Public Meeting Agenda

California Housing Finance Agency Board of Directors
Thursday, March 17, 2022
10:00 a.m.

Click on the link to register:
https://attendee.gotowebinar.com/register/6799327550322563341

To listen only by telephone without public comment:
Dial: +1 (562) 247-8321
Enter Access Code: 175-926-585

1. Roll Call

2. Discussion, recommendation, and possible action to identify an acting Chairperson to preside at Board meetings in the absence of Governor-appointed Chairperson (Claire Tauriainen)

   Resolution No. 22-03 1

3. Approval of the minutes of the January 20, 2022 Board of Directors meeting 3

4. Chairperson/Executive Director comments

WORKSHOP (Informational)

5. Presentations and discussions

   A. Single Family: Overview of current homeownership market conditions, capital market volatility and the potential impact of supply and rising interest rates on lending volumes

      - Jed Guenther, SVP of Community Lending, *Bayview Asset Management*
      - Elizabeth Vernon, Vice President of Capital Markets, *Lakeview Loan Servicing*

B. Perspectives on the economy, current housing markets and updates on federal housing policy initiatives

- Peter Lawrence, Director of Public Policy and Government Relations, *Novogradac*
- Jay Parsons, Vice President of Economics and Industry, *RealPage*

6. Mid-year Business Plan and Operating Budget update for FY 2021/22 (Don Cavier and Kate Ferguson)

    A. Mid-year operating budget update 7

    B. Mid-year business plan update 10

7. Wrap-up discussion on workshop topics

<u>BUSINESS ITEMS</u>

8. Discussion, recommendation, and possible action regarding Final Loan Commitment for the following project: (Kate Ferguson) 21

<u>NUMBER</u>	<u>DEVELOPMENT</u>	<u>LOCALITY</u>	<u>UNITS</u>
21-014-A/X/N	Terracina at the Dunes	Marina/Monterey	142

Resolution No. 22-04 55

9. Discussion, recommendation, and possible action regarding Final Loan Commitment for the following project: (Kate Ferguson) 58

<u>NUMBER</u>	<u>DEVELOPMENT</u>	<u>LOCALITY</u>	<u>UNITS</u>
21-013-A/X/S	Kimball Highland	National City/San Diego	145

Resolution No. 22-05 94

10. Discussion, recommendation, and possible action authorizing the financing of the Agency’s multifamily housing program, the issuance of multifamily bonds, the Agency’s multifamily bond indentures, credit facilities for multifamily purposes, and related financial agreements and contracts for services (Erwin Tam) 97

17. Other Board matters

18. Public comment: Opportunity for members of the public to address the Board on matters within the Board’s authority

19. Adjournment

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 22-03

RESOLUTION AUTHORIZING THE IDENTIFICATION OF AN ACTING BOARD CHAIRPERSON

WHEREAS, Resolution 15-20, adopted by the CalHFA Board of Directors on September 10, 2015, outlined the process by which an Acting Board Chairperson is selected in the absence of the Chairperson appointed by the Governor;

WHEREAS, Health and Safety Code section 50907 provides that the Governor shall appoint a Chairperson from among members of the governing board to preside at meetings of the Board;

WHEREAS, the efficient administration of meetings of the governing board requires a presiding member;

WHEREAS, effective March 1, 2022, the CalHFA Board of Directors is without a Chairperson;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the “Board”) of the California Housing Finance Agency as follows:

1. In the absence of the Chairperson of the governing board, the longest serving member appointed pursuant to Health and Safety Code section 50902 subsections (b)-(e) shall preside over the meeting.
2. Ms. Dalila Sotelo, as the longest serving member appointed in compliance with section 50902 of the Health and Safety Code, shall preside over Board meetings until such time as the Governor appoints a Board Chairperson or until such time as Ms. Sotelo is unable or unwilling to do so.

SECRETARY'S CERTIFICATE

I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 22-03 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the ___th day of _______ 2022, at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate hereto this ____ day of ______________ 2022.

ATTEST: ___________________________________

CLAIRE TAURIAINEN
Secretary of the Board of Directors of the
California Housing Finance Agency

MINUTES

California Housing Finance Agency (CalHFA)
Board of Directors Meeting
January 20, 2022
Meeting noticed on January 10, 2022

1. ROLL CALL

The California Housing Finance Agency Board of Directors Meeting was called to order at 10:04 a.m. by Acting Chair Gunning. A quorum of members was present.

MEMBERS PRESENT:	Silber (for Assefa), Avila Farias, Kergan (for Castro Ramírez), Gallagher, Gunning, Hunter, Imbasciani, Johnson Hall, Prince, Russell, Sotelo, Dodson (for Velasquez), Ma, White
MEMBERS ARRIVING AFTER ROLL CALL:	None
MEMBERS ABSENT:	Bosler
STAFF PRESENT:	Claire Tauriainen, Melissa Flores, Don Cavier, Kate Ferguson, Ellen Martin, Nick Kufasimes, Sheryl Angst, Sharyl Silva, Rebecca Franklin
GUEST SPEAKER:	Sasha Kergan, Deputy Secretary of Housing and Consumer Relations, BCSH

*Early departures: Ma was replaced by Starr and Dodson was replaced by Velasquez.

2. Approval of the Minutes – November 16, 2021

The minutes were approved by unanimous consent of all members in attendance.

3. Chairperson/Executive Director comments

Chairperson comments:

- Chair Gunning welcomed everyone to the meeting.

Executive Director comments:

- Johnson Hall announced that the California Mortgage Relief Program was approved by the U.S. Department of Treasury in mid-December and began accepting applications on December 27. A press event was held on January 5 to announce the program.

- The Mixed-Income Program for 2022 was launched on January 4.

- Governor Newsom's budget proposal includes goals of equitable housing production and climate resiliency that aligns with CalHFA's program goals.

4. Single Family Programs update

A. **General program update** (*presented by Don Cavier and Sheryl Angst*)

Cavier and Angst provided an update on single family programs and current trends in the real estate market.

B. **SB 129 Homebuyer Assistance funds update** (*presented by Ellen Martin and Nick Kufasimes*)

Martin and Kufasimes provided an overview of CalHFA's proposed use of SB 129 Homebuyer Assistance Funds.

i. Resolution reauthorizing a single family loan product in support of the California Department of Transportation's State Route 710 Affordable Sales Program pursuant to Government Code Sections 54235-54239.4 - Resolution No. 22-01

On a motion by Russell, the Board approved staff recommendation for **Resolution No. 22-01**. The votes were as follows:

AYES:	Avila Farias, Kergan (for Castro Ramírez), Gallagher, Gunning, Hunter, Imbasciani, Starr (for Ma), Prince, Russell, Sotelo, Dodson (for Velasquez), White
NOES:	None
ABSTENTIONS:	None
ABSENT:	None

ii. **Resolution authorizing allocation of funds appropriated pursuant to the Budget Act of 2021, as amended, for the purpose of homebuyer assistance programs – Resolution No. 22-02**

On a motion by Sotelo, the Board approved staff recommendation for **Resolution No. 22-02**. The votes were as follows:

AYES:	Avila Farias, Kergan (for Castro Ramírez), Gallagher, Gunning, Hunter, Imbasciani, Starr (for Ma), Russell, Sotelo, Dodson (for Velasquez), White
NOES:	None
ABSTENTIONS:	None
ABSENT:	Prince

C. **Accessory Dwelling Unit Grant Program update** (*presented by Ellen Martin and Sharyl Silva*)

Martin and Silva provided an update on the Accessory Dwelling Unit Grant Program. They discussed the multi-pronged strategy CalHFA has developed to implement the program so that they reach as many prospective grant recipients as possible and deploy grant funds as efficiently as possible.

5. California Mortgage Relief Program update

Presented by Rebecca Franklin

Franklin provided an overview of the first three weeks of activity since the California Mortgage Relief Program began accepting applications.

6. Mixed-Income Program update

Presented by Kate Ferguson

Ferguson provided a Mixed-Income Program (MIP) update that summarized MIP production and development cost and discussed changes to the program in 2022.

7. Business, Consumer Services and Housing presentation on Governor's housing and homelessness budget priorities

Presented by Guest Speaker Sasha Kergan, Deputy Secretary of Housing and Consumer Relations at BCSH

Deputy Secretary Kergan shared details about Governor Newsom's budget proposal, the California Blueprint, for 2022-23.

8. Informational Reports

Chair Gunning asked if there were any questions about the reports and there were none.

9. Discussion of other Board matters

Chair Gunning asked if there were other Board matters to be discussed and there were none.

10. Public comment

Chair Gunning asked if there were any comments from the public. An anonymous caller provided comment on Agenda Item #5.

11. Adjournment

As there was no further business to be conducted, Chair Gunning adjourned the meeting at 12:20 p.m.

State of California

M E M O R A N D U M

To: Board of Directors
California Housing Finance Agency

Date: March 17, 2022

From: Donald Cavier, Chief Deputy Director
California Housing Finance Agency

Subject: FY 2021-22 MID-YEAR BUDGET UPDATE

In May 2021, the Board approved the FY 2021-22 Operating Budget in conjunction with the adoption of the FY 2021-22 Business Plan. The approved operating budget included a resource budget of $89 million and expenditure budget of $39 million and included 221 permanent positions and 2.6 temporary positions. As of December 31, 2021, resources are $35.9 million or 19.7% under the mid-year expectations and operating expenses are $16.4 million or 15.7% below mid-year expectations. The table below provides a breakdown of our mid-year results as well as revised projections for fiscal year 2021-22.

CALIFORNIA HOUSING FINANCE AGENCY
MID-YEAR 2021-22 BUDGET UPDATE
(DOLLARS IN THOUSANDS)

	Approved Budget	Mid-Year Budget	Mid-Year Actuals	Variance	%	Projected 2021-22
RESOURCES						
Single Family Lending						
Lending Fees	52,500	26,250	16,650	-9,600	-36.6%	29,610
Interest Income	9,638	4,819	4,660	-159	-3.3%	7,377
Servicing Income	1,845	923	1,192	270	29.2%	2,145
Other Administrative Fees	4,500	2,250	1,807	-443	-19.7%	3,282
Multifamily Lending						
Lending Fees	4,268	2,134	2,093	-41	-1.9%	6,991
Interest Income	13,030	6,515	6,512	-3	0.0%	13,735
Servicing Income	1,305	653	697	45	6.8%	1,254
Other Administrative Fees	2,333	1,167	2,293	1,127	96.6%	6,016
TOTALS	**$ 89,419**	**$ 44,710**	**$ 35,904**	**$ (8,806)**	**-19.7%**	**$ 70,410**
OPERATING BUDGET						
Salaries and Wages	16,447	8,224	7,653	571	6.9%	15,400
Temp	198	99	164	(65)	-65.7%	325
Benefits	9,160	4,580	4,125	455	9.9%	8,500
General Expense	951	476	196	280	58.8%	625
Communications	384	192	104	88	45.8%	275
Travel	363	182	66	116	63.6%	125
Training	242	121	27	94	77.7%	80
Facilities Operation	2,894	1,447	1,342	105	7.3%	2,900
Consulting & Professional Services	4,311	2,156	1,068	1,088	50.5%	3,100
Central Administrative Services	2,083	1,042	1,213	(172)	-16.5%	2,085
Information Technology	1,750	875	479	396	45.3%	1,500
Equipment	220	110	1	109	99.1%	150
TOTALS	**$ 39,003**	**$ 19,502**	**$ 16,438**	**$ 3,064**	**15.7%**	**$ 35,065**
NET SURPLUS/(EXPENDITURE)	**$ 50,416**	**$ 25,208**	**$ 19,466**	**$ (5,742)**	**-22.8%**	**$ 35,345**

RESOURCES:

At mid-year, lending volume and revenues for our Single Family program are trending lower than originally anticipated due primarily to the general lack of housing supply which has cut its way through the entire homeownership market and has been especially tough on the first-time homebuyer market. The scarcity of inventory at lower price points is driving up prices and increasing competition. This situation is further exacerbated by the effects of the pandemic on construction labor, building supply chains, not to mention rising inflation, falling consumer confidence, and rising interest rates. At the mid-year mark, the Single Family Lending program has securitized $1.140 billion in first mortgage loan volume representing 3,237 first-time homebuyers and 38% of the fiscal year lending goal.

On a brighter note, the Multifamily program is continuing to produce strong results in large part due to the continued oversubscription of the Mixed-Income Program (MIP) and the growth of the Conduit Issuance program. Additionally, there is growing interest is CalHFA's Bond Recycling program which has deployed over $157 million in recycled bonds on preservation and new constructions projects at the mid-year mark. As a result, revenues are stable and growing. At mid-year, Multifamily programs financed $498 million in lending activity representing 1,604 affordable housing units and 27% of the overall lending goal. The bulk of loan closings for Multifamily are targeted to close in the second half of the fiscal year. Accordingly, our revised projections indicate the program will achieve 90% of the original lending goal and generate $7 million in fee income.

As we evaluate the mid-year performance of both our lending programs, we project revenues will end roughly 20% lower than originally expected for the full fiscal year but will be more than sufficient to cover CalHFA operating costs.

OPERATING BUDGET:

CalHFA's operating budget is trending at $3 million or 15.7% under budget at mid-year due primarily to salary and benefit savings from vacancies and cost savings from reductions in the use of consulting and professional services contracts, reduced expenses for information technology and equipment, and travel and training expenses during the pandemic. Salary and benefit costs make up 66% of the operating budget and provides for both permanent and temporary positions. The fiscal year 2021-22 budget authorized 223.2 full time equivalent (FTE) positions (221 regular positions and 2.6 temporary positions).

To ensure the efficient use of staff resources, the Agency continuously evaluates the workload and staffing levels of each division to ensure appropriate workforce planning is taking place. It is worth mentioning that CalHFA maintains a lean infrastructure that focuses on the use of technology solutions to improve the quality and speed of program execution. Having said that, we are actively evaluating the future staffing needs of the organization.

Overall, CalHFA's operating budget is projected to be $35 million, well within the approved fiscal year operating budget of $39 million.

State of California

M E M O R A N D U M

To: Board of Directors
California Housing Finance Agency

Date: March 17, 2022

From: Donald Cavier, Chief Deputy Director
California Housing Finance Agency

Subject: FY 2021-22 MID-YEAR BUSINESS PLAN UPDATE

EXECUTIVE SUMMARY

This item provides the CalHFA Board of Directors a mid-year performance report for the fiscal year 2021-2022, focusing on CalHFA's overall performance, updates on the lending activities of our Multifamily and Single Family programs, and an overview of the Agency's major accomplishments as of December 31st. In addition, the report contains a detailed progress update on the FY 2021-22 Strategic Business Plan action items (Attachment A). This review is intended to provide the Board with the means to measure and evaluate the Agency's progress at achieving the strategic goals and key strategies adopted by the Board.

BACKGROUND

The senior leadership team develops and refreshes the Strategic Business Plan yearly. During the development phase, the senior leaders establish action plans for the next fiscal year detailing how these actions will further the goals and key strategies of the organization. The action plans lay out the approaches and targeted completion timeline for advancing and achieving the Agency's goals and strategies.

CalHFA's goals are to serve people, refine operations, and build partnerships. We achieve those overarching goals with the following three primary strategic goals:

1. Promote statewide affordable housing production and opportunities for homeownership while maintaining financial independence and flexibility in the marketplace

2. Promote operational efficiencies through the use of technology and the implementation of best practices
3. Collaborate with other housing entities, lenders (both public and private), and stakeholders who complement CalHFA's lending objectives and policy priorities to deliver effective, inclusive, and innovative housing solutions

CalHFA has identified key strategies to provide focus and prioritization to achieve these strategic goals. These action items are detailed in Attachment A.

BUSINESS PLAN PROGRESS UPDATES

As of December 31st, CalHFA has been making good progress on our business plan objectives. Key accomplishments at mid-year include:

- Successfully recruited and filled key positions for Executive Director, Finance Director, Director of Business Development and Stakeholders Relations, and Risk Manager
- Preserving over $118.6 million of tax-exempt bond volume cap with an additional $134.3 million expected through the end of the fiscal year
- Successfully issuing $157 million of recycled tax-exempt bonds on new multifamily financings with an additional $40 million expected to be issued through the end of the fiscal year
- Launched a statewide Accessory Dwelling Unit (ADU) grant program
- Designed and launched the largest mortgage relief program (MRP) in the nation
- Elimination of the last of the Agency’s outstanding variable rate demand bonds
- Implemented 24-hour IT system security protocols to monitor and prevent potential threats
- Submitted the State Leadership Accountability Act report to the Department of Finance

California Mortgage Relief Program (MRP)

California received $1.055 billion in HAF funds from the American Rescue Plan Act of 2021 to mitigate Californians' financial hardships by providing grants to assist California homeowners who missed housing payments during the COVID-19 pandemic. CalHFA developed the California Mortgage Relief Program proposal and received approval from the U.S. Treasury on December 17, 2021. The program officially launched on Monday, December 27, 2021, making California the third state in the country to launch its full program. The program will help an estimated 20,000 to 40,000 struggling homeowners with funds reserved for homeowners in socially disadvantaged communities, which have been hit hardest by the pandemic. The program will provide up to $80,000 in grants to qualified households. Within the first month, the program received more than 4,800 applications. Potential applicants can check their eligibility and apply online at www.camortgagerelief.org. The website also includes a public-facing dashboard and a list of participating servicers. The program additionally secured a partnership with Sierra Health Foundation's The Center to run a community-based organization outreach and navigation program that will improve reach to underserved communities and provide applicants with in-language, culturally competent support.

Mixed Income Program (MIP)

CalHFA leverages state funding to finance the new construction of affordable housing that will serve a broad range of lower-income renters through our Mixed-Income Program (MIP). The program provides competitive, long-term, subordinate financing for Multifamily developments that provide housing for Californians earning a mix of incomes between 30% of their Area Median Income (AMI) and 80% of AMI, with an option to go up to 120% of AMI in certain situations. Additionally, the program must be paired with CalHFA's Permanent Loan product and CalHFA's Conduit Bond Issuance program. CalHFA has made $65 million available for MIP subordinate financing in 2022 and is currently in the process of ranking applications.

Accessory Dwelling Unit (ADU) Program

CalHFA is actively looking for new opportunities to be innovative and thoughtful in the housing finance market, with a particular focus on improving equitable access to income generating and wealth building opportunities associated with homeownership. CalHFA introduced the Accessory Dwelling Unit (ADU) Grant Program on September 20, 2021, which will help create more naturally affordable housing units in California while also potentially providing homeowners with an income producing asset. CalHFA uses AB101 funds and an allocation from the 2021-22 state budget to fund a grant program for pre-development costs associated with ADU construction. Currently, eligible costs include, but are not limited to, architectural designs, permits, soil tests, impact fees, property surveys, and energy reports.

Considering the current volatility in the mortgage markets, rising interest rates and increasing construction costs, CalHFA is looking at potential adjustments to the program. Among the changes under consideration is expanding the permissible uses of the grant funds to include, among other things, interest rate buydowns. This will help potential homebuyers mitigate the effects of rising interest rates on their decision on whether or not to move forward with an ADU.

With six lenders approved and ready to deploy funds, as well as several others anticipated to be online in the coming weeks, we have sufficient lending infrastructure in place to support a full scale marketing campaign publicizing the availability of the grant. Our lenders already report a very high call volume and interest in the program. Simultaneously, we are building out our internal systems to accommodate nontraditional lenders such as CDFIs and local jurisdictions and working to establish partnerships with interested entities so that the ADU grant can be offered to those borrowers.

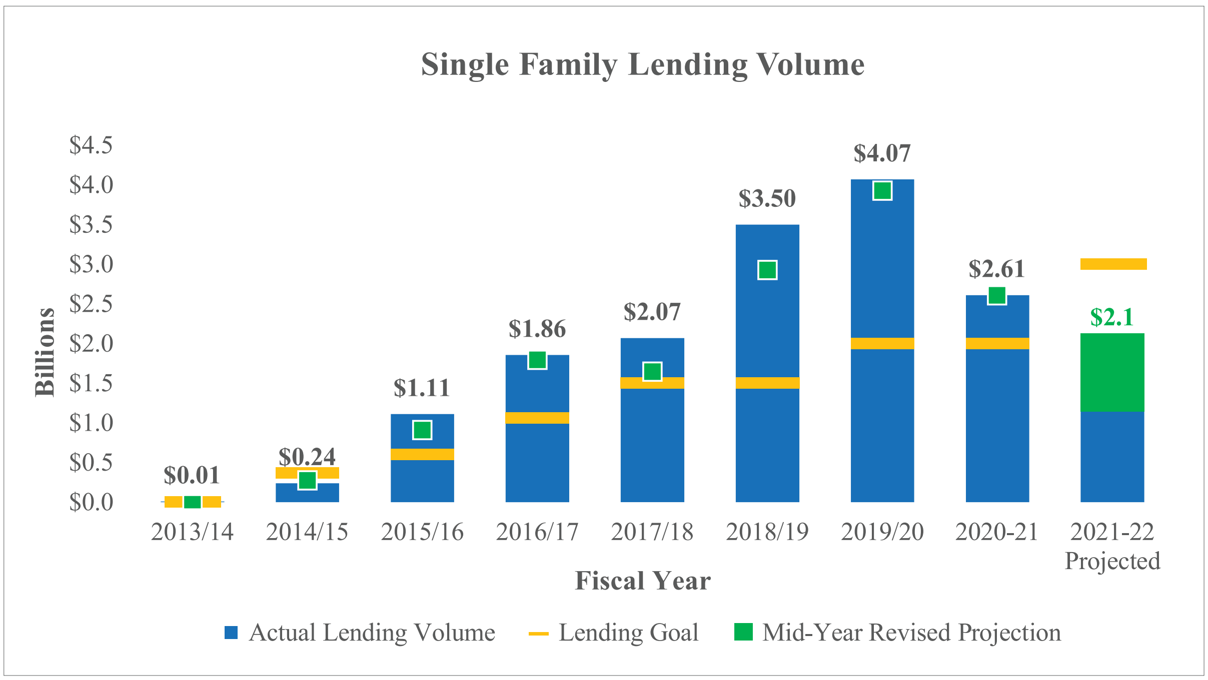
National Mortgage Settlement Counseling Program

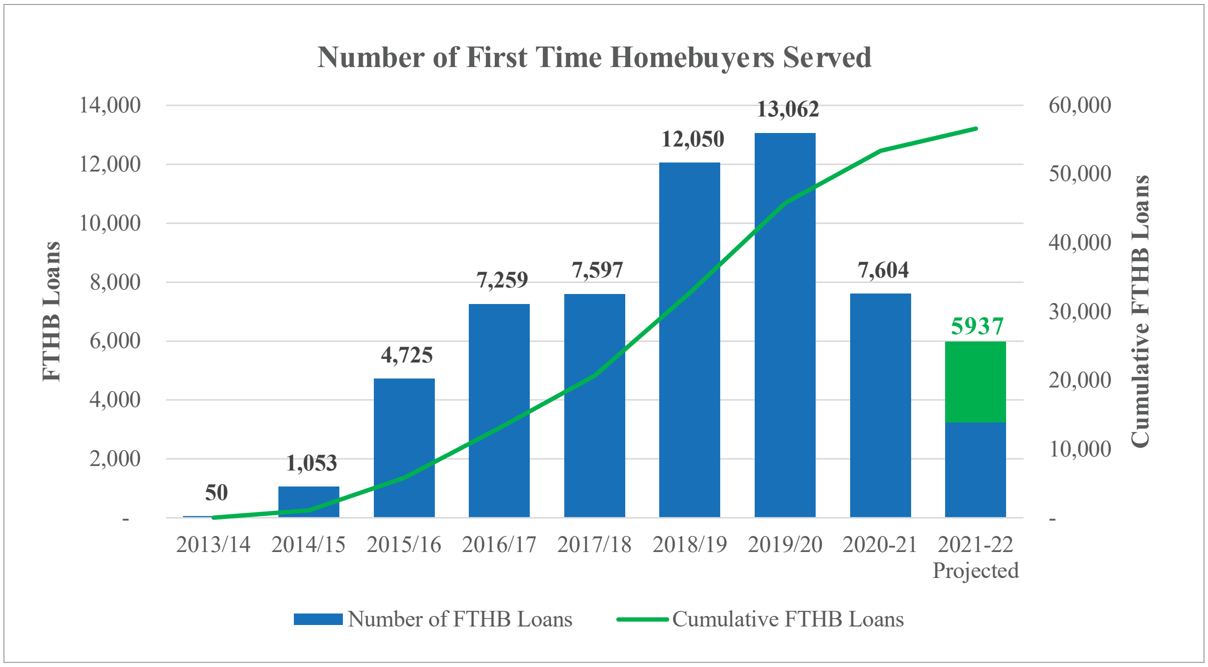
The National Mortgage Settlement Counseling program, which began in December of 2020, continues its work to help families in need of housing counseling. As of December 2021, more than 23,600 families have spoken with HUD-certified counselors about rent relief, mortgage assistance, purchasing a home, and other issues around housing. The counseling network currently consists of 217 counselors in 76 counseling agencies throughout the state, with most offering the option to meet virtually. So far, the program has distributed more than $29.7 million dollars to the counseling agencies for their work. We have scheduled a media briefing on March 17 for members of ethnic media, and are in the middle of a robust, ground-level marketing and outreach campaign to make sure we reach underserved markets and those who need the services most.

PRODUCTION UPDATE

SINGLE FAMILY LENDING

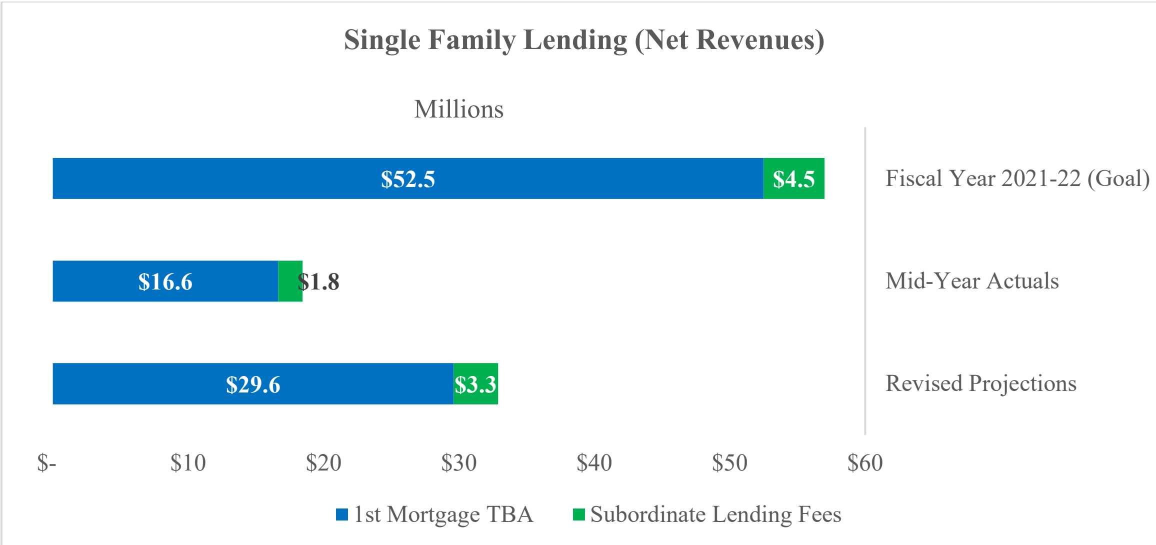
The chart below reflects the historical production goals, mid-year revisions, and actual lending activity for the previous seven years, as well as the number of first-time homebuyer households served. Actual first mortgage lending volume was $1.140 billion through December 31, 2021. Current market conditions and macroeconomic issues necessitate a revision in our lending forecast for the remainder of the fiscal year. Accordingly, we will be revising our forecast from the original goal of $3 billion to $2.1 billion. With this adjusted forecast, CalHFA anticipates serving approximately 5,937 first-time homebuyers.





Single Family Revenues

The actual revenue generated for mid-year is $18.4 million and our revised projection is $32.9 million for the full fiscal year. The revised projections reflect the current volatility in the capital markets spurred by inflation, rising interest rates and lack of affordable housing supply. Despite these obvious headwinds for the program, CalHFA is constantly adapting to the ever-changing mortgage markets and developing new products to help as many low- and moderate-income homebuyers achieve the goal of sustainable and equitable homeownership. The chart below reflects this year's revenue goal and our mid-year revised projection.

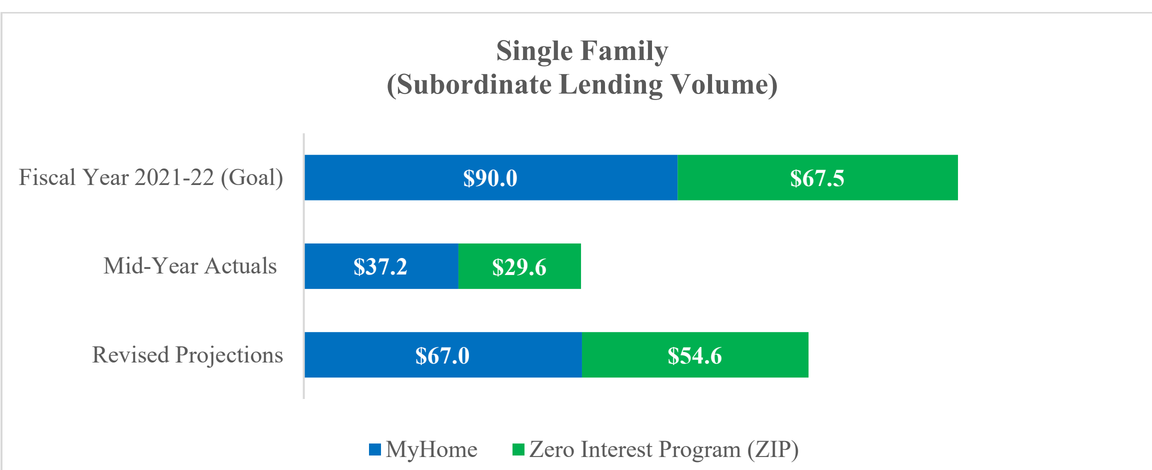


Single Family - Subordinate Lending Volume

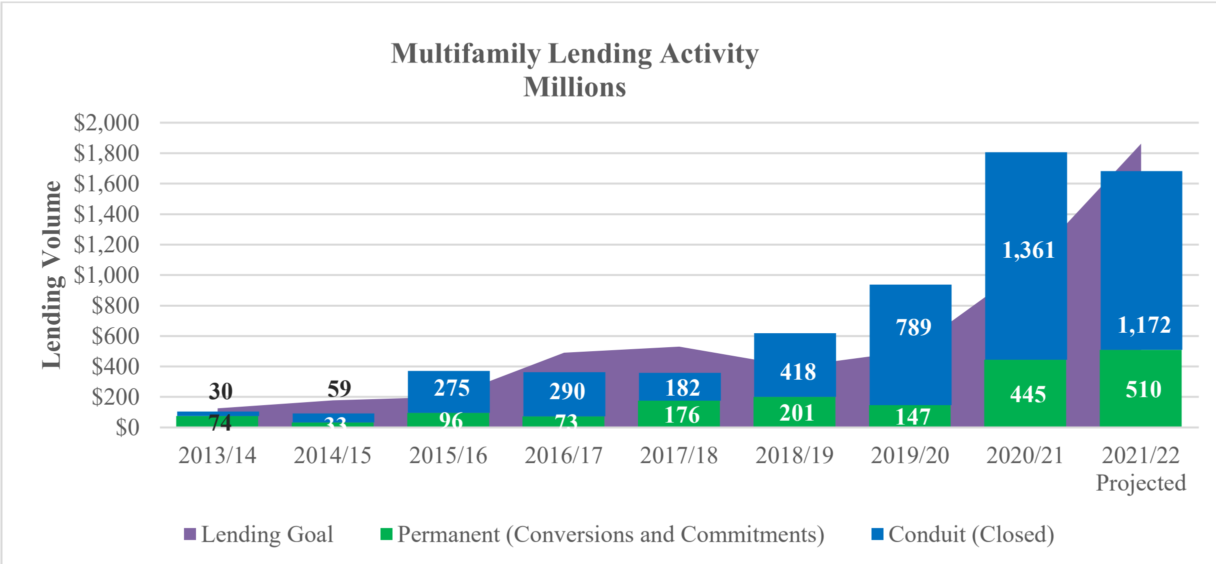
While noting that not all applicants avail themselves of both subordinate lending products to close their respective transactions, subordinate lending activity for the Single Family program is as follows:

For July through December, the actual production for MyHOME subordinate loans for down payment assistance is $37.2 serving 3,326 homebuyers. For the remainder of the fiscal year, staff projects a total deployment of $67 million serving 5,626 homebuyers.

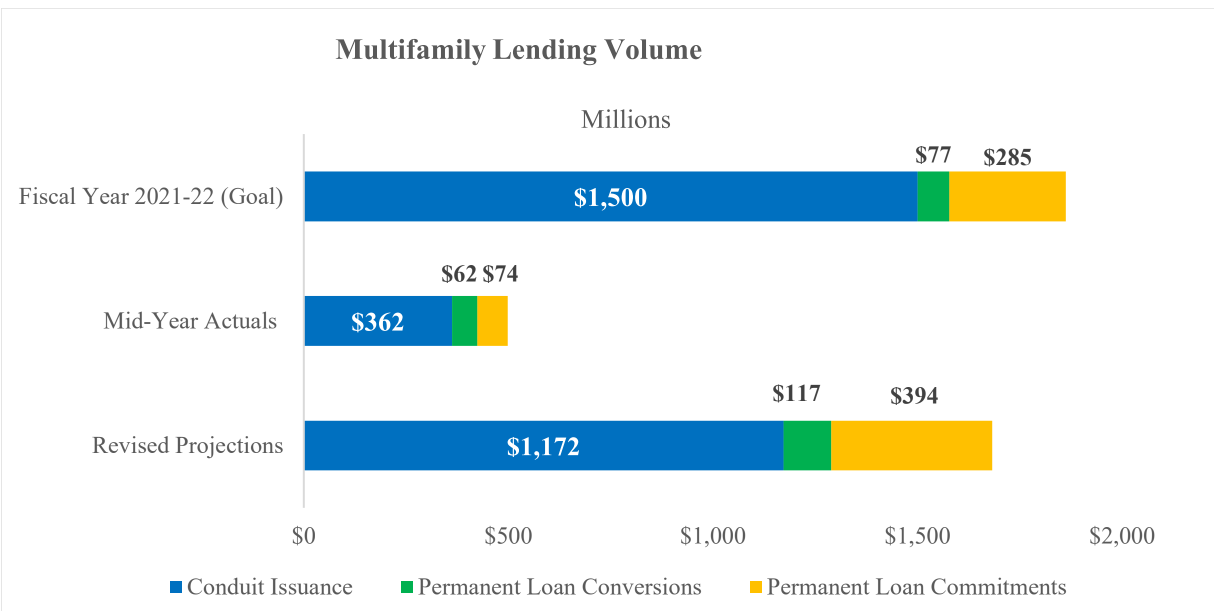
Mid-year production for Zero Interest Program (ZIP) subordinate loans (for closing cost assistance) is $29.6 million and the loans have served 3,061 homebuyers. Staff projects to achieve $54.6 million in production at the end of the year, serving 5,561 homebuyers.



