## Typical CalHFA Borrower
### CY 2005-2008

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(20,754 loans)</td>
<td>(24,001 loans)</td>
</tr>
<tr>
<td>FHA</td>
<td>26%</td>
<td>89%</td>
</tr>
<tr>
<td>Conventional</td>
<td>72%</td>
<td>6%</td>
</tr>
<tr>
<td>Asian</td>
<td>8.4%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Black</td>
<td>6.8%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>33.3%</td>
<td>55.5%</td>
</tr>
<tr>
<td>White</td>
<td>45.3%</td>
<td>29.9%</td>
</tr>
<tr>
<td>Unknown/Other</td>
<td>6.4%</td>
<td>4.2%</td>
</tr>
</tbody>
</table>

Average income: $57,987  $37,887
Average sales price: $272,226  $126,068

Moderate Income: 55.8%
Low Income: 44.2%

### Average Debt To Income

<table>
<thead>
<tr>
<th></th>
<th>CalHFA-insured: 45.90%</th>
<th>FHA-insured: 44.30%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;45%</td>
<td>38.70%</td>
<td></td>
</tr>
<tr>
<td>45-49.99%</td>
<td>29.00%</td>
<td></td>
</tr>
<tr>
<td>50-54.99%</td>
<td>19.70%</td>
<td></td>
</tr>
<tr>
<td>55-59.99%</td>
<td>5.20%</td>
<td></td>
</tr>
<tr>
<td>&gt;60%</td>
<td>2.70%</td>
<td></td>
</tr>
</tbody>
</table>

### FICOS

<table>
<thead>
<tr>
<th>Score Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;580</td>
<td>2.90%</td>
</tr>
<tr>
<td>581-600</td>
<td>1.60%</td>
</tr>
<tr>
<td>601-620</td>
<td>4.00%</td>
</tr>
<tr>
<td>620-660</td>
<td>18.10%</td>
</tr>
<tr>
<td>661-680</td>
<td>10.00%</td>
</tr>
<tr>
<td>681-700</td>
<td>9.80%</td>
</tr>
<tr>
<td>&gt;700</td>
<td>48.70%</td>
</tr>
</tbody>
</table>

Average Conventional: 708
Average FHA: 633

### Top Counties

<table>
<thead>
<tr>
<th>County</th>
<th>Loans</th>
<th>Average Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAN DIEGO</td>
<td>2,963</td>
<td>$287,867</td>
</tr>
<tr>
<td>LOS ANGELES</td>
<td>2,618</td>
<td>$327,855</td>
</tr>
<tr>
<td>San Bernardino</td>
<td>1,482</td>
<td>$240,275</td>
</tr>
<tr>
<td>Sacramento</td>
<td>1,449</td>
<td>$251,533</td>
</tr>
<tr>
<td>Riverside</td>
<td>1,423</td>
<td>$237,462</td>
</tr>
<tr>
<td>SANTA CLARA</td>
<td>1,359</td>
<td>$422,900</td>
</tr>
<tr>
<td>Kern</td>
<td>1,065</td>
<td>$187,811</td>
</tr>
<tr>
<td>ALAMEDA</td>
<td>996</td>
<td>$357,652</td>
</tr>
<tr>
<td>ORANGE</td>
<td>844</td>
<td>$363,594</td>
</tr>
<tr>
<td>CONTRA COSTA</td>
<td>753</td>
<td>$332,182</td>
</tr>
</tbody>
</table>

High-Cost Counties IN CAPS

### Average Family Size

|                | CalHFA-insured: 2.73 | FHA Insured: 3.36 |
BOARD OF DIRECTORS
CALIFORNIA HOUSING FINANCE AGENCY

Dale E. Bonner, Secretary
Business, Transportation & Housing Agency
State of California
980 9th Street, Suite 2450
Sacramento, CA 95814
(916) 323-5401

Bill Lockyer, State Treasurer
Office of the State Treasurer
915 Capitol Mall, Room 110
Sacramento, CA 95814
(916) 653-2995

**Peter N. Carey, CalHFA Acting Board Chair
President/CEO, Self-Help Enterprises
P.O. Box 6520
Visalia, CA 93290-6520
(559) 651-1000x600

Barbara Macri-Ortiz
Law Office of Barbara Macri-Ortiz
P.O. Box 6432
Oxnard, CA 93031
(805) 486-9665

*Cathleen Cox, Acting Director
Office of Planning & Research
State of California
1400 Tenth Street
Sacramento, CA 95814
(916) 322-2318

