single Family Bonds
Financing Plans in 2003

- Six BiMonthly Issues of Home Mortgage Revenue Bonds
- Various Issues of Drawdown Bonds/Notes
- Bonds for Downpayment Assistance
- Continued Borrowing from State Investment Fund for Warehousing
- Expansion of Bank Line of Credit
Multifamily Bond Authorization
Resolution 03-06

Volume Limits

- $ Amount Being Retired
- $ Amount of New Allocation
- $ 400 MM for 501(c)(3) and taxable
- $ 300 MM for loan acquisitions
# Multifamily Bonds
## Financing Plans in 2003

<table>
<thead>
<tr>
<th>CDLAC Meetings</th>
<th>Proposed Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Round 1  March 26</td>
<td>June</td>
</tr>
<tr>
<td>Round 2  June 25</td>
<td>September</td>
</tr>
<tr>
<td>Round 3  September 24</td>
<td>December</td>
</tr>
</tbody>
</table>
Authorization to Apply to the California Debt Limit Allocation Committee Resolution 03-07

Single Family Bonds $600 Million
Multifamily Bonds $400 Million
Authorization to Invest in Unrated Bonds
Resolution 03-08

- Sec 51003 requires Board to approve
- Unrated bonds to be backed by special purpose loans such as second mortgages for down payment assistance
- Convenient mechanism for sharing the funding
## Interest Rate Swaps

(Millions of $)

<table>
<thead>
<tr>
<th></th>
<th>Tax-Exempt</th>
<th>Taxable</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single family</td>
<td>$1,088</td>
<td>$1,481</td>
<td>$2,569</td>
</tr>
<tr>
<td>Multifamily</td>
<td>511</td>
<td>0</td>
<td>511</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$1,599</strong></td>
<td><strong>$1,481</strong></td>
<td><strong>$3,080</strong></td>
</tr>
</tbody>
</table>