MULTIFAMILY LENDING



Multifamily Lending Volume



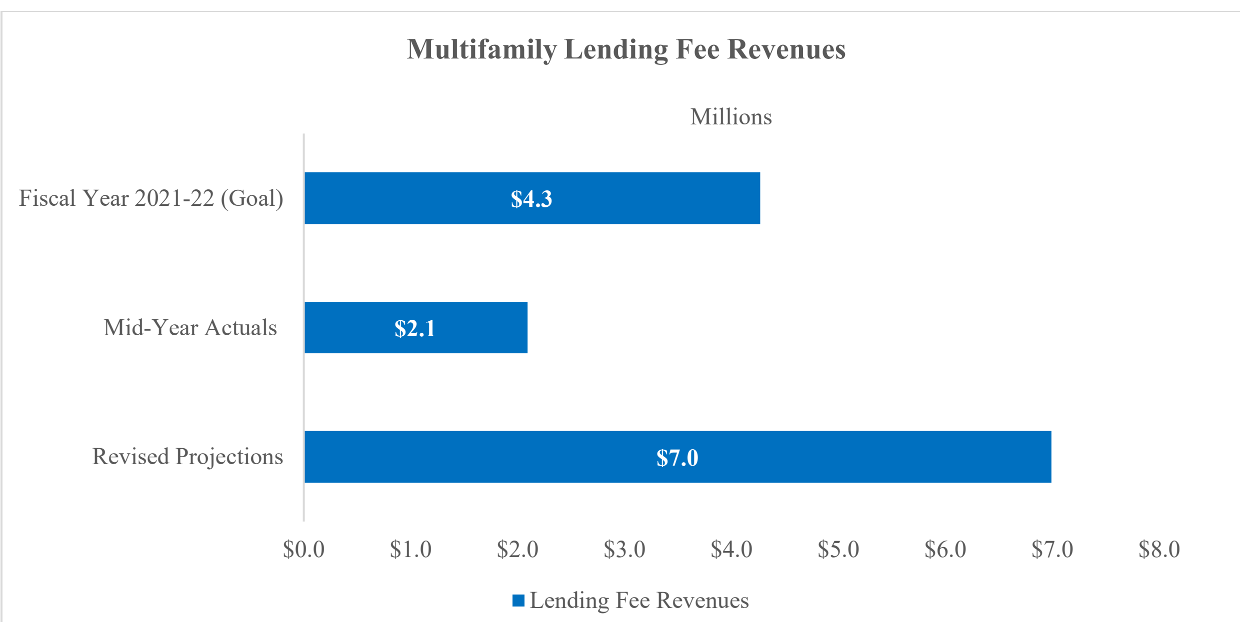
At mid-year, CalHFA's Multifamily lending volume was $498 which financed 1,604 affordable housing units. The bulk of this years' lending activities is scheduled to close in the second half of the fiscal year and our lending goal is being revised to $1.683 billion or 90% of business planning goal due to several conduit and permanent loan conversions being pushed into the first part of the next fiscal year. CalHFA expects to issue over $1.1 billion in conduit bonds for projects in our pipeline this fiscal year. Many of these issuances will convert to permanent loans in CalHFA's portfolio once construction is completed and occupancy is stabilized within 24-36 months. Additionally, this same pipeline of conduit issuances translates into significant opportunities to preserve (recycle) tax-exempt volume cap for new projects once they convert to permanent.

Multifamily Lending Revenues

Multifamily Lending generated $2.1 million (or 49% of its goal) in revenue for the first six months and is projected to generate $7 million (or 164% of goal) in revenue, surpassing the business plan goal of $4.3 million. Despite the lending volume projections coming up a bit short of goal, the revenue projections are expected to exceed the goal established because of the two primary reasons:

CalHFA had multiple Permanent Conversion projects close in FY 21-22 that were not expected at the time the goals were established, including multiple projects that experienced closing delays and were pushed from the original closing timeline in FY 20-21 to FY 21-22. Additionally, there was one unexpectedly large permanent refinance project that that was not contemplated at the time the goals were established.

The MIP revenue was higher than expected due to a program change that required CalHFA to be the permanent lender on all MIP projects. Prior to FY 21-22, it was not a requirement for CalHFA to be the permanent lender and our revenue on projects where we only had the MIP subsidy loan was significantly lower. As a result, the FY 21-22 goals were established before the MIP program change went into effect.



Attachment A

CalHFA Strategic Business Plan FY 2021-22

Mission: *To create and finance progressive housing solutions so more Californians have a place to call home.*

BUSINESS PLAN GOALS		KEY STRATEGIES		ACTION ITEMS	Initial Plan Year	Multi-Year Effort?	Expected Completion FY21/22	Expected Completion FY22/23	Expected Completion FY23/24	Mid-year Progress/Status As of 12/31/21	Item Owner
Promote state-wide affordable housing production and opportunities for homeownership while maintaining financial independence and flexibility in the marketplace	1	Promote inclusive and sustainable homeownership opportunities by expanding product offerings while serving a broad range of income and housing types		Finance **$3** billion in single family lending activity and serve approximately **9,375** homebuyers	Volume	Fee Income	Homeowners			N/A	SF
			A	Securitization of 1st mortgage loans	$ 3,000,000,000	$ 52,500,000	9,375			38%	SF
			B	MyHOME subordinate loans for down payment assistance	$ 90,000,000	$ 4,500,000				41%	SF
			C	Zero Interest Program (ZIP) Subordinate loans for closing cost assistance	$ 67,500,000					44%	SF
					$ 3,157,500,000	**$ 57,000,000**	**9,375**			N/A	
			E	Continue to monitor and implement Fannie Mae's Duty to Serve mandate	20/21	YES	Continuous	Continuous	Continuous	N/A	SF
			F	Automate data transfer of Fannie Mae's upload process for Universal Residential Loan Application (Form 1003) to MAS	20/21	YES	6/30/2022			100%	SF
			G	Implement program to incentivize statewide construction of ADUs	21/22	NO	12/31/2021			100%	SF
			H	Implement Mortgage Assistance Program to distribute National Mortgage Settlement and American Rescue Plan Act funds (until Sept 2025)	21/22	YES				90%	SF
			I	Streamline the Loan Administration unit's scope of services to ensure the most efficient uses of CalHFA resources.	21/22	NO	9/30/2021			30%	SF
	2	Expand multifamily inclusive communities lending opportunities and unit production while addressing preservation needs		Finance **$1.86** billion in multifamily lending activity for approximately **5,726** units	Volume	Fee Income	Units			N/A	MF
			A	Conduit Issuance	$1,500,000,000	$1,000,000	3249			24%	MF
			B	Permanent Loan Conversions*	$51,000,000	$333,000	0			100%	MF
			C	Permanent Loan Commitments**	$225,000,000	$1,286,000	120			32%	MF
			D	Subsidy Loan Perm Conversion	$6,400,000	$0	0			100%	MF
			E	Subsidy Loan Commitments	$0	$0	0			N/A	MF
			F	Mixed-Income Program (MIP) Subsidy Loan Commitments	$60,000,000	$1,364,000	1628			3%	MF
			G	SNHP Permanent Loan Conversions	$20,000,000	$285,000	729			24%	MF
				* Units counted in previous Fiscal year **Units for Perm. Loans tied to MIP subsides are reported under the MIP subsidy Loan TOTAL	**$1,862,400,000**	**$4,268,000**	**5726**			N/A	
			H	Monitor market acceptance of Mixed Income Program (MIP) and adjust program as needed to address current market environment while ensuring the efficient utilization of funds	19/20	YES	Continuous	Continuous	Continuous	N/A	MF
			I	Monitor the status of future funding allocations for the MIP and develop strategies to expand or contract program as needed (i.e. continued disbursement of AB 101 funds, new allocations of state tax credits)	19/20	YES	Continuous	Continuous	Continuous	N/A	MF
			J	Continue portfolio preservation strategy to retain portfolio projects set to pay off in the next 5 years and to endeavor to extend regulatory agreement and preserve project affordability	19/20	YES	Continuous	Continuous	Continuous	N/A	MF
			K	Continue efforts to expand Conduit Issuance to communities that are underserved and lack capacity	19/20	YES	Continuous	Continuous	Continuous	N/A	MF
			L	Continue responsible wind-down of the Special Needs Housing Program (SNHP):							
			L1	Process remaining pipeline of SNHP projects	19/20	YES	6/30/2022			50%	MF
			L2	Implement plan to transfer servicing & compliance activities to HCD	19/20	YES	6/30/2022			Not moving forward	MF
			M	Continue to close out Traditional Contract Administration (TCA) activities in coordination with HUD	20/21	YES			12/31/2023	80%	MF
			N	Create Preservation Program Term Sheet for targeted deals in collaboration with business partners and sister agencies to implement a preservation strategy.	21/22		12/31/2021			50%	MF
	3	Strengthen Agency financial position by effectively managing liquidity while maximizing return on equity and investment	A	Manage and invest balance sheet reserves to achieve an AA General Obligation rating, maintain a robust liquidity profile and generate future cashflow	19/20	YES		6/30/2022		Move to next FY	FIN
			B	Establish strategic partnerships to expand financial executions that we can offer to developers	19/20	YES	Continuous	Continuous	Continuous	N/A	FIN
			C	Expand bond recycling program to preserve up to $100M of tax exempt volume cap	19/20	NO	12/31/2021			100%	FIN
			D	Eliminate all variable rate bonds	20/21	YES	6/30/2022			100%	LEG/FIN
			E	Migrating LIBOR to a new index for Agency's legacy swap instruments	21/22	NO	6/30/2022			Move to next FY	LEG/FIN

BUSINESS PLAN GOALS	KEY STRATEGIES		ACTION ITEMS		Initial Plan Year	Multi-Year Effort?	Expected Completion FY21/22	Expected Completion FY22/23	Expected Completion FY23/24	Mid-year Progress/Status As of 12/31/21	Item Owner
Promote operational efficiencies through the use of technology and the implementation of best practices	4	Promote operational efficiencies and improve agency management reporting	A	Complete the implementation of the OCR/AI integration into MAS and explore other opportunities to leverage the system to streamline the document review processes.	19/20	YES	Continuous	Continuous	Continuous	100%	SF
			B	Facilitate recruitment of position vacancies to reduce key employee dependencies and support succession planning.	17/18	YES	Continuous	Continuous	Continuous	N/A	ADM
			C	Expand use data visualization and mapping needs throughout Agency reports; internal and external using GIS and PowerBI	19/20	YES		12/31/2021		25%	MRKT; FIN;IT
			D	Agency-wide E-Signature Project (State Memo 20-07) (E-Taskforce)							IT; OGC
			D1	E-Signature policy development	21/22	6/1/2021				80%	IT; OGC
			D2	E-Signatures in place for all State Forms	21/22		9/1/2021			80%	IT; OGC
			D3	E-Signatures in place for all other Agency business use forms	21/22			1/1/2022		80%	IT; OGC
			D4	~~Implement Electronic Signatures/Notary for Loan Administration~~	21/22			2/28/2022		Cancelled	SF
			E	Upgrade Microsoft Great Plains (GP) Software to streamline operational efficiencies across all divisions/modules with the program's most recently added functions.	21/22		1/1/2022			0%	FIS
			F	Research and support the Agency's digital transformation (i.e. expanding Cloud strategy; improve telework experience)	21/22	NO	3/31/2022			100%	IT
			G	Implement an Information Technology Service Management (ITSM) to improve IT customer service	19/20	YES		9/30/2022		90%	IT
			H	Transition Multifamily origination and asset management activities to a new single-system platform.	20/21		12/31/2021			90%	MF
			I	Continue cross training, creating desk manuals, succession planning in multiple units (Finance, MF, OGC, Admin etc.)	18/19	YES	Continuous	Continuous	Continuous	N/A	VARIOUS
	5	Continuously monitor and employ long-term strategies to mitigate enterprise risk and improve agency management reporting	A	Work with division managers to identify risks associated with agency activities in compliance with the State Leadership Accountability Act (SLAA) report	18/19	YES	Continuous	Continuous	Continuous	100%	ERM; ALL DIVISIONS
			B	Monitor and respond to state and federal legislation that could impact CalHFA.	21/22	YES	Continuous	Continuous	Continuous	N/A	LEG
			C	Develop an internal control repository, including standardized cross-functional process maps to document internal controls for the enterprise-wide functions.	21/22	YES	6/30/2022	6/30/2023	06/302024	N/A	ERM
			D	Implement Security Information and Event Management (SIEM)	19/20	YES			1/1/2023	100%	IT
Collaborate with other housing entities, lenders (both public and private), and stakeholders who complement CalHFA's lending objectives and policy priorities to deliver effective, inclusive and innovative housing solutions	6	Establish partnerships to increase opportunities for affordable housing production and preservation	A	Build and maintain relationships with State and Federal legislators and their staff to provide them with technical assistance; advocate for affordable housing in CA, including resources to stabilize housing portfolio during and post COVID-19 crisis	18/19	YES	Continuous	Continuous	Continuous	N/A	LEG
	7	Affirmatively Furthering Fair Housing	A	Establish a working group to explore new opportunities to enhance our product line to better address racial inequities.	20/21	YES	Continuous	Continuous	Continuous	100%	OGC /ERM
			B	Through the Capitol Collaborative on Racial Equity (CCORE) cohort, develop a Racial Equity Action Plan	21/22	NO	6/30/2022			60%	CCORE Team
			C	Increase outreach to socially disadvantaged communities to raise awareness of CalHFA resources such as housing counseling and sustainable, affordable homeownership programs to help build generational wealth for families who have experienced government regulated discrimination.	21/22	YES	Continuous	Continuous	Continuous	N/A	MRKTG
			D	Explore ideas to incentivize sustainable and affordable homeownership in socially disadvantaged communities with financing solutions which can be delivered into the housing secondary market.	21/22	YES	Continuous	Continuous	Continuous	100%	SF

CalHFA MULTIFAMILY PROGRAMS DIVISION
Final Commitment Staff Report & Request for and Loan Approval of Permanent Take-Out Loan for Tax Exempt financing with Mixed Income Program Subsidy Financing
Senior Loan Committee "Approval": March 9, 2022 for Board Meeting on: March 17, 2022

Project Name, County:	Terracina at the Dunes, Monterey County	
Address:	Imjin Parkway/4th Ave. and 2nd Ave./6th St, Marina, CA 93933	
CalHFA Project Number:	21-014-A/X/N	Total Units: 142 (family)
Requested Financing by Loan Program:	$34,000,000	**Tax Exempt Bond – Conduit Issuance Amount**
	$17,550,000	**Tax Exempt Permanent Loan with HUD Risk Sharing**
	$2,800,000	**Subsidy GAP Loan funded by MIP funds**

DEVELOPMENT/PROJECT TEAM

Developer:	USA Multi-Family Development, Inc.	**Borrower:**	Marina 706, L.P.
Permanent Lender:	CalHFA	**Construction Lender:**	JPMorgan Chase
Equity Investor:	WNC & Associates, Inc.	**Management Company:**	USA Multifamily Management, Inc.
Contractor:	USA Construction Management, Inc.	**Architect:**	Bassenian Lagoni Architecture
Loan Officer:	Kevin Brown	**Loan Specialist:**	N/A
Asset Manager:	Jessica Doan	**Loan Administration:**	Ashley Carroll
Legal (Internal):	Torin Heenan	**Legal (External):**	N/A
Concept Meeting Date:	4/5/2021	**Approval Expiration Date:**	180 days from Approval

1.		**CONDUIT ISSUANCE (JPMorgan Chase) CONSTRUCTION LOAN**	**PERMANENT LOAN (CalHFA)**	**MIP (GAP) LOAN**
	Total Loan Amount	$34,000,000 (t/e) $5,300,000 (taxable)	$17,550,000	$2,800,000
	Loan Term & Lien Position	36 months- interest only. Two conditional six-month extensions available. 1st Lien Position during construction	40 year – partially amortizing due in year 17; 1st Lien Position during permanent loan term	17 year - Residual Receipts; 2nd Lien Position during permanent loan term
	Interest Rate (subject to change and locked 30 days prior to loan closing)	Underwritten at 1.95% (T/E) and 2.45% (Taxable) Variable rate	15 Year MMD + 2.60% Underwritten at 4.53%* including a .25% cushion	Greater of 1.00% Simple Interest or the Applicable Federal Rate at time of MIP

			Estimated rate based on a 36 month forward commitment.	closing (2% Simple was used for underwriting purposes)
	Loan to Value (LTV)	84%	68%	N/A
	Loan to Cost	62%	31%	N/A

**CalHFA spreads locked on 5/29/2021 (after CalHFA Initial Commitment Approval). Cushion is to account for MMD fluctuations prior to Construction Loan Close. Final CalHFA rate will be locked 30 days prior to construction loan closing.*

PROJECT SUMMARY

2.	**Legislative Districts**	**Congress:**	#20 Jimmy Panetta	**Assembly:**	#29 Mark Stone	**State Senate:**	#17 John Laird

Brief Project Description

Terracina at the Dunes (the "Project") is a scattered-site (2 sites), new construction, family, mixed-income Project. It consists of six three-story garden-style buildings and two two-story community center/management office buildings. The two separate parcels are approximately 3/4 of a mile apart. The Project will contain 142 units total, including 34 one-bedroom units (533 sq ft), 72 two-bedroom units (712-881 sq ft), and 36 three-bedroom units (932 sq ft). The project will provide housing to households between 30% and 70% AMI. Two of the two-bedroom units will be reserved for onsite property managers. The Project is part of the Marina Community Partners LLC (seller) master-planned community development requirement. The Project is located within a governor-declared disaster area.

Financing Structure: The Project's financing structure includes tax-exempt bonds, 4% tax credits, Agency's tax-exempt permanent loan with HUD risk sharing and MIP. The project also includes gap financing from the seller of the property structured as a fully deferred subordinate loan, due in 55 years after permanent loan conversion, to the project in order to satisfy the master developer's 1:1 contribution requirement for inclusionary projects. The project will be income averaged, pursuant to TCAC regulations.

Tax Credits and/or CDLAC Status: The project received an allocation of tax-exempt bonds and an award of 4% Federal and State tax credits on December 8, 2021.

Project Amenities: The Project includes a community room/clubhouse, business center, central laundry facilities, on-site management, and recreational facilities. Unit amenities will include dishwasher, refrigerators and garbage disposal.

Local Resources and Services: For TCAC/CDLAC purposes, the Project is located within a Moderate Resource Area per TCAC's Opportunity Area Map. The Project is in close proximity to the following local amenities and services:

- Grocery stores – 0.6 miles
- Schools – 0.7 miles
- Public Library – 1.7 miles
- Public transit – 0.05 miles
- Retail – 0.6 miles
- Park and recreation – 0.8 miles
- Hospitals – 6.6 miles

		Non-displacement and No Net Loss: To the extent feasible, it is the Agency's priority to mitigate the overall effects upon affordable housing availability that may arise from multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project is a new construction project, with no related demolition of existing affordable housing, hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development. **Commercial Space:** The Project does not include commercial space.

MISSION

3.	**CalHFA Mission/Goals**	
This Project and financing proposal provide 140 units of affordable housing with a range of restricted rents between 30% of AMI and 70% of AMI which will support much needed rental housing that will remain affordable for 55 years.		

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/TCAC Closing Deadline:	6/6/2022	Est. Construction Loan Closing:	4/2022
	Estimated Construction Start:	4/2022	Est. Construction Completion:	7/2023
	Estimated Stabilization and Conversion to Perm Loan(s):		4/15/2025	

SOURCES OF FUNDS

5.

Construction Period Financing				
SOURCE	**AMOUNT**	**LIEN POSITION**	**INTEREST RATE**	**DEBT TYPE**
JP Morgan Chase Construction Loan (Tax-Exempt)	$34,000,000	1st	1.95%	Interest Only
JP Morgan Chase Construction Loan (Taxable)	$4,000,000	2nd	2.45%	Interest Only
USA Properties Fund, Inc. (Sponsor Loan)	$1,000,000	3rd	8.00%	Residual Receipts
Life Span Home (Seller Note)	$7,788,000	4th	3.00%	Fully Deferred/Due in 55 years from perm conversion.
Tax Credit Equity	$15,271,097	N/A	N/A	N/A
TOTAL	**$62,059,097**	**$437,036**	**Per Unit**	

Permanent Financing				
SOURCE	**AMOUNT**	**LIEN POSITION**	**INTEREST RATE**	**DEBT TYPE**
CalHFA Permanent Loan	$17,550,000	1st	4.53%	Required Payment
CalHFA MIP	$2,800,000	2nd	2.00%	Residual Receipts
USA Properties Fund, Inc. (Sponsor Loan)	$1,000,000	3rd	8.00%	Borrower's 50% Share of Surplus Cash

Life Span Home (Seller Note)	$7,788,000	4th	3.00%	Fully Deferred/Due in 55 years
Deferred Developer Fee	$3,670,131	N/A	N/A	N/A
Net Cash Flow During Construction	$1,532,167	N/A	N/A	N/A
Tax Credit Equity	$31,703,057	N/A	N/A	N/A
TOTAL DEVELOPMENT COST:	**$66,043,335**	**$465,094**	**Per Unit**	

Subsidy Efficiency: $19,718.00 per MIP restricted unit

Tax Credit Type(s), Amount(s), Pricing(s), and per total units:

- 4% Federal Tax Credits: $33,216,580 ($233,920 per TCAC restricted units).
- State Tax Credits: $3,644,895 ($25,668 per TCAC restricted units).

Rental Subsidies: The Project will not be subsidized by project-based vouchers.

Other State Subsidies: The Project will not be funded by other state funds.

Other Locality Subsidies: The Project will not be funded by locality funds.

Cost Containment Strategy: The property manager, USA Multifamily Management and the general contractor, USA Construction Management (USACM) are both wholly owned and controlled subsidiaries of the Developer. Along with being fully vertically integrated, the developer is working with the project architect, engineer, and other consultants to develop a cost-effective project through the bidding process, critical path construction schedule and incorporating lessons learned from prior post construction audits.

6. Equity – Cash Out (estimate): Not Applicable

TRANSACTION OVERVIEW

7. Proposal and Project Strengths

- The Project was awarded 4% federal tax credits and State Tax Credits which are projected to generate equity representing approximately 48% of total financing sources.
- The developer/sponsor has extensive experience in developing similar affordable housing projects and/or have experience with CalHFA.
- The Project will serve low-income families ranging between 30% to 70% of AMI.
- The project has support from the municipality in the form of Disposition and Development Agreement that allows the development of 140 affordable units that will be restricted at or below 70% AMI.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $3,588,159, which could be available to cover cost overruns and/or unforeseen issues during construction.
- As part of the City of Monterey's inclusionary requirements, the Master Developer/seller of the property is providing a $7,788,000 contribution to Life Span Homes, Inc., a 501(c)3 non-profit organization, who will in turn provide a fully deferred subordinate loan to the Project for the same amount that will be due in 55 years from permanent loan conversion.

8.	**Project Weaknesses with Mitigants:**

- The exit analysis assumes 6.50% cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent first lien loan but may only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $526,681, leaving an outstanding balance of $3,113,319. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.
- The developer is budgeting an amount of $1,532,167 via net operating income accrued during pre-stabilization assuming a 25-month construction period, 8-month lease-up period and an additional 3 months of stabilized occupancy for a permanent loan closing (36 months from construction closing). Should the rent-up period be delayed or prolonged, the cash portion of developer fee totaling $3,588,000 could be available to cover the operating gap.

9.	**Underwriting Standards or Term Sheet Variations**

None.

10.	**Project Specific Conditions of Approval**

Approval is conditioned upon:

- No site work or construction commenced prior to the issuance of a HUD Risk Share Firm Approval Letter.
- Receipt of LPA and investor written approval evidencing that any outstanding deferred developer fee remaining in Year 15 will be treated as a developer contribution. The owner must provide evidence of investor approval of the total deferred developer's fee structure.
- The Borrower has requested that 100% of surplus cash be allowed towards the repayment of the deferred developer's fee (DDF) for up to 15 years or until DDF has been fully repaid, whichever is sooner. Thereafter, the surplus cash split shall be 50% to Borrower and 50% to Residual Receipt lender(s). As a condition of this approval, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Limited Partnership Agreement (LPA). In addition, the owner must provide evidence of investor and all residual receipt lender(s) approvals of the total deferred developer's fee structure and residual receipt split. Residual receipt lenders must also agree to defer the payments on their loans.
- CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt.
- The City is requiring the Borrower to encumber the Property by recording a Density Bonus Agreement. Prior to construction loan closing and closing of the CalHFA loans, the Density Bonus Agreement is subject to CalHFA review and approval in accordance with Agency underwriting standards.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated herein, or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing. For instance, if the permanent loan interest rate decreased, then the subsidy may be reduced due to additional debt generated by the lower interest rate. The debt service coverage ratio ("DSCR") shall be a maximum of 1.20. An increase of the subsidy loan will not be allowed and will be subject to Agency's approval.
- At construction closing, recordation of Restricted Covenant Modification as required by the "Covenant to Restrict Use of the Property, Environmental Restriction" recorded on title May 22, 2002.
- Receipt of Estoppel from the City to the Borrower for work performed under the "Fixture Exchange Agreement" dated June 30, 2006 which is recorded and on title.
- Removal or evidence of compliance satisfactory to CalHFA, of the Memorandum of Disposition and Development Agreement and associated Development Agreements recorded on title and dated 7/8/2005 from the City.

11.	Staff Conclusion/Recommendation:
The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.	

AFFORDABILITY

12. CalHFA Affordability & Occupancy Restrictions

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 30% of the total units (43 units) at or below 60% AMI and 10% of the total units (15 units) at or below 50% of AMI for 55 year(s).

The CalHFA MIP Subsidy Regulatory Agreement requires 10% of total units (15 units) be restricted at or below 50% of AMI, 10% of total units (15 units) be restricted between 60% and 80% of AMI with a minimum average of 70% of AMI, and 80% of the total units (110 units) be restricted at or below 120% of AMI for a term of 55 years. For underwriting purposes, the initial rents at permanent loan closing must be no less than the underwriting rent levels outlined on the "Unit Mix and Rent Summary" enclosed. The CalHFA permanent loan agreement will require minimum underwriting rent levels as outlined in the Rent Limit Summary Table Below.

In addition, the Project will be restricted by the following jurisdictions as described below:

The Marina Redevelopment Agency Disposition and Development Agreement (DDA) will restrict 139 units at or below 80% of AMI for a term of 55 years.

Rent Limit Summary Table

Restrictions @ AMI	Total	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
30%	15	-	3	8	4	-	10.6%
50%	36	-	9	18	9	-	25.4%
60%	36	-	9	18	9	-	25.4%
70%	53	-	13	26	14	-	37.3%
Manager's Unit	2	-	-	2	-	-	1.4%
Total	142	0	34	72	36	0	100%

The average affordability restriction is 58% of AMI.

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY

Regulatory Source	Recordation Priority if Recorded Document	Term of Agrmt (years)	Number of Units Restricted For Each AMI Category									
			30% AMI	50% AMI	60% AMI	*70% AMI (60% to 80% Tranche)	70% AMI	80% AMI	<= 120% AMI	Mgrs Unit	Total Units Regulated	% of Regulated Units
CalHFA Bond	1st	55		15	43					2	58	40.8%
*CalHFA MIP	2nd	55		15		15			110	2	140	98.6%
Tax Credits	3rd	55	15	36	36		53			2	140	98.6%
DDA	4th	55		91				48		2	139	97.9

13.	Geocoder Information		
Central City:	No	Underserved:	No
Low/Mod Census Tract:	Moderate	Below Poverty line:	32.27%
Minority Census Tract:	70.41%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14.	Capitalized Reserves:	
	Replacement Reserves (RR):	N/A
	Operating Expense Reserve (OER):	$478,494 OER amount is size based on 3 months of operating expenses, debt service, and annual replacement reserves deposits. The Investor will hold this reserve for the term of the CalHFA permanent loan and in the event the OER is drawn down during the term of the loan, the OER must be replenished over a 12 months period to the original level.
	Transitional Operating Reserve (TOR):	N/A

15.	Cash Flow Analysis			
	1st Year DSCR:	1.16	**Project-Based Subsidy Term:**	N/A
	End Year DSCR:	1.52	**Annual Replacement Reserve Per Unit:**	$250/unit plus 3% annual increase
	Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
	Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

For purposes of CalHFA's DSCR covenant, the Project is required to maintain a minimum of 1.15 DSCR for the term of the permanent loan.

16. Loan Security

The CalHFA loan(s) will be secured against the above-described Project site.

17. Balloon Exit Analysis **Applicable:** ☒ **Yes** ☐ **No**

The exit analysis assumes a 6.5% cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent first lien loan but may only have the ability to repay a portion of the Agency's subsidy MIP loan in the estimated amount of $526,861, leaving an outstanding balance of $3,113,319. This is as expected by CalHFA given the requirement that the MIP loan be co-terminus with the permanent first mortgage. The primary source of repayment for both the first mortgage and the MIP subsidy loan is refinance of the project's first mortgage. To the extent such a refinance is insufficient to fully repay the MIP loan, it is contemplated that any remaining balance will be paid from a general partner contribution as part of the final close out of partnership obligations to allow re-syndication.

APPRAISAL AND MARKET ANALYSIS

18. Appraisal Review **Dated: 1/3/2022**

- The as-restricted stabilized value is $26,910,000, which results in the Agency's permanent first lien loan to value of 68%.

- The as-restricted stabilized value is $26,910,000, which results in the Agency's permanent first lien loan to value of 68%.
- The Appraisal dated January 03, 2022, prepared by Pacific Real Estate Appraisal, values the land at $6,240,000.
- The cap rate of 4.50% and projected $2,210,785 of net operating income, which is generally aligned with the proposed Project net operating income, were used to determine the appraised value of the subject site.
- The capture rate is 11.66% (higher than market study dated 1/29/2021) and the absorption rate is expected to be 20 units per month (estimating seven to eight months, which is consistent with the market study.

	Market Study:	Novogradac Consulting LLP	**Dated: 1/29/2021**

Regional Market Overview

- The Primary Market Area ("PMA") is the city of Marina as well as portions of the cities of Monterey, Salinas, and Moss Landing (population of 89,845 in 2020) and the Secondary Market Area ("SMA") is Salinas, CA Metropolitan Statistical Area (population of 428,752 in 2020)
- The general population in the PMA is anticipated to increase by 0.3% per year.
- 39.8% of local employment in the PMA is concentrated in the educational services, healthcare/social assistance, accommodation/food services industries. The leisure, hospitality, and retail trade sectors have been two of the heaviest hit industries from the COVID-19 pandemic. Despite this, affordable supply in the area continues to perform well.
- Unemployment in the SMA was reported at 7.8% in October 2020, which is higher than the 6.6% unemployment rate for the nation. Per the appraisal, this rate improved to 6% by June 2021, but it remains slightly higher to 5.8% for the country for the same period. The market study does not include the unemployment rate for the PMA; however, the SMA data is a good indication of job market.
- Median household income in the area is $60,000 while median home value in the PMA is $850,000, consequently renting provides an affordable alternative.

Local Market Area Analysis

- **Supply:**
  - The Market Study identified 530 existing affordable units in the PMA that directly compete with the subject and they are 92% or higher occupied with waiting lists.
  - There is no new planned or under construction of affordable project(s) identified within the PMA per the market study. The most recent project to receive LIHTC funding was an age-restricted/Section 8 development in 2017 and was completed in 2020.
- **Demand/Absorption:**
  - Per the Market Study, the project will need to capture 8.5% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 20 units per month and reach stabilized occupancy within 7 months of opening.
  - With the area median income continuing to increase, future increases are expected. Demand for rent-restricted projects continues to be good and is expected to remain so in future years.

DEVELOPMENT SUMMARY

19. Site Description **Requires Flood Insurance:** ☐ Yes ☒ No

- The project consists of two separate sites/parcels within 3/4 mile of each other. One parcel sits on the southeast and southwest corners of the intersection of Imjin Parkway and 4th Avenue, in the City of Marina, Monterey County. Another parcel sits at the southwest corner of the intersection of 6th Street and 2nd Avenue, also in the City of Marina, Monterey County.
- The site is currently vacant, with level topography at street grade, with parcels measuring 4.12 and 2.35 acres respectively for a total of approximately 6.47 acres.

- The site is zoned as UVR (University Villages Residential) with permitted multifamily residential use.
- The subject is located in Flood Zone X which is the area determined to be outside the 500-year flood and protected by levee from 100-year flood, therefore the Project will not be subject to flood insurance.

20. Form of Site Control & Expiration Date

The current owner of the site is The City of Marina. On 5/31/2005, Marina Community Partners, LLC (MCP), the master developer, entered into a Disposition and Development Agreement with the City of Marina for a land cost of $6,283,000. MCP is required by the Disposition and Development Agreement, and related Operating Agreement, to include 139 units of affordable rental housing. To fulfill this obligation, MCP has entered into a purchase and sales agreement with USA Properties Fund, Inc. (USA) dated 12/17/2019. As a subsidy from MCP to USA, the purchase price was set at a nominal amount of $100 for the two separate sites in order to satisfy MCP's inclusionary requirement for the Disposition and Development Agreement. An Assignment and Assumption of the Purchase and Sale Agreement was signed between USA Properties Fund, Inc. and Marina 706, L.P., the Borrower, on 5/13/2021.

21. Current Ownership Entity of Record

Title is currently vested in the City of Marina as the fee owner.

22. Environmental Review Findings **Dated: January 25, 2022**

- Phase I Environmental Site Assessments were performed for both sites by West Environmental Service & Technology, and dated January 25, 2022. The reports revealed no evidence of recognized environmental conditions, so no additional investigation was recommended.
- The sites are located on the former Fort Ord United States Army post. As part of the Purchase and Sales Agreement between MCP and USA, the seller is required to complete all environmental remediation and rough grading prior to transferring the site to USA. This work has been completed.

23. Seismic **Requires Earthquake Insurance:** ☐ Yes ☒ No

This new Project will be built to State and City of Marina Building Codes so no seismic review is required.

24. Relocation **Requires Relocation:** ☐ Yes ☒ Not Applicable

The Project is new construction on vacant land; therefore, relocation is not applicable.

PROJECT DETAILS

25. Residential Areas:

Residential Square Footage:	105,727	**Residential Units per Acre:**	21.9
Community Area Sq. Ftg:	24,308	**Total Parking Spaces:**	265
Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	130,035

26. Mixed-Use Project: ☐ Yes ☒ No

Non-Residential Sq. Footage:	N/A	**Number of Lease Spaces:**	N/A
Master Lease:	☐ Yes ☒ No	**Number of Parking Spaces:**	265

27. Construction Type:

The Subject will consist of 6 three-story buildings and 2 two-story community center/managers unit buildings. The project will contain a mixture of one-, two- and three-bedroom floor plans. The buildings will be constructed of steel and wood frame, and covered with stucco, laminated wood, metal cladding and fiber cement board siding. The roofs will be a medium pitched gable design covered with asphalt composition shingles.

28. Construction/Rehab Scope **Requires Demolition:** ☐ Yes ☒ No

- The subject site is new construction on vacant land.

- The Contractor is an affiliate of the Borrowing entity. The contract will be structured as a Guaranteed Maximum Price (GMP) contract with a 14% for builder overhead, profit, and general requirements per TCAC regulations.
- All environmental remediation has been paid for and completed by Seller as required by the Purchase and Sale Agreement.
- The majority of offsite improvements will be handled by the master developer, MCP, as the project is part of a master planned community. The locality does however require certain offsite improvements that include:
  - Sidewalk improvements – $253,805
  - Landscaping – $284,358
  - Drive Entries – $143,750

  Total Offsite Improvements - $681,913 ($4,802 p/u)

29. Construction Budget Comments:

- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing.
- The Developer is currently looking for cost saving design options to reduce construction costs and minimize development costs.
- The developer had established cost containment strategies, which are outlined in Section 5 above.
- During construction and permanent, the cost of the offsite improvements outlined above will be paid by either tax credit equity, USA Properties Fund, Inc. loan, or the Life Span subordinate loan as follows:.

	Construction	**Permanent**
Offsite improvements Structure Cost	$681,913	$681,913
Tax Credit Equity, Life Span Loan, or USA Properties Fund, Inc. Loan	$681,813	$684,913
Total Sources	$681,913	$681,913

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

- Managing General Partner: Riverside Charitable Corporation, a California nonprofit public benefit corporation; 0.001% interest
- Administrative General Partner: USA Marina 706, Inc., a California corporation and an affiliate of USA Properties Fund, Inc.; 0.009% interest
- Investor Limited Partner: WNC & Associates Inc. (Investor Partnership and Special Limited Partner); 99.99% interest

31. Developer/Sponsor

Founded in 1981 and headquartered in Roseville, CA, USA Properties Fund, Inc. (USA) is a vertically integrated, full-service real estate development, investment, and management company. USA Properties is a developer, owner, and manager of communities, from quality affordable family and senior communities to market-rate projects. USA Properties has completed 122 projects (17,010 units). In addition, the company has sixteen (16) projects (2,425 units) in the pipeline and six (6) projects under construction.

USA Properties Fund, Inc., and its wholly owned construction company, USA Construction Management Inc., has the staffing capacity to process the 16+ projects in our pipeline as they are all at different stages of the development process. Similarly, their projects under construction are at different development stages, with the most intense work at the beginning of the projects. USA has added construction project managers to its staff in anticipation of these construction starts. Additionally, several of the projects are close to being closed out.