*Ana J. Matosantos, Director
Department of Finance
State of California
State Capitol, Room 1145
Sacramento, CA 95814
(916) 445-4141

**Michael A. Gunning, Vice President
Personal Insurance Federation of California
1201 K Street, Suite 1220
Sacramento, CA 95814
(916) 442-6646

*L. Steven Spears, Acting Executive Director
California Housing Finance Agency
State of California
P.O. Box 4034
Sacramento, CA 95812-4034
(916) 324-4640

Paul C. Hudson, Chairman/CEO
Broadway Federal Bank
4800 Wilshire Boulevard
Los Angeles, CA 90010
(323) 634-1700

Jack Shine, Chairman
American Beauty Development Co.
16830 Ventura Boulevard, Suite 401
Encino, CA 91436
(818) 981-4900 x119

Jonathan C. Hunter
Managing Director, Region II
Corporation for Supportive Housing
328 Maple Street, Fourth Floor
San Diego, CA 92103
(619) 232-3197

**Ruben A. Smith, Partner
Adorno Yoss Alvarado & Smith
Professional Corporation
1 MacArthur Place, Suite 200
Santa Ana, CA 92707
(714) 852-6800

**Lynn L. Jacobs, Director
Dept. of Housing & Community Development
State of California
1800 Third Street, Room 450
Sacramento, CA 95811
(916) 445-4775

CURRENT BOARD VACANCY
1 Governor’s Appointee

*Non-voting
**Audit Committee Members
Mane # 189929v1/Rev 01-26-10
**COMPARISON OF CONSOLIDATION LEASE OPTIONS**

<table>
<thead>
<tr>
<th>Building Ownership:</th>
<th>Senator Holdings LLC Meridian - AKT Properties</th>
<th>Bannon Investors – Kelly Family</th>
<th>Tsakopoulos Family</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size:</td>
<td>Total – 79,602 rsf Senator – 59,896 rsf – 4 floors Meridian – 19,706 rsf 5th floor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease Term:</td>
<td>N/A. Senator – 10 Year – full Restock Meridian – 10 Year – Renewal (Analysis based upon 12.5 year comparison)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>lease Term (Short):</td>
<td>Senator – Also proposed 65 mo term, 5 mo free at $2.50 rsf/mo with 6% increase every 30 months with Termination Right in 36th month or 1 year term at $2.55 psf/mo</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meridian – Proposed 2 Year at $2.65 psf/mo FS – might consider different length of term</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base Lease Rate:</td>
<td>Senator – $2.35 psf/mo FS with $.05 psf/mo annual increases (5 Year –$2.50 psf/mo FS with 3% increase every 30 mo. – Meridian – $2.65 psf/FS with 2.5% annual increases</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Expenses:</td>
<td>Base Year 2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated Tenant Improvements:</td>
<td>Turnkey – estimated to be $35 to $45 per rsf – Move expected to be completed in 3 to 4 phases over 2.5 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental Abatement:</td>
<td>Senator – 8 months free Meridian – 6 months free</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated Relocation &amp; Moving Expenses*:</td>
<td>$1,172,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moving Allowance:</td>
<td>None.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Estimated Occupancy Costs:</td>
<td>$35,558,401</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Including Moving Expenses &amp; Moving Allowance Offset)</td>
<td>$32,175,520</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Estimated Savings:</td>
<td>None.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delivery Date:</td>
<td>Senator – September 1, 2010 Meridian – October 10, 2010</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Includes estimates on items such as moving, telecom and furniture expenses.

Disclaimer – Broker has relied on information provided by various Landlords and has not independently confirmed the accuracy of such information. Such information should be verified before proceeding with the transaction.

CresaPartners
Item 7

The Structure and Historic Business Model of CalHFA
Historic Business Model

- Fund other Agency programs
- Pay for Operating Expenses – not supported by the State General Fund
- Maintain adequate reserves

Agency must operate profitably

Shareholders

Social purpose instead of private sector goal of profit for

Social Housing Assistance Trust (HAT) funds

- Funds itself on spread between costs of funds and loan rates.
- Self-supporting, and does not receive taxpayer money.

