Today's Discussion

Federal HFA Initiative – NIBP and TCLP

**Assets**
- Loan Portfolio
- Delinquencies
- Loan losses
- New Lending

**Liabilities**
- Bond Portfolio – Existing Bonds and New Bonds

**Fund Equity – Operating Loss**

Closed Session

Business Plan Update

Operating Budget and Staffing
AGENDA ITEM 4:

Update on Federal Assistance Initiative
Federal initiative announced on October 19

- Initiative is part of the Obama Administration’s *Making Home Affordable* program
- Supported by Fannie Mae, Freddie Mac, Federal Housing Finance Agency, and the U.S. Treasury
- The Authority for the initiative is derived from Housing and Economic Recovery Act of 2008 (HERA) and expires on December 31, 2009
- Two components of the initiative
  - New Issue Bond Program
  - Temporary Credit and Liquidity Program
New Issue Bond Program

- Objective: allow CalHFA access to bond proceeds to re-establish its lending programs (SF and MF)

- General parameters:
  - Fixed rate bonds only
  - For single-family, 60% of each financing (long-term bonds) to be purchased by the GSEs. For multifamily, the GSEs can purchase up to 100%.
    - Interest rate will be set at a spread to 10-year Treasury note
    - Spread depends on the credit rating of the bond indenture
  - Require previously awarded tax exempt bond volume cap allocated by CDLAC
New Issue Bond Program (continued)

- **Timeline:**
  - Allocated amount must be escrowed by Dec 31, 2009
  - Convert escrow into lendable proceeds up to three times in 2010
  - Upon conversion, the GSEs will securitize the HFA bonds and sell the securities to Treasury
  - All conversions must be made by Dec 31, 2009

- **Use of proceeds:**
  - Purchase SF MBSs
  - Finance MF loans
  - Refund outstanding bonds
New Issue Bond Program (continued)

- Amount applied:
  - SF: $1,123M
  - MF: $613M

- Amount allocated:
  - SF: $1,016M
  - MF: $580M

- Expected spread to 10-yr T-note (AA credit): 75 bps
Temporary Credit and Liquidity Program

- Objective: replace credit-impaired liquidity providers and expiring facilities

- General parameters:
  - 3-yr facility with annual escalating fee
  - Fee based on the credit rating of indenture at the initial implementation of the program
  - No rating triggers to increase fees
  - No refundings
  - If the facility is drawn upon
    - No accelerated term out payments (customarily 5-yr level amortization)
    - Ten-year balloon
Temporary Credit and Liquidity Program (continued)

- **Timeline:**
  - Irrevocable mandatory tender notices must be issued by Dec 31, 2009
  - Tender dates must occur by Jan 29, 2010

- **Use of facility:**
  - SF VRDOs
  - MF VRDOs
Temporary Credit and Liquidity Program (continued)

- Amount applied:
  - SF: $2,919M
  - MF: $942M

- Amount allocated:
  - SF: $2,919M
  - MF: $942M

- Expected fee structure for HMRB (AA-/Aa3):
  - Yr-1: 50 bps
  - Yr-2: 75 bps
  - Yr-3: 100 bps

- Expected fee structure for G-O (AA-/A1):
  - Yr-1: 70 bps
  - Yr-2: 100 bps
  - Yr-3: 120 bps
AGENDA ITEM 5:
Summary of Recent Financial Challenges
AGENDA ITEM 5a:

Variable Rate Debt and Swap Exposure
Variable rate debt and swap exposure

- Basis mismatch: $12M in fiscal year 2008 and $38M in fiscal year 2009

- Termination of swaps: $16M of termination expenses related to the bankruptcy of Lehman, and $39M of termination expenses related to the restructuring of swap collateral thresholds
Variable rate debt and swap exposure (continued)

- Treasury’s TCLP will allow CalHFA to accomplish the following:
  - Replace $197M of expired facilities
    - Alleviate the accelerated term outs required by bank bonds
  - Lower cost of funds due to high demand for securities guaranteed by the US Treasury
    - Improvement in basis mismatch

- Without Treasury’s TCLP, CalHFA would need to replace or extend a total of $2B of liquidity support from now until the end of calendar year 2010
History of bank bonds from 9/14/08 to 11/10/09
(Lehman filed bankruptcy on 9/14/08)
History of the Agency's basis mismatch thru 10/1/09