32.	**Management Agent**
The Project will be managed by USA Multifamily Management, Inc. which has extensive experience in managing similar affordable housing projects in the area. The company currently manages six (6) projects in CalHFA's portfolio. The CalHFA portfolio projects are performing as expected.	
33.	**Service Provider** **Required by TCAC or other funding source?** ☒ **Yes** ☐ **No**
Life Skills Training and Educational Programs, Inc. (LifeSTEPS) will provide supportive services for the tenant population to meet CTCAC requirements for a term of 15 years. The supportive services expense is currently included as an approved line-item within the operating budget. Services will be conducted onsite.	
34.	**Contractor** **Experienced with CalHFA?** ☒ **Yes** ☐ **No**
The general contractor, an affiliated company, is USA Construction Management, Inc. (USACM), which has extensive in constructing similar affordable housing projects in California and is familiar with CalHFA. They have completed six (6) projects in the CalHFA portfolio.	
35.	**Architect** **Experienced with CalHFA?** ☐ **Yes** ☒ **No**
The architect is Bassenian Lagoni Architecture, which has 45-year experience in designing and managing similar multifamily housing projects in California through the locality's building permit process.	
36.	**Local Review via Locality Contribution Letter**
The locality, City of Marina, returned the local contribution letter stating they strongly support the project.	

EXHIBITS: Detailed Financial Analysis, and applicable Term Sheets

PROJECT SUMMARY — Final Commitment

Acquisition, Rehab, Construction & Permanent Loans — **Project Number 21-014-A/X/N**

Project Full Name	Terracina at the Dunes	**Borrower Name:**	Marina 706, L.P., a California limited
Project Address	Imjin Parkway/4th Ave. and 2nd Ave./6th St	**Managing GP:**	Riverside Charitable Corporation
Project City	Marina	**Developer Name:**	USA Multi-Family Development, Inc.
Project County	Monterey	**Investor Name:**	WNC & Associates, Inc.
Project Zip Code	93933	**Prop Management:**	USA Multifamily Management Inc.
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	6.47
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	105,727
Total Residential Units:	142	**Residential Units Per Acre:**	21.95
Total Number of Buildings:	8		
Number of Stories:	2 and 3	**Covered Parking Spaces:**	0
Unit Style:	Flat	**Total Parking Spaces:**	265
Elevators:	--		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
JP Morgan Chase T/E Construction Loan	34,000,000	0.750%	36	--	1.950%
JP Morgan Chase - Taxable	4,000,000	0.750%	36	--	2.450%
USA Properties Fund Inc. (Sponsor Loan)	1,000,000	--	36	--	8.000%
Life Span Home (Seller Note)	7,788,000	--	36	--	3.000%
Investor Equity Contribution	15,271,097	--	--	--	--

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	17,550,000	1.000%	17	40	4.530%
MIP	2,800,000	1.000%	17	17	2.000%
USA Properties Fund Inc. (Sponsor Loan)	1,000,000	--	55	55	8.000%
Life Span Home (Seller Note)	7,788,000	--	55	55	3.000%
Deferred Developer Fees	3,670,131	NA	NA	NA	NA
NOI During Construction	1,532,167	NA	NA	NA	NA
Investor Equity Contributions	31,703,057	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	7/27/21	**Capitalization Rate:**	4.50%
Investment Value ($)	46,550,000	**Restricted Value ($)**	26,910,000
Construct/Rehab LTC	58%	**CalHFA Permanent Loan to Cost**	27%
Construct/Rehab LTV	82%	**CalHFA 1st Permanent Loan to Value**	65%
		Combined CalHFA Perm Loan to Value	76%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	Required	
Completion Guarantee Letter of Credit	N/A	

Permanent Loan

Operating Expense Reserve Deposit	$478,494	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$250	Cash

Date Prepared: 2/22/22 — Senior Staff Date: 3/9/22

UNIT MIX AND RENT SUMMARY **Final Commitment**

Terracina at the Dunes **Project Number 21-014-A/X/N**

PROJECT UNIT MIX					
Unit Type of Style	**Number of Bedrooms**	**Number of Baths**	**Average Size (Sq. Ft.)**	**Number of Units**	**Est. No. of Tenants**
Flat	1	1	533	34	51
Flat	2	1	712	35	105
Flat	2	2	784	35	105
Flat	2	2	812	1	3
Flat	2	2	881	1	3
Flat	3	2	932	36	162
				142	429

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	**Number of Units Restricted For Each AMI Category**						
	30%	**40%**	**50%**	**60%**	**70%**	**80%**	**120%**
A Bond/RiskShare	0	0	15	43	0	0	0
CalHFA MIP	0	0	15	0	15	0	110
Tax Credit	15	0	36	36	53	0	0
DDA	0	0	91	0	0	48	0
-	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	**Restricting Agency**	**% of Area Median Income**	**Average Restricted Rents: Number of Units**	**Average Restricted Rents: Unit Rent**	**Average Market Rents**	**Average Monthly Savings**	**% of Market Rents**
Studios	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
1 Bedroom	**CTCAC**	**30%**	3	$535	$1,802	$1,267	30%
	CTCAC	**50%**	9	$916		$886	51%
	CTCAC	**60%**	9	$1,107		$695	61%
	CTCAC	**70%**	13	$1,298		$504	72%
	CTCAC	**80%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
2 Bedrooms	**CTCAC**	**30%**	8	$634	$2,036	$1,402	31%
	CTCAC	**50%**	18	$1,092		$944	54%
	CTCAC	**60%**	18	$1,321		$715	65%
	CTCAC	**70%**	26	$1,550		$486	76%
	CTCAC	**80%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
3 Bedrooms	**CTCAC**	**30%**	4	$724	$2,404	$1,680	30%
	CTCAC	**50%**	9	$1,253		$1,151	52%
	CTCAC	**60%**	9	$1,518		$886	63%
	CTCAC	**70%**	14	$1,782		$622	74%
	CTCAC	**80%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
4 Bedrooms	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
5 Bedrooms	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
Date Prepared:	2/22/22					Senior Staff Date:	3/9/22

SOURCES & USES OF FUNDS					Final Commitment
Terracina at the Dunes			Project Number		21-014-A/X/N
SOURCES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT SOURCES OF FUNDS SOURCES ($)	PER UNIT ($)	%
JP Morgan Chase T/E Construction Loan	34,000,000				0.0%
-	-				0.0%
-	-				0.0%
JP Morgan Chase - Taxable	4,000,000				0.0%
-	-				0.0%
USA Properties Fund Inc. (Sponsor Loan)	1,000,000				0.0%
Life Span Home (Seller Note)	7,788,000				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	15,271,097				0.0%
Perm		17,550,000	17,550,000	123,592	26.6%
MIP		2,800,000	2,800,000	19,718	4.2%
-		-	-	-	0.0%
-		-	-	-	0.0%
USA Properties Fund Inc. (Sponsor Loan)		1,000,000	1,000,000	7,042	1.5%
Life Span Home (Seller Note)		7,788,000	7,788,000	54,845	11.8%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
NOI During Construction		1,532,167	1,532,167	10,790	2.3%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		3,670,131	3,670,131	25,846	5.6%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		31,703,057	31,703,057	223,261	48.0%
TOTAL SOURCES OF FUNDS	**62,059,097**	**66,043,355**	**66,043,355**	**465,094**	**100.0%**
TOTAL USES OF FUNDS (BELOW)	**62,059,097**	**66,043,355**	**66,043,355**	**465,094**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**-**	**-**	**-**		

USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**62,059,097**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	100	-	100	1	0.0%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	-	-	-	-	0.0%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**100**	**-**	**100**	**1**	**0.0%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	681,913	-	681,913	4,802	1.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	4,734,709	-	4,734,709	33,343	7.2%
Structures (Hard Cost)	26,593,528	-	26,593,528	187,278	40.3%

SOURCES & USES OF FUNDS					**Final Commitment**
Terracina at the Dunes			**Project Number**		**21-014-A/X/N**
General Requirements	1,840,000	-	1,840,000	12,958	2.8%
Contractor Overhead	1,396,628	-	1,396,628	9,835	2.1%
Contractor Profit	1,396,627	-	1,396,627	9,835	2.1%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	725,538	-	725,538	5,109	1.1%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**37,368,943**	**-**	**37,368,943**	**263,162**	**56.6%**
USES OF FUNDS	**CONST/REHAB**	**PERMANENT**	**TOTAL PROJECT USES OF FUNDS**		
	$	**$**	**USES ($)**	**PER UNIT ($)**	**%**
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**-**	**-**	**-**	**-**	**0.0%**
ARCHITECTURAL FEES					
Design	1,493,143	-	1,493,143	10,515	2.3%
Supervision	-	-	-	-	0.0%
TOTAL ARCHITECTURAL FEES	**1,493,143**	**-**	**1,493,143**	**10,515**	**2.3%**
SURVEY & ENGINEERING FEES					
Engineering	590,282	-	590,282	4,157	0.9%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	590,282	-	590,282	4,157	0.9%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	3,664,340	-	3,664,340	25,805	5.5%
Soft Cost Contingency Reserve	430,605	-	430,605	3,032	0.7%
TOTAL CONTINGENCY RESERVES	4,094,945	-	4,094,945	28,838	6.2%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
JP Morgan Chase T/E Construction Loan	794,141	-	794,141	5,593	0.012025
-	-	-	-	-	0
-	-	-	-	-	0.0%
JP Morgan Chase - Taxable	-	-	-	-	0.0%
-	-	-	-	-	0.0%
USA Properties Fund Inc. (Sponsor Loan)	-	-	-	-	0.0%
Loan Fees					
JP Morgan Chase T/E Construction Loan	345,000	-	345,000	2,430	0.5%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
JP Morgan Chase - Taxable	-	-	-	-	0.0%
-	-	-	-	-	0.0%
USA Properties Fund Inc. (Sponsor Loan)	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating In	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	18,000	-	18,000	127	0.0%
Real Estate Taxes During Rehab	1,988	-	1,988	14	0.0%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Rehab	-	-	-	-	0.0%
Title & Recording Fees	26,250	-	26,250	185	0.0%
Construction Management & Testing	-	-	-	-	0.0%

SOURCES & USES OF FUNDS — **Final Commitment**
Terracina at the Dunes — **Project Number 21-014-A/X/N**

Predevelopment Interest Expense	-	-	-	-	0.0%
Bond Issuer Fee	44,500	-	44,500	313	0.1%
Lender Inspections	12,000	-	12,000	85	0.0%
TOTAL CONST/REHAB PERIOD COSTS	**1,241,879**	**-**	**1,241,879**	**8,746**	**1.9%**

USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
Perm	91,500	91,500	175,500	1,236	0.3%
MIP	14,000	14,000	28,000	197	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
USA Properties Fund Inc. (Sponsor Loan)	-	-	-	-	0.0%
Life Span Home (Seller Note)	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	55,000	55,000	110,000	775	0.2%
Credit Enhancement & Application Fees	-	179,283	179,283	1,263	0.3%
Title & Recording (closing costs)	-	26,250	26,250	185	0.0%
Year 1 - Taxes & Special Assessments and Insura	-	-	-	-	0.0%
CalHFA Fees	-	12,617	12,617	89	0.0%
Post Construction Interest	-	1,268,000	1,268,000	8,930	1.9%
Loan Origination Fees	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	**160,500**	**1,646,650**	**1,799,650**	**12,674**	**2.7%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
CalHFA Permanent Loan Legal Fees	17,500	17,500	35,000	246	0.1%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	85,000	-	85,000	599	0.1%
CalHFA Bond Counsel	50,000	-	50,000	352	0.1%
TOTAL LEGAL FEES	**152,500**	**17,500**	**170,000**	**1,197**	**0.3%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	478,494	478,494	3,370	0.7%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**-**	**478,494**	**478,494**	**3,370**	**0.7%**
REPORTS & STUDIES					
Appraisal Fee	10,700	-	10,700	75	0.0%
Market Study Fee	11,850	-	11,850	83	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	17,000	-	17,000	120	0.0%
HUD Risk Share Environmental / NEPA Review F	25,000	-	25,000	176	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%

SOURCES & USES OF FUNDS					Final Commitment
Terracina at the Dunes			**Project Number**	**21-014-A/X/N**	
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**64,550**	**-**	**64,550**	**455**	**0.1%**
USES OF FUNDS	**CONST/REHAB $**	**PERMANENT $**	**TOTAL PROJECT USES OF FUNDS**		
			USES ($)	**PER UNIT ($)**	**%**
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	91,323	-	91,323	643	0.1%
CDLAC Fees	11,900	-	11,900	84	0.0%
Local Permits & Fees	797,407	-	797,407	5,616	1.2%
Local Impact Fees	9,200,389	-	9,200,389	64,791	13.9%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	247,560	-	247,560	1,743	0.4%
Accounting & Audits	25,000	-	25,000	176	0.0%
Advertising & Marketing Expenses	-	79,500	79,500	560	0.1%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Construction Inspection Fees)	30,000	-	30,000	211	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OTHER COSTS	**10,403,579**	**79,500**	**10,483,079**	**73,825**	**15.9%**
SUBTOTAL PROJECT COSTS	**55,570,421**	**64,281,241**	**57,785,065**	**406,937**	**87.5%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	6,488,676	1,762,114	8,258,290	58,157	12.5%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	-	-	-	0.0%
Other Adminstration Fees	-	-	-	-	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**6,488,676**	**1,762,114**	**8,258,290**	**58,157**	**12.5%**
TOTAL PROJECT COSTS	**62,059,097**	**66,043,355**	**66,043,355**	**465,094**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
Terracina at the Dunes	**Project Number**		**21-014-A/X/N**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 2,139,300	$ 15,065	104.02%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	25,622	180	1.25%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 2,164,922**	**$ 15,246**	**105.26%**
Less: Vacancy Loss	**$ 108,246**	**$ 762**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 2,056,676**	**$ 16,008**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 136,378	$ 960	$ 0
Management Fee	81,691	575	3.97%
Social Programs & Services	21,800	154	1.06%
Utilities	373,318	2,629	18.15%
Operating & Maintenance	217,742	1,533	10.59%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	53	0.36%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	1,193	8	0.06%
Other Taxes & Insurance	78,436	552	3.81%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES	**$ 918,058**	**$ 6,465**	**44.64%**
Replacement Reserve	$ 35,500	$ 250	1.73%
TOTAL OPERATING EXPENSES	**$ 953,558**	**$ 6,715**	**46.36%**
NET OPERATING INCOME (NOI)	**$ 1,103,118**	**$ 7,768**	**53.64%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
Perm	$ 950,844	$ 6,696	46.23%
-	$ -	-	0.00%
-	$ -	-	0.00%
USA Properties Fund Inc. (Sponsor Loan)	$ -	-	0.00%
Life Span Home (Seller Note)	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 950,844**	**$ 6,696**	**46.23%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 152,274**	**$ 1,072**	**7.40%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**1.16**	**to 1**	
Date: 2/22/22		Senior Staff Date:	03/09/22

PROJECTED PERMANENT LOAN CASH FL0WS										Terracina at the Dunes			
Final Commitment										Project Number	21-014-A/X/N		
	YEAR	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
RENTAL INCOME	**CPI**												
Restricted Unit Rents	2.50%	2,139,300	2,192,783	2,247,602	2,303,792	2,361,387	2,420,422	2,480,932	2,542,955	2,606,529	2,671,693	2,738,485	2,806,947
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	25,622	26,263	26,920	27,593	28,282	28,989	29,714	30,457	31,219	31,999	32,799	33,619
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**2,164,922**	**2,219,046**	**2,274,522**	**2,331,385**	**2,389,669**	**2,449,411**	**2,510,646**	**2,573,413**	**2,637,748**	**2,703,692**	**2,771,284**	**2,840,566**
VACANCY ASSUMPTIONS	**Vacancy**												
Restricted Unit Rents	5.00%	106,965	109,639	112,380	115,190	118,069	121,021	124,047	127,148	130,326	133,585	136,924	140,347
Unrestricted Unit Rents	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,281	1,313	1,346	1,380	1,414	1,449	1,486	1,523	1,561	1,600	1,640	1,681
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**108,246**	**110,952**	**113,726**	**116,569**	**119,483**	**122,471**	**125,532**	**128,671**	**131,887**	**135,185**	**138,564**	**142,028**
EFFECTIVE GROSS INCOME (EGI)		**2,056,676**	**2,108,093**	**2,160,796**	**2,214,815**	**2,270,186**	**2,326,941**	**2,385,114**	**2,444,742**	**2,505,860**	**2,568,507**	**2,632,720**	**2,698,538**
OPERATING EXPENSES	**CPI / Fee**												
Administrative Expenses	3.50%	158,178	163,714	169,444	175,375	181,513	187,866	194,441	201,247	208,290	215,580	223,126	230,935
Management Fee	3.97%	81,691	83,733	85,827	87,972	90,172	92,426	94,737	97,105	99,533	102,021	104,572	107,186
Utilities	3.50%	373,318	386,384	399,908	413,904	428,391	443,385	458,903	474,965	491,589	508,794	526,602	545,033
Operating & Maintenance	3.50%	217,742	225,363	233,251	241,414	249,864	258,609	267,661	277,029	286,725	296,760	307,147	317,897
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	1,193	1,208	1,223	1,238	1,254	1,269	1,285	1,301	1,318	1,334	1,351	1,368
Other Taxes & Insurance	3.50%	78,436	81,181	84,023	86,963	90,007	93,157	96,418	99,792	103,285	106,900	110,642	114,514
Required Reserve Payments	1.00%	35,500	35,855	36,214	36,576	36,941	37,311	37,684	38,061	38,441	38,826	39,214	39,606
TOTAL OPERATING EXPENSES		**953,558**	**984,939**	**1,017,388**	**1,050,943**	**1,085,642**	**1,121,523**	**1,158,629**	**1,197,000**	**1,236,680**	**1,277,716**	**1,320,152**	**1,364,039**
NET OPERATING INCOME (NOI)		**1,103,118**	**1,123,154**	**1,143,407**	**1,163,872**	**1,184,544**	**1,205,417**	**1,226,485**	**1,247,742**	**1,269,180**	**1,290,791**	**1,312,567**	**1,334,499**
DEBT SERVICE PAYMENTS	**Lien #**												
Perm	1	950,844	950,844	950,844	950,844	950,844	950,844	950,844	950,844	950,844	950,844	950,844	950,844
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA Properties Fund Inc. (Sponsor Loan)	3	-	-	-	-	-	-	-	-	-	-	-	-
Life Span Home (Seller Note)	4	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**950,844**	**950,844**	**950,844**	**950,844**	**950,844**	**950,844**	**950,844**	**950,844**	**950,844**	**950,844**	**950,844**	**950,844**
CASH FLOW AFTER DEBT SERVICE		**152,274**	**172,310**	**192,563**	**213,028**	**233,699**	**254,573**	**275,641**	**296,898**	**318,336**	**339,947**	**361,723**	**383,654**
DEBT SERVICE COVERAGE RATIO		**1.16**	**1.18**	**1.20**	**1.22**	**1.25**	**1.27**	**1.29**	**1.31**	**1.33**	**1.36**	**1.38**	**1.40**
Date Prepared:	02/22/22									Senior Staff Date:	3/9/22		
		1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
LESS: Asset Management Fee	3%	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	10,079	10,382
LESS: Partnership Management Fee	3%	27,278	28,097	28,939	29,808	30,702	31,623	32,572	33,549	34,555	35,592	36,660	37,759
net CF available for distribution		**117,496**	**136,488**	**155,667**	**175,025**	**194,556**	**214,255**	**234,114**	**254,125**	**274,280**	**294,569**	**314,984**	**335,513**
Deferred developer fee repayment	3,670,131	3,670,131	3,552,635	3,416,147	3,260,481	3,085,456	2,890,900	2,676,645	2,442,531	2,188,406	1,914,126	1,619,557	1,304,574
	100%	117,496	136,488	155,667	175,025	194,556	214,255	234,114	254,125	274,280	294,569	314,984	335,513
		3,552,635	3,416,147	3,260,481	3,085,456	2,890,900	2,676,645	2,442,531	2,188,406	1,914,126	1,619,557	1,304,574	969,060
Payments for Residual Receipt Payments		*0%*											
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	-	-	-	-	-	-	-	-	-	-
MIP	*100.00%*	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**-**	-	-	-	-	-	-	-	-	-	-	-
Balances for Residual Receipt Payments													
RESIDUAL RECEIPTS LOANS	*Interest Rate*												
MIP---Simple	*2.00%*	2,800,000	2,856,000	2,912,000	2,968,000	3,024,000	3,080,000	3,136,000	3,192,000	3,248,000	3,304,000	3,360,000	3,416,000
0---Simple	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
USA Properties Fund Inc. (Sponsor Loan)---Simp	*8.00%*	-	-	-	-	-	-	-	-	-	-	-	-
---Simple	*3.00%*	7,788,000	8,021,640	8,255,280	8,488,920	8,722,560	8,956,200	9,189,840	9,423,480	9,657,120	9,890,760	10,124,400	10,358,040
0---Simple	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments		10,588,000	10,877,640	11,167,280	11,456,920	11,746,560	12,036,200	12,325,840	12,615,480	12,905,120	13,194,760	13,484,400	13,774,040

PROJECTED PERMANENT LOAN CASH FL0WS

Final Commitment

	YEAR	13	14	15	16	17
RENTAL INCOME	**CPI**					
Restricted Unit Rents	2.50%	2,877,121	2,949,049	3,022,775	3,098,344	3,175,803
Unrestricted Unit Rents	2.50%	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-
Laundry Income	2.50%	34,459	35,321	36,204	37,109	38,037
Parking & Storage Income	2.50%	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**2,911,580**	**2,984,370**	**3,058,979**	**3,135,453**	**3,213,840**
VACANCY ASSUMPTIONS	**Vacancy**					
Restricted Unit Rents	5.00%	143,856	147,452	151,139	154,917	158,790
Unrestricted Unit Rents	0.00%	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-
Laundry Income	5.00%	1,723	1,766	1,810	1,855	1,902
Parking & Storage Income	50.00%	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**145,579**	**149,218**	**152,949**	**156,773**	**160,692**
EFFECTIVE GROSS INCOME (EGI)		**2,766,001**	**2,835,151**	**2,906,030**	**2,978,681**	**3,053,148**
OPERATING EXPENSES	**CPI / Fee**					
Administrative Expenses	3.50%	239,018	247,383	256,042	265,003	274,278
Management Fee	3.97%	109,866	112,612	115,428	118,313	121,271
Utilities	3.50%	564,109	583,853	604,288	625,438	647,328
Operating & Maintenance	3.50%	329,023	340,539	352,458	364,794	377,562
Ground Lease Payments	3.50%	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	-	-	-	-	-
Real Estate Taxes	1.25%	1,385	1,402	1,420	1,437	1,455
Other Taxes & Insurance	3.50%	118,522	122,670	126,964	131,408	136,007
Required Reserve Payments	1.00%	40,002	40,402	40,806	41,214	41,627
TOTAL OPERATING EXPENSES		**1,409,425**	**1,456,362**	**1,504,905**	**1,555,108**	**1,607,028**
NET OPERATING INCOME (NOI)		**1,356,576**	**1,378,789**	**1,401,125**	**1,423,573**	**1,446,120**
DEBT SERVICE PAYMENTS	**Lien #**					
Perm	1	950,844	950,844	950,844	950,844	950,844
-	-	-	-	-	-	-
-	-	-	-	-	-	-
USA Properties Fund Inc. (Sponsor Loan)	3	-	-	-	-	-
Life Span Home (Seller Note)	4	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**950,844**	**950,844**	**950,844**	**950,844**	**950,844**
CASH FLOW AFTER DEBT SERVICE		**405,732**	**427,944**	**450,281**	**472,729**	**495,275**
DEBT SERVICE COVERAGE RATIO		**1.43**	**1.45**	**1.47**	**1.50**	**1.52**
Date Prepared:	02/22/22					

		13	14	15	16	17
LESS: Asset Management Fee	3%	10,693	11,014	11,344	11,685	12,035
LESS: Partnership Management Fee	3%	38,892	40,059	41,261	42,499	43,774
net CF available for distribution		**356,146**	**376,871**	**397,675**	**418,545**	**439,466**
					50%	
Deferred developer fee repayment	3,670,131	969,060	612,914	236,043	-	-
	100%	356,146	376,871	236,043	-	-
		612,914	236,043	-	-	-
Payments for Residual Receipt Payments					*50%*	
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	-	209,273	219,733
MIP	*100.00%*	-	-	-	209,273	219,733
Total Residual Receipts Payments	**100.00%**	-	-	-	209,273	**219,733**
Balances for Residual Receipt Payments						
RESIDUAL RECEIPTS LOANS	*Interest Rate*					
MIP---Simple	*2.00%*	3,472,000	3,528,000	3,584,000	3,640,000	3,486,727
0---Simple	*0.00%*	-	-	-	-	-
USA Properties Fund Inc. (Sponsor Loan)---Simp	*8.00%*	-	-	-	-	-
---Simple	*3.00%*	10,591,680	10,825,320	11,058,960	11,292,600	11,526,240
0---Simple	*0.00%*	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-
Total Residual Receipts Payments		14,063,680	14,353,320	14,642,960	14,932,600	15,012,967

California Housing Finance Agency

MIXED-INCOME LOAN PROGRAM

The California Housing Finance Agency ("CalHFA" or "Agency") Mixed-Income Program ("MIP") provides competitive, long-term, subordinate financing for new construction multifamily housing projects restricting units (tax credit or CalHFA) between 30% and 120% of county Area Median Income ("AMI").

The MIP must be paired with CalHFA's Conduit Bond Issuance Program and a CalHFA Mixed-Income Qualified Construction Lender (defined below). Additionally, the program must be paired with CalHFA's Permanent Loan product. The MIP resources will take the form of a subordinate loan to incentivize newly developed multifamily housing projects that serve a range of extremely low to moderate income renters. Eligible projects must create newly constructed regulated units that meet the income and occupancy requirements reflected below.

Qualifications

APPLICATION:

Sponsors/developers must submit a complete application package which includes all items listed on the application, the application addendum and the checklist. Incomplete application packages will not be considered. The application and checklist can be found at www.calhfa.ca.gov/multifamily/mixedincome/. If the sponsor/developer is not able to meet the readiness timeline referenced below, MIP funds may be rescinded and reallocated. If the sponsor/developer is not able to meet the readiness timeline referenced below, MIP funds may be rescinded and reallocated.

AVAILABILITY:

Available to for-profit, nonprofit, and public agency sponsors. Development teams must meet CalHFA experience requirements, as defined in the CalHFA Development Team Qualifications section below.

USES:

MIP Subsidy loans must be used in conjunction with CalHFA's Conduit Bond Issuance Program and a construction loan from a CalHFA Mixed-Income Qualified Construction Lender. MIP Subsidy loans must also be used in conjunction with CalHFA's permanent first-lien mortgage financing. CalHFA Mixed-Income Qualified Construction Lender is defined in the CalHFA Lender Qualifications section below.

FINANCING STRUCTURE:

Projects accessing the MIP Subsidy loan funds must be structured as one of the following:

1. Tax-exempt Bond and 4% tax credit project where at least 51% of the units in the project must be tax credit financed, OR
2. Qualified mixed-income project through income averaging pursuant to Internal Revenue Code Section 42 (g)(1)(C).

Kevin Brown, Housing Finance Specialist
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8808
kbrown@calhfa.ca.gov

Ruth Vakili, Housing Finance Officer
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8816
rvakili@calhfa.ca.gov

Qualifications (continued)

READINESS:

Projects must have site control and be prepared to submit for a bond and tax credit allocation and will only receive funds if bonds are issued within the issuance timeframes specified in the California Debt Limit Allocation Committee's (CDLAC) Regulations Section 5100.

1. **Site:** The site must be ready for construction (all potential environmental issues have been identified, mitigation plan is in place, and costs associated with the mitigation plan have been incorporated in the development budget). Environmental issues may include, but not be limited to, receipt of clearances for CEQA, NEPA, and applicable tribal land environmental reviews. Pursuant to HUD-Risk Sharing requirements, sponsor is expected to start the NEPA process shortly after CalHFA verifies application completeness and determines that the project is ready to move forward with an initial commitment ("notification date"). The NEPA clearance and HUD's firm approval letter will be required prior to construction loan closing.
2. **General Contractor and/or Third Party Construction Services Engagement:** At the time of application, Applicant must provide evidence that the applicant or developer has engaged a general contractor or third-party construction services company to provide construction services including, but not limited to, value engineering, bid/budget services, and constructability review of plans and designs. In addition, the proposed construction budget is based on the general contractor's or third-party construction services company's preliminary bid estimates pursuant to the current plans and designs.
3. **Disposition and Development Agreement:** Applicant must provide a copy of the disposition and development agreement, if applicable.
4. **Construction Start:** All projects must commit to begin construction 180 days from the earlier of the date of the tax-exempt bond allocation or 4% federal/state tax credit reservation, unless an extension has been approved by California Tax Credit Allocation Committee (CTCAC), CDLAC, and CalHFA, as applicable. Within the 180-day period, the following items must be submitted to CalHFA in their final form:
   a. A complete updated application form along with a detailed explanation of any changes from the initial application,
   b. An executed construction contract,
   c. Recorded deeds of trust for all construction financing (unless a project's location on tribal trust land precludes this),
   d. Binding commitments for any other financing required to complete project construction,
   e. Copy of a limited partnership agreement executed by the general partner/sponsor and the investor limited partner/equity provider,
   f. Payment of all construction lender fees,
   g. Copies of buildings permits (a grading permit does not suffice to meet this requirement, except that in the event that the city or county as a rule does not issue building permits prior to the completion of grading, a grading permit shall suffice; if the project is a design build project in which the city or county does not issue building permits until designs are fully complete, the city or county shall have approved construction to begin) or the applicable tribal documents,
   h. Copy of the notice to proceed delivered to the contractor,
   i. If no construction lender is involved, evidence must be submitted within 180 days, as applicable, that the equity partner has been admitted to the ownership entity, and that an initial disbursement of funds has occurred,
   j. Other documentation and information required by CalHFA to close construction financing.

Qualifications (continued)

MIP ALLOCATION LIMITS:
(Exceptions may be considered by Agency in its sole discretion)

1. **Project Cap:** No project may receive more than the lesser of $8 million or the aggregate MIP loan amount calculated based on up to $50,000 per MIP regulated units or up to $60,000 per MIP regulated units for a Project located within the Highest or High Resource areas designated on the CTCAC/HCD Opportunity Area Map.
2. **Sponsor Cap:** No sponsor (any individual, entity, affiliate and related entity) may receive more than the lesser of funding of 2 projects or 20% of total MIP allocation for the respective year.
3. **County Cap:** No one county may receive more than 33% of total MIP allocations for the respective year.
4. **Age-Restricted Cap:** No more than 25% of total MIP funds for the respective year may be received by age-restricted projects (units that are restricted to residents who are 62 years of age or older under the applicable provisions of California Civil Code Section 51.3 and the federal Fair Housing Act), unless a waiver of the minimum age requirement has been granted by U.S. Department of Housing and Urban Development ("HUD").

EVIDENCE OF COST CONTAINMENT:

A Cost Containment Certification must be provided at the time of Construction Loan Closing in a form acceptable to CalHFA in its sole discretion. The certification acceptable to CalHFA may be found at www.calhfa.ca.gov/multifamily/mixedincome/forms/closing-cost-containment-certification.pdf.

The developer/sponsor must certify that cost containment measures have been implemented to minimize construction costs. These measures should include, but are not limited to, 1) competitively bidding out all major subcontractor and self-performing trades and 2) engaging value engineer/consultant during the design process.

EVIDENCE OF SUBSIDY EFFICIENCY:

A Subsidy Efficiency Analysis will be completed as part of the Application review. The analysis will be completed again prior to closing the MIP Subordinate Loan and the MIP Loan amount may be reduced based on the final analysis. Parameters of the analysis may include but are not limited to the following:

- A maximum of 1.20 Debt Service Coverage Ratio ("DSCR"). CalHFA may allow an initial DSCR higher than 1.20 on a case by case basis, if deemed necessary,
- A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio,
- A separate project cash flow that supports any commercial component of a mixed-use project,
- A cash flow after debt service that is limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first 3 years of project operation,
- Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards,
- Developer Fee requirements matching those required under the 4% federal and/or state tax credit reservation,
- Capitalized reserves subject to approval by Agency for reasonableness consistent with the Agency's Underwriting Standards and the Investor Limited Partnership Agreement (ILPA),

Qualifications (continued)	• Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following: · An increase in tax credit equity, · An increase in permanent loan debt due to a combination of permanent loan rate reduction and/or reduction to operating expense assumptions; • Construction Cost Savings as evidenced by final cost certification, funds shall be used to reduce the MIP loan prior to CalHFA MIP loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders. • State tax credit request is expected to be within a range of $50,000 to $75,000 per unit. The projects that evidence the most efficient use of state tax credits and MIP per adjusted unit shall be prioritized for MIP funding considerations. The state tax credits and MIP per adjusted unit calculation shall be consistent with CDLAC Regulation Section 5231(g)(1) and 5231(g)(2). MIP final commitment shall be subject to the project's receipt of CDLAC's preliminary tax-exempt bond allocations and CTCAC's tax credits reservations, • Acquisition cost shall be the lesser of 1) the purchase price pursuant to a current purchase and sales agreement between unrelated parties, 2) the purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs, or 3) the appraised "as-is" value based on an Appraisal acceptable to CalHFA in its sole discretion. The appraised value of the real estate may be considered if the arm's length transaction exceeds 10 years.
CalHFA Mixed-Income Qualified Construction Lender	A CalHFA Qualified Construction Lender is defined as a Construction Lender that has closed at least five (5) construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last three (3) years and satisfies the requirement set forth within the application.
CalHFA Mixed-Income Development Team Qualifications	The **Developer/Co-Developer/General Partner** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer/General Partner must have developed at least three (3) comparable projects within the past five (5) years or meet the requirements to receive a minimum of 7 points under the CDLAC General Partner Experience category pursuant to CDLAC Regulations Section 5230(f). The proposed **Project Manager** must have personally managed the development of at least two (2) comparable projects within the past five (5) years **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three (3) comparably financed projects over the last five (5) years. **Architects** new to CalHFA must provide information for three (3) comparable projects they designed that were built and occupied within the past five (5) years in the State of California. **General Contractor (GC)** must be licensed by the State of California. GCs new to CalHFA must provide information related to three (3) comparable (in design) projects built in the past five (5) years. Similar information will be required for the proposed on-site construction supervisor. The on-site construction supervisor must have overseen three (3) comparable projects built in the past five (5) years, and they must have overseen the projects from construction start to final completion.

CalHFA Mixed-Income Development Team Qualifications (Continued)	**Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least ten (10) low to moderate income rent restricted Comparable (size and tenant types) Projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five (5) years managing onsite project operations and compliance with rent restricted units or meet the requirements to receive a minimum of 3 points under the CDLAC Management Company Experience category pursuant to CDLAC Regulations Section 5230(f).
Permanent First Lien Loan	Must be provided by CalHFA. The permanent loan must meet an initial minimum DSCR of at least 1.15 and must maintain a DSCR of 1.0 or higher for the term of the permanent first lien loan.
Construction First Lien Loan	Provided by a CalHFA Mixed-Income Qualified Construction Lender. All parties shall permit the Agency to, in its sole and absolute discretion, recycle all or a portion of any Bond volume cap related to a paydown of the Bond financed loans, at the conversion of the construction financing to permanent financing and payoff of the Construction Loan, pursuant to the authority provided in Section 146(i)(6) of the Internal Revenue Code of 1986 and CDLAC Regulation Section 5060 (the "Bond Recycling"). The Bond documents, loan documents and any other documents related to the financing of the Development shall contain any necessary approvals and permit all actions necessary to accomplish a Bond Recycling.
Limitations	1. MIP cannot be combined with the CTCAC 9% program. 2. MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits) with the exception of the Infill Infrastructure Grant, contingent upon restrictions that are compatible with the MIP program requirements. Inclusion of other subordinate debt and subsidy will be allowed at CalHFA's discretion so long as any restrictions of subordinate debt or subsidy are compatible with MIP program requirements outlined herein. 3. Projects that have a below market rate component as a result of an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.) 4. At the time of MIP application to CalHFA, a project must not have already received an allocation of 4% federal and/or state tax credits from CTCAC or a tax-exempt bond allocation from CDLAC. 5. Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.
Mixed-Income Project Occupancy Requirements	**BOND REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS):** Must maintain either (a) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size ("20% @ 50% AMI"), OR (b) 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size ("40% @ 60% AMI"): in the latter case, CDLAC requires a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI").