Mortgage banking and insurance business, without shareholders.
Portfolio vs. Conduit Lender

Fixed vs. Variable Rates

Whole Loans vs. MBS

Designing Products

Multi-family and Single-Family allocations not transferable

California Debt Limit Allocation Committee

Tax exempt housing bonds

Contract administered programs (GO bond funded, Federal $$$, Special Revenue)

Mortgage insurance (premium funded)

Special Lending (HAT funded)

Multi-family Lending (bond funded)

Single family Lending (bond funded)

Agency's Five Lines of Business

Programs and Effect of Tax Law
- MMRB is limited obligation indenture
- Bondholders are simply looking at credit-worthiness of assets
- Agency not liable for payment of bonds
- Limited Obligation

- Operating expenses
- Both line of credit
- All Agency swap contracts
- Multifamily III is general obligation indenture
- Agency guarantees assets within indenture
- General Obligation

- May contain bond proceeds, capital reserves, REOs, other assets
- Loans funded by bonds held in trust indenture
- Indentures

General and Limited Obligations
Homemortgage risk management

- STRR (Straightforward Qualifications for Borrowers)
  - Lower Rates
  - Higher LTVs
  - Need Down Payment Assistance

Our new products

- Average Income: $59,762 (Low Income Borrowers = 44%)
- Average Percentage of CalHFHA 1st MIG's with DPA = 74% (FY 2004-2009)
- Average Loan Amount: Average LTV 89%
- Typical Borrower (FY 2007-2009)
- Fannie Mae Seller Servicer Agreement
- FHA Risk Share Agreement
- Focus on the $380 million HFA New Issue Bond Program (NIBP)
- Paid on a fee basis
- TCA/consulting/underwriting of ARC funds for tax credit projects
- Funded with Prop 63 funds; Agency already holds these funds
- Continue lending on MSHA Program
- GO Rating reflects the risk in the Multifamily program
- CALFHA General Obligation Support
- Funding from multiple sources leverages dollars
- In that capacity the Agency takes risk
- Become business partners with non-profit developers

Multi-family
RE: California Housing Finance Agency (Cal HFA)
Gateway Tower East, 2020 West El Camino

Dear Jim:

On behalf of Bannon Investors, we appreciate the opportunity to provide a solution for the consolidation of the administrative headquarters of Cal HFA and its employees. The specific benefits as outlined below differentiate the Gateway Tower building from any other location currently available in the market, and will result in a first year effective rental rate of $0.99 per square foot. The specific benefits are as follows:

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Year Base Rent per Rentable Square Foot</td>
<td>$2.65</td>
</tr>
<tr>
<td>Free Rent</td>
<td>($0.66)</td>
</tr>
<tr>
<td>Effective First Year Rate</td>
<td>$1.99</td>
</tr>
<tr>
<td>(Before Potential Productivity Benefits)</td>
<td></td>
</tr>
<tr>
<td>Moving Allowance</td>
<td>($0.07)*</td>
</tr>
<tr>
<td>Parking Savings</td>
<td>($0.60)*</td>
</tr>
<tr>
<td>LEED Gold Productivity Benefits</td>
<td>($0.33)*</td>
</tr>
<tr>
<td><strong>Effective First Year Rate per Rentable Square Foot</strong></td>
<td><strong>$0.99</strong></td>
</tr>
<tr>
<td>*non-inflation adjusted basis</td>
<td></td>
</tr>
<tr>
<td><strong>Effective Rate per Rentable Square Foot Over Term Adjusted for 3% Annual Inflation.</strong></td>
<td><strong>$1.93</strong></td>
</tr>
</tbody>
</table>

- **Free Rent.** The Landlord has proposed three months occupancy on a rent-free basis resulting in a first year rental savings to Cal HFA of $516,750.

- **Moving Allowance.** The Landlord is providing a moving allowance of $10 per rentable square foot, which equates to a total up front cash benefit to Cal HFA of $650,000.

- **Parking Savings.** Using a current average rate of $150 per month per stall, and a parking ratio of four spaces per one thousand square feet of leased premises, results in a savings of $5,850,000 over the lease term.

- **Tenant Improvement Allowance.** An allowance of $50 per rentable square foot, ($3,250,000), to be utilized for the completion of the Tenant’s interior improvements. In addition, if required for additional improvements, Cal HFA shall be allowed to amortize $10 per square foot.
Additional Tenant and Employee benefits are as follows:

- **LEED Gold Productivity Benefits.** The Gateway Tower has recently been awarded LEED Gold certification from the US Green Building Council. As stated in *A Report to California's Sustainable Building Task Force dated October, 2003,* “the productivity gain is estimated to be $.33 per square foot.” The many LEED features of Gateway Tower are included as an attachment to this letter. Operating expense efficiencies shall be realized through utilization of energy management systems, HVAC management systems, solar energy production and water conservation systems.