Payment Year (8/1 - 7/31 Accruals)
## CalHFA’s debt portfolio as of 10/1/09

<table>
<thead>
<tr>
<th>AMBAC FGIC MBIA</th>
<th>FSA</th>
<th>uninsured</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Variable-rate bonds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Auction-Rate</strong></td>
<td>$46</td>
<td>$138</td>
<td>$184</td>
</tr>
<tr>
<td><strong>VRDOs</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>- AMBAC/MBIA</td>
<td>$46</td>
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<td>$46</td>
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<tr>
<td>- Dexa</td>
<td></td>
<td>$384</td>
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<td>- Depfa</td>
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<td>$364</td>
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<tr>
<td>- Expired SBPA</td>
<td></td>
<td>$87</td>
<td>$87</td>
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<tr>
<td>- remaining</td>
<td>$165</td>
<td>$2436</td>
<td>$2601</td>
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<tr>
<td><strong>Index Floaters</strong></td>
<td>$557</td>
<td>$236</td>
<td>$1062</td>
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<tr>
<td><strong>Fixed-rate bonds</strong></td>
<td>$880</td>
<td>$135</td>
<td>$2953</td>
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<tr>
<td><strong>Total</strong></td>
<td>$1528</td>
<td>$1058</td>
<td>$5291</td>
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<tr>
<td><strong>Total</strong></td>
<td>$7878</td>
<td></td>
<td></td>
</tr>
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</table>

### Auction-Rate Securities:
- Red: $184, 2%
- Poorly performing VRDOs:
  - Blue: $1045, 13%
- VRDOs in Bank Bond mode:
  - Dark Red: $197, 3%
  - Green: $2436, 31%
  - Black: $4015, 51%
### CalHFA’s projected debt portfolio as of 2/1/10

<table>
<thead>
<tr>
<th></th>
<th>AMBAC</th>
<th>FGIC</th>
<th>MBIA</th>
<th>FSA</th>
<th>uninsured</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Variable-rate bonds</strong></td>
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<td>$184</td>
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<tr>
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<tr>
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</tr>
<tr>
<td><strong>Index Floaters</strong></td>
<td>$557</td>
<td>$236</td>
<td></td>
<td>$269</td>
<td></td>
<td>$1,062</td>
</tr>
<tr>
<td>Fixed-rate bonds</td>
<td>$880</td>
<td>$135</td>
<td></td>
<td>$1,938</td>
<td></td>
<td>$2,953</td>
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<tr>
<td><strong>Total</strong></td>
<td>$1,483</td>
<td>$1,058</td>
<td>$5,232</td>
<td>$7,773</td>
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</tr>
</tbody>
</table>

**Auction-Rate Securities:**
- Red: $184 (2%)
- Blue: $549 (7%)
- Dark Red: $0 (0%)

**VRDOs in Bank Bond mode:**
- Green: $3,025 (38%)
- Black: $4,015 (51%)
AGENDA ITEM 5b:
Real Estate Losses and Mortgage Insurance Claim Payments
Entire loan portfolio as of 8/31/09 sorted by mortgage insurance type

<table>
<thead>
<tr>
<th></th>
<th># of loans</th>
<th>Balance</th>
<th>%</th>
<th>30-Day</th>
<th>60-Day</th>
<th>90-Day+</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Federal Guaranty</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FHA</td>
<td>14,970</td>
<td>$2,083,625,521</td>
<td>33.1%</td>
<td>5.57%</td>
<td>2.68%</td>
<td>9.03%</td>
<td>17.28%</td>
</tr>
<tr>
<td>VA</td>
<td>414</td>
<td>$65,644,212</td>
<td>1.0%</td>
<td>3.14%</td>
<td>1.93%</td>
<td>8.45%</td>
<td>13.53%</td>
</tr>
<tr>
<td>RHS</td>
<td>99</td>
<td>$19,665,343</td>
<td>0.3%</td>
<td>6.06%</td>
<td>2.02%</td>
<td>8.08%</td>
<td>16.16%</td>
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<tr>
<td><strong>Conventional loans</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>with MI</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CalHFA MI Fund</td>
<td>9,595</td>
<td>$2,630,250,952</td>
<td>41.8%</td>
<td>4.36%</td>
<td>2.91%</td>
<td>13.54%</td>
<td>20.80%</td>
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<tr>
<td><strong>without MI</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Originated with no MI</td>
<td>6,057</td>
<td>$1,269,097,979</td>
<td>20.2%</td>
<td>2.15%</td>
<td>1.22%</td>
<td>4.00%</td>
<td>7.36%</td>
</tr>
<tr>
<td>MI Cancelled*</td>
<td>1,618</td>
<td>$228,429,213</td>
<td>3.6%</td>
<td>2.04%</td>
<td>0.43%</td>
<td>2.10%</td>
<td>4.57%</td>
</tr>
<tr>
<td><strong>Total CalHFA</strong></td>
<td>32,753</td>
<td>$6,296,713,220</td>
<td>100.0%</td>
<td>4.38%</td>
<td>2.35%</td>
<td>9.07%</td>
<td>15.80%</td>
</tr>
</tbody>
</table>