Mixed-Income Project Occupancy Requirements (Continued)	**MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS):** **Affordability Requirements:** 1. To qualify, a project must meet the following affordability restrictions, based on the HUD or locality (as applicable) income and rent limits which are current at the time of MIP application, for a term of 55 years: a. 10% of total units at or below 50% of AMI, b. 10% of total units between 60% to 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below, and c. Remaining 80% of total units at or below 120% of AMI with the exception of the non-restricted manager's unit(s) OR at the affordability restrictions consistent with CTCAC requirements. (Deviations from the average unit affordability levels of 70% AMI will only be considered if Market Study supports such deviations.) 2. Projects must be tax credit transactions that are income-averaged and must not exceed an average affordability of 60% of AMI across all restricted units.
Mixed-Income Project Occupancy Requirements (Continued)	**MAXIMUM ALLOWABLE RENTS:** Rents for all restricted units must be at least 10% below market rents as evidenced by a current Market Study or an Appraisal. This threshold will be analyzed at time of application and again at CalHFA's final commitment approval. The report shall be current within 180 days of Agency's final commitment and may be subject to required updating if the report expires prior to construction loan closing. Any proposed rent adjustments above 5% of the approved rents subsequent to construction loan closing may be considered if supported by a recent or updated Market Study or Appraisal that is dated within 180 days from MIP loan closing, at CalHFA's sole discretion.
Mixed-Income Subordinate Loan	1. Maximum loan amount for each project shall not exceed the lesser of $8 million or the aggregate MIP loan amount calculated based on up to $50,000 per MIP regulated units, unless an exception is approved by Agency in its sole discretion. a. Maximum loan per restricted (tax credit or CalHFA) units between 30%-120% AMI shall be up to $50,000. b. Projects located within the Highest or High Resource areas designated on the CTCAC/HCD Opportunity Area Map shall be eligible for an additional amount up to $10,000 per MIP regulated unit. Opportunity Map Home Page: www.treasurer.ca.gov/ctcac/opportunity.asp 2. Loan size based on project need but cannot be more than 50% of the permanent loan amount.

MIXED-INCOME LOAN PROGRAM

Mixed-Income Subordinate Loan Rates & Terms	1. **Interest Rate**: Greater of 1% simple interest or the applicable federal rate (AFR) at time of MIP closing. 2. **Loan Term**: The MIP loan term shall be coterminous with the CalHFA permanent first lien loan. 3. **Loan Payment**: Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Residual receipt is defined as 50% of surplus cash which is determined as net operating income minus total debt service and other Agency approved payments. Payments shall be applied to the current and/or accrued interest and then principal of the MIP loan. Deviation from the net cash flow split may be granted 1) to meet equity investor's deferred developer's fee requirement as evidence by the limited partnership agreement, and 2) is subject to approval(s) by other residual receipt lender(s), as applicable. 4. **Affordability Term**: 55 years. 5. **Prepayment**: May be prepaid at any time without penalty. 6. **Subordination**: A subordination and/or extension of MIP maturity request in conjunction with a re-syndication, refinance, or ownership transfer ("capitalization event(s)") will be considered. If MIP loan is outstanding at time of the capitalization event(s) and requires subordination at the time of such event, the surplus cash split between borrower and CalHFA and other residual receipt lenders may be altered to reflect an increased percentage of residual receipts to CalHFA out of Borrower's share until such time as the MIP loan is paid in full. The remaining residual receipts may be split between other residual receipt lenders. 7. **Funded**: Only at permanent loan conversion.
CalHFA Conduit Bond Program	For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf
CalHFA First Lien Permanent Rates & Terms (subject to change)	For more information on CalHFA's Permanent Loan Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf
Fees (subject to change)	**Loan Fee:** 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP loan closing). **Conduit Bond Program Fees:** Refer to CalHFA Conduit Bond Program www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf **CDLAC Fees:** Refer to CDLAC regulations for all applicable fees. CalHFA First Lien Permanent Rates & Terms for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf

Last revised: 01/2021

The information provided in this program description is for guidance only. While we have taken care to provide accurate information, we cannot cover every circumstance nor program nuance. This program description is subject to change from time to time without prior notice. The California Housing Finance Agency does not discriminate on any prohibited basis in employment or in the admission and access to its programs or activities. Not printed at taxpayer expense.

California Housing Finance Agency

TAX-EXEMPT PERMANENT LOAN PROGRAM

CalHFA's Tax-Exempt Permanent Loan Program ("Perm Loan") provides competitive tax-exempt long-term financing for affordable multifamily rental housing Projects. Eligible projects include newly constructed or acquisition/rehabilitation developments that provide affordable housing opportunities for individuals, families, seniors, veterans, and special needs tenants ("Project").

Qualifications	• Available to for-profit, non-profit, and public agency sponsors. • Tax-exempt bond authority must be obtained from the California Debt Limit Allocation Committee (CDLAC) or through a 501(c)(3) exemption. • The Tax-Exempt Permanent Loan may be used with or without 4% low income housing tax credits. • If a lender other than CalHFA is providing short-term, first-lien debt, CalHFA shall be used as the bond issuer (for more information, review the Conduit Issuer Program Term Sheet). • For Section 8 Projects, a final commitment is conditioned upon review and acceptance by CalHFA of the HAP or AHAP contract. • The Perm Loan will be credit-enhanced through CalHFA's HUD/FHA Risk Sharing Program. • For existing CalHFA portfolio loans, the current owner is required to pay off all outstanding CalHFA debt. Visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Loan Amount	• Minimum Perm Loan amount of $5,000,000. • Minimum 1.15x for initial debt service coverage ratio (include any financing with amortizing debt). If a Project includes CalHFA's subsidy loan, the maximum DSCR at year 1 shall not exceed 1.20, unless CalHFA approves a higher DSCR at its own discretion. The year 1 DSCR underwritten at the time of final loan approval and final commitment must be maintained as the minimum DSCR through the term of the Perm Loan. CalHFA may require the initial DSCR to be higher than the minimum 1.15x, if deemed necessary to meet the Agency's underwriting requirements. • Lesser of 90% of restricted value or 100% of development costs. For Projects with equity being cashed out, the Perm Loan amount will be restricted to no more than 80% of the restricted value.
Fees (subject to change)	• Application Fee: $10,000 non-refundable, due at time of application submittal, and is credited toward the CalHFA Legal Fee at Perm Loan closing. The applicant may be subject to a new Application Fee if the CalHFA commitment expires prior to construction loan closing. • Perm Loan Fee: 1.00%, half due at final commitment, with balance due at Perm Loan closing. • Cost of Issuance Fee: $110,000, half due at final commitment, with balance due at Perm Loan Closing. • Credit Enhancement Fee: included in the interest rate. • Annual Monitoring Fee: $7,500 annually (not to be duplicated if used in conjunction with CalHFA's Conduit Program). • Inspection fees should be estimated at $500 per month for the term of the construction (reports and fees can be shared with other construction lenders) • Legal Fee: $35,000, half due at final commitment, with balance due at Perm Loan closing. • Administrative Fee: $1,000 at Perm Loan closing. • Letter of Interest Fee: $5,000 at LOI request, and is credited toward the CalHFA Perm Loan Fee See CalHFA standard Conduit Issuer Program Term Sheet for information on conduit issuance fees.

Kevin Brown, Housing Finance Specialist
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8808
kbrown@calhfa.ca.gov

Jennifer Beardwood, Housing Finance Specialist
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8805
jbeardwood@calhfa.ca.gov

TAX-EXEMPT PERMANENT LOAN PROGRAM

Rate & Terms (subject to change)	Interest Rate: • 17-Year Balloon Loans: 15-Year "AAA" Municipal Market Data (MMD) plus CalHFA spread • 30-Year Balloon and Fully Amortizing Loans: 30-Year "AAA" MMD plus CalHFA spread • Estimated CalHFA Spread: 2.00% to 3.00% • Rate may be locked up to 30 days prior to the construction loan closing. Rate may be locked for the term of the construction period, not to exceed 3 years. Amortization/Term: • Amortization: Up to 40 Year Amortization • Term: Fully Amortizing, and 17- or 30-Year Balloons available[1] • Perm Loan Reduction: up to 10% reduction at Perm Loan closing permitted at no cost. • Up to two, three-month extension(s) permitted upon payment of a fee equal to 0.25% of the Perm Loan amount for each three-month extension. • Breakage Fee (if applicable): due between construction loan closing and Perm Loan closing and calculated based on hedge termination cost. 1. Balloon loans subject to agency approved exit strategy.
Loan Closing Requirements	• 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls. • 90% of tax credit investor equity shall have been paid into the Project. • Project income is sufficient to pay operating expenses, required debt service, reserves and monitoring fees. • For mixed-use Projects, 100% non-residential occupancy as evidenced by executed leases or guarantees. • Deposit Account Control Agreement between CalHFA, the Borrower and lending institution is in form and substance acceptable to all parties and ready to be executed at Perm Loan closing.
Prepayment	The Perm Loan may be prepaid at par after 15 years of the Perm Loan period. However, the Perm Loan may be prepaid after 10 years of the Perm Loan period subject to a yield maintenance calculation of: • 5% of the principal balance after the end of year 10 • 4% of the principal balance after the end of year 11 • 3% of the principal balance after the end of year 12 • 2% of the principal balance after the end of year 13 • 1% of the principal balance after the end of year 14 All prepayments require a prior written 120-day notice to CalHFA.
Subordinate Financing	Financing or grants are encouraged from local governments and third parties to achieve project feasibility. All financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined terms of any CalHFA Acq/Rehab Loan and Perm Loan) and be subordinate to CalHFA financing. A Lien Priority/Position Estoppel in form and substance acceptable to CalHFA will be required prior to construction financing closing, if applicable.
Occupancy Requirements	Must maintain the greater of (A) existing affordability restrictions, or (B) either (i) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (ii) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"): however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI ("10% @ 50% AMI").

TAX-EXEMPT PERMANENT LOAN PROGRAM

Occupancy Requirements (continued)	Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by current market study or an appraisal. CalHFA's regulated units must represent a comparable share of the available unit sizes (by bedroom count and square feet) and be disbursed throughout the project.
Due Diligence	The following due diligence is required to be provided at the Owner/Borrower's expense (refer to the program's document checklist for a full list): • Appraisal* (a construction lender's appraisal may be acceptable). • HUD-2530 previous participation clearance. • Construction Costs Review for new construction loans (other construction lender's review is acceptable). • Physical Needs Assessment* ("PNA") for rehabilitation projects with a Replacement Reserve Needs Analysis ("RRNA") over time for the first 20-year term (other lender's PNA/RRNA may be acceptable). • Phase I and Phase II (if applicable) Environmental Site Assessment* including, but not limited to, impact reviews that meet federal environmental requirements (such as historic preservation and noise remediation). The Purpose section of Phase I must state "a purpose of the Phase I is to document compliance with HUD policy pursuant to 24 CFR §58.5(i)(2) or §50.3(i)". • Market Study* satisfactory to CalHFA. • NEPA Review. • Termite/Dry Rot reports* by licensed company. • Seismic review* and other studies may be required at CalHFA's discretion. *Note: Third party reports shall be within 180 days prior to the CalHFA's final commitment approval and may be subject to a new or updated report if the report(s) was completed more than 180 days prior to construction loan closing, in CalHFA's sole discretion.
Required Impounds and Reserves	• Replacement Reserve: Initial cash deposit required for existing Projects with annual deposits between $250 and $500 per unit/per year depending on the Project type and PNA/RRNA findings. • Operating Expense Reserve ("OER"): 3-6 months of operating expenses, reserves, debt service, and monitoring fees due at Perm Loan closing (letter of credit or cash) and held for the life of the CalHFA Perm Loan by CalHFA. In the event OER funds are drawn down during the term of CalHFA Perm Loan, it must be replenished over a period of 12 months to the original level. • Impounds held by CalHFA: One year's prepaid earthquake, hazard and liability insurance premiums, and property tax assessments are collected at loan closing. An earthquake insurance waiver is available for Projects which have met CalHFA earthquake waiver standards during rehabilitation or construction. • Transition Operating Reserve (TOR): required for Projects with state or locally administered rental subsidy contracts with contract terms that are less than 20 years or the CalHFA Perm Loan term. • Other reserves as required (at CalHFA's discretion).

Last revised: 1/2022

California Housing Finance Agency

CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

Term sheet effective for applications submitted after March 1, 2022

The CalHFA Conduit Issuer Program is designed to facilitate access to tax-exempt and taxable bonds ("Bond") by developers that seek financing for eligible projects that provide affordable multifamily rental housing for individuals, families, seniors, veterans or special needs tenants ("Project"). The conduit Bonds may be used to finance the acquisition, rehabilitation, and/or development of an existing Project, or they can be used for the construction of a new Project.

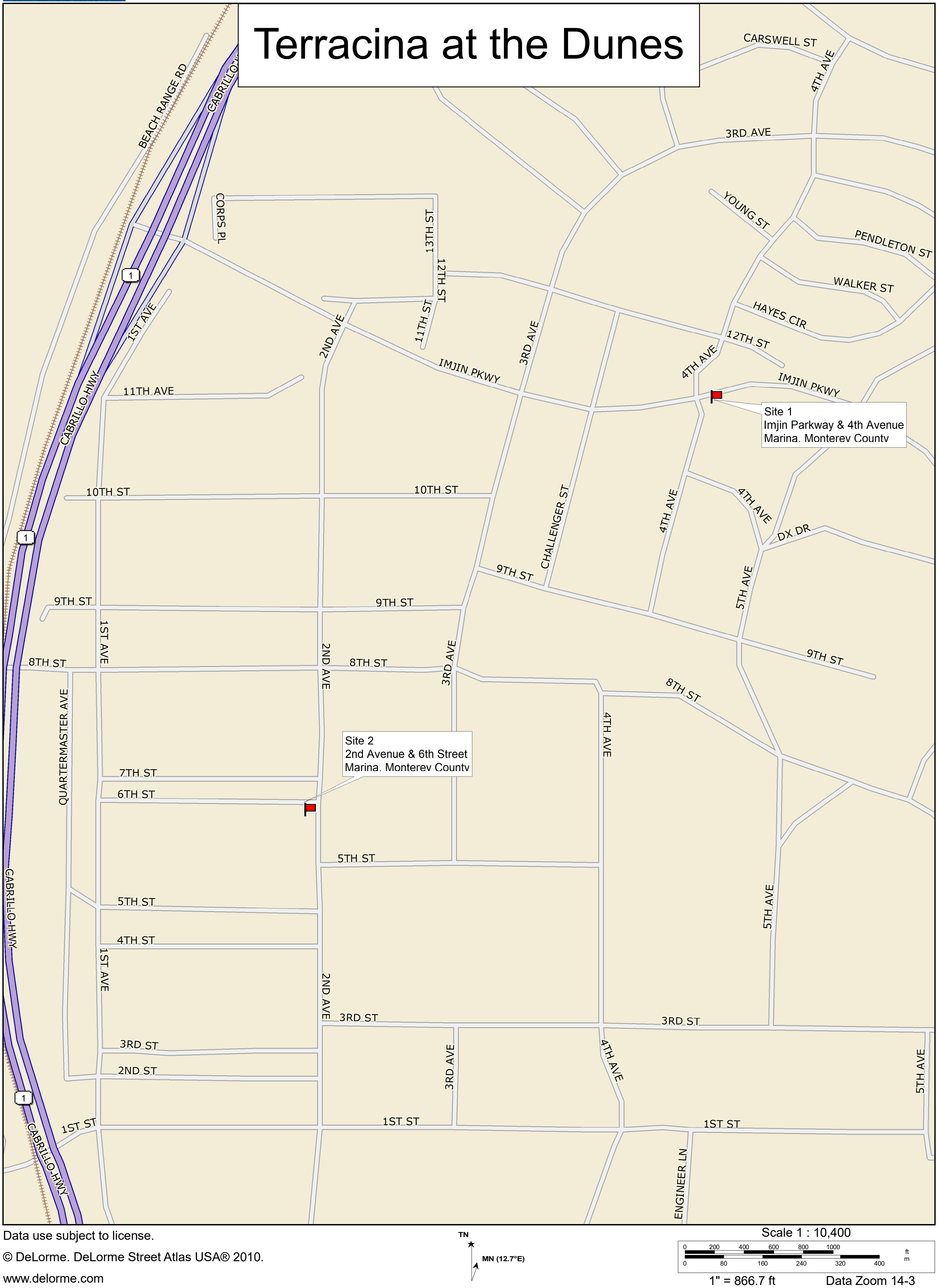
Qualifications	• Available to for-profit, nonprofit or public agency sponsors. • Nonprofit borrowers may be eligible for 501(c)(3) bonds. • If bond proceeds are utilized to pay off an existing CalHFA portfolio loan visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Bond Amount	Bond amount is determined by the loan amount of the selected construction lender.
Fees (subject to change)	• Application Fee: $5,000 non-refundable, due at time of application submittal (covers the cost of the TEFRA required for tax-exempt issuances) and is credited toward the CalHFA Issuer Fee. • Issuer Fee: 1. The greater of $15,000 or 18.75 basis points of the Bond amount if lesser than or equal to $20 million. 2. If more than $20 million: $37.500 + 5 basis points for the amount above $20 million. • Annual Administrative Fee: 5 bps of the tax-exempt bond issuance amount due at construction loan closing and due annually thereafter until permanent loan conversion. After permanent loan conversion, billed annually in advance, 5 bps of unpaid principal balance amount of tax-exempt bond financed loan(s) until bonds are fully redeemed. Minimum Annual Administrative Fee shall be $4,000 through both the Qualified Project Period and the CDLAC compliance period. For taxable only issuances, annual administrative fees above will be charged based on the taxable bond financed loan(s) for the term of the CalHFA affordability restrictions. If used in conjunction with a CalHFA permanent loan product, the annual administrative fee will not be duplicated. Please refer to the applicable permanent loan term sheet for the annual administrative fee. • Public Sale: Additional fee of $5,000 to $10,000 applies when Bonds are sold to the public. • CDLAC Allocation Fee: 0.035% of the Bond amount, $1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing and payable to CDLAC. • CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, due at time of CDLAC application submittal. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC. The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.

Kevin Brown, Housing Finance Officer
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8808
kbrown@calhfa.ca.gov

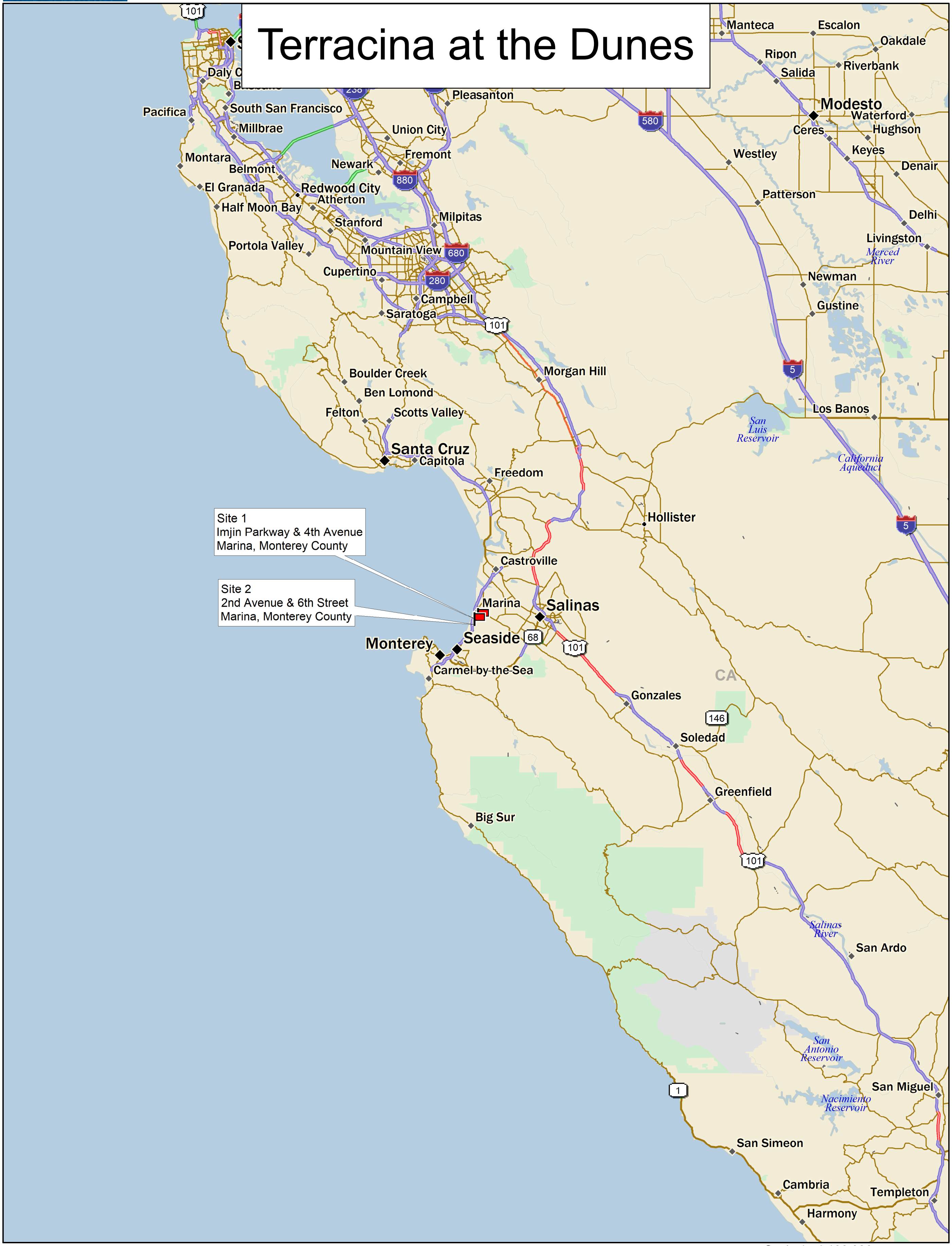
Occupancy Requirements	• Either (A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area median income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (B) 40% or more of the units must be rent restricted and occupied by individuals whose income is 60% or less of AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI. • Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by a current market study or an appraisal. • Borrower will be required to enter into a Regulatory Agreement which will be recorded against the Project for the Qualified Project Period (as defined in the CalHFA Regulatory Agreement). This includes the later of the federally-required qualified project period, repayment of the Bond funded loan, redemption of the Bonds, the full term of the CDLAC Resolution requirements or 55 years.

Last revised: 03/2022

Terracina at the Dunes



Terracina at the Dunes



TN
MN (12.7°E)

Scale 1 : 1,100,000
1" = 17.36 mi
Data Zoom 7-5

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 22-04

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Marina 706, L.P., a California limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in the City of Marina, County of Monterey, California, to be known as Terracina at the Dunes (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Agency staff has determined or expects to determine prior to making a binding commitment to fund the loan for which the application has been made, that (i) the Agency can effectively and prudently raise capital to fund the loan for which the application has been made, by direct access to the capital markets, by private placement, or other means and (ii) any financial mechanisms needed to insure prudent and reasonable financing of loans can be achieved; and

WHEREAS, pursuant to the Executive Director's authority to issue Conduit Bonds, under Resolution 21-04 the Agency has filed an application with the California Debt Limit Allocation Committee ("CDLAC") for an allocation of California Qualified Private Activity Bonds for the Development; and

WHEREAS, the Development has received a TEFRA Resolution as required by the Tax Equity and Fiscal Responsibility Act of 1983, and under 26 U.S.C. section 147(f); and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on March 22, 2021, the Executive Director exercised the authority delegated to her under Resolution 15-16 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, the Agency has conditionally approved a subsidy loan pursuant to CalHFA's Mixed-Income Program ("***MIP***") pursuant to its authority under Resolutions 19-02 and 19-14; and

WHEREAS, the Board wishes to grant the staff the authority to enter into a loan commitment to provide permanent financing for the development and taking out the Conduit Bonds upon Agency staff determining in its judgment that reasonable and prudent financing mechanisms can be achieved;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the "Board") of the California Housing Finance Agency as follows:

1. The Executive Director, or in her absence, the Chief Deputy Director, is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT	
21-014-A/X/N	TERRACINA AT THE DUNES City of Marina, Monterey County California	$17,550,000.00	Permanent 1st Mortgage Tax-Exempt Bonds w-HUD Risk Sharing
		$ 2,800,000.00	Permanent 2nd Mortgage Mixed Income Program Funds

The Board recognizes that in the event that staff cannot determine that reasonable and prudent financing mechanisms can be achieved, the staff will not enter into loan commitments to finance the Development. In addition, access to capital markets may require significant changes to the terms of loans submitted to the Board. Notwithstanding paragraph 2 below, the staff is authorized to make any needed modifications to the loan which in staff's judgment are directly or indirectly the result of the disruptions to the capital markets referred to above.

2. The Executive Director may modify the terms and conditions of the loan or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in her absence, the Chief Deputy Director of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

SECRETARY'S CERTIFICATE

I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 22-04 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 17th day of March 2022, at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate hereto this 17th day of March 2022.

ATTEST: ____________________________________

CLAIRE TAURIAINEN
Secretary of the Board of Directors of the
California Housing Finance Agency

CalHFA MULTIFAMILY PROGRAMS DIVISION

Final Commitment Staff Report & Request for Loan Approval of Permanent Take-Out Loan for Tax Exempt financing with Mixed Income Program Subsidy Financing

Senior Loan Committee "Approval": 3/9/2022 for Board Meeting on 3/17/2022

Project Name, County:	Kimball Highland, San Diego County	
Address:	14th Street and Kimball Way & 1221 D Avenue, National City, CA 91950	
Type of Project:	New Construction	
CalHFA Project Number:	21-013-A/X/S	**Total Units: 145 (Family)**
Requested Financing by Loan Program:	$41,452,000	**Tax-Exempt Bond – Conduit Issuance Amount**
	$ 22,000,000	**Taxable – Conduit Issuance Amount (includes 10% cushion)**
	$22,780,000	**Tax-Exempt Permanent Loan with HUD Risk Sharing**
	$6,095,000	**Subsidy GAP Loan funded by MIP funds**

DEVELOPMENT/PROJECT TEAM

Developer:	Community HousingWorks	**Borrower:**	D Avenue Housing Associates, L.P.
Permanent Lender:	CalHFA	**Construction Lender:**	Bank of America
Equity Investor:	Bank of America, NA and, or its affiliates	**Management Company:**	CONAM Management Corporation
Contractor:	Sun Country Builders	**Architect**	Studio E Architects
Loan Officer:	N/A	**Loan Specialist:**	Jennifer Beardwood
Asset Manager:	Jessica Doan	**Loan Administration:**	Ashley Carrol
Legal (Internal):	Marc Victor	**Legal (External):**	N/A
Concept Meeting Date:	04/15/2021	**Approval Expiration Date:**	180 days from Approval

LOAN TERMS

1.		**CONDUIT ISSUANCE/ Bank of America CONSTRUCTION LOAN**	**PERMANENT LOAN**	**MIP (GAP) LOAN**
	Total Loan Amount	$41,452,000 (T/E) $19,870,992 (Taxable)	$22,780,000	$6,095,000
	Loan Term & Lien Position	30 months- interest only; 1st Lien Position during construction; one 6-month extension with a 0.25% extension fee	40 year – partially amortizing due in year 30; 1st Lien Position during permanent loan term	30 year - Residual Receipts; 2nd Lien Position during permanent loan term
	Interest Rate (subject to change and	BSBY + 2.20% Underwritten at 3.95% (T/E and Tax) variable rate	30-year MMD + 2.28% Underwritten at 4.46% that includes a .25% cushion	Greater of 1.00% Simple Interest or the Applicable Federal Rate (AFR) at time of

	locked 30 days prior to loan closing)		estimated rate based on a 36-month forward commitment	MIP closing (2% Simple was used for underwriting purposes)
	Loan to Value (LTV)	81% of investment value (T/E & Tax)	64% of restricted value	N/A
	Loan to Cost	69% (T/E & Tax)	26%	N/A

**CalHFA spreads locked on 5/29/2021 (after CalHFA Initial Commitment Approval). Cushion is to account for MMD fluctuations prior to Construction Loan Close. Final CalHFA rate will be locked 30 days prior to construction loan closing.*

PROJECT SUMMARY

2.	**Legislative Districts**	**Congress:**	#51 Juan Vargas	**Assembly:**	#80 Vacant as of 3/1/2022	**State Senate:**	#40 Ben Hueso

	Brief Project Description	**Kimball Highland** (the "Project") is a new construction, family, mixed-use and mixed-income Project. It consists of two five-story elevator-served buildings on two scattered sites that are 0.1 miles apart. Management of the properties will be treated as one project. Each building includes four-stories over a one-story concrete podium parking structure. Site 1 consists of 61 units in total (6 studios, 14 1BRs, 24 2BRs, 17 3BRs and 49 structured parking spaces). The relocation of an existing Verizon Cell Tower on Site 1 will be relocated to another site as part of the development plan. The anticipated relocation cost of approximately $750k is included in the development budget. Site 2 consists of 84 units in total (6 studios, 16 1BRs, 40 2BRs, 22 3BRs and 16 structured parking spaces and 73 surface parking spaces). Nineteen (19) surface parking spaces at Site 2 will be reserved for exclusive use by the Senior Center. The existing senior center on Site 2 will undergo demolition as part of the development plan, with approximately 7,458 sq. ft. of new senior space dedicated on the first floor of Site 2. The project is located in a disaster area due to wildfires. **Financing Structure:** The Project's financing structure includes tax-exempt bonds, 4% tax credits, Agency's tax-exempt permanent loan program, Mixed-Income Program, and the Community Development Commission - Housing Authority of the City of National City (CNC-HA) loan and ground lease note. The project will be income averaged, pursuant to TCAC regulations. **Tax Credits and/or CDLAC Status:** The developer received CDLAC allocation and a reservation for 4% tax credits on December 8, 2021. **Ground Lease (Site 2):** The owner will enter into a ground lease agreement for Site 2 (only) with Community Development Commission – Housing Authority of the City of National City (CNC-HA) for a term of 65 years. The CDC-HA will provide the financing via a land loan/note for the capitalized ground lease of $3.0M. The term of the loan is 55 years, with an interest rate of 3% and the repayment of the land loan will be via an annual payment of $30,000 plus a pro-rata share of residual receipts of approximately 15%. **Project Amenities:** Each site of the Project includes a secured entrance, playground, recreation room with computers, laundry rooms. The properties will be elevator serviced. Unit amenities will include garbage disposal, central air and heat, and dishwasher.

		Local Resources and Services: The Project is located in a Low Resource per TCAC's Opportunity Area Map. The Project is in close proximity to the following local amenities and services: • Grocery stores – 0.5 mile • Schools – 0.25 mile • Public Library – 0.5 mile • Public transit - 0.3 mile • Retail - 0.3 mile • Park and recreation - 0.3 mile Hospitals - 1.8 miles **Non-displacement and No Net Loss:** To the extent feasible, it is the Agency's priority to mitigate the overall effects upon affordable housing availability that may arise from multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. Site 2 includes the existing City's Senior Center, a non-residential space, which is currently in operation. The City has provided written documentation affirming that the Center will be completely vacated by 04/30/2022 to accommodate the construction schedule and that Senior Center activities and programming will be hosted by existing City community centers during the construction period. All relocation related expenses will be funded by the City. The Project is a new construction project that will involve a demolition of existing non-residential structure; hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development. **Commercial and/or Other (i.e., Parking) Space:** The ground floor of Site 2 of the Project consists of approximately 7,458 sq. ft of commercial space. The space is anticipated to be leased to the City of National City for Senior Center use for a term of 65 years. The commercial lease is structured as triple net lease for rent equal to $1.00 per year and the operating expense and revenue are not part of the Project's underwriting. Additionally, 19 total parking spaces will be reserved for the senior center.

MISSION

3.	**CalHFA Mission/Goals**	
This Project and financing proposal provides 143 units of affordable housing with a range of restricted rents between 30% AMI and 70% AMI which will support much needed rental housing that will remain affordable for 55 years.		

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/TCAC Closing Deadline:	6/20/2022	Est. Construction Loan Closing:	6/2022
	Estimated Construction Start:	06/2022	Est. Construction Completion:	3/1/2024
	Estimated Stabilization and Conversion to Perm Loan(s):		12/1/2024	

SOURCES OF FUNDS

5.

Construction Period Financing

SOURCE	AMOUNT	LIEN POSITION	INTEREST RATE	DEBT TYPE
B of A – Tax Exempt	$41,452,000	1	3.95%	Interest Only
B of A - Taxable	$19,870,992	2	3.95%	Interest Only
National City Ground Lease Note	$3,000,000	3	3.00%	Residual Receipt

National City Ground Lease Note – Accrued/Deferred Interest	$125,300	3	N/A	Residual Receipt
National City Loan	$10,482,000	4	3.00%	Residual Receipt
National City Loan – Accrued/Deferred Interest	$437,240	4	N/A	Residual Receipt
Tax Credit Equity	$4,591,859	N/A	N/A	N/A
Developer Contribution	$7,026,107	N/A	N/A	N/A
Deferred Costs	$995,225	N/A	N/A	N/A
TOTAL	**$87,980,723**		**Per Unit**	**$606,764**

Permanent Financing

SOURCE	AMOUNT	LIEN POSITION	INTEREST RATE	DEBT TYPE
CalHFA Permanent Loan	$22,780,000	1	4.46%*	Balloon 40/30
CalHFA MIP Loan	$6,095,000	2	2.00%	Residual Receipt
National City Ground Lease Note	$3,000,000	3	3.00%	Residual Receipt
National City Ground Lease Note – Accrued/Deferred Interest	$125,300	3	N/A	Residual Receipt
National City Loan	$10,482,000	4	3.00%	Residual Receipt
National City Loan – Accrued/Deferred Interest	$437,240	4	N/A	Residual Receipt
Tax Credit Equity	$39,101,256	N/A	N/A	N/A
Developer Contribution	$7,041,107	N/A	N/A	N/A
TOTAL DEVELOPMENT COST:	**$89,061,903**		**Per Unit**	**$614,220**

*CalHFA interest rates reflected here are underwriting rates as outlined on page 1 under Section 1. Final Perm Loan Rate will be locked within 30 days of Construction Loan Close. MIP rate will be locked at MIP closing, the greater of 1% or AFR.

CalHFA MIP Subsidy Efficiency: $6,095,000 ($42,622 per MIP restricted unit).

Tax Credit Type(s), Amount(s), Pricing(s), and per total units:
- 4% Federal Tax Credits: $39,269,995 ($270,828 per total units).

Rental Subsidies: The Project will not be subsidized by project-based vouchers.

Other State Subsidies: The Project will not be funded by other state funds.

Other Locality Subsidies: The Project will be funded by locality funds; they include a National City CNC-HA Loan of $10,482,000 and a National City Ground Lease Note of $3,000,000.

Cost Containment Strategy: The following cost containment measures will be pursued for Kimball Highland:
1. The General Contractor will competitively bid out all major subcontractors and self-performing trades and provide the Owner with a minimum of three (3) bids for each trade. A third-party construction consultant will review construction documents for cost analysis during the design process.
2. The Owner engaged the project team, (engineers/owner/contractors) early in the design process in order to achieve cost efficiency in design. The early engagement of the contractor and engineers ensures building and maintain cost efficiency. Attention in design is paid to selecting building systems

	with long useful life, durability sustainable and green materials, that promote resident health and comfort. To this end, the Owner has developed standard product specifications utilized across all projects based on the aforementioned factors. 3. The General Contractor will establish a critical path schedule (CMP) delineating detailed tasks through construction. 4. The Owner and its third-party construction manager will review the critical path schedule on a bi-weekly basis. Exclusions and Exceptions and change orders will be carefully reviewed and negotiated as needed prior to execution of the GC Contract allowance. **High Cost Explanation:** The total development cost per unit is $614,220. The Project is located in a HUD high cost-designated area and has been impacted by the labor and material related shortages due to the ongoing pandemic. Other contributing factors are as follows: • Demolition of the existing building on Site 2 including grading, fill and foundation design requirements that require a Dust Mitigation Plan. The estimated cost for demolition and mitigation is $262,800. • $750,000 for the relocation of existing Verizon Cell Tower on Site 1. • $1,749,762 for Senior Center on Site 2. • $1,983,806 in local development impact fees. Deducting these costs results in an adjusted total development cost of approximately $581,383 per unit.
6.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION OVERVIEW

7.	**Proposal and Project Strengths**

- The Project received 4% tax credits which is projected to generate equity representing 44% of total financing sources.
- The developer/sponsor has extensive experience in developing similar affordable housing projects and/or have experience with CalHFA.
- The Project will serve low-income families ranging between 30% to 70% of AMI. The proposed rents ranges between 29% to 82% of market rents. So they are 18-61% below market?
- The Loan-to-Value will be 64%, which meets the Agency's minimum requirements, providing less risk to the Agency.
- The locality has invested in the success of the Project as demonstrated by a National City CNC-HA Loan of $10,482,000 and a National City Ground Lease Note of $3,000,000.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $2,185,000, which could be available to cover cost overruns and/or unforeseen issues during construction.
- The general partner is contributing $7,041,107 via GP contribution to the Project instead of structuring a deferred developer fee in the project's financing.
- The exit analysis assumes 7% cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent first lien and subsidy loans.

8.	**Project Weaknesses with Mitigants:**

Phase II for both Sites 1 and 2, dated 12/22/2020 and 1/18/2022 respectively, identified environmental issues that include possible presence of constituents of concerns (i.e., organochlorine pesticides (OCPs) and or elevated levels of arsenic and lead) that will need to be addressed during construction). The General Contractor has budgeted $30,000 in contingency to comply with necessary soil testing and soil exportation, if applicable. Allocated contingency will also cover dust management through frequent use of water should the generation of CoC-bearing dust occur during excavation, loading and transportation of soil. The GC and Owner hard contingency is approximately 5.7% which is anticipated to be sufficient to cover any additional expenses related to environmental issues during construction.

9.	Underwriting Standards or Term Sheet Variations

None.

10.	Project Specific Conditions of Approval

Approval is conditioned upon:

- The CalHFA loan(s) will be secured against the fee interest in the land and improvements of Site 1, and the leasehold interest in the land and fee interest in the improvements of Site 2. All subordinate loans are to be secured in the same manner. However, if any lender encumbers both fee and leasehold interests in the land of Site 2, the CalHFA loan documents will also secure in the fee and leasehold interests in the land. The final ground lease document is subject to CalHFA approval. City must provide approval of CalHFA ground lease rider.
- No site work or construction commenced prior to the issuance of a HUD Firm Approval Letter.
- CalHFA requires that MIP affordability covenants be recorded in first position ahead of any foreclosable debt.
- The CalHFA subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as state on hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing. For instance, if the permanent loan interest rate decreased, then the subsidy may be reduced due to additional debt generated by the lower interest rate. The debt service coverage ratio ("DSCR") shall be a maximum of 1.20. An increase of the subsidy loan will not be allowed and will be subject to Agency's approval.
- Subject to all MIP program requirements pursuant to term sheet.
- Receipt of Lien Priority/Position Estoppel in form and substance acceptable by CalHFA from all local (city and county) lenders.
- Subject to CalHFA's review and approval of an updated Phase II Environmental Site Assessment for Site 1 prior to construction loan closing.
- Subject to CalHFA's review and approval of final environmental remediation plan, if applicable, prior to construction loan closing.
- Approval of NEPA prior to construction loan closing.
- The final appraisal will be subject to Agency's review and approval.
- Language in the LPA confirming that any remaining developer fee at perm conversion will be applied as general partner equity contribution and not as deferred developer fee. Funds from the CalHFA permanent loan and/or the subsidy loan shall not be used to fund or offset any portion of the offsite improvement costs.
- As a condition of approval CalHFA will require a flood certification determining the flood zone and any flood insurance requirements prior to permanent loan closing.

11.	Staff Conclusion/Recommendation:

The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.

AFFORDABILITY

12.	CalHFA Affordability & Occupancy Restrictions

The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 30% of the total units (44 units) at or below 60% of AMI and 10% of the total units (15 units) at or below 50% AMI for 55 years.

The CalHFA MIP Subsidy Regulatory Agreement requires 10% of total units (15 units) be restricted at or below 50% of AMI, 10% of total units (15 units) between 60% and 80% of AMI be restricted with a minimum average of 70% of AMI for a term of 55 years. The rents for the 60% to 80% tranche will be determined by the minimum income limit of 70% of AMI, not to exceed 80% of AMI. The remaining 113 restricted units will be restricted at or below 120% of AMI. For underwriting purposes, the initial rents at permanent loan closing must be no less than the underwriting rent levels outlined on the "Unit Mix and Rent Summary" enclosed. CalHFA Perm Loan Agreement will also restrict rent limits as outlined in the summary table below.

In addition, the Project will be restricted by the following jurisdictions as described below:

- The City will restrict 143 of units at or below 70% of AMI for a term of 65 years.

Rent Limit Summary Table

AMI	Total	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
30%	15	3	3	6	3	-	10.3%
40%	0	-	-	-	-	-	0.0%
50%	15	1	3	7	4	-	10.3%
60%	88	5	18	39	26	-	60.7%
70%	25	3	6	10	6	-	17.2%
Manager's Unit	2	-	-	2	-	-	1.4%
Total	**145**	**12**	**30**	**64**	**39**	**0**	**100.0%**

The average affordability restriction is 58% of AMI.

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY

Regulatory Source	Recordation Priority of Recorded Document	Term of Agrmt (years)	Number of Units Restricted For Each AMI Category								
			30% AMI	50% AMI	60% AMI	70% AMI	80% AMI	120% AMI	Mgrs Unit	Total Units Regulated	% of Regulated Units
CalHFA Bond	1st	**55**		15	44					59	41%
CalHFA MIP	2nd	**55**		15		15		113		143	99%
Tax Credit	3rd	**55**	15	15	88		25			143	99%
City of National City Loan	4th	**55**	15	15	88		25			143	99%
National City Ground Lease	5th	**65**	15	15	88		25			143	99%

13. Geocoder Information

Central City:	No	Underserved:	No
Low/Mod Census Tract:	Low	Below Poverty line:	31.07%
Minority Census Tract:	93.95%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14. Capitalized Reserves:

Replacement Reserves (RR):	N/A
Operating Expense Reserve (OER):	$560,989 OER amount is size based on 3 months of operating expenses, debt service, and annual replacement reserves deposits. CalHFA will hold this reserve for the term of the CalHFA permanent loan and in the event the OER is drawn down during the term of the loan, the OER must be replenished over a 12-month period to the original level.
Transitional Operating Reserve (TOR):	N/A

15. Cash Flow Analysis

	1st Year DSCR:	1.15	**Project-Based Subsidy Term:**	N/A
	End Year DSCR:	2.02	**Annual Replacement Reserve Per Unit:**	300/unit
	Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5% N/A	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% N/A
	Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

- The developer/sponsor met the threshold requirements for the proposed OER budget, which is based on 3 months of total operating expense, reserves, and debt service.
- For purposes of CalHFA's DSCR covenant, the Project is required to maintain a minimum of 1.15 DSCR for the term of the permanent loan.

16. Loan Security

The CalHFA loan(s) will be secured against the fee interest in the land and improvements of Site 1, and the leasehold interest in the land and fee interest in the improvements of Site 2.

17. Balloon Exit Analysis **Applicable:** ☒ **Yes** ☐ **No**

The exit analysis assumes 7.00% cap rate and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's permanent and subsidy loans.

APPRAISAL AND MARKET ANALYSIS

18. Appraisal Review **Dated: February 18, 2022**

- The Appraisal dated February 18, 2021, prepared by BBG, Inc., values the land $5,250,000. There will be a ground lease between Housing Authority and the City of National City and Community HousingWorks for a 65-year term for a capitalized payment of $3M at construction loan closing.
- The cap rate of 4.25% and the projected $1,518,476 of net operating income, which is generally aligned with the proposed Project net operating income, were used to determine the appraised value of the subject site.
- The as-restricted stabilized value is $35,700,000, which results in the Agency's permanent first lien loan to value of 64%.
- The Project will absorb 15-20 units per month and estimated to be fully leased within 6 months of completion, which is a more conservative assumption compared to the market study (dated 11/1/21), which assumed roughly 48 units per month with a projected lease up period of 3 months.

	Market Study:	CBRE	**Dated: November 1, 2021**

Regional Market Overview

- The Primary Market Area is the city of National City (population of 104,699) and the Secondary Market Area ("SMA") is Chula Vista (population of 206,491).
- The general population in the PMA is anticipated to increase by .04% per year.
- Unemployment for the PMA was not provided and was 2.8% in the MSA (Metropolitan Statistical Area) as of December 2019. As a result of the ongoing pandemic, it is reasonable to assume that unemployment is anticipated to reach a more stabilized level upon construction completion.
- Median home value in the PMA is $395,127.

	Local Market Area Analysis
	• **Supply:**
	  o There are currently eleven (11) comparable affordable housing projects in the city of National City, and they are 100% occupied with long wait lists.
	  o While the market study was undertaken, CBRE inquired but received no information from the city of National City regarding affordable projects under construction or proposed. The appraisal did state that there are 16 units under construction in the National City. South Central Multi-Family market at end of the fourth quarter.
	• **Demand/Absorption:**
	  o The project will need to capture 3.4% of the total demand for family units of the Subject's bedroom types in the PMA. The affordable units are anticipated to lease up at a rate of 48 units per month and reach 96% stabilized occupancy within three (3) months of upon completion of construction.
	  o The overall market penetration rate is derived by taking the number of affordable units proposed
	  o or under construction within the PMA (if applicable), combined with the number of affordable units, and the number of the Subject's units divided by the number of income eligible households.

DEVELOPMENT SUMMARY

19. Site Description **Requires Flood Insurance:** ☒ Yes ☐ No

- The property is comprised of two scattered sites, located within 525 feet (0.1 miles) apart. Site 1 is located at 14th Street and Kimball Way at F Avenue and Site 2 is located at 1221 D Avenue in the City of National City, San Diego County. The property is considered a scattered site as the parcels of land are not contiguous, with Kimball Way separating the two sites.
- Site 1 is currently an infill site that formerly contained the parking lot of a 99 Cents Only Store, with additional vacant land. The site is generally irregular in shape, measuring approximately 0.95-acres. While there are no existing structures on the property, the demolition and relocation of an existing Verizon Cell Tower to a neighboring development will occur. A ministerial Boundary Adjustment was finalized during the purchase of the property to formally adjust the lot lines to their proposed locations for the project.
- Site 1 is currently zoned MXD-2 (Major Mixed-Use District), allowing multi-family residential development of no greater than 75 units per acre.
- Site 2 is currently an infill site that currently contains the City of National City's Senior Center and a parking lot. The existing Senior Center will be vacated by 4/30/2022 in order to allow for the demolition and redevelopment of the site with 84 family, mixed-income units. The site is generally square in shape, measuring approximately 1.73-acres.
- Site 2 is currently zoned RM-3 (Very High-Density Multi-Unit Residential), allowable multi-family residential development of 75 units per acre.
- Both sites are by-right developments, requiring no discretionary land use-use approvals.
- The sites are generally level and at grade level along the road frontage. Site 1 has a drop off in grade in the back of the site that will require construction of a geogrid retaining wall during construction.
- The Appraisal identifies Site 1 as being in a Flood Zone AE which requires flood insurance. As a condition of approval CalHFA will require a flood certification determining the flood zone and any flood insurance requirements.

20. Form of Site Control & Expiration Date

Site 1

The current owner, Highland Avenue Development Holding Company, LLC, of Site 1, and the Project Owner, D Avenue Housing Associates, L.P., entered into a Purchase and Sale Agreement dated September 2, 2021, which expires on December 31, 2022, for an amount of $1,680,000. The sole member and manager of the current owner is Esperanza Housing and Community Development Corporation.

Site 1 was purchased by the current owner from Patricia L. Peterson, successor Trustees of the L.O. Lindemulder Trust No. 1, Dated December 1, 1983 and Patricia L. Peterson and Mary M. Peterson, successor Trustees of the Ernest E. Peterson and Patricia L. Peterson Trust also known as the Peterson Family Trust dated July 1, 1980 Trust B, Trustee under declaration of trust dated July 1, 1980 in September 2021 for $2,860,000. The subject has not been involved in any other sales nor transfers in the last three years.

Site 2

The current owner, Community Development Commission – Housing Authority of National City (CDC-HA), of Site 2 and the Affordable Housing Developer and Owner, Community HousingWorks, entered into a Disposition and Development Agreement (DDA) dated October 20, 2020, providing a ground lease term of 65 years with rent equal to $1.00 per year. The closing deadline in the DDA is December 31, 2023.

21. Current Ownership Entity of Record

Title of Site 1 is currently vested in Highland Avenue Development Holding Company, LLC, a California limited liability company as the fee owner.

Title of Site 2 is currently vested in Community Development Commission of the City of National City, a public body, corporate and politic, as the fee owner.

22. Environmental Review Findings **Dated: February 21, 2022**

- A Phase I Environmental Site Assessment for Site 1 performed by SCS Engineers, dated February 21, 2022, revealed the presence of organochlorine pesticides (OCPs), metal-based pesticides and concentrations of lead related to historical use for agriculture purposes and residential development on the site.
- A Phase II Environmental Site Assessment for Site 1 performed by SCS Engineers, dated December 22, 2020, revealed that the detectable concentrations present in the soil are non-hazardous regulated waste that is to be excavated and exported from the Site. A Soil Management Plan (SMP) will be completed to address the proper management of lead and OCPs during the construction at the Site. The development budget includes costs to mitigate and stabilize the soil, with an additional geogrid retaining wall required for the drop off in grade at the back of Site 1.
- A Phase I Environmental Site Assessment for Site 2 performed by SCS Engineers, dated February 17, 2022, revealed no evidence of recognized environmental condition (RECs) in connection with the Site.
- A Phase II Environmental Site Assessment for Site 2 performed by SCS Engineers, dated January 18, 2022, revealed the presence of organochlorine pesticides (OCPs) and concentrations of lead that will not present a health risk to future residential occupants of the Site. The soil can be freely graded on-site. A dust management plan shall be utilized to mitigate the potential generation of CoC-bearing dust. Dust shall be controlled through frequent use of water and ceasing or slowing of grading activities as needed during construction.
- A NEPA review has been initiated and will be completed prior to construction loan closing.

23. Seismic **Requires Earthquake Insurance:** ☐ **Yes** ☒ **No**

This new Project will be built to State and City of National City Building Codes so no seismic review is required.

24. Relocation **Requires Relocation:** ☒ **Yes** ☐ **Not Applicable**

- Relocation costs of $750,000 have been allocated for the relocation and demolitions costs of an existing Verizon Cell Tower to a neighboring development.
- All relocation costs associated to the Senior Center will be the responsibility of the City of National City. The City has provided documentation affirming that the Senior Center will be vacated by April 30, 2022.

PROJECT DETAILS

25. Residential Areas:

Residential Square Footage:	113,542	**Residential Units per Acre:**	54.10
Community Area Sq. Ftg: **(Parking Structure) Sq. Ftg:**	3962 27,496	**Total Parking Spaces:**	138
Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	187,267

26. Mixed-Use Project: ☒ **Yes** ☐ **No**

		Non-Residential Sq. Footage:	7,458	**Number of Lease Spaces:**	1
		Master Lease:	☐ Yes ☒ No	**Number of Parking Spaces:**	19 (included in above total)
27.	**Construction Type:**	Two (2) five-story elevator-serviced buildings, with four-stories type-V wood-framed construction over a one-story, type-1 concrete podium parking garage and surface parking spaces.			
28.	**Construction/Rehab Scope**	**Requires Demolition:** ☒ **Yes** ☐ **No**			

- The Project is a new construction project that will involve demolition of an existing non-residential structure. Demolition costs of $262,800 have been allocated for the demolition of the existing building on Site 2, including grading, fill, and foundation design requirements.
- Relocation costs related to Verizon Cell Tower, noted in Section 24, includes demolition costs of existing structure.
- Environmental remediation of contaminants outlined on Section 22 is included in the development budget as contingency held by the General Contractor.
- The development budget includes commercial improvements in the estimated amount of $1,749,762 as part of the Site 2 development budget. During construction, the cost of the commercial structure will be paid by National City Loan. At permanent loan closing, the National City Loan will remain as a permanent funding source as outlined below:

	Construction	**Permanent**
Commercial Structure Cost	$1,749,762	$1,749,762
National City Loan	$1,749,762	$1,749,762
Total Sources	$1,749,762	$1,749,762

- The contract will be structured as a Lump Sum contract with approximately 12% for builder overhead, profit, and general requirements the hard cost contingency is 5.7%.

29. Construction Budget Comments:

- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing, with special attention to the treatment for any allowances and any compensable, critical, and excusable time delays.
- The Developer is currently looking for cost saving design options to reduce construction costs due to increase in material costs due to supply chain issues related to the ongoing pandemic.
- The developer has established cost containment strategies, which are outlined in Section 5 above.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

- D Avenue Housing Associates, L.P., a California limited liability; .01%
  - Managing General Partner (MGP): CHW D Avenue, LLC, a California limited liability company; 99.00% interest
    - Sole Member: Community HousingWorks, a California Nonprofit Corporation; 100.00%
  - Initial Limited Partner: Esperanza Housing and Community Development Corporation; 1.00%
- Limited Partner: Bank of America, N.A, and, or its affiliates; 99.99% ownership interest
  - Special Limited Partner: Bank of America Special Holding Company, Inc; 0.00% ownership interest

31. Developer/Sponsor

Community HousingWorks (CHW), a nonprofit organization, was created in 1988 by social justice activists, social service advocates and political leaders in the city of Escondido united by the cause of affordable apartments for homeless families. With over 30 years of affordable housing experience, CHW has layered powerful service programs throughout their

communities to provide working families and seniors a place to call home. Since inception, CHW has developed more than 3,600 units in 42 communities statewide. They have completed two (2) tax credit projects in the California Housing Finance Agency (CalHFA) portfolio (135 total units) and have one (1) project of 120 units with CalHFA Financing under construction. Six (6) projects are currently under construction (680 total units) and seven (7) projects are currently in the pipeline (541 total units). In addition, CHW has developed four (4) affordable housing communities (504 total units) within the City of National City in the past twenty years including Kimball Tower, Morgan Tower, Paradise Creek I and Paradise Creek II.	
32.	**Management Agent**
The Project will be managed by CONAM Management Corporation (CONAM), which has extensive experience in managing similar affordable housing projects in the area. CONAM currently manages three-hundred-fifty-one projects (52,145 total units) of which ten (17) projects (1519 total units) are in the CalHFA portfolio. CONAM has worked directly with the developer to prepare the anticipated operating budget for this project and has provided documentation affirming this.	
33.	**Service Provider** **Required by TCAC or other funding source?** ☒ **Yes** ☐ **No**
Community HousingWorks (CHW), evidenced through an executed MOU, will provide supportive services through at least 15 years that will be funded through operations of approximately $20k ($414 per unit) per annual. CHW will provide a Community Building Coordinator (Service Coordinator) for adult education, health and wellness and skill building classes. All services will be provided on-site at Site 2, free of cost to all residents.	
34.	**Contractor** **Experienced with CalHFA?** ☒ **Yes** ☐ **No**
The general contractor is Sun Country Contractors, which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. Since inception, they have been responsible for the construction or rehabilitation of more than one hundred multi-family affordable housing projects. They have completed eighty-two (82) projects in California (6,077 total units) and seven (7) projects currently under construction (630 total units). They have prior experience working with Community HousingWorks (CHW), along with prior experience with Studio E Architects.	
35.	**Architect** **Experienced with CalHFA?** ☒ **Yes** ☐ **No**
The architect is Studio E Architects, which has extensive experience in designing similar affordable housing projects in California through the locality's building permit process and is familiar with CalHFA. They have completed fifty (50) projects in California (2,000 total units) and have eleven (11) projects currently under construction (924 total units). They have prior experience working with Community HousingWorks (CHW), along with prior experience with Sun Country Buildings.	
36.	**Local Review via Locality Contribution Letter**
The locality, City of National City, returned the local contribution letter stating they strongly support the project.	

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY — Final Commitment

Acquisition, Rehab, Construction & Permanent Loans — **Project Number 21-013-A/X/S**

Project Full Name	Kimball Highland	**Borrower Name:**	D Avenue Housing Associates, L.P.
Project Address	14th Street and Kimball Way & 1221 D	**Managing GP:**	CHW D Avenue LLC
Project City	National City	**Developer Name:**	Community HousingWorks
Project County	San Diego	**Investor Name:**	Bank of America, N.A., and, or, its affiliates
Project Zip Code	91950	**Prop Management:**	CONAM Management Corporation
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	2.68
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	113,542
Total Residential Units:	145	**Residential Units Per Acre:**	54.10
Total Number of Buildings:	2		
Number of Stories:	5	**Covered Parking Spaces:**	65
Unit Style:	Flat	**Total Parking Spaces:**	138
Elevators:	2		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
Bank of America -Tax Exempt	41,452,000	1.000%	30	--	3.950%
Bank of America - Taxable	19,870,992	1.000%	30	--	3.950%
City of National City - HA	10,482,000	--	660	--	3.000%
City of National City - HA Ground Lease Note	3,000,000	--	660	--	3.000%
General Partner Equity Contribution	7,026,107	--	--	--	--
City of National City - HA Ground Lease Note Interest	125,300	NA	NA	NA	NA
City of National CIty - HA Interest	437,240	NA	NA	NA	NA
Costs Deferred to Converson	995,225	NA	NA	NA	NA
Investor Equity Contribution	4,591,859	NA	NA	NA	NA

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	22,780,000	1.000%	30	40	4.460%
MIP	6,095,000	1.000%	30	--	2.000%
City of National City - HA	10,482,000	--	55	--	3.000%
City of National City - HA Ground Lease Note	3,000,000	--	55	--	3.000%
General Partner Equity Contribution	7,041,107	NA	NA	NA	NA
Investor Equity Contributions	39,101,256	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	2/18/22	**Capitalization Rate:**	4.25%
Investment Value ($)	76,100,000	**Restricted Value ($)**	35,700,000
Construct/Rehab LTC	69%	**CalHFA Permanent Loan to Cost**	26%
Construct/Rehab LTV	81%	**CalHFA 1st Permanent Loan to Value**	64%
		Combined CalHFA Perm Loan to Value	81%

Additional Loan Terms, Conditions & Comments

Construction/Rehab Loan

Payment/Performance Bond	0	
Completion Guarantee Letter of Credit	0.00%	

Permanent Loan

Operating Expense Reserve Deposit	$560,989	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$300	Cash

Date Prepared: 2/25/22 — Senior Staff Date: 3/9/22

UNIT MIX AND RENT SUMMARY **Final Commitment**

Kimball Highland **Project Number 21-013-A/X/S**

PROJECT UNIT MIX					
Unit Type of Style	**Number of Bedrooms**	**Number of Baths**	**Average Size (Sq. Ft.)**	**Number of Units**	**Est. No. of Tenants**
Flat	-	1	477	12	18
Flat	1	1	584	30	45
Flat	2	1	793	64	192
Flat	3	2	1,014	39	175.5
-	-	-	-	-	0
-	-	-	-	-	0
				145	430.5

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	**Number of Units Restricted For Each AMI Category**						
	30%	**40%**	**50%**	**60%**	**70%**	**80%**	**120%**
FA Bond/RiskShare	0	0	15	44	0	0	0
CalHFA MIP	0	0	15	0	15	0	113
Tax Credit	15	0	15	88	0	25	0
National City Loan	15	0	15	88	0	25	0
City Ground Lease	15	0	15	88	0	25	0
-	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	**Restricting Agency**	**% of Area Median Income**	**Average Restricted Rents Number of Units**	**Unit Rent**	**Average Market Rents**	**Average Monthly Savings**	**% of Market Rents**
Studios	**CTCAC**	**30%**	3	$611	$2,095	$1,484	29%
	CTCAC	**50%**	1	$1,036		$1,059	49%
	CTCAC	**60%**	5	$1,248		$847	60%
	CTCAC	**70%**	3	$1,460		$635	70%
	HCD	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
1 Bedroom	**CTCAC**	**30%**	3	$646	$2,038	$1,392	32%
	CTCAC	**50%**	3	$1,100		$938	54%
	CTCAC	**60%**	18	$1,328		$710	65%
	CTCAC	**70%**	6	$1,555		$483	76%
	HCD	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
2 Bedrooms	**CTCAC**	**30%**	6	$772	$2,261	$1,489	34%
	CTCAC	**50%**	7	$1,317		$944	58%
	CTCAC	**60%**	39	$1,590		$671	70%
	CTCAC	**70%**	10	$1,863		$398	82%
	HCD	**100%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
	CTCAC	**-**	-	-		-	-
3 Bedrooms	**CTCAC**	**30%**	3	$889	$2,635	$1,746	34%
	CTCAC	**50%**	4	$1,519		$1,116	58%
	CTCAC	**60%**	26	$1,834		$801	70%
	CTCAC	**70%**	6	$2,149		$486	82%
	HCD	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
4 Bedrooms	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	HCD	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
5 Bedrooms	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**70%**	-	-		-	-
	HCD	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
Date Prepared:	2/25/22					Senior Staff Date:	3/9/22

SOURCES & USES OF FUNDS					Final Commitment
Kimball Highland			Project Number		21-013-A/X/S
SOURCES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT SOURCES OF FUNDS SOURCES ($)	PER UNIT ($)	%
Bank of America -Tax Exempt	41,452,000				0.0%
Bank of America - Taxable	19,870,992				0.0%
-	-				0.0%
City of National City - HA	10,482,000				0.0%
City of National City - HA Ground Lease Note	3,000,000				0.0%
City of National CIty - HA Interest	437,240				0.0%
City of National City - HA Ground Lease Note Inter	125,300				0.0%
Costs Deferred to Converson	995,225				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
General Partner Equity Contribution	7,026,107				0.0%
Investor Equity Contribution	4,591,859				0.0%
Perm		22,780,000	22,780,000	157,103	25.6%
MIP		6,095,000	6,095,000	42,034	6.8%
-		-	-	-	0.0%
-		-	-	-	0.0%
City of National City - HA		10,482,000	10,482,000	72,290	11.8%
City of National City - HA Ground Lease Note		3,000,000	3,000,000	20,690	3.4%
City of National CIty - HA Interest		437,240	437,240	3,015	0.5%
City of National City - HA Ground Interest		125,300	125,300	864	0.1%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		-	-	-	0.0%
General Partner Equity Contribution		7,041,107	7,041,107	48,559	7.9%
Investor Equity Contributions		39,101,256	39,101,256	269,664	43.9%
TOTAL SOURCES OF FUNDS	**87,980,723**	**89,061,903**	**89,061,903**	**614,220**	**100.0%**
TOTAL USES OF FUNDS (BELOW)	**87,980,723**	**89,061,903**	**89,061,903**	**614,220**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**-**	**-**	**-**		

USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**87,980,723**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	-	-	-	-	0.0%
Demolition Costs	262,800	-	262,800	1,812	0.3%
Legal & Other Closing Costs	2,700	-	2,700	19	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	259,888	-	259,888	1,792	0.3%
Existing Improvements Value	-	-	-	-	0.0%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	-	-	-	-	0.0%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Site 1 acquisition cost)	1,680,000	-	1,680,000	11,586	1.9%
Other (Site 2 capitalized ground lease amt)	3,000,000	-	3,000,000	20,690	3.4%
TOTAL ACQUISITION COSTS	**5,205,388**	**-**	**5,205,388**	**35,899**	**5.8%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	6,680,944	-	6,680,944	46,075	7.5%
Structures (Hard Cost)	42,240,788	-	42,240,788	291,316	47.4%
General Requirements	2,170,000	-	2,170,000	14,966	2.4%
Contractor Overhead	1,071,065	-	1,071,065	7,387	1.2%
Contractor Profit	2,879,574	-	2,879,574	19,859	3.2%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	1,179,137	-	1,179,137	8,132	1.3%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**56,221,508**	**-**	**56,221,508**	**387,735**	**63.1%**

SOURCES & USES OF FUNDS					Final Commitment
Kimball Highland			Project Number	21-013-A/X/S	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
RELOCATION COSTS					
Relocation Expense	750,000	-	750,000	5,172	0.8%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	**750,000**	**-**	**750,000**	**5,172**	**0.8%**
ARCHITECTURAL FEES					
Design	2,013,100	-	2,013,100	13,883	2.3%
Supervision	200,030	-	200,030	1,380	0.2%
TOTAL ARCHITECTURAL FEES	**2,213,130**	**-**	**2,213,130**	**15,263**	**2.5%**
SURVEY & ENGINEERING FEES					
Engineering	929,635	-	929,635	6,411	1.0%
Supervision	82,675	-	82,675	570	0.1%
ALTA Land Survey	60,220	-	60,220	415	0.1%
TOTAL SURVEY & ENGINEERING FEES	1,072,530	-	1,072,530	7,397	1.2%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	2,811,075	-	2,811,075	19,387	3.2%
Soft Cost Contingency Reserve	412,195	-	412,195	2,843	0.5%
TOTAL CONTINGENCY RESERVES	3,223,270	-	3,223,270	22,229	3.6%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
Bank of America -Tax Exempt	2,292,296	-	2,292,296	15,809	0.025738
Bank of America - Taxable	1,136,566	-	1,136,566	7,838	0.012762
-	-	-	-	-	0.0%
City of National City - HA	-	-	-	-	0.0%
City of National City - HA Ground Lease No	125,300	-	125,300	864	0.1%
City of National CIty - HA Interest	437,240	-	437,240	3,015	0.5%
Loan Fees					
Bank of America -Tax Exempt	414,520	-	414,520	2,859	0.5%
Bank of America - Taxable	205,527	-	205,527	1,417	0.2%
-	-	-	-	-	0.0%
City of National City - HA	-	-	-	-	0.0%
City of National City - HA Ground Lease No	-	-	-	-	0.0%
City of National CIty - HA Interest	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating In	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	15,000	-	15,000	103	0.0%
Real Estate Taxes During Rehab	100,238	-	100,238	691	0.1%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	340,806	-	340,806	2,350	0.4%
Insurance During Rehab	718,905	-	718,905	4,958	0.8%
Title & Recording Fees	90,803	-	90,803	626	0.1%
Construction Management & Testing	60,000	-	60,000	414	0.1%
Predevelopment Interest Expense	-	-	-	-	0.0%
Bond Issuer Fee	82,005	-	82,005	566	0.1%
Misc. (Partnership taxes/fees/Misc. COI)	4,500	-	4,500	31	0.0%
TOTAL CONST/REHAB PERIOD COSTS	**6,023,706**	**-**	**6,023,706**	**41,543**	**6.8%**

SOURCES & USES OF FUNDS					Final Commitment
Kimball Highland			Project Number		21-013-A/X/S
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
Perm	113,900	113,900	227,800	1,571	0.3%
MIP	30,475	30,475	60,950	420	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
City of National City - HA	-	-	-	-	0.0%
City of National City - HA Ground Lease No	-	-	-	-	0.0%
City of National CIty - HA Interest	-	-	-	-	0.0%
City of National City - HA Ground Interest	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	-	110,000	110,000	759	0.1%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	21,000	21,000	145	0.0%
Year 1 - Taxes & Special Assessments and Insura	-	-	-	-	0.0%
CalHFA Fees	10,000	1,000	11,000	76	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other (CalHFA MIP Loan Fees/Legal/Expenses)	-	15,000	15,000	103	0.0%
TOTAL PERMANENT LOAN COSTS	**154,375**	**291,375**	**445,750**	**3,074**	**0.5%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	55,000	-	55,000	379	0.1%
CalHFA Permanent Loan Legal Fees	17,500	17,500	35,000	241	0.0%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	85,000	-	85,000	586	0.1%
Organizational Legal Fees	20,000	-	20,000	138	0.0%
Syndication Legal Fees	35,000	-	35,000	241	0.0%
-	-	-	-	-	0.0%
CalHFA Bond Counsel	62,000	-	62,000	428	0.1%
TOTAL LEGAL FEES	**274,500**	**17,500**	**292,000**	**2,014**	**0.3%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	560,989	560,989	3,869	0.6%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	-	-	-	0.0%
Other (Additional Investor Reserve)	-	159,416	159,416	1,099	0.2%
TOTAL OPERATING RESERVES	**-**	**720,405**	**720,405**	**4,968**	**0.8%**
REPORTS & STUDIES					
Appraisal Fee	12,000	-	12,000	83	0.0%
Market Study Fee	15,000	-	15,000	103	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	216,800	-	216,800	1,495	0.2%
HUD Risk Share Environmental / NEPA Review F	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**243,800**	**-**	**243,800**	**1,681**	**0.3%**

SOURCES & USES OF FUNDS					Final Commitment
Kimball Highland			Project Number	21-013-A/X/S	
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	97,900	-	97,900	675	0.1%
CDLAC Fees	17,508	-	17,508	121	0.0%
Local Permits & Fees	450,000	-	450,000	3,103	0.5%
Local Impact Fees	1,983,806	-	1,983,806	13,681	2.2%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	55,000	-	55,000	379	0.1%
Furnishings	230,000	36,900	266,900	1,841	0.3%
Accounting & Audits	49,750	-	49,750	343	0.1%
Advertising & Marketing Expenses	176,945	-	176,945	1,220	0.2%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Refundable CDLAC deposit)	-	-	-	-	0.0%
Other	45,000	-	45,000	310	0.1%
TOTAL OTHER COSTS	**3,105,909**	**36,900**	**3,142,809**	**21,675**	**3.5%**
SUBTOTAL PROJECT COSTS	**78,488,116**	**89,046,903**	**79,554,296**	**548,650**	**89.3%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	9,211,107	15,000	9,226,107	63,628	10.4%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	82,500	-	82,500	569	0.1%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	199,000	-	199,000	1,372	0.2%
Other Administration Fees	-	-	-	-	0.0%
Other (Specify)Financial Consultant	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**9,492,607**	**15,000**	**9,507,607**	**65,570**	**10.7%**
TOTAL PROJECT COSTS	**87,980,723**	**89,061,903**	**89,061,903**	**614,220**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
Kimball Highland	**Project Number**		**21-013-A/X/S**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 2,589,276	$ 17,857	104.70%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	-	-	0.00%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	13,920	96	0.56%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 2,603,196**	**$ 17,953**	**105.26%**
Less: Vacancy Loss	**$ 130,160**	**$ 898**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 2,473,036**	**$ 18,851**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 174,813	$ 1,206	$ 0
Management Fee	87,051	600	3.52%
Social Programs & Services	60,000	414	2.43%
Utilities	159,808	1,102	6.46%
Operating & Maintenance	246,379	1,699	9.96%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	52	0.30%
Other Monitoring Fees	29,000	200	1.17%
Real Estate Taxes	10,000	69	0.40%
Other Taxes & Insurance	144,000	993	5.82%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES	**$ 918,551**	**$ 6,335**	**37.14%**
Replacement Reserve	$ 43,500	$ 300	1.76%
TOTAL OPERATING EXPENSES	**$ 962,051**	**$ 6,635**	**38.90%**
NET OPERATING INCOME (NOI)	**$ 1,510,985**	**$ 10,421**	**61.10%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
Perm	$ 1,221,905	$ 8,427	49.41%
-	$ -	-	0.00%
-	$ -	-	0.00%
City of National City - HA	$ 30,000	207	1.21%
City of National City - HA Ground Lease Note	$ 30,000	207	1.21%
City of National CIty - HA Interest	$ -	-	0.00%
-	$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 1,281,905**	**$ 8,841**	**51.84%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 229,080**	**$ 1,580**	**9.26%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**1.18**	**to 1**	
Date: 2/25/22		Senior Staff Date:	03/09/22

PROJECTED PERMANENT LOAN CASH FL0WS										Kimball Highland					
Final Commitment									Project Number	21-013-A/X/S					
	YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13	14
RENTAL INCOME	CPI														
Restricted Unit Rents	2.50%	2,589,276	2,654,008	2,720,358	2,788,367	2,858,076	2,929,528	3,002,766	3,077,835	3,154,781	3,233,651	3,314,492	3,397,354	3,482,288	3,569,346
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	13,920	14,268	14,625	14,991	15,365	15,750	16,143	16,547	16,961	17,385	17,819	18,265	18,721	19,189
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		2,603,196	2,668,276	2,734,983	2,803,358	2,873,442	2,945,278	3,018,910	3,094,382	3,171,742	3,251,036	3,332,311	3,415,619	3,501,010	3,588,535
VACANCY ASSUMPTIONS	Vacancy														
Restricted Unit Rents	5.00%	129,464	132,700	136,018	139,418	142,904	146,476	150,138	153,892	157,739	161,683	165,725	169,868	174,114	178,467
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	696	713	731	750	768	787	807	827	848	869	891	913	936	959
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		130,160	133,414	136,749	140,168	143,672	147,264	150,945	154,719	158,587	162,552	166,616	170,781	175,050	179,427
EFFECTIVE GROSS INCOME (EGI)		2,473,037	2,534,862	2,598,234	2,663,190	2,729,770	2,798,014	2,867,964	2,939,663	3,013,155	3,088,484	3,165,696	3,244,838	3,325,959	3,409,108
OPERATING EXPENSES	CPI / Fee														
Administrative Expenses	3.50%	234,813	243,031	251,538	260,341	269,453	278,884	288,645	298,748	309,204	320,026	331,227	342,820	354,819	367,237
Management Fee	3.52%	87,051	89,227	91,458	93,744	96,088	98,490	100,952	103,476	106,063	108,715	111,432	114,218	117,074	120,001
Utilities	3.50%	159,808	165,401	171,190	177,182	183,383	189,802	196,445	203,320	210,437	217,802	225,425	233,315	241,481	249,933
Operating & Maintenance	3.50%	246,379	255,002	263,927	273,165	282,726	292,621	302,863	313,463	324,434	335,789	347,542	359,706	372,296	385,326
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Mixed Income Loan Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Agency Monitoring Fee	0.00%	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000
Real Estate Taxes	1.25%	10,000	10,125	10,252	10,380	10,509	10,641	10,774	10,909	11,045	11,183	11,323	11,464	11,608	11,753
Other Taxes & Insurance	3.50%	144,000	149,040	154,256	159,655	165,243	171,027	177,013	183,208	189,621	196,257	203,126	210,236	217,594	225,210
Assisted Living/Board & Care	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Required Reserve Payments	1.00%	43,500	43,935	44,374	44,818	45,266	45,719	46,176	46,638	47,104	47,575	48,051	48,532	49,017	49,507
TOTAL OPERATING EXPENSES		962,051	992,262	1,023,495	1,055,786	1,089,169	1,123,684	1,159,368	1,196,262	1,234,407	1,273,847	1,314,626	1,356,790	1,400,387	1,445,466
NET OPERATING INCOME (NOI)		1,510,986	1,542,600	1,574,739	1,607,404	1,640,600	1,674,330	1,708,596	1,743,402	1,778,748	1,814,636	1,851,070	1,888,048	1,925,572	1,963,642
DEBT SERVICE PAYMENTS	Lien #														
Perm	1	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
City of National City - HA	4	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
City of National City - HA Ground Lease Note	3	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
TOTAL DEBT SERVICE & OTHER PAYMENTS		1,281,905	1,281,905	1,281,905	1,281,905	1,281,905	1,281,905	1,281,905	1,281,905	1,281,905	1,281,905	1,281,905	1,281,905	1,281,905	1,281,905
CASH FLOW AFTER DEBT SERVICE		229,081	260,695	292,834	325,499	358,695	392,425	426,691	461,496	496,843	532,731	569,164	606,143	643,667	681,737
DEBT SERVICE COVERAGE RATIO		1.18	1.20	1.23	1.25	1.28	1.31	1.33	1.36	1.39	1.42	1.44	1.47	1.50	1.53
Date Prepared:	02/25/22									Senior Staff Date:	3/9/22				

		1	2	3	4	5	6	7	8	9	10	11	12	13	14
LESS: Asset Management Fee	3.0%	12,500	12,875	13,261	13,659	14,069	14,491	14,926	15,373	15,835	16,310	16,799	17,303	17,822	18,357
LESS: Partnership Management Fee	3.0%	23,131	23,825	24,539	25,275	26,034	26,815	27,619	28,448	29,301	30,180	31,086	32,018	32,979	33,968
net CF available for distribution		193,450	223,996	255,033	286,565	318,593	351,120	384,147	417,675	451,707	486,242	521,280	556,822	592,866	629,413
	0%														
Developer Distribution	50%	96,725	111,998	127,517	143,282	159,296	175,560	192,073	208,838	225,853	243,121	260,640	278,411	296,433	314,706
Deferred developer fee repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments for Residual Receipt Payments		50%													
RESIDUAL RECEIPTS LOANS	Payment %	96,725	111,998	127,517	143,282	159,296	175,560	192,073	208,838	225,853	243,121	260,640	278,411	296,433	314,706
MIP	31.13%	30,114	34,869	39,700	44,609	49,595	54,658	59,799	65,018	70,316	75,692	81,146	86,679	92,290	97,979
0	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
City of National City - HA	53.54%	51,789	59,966	68,275	76,717	85,291	93,999	102,841	111,817	120,927	130,173	139,553	149,068	158,717	168,501
City of National City - HA Ground Lease Note	15.32%	14,822	17,163	19,541	21,957	24,411	26,903	29,434	32,003	34,610	37,256	39,941	42,664	45,426	48,226
0	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	100.000%	96,725	111,998	127,517	143,282	159,296	175,560	192,073	208,838	225,853	243,121	260,640	278,411	296,433	314,706
Balances for Residual Receipt Payments															
RESIDUAL RECEIPTS LOANS	Interest Rate														
MIP---Simple	2.00%	6,095,000	6,186,786	6,273,817	6,356,017	6,433,308	6,505,614	6,572,856	6,634,957	6,691,838	6,743,422	6,789,630	6,830,384	6,865,605	6,895,215
0---Compounding	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
City of National City - HA---Simple	3.00%	10,482,000	10,744,671	10,999,165	11,245,349	11,483,092	11,712,261	11,932,722	12,144,342	12,346,985	12,540,518	12,724,805	12,899,712	13,065,104	13,220,846
City of National City - HA Ground Lease Note---	3.00%	3,000,000	3,075,178	3,148,015	3,218,474	3,286,518	3,352,107	3,415,204	3,475,770	3,533,768	3,589,158	3,641,902	3,691,961	3,739,297	3,783,871
City of National CIty - HA Interest---Compoundi	0.00%	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240
City of National CIty - HA Ground Interest---	0.00%	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300
0---	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments		20,139,540	20,569,175	20,983,537	21,382,381	21,765,458	22,132,522	22,483,322	22,817,609	23,135,131	23,435,638	23,718,877	23,984,597	24,232,546	24,462,473

PROJECTED PERMANENT LOAN CASH FL0WS							Kimball Highland								
Final Commitment						Project Number	21-013-A/X/S								Pr
	YEAR	15	16	17	18	19	20	21	22	23	24	25	26	27	28
RENTAL INCOME	CPI														
Restricted Unit Rents	2.50%	3,658,579	3,750,044	3,843,795	3,939,890	4,038,387	4,139,347	4,242,830	4,348,901	4,457,624	4,569,064	4,683,291	4,800,373	4,920,382	5,043,392
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	19,669	20,161	20,665	21,181	21,711	22,254	22,810	23,380	23,965	24,564	25,178	25,808	26,453	27,114
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**3,678,248**	**3,770,204**	**3,864,460**	**3,961,071**	**4,060,098**	**4,161,600**	**4,265,640**	**4,372,281**	**4,481,588**	**4,593,628**	**4,708,469**	**4,826,181**	**4,946,835**	**5,070,506**
VACANCY ASSUMPTIONS	Vacancy														
Restricted Unit Rents	5.00%	182,929	187,502	192,190	196,994	201,919	206,967	212,142	217,445	222,881	228,453	234,165	240,019	246,019	252,170
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	983	1,008	1,033	1,059	1,086	1,113	1,141	1,169	1,198	1,228	1,259	1,290	1,323	1,356
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**183,912**	**188,510**	**193,223**	**198,054**	**203,005**	**208,080**	**213,282**	**218,614**	**224,079**	**229,681**	**235,423**	**241,309**	**247,342**	**253,525**
EFFECTIVE GROSS INCOME (EGI)		**3,494,336**	**3,581,694**	**3,671,237**	**3,763,018**	**3,857,093**	**3,953,520**	**4,052,358**	**4,153,667**	**4,257,509**	**4,363,947**	**4,473,045**	**4,584,871**	**4,699,493**	**4,816,981**
OPERATING EXPENSES	CPI / Fee														
Administrative Expenses	3.50%	380,091	393,394	407,162	421,413	436,163	451,428	467,228	483,581	500,507	518,024	536,155	554,921	574,343	594,445
Management Fee	3.52%	123,001	126,076	129,228	132,458	135,770	139,164	142,643	146,209	149,864	153,611	157,451	161,387	165,422	169,558
Utilities	3.50%	258,680	267,734	277,105	286,804	296,842	307,231	317,984	329,114	340,633	352,555	364,894	377,665	390,884	404,565
Operating & Maintenance	3.50%	398,812	412,771	427,218	442,170	457,646	473,664	490,242	507,401	525,160	543,540	562,564	582,254	602,633	623,725
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Mixed Income Loan Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Agency Monitoring Fee	0.00%	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000
Real Estate Taxes	1.25%	11,900	12,048	12,199	12,351	12,506	12,662	12,820	12,981	13,143	13,307	13,474	13,642	13,812	13,985
Other Taxes & Insurance	3.50%	233,092	241,250	249,694	258,433	267,478	276,840	286,530	296,558	306,938	317,680	328,799	340,307	352,218	364,546
Assisted Living/Board & Care	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Required Reserve Payments	1.00%	50,002	50,502	51,007	51,517	52,032	52,553	53,078	53,609	54,145	54,687	55,233	55,786	56,344	56,907
TOTAL OPERATING EXPENSES		**1,492,077**	**1,540,275**	**1,590,113**	**1,641,647**	**1,694,937**	**1,750,042**	**1,807,026**	**1,865,952**	**1,926,889**	**1,989,905**	**2,055,071**	**2,122,463**	**2,192,156**	**2,264,230**
NET OPERATING INCOME (NOI)		**2,002,258**	**2,041,419**	**2,081,124**	**2,121,370**	**2,162,156**	**2,203,478**	**2,245,332**	**2,287,715**	**2,330,620**	**2,374,042**	**2,417,974**	**2,462,409**	**2,507,338**	**2,552,751**
DEBT SERVICE PAYMENTS	Lien #														
Perm	1	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905	1,221,905
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
City of National City - HA	4	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
City of National City - HA Ground Lease Note	3	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**	**1,281,905**
CASH FLOW AFTER DEBT SERVICE		**720,353**	**759,514**	**799,219**	**839,465**	**880,251**	**921,573**	**963,427**	**1,005,810**	**1,048,715**	**1,092,137**	**1,136,069**	**1,180,504**	**1,225,432**	**1,270,845**
DEBT SERVICE COVERAGE RATIO		**1.56**	**1.59**	**1.62**	**1.65**	**1.69**	**1.72**	**1.75**	**1.78**	**1.82**	**1.85**	**1.89**	**1.92**	**1.96**	**1.99**
Date Prepared:	02/25/22				Senior Staff Date:		3/9/22								Ser
		15	**16**	**17**	**18**	**19**	**20**	**21**	**22**	**23**	**24**	**25**	**26**	**27**	**28**
LESS: Asset Management Fee	3.0%	18,907	19,475	20,059	20,661	21,280	21,919	22,576	23,254	23,951	24,670	25,410	26,172	26,957	27,766
LESS: Partnership Management Fee	3.0%	34,987	36,037	37,118	38,231	39,378	40,560	41,776	43,030	44,321	45,650	47,020	48,430	49,883	51,380
net CF available for distribution		**666,459**	**704,003**	**742,042**	**780,573**	**819,592**	**859,094**	**899,075**	**939,526**	**980,443**	**1,021,817**	**1,063,640**	**1,105,901**	**1,148,592**	**1,191,700**
	0%														
Developer Distribution	***50%***	**333,229**	**352,001**	**371,021**	**390,287**	**409,796**	**429,547**	**449,537**	**469,763**	**490,222**	**510,909**	**531,820**	**552,951**	**574,296**	**595,850**
Deferred developer fee repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments for Residual Receipt Payments															
RESIDUAL RECEIPTS LOANS	*Payment %*	333,229	352,001	371,021	390,287	409,796	429,547	449,537	469,763	490,222	510,909	531,820	552,951	574,296	595,850
MIP	*31.13%*	103,746	109,590	115,512	121,510	127,584	133,733	139,957	146,254	152,623	159,064	165,574	172,153	178,798	185,509
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
City of National City - HA	*53.54%*	178,419	188,470	198,654	208,969	219,415	229,990	240,693	251,523	262,476	273,553	284,749	296,063	307,492	319,032
City of National City - HA Ground Lease Note	*15.32%*	51,064	53,941	56,856	59,808	62,798	65,824	68,888	71,987	75,122	78,292	81,497	84,735	88,006	91,309
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.000%**	333,229	352,001	371,021	390,287	409,796	429,547	449,537	469,763	490,222	510,909	531,820	552,951	574,296	595,850
Balances for Residual Receipt Payments															
RESIDUAL RECEIPTS LOANS	*Interest Rate*														
MIP---Simple	*2.00%*	6,919,136	6,937,290	6,949,600	6,955,988	6,956,378	6,950,695	6,938,862	6,920,805	6,896,452	6,865,729	6,828,565	6,784,891	6,734,638	6,677,740
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
City of National City - HA---Simple	*3.00%*	13,366,805	13,502,846	13,628,836	13,744,642	13,850,133	13,945,178	14,029,648	14,103,415	14,166,353	14,218,336	14,259,243	14,288,954	14,307,351	14,314,319
City of National City - HA Ground Lease Note---	*3.00%*	3,825,645	3,864,581	3,900,640	3,933,784	3,963,976	3,991,179	4,015,354	4,036,467	4,054,480	4,069,358	4,081,066	4,089,569	4,094,834	4,096,829
City of National CIty - HA Interest---Compoundi	*0.00%*	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240	437,240
City of National CIty - HA Ground Interest---	*0.00%*	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300	125,300
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments		24,674,127	24,867,257	25,041,616	25,196,955	25,333,028	25,449,592	25,546,405	25,623,227	25,679,824	25,715,963	25,731,414	25,725,954	25,699,364	25,651,428

PROJECTED PERMANENT LOAN CASH FL0WS			Kimball Highland
Final Commitment		ɔject Number	21-013-A/X/S
	YEAR	29	30
RENTAL INCOME	CPI		
Restricted Unit Rents	2.50%	5,169,477	5,298,714
Unrestricted Unit Rents	2.50%	-	-
Commercial Rents	2.00%	-	-
Project Based Rental Subsidy	1.50%	-	-
Other Project Based Subsidy	1.50%	-	-
Income during renovations	0.00%	-	-
Other Subsidy (Specify)	0.00%	-	-
Laundry Income	2.50%	27,792	28,487
Parking & Storage Income	2.50%	-	-
Miscellaneous Income	2.50%	-	-
GROSS POTENTIAL INCOME (GPI)		**5,197,269**	**5,327,200**
VACANCY ASSUMPTIONS	Vacancy		
Restricted Unit Rents	5.00%	258,474	264,936
Unrestricted Unit Rents	7.00%	-	-
Commercial Rents	50.00%	-	-
Project Based Rental Subsidy	5.00%	-	-
Other Project Based Subsidy	3.00%	-	-
Income during renovations	20.00%	-	-
Other Subsidy (Specify)	0.00%	-	-
Laundry Income	5.00%	1,390	1,424
Parking & Storage Income	50.00%	-	-
Miscellaneous Income	50.00%	-	-
TOTAL PROJECTED VACANCY LOSS		**259,863**	**266,360**
EFFECTIVE GROSS INCOME (EGI)		**4,937,405**	**5,060,840**
OPERATING EXPENSES	CPI / Fee		
Administrative Expenses	3.50%	615,250	636,784
Management Fee	3.52%	173,797	178,142
Utilities	3.50%	418,724	433,380
Operating & Maintenance	3.50%	645,555	668,150
Ground Lease Payments	3.50%	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500
Mixed Income Loan Fee	0.00%	-	-
Other Agency Monitoring Fee	0.00%	29,000	29,000
Real Estate Taxes	1.25%	14,160	14,337
Other Taxes & Insurance	3.50%	377,305	390,510
Assisted Living/Board & Care	0.00%	-	-
Required Reserve Payments	1.00%	57,476	58,051
TOTAL OPERATING EXPENSES		**2,338,768**	**2,415,854**
NET OPERATING INCOME (NOI)		**2,598,637**	**2,644,987**
DEBT SERVICE PAYMENTS	Lien #		
Perm	1	1,221,905	1,221,905
-	-	-	-
-	-	-	-
City of National City - HA	4	30,000	30,000
City of National City - HA Ground Lease Note	3	30,000	30,000
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,281,905**	**1,281,905**
CASH FLOW AFTER DEBT SERVICE		**1,316,732**	**1,363,082**
DEBT SERVICE COVERAGE RATIO		**2.03**	**2.06**
Date Prepared:	02/25/22	ior Staff Date:	3/9/22
		29	**30**
LESS: Asset Management Fee	3.0%	28,599	29,457
LESS: Partnership Management Fee	3.0%	52,921	54,509
net CF available for distribution		**1,235,212**	**1,279,116**
	0%		
Developer Distribution	***50%***	**617,606**	**639,558**
Deferred developer fee repayment	-	-	-
		-	-
		-	-
Payments for Residual Receipt Payments			
RESIDUAL RECEIPTS LOANS	*Payment %*	617,606	639,558
MIP	*31.13%*	192,282	199,117
0	*0.00%*	-	-
City of National City - HA	*53.54%*	330,681	342,435
City of National City - HA Ground Lease Note	*15.32%*	94,643	98,007
0	*0.00%*	-	-
Total Residual Receipts Payments	**100.000%**	617,606	639,558
Balances for Residual Receipt Payments			
RESIDUAL RECEIPTS LOANS	*Interest Rate*		
MIP---Simple	*2.00%*	6,614,131	6,543,749
0---Compounding	*0.00%*	-	-
City of National City - HA---Simple	*3.00%*	14,309,747	14,293,525
City of National City - HA Ground Lease Note---	*3.00%*	4,095,520	4,090,877
City of National CIty - HA Interest---Compoundi	*0.00%*	437,240	437,240
City of National City - HA Ground Interest---	*0.00%*	125,300	125,300
0---	*0.00%*	-	-
Total Residual Receipts Payments		25,581,938	25,490,692

California Housing Finance Agency

MIXED-INCOME LOAN PROGRAM

The California Housing Finance Agency ("CalHFA" or "Agency") Mixed-Income Program ("MIP") provides competitive, long-term, subordinate financing for new construction multifamily housing projects restricting units (tax credit or CalHFA) between 30% and 120% of county Area Median Income ("AMI").

The MIP must be paired with CalHFA's Conduit Bond Issuance Program and a CalHFA Mixed-Income Qualified Construction Lender (defined below). Additionally, the program must be paired with CalHFA's Permanent Loan product. The MIP resources will take the form of a subordinate loan to incentivize newly developed multifamily housing projects that serve a range of extremely low to moderate income renters. Eligible projects must create newly constructed regulated units that meet the income and occupancy requirements reflected below.

Qualifications

APPLICATION:

Sponsors/developers must submit a complete application package which includes all items listed on the application, the application addendum and the checklist. Incomplete application packages will not be considered. The application and checklist can be found at www.calhfa.ca.gov/multifamily/mixedincome/. If the sponsor/developer is not able to meet the readiness timeline referenced below, MIP funds may be rescinded and reallocated. If the sponsor/developer is not able to meet the readiness timeline referenced below, MIP funds may be rescinded and reallocated.

AVAILABILITY:

Available to for-profit, nonprofit, and public agency sponsors. Development teams must meet CalHFA experience requirements, as defined in the CalHFA Development Team Qualifications section below.

USES:

MIP Subsidy loans must be used in conjunction with CalHFA's Conduit Bond Issuance Program and a construction loan from a CalHFA Mixed-Income Qualified Construction Lender. MIP Subsidy loans must also be used in conjunction with CalHFA's permanent first-lien mortgage financing. CalHFA Mixed-Income Qualified Construction Lender is defined in the CalHFA Lender Qualifications section below.

FINANCING STRUCTURE:

Projects accessing the MIP Subsidy loan funds must be structured as one of the following:

1. Tax-exempt Bond and 4% tax credit project where at least 51% of the units in the project must be tax credit financed, OR
2. Qualified mixed-income project through income averaging pursuant to Internal Revenue Code Section 42 (g)(1)(C).

Kevin Brown, Housing Finance Specialist
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8808
kbrown@calhfa.ca.gov

Ruth Vakili, Housing Finance Officer
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8816
rvakili@calhfa.ca.gov

Qualifications (continued)

READINESS:

Projects must have site control and be prepared to submit for a bond and tax credit allocation and will only receive funds if bonds are issued within the issuance timeframes specified in the California Debt Limit Allocation Committee's (CDLAC) Regulations Section 5100.

1. **Site:** The site must be ready for construction (all potential environmental issues have been identified, mitigation plan is in place, and costs associated with the mitigation plan have been incorporated in the development budget). Environmental issues may include, but not be limited to, receipt of clearances for CEQA, NEPA, and applicable tribal land environmental reviews. Pursuant to HUD-Risk Sharing requirements, sponsor is expected to start the NEPA process shortly after CalHFA verifies application completeness and determines that the project is ready to move forward with an initial commitment ("notification date"). The NEPA clearance and HUD's firm approval letter will be required prior to construction loan closing.
2. **General Contractor and/or Third Party Construction Services Engagement:** At the time of application, Applicant must provide evidence that the applicant or developer has engaged a general contractor or third-party construction services company to provide construction services including, but not limited to, value engineering, bid/budget services, and constructability review of plans and designs. In addition, the proposed construction budget is based on the general contractor's or third-party construction services company's preliminary bid estimates pursuant to the current plans and designs.
3. **Disposition and Development Agreement:** Applicant must provide a copy of the disposition and development agreement, if applicable.
4. **Construction Start:** All projects must commit to begin construction 180 days from the earlier of the date of the tax-exempt bond allocation or 4% federal/state tax credit reservation, unless an extension has been approved by California Tax Credit Allocation Committee (CTCAC), CDLAC, and CalHFA, as applicable. Within the 180-day period, the following items must be submitted to CalHFA in their final form:
   a. A complete updated application form along with a detailed explanation of any changes from the initial application,
   b. An executed construction contract,
   c. Recorded deeds of trust for all construction financing (unless a project's location on tribal trust land precludes this),
   d. Binding commitments for any other financing required to complete project construction,
   e. Copy of a limited partnership agreement executed by the general partner/sponsor and the investor limited partner/equity provider,
   f. Payment of all construction lender fees,
   g. Copies of buildings permits (a grading permit does not suffice to meet this requirement, except that in the event that the city or county as a rule does not issue building permits prior to the completion of grading, a grading permit shall suffice; if the project is a design build project in which the city or county does not issue building permits until designs are fully complete, the city or county shall have approved construction to begin) or the applicable tribal documents,
   h. Copy of the notice to proceed delivered to the contractor,
   i. If no construction lender is involved, evidence must be submitted within 180 days, as applicable, that the equity partner has been admitted to the ownership entity, and that an initial disbursement of funds has occurred,
   j. Other documentation and information required by CalHFA to close construction financing.

Qualifications (continued)

MIP ALLOCATION LIMITS:
(Exceptions may be considered by Agency in its sole discretion)

1. **Project Cap:** No project may receive more than the lesser of $8 million or the aggregate MIP loan amount calculated based on up to $50,000 per MIP regulated units or up to $60,000 per MIP regulated units for a Project located within the Highest or High Resource areas designated on the CTCAC/HCD Opportunity Area Map.
2. **Sponsor Cap:** No sponsor (any individual, entity, affiliate and related entity) may receive more than the lesser of funding of 2 projects or 20% of total MIP allocation for the respective year.
3. **County Cap:** No one county may receive more than 33% of total MIP allocations for the respective year.
4. **Age-Restricted Cap:** No more than 25% of total MIP funds for the respective year may be received by age-restricted projects (units that are restricted to residents who are 62 years of age or older under the applicable provisions of California Civil Code Section 51.3 and the federal Fair Housing Act), unless a waiver of the minimum age requirement has been granted by U.S. Department of Housing and Urban Development ("HUD").

EVIDENCE OF COST CONTAINMENT:

A Cost Containment Certification must be provided at the time of Construction Loan Closing in a form acceptable to CalHFA in its sole discretion. The certification acceptable to CalHFA may be found at www.calhfa.ca.gov/multifamily/mixedincome/forms/closing-cost-containment-certification.pdf.

The developer/sponsor must certify that cost containment measures have been implemented to minimize construction costs. These measures should include, but are not limited to, 1) competitively bidding out all major subcontractor and self-performing trades and 2) engaging value engineer/consultant during the design process.

EVIDENCE OF SUBSIDY EFFICIENCY:

A Subsidy Efficiency Analysis will be completed as part of the Application review. The analysis will be completed again prior to closing the MIP Subordinate Loan and the MIP Loan amount may be reduced based on the final analysis. Parameters of the analysis may include but are not limited to the following:

- A maximum of 1.20 Debt Service Coverage Ratio ("DSCR"). CalHFA may allow an initial DSCR higher than 1.20 on a case by case basis, if deemed necessary,
- A project cash flow that supports the residential component of the project based on the required CalHFA permanent first lien annual debt service coverage ratio,
- A separate project cash flow that supports any commercial component of a mixed-use project,
- A cash flow after debt service that is limited to the higher of 25% of the anticipated annual must pay debt service payment or 8% of gross income, during each of the first 3 years of project operation,
- Inflation factors and vacancy rates consistent with the Agency's Underwriting Standards,
- Developer Fee requirements matching those required under the 4% federal and/or state tax credit reservation,
- Capitalized reserves subject to approval by Agency for reasonableness consistent with the Agency's Underwriting Standards and the Investor Limited Partnership Agreement (ILPA),

Qualifications (continued)	• Review of Excess Sources over final Uses as approved by CalHFA resulting from any of the following: · An increase in tax credit equity, · An increase in permanent loan debt due to a combination of permanent loan rate reduction and/or reduction to operating expense assumptions; • Construction Cost Savings as evidenced by final cost certification, funds shall be used to reduce the MIP loan prior to CalHFA MIP loan closing or if required by other subordinate lenders, funds may be split on a pro rata basis between CalHFA and other subordinate lenders. • State tax credit request is expected to be within a range of $50,000 to $75,000 per unit. The projects that evidence the most efficient use of state tax credits and MIP per adjusted unit shall be prioritized for MIP funding considerations. The state tax credits and MIP per adjusted unit calculation shall be consistent with CDLAC Regulation Section 5231(g)(1) and 5231(g)(2). MIP final commitment shall be subject to the project's receipt of CDLAC's preliminary tax-exempt bond allocations and CTCAC's tax credits reservations, • Acquisition cost shall be the lesser of 1) the purchase price pursuant to a current purchase and sales agreement between unrelated parties, 2) the purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs, or 3) the appraised "as-is" value based on an Appraisal acceptable to CalHFA in its sole discretion. The appraised value of the real estate may be considered if the arm's length transaction exceeds 10 years.
CalHFA Mixed-Income Qualified Construction Lender	A CalHFA Qualified Construction Lender is defined as a Construction Lender that has closed at least five (5) construction loans using tax-exempt bonds and 4% federal and/or state tax credits in California within the last three (3) years and satisfies the requirement set forth within the application.
CalHFA Mixed-Income Development Team Qualifications	The **Developer/Co-Developer/General Partner** must be registered to do business and in good standing in the state of California. A CalHFA Qualified Developer/Co-Developer/General Partner must have developed at least three (3) comparable projects within the past five (5) years or meet the requirements to receive a minimum of 7 points under the CDLAC General Partner Experience category pursuant to CDLAC Regulations Section 5230(f). The proposed **Project Manager** must have personally managed the development of at least two (2) comparable projects within the past five (5) years **Financial Consultants** hired to assist the Developer in meeting the minimum experience requirements must be able to provide details regarding at least three (3) comparably financed projects over the last five (5) years. **Architects** new to CalHFA must provide information for three (3) comparable projects they designed that were built and occupied within the past five (5) years in the State of California. **General Contractor (GC)** must be licensed by the State of California. GCs new to CalHFA must provide information related to three (3) comparable (in design) projects built in the past five (5) years. Similar information will be required for the proposed on-site construction supervisor. The on-site construction supervisor must have overseen three (3) comparable projects built in the past five (5) years, and they must have overseen the projects from construction start to final completion.

CalHFA Mixed-Income Development Team Qualifications (Continued)	**Management Company** must have a local presence or a field office in Northern or Southern CA (depending on the location of the Project) and have experience managing at least ten (10) low to moderate income rent restricted Comparable (size and tenant types) Projects. Also required is a resume for the proposed on-site Property Manager, reflecting prior experience during the past five (5) years managing onsite project operations and compliance with rent restricted units or meet the requirements to receive a minimum of 3 points under the CDLAC Management Company Experience category pursuant to CDLAC Regulations Section 5230(f).
Permanent First Lien Loan	Must be provided by CalHFA. The permanent loan must meet an initial minimum DSCR of at least 1.15 and must maintain a DSCR of 1.0 or higher for the term of the permanent first lien loan.
Construction First Lien Loan	Provided by a CalHFA Mixed-Income Qualified Construction Lender. All parties shall permit the Agency to, in its sole and absolute discretion, recycle all or a portion of any Bond volume cap related to a paydown of the Bond financed loans, at the conversion of the construction financing to permanent financing and payoff of the Construction Loan, pursuant to the authority provided in Section 146(i)(6) of the Internal Revenue Code of 1986 and CDLAC Regulation Section 5060 (the "Bond Recycling"). The Bond documents, loan documents and any other documents related to the financing of the Development shall contain any necessary approvals and permit all actions necessary to accomplish a Bond Recycling.
Limitations	1. MIP cannot be combined with the CTCAC 9% program. 2. MIP cannot be combined with other state subordinate debt and/or subsidy programs (this does not include state tax credits) with the exception of the Infill Infrastructure Grant, contingent upon restrictions that are compatible with the MIP program requirements. Inclusion of other subordinate debt and subsidy will be allowed at CalHFA's discretion so long as any restrictions of subordinate debt or subsidy are compatible with MIP program requirements outlined herein. 3. Projects that have a below market rate component as a result of an inclusionary obligation or are 100% below market as a result of an inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.) 4. At the time of MIP application to CalHFA, a project must not have already received an allocation of 4% federal and/or state tax credits from CTCAC or a tax-exempt bond allocation from CDLAC. 5. Projects will not be eligible for other subsidy resources from CalHFA in addition to MIP.
Mixed-Income Project Occupancy Requirements	**BOND REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS):** Must maintain either (a) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size ("20% @ 50% AMI"), OR (b) 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of AMI with adjustments for household size ("40% @ 60% AMI"): in the latter case, CDLAC requires a minimum of 10% of the unit types must be at 50% or less of AMI ("10% @ 50% AMI").

Mixed-Income Project Occupancy Requirements (Continued)	**MIXED INCOME REGULATORY AGREEMENT REQUIREMENTS (ALL PROJECTS):** **Affordability Requirements:** 1. To qualify, a project must meet the following affordability restrictions, based on the HUD or locality (as applicable) income and rent limits which are current at the time of MIP application, for a term of 55 years: a. 10% of total units at or below 50% of AMI, b. 10% of total units between 60% to 80% of AMI with an average of 70% of AMI or greater, subject to the Maximum Allowable Rents outlined below, and c. Remaining 80% of total units at or below 120% of AMI with the exception of the non-restricted manager's unit(s) OR at the affordability restrictions consistent with CTCAC requirements. (Deviations from the average unit affordability levels of 70% AMI will only be considered if Market Study supports such deviations.) 2. Projects must be tax credit transactions that are income-averaged and must not exceed an average affordability of 60% of AMI across all restricted units.
Mixed-Income Project Occupancy Requirements (Continued)	**MAXIMUM ALLOWABLE RENTS:** Rents for all restricted units must be at least 10% below market rents as evidenced by a current Market Study or an Appraisal. This threshold will be analyzed at time of application and again at CalHFA's final commitment approval. The report shall be current within 180 days of Agency's final commitment and may be subject to required updating if the report expires prior to construction loan closing. Any proposed rent adjustments above 5% of the approved rents subsequent to construction loan closing may be considered if supported by a recent or updated Market Study or Appraisal that is dated within 180 days from MIP loan closing, at CalHFA's sole discretion.
Mixed-Income Subordinate Loan	1. Maximum loan amount for each project shall not exceed the lesser of $8 million or the aggregate MIP loan amount calculated based on up to $50,000 per MIP regulated units, unless an exception is approved by Agency in its sole discretion. a. Maximum loan per restricted (tax credit or CalHFA) units between 30%-120% AMI shall be up to $50,000. b. Projects located within the Highest or High Resource areas designated on the CTCAC/HCD Opportunity Area Map shall be eligible for an additional amount up to $10,000 per MIP regulated unit. Opportunity Map Home Page: www.treasurer.ca.gov/ctcac/opportunity.asp 2. Loan size based on project need but cannot be more than 50% of the permanent loan amount.

Mixed-Income Subordinate Loan Rates & Terms	1. **Interest Rate**: Greater of 1% simple interest or the applicable federal rate (AFR) at time of MIP closing. 2. **Loan Term**: The MIP loan term shall be coterminous with the CalHFA permanent first lien loan. 3. **Loan Payment**: Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Residual receipt is defined as 50% of surplus cash which is determined as net operating income minus total debt service and other Agency approved payments. Payments shall be applied to the current and/or accrued interest and then principal of the MIP loan. Deviation from the net cash flow split may be granted 1) to meet equity investor's deferred developer's fee requirement as evidence by the limited partnership agreement, and 2) is subject to approval(s) by other residual receipt lender(s), as applicable. 4. **Affordability Term**: 55 years. 5. **Prepayment**: May be prepaid at any time without penalty. 6. **Subordination**: A subordination and/or extension of MIP maturity request in conjunction with a re-syndication, refinance, or ownership transfer ("capitalization event(s)") will be considered. If MIP loan is outstanding at time of the capitalization event(s) and requires subordination at the time of such event, the surplus cash split between borrower and CalHFA and other residual receipt lenders may be altered to reflect an increased percentage of residual receipts to CalHFA out of Borrower's share until such time as the MIP loan is paid in full. The remaining residual receipts may be split between other residual receipt lenders. 7. **Funded**: Only at permanent loan conversion.
CalHFA Conduit Bond Program	For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf
CalHFA First Lien Permanent Rates & Terms (subject to change)	For more information on CalHFA's Permanent Loan Program and the fees associated with it, visit CalHFA's website: www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf
Fees (subject to change)	**Loan Fee:** 1.00% of the loan amount (50% due at final commitment and 50% due at CalHFA MIP loan closing). **Conduit Bond Program Fees:** Refer to CalHFA Conduit Bond Program www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf **CDLAC Fees:** Refer to CDLAC regulations for all applicable fees. CalHFA First Lien Permanent Rates & Terms for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees. www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf

Last revised: 01/2021

The information provided in this program description is for guidance only. While we have taken care to provide accurate information, we cannot cover every circumstance nor program nuance. This program description is subject to change from time to time without prior notice. The California Housing Finance Agency does not discriminate on any prohibited basis in employment or in the admission and access to its programs or activities. Not printed at taxpayer expense.

California Housing Finance Agency

TAX-EXEMPT PERMANENT LOAN PROGRAM

CalHFA's Tax-Exempt Permanent Loan Program ("Perm Loan") provides competitive tax-exempt long-term financing for affordable multifamily rental housing Projects. Eligible projects include newly constructed or acquisition/rehabilitation developments that provide affordable housing opportunities for individuals, families, seniors, veterans, and special needs tenants ("Project").

Qualifications	• Available to for-profit, non-profit, and public agency sponsors. • Tax-exempt bond authority must be obtained from the California Debt Limit Allocation Committee (CDLAC) or through a 501(c)(3) exemption. • The Tax-Exempt Permanent Loan may be used with or without 4% low income housing tax credits. • If a lender other than CalHFA is providing short-term, first-lien debt, CalHFA shall be used as the bond issuer (for more information, review the Conduit Issuer Program Term Sheet). • For Section 8 Projects, a final commitment is conditioned upon review and acceptance by CalHFA of the HAP or AHAP contract. • The Perm Loan will be credit-enhanced through CalHFA's HUD/FHA Risk Sharing Program. • For existing CalHFA portfolio loans, the current owner is required to pay off all outstanding CalHFA debt. Visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Loan Amount	• Minimum Perm Loan amount of $5,000,000. • Minimum 1.15x for initial debt service coverage ratio (include any financing with amortizing debt). If a Project includes CalHFA's subsidy loan, the maximum DSCR at year 1 shall not exceed 1.20, unless CalHFA approves a higher DSCR at its own discretion. The year 1 DSCR underwritten at the time of final loan approval and final commitment must be maintained as the minimum DSCR through the term of the Perm Loan. CalHFA may require the initial DSCR to be higher than the minimum 1.15x, if deemed necessary to meet the Agency's underwriting requirements. • Lesser of 90% of restricted value or 100% of development costs. For Projects with equity being cashed out, the Perm Loan amount will be restricted to no more than 80% of the restricted value.
Fees (subject to change)	• Application Fee: $10,000 non-refundable, due at time of application submittal, and is credited toward the CalHFA Legal Fee at Perm Loan closing. The applicant may be subject to a new Application Fee if the CalHFA commitment expires prior to construction loan closing. • Perm Loan Fee: 1.00%, half due at final commitment, with balance due at Perm Loan closing. • Cost of Issuance Fee: $110,000, half due at final commitment, with balance due at Perm Loan Closing. • Credit Enhancement Fee: included in the interest rate. • Annual Monitoring Fee: $7,500 annually (not to be duplicated if used in conjunction with CalHFA's Conduit Program). • Inspection fees should be estimated at $500 per month for the term of the construction (reports and fees can be shared with other construction lenders) • Legal Fee: $35,000, half due at final commitment, with balance due at Perm Loan closing. • Administrative Fee: $1,000 at Perm Loan closing. • Letter of Interest Fee: $5,000 at LOI request, and is credited toward the CalHFA Perm Loan Fee See CalHFA standard Conduit Issuer Program Term Sheet for information on conduit issuance fees.