- **Regional Transit.** Regional Transit offers two stops on site, one on West El Camino, and one on Natomas Park Drive providing direct links to Light Rail stations at Arden Way and Downtown. Available membership in the South Natomas Transportation Management Association offering ridesharing, carpooling and discounts on Regional Transit, Light Rail and Amtrak. Bicycle lockers are also provided on site with showers and lockers available for tenant’s exclusive use.

- **Consolidation and expansion capability.** Large open floor plates allowing 27,000 square feet per floor with the ability to expand or contract over the term of the lease.

- **Excellent Freeway access.** Five minutes to downtown and the State Capitol, and seven minutes to Sacramento International Airport.

- **Security, Property Manager.** Onsite security, onsite property managers, and onsite maintenance personnel with card key access and security cameras at all entrances, lobbies and stairwells.

- **Hotels, amenities.** Three Marriott hotels, one Hilton Garden Inn, all offering complimentary airport shuttles. Kinder Care Day Care Center directly across Natomas Park Drive, and the Natomas Racquet Club walking distance from the site.

- **Conference Facilities.** The community/conference facility of the KVIE building is located adjacent to the Gateway Tower and is available for use by Gateway Tower Tenants.

The Landlord looks forward to concluding our lease negotiations and is happy to entertain any further comments or changes you may have to complete the lease document. Should you have any further questions or comments, please feel free to contact us at the number listed below.

Sincerely,

Aguer Havelock Associates, Inc.

Matt Havelock- CCIM, SIOR
Senior Vice President
916-563-7667
Matt@aguerhavelock.com
CA DRE #00930194

Thomas C. Aguer – CCIM, SIOR
President
916-563-7827
tom@aguerhavelock.com
CA DRE #00481113
Now Available - Natomas Gateway Tower East

The first private funded @ registered and preentitled project in the Sacramento area.

NatomaS GATeWAY TOWER EAST

2020 W. El Camino Avenue
5% increase in 100,000 sf. Blg: $200,000 per year

1% increase in 100,000 sf. Blg: $400,000 per year

**FINDINGS**

Increases in LEED Certified buildings have been shown to range from 0.4% to 18%.

According to the US Green Building Council and Cambridge Million Studies, productivity

**ENHANCED PRODUCTIVITY**

- Building leased for 2 weeks prior to occupancy.
- Multi-purpose materials covered to keep dry and clean.
- "Lease," building condition.
- Ventilation (outside wall continuously monitored).
- Standard office space has efficiency of 35% +/−.
- Natomas Gateway Tower Flats have an efficiency of 95 - 99%.
- 100% of the building and outdoor areas near the units are tobacco smoke free.
- Compounds and emissions: no fumes or odors.
- 100% of carpet, paint, and adhesives are free of VOC (volatile organic compounds).
- 75% of the interior spaces provide access to natural daylight and views.

**INDOOR ENVIRONMENTAL QUALITY**

- From the HVAC system.
- 100% of the infiltration water for the 14 acres of landscaping is recycled water.
- This is equivalent to the annual water usage of 185 homes.
- 5.7 Million gallons of water saved annually.

**WATER USAGE AND CONSERVATION**
For further information on Natomas Gateway Tower East, please contact exclusive agent.

- South Natomas Transportation Management Association (TMA)
- Seven minutes to Sacramento International Airport (SMF)
- Five minutes to downtown and state Capitol
- Multiple nearby restaurants, fast food and hotels
- Exceptional freeway access
- Regional transit shelter on-site/Direct light rail link
- Natomas Racquet Club
- Kindergarten child care services

---

**PARK AMENITIES**

- Recycling collection/storage space provided in building.
- 20% of the volume of construction materials made of recycled content.
- 20% of the volume of construction materials from within 500 miles.
- Wood used in the building was harvested from sustainably forests.
- 95% of all construction waste was diverted from landfills.

---

**WASTE CONTROL AND SUSTAINABLE MATERIALS**

- Energy Star rated
- SMUD "Green Energy" core & shell electricity (renewable sources: sun/wind/water)
- No CFCs (chlorofluorocarbons) used in the HVAC system.
- This is equivalent to the carbon output of 7,265 households.
- Energy usage is 19% better than California's Title 24 Energy Standards.
- 71.6% of the electricity for the shell and core are produced from wind, solar and geothermal.
- 182 KW = 46,000 tons of carbon reduce the energy demand.
- Photovoltaic panels harvest 18 photovoltaic panels harvest 18 kilowatts of electricity from sunlight to help

---

**ENERGY AND ATMOSPHERE**

---

**NATOMAS GATEWAY TOWER EAST**

2020 W. EL CAMINO AVENUE