* Cancelled per Federal Homeowner Protection Act of 1998, which grants the option to cancel the MI with 20% equity
Entire loan portfolio as of 8/31/09 sorted by loan type

<table>
<thead>
<tr>
<th></th>
<th># of loans</th>
<th>Balance</th>
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<th>30-Day</th>
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<th>90-Day+</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>30-yr level amort</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>8.08%</td>
<td>16.16%</td>
</tr>
<tr>
<td>Conventional w/ MI</td>
<td>4,569</td>
<td>$1,138,820,071</td>
<td>18.1%</td>
<td>3.92%</td>
<td>2.12%</td>
<td>9.41%</td>
<td>15.45%</td>
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<tr>
<td>Conventional w/o MI</td>
<td>6,682</td>
<td>$1,260,445,227</td>
<td>20.0%</td>
<td>1.96%</td>
<td>0.85%</td>
<td>3.10%</td>
<td>5.91%</td>
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<tr>
<td><strong>40-yr level amort</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conventional w/ MI</td>
<td>726</td>
<td>$214,062,123</td>
<td>3.4%</td>
<td>5.10%</td>
<td>3.44%</td>
<td>12.26%</td>
<td>20.80%</td>
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<tr>
<td>Conventional w/o MI</td>
<td>236</td>
<td>$47,764,074</td>
<td>0.8%</td>
<td>2.97%</td>
<td>1.27%</td>
<td>5.08%</td>
<td>9.32%</td>
</tr>
<tr>
<td><strong>5-yr IO, 30-yr level amort</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conventional w/ MI</td>
<td>4,300</td>
<td>$1,277,368,758</td>
<td>20.3%</td>
<td>4.70%</td>
<td>3.65%</td>
<td>18.14%</td>
<td>26.49%</td>
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<tr>
<td>Conventional w/o MI</td>
<td>757</td>
<td>$189,317,891</td>
<td>3.0%</td>
<td>3.30%</td>
<td>2.77%</td>
<td>7.53%</td>
<td>13.61%</td>
</tr>
<tr>
<td><strong>Total CalHFA</strong></td>
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<td>4.38%</td>
<td>2.35%</td>
<td>9.07%</td>
<td>15.80%</td>
</tr>
<tr>
<td><strong>All conventional loans:</strong></td>
<td>17,270</td>
<td>$4,127,778,144</td>
<td>3.36%</td>
<td>2.08%</td>
<td>9.12%</td>
<td>14.57%</td>
<td></td>
</tr>
</tbody>
</table>

*5-year interest-only and 30-year level amortization thereafter (same fixed-rate in both periods).*
Total delinquent ratios for FHA loans and all conventional loans
Total delinquent ratios for CalHFA FHA loans
Total delinquent ratios
CalHFA conventional loans

- 5-yr interest-only, 30-yr level (started in June '05)
- 40-yr level (started in June '06)
- 30-yr level
- Mortgage Banker Association's CA Prime
Efforts to reduce delinquencies and mitigate losses to CalHFA

- Staff shifted from loan production activities to loan servicing, loan modifications, loss mitigation and REO management
- Two loan modification programs developed
- "Keep Your Home" campaign
- Reorganization and relocation of loan servicing staff – training and better equipment
- Improved reporting from outside loan servicers and metrics for performance measurement
Loan modifications