Kevin Brown, Housing Finance Specialist
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8808
kbrown@calhfa.ca.gov

Jennifer Beardwood, Housing Finance Specialist
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8805
jbeardwood@calhfa.ca.gov

TAX-EXEMPT PERMANENT LOAN PROGRAM

Rate & Terms (subject to change)	Interest Rate: • 17-Year Balloon Loans: 15-Year "AAA" Municipal Market Data (MMD) plus CalHFA spread • 30-Year Balloon and Fully Amortizing Loans: 30-Year "AAA" MMD plus CalHFA spread • Estimated CalHFA Spread: 2.00% to 3.00% • Rate may be locked up to 30 days prior to the construction loan closing. Rate may be locked for the term of the construction period, not to exceed 3 years. Amortization/Term: • Amortization: Up to 40 Year Amortization • Term: Fully Amortizing, and 17- or 30-Year Balloons available[1] • Perm Loan Reduction: up to 10% reduction at Perm Loan closing permitted at no cost. • Up to two, three-month extension(s) permitted upon payment of a fee equal to 0.25% of the Perm Loan amount for each three-month extension. • Breakage Fee (if applicable): due between construction loan closing and Perm Loan closing and calculated based on hedge termination cost. 1. Balloon loans subject to agency approved exit strategy.
Loan Closing Requirements	• 90% stabilized rental housing occupancy for 90 days as evidenced by rent rolls. • 90% of tax credit investor equity shall have been paid into the Project. • Project income is sufficient to pay operating expenses, required debt service, reserves and monitoring fees. • For mixed-use Projects, 100% non-residential occupancy as evidenced by executed leases or guarantees. • Deposit Account Control Agreement between CalHFA, the Borrower and lending institution is in form and substance acceptable to all parties and ready to be executed at Perm Loan closing.
Prepayment	The Perm Loan may be prepaid at par after 15 years of the Perm Loan period. However, the Perm Loan may be prepaid after 10 years of the Perm Loan period subject to a yield maintenance calculation of: • 5% of the principal balance after the end of year 10 • 4% of the principal balance after the end of year 11 • 3% of the principal balance after the end of year 12 • 2% of the principal balance after the end of year 13 • 1% of the principal balance after the end of year 14 All prepayments require a prior written 120-day notice to CalHFA.
Subordinate Financing	Financing or grants are encouraged from local governments and third parties to achieve project feasibility. All financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined terms of any CalHFA Acq/Rehab Loan and Perm Loan) and be subordinate to CalHFA financing. A Lien Priority/Position Estoppel in form and substance acceptable to CalHFA will be required prior to construction financing closing, if applicable.
Occupancy Requirements	Must maintain the greater of (A) existing affordability restrictions, or (B) either (i) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (ii) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"): however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI ("10% @ 50% AMI").

Occupancy Requirements (continued)	Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by current market study or an appraisal. CalHFA's regulated units must represent a comparable share of the available unit sizes (by bedroom count and square feet) and be disbursed throughout the project.
Due Diligence	The following due diligence is required to be provided at the Owner/Borrower's expense (refer to the program's document checklist for a full list): • Appraisal* (a construction lender's appraisal may be acceptable). • HUD-2530 previous participation clearance. • Construction Costs Review for new construction loans (other construction lender's review is acceptable). • Physical Needs Assessment* ("PNA") for rehabilitation projects with a Replacement Reserve Needs Analysis ("RRNA") over time for the first 20-year term (other lender's PNA/RRNA may be acceptable). • Phase I and Phase II (if applicable) Environmental Site Assessment* including, but not limited to, impact reviews that meet federal environmental requirements (such as historic preservation and noise remediation). The Purpose section of Phase I must state "a purpose of the Phase I is to document compliance with HUD policy pursuant to 24 CFR §58.5(i)(2) or §50.3(i)". • Market Study* satisfactory to CalHFA. • NEPA Review. • Termite/Dry Rot reports* by licensed company. • Seismic review* and other studies may be required at CalHFA's discretion. *Note: Third party reports shall be within 180 days prior to the CalHFA's final commitment approval and may be subject to a new or updated report if the report(s) was completed more than 180 days prior to construction loan closing, in CalHFA's sole discretion.
Required Impounds and Reserves	• Replacement Reserve: Initial cash deposit required for existing Projects with annual deposits between $250 and $500 per unit/per year depending on the Project type and PNA/RRNA findings. • Operating Expense Reserve ("OER"): 3-6 months of operating expenses, reserves, debt service, and monitoring fees due at Perm Loan closing (letter of credit or cash) and held for the life of the CalHFA Perm Loan by CalHFA. In the event OER funds are drawn down during the term of CalHFA Perm Loan, it must be replenished over a period of 12 months to the original level. • Impounds held by CalHFA: One year's prepaid earthquake, hazard and liability insurance premiums, and property tax assessments are collected at loan closing. An earthquake insurance waiver is available for Projects which have met CalHFA earthquake waiver standards during rehabilitation or construction. • Transition Operating Reserve (TOR): required for Projects with state or locally administered rental subsidy contracts with contract terms that are less than 20 years or the CalHFA Perm Loan term. • Other reserves as required (at CalHFA's discretion).

Last revised: 1/2022

The information provided in this program description is for guidance only. While we have taken care to provide accurate information, we cannot cover every circumstance nor program nuance. This program description is subject to change from time to time without prior notice. The California Housing Finance Agency does not discriminate on any prohibited basis in employment or in the admission and access to its programs or activities. Not printed at taxpayer expense.

California Housing Finance Agency

CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

Term sheet effective for applications submitted after March 1, 2022

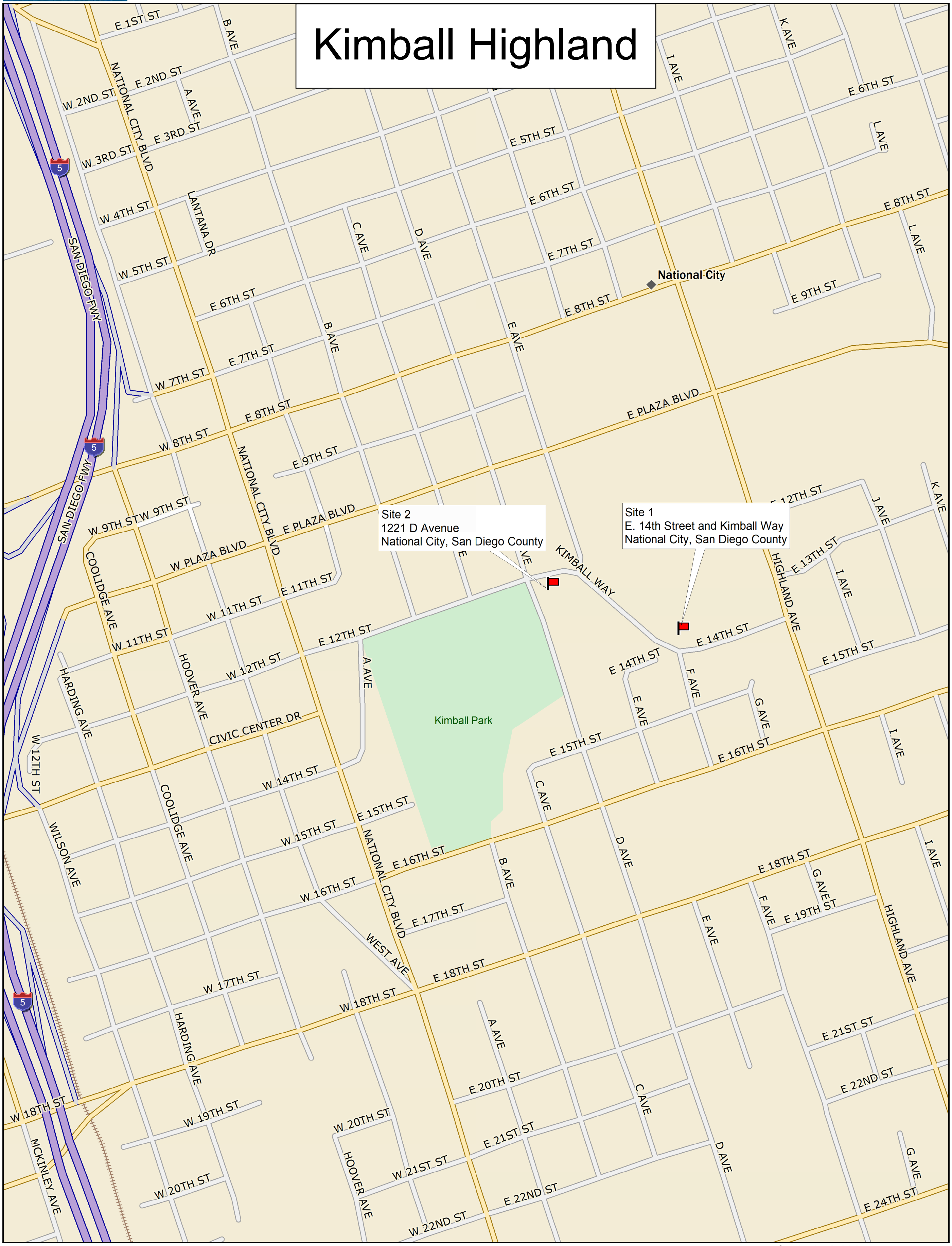
The CalHFA Conduit Issuer Program is designed to facilitate access to tax-exempt and taxable bonds ("Bond") by developers that seek financing for eligible projects that provide affordable multifamily rental housing for individuals, families, seniors, veterans or special needs tenants ("Project"). The conduit Bonds may be used to finance the acquisition, rehabilitation, and/or development of an existing Project, or they can be used for the construction of a new Project.

Qualifications	• Available to for-profit, nonprofit or public agency sponsors. • Nonprofit borrowers may be eligible for 501(c)(3) bonds. • If bond proceeds are utilized to pay off an existing CalHFA portfolio loan visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy.
Bond Amount	Bond amount is determined by the loan amount of the selected construction lender.
Fees (subject to change)	• Application Fee: $5,000 non-refundable, due at time of application submittal (covers the cost of the TEFRA required for tax-exempt issuances) and is credited toward the CalHFA Issuer Fee. • Issuer Fee: 1. The greater of $15,000 or 18.75 basis points of the Bond amount if lesser than or equal to $20 million. 2. If more than $20 million: $37.500 + 5 basis points for the amount above $20 million. • Annual Administrative Fee: 5 bps of the tax-exempt bond issuance amount due at construction loan closing and due annually thereafter until permanent loan conversion. After permanent loan conversion, billed annually in advance, 5 bps of unpaid principal balance amount of tax-exempt bond financed loan(s) until bonds are fully redeemed. Minimum Annual Administrative Fee shall be $4,000 through both the Qualified Project Period and the CDLAC compliance period. For taxable only issuances, annual administrative fees above will be charged based on the taxable bond financed loan(s) for the term of the CalHFA affordability restrictions. If used in conjunction with a CalHFA permanent loan product, the annual administrative fee will not be duplicated. Please refer to the applicable permanent loan term sheet for the annual administrative fee. • Public Sale: Additional fee of $5,000 to $10,000 applies when Bonds are sold to the public. • CDLAC Allocation Fee: 0.035% of the Bond amount, $1,200 of which is due at time of CDLAC application submittal with the remaining fee due at construction loan closing and payable to CDLAC. • CDLAC Performance Deposit: 0.50% of the requested Bond amount, not to exceed $100,000, due at time of CDLAC application submittal. Deposit to be refunded after the Bond closing, upon receipt of authorization letter from CDLAC. The Borrower shall be responsible for all other costs of Bond issuance including fees of the underwriter, trustee, rating agencies, lender, compliance administrator, all Bond counsel legal fees, and any other parties required to complete the transaction.

Kevin Brown, Housing Finance Officer
500 Capitol Mall, Suite 1400, MS-990
Sacramento, CA 95814
916.326.8808
kbrown@calhfa.ca.gov

Occupancy Requirements	• Either (A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area median income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (B) 40% or more of the units must be rent restricted and occupied by individuals whose income is 60% or less of AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI. • Any units restricted by the Agency pursuant to this program, including those units restricted in addition to the minimum requirements set forth above, shall be rented at rents up to 30% of the applicable income restriction using the occupancy assumptions required in the Agency's Regulatory Agreement. Rents for all restricted units must be at least 10% below market rents as evidenced by a current market study or an appraisal. • Borrower will be required to enter into a Regulatory Agreement which will be recorded against the Project for the Qualified Project Period (as defined in the CalHFA Regulatory Agreement). This includes the later of the federally-required qualified project period, repayment of the Bond funded loan, redemption of the Bonds, the full term of the CDLAC Resolution requirements or 55 years.

Last revised: 03/2022



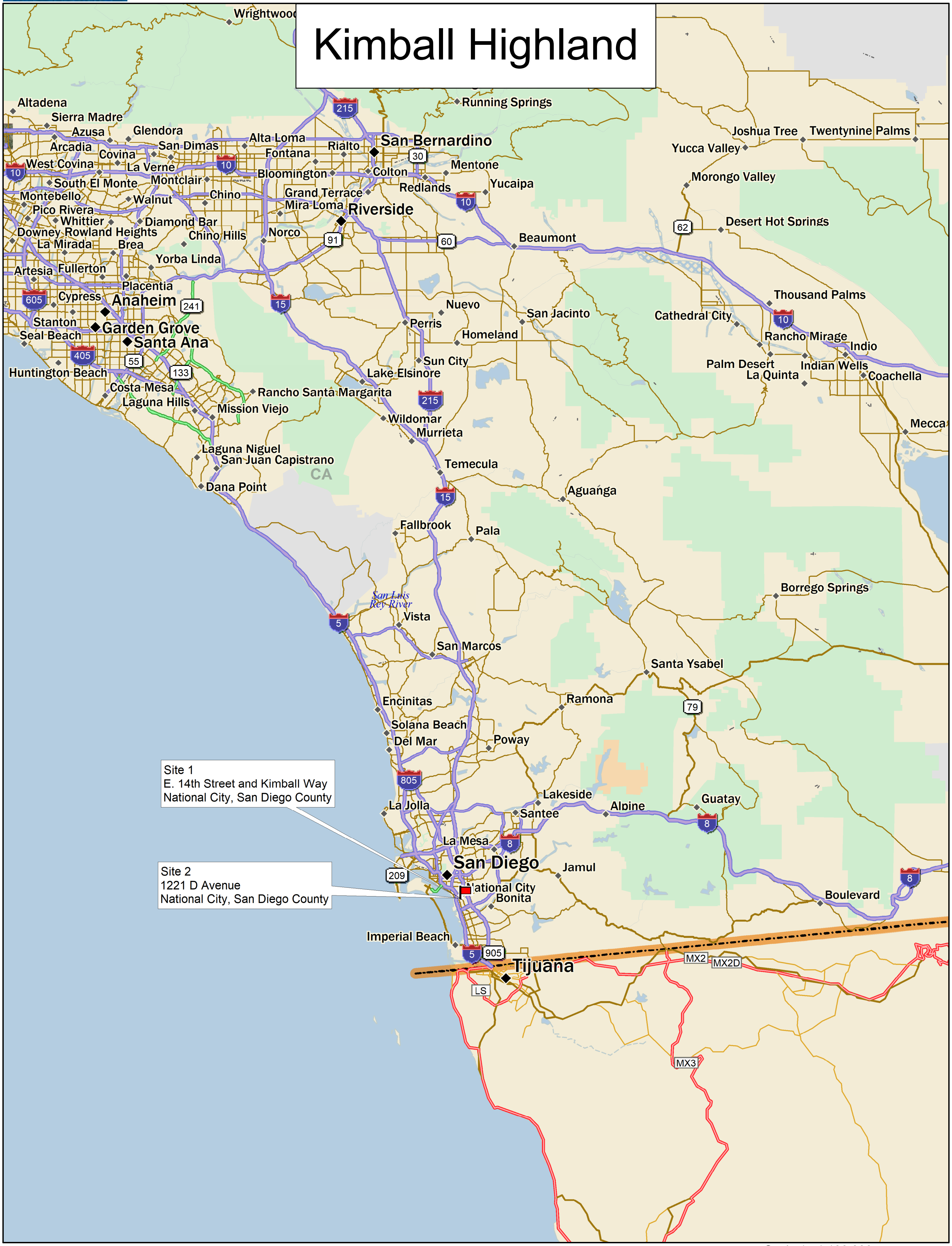
TN

MN (11.1°E)

Scale 1 : 8,800

1" = 733.3 ft

Data Zoom 14-5



Data use subject to license.

www.delorme.com

TN
MN (11.2°E)

Scale 1 : 1,100,000

0 6 12 18 24 30 mi
0 10 20 30 40 50 km

1" = 17.36 mi

Data Zoom 7-5

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 22-05

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of D Avenue Housing Associates, L.P., a California limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in the City of National City, County of San Diego, California, to be known as Kimball Highland (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Agency staff has determined or expects to determine prior to making a binding commitment to fund the loan for which the application has been made, that (i) the Agency can effectively and prudently raise capital to fund the loan for which the application has been made, by direct access to the capital markets, by private placement, or other means and (ii) any financial mechanisms needed to insure prudent and reasonable financing of loans can be achieved; and

WHEREAS, pursuant to the Executive Director's authority to issue Conduit Bonds, under Resolution 21-04 the Agency has filed an application with the California Debt Limit Allocation Committee ("CDLAC") for an allocation of California Qualified Private Activity Bonds for the Development; and

WHEREAS, the Development has received a TEFRA Resolution as required by the Tax Equity and Fiscal Responsibility Act of 1983, and under 26 U.S.C. section 147(f); and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on February 22, 2021, the Executive Director exercised the authority delegated to her under Resolution 15-16 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, the Agency has conditionally approved a subsidy loan pursuant to CalHFA's Mixed-Income Program ("***MIP***") pursuant to its authority under Resolutions 19-02 and 19-14; and

WHEREAS, the Board wishes to grant the staff the authority to enter into a loan commitment to provide permanent financing for the development and taking out the Conduit Bonds upon Agency staff determining in its judgment that reasonable and prudent financing mechanisms can be achieved;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the "Board") of the California Housing Finance Agency as follows:

1. The Executive Director, or in her absence, the Chief Deputy Director, is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT	
21-013-A/X/N	KIMBALL HIGHLAND City of National City San Diego County, California	$22,780,000.00	Permanent 1st Mortgage Tax-Exempt Bonds w-HUD Risk Sharing
		$ 6,095,000.00	Permanent 2nd Mortgage Mixed Income Program

The Board recognizes that in the event that staff cannot determine that reasonable and prudent financing mechanisms can be achieved, the staff will not enter into loan commitments to finance the Development. In addition, access to capital markets may require significant changes to the terms of loans submitted to the Board. Notwithstanding paragraph 2 below, the staff is authorized to make any needed modifications to the loan which in staff's judgment are directly or indirectly the result of the disruptions to the capital markets referred to above.

2. The Executive Director may modify the terms and conditions of the loan or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in her absence, the Chief Deputy Director of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

SECRETARY'S CERTIFICATE

I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 22-05 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 17th day of March 2022, at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate hereto this 17th day of March 2022.

ATTEST: ______________________________

CLAIRE TAURIAINEN
Secretary of the Board of Directors of the
California Housing Finance Agency

State of California

M E M O R A N D U M

To: Board of Directors **Date:** March 17, 2022

Erwin Tam, Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: ANNUAL MULTIFAMILY BOND FINANCING AUTHORIZATION RESOLUTION 22-06

Resolution 22-06 would give the Agency the authority necessary to finance the lending activity proposed in the Agency's business plan and manage outstanding multifamily debt obligations. The resolution comprises four articles providing appropriate levels of authorization for each of the following: issuance of new money bonds, conduit bonds for new lending under the multifamily programs, issuance of refunding bonds for debt management purposes and for new Agency financed permanent take-out loans replacing short-term conduit bonds providing construction financing, and provisions applicable to all bonds issued under the resolution.

The following summarize the main authorizations contained in each of the four articles.

ARTICLE I - AUTHORIZATION AND TERMS OF REFUNDING BONDS

Article I authorizes the sale and issuance of refunding bonds in an amount equal to the amount of bonds being redeemed or maturing in connection with such issuance. This authority provides staff with tools to manage multifamily bonds previously issued and outstanding. This authority additionally provides for permanent bond financing refunding short-term conduit bonds issued to finance the construction of a development.

ARTICLE II – AUTHORIZATION AND TERMS OF NEW MONEY BONDS

Article II authorizes multifamily bonds to be issued in the aggregate amount not to exceed the sum of the amount of private activity bond volume cap made available for the multifamily program by the California Debt Limit Allocation Committee (CDLAC). Article II also authorizes up to $500 million for the combined amount of 501(c)(3) bonds, "governmental purpose" bonds, and federally-taxable multifamily bonds.

ARTICLE III – AUTHORIZATION AND TERMS OF CONDUIT BONDS

Article III authorizes the offer, sale and issuance of up to $2.5 billion of multifamily housing revenue bonds in one or more series on a conduit basis. This includes conduit bonds issued in connection with volume cap-subject private activity bonds, preserved volume cap of other bond issuers, refunding bonds, qualified 501(c)(3) bonds, and taxable bonds.

ARTICLE IV – PROVISIONS APPLICABLE TO ALL BONDS ISSUED UNDER THIS RESOLUTION

Article IV authorizes the forms and terms of Refunding Bonds, New Money Bonds and Conduit Bonds (collectively, "Bonds").

The resolution authorizes the staff to circulate preliminary official statements and official statements relating to Bonds as necessary to prospective and actual bond investors. Bonds are authorized to be sold at negotiated or competitive sale as public offerings or as private placements depending on market conditions at the time of sale.

The resolution authorizes the Agency to enter into documents and agreements in connection with the Agency's multifamily lending programs. The resolution further authorizes the Agency to conduct foreclosures of mortgages owned or serviced by the Agency and to enter into contracts for the sale of foreclosed properties.

The resolution authorizes the Agency to enter into credit facilities and related agreements, including, one or more reimbursement agreements, letter of credit agreements, and standby bond purchase agreements, or other arrangements with respect to credit enhancement or liquidity support, and any related intercreditor agreements. The resolution also authorizes the Agency to enter into, amend, or modify existing financial agreements related to bonds to reduce or hedge any payment, interest rate, spread or similar risk or to lower cost of borrowing.

Attachments

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 22-06

RESOLUTION AUTHORIZING THE FINANCING OF THE AGENCY'S MULTIFAMILY HOUSING PROGRAM, THE ISSUANCE OF MULTIFAMILY BONDS, THE AGENCY'S MULTIFAMILY BOND INDENTURES, CREDIT FACILITIES FOR MULTIFAMILY PURPOSES, AND RELATED FINANCIAL AGREEMENTS AND CONTRACTS FOR SERVICES

WHEREAS, the California Housing Finance Agency (the "Agency") has determined that there exists a need in California for the financing of mortgage loans for the acquisition, construction, rehabilitation, refinancing or development of multi-unit rental housing developments for the purpose of providing housing for persons and families of low or moderate income (each a "Development");

WHEREAS, the Agency has determined that it is in the public interest for the Agency to assist in providing such financing by means of an ongoing program to make or acquire, or to make loans to lenders to make or acquire, mortgage loans (the "Loans"), or to act as a conduit issuer, or otherwise to enter into such financial agreements and arrangements as may reasonably be required for the purpose of financing Developments (the "Program");

WHEREAS, pursuant to Parts 1 through 4 of Division 31 of the Health and Safety Code of the State of California (the "Act"), the Agency has the authority to issue bonds to provide sufficient funds for the Program, including the making of loans to finance Developments, the payment of capitalized interest on bonds, the establishment of reserves to secure bonds, and the payment of other costs of the Agency incident to, and necessary or convenient to, the issuance of bonds (the "Program Purposes"); and

WHEREAS, pursuant to the Act, the Agency has the authority to enter into credit facilities and certain other agreements in connection with the Program;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the California Housing Finance Agency as follows:

ARTICLE I
AUTHORIZATION AND TERMS OF REFUNDING BONDS

Section 1. **Determination of Need and Amount of Refunding Bonds**. The Agency is of the opinion and hereby determines that the offer, sale and issuance of one or more series of multifamily housing revenue bonds ("Refunding Bonds") in an aggregate amount not to exceed the aggregate amount of prior multifamily bonds to be redeemed or maturing in connection with such issuance (the related "Refunded Bonds") is necessary to provide sufficient funds for the management of the Agency's existing debt related to the Program, or to provide sufficient funds for Board-authorized, Agency financing of Developments (including permanent financing for Developments which may originally be financed in part by Conduit Bonds, as defined herein), or financing, refinancing or carrying existing Loans, and for related Program Purposes.

Section 2. **<u>Authorization and Timing of Refunding Bonds</u>**. The Refunding Bonds described in Section 1 are hereby authorized to be issued for the purposes described in Section 1. Refunding Bonds may be issued at such time or times on or before the day 60 days after the first date after March 1, 2023 on which is held a meeting of the Board of Directors of the Agency (the "Board") at which a quorum is present, as the Executive Director of the Agency (the "Executive Director") deems appropriate, upon consultation with the Treasurer of the State of California (the "Treasurer") as to the timing of each such issuance; *provided, however,* that if the Refunding Bonds are sold at a time on or before the day 60 days after the date on which is held such meeting, pursuant to a forward purchase agreement providing for the issuance of such Refunding Bonds on a later date on or before October 1, 2024, upon specified terms and conditions, such Refunding Bonds may be issued on such later date.

Section 3. **<u>Approval of Refunding Bond Indentures</u>**. (a) Refunding Bonds may be issued under and pursuant to any new indenture or similar form of document (each a "Refunding Bond New Indenture"), in one or more forms similar to one or more of the following (collectively, the "Refunding Bond Prior Indentures" and, together with the Refunding Bond New Indentures, the "Refunding Bond Indentures"):

(i) the Multifamily Housing Revenue Bonds III indenture, dated as of March 1, 1997;

(ii) the Affordable Multifamily Housing Revenue Bonds indenture, dated as of December 1, 2009;

(iii) any indenture authorizing Special Obligation Multifamily Housing Revenue Bonds; or

(iv) any indenture authorizing Multifamily Housing Revenue Bonds (FHA Risk-Share Insured Mortgage Loan program).

(b) The Executive Director and the Secretary of the Board (the "Secretary") are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver with respect to each series of Refunding Bonds a Refunding Bond Indenture with such changes therein as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

The Executive Director is hereby expressly authorized and directed, for and on behalf and in the name of the Agency, to determine in furtherance of the objectives of the Program those matters required to be determined under the applicable Refunding Bond Indenture in connection with the issuance of each such series of Refunding Bonds.

ARTICLE II
AUTHORIZATION AND TERMS OF NEW MONEY BONDS

Section 4. **<u>Determination of Need and Amount of New Money Bonds</u>**. The Agency is of the opinion and hereby determines that the offer, sale and issuance of one or more series of multifamily housing revenue bonds ("New Money Bonds") in an aggregate amount not to exceed the sum of the following amounts is necessary to provide sufficient funds for new lending under the Program:

(i) the aggregate amount of private activity bond allocations under federal tax law heretofore or hereafter made available to the Agency for such purpose, plus the preservation of allocations made available to other bond issuers pursuant to 26 U.S.C. 146(i)(6); and

(ii) if and to the extent the New Money Bonds are "qualified 501(c)(3) bonds" under federal tax law, are not "private activity bonds" under federal tax law, or are determined by the Executive Director to be intended not to be tax-exempt for federal income tax purposes, $500,000,000.

Section 5. **Authorization and Timing of New Money Bonds**. The New Money Bonds described in Section 4 are hereby authorized to be issued for the purpose of financing the acquisition, construction, rehabilitation, refinancing or development of Developments and for other Program Purposes. New Money Bonds may be issued at such time or times on or before the day 60 days after the first date after March 1, 2023 on which is held a meeting of the Board at which a quorum is present, as the Executive Director deems appropriate, upon consultation with the Treasurer as to the timing of each such issuance; *provided, however,* that if the New Money Bonds are sold at a time on or before the day 60 days after the date on which is held such meeting, pursuant to a forward purchase agreement providing for the issuance of such New Money Bonds on a later date on or before October 1, 2024, upon specified terms and conditions, such New Money Bonds may be issued on such later date.

Section 6. **Approval of New Money Bond Indentures**. (a) New Money Bonds may be issued under and pursuant to any new indenture or similar form of document (each a "New Money Bond New Indenture"), in one or more forms similar to one or more of the following (collectively, the "New Money Bond Prior Indentures" and, together with the New Money Bond New Indentures, the "New Money Bond Indentures"):

(i) the Multifamily Housing Revenue Bonds III indenture, dated as of March 1, 1997;

(ii) the Affordable Multifamily Housing Revenue Bonds indenture, dated as of December 1, 2009;

(iii) any indenture authorizing Special Obligation Multifamily Housing Revenue Bonds; or

(iv) any indenture authorizing Multifamily Housing Revenue Bonds (FHA Risk-Share Insured Mortgage Loan program).

(b) The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver with respect to each series of New Money Bonds a New Money Bond Indenture with such changes therein as the officers executing the same approve upon consultation with the

Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

The Executive Director is hereby expressly authorized and directed, for and on behalf and in the name of the Agency, to determine in furtherance of the objectives of the Program those matters required to be determined under the applicable New Money Bond Indenture in connection with the issuance of each such series of New Money Bonds.

ARTICLE III
AUTHORIZATION AND TERMS OF CONDUIT BONDS

Section 7. **Determination of Need and Amount of Conduit Bonds**. The Agency is of the opinion and hereby determines that the offer, sale and issuance of one or more series of multifamily housing revenue bonds on a "conduit" basis, meaning that (a) the Agency is not liable for payment of the principal of, premium or interest on such bonds, except from revenues received from loans made or purchased with the proceeds of such bonds and related or ancillary collateral, (b) the Agency has not contributed or pledged any funds or assets to such bonds other than the collateral described in the immediately preceding clause, and (c) there is otherwise no obligation of or material financial risk to the General Fund of the Agency under the terms of such bonds (the "Conduit Bonds"), in an aggregate amount not to exceed the sum of the following amounts, is necessary to provide sufficient funds for the Program:

(i) the aggregate amount of private activity bond allocations under federal tax law heretofore or hereafter made available to the Agency for such purpose, plus the preservation of allocations made available to other bond issuers pursuant to 26 U.S.C. 146(i)(6); and

(ii) if and to the extent the Conduit Bonds are (A) refunding bonds in an aggregate amount not to exceed the aggregate amount of bonds to be redeemed or maturing in connection with such issuance, (B) "qualified 501(c)(3) bonds" under federal tax law, (C) are otherwise not "private activity bonds" under federal tax law, or (D) are determined by the Executive Director not to be intended to be tax-exempt for federal income tax purposes, $2,500,000,000.

Section 8. **Authorization and Timing of Conduit Bonds**. The Conduit Bonds described in Section 7 are hereby authorized to be issued for the purpose of providing funding for the Program, and for other Program Purposes. Conduit Bonds may be issued at such time or times on or before the day 60 days after the first date after March 1, 2023 on which is held a meeting of the Board at which a quorum is present, as the Executive Director deems appropriate, upon consultation with the Treasurer as to the timing of each such issuance; *provided, however,* that if Conduit Bonds are sold at a time on or before the day 60 days after the date on which is held such meeting, pursuant to a forward purchase agreement providing for the issuance of such Conduit Bonds on a later date on or before October 1, 2024, upon specified terms and conditions, such Conduit Bonds may be issued on such later date.

Section 9. **Approval of Conduit Bond Indentures**. (a) Conduit Bonds may be issued under and pursuant to any indenture or similar form of document (each a "Conduit Bond

Indenture") meeting the requirements for Conduit Bonds described in Section 7(a), (b) and (c), above.

(b) The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver with respect to each series of Conduit Bonds a Conduit Bond Indenture with such changes therein as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

The Executive Director is hereby expressly authorized and directed, for and on behalf and in the name of the Agency, to determine in furtherance of the objectives of the Program those matters required to be determined under the applicable Conduit Bond Indenture in connection with the issuance of each such series of Conduit Bonds.

ARTICLE IV
PROVISIONS APPLICABLE TO ALL BONDS ISSUED UNDER THIS RESOLUTION

Section 10. **Approval of Forms and Terms of Bonds**. Refunding Bonds, New Money Bonds and Conduit Bonds (collectively, "Bonds") shall be in such denominations, have such registration provisions, be executed in such manner, be payable in such medium of payment at such place or places within or outside of the State of California, be subject to such terms of prepayment or redemption (including from such sinking fund installments as may be provided for) and contain such terms and conditions as each Refunding Bond Indenture, New Money Bond Indenture or Conduit Bond Indenture (each a "Bond Indenture") shall provide. Bonds shall have the maturity or maturities and shall bear interest at the fixed, adjustable or variable rate or rates deemed appropriate by the Executive Director in furtherance of the objectives of the Program.

Bonds and the related Bond Indenture(s) may contain such provisions as may be necessary to accommodate an option to put such Bonds prior to maturity for purchase by or on behalf of the Agency or a person other than the Agency, to accommodate the requirements of any provider of bond insurance or other credit enhancement or liquidity support or to accommodate the requirements of purchasers of indexed floating-rate bonds.

Bonds may be issued on a drawdown basis comprised of one or more advances. For purposes of Sections 2, 5 and 8, the date of the initial draw (or advance) for any issue of drawdown Bond shall be considered the issue date of such issue.

Bonds may otherwise have such commercially reasonable terms as may be approved by the Executive Director, such approval to be evidenced by the execution and delivery of the documents relating to such Bonds in accordance with this resolution.

Section 11. **Authorization of Disclosure**. The Executive Director is hereby authorized to circulate one or more preliminary official statements relating to Bonds and to execute and circulate one or more official statements relating to Bonds, and the circulation of such preliminary official statement and such official statement to prospective and actual purchasers of Bonds is hereby approved. The Executive Director is further authorized to hold information meetings concerning Bonds and to distribute other information and material relating to Bonds, including by posting of such information on one or more websites maintained by or at the direction of the Agency.

Section 12. **Authorization of Sale of Bonds**. Bonds are hereby authorized to be sold at negotiated or competitive sale or sales, including but not limited to private placements and public offerings. The Executive Director is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver one or more agreements, by and among the Agency, the Treasurer, if applicable, and such purchasers or underwriters as the Executive Director may select (the "Purchasers"), relating to the sale of the Bonds, in such form as the Executive Director may approve upon consultation with the Agency's legal counsel, such approval to be evidenced conclusively by the execution and delivery of said agreements by the Executive Director.

The Treasurer is hereby authorized and requested, without further action of this Board and unless instructed otherwise by this Board, to sell the Bonds pursuant to the terms and conditions set forth in each such agreement as finally executed on behalf of the Agency. The Treasurer is hereby further authorized and requested to deposit the proceeds of any good faith deposit to be received by the Treasurer under the terms of such agreement in a special trust account for the benefit of the Agency, and the amount of such deposit shall be retained by the Agency, applied at the time of delivery of the applicable Bonds as part of the purchase price thereof, or returned to the Purchasers, as provided in such agreement.

Section 13. **Authorization of Execution of Bonds**. The Executive Director is hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest, for and on behalf and in the name of the Agency and under its seal, the Bonds, in an aggregate amount not to exceed the amount authorized hereby, in accordance with each Bond Indenture in one or more of the forms set forth in such indenture.

Section 14. **Authorization of Delivery of Bonds**. The Bonds when so executed shall be delivered to the trustee, fiscal agent or other authenticating agent ("Trustee") to be authenticated or caused to be duly and properly authenticated. The Trustee is hereby requested and directed to authenticate, or cause to be authenticated, the Bonds by the execution of the certificate of authentication and registration appearing thereon, and to deliver or cause to be delivered the Bonds when duly executed and authenticated to the Purchasers in accordance with written instructions executed on behalf of the Agency by the Executive Director, which instructions said officer is hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and deliver to the Trustee.

Section 15. **Authorization of Program Documents**. The Executive Director is hereby authorized and directed to execute all documents the Executive Director deems necessary or appropriate in connection with the Program, including but not limited to (in each case with such other parties as the Executive Director may select in furtherance of the objectives of the Program):

(a) regulatory agreements, loan agreements, origination and/or servicing agreements (or other loan-to-lender documents), developer agreements, financing agreements, investment agreements, intercreditor agreements, subordination agreements, agreements to enter into escrow and forward purchase agreements, escrow and forward purchase agreements, refunding agreements and continuing disclosure agreements;

(b) one or more mortgage sale agreements with such purchasers as the Executive Director may select in accordance with the objectives of the Program (and any such sale of Loans may be on either a current or a forward purchase basis);

(c) contracts to conduct foreclosures of mortgages owned or serviced by the Agency with such attorneys or foreclosure companies as the Executive Director may select in accordance with the objectives of the Program;

(d) contracts for the sale of foreclosed properties with such purchasers as the Executive Director may select in accordance with the objectives of the Program, which may be on an all-cash basis or may include financing by the Agency; and

(e) any other agreements, including but not limited to real estate brokerage agreements and construction contracts, necessary or convenient for the rehabilitation, listing and sale of such foreclosed properties.

Section 16. **Authorization of Credit Facilities and Related Agreements.** The Executive Director is hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more short-term or long-term credit facilities, together with any extensions or other amendments thereto, including but not limited to repurchase agreements, for the purposes of (i) improving the credit and/or liquidity profile of Bonds of the Agency, (ii) making or financing the purchase of Loans and/or mortgage-backed securities on an interim basis, prior to the sale thereof to third parties and/or the financing thereof with Bonds, whether issued or to be issued, or other internal or external Agency sources, as authorized by the Board; (iii) financing expenditures of the Agency incident to, and necessary or convenient to, the issuance of Bonds and/or the preservation of private activity bond volume cap for subsequent recycling, including, but not limited to, Agency expenditures to pay costs of issuance, capitalized interest, redemption price of Prior Bonds (as defined below) of the Agency or bonds issued by another issuer for the purpose of preservation of private activity volume cap for subsequent recycling, costs relating to credit enhancement or liquidity support, costs relating to investment products, or net payments and expenses relating to interest rate hedges and other financial products; and (iv) enabling the Agency to restructure existing debt and related purposes, including, but not limited to, the redemption of existing bonds and the acquisition of bonds that have been put to liquidity providers as bank bonds. Any such credit facility may be secured by any Loans, mortgage-backed securities and/or other assets thereunder and/or the general obligation of the Agency. Any such credit facility may be from any appropriate source as determined by the Director of Financing and approved by the Executive Director; provided, however, that the aggregate outstanding principal amount of credit facilities authorized under this resolution and the other financing resolutions adopted at the same meeting, as amended from time to time, may not at any time exceed $1,000,000,000. For purposes of clarity, the above limitation applicable to credit facilities does not limit the amount of Bonds authorized by this resolution.

The Executive Director is hereby further authorized to enter into, for and in the name and on behalf of the Agency, one or more reimbursement agreements, letter of credit agreements, standby bond purchase agreements, or other arrangements with respect to credit enhancement or liquidity support, and any intercreditor agreements related thereto, together with any extensions or other amendments thereto.

Section 17. **Use of Agency Moneys for Debt Restructuring**. The Executive Director is hereby authorized to use available Agency moneys (other than and in addition to the proceeds of Bonds) (i) to make or purchase loans to be financed by Bonds (including Bonds authorized by prior resolutions of the Board) in anticipation of draws on a credit facility, the issuance of Bonds or the availability of Bond proceeds for such purposes and (ii) to purchase Agency Bonds to enable the Agency to restructure its debt and for related purposes as authorized under Resolution No. 08-42 and any future Board resolutions amendatory or supplemental thereto.

The Executive Director is hereby authorized to use available Agency moneys to purchase Agency Bonds to enable the Agency to restructure its debt and for related purposes. Any Agency Bonds so purchased shall remain outstanding for all purposes except to the extent that the Executive Director expressly provides for the retirement or redemption, and cancellation, of such Bonds. Any Agency Bonds so purchased may be purchased and resold, in each case on such terms as may be determined by the Executive Director to be in the best interests of the Agency. The Agency may establish any account or accounts as may be necessary or desirable in connection with the purchase of such Bonds.

Section 18. **Authorization of Other Financial Agreements Related to Bonds**. The Executive Director is hereby authorized to enter into, for and in the name and on behalf of the Agency, any and all agreements and documents designed to amend, modify or replace existing agreements and documents related to Bonds to (i) reduce or hedge the amount or duration of any payment, interest rate, spread or similar risk with respect to Bonds or related investments, (ii) result in a lower cost of borrowing when used in combination with the issuance or carrying of Bonds or related investments, or (iii) enhance the relationship between risk and return with respect to the existing debt of the Program or any portion thereof. Such agreements and other documents are authorized to be entered into with parties selected by the Executive Director, after giving due consideration for the creditworthiness of the counterparties, when applicable, or any other criteria in furtherance of the objectives of the management of the debt of the Program.

Section 19. **Ratification of Prior Actions; Not a Repeal of Prior Resolutions**. (a) All actions previously taken by the officers of the Agency in connection with the implementation of the Program, including but not limited to the issuance of the Bonds, the issuance of any prior bonds of the Agency (the "Prior Bonds"), the execution and delivery of related financial agreements and related program agreements and the implementation of any credit facilities as described above are hereby approved and ratified.

(b) This resolution is not intended to repeal in whole or in part any prior resolution of the Agency with respect to the authority granted to the Executive Director in relation to Prior Bonds and related agreements, including but not limited to (i) the authority to determine in furtherance of the objectives of the Program those matters required to be determined in relation to Prior Bonds, whether under indentures or other related agreements, and (ii) the authority to amend, modify or replace financial agreements of the types described in Section 18 of this resolution.

Section 20. **Authorization of Related Actions and Agreements**. The Treasurer and any duly authorized deputy thereof, the Executive Director, and any other persons authorized in writing by the Executive Director are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all agreements and documents which they individually or collectively deem necessary or advisable in order to consummate the issuance, sale, delivery, remarketing, conversion and administration of Bonds and Prior Bonds and otherwise to effectuate the purposes of this resolution, including declaring the official intent of the Agency for purposes of U.S. Treasury Regulations Section 1.150-2, and including executing and delivering any amendment or supplement to any agreement or document, or executing and delivering any termination agreement or other document relating to Bonds or Prior Bonds in any manner. Such agreements may include, but are not limited to, remarketing agreements, tender agreements or similar agreements regarding any put option for Bonds or Prior Bonds, broker-dealer agreements, market agent agreements, auction agent agreements or other agreements necessary or desirable in connection with the issuance of Bonds in, or the conversion of Bonds or Prior Bonds to or from, an auction rate mode or an indexed rate mode, agreements for the investment of moneys relating to the Bonds or Prior Bonds, reimbursement agreements, letter of credit agreements, intercreditor agreements or other arrangements relating to any credit enhancement or liquidity support or put option provided for the Bonds or the Prior Bonds, continuing disclosure agreements and agreements for necessary services provided in the course of the issuance of the bonds, including but not limited to, agreements with bond underwriters, remarketing agents, placement agents, private placement purchasers, bond trustees, fiscal agents, escrow agents, bond counsel and financial advisors and contracts for consulting services or information services relating to the financial management of the Agency, including advisors or consultants on interest rate swaps, cash flow management, and similar matters, and contracts for financial printing and similar services. The Executive Director, any persons authorized in writing by the Executive Director are hereby authorized and directed, jointly and severally, to provide as necessary for payment of costs of issuance related to Bonds and to provide for the Agency to contribute capital as necessary to facilitate the issuance of Bonds.

This resolution shall constitute full, separate, complete and additional authority for the execution and delivery of all agreements and instruments described in this resolution, without regard to any limitation in the Agency's regulations and without regard to any other resolution of the Board that does not expressly amend and limit this resolution.

Section 21. **Certain Definitions**. For purposes of this resolution, the term "financing" shall include both "financing and "refinancing", the term "bonds" shall include, as set forth in Section 50058 of the Act, "bonds, notes (including bond anticipation notes and construction loan notes), debentures, interim or other certificates, or other evidences of financial indebtedness issued by the Agency, the term "indenture" shall include indentures, trust agreements, loan agreements, financing agreements and all comparable documents providing for the issuance of bonds, and the term "costs of issuance" shall include costs of refunding or other customary transaction costs as applicable.

Section 22. **Additional Delegation**. Any and all actions by the Executive Director approved or authorized by this resolution may be taken instead by the Chief Deputy Director of the Agency or the Director of Financing of the Agency, or by any other person specifically authorized in writing by the Executive Director, and except to the extent otherwise taken by another person shall be taken by the Chief Deputy Director during any period during which the office of the Executive Director is vacant.

SECRETARY'S CERTIFICATE

I, CLAIRE TAURIAINEN, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 22-06 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 17th day of March 2022, at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate hereto this __ day of __________ 20__.

____

CLAIRE TAURIAINEN
Secretary of the Board of Directors of the
California Housing Finance Agency

State of California

M E M O R A N D U M

To: Board of Directors **Date:** March 17, 2022

Erwin Tam, Director of Financing
From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: ANNUAL MULTIFAMILY NON-BOND FINANCING AUTHORIZATION RESOLUTION 22-07

Resolution 22-07 would give the Executive Director the authority necessary to finance various multifamily programs with non-bond financed sources. The following summarize the main authorizations contained in each of the three articles.

ARTICLE I – AUTHORIZATION AND TERMS OF BORROWING TO FINANCE THE PROGRAM

Article I authorizes Externally-Sourced Non-Bond Funds for new lending under the Program. The borrowing of Externally-Sourced Non-Bond Funds can be secured by the general obligation of the Agency.

ARTICLE II – AUTHORIZATION AND TERMS OF USE OF AGENCY NON-BOND FUNDS TO FINANCE THE PROGRAM

Article II authorizes the use of funds of the Agency, from non-bond sources under Agency control, or from State of California funds administered by the Agency for the purposes of: i) financing, carrying or warehousing, for future committed financing of the Agency by Externally-Sourced Non-Bond Funds; ii) new loans for the acquisition, construction, rehabilitation, refinancing or development of Developments, including providing subordinate or gap financing and to supplement interest rates or costs of the financing of loans by the Agency.

ARTICLE III – PROVISIONS APPLICABLE TO THE USE OF EXTERNALLY-SOURCED NON-BOND FUNDS AND AGENCY NON-BOND FUNDS AUTHORIZED UNDER THIS RESOLUTION

Article III authorizes the Executive Director to execute all documents they deem necessary or appropriate in connection with the Program.

Attachments

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 22-07

RESOLUTION AUTHORIZING THE FINANCING OF THE AGENCY'S MULTIFAMILY HOUSING PROGRAM FROM NON-BOND SOURCES AND RELATED FINANCIAL AGREEMENTS AND CONTRACTS FOR SERVICES

WHEREAS, the California Housing Finance Agency (the "Agency") has determined that there exists a need in California for the financing of mortgage loans for the acquisition, construction, rehabilitation, refinancing or development of multi-unit rental housing developments for the purpose of providing housing for persons and families of low or moderate income (the "Developments");

WHEREAS, the Agency has determined that it is in the public interest for the Agency to assist in providing such financing by means of an ongoing program (the "Program") to make or acquire, or to make loans to lenders to make or acquire, mortgage loans, for the purpose of financing such Developments (the "Loans");

WHEREAS, pursuant to Parts 1 through 4 of Division 31 of the Health and Safety Code of the State of California (the "Act"), the Agency has the authority to borrow money and utilize its own funds as necessary to provide sufficient funds to finance the Program, including the making of Loans, and the payment of other costs of the Agency incident to, and necessary or convenient to, the borrowing of money or use of the Agency's own funds; and

WHEREAS, pursuant to the Act, the Agency has the authority to enter into credit facilities, certificates of participation, forward interest rate locks, forward purchase agreements, purchase and sale agreements, financing agreements, loan agreements and certain other agreements for the purpose of financing the Program, including the making of Loans and the payment of other costs of the Agency incident to, and necessary or convenient to, the financing of the Program from non-bond sources;

WHEREAS, the Agency has, by its Resolutions 19-02 related to SB2, 19-1420-17, and 21-16 related to AB101, the authority to utilize funds related to SB2 and AB101, respectively, for the implementation of a broader mixed-income strategy and shall deploy these funds as part of various CalHFA programs.

NOW, THEREFORE, BE IT RESOLVED, by the California Housing Finance Agency as follows:

ARTICLE I

AUTHORIZATION AND TERMS OF BORROWING TO FINANCE THE PROGRAM

Section 1. **Determination of Need and Amount of Borrowing to Finance Programs.** The Agency is of the opinion and hereby determines that the borrowing of funds from external non-bond sources ("Externally-Sourced Non-Bond Funds"), including but not limited to financing provided by the Federal Government, the selling or securitization of Loans within the Agency's portfolio ("Agency Loans"), the pledge of Agency Loans as collateral to secure financing, assigning or participations in Agency Loans is necessary to provide sufficient funds for new lending under the Program.

Section 2. **Authorization.** The borrowing of Externally-Sourced Non-Bond Funds described in Section 1 is hereby authorized to be for the purpose of financing and/or refinancing Loans for the acquisition, construction, rehabilitation, refinancing or development of Developments and may be secured as to repayment by a general obligation pledge of the Agency.

Section 3. **Approval of Non-Bond Fund Financing Agreements and Certain Other Financing Documents.** The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, if appropriate, to execute and acknowledge and to deliver with respect to the borrowing of Externally-Sourced Non-Bond Funds, financing agreements, loan agreements, certificates of participation, investment agreements, purchase and sale agreements, forward purchase agreements, forward rate-lock agreements, and other agreements as may be necessary.

Section 4. **Approval of Forms and Terms of Externally-Sourced Non-Bond Funds.** Externally-Sourced Non-Bond Funds shall be in such denominations, have such registration provisions, be executed in such manner, be payable in such medium of payment at such place or places within or without California and contain such terms and conditions as each agreement for the provision of Externally-Sourced Non-Bond Funds, as finally approved, shall provide. Externally-Sourced Non-Bond Funds shall have the maturity or maturities and shall bear interest at fixed or convertible rates deemed appropriate by the Executive Director in furtherance of the objectives of the Program.

Externally-Sourced Non-Bond Funds and the related agreements may contain such provisions as may be necessary to accommodate prepayment by or on behalf of the Agency or a person other than the Agency, and/or to accommodate the requirements of any provider of insurance or other credit enhancement.

Externally-Sourced Fund Terms. No Externally-Sourced Non-Bond Funds shall be borrowed at a term in excess of fifty-five years or bear interest at a stated rate in excess of fifteen percent (15%) per annum.

ARTICLE II

AUTHORIZATION AND TERMS OF USE OF AGENCY NON-BOND FUNDS TO FINANCE THE PROGRAM

Section 5. **Determination of Need and Amount of Additional Funds to Finance Programs.** The Agency is of the opinion and hereby determines that the use of the funds of the Agency, from non-bond sources under Agency control, or from State of California funds administered by the Agency, including but not limited to SB2,AB101, and AB128 funds, (together "Agency Funds or Administered Funds") is necessary to provide sufficient funds for new lending under the Program.

Section 6. **Authorization.** The use of Agency Funds or Administered Funds described in Section 5 is hereby authorized for the purpose of financing, including loan participations, carrying or warehousing, for future committed financing of the Agency by Externally-Sourced Non-Bond Funds or otherwise, or by other lenders, new Loans for the acquisition, construction, rehabilitation, refinancing or development of Developments, including providing subordinate or gap financing and to supplement interest rates or costs of the financing of Loans by the Agency as may be permitted under the statutes, regulations and/or agreements governing the use of such funds.

Security/Affordability Protection: Agency Funds or Administered Funds may also be used to provide supplemental financing for projects existing within the Agency's Loan portfolio that the Executive Director determines is necessary, reasonable and in the Agency's best interest for the purposes of (1) workouts to prevent defaults; (2) repairs for health and safety issues and related costs; (3) the preservation or enhancement of affordability; and (4) other purposes as determined by the Executive Director that advance the mission of the Agency.

ARTICLE III

PROVISIONS APPLICABLE TO THE USE OF EXTERNALLY SOURCED NON-BOND FUNDS AND AGENCY FUNDS OR ADMINISTERED FUNDS (COLLECTIVELY "NON-BOND FUNDS") AUTHORIZED UNDER THIS RESOLUTION

Section 7. **Authorization of the use of Non-Bond Funds for Lending within the Program.** The use of Non-Bond Funds is hereby authorized with regard to Programs as determined by the Executive Director.

Section 8. **Authorization of Program Documents.** The Executive Director and the other employees authorized pursuant to Section 11 ("Authorized Employees") are hereby authorized and directed to execute all documents they deem necessary or appropriate in connection with the Program, including, but not limited to, regulatory agreements, loan agreements, origination and servicing agreements (or other loan-to-lender documents), servicing agreements, developer agreements, financing agreements, investment agreements, intercreditor agreements, subordination agreements, agreements to enter into escrow and forward purchase agreements, escrow and forward purchase agreements, refunding agreements, continuing disclosure agreements, participation agreements and loan modification agreements, in each case with such other parties as the Executive Director may select in furtherance of the objectives of the Program.

The Executive Director and the other Authorized Employees are hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more mortgage sale agreements with such purchasers as the Executive Director may select in accordance with the objectives of the Program. Any such sale of Loans may be on either a current or a forward purchase basis.

The Executive Director and the Authorized Employees are hereby authorized to enter into, for and in the name and on behalf of the Agency, contracts to conduct foreclosures of mortgages owned or serviced by the Agency with such attorneys or foreclosure companies as the Executive Director may select in accordance with the objectives of the Program.

The Executive Director and the other Authorized Employees are hereby authorized to enter into, for and in the name and on behalf of the Agency, contracts for the sale of foreclosed properties with such purchasers as the Executive Director may select in accordance with the objectives of the Program. Any such sale of foreclosed properties may be on an all cash basis or may include financing by the Agency. The Executive Director and the other Authorized Employees are also authorized to enter into any other agreements, including but not limited to real estate brokerage agreements and construction contracts, necessary or convenient for the rehabilitation, listing and sale of such foreclosed properties.

Section 9. **Authorization of Credit Facilities**. The Executive Director and Authorized Employees of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more short-term or long-term credit facilities, including but not limited to repurchase agreements, together with any extensions or other amendments thereto, for the purposes of making or financing the purchase of Loans and/or mortgage-backed securities on an interim basis. The Agency may pledge its General Obligation as a credit support for said Credit Facilities. Any such credit facility may be from any appropriate source as determined by the Director of Financing and approved by the Executive Director; provided, however, that the aggregate outstanding principal amount of credit facilities authorized under this resolution and the other financing resolutions adopted at the same meeting, as amended from time to time, may not at any time exceed $1,000,000,000.

Section 10. **Ratification of Prior Actions; Not a Repeal of Prior Resolutions.** All actions previously taken by the officers of the Agency in connection with the implementation of the Program, the execution and delivery of related financial agreements and related program agreements and the implementation of any credit facilities as described above are hereby approved and ratified.

This resolution is not intended to repeal in whole or in part any prior resolution of the Agency with respect to the authority granted to the Executive Director and the other Authorized Employees in relation to the use of Non-Bond Funds and related agreements, including but not limited to (1) the authority to determine in furtherance of the objectives of the Program those matters required to be determined in relation to Non-Bond Funds, whether under indentures or other related agreements, and (2) the authority to amend, modify or replace financial agreements of the types described in Section 3 of this Resolution.

Section 11. **Authorization of Related Actions and Agreements.** The Executive Director, any other persons authorized in writing by the Executive Director and the other Authorized Employees are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all agreements and documents which they deem necessary or advisable in order to consummate the borrowing of Externally-Sourced Non-Bond Funds and otherwise to effectuate the purposes of this resolution including executing and delivering any amendment or supplement to any agreement or document relating to the Externally-Sourced Non-Bond Funds in any manner that would be authorized under this resolution if such agreement or document related to Externally-Sourced Non-Bond Funds authorized by this resolution. Subject in all cases to the express limitations set forth above in this resolution, such agreements, together with any extensions or other amendments thereto, may include, but are not limited to, reimbursement agreements, letter of credit agreements, intercreditor agreements or other arrangements relating to any credit enhancement or liquidity support, continuing disclosure agreements and agreements for necessary services provided in the course of the borrowing of the Externally-Sourced Non-Bond Funds, including but not limited to, agreements with counsel and financial advisors and contracts for consulting services or information services relating to the financial management of the Agency, including advisors or consultants on interest rate swaps, cash flow management, and similar matters, and contracts for financial printing and similar services. The Executive Director, any persons authorized in writing by the Executive Director and the other Authorized Employees are hereby authorized and directed, jointly and severally, to provide as necessary for payment of costs of borrowing related to Externally-Sourced Non-Bond Funds and to provide for the Agency to contribute capital as necessary to facilitate the borrowing of Externally-Sourced Non-Bond Funds.

This resolution shall constitute full, separate, complete and additional authority for the execution and delivery of all agreements and instruments described in this resolution, without regard to any limitation in the Agency's regulations and without regard to any other resolution of the Board that does not expressly amend and limit this resolution.

Section 12. **Additional Delegation.** All actions by the Executive Director approved or authorized by this resolution may be taken by the Chief Deputy Director of the Agency, the Director of Financing of the Agency or any other person specifically authorized in writing by the Executive Director and except to the extent otherwise taken by another person shall be taken by the Chief Deputy Director during any period in which the office of the Executive Director is vacant.

Section 13. **Duration of Authority.** The authority granted under this resolution shall remain in full force and effect until the day 60 days after the first date after March 1, 2023 on which is held a meeting of the Board of Directors of the Agency at which a quorum is present.

SECRETARY'S CERTIFICATE

I, CLAIRE TAURIAINEN, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 22-07 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 17th day of March 2022, at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate hereto this __ day of __________ 20__.

CLAIRE TAURIAINEN
Secretary of the Board of Directors of the
California Housing Finance Agency

State of California

M E M O R A N D U M

To: Board of Directors **Date:** March 17, 2022

Erwin Tam, Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: ANNUAL SINGLE FAMILY BOND FINANCING AUTHORIZATION RESOLUTION 22-08

Resolution 22-08 would give the Agency the authority necessary to finance the business plan and manage outstanding single family debt obligations. The resolution comprises three articles providing appropriate levels of authorization for each of the following: issuance of refunding bonds for debt management purposes, issuance of MBS Bonds and provisions applicable to all bonds issued under the resolution.

The following summarize the main authorizations contained in each of the three articles.

ARTICLE I - AUTHORIZATION AND TERMS OF REFUNDING BONDS

Article I authorizes the sale and issuance of refunding bonds to be issued in one or more forms. It prohibits issuing floating rate bonds to refund fixed rate bonds.

Under Article I, the Executive Director shall determine with each issuance of refunding bonds, that the Agency and its General Fund are not expected to bear greater financial risk than prior to the issuance of the refunding bonds.

This resolution also authorizes staff to amend, modify or replace existing financial agreements originally entered into to hedge interest rate risks, to provide liquidity support or to provide credit enhancement. The resolution prohibits an increase in either the aggregate notional amount of interest rate swaps, the absolute amount of liquidity support or credit enhancement.

ARTICLE II – AUTHORIZATION AND TERMS OF MBS BONDS

Article II authorizes single family bonds to be issued to provide sufficient funds to finance the purchase of new single family mortgage-backed securities in an aggregate amount not to exceed the sum of the amount of private activity bond volume cap made available for the single family program by the California Debt Limit Allocation Committee (CDLAC) and up to $1 billion for federally-taxable single family bonds.

Bonds are authorized to be issued as MBS Bonds. MBS Bonds shall be issued only as fixed rate bonds, and no hedging Instrument shall be entered into with respect to MBS Bonds.

ARTICLE III – PROVISIONS APPLICABLE TO ALL BONDS ISSUED UNDER THIS RESOLUTION

Article III authorizes staff to circulate preliminary official statements and official statements relating to refunding bonds and MBS Bonds as necessary to prospective and actual bond investors. Bonds are authorized to be sold at negotiated or competitive sale as public offerings or as private placements depending on market conditions at the time of sale. The resolution also authorizes all documents and agreements required in connection with our homeownership lending programs.

The resolution also authorizes the Agency to take further action related to prior bonds and related financial agreements that were authorized by prior resolutions of the Board and to amend, modify and replace those financial agreements deemed necessary in furtherance of the objectives of the single family lending program.

The resolution authorizes staff to enter into financial agreements that are related to the issuance of bonds as well as consulting services or information services related to the financial management of the Agency. This resolution also authorizes the payment of costs of issuance associated with the sale of all bonds and authorizes capital contributions from the Agency as necessary to issue such bonds.

The resolution authorizes short-term credit facilities for operating capital and for the Single Family Programs. Any such credit facility may be secured by any Loans, mortgage-backed securities and/or other assets thereunder and/or the general obligation of the Agency. Any such credit facility may be from any appropriate source, including, but not limited to, the Pooled Money Investment Account.

Attachments

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 22-08
RESOLUTION AUTHORIZING THE AGENCY'S SINGLE FAMILY BOND INDENTURES, THE ISSUANCE OF SINGLE FAMILY BONDS, CREDIT FACILITIES FOR HOMEOWNERSHIP PURPOSES, AND RELATED FINANCIAL AGREEMENTS AND CONTRACTS FOR SERVICES

WHEREAS, the California Housing Finance Agency (the "Agency") has determined that there exists a need in California for providing financial assistance, directly or indirectly, to persons and families of low or moderate income to enable them to purchase or refinance moderately-priced single family residences ("Residences");

WHEREAS, the Agency has determined that it is in the public interest for the Agency to assist in providing such financing by means of various programs, including whole loan and mortgage-backed securities programs (collectively, the "Program") to make loans to such persons and families, or to developers, for the acquisition, development, construction and/or permanent financing of Residences (the "Loans");

WHEREAS, pursuant to Parts 1 through 4 of Division 31 of the Health and Safety Code of the State of California (the "Act"), the Agency has the authority to issue bonds to provide sufficient funds to finance the Program, including the purchase of mortgage-backed securities ("MBSs") secured by Loans, the payment of capitalized interest on the bonds, the establishment of reserves to secure the bonds, and the payment of other costs of the Agency incident to, and necessary or convenient to, the issuance of the bonds;

WHEREAS, the Agency, pursuant to the Act, has from time to time issued various series of its Home Mortgage Revenue Bonds (the "HMP Bonds"), its Housing Program Bonds (the "HP Bonds"), and its Residential Mortgage Revenue Bonds (the "RMR Bonds"), and is authorized pursuant to the Act to issue additional HMP Bonds, HP Bonds, and RMR Bonds (collectively with bonds authorized under this resolution to be issued under new indentures, the "Bonds") to provide funds to finance the Program;

WHEREAS, the Bonds may be issued for the primary purpose of purchasing MBSs ("MBS Bonds") or for debt management purposes of the Agency ("Debt-Management Bonds"); and

WHEREAS, pursuant to the Act, the Agency has the authority to enter into credit facilities for the purpose of financing the Program, including the making of Loans and the payment of other costs of the Agency incident to, and necessary or convenient to, the issuance of the bonds;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the "Board") of the California Housing Finance Agency as follows:

ARTICLE I

AUTHORIZATION AND TERMS OF DEBT-MANAGEMENT BONDS

Section 1. **Determination of Need and Amount of Debt-Management Bonds**. The Agency is of the opinion and hereby determines that the issuance of one or more series of Debt-Management Bonds in an aggregate amount not to exceed the aggregate amount of Bonds and/or other qualified mortgage bonds (including bonds of issuers other than the Agency) to be redeemed in connection with such issuance is necessary to provide sufficient funds for the management of the Agency's existing debt related to the Program.

Section 2. **Authorization and Timing of Debt-Management Bonds**. The Debt-Management Bonds are hereby authorized to be issued in such aggregate amount at such time or times on or before the day 60 days after the date on which is held the first meeting of the Board on or after March 1, 2023 at which a quorum is present, as the Executive Director of the Agency (the "Executive Director") deems appropriate, upon consultation with the Treasurer of the State of California (the "Treasurer") as to the timing of each such issuance; *provided, however*, that if the bonds are sold at a time on or before the day 60 days after the date on which is held such meeting, pursuant to a forward purchase or drawdown agreement providing for the issuance of such Debt-Management Bonds on or before October 1, 2024 upon specified terms and conditions, such Debt-Management Bonds may be issued on such later date.

Section 3. **Approval of Forms of Indentures Related to Debt-Management Bonds and Amendments**. The Executive Director and the Secretary of the Board of Directors of the Agency (the "Secretary") are hereby authorized and directed, for and on behalf and in the name of the Agency in connection with the issuance of Debt-Management Bonds, to execute and acknowledge and to deliver to the Treasurer as trustee and/or, if appropriate, to a duly qualified bank or trust company selected by the Executive Director to act, with the approval of the Treasurer, as trustee or co-trustee, fiscal agent or paying agent of the Agency (collectively, the "Trustees"), one or more new indentures, trust agreements or similar documents providing for the issuance of Debt-Management Bonds (the "New Debt-Management Indentures"), in one or more forms similar to one or more of the following (collectively, the "Prior Indentures"):

(a) those certain indentures pertaining to the HMP Bonds (the "HMP Indentures");

(b) that certain indenture pertaining to the HP Bonds (the "HP Indenture"); and/or

(c) that certain indenture relating to the RMR Bonds, as amended and supplemented (the "RMR Indenture"), other than Article XIII thereof.

Each such New Debt-Management Indenture may be executed, acknowledged and delivered with such changes therein as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof. Changes reflected in any New Debt-Management Indenture may include provision for a supplemental pledge of Agency moneys or assets (including but not limited to, a deposit from the Supplementary Bond Security Account created under Section 51368 of the Act) and provision for the Agency's general obligation to additionally secure the Debt-Management Bonds if appropriate in furtherance of the objectives of the Program; *provided* that such provisions may be therein included with respect to such Debt-Management Bonds *only* if and to the extent any such provision was made with respect to the bonds thereby refunded.

The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver to the Trustees one or more amendments to any Prior Indenture or any New Debt-Management Indenture, each with such provisions as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. **Approval of Forms of Series and Supplemental Indentures Related to Debt-Management Bonds and Amendments**. The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver with respect to each series of Debt-Management Bonds, if and to the extent appropriate, series and/or supplemental indentures (each a "Debt-Management Supplemental Indenture") under one of the Prior Indentures or a New Debt-Management Indenture and in substantially the form of the respective supplemental indentures previously executed and delivered or approved, each with such changes therein as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof. Changes reflected in any Debt-Management Supplemental Indenture may include provision for a supplemental pledge of Agency moneys or assets (including but not limited to, a deposit from the Supplementary Bond Security Account created under Section 51368 of the Act) and provision for the Agency's general obligation to additionally secure the Bonds if appropriate in furtherance of the objectives of the Program; *provided* that such provisions may be therein included with respect to such Debt-Management Bonds only if and to the extent any such provision was made with respect to the bonds thereby refunded.

The Executive Director is hereby expressly authorized and directed, for and on behalf and in the name of the Agency, to determine in furtherance of the objectives of the Program those matters required to be determined under the applicable Prior Indenture or any New Debt-Management Indenture, as appropriate, in connection with the issuance of each such series, including, without limitation, any reserve account requirement or requirements for such series.

The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver to the Trustees one or more amendments to any series and/or supplemental indentures under any of the Prior Indentures or any New Debt-Management Indenture, each with such provisions as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. **Approval of Forms and Terms of Debt-Management Bonds**. The Debt-Management Bonds shall be in such denominations, have such registration provisions, be executed in such manner, be payable in such medium of payment at such place or places within or without California, be subject to such terms of redemption (including from such sinking fund installments as may be provided for) and contain such terms and conditions as each Debt-Management Supplemental Indenture as finally approved shall provide. The Debt-Management Bonds shall have the maturity or maturities and shall bear interest at the fixed, adjustable or variable rate or rates deemed appropriate by the Executive Director in furtherance of the objectives of the Program; *provided, however*, that no Debt-Management Bond shall have a term in excess of the maturity of the bonds thereby refunded or bear interest at a stated rate in excess of fifteen percent (15%) per annum, or in the case of variable rate bonds a maximum floating interest rate of twenty-five percent (25%) per annum. Any of the Debt-Management Bonds and the Debt-Management Supplemental Indenture(s) may contain such provisions as may be necessary to accommodate an option to put such Bonds prior to maturity for purchase by or on behalf of the Agency or a person other than the Agency, to accommodate the requirements of any provider of bond insurance or other credit enhancement or liquidity support or to accommodate the requirements of purchasers of indexed floaters, *provided* that variable-rate Debt-Management Bonds may not be issued to refund fixed-rate bonds.

Section 6. **Authorization of Financial Agreements Related to Debt-Management Bonds**. Subject to the limitation set forth in the last sentence of this Section, the Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, any and all agreements and documents designed (i) to reduce or hedge the amount or duration of any payment, interest rate, spread or similar risk, (ii) to result in a lower cost of borrowing when used in combination with the issuance or carrying of bonds or investments, or (iii) to enhance the relationship between risk and return with respect to the Program or any portion thereof (each of the foregoing, a "Hedging Instrument"). To the extent authorized by law, including Government Code Section 5922, such agreements or other documents may include (a) interest rate swap agreements; (b) forward payment conversion agreements; (c) futures or other contracts providing for payments based on levels of, or changes in, interest rates or other indices; (d) contracts to exchange cash flows for a series of payments; (e) contracts, including, without limitation, interest rate floors or caps, options, puts or calls to hedge payment, interest rate, spread or similar exposure; (f) contracts to obtain guarantees, including guarantees of mortgage-backed securities or their underlying loans; or (g) letters of credit, standby bond purchase agreements, or other similar arrangements; and in each such case may be entered into in anticipation of the issuance of bonds at such times as may be determined by such officers. Such agreements and other documents are authorized to be entered into with parties selected by the Executive Director, after giving due consideration for the creditworthiness of the counterparties, where applicable, or any other criteria in furtherance of the objectives of the Program. *Notwithstanding* anything herein to the contrary, a Hedging Instrument may be entered into only for the purposes of amending, modifying or replacing a then-existing Hedging Instrument and may in no event increase the notional amount outstanding under the Hedging Instrument so amended, modified or replaced.

ARTICLE II

AUTHORIZATION AND TERMS OF MBS BONDS

Section 7. **Determination of Need and Amount of MBS Bonds**. The Agency is of the opinion and hereby determines that the issuance of one or more series of MBS Bonds, in an aggregate amount not to exceed the sum of the following amounts, is necessary to provide sufficient funds for the Program:

(a) the aggregate amount available for the retirement of Bonds and/or other qualified mortgage bonds and deemed replaced for federal tax law purposes with proceeds of such issuance,

(b) the aggregate amount of private activity bond allocations under federal tax law heretofore or hereafter made available to the Agency for such purpose, and

(c) if and to the extent interest on one or more of such series of Bonds is determined by the Executive Director to be intended not to be excludable from gross income for federal income tax purposes, $1,000,000,000.

Section 8. **Authorization and Timing of MBS Bonds**. The MBS Bonds are hereby authorized to be issued in such aggregate amount at such time or times on or before the day 60 days after the date on which is held the first meeting of the Board on or after March 1, 2023 at which a quorum is present, as the Executive Director of the Agency (the "Executive Director") deems appropriate, upon consultation with the Treasurer of the State of California (the "Treasurer") as to the timing of each such issuance; *provided, however*, that if the bonds are sold at a time on or before the day 60 days after the date on which is held such meeting, pursuant to a forward purchase or drawdown agreement providing for the issuance of such Bonds on or before October 1, 2024 upon specified terms and conditions, such Bonds may be issued on such later date.

Section 9. **Approval of Forms of Indentures Related to MBS Bonds and Amendments**. The Executive Director and the Secretary of the Board of Directors of the Agency (the "Secretary") are hereby authorized and directed, for and on behalf and in the name of the Agency in connection with the issuance of MBS Bonds, to execute and acknowledge and to deliver to the Trustees one or more new indentures, trust agreements or similar documents providing for the issuance of MBS Bonds (the "New MBS Indentures"), in one or more forms similar to Articles I through XII of the RMR Indenture.

Each such New MBS Indenture may be executed, acknowledged and delivered with such changes therein as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof. Changes reflected in any New MBS Indenture may include provision for a supplemental pledge of Agency moneys or assets (including but not limited to a deposit from the Supplementary Bond Security Account created under Section 51368 of the Act) to additionally secure the MBS Bonds if