- For both FHA and Conventional loans
  - Lower interest rates for limited period
  - Longer terms on conventional loans
- Report on loan modifications so far
  - 275 applications received; 150 approved, 88 declined
  - Of the 150 approved by CalHFA underwriters
    - 25 accepted/executed by borrower – payments received
    - 22 declined by borrower
    - 78 in process with servicers
    - 25 being approved by Genworth (funding the program)
Real estate losses

- Loan related losses in FY 08/09 totaled $155M:
  - Primary insurance (MI Fund): $35M
  - Gap insurance (GO): $85M
  - Loan loss provision: $30M
  - Write-down of REO: $5M

- Total delinquency ratio for single family borrowers:
  - As of Dec 2008: 10.8%
  - As of Aug 2009: 15.8%

- Total REOs
  - As of Dec 2008: 277
  - As of Sep 2009: 480 (73% increase)
# California Housing Finance Agency
## Housing Finance Fund

### RESERVES FOR DELINQUENT LOANS AND REAL ESTATE OWNED (REO)

<table>
<thead>
<tr>
<th></th>
<th>Dec-08</th>
<th>Mar-09</th>
<th>Jun-09</th>
<th>Sep-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>CaHLIF Primary Loss Reserves</td>
<td>$25,994,567</td>
<td>$4,684,531</td>
<td>$44,946,593</td>
<td>$56,769,141</td>
</tr>
<tr>
<td>Genworth Loss Reserves (estimated)</td>
<td>76,630,592</td>
<td>102,133,355</td>
<td>131,472,856</td>
<td>161,658,663</td>
</tr>
<tr>
<td>GAP Insurance Loss Reserves *</td>
<td>44,906,156</td>
<td>61,973,985</td>
<td>80,132,586</td>
<td>106,442,883</td>
</tr>
<tr>
<td>Loan Loss Reserves (HMRB only)</td>
<td>11,065,601</td>
<td>12,051,018</td>
<td>13,617,468</td>
<td>14,764,221</td>
</tr>
<tr>
<td>REO – Estimated Losses</td>
<td>5,639,632</td>
<td>9,931,395</td>
<td>15,089,899</td>
<td>18,377,728</td>
</tr>
<tr>
<td><strong>Total Reserves</strong></td>
<td><strong>$164,236,548</strong></td>
<td><strong>$220,774,284</strong></td>
<td><strong>$285,093,154</strong></td>
<td><strong>$358,012,636</strong></td>
</tr>
</tbody>
</table>

* "GAP Insurance Loss Reserves" include GAP reserve for Insured loans, REO and Uninsured loans
Rating Agency Update

California Housing Finance Agency
Recent rating actions

- **Moody's**
  - On July 22, downgraded
    - GO from Aa3 to A1 (with negative outlook)
    - HMRB from Aa2 to Aa3 (with negative outlook)

- **S&P's**
  - On Oct 27, placed the CalHFA MI Fund (BBB) on
    - CreditWatch with negative implications
  - On Oct 29, affirmed
    - GO at AA-
    - HMRB at AA-
    - Maintained both credits on CreditWatch with negative implications
<table>
<thead>
<tr>
<th>Moody's</th>
<th>S&amp;P's</th>
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<tbody>
<tr>
<td>Aaa</td>
<td>AAA</td>
</tr>
<tr>
<td>Aa1</td>
<td>AA+</td>
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<tr>
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</tr>
<tr>
<td>AA-</td>
<td>BBB+</td>
</tr>
<tr>
<td>/Aa3</td>
<td>BBB</td>
</tr>
</tbody>
</table>

CalHFA's three credits:

- G-O: AA- / Aa3
- HMRF: BBB
- MI Fund: BBB
AGENDA ITEM 6:
Report of the Audit Committee
## Balance Sheet as of June 30, 2009

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
<th>LIABILITIES AND EQUITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Investments</td>
<td>$2,236,089,228</td>
<td>Bonds Payable</td>
</tr>
<tr>
<td>Loan Receivable, net</td>
<td>8,320,566,987</td>
<td>Other Liabilities</td>
</tr>
<tr>
<td>Other Assets</td>
<td>204,404,716</td>
<td>Equity</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$10,761,060,931</td>
<td></td>
</tr>
</tbody>
</table>
## California Housing Finance Agency
### Housing Finance Fund

Revenues, Expenses, and Changes in Fund Equity as of June 30, 2009

<table>
<thead>
<tr>
<th>OPERATING REVENUES</th>
<th>OPERATING EXPENSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Income program loans, net</td>
<td>Interest</td>
</tr>
<tr>
<td>$ 449,485,291</td>
<td>$ 427,297,000</td>
</tr>
<tr>
<td>Interest Income investments, net</td>
<td>Mortgage servicing fees</td>
</tr>
<tr>
<td>66,314,423</td>
<td>19,574,027</td>
</tr>
<tr>
<td>Increase in fair value of investments</td>
<td>Operating expenses</td>
</tr>
<tr>
<td>11,034,313</td>
<td>39,772,579</td>
</tr>
<tr>
<td>Other loan and commitment fees</td>
<td>Other expenses</td>
</tr>
<tr>
<td>16,336,882</td>
<td>309,546,197</td>
</tr>
<tr>
<td>Other revenues</td>
<td>Total Operating Expenses</td>
</tr>
<tr>
<td>106,949,847</td>
<td>$ 796,189,803</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td><strong>Total Operating Expenses</strong></td>
</tr>
<tr>
<td><strong>$ 650,120,756</strong></td>
<td><strong>$ 796,189,803</strong></td>
</tr>
</tbody>
</table>

**Operating Income (Loss) before transfers**

($146,069,047)
AGENDA ITEM 8:

Business Plan Update
**Single Family**
- Purchase Whole Loans
- 100% Risk on Balance Sheet
- CalHFA Mortgage Insurance
- High LTV Loans
- High % of Conventional Loans
- 100% Reliance on Bonds

**Multifamily Loans**
- Portfolio Lender
- 100% Risk on Balance Sheet
- 100% Reliance on Bonds

**Financing**
- Heavy Reliance on VRDBs
- Reliance on PMIB

**Single Family**
- Purchase MBS
- Loans Owned by GSEs
- No Real Estate Risk to CalHFA
- No CalHFA Mortgage Insurance
- Lower LTV Loans
- More FHA Lending
- Flow Delivery of Loans

**Multifamily Loans**
- Loans Delivered to GSEs
- Reduced Risk on Balance Sheet
- Reduced Reliance on Bonds

**Financing**
- Less Reliance on VRDBs
- Other Sources of Liquidity

**Transition Activities**
- Resecuritization of Multifamily Loans
- Sale of Bay Area Housing Plan Bonds
- "Swap and Hold" Transaction for Single Family Loans
- Small Bulk Sale of Single Family Loans
- Federal Assistance
Homeownership business plan update

- Three first mortgage products
  - All 30-year fixed rate fully amortizing loans
  - FHA – 96.5% LTV
  - Conventional loans
    - Fannie Mae 100% LTV with Fannie Mae MI
    - Outside private mortgage insurance or no MI

- Down payment assistance
  - CHDAP
  - SFF – need more bond funds
  - Locality DPA

- Volume – approximately $1.0B over next 15 months
Multifamily business plan update

- Continue lending on MHSA program
- Focus on new production/loans through the HFA New Issuance Bond Program (NIBP) which will include up to $380M in bonds for program that:
  - Delivers loans to GSEs (Fannie Mae and Freddie Mac);
  - Shares real estate risk;
  - Finances a Preservation Program to finance at-risk projects in CalHFA’s existing portfolio of multifamily properties
- TCAC consulting/underwriting roll to assist the roll out of ARRA funds into tax credit projects
Asset Management business plan update

- Asset Management workload continues to increase
  - MF loans closed during FY 2008/09 added to CalHFA Asset Management portfolio
  - Up to approximately 500 properties

- Portfolio is aging:
  - Loan terms are expiring
  - Projects need rehabilitation, recapitalization

- Performance Based Contract Administration
  - RFP to become HAP Administrator in California
  - See agenda item #9
AGENDA ITEM 9:
Performance Based Contract Administration
PBCA bid overview

- U.S. Department of Housing and Urban Development (HUD) will re-bid all Section 8 PBCA contracts
- PBCA program initially began in 2000
  - Eligible entities must be a Public Housing Authority (PHA) as defined by the Housing Act of 1937 to make a bid
- All 50 states and the District of Columbia have a PBCA Administrator
- Thirty-three State Housing Finance Agencies currently serve as HUD PBCAs
  - Most of the 17 states that previously did not bid PBCA in 2000 are doing so now
PBCA bid overview (continued)

- CalHFA has successfully performed contract administration duties since 1975
  - Currently CalHFA serves as a Traditional Contract Administrator (TCA) for 131 properties totaling 8,329 units earning $1.6M in fees annually
  - PBCA will be an additional program
- CalHFA to partner with outside organization with proven PBCA experience
- PBCA contract consists of:
  - Northern CA: 547 contracts and 40,704 units
  - Southern CA: 749 contracts and 46,078 units
- Potential gross earnings as PBCA = $14M
  - Contract services to be paid from PBCA fee
PBCA bid timeline

- Jan-Mar 2010: Application period to HUD
- Sept 2010: HUD notifies successful bidders
- Oct-Dec 2010: Ramp up period for new PBCAs
- Jan 1, 2011: Begin 5-year PBCA contract
CalHFA’s role

- HUD to publish RFP on or about Jan. 1, 2010
  Between now and then CalHFA will:
  - Use RFP process to solicit and award contract services to assist CalHFA with PBCA bid process and duties if selected as PBCA
  - Actual PBCA duties and fee structure unknown until HUD RFP is published, however gross fees of approximately $14M annually are anticipated

- PBCA contract expected to be for 5-year term with one year renewals
Board Action Resolution 09-15
AGENDA ITEM 10:

Refinancing Portion of Multifamily Loan Portfolio
Refinancing of MF loans

- General terms:
  - Refinancing of approx. $70M of MF loans at par
    - Citi retains option on another $35M of MF loans
  - In addition to pledging the Agency's GO, all existing loan-level credit enhancements will remain:
    - $18M of risk-sharing
    - $2M of Section 8
- Benefits:
  - CalHFA retains servicing and will be paid 20 bps per annum
  - redemption of underperforming variable rate bonds
  - raising additional liquidity on sale of unencumbered loans
- Expected closing date: February 2010
AGENDA ITEM 11:

Budget and Staffing Update
FY 2008-09 operating budget - results

- Adopted operating budget for FY 2008-09
  - Budget $46.2M (311 positions)
  - Actual expenditures $39.2M

- Budget savings attributed to:
  - Deferred spending on strategic projects
  - Impact of furlough plan (Feb – June)
  - Increased staff vacancies
  - Reduced conference attendance, travel and training
FY 2009-10 budget plan

- July 2009 - Budget plan approved by Board
  - $47.9 million (311 employee positions)
  - Assumed 2 day/month furlough plan
  - Assumed 30 staff vacancies until more known about Federal assistance plan and lending opportunities

- Actual results so far
  - First quarter spending -- $8.1M (17%)
  - Contracts unbilled at Sept 30
  - 44 staff vacancies (retirements, exam process)

- Projected total for FY 2009-10 is $38.5M
  - Impact of third furlough day
  - Impact of additional lending activities
Impact of Federal assistance

- Additional lending activities
  - Requires staff to be reassigned to loan processing – for Single Family and Multifamily

- Cost of implementing Federal plan
  - Legal costs
  - Transactions costs

- With new lending activity and continuing loss mitigation activity
  - Staff vacancies will need to be filled
  - Overtime costs and temp help costs will also be impacted
AGENDA ITEM 12:
Sacramento Offices -- Relocation Update
Relocation and Expansion of Loan Servicing

- New location
  - Five-year lease on location in West Sacramento
  - Estimated move in date: January 25, 2010
  - Approximately 16,533 square feet of space in an approximately 47,630 square foot building
    - Negotiated option to expand
    - Base rent at $.83/sq.ft.
    - 4 months of free rent

- Equipment and operations
  - $257,000 worth of free furniture from Franchise Tax Board
  - New VoIP call center phone system and Interactive Voice Response (IVR) provides better borrower service
  - Online payment system to provide customers with ability to make payments 24/7 through secure online portal
  - Expand hours to evenings and weekends
Loan Servicing, West Sacramento location
Sacramento HQ consolidation

- Agency must be located within the City of Sacramento
  - 2 locations now: Senator Hotel & Meridian Building
  - Current cost: approximately $2.65/sq.ft.
  - Current leases expire fall of 2010

- Goals:
  - Consolidate into a single location
  - Cost of approximately $2.10/sq.ft.
  - Free rent period
  - Looking to rent space around 80,000 to 85,000 square feet.
  - Space needs ample parking and public transit

- Options:
  - Stay at current location; 700 I street; Plaza 555; 2020 L Street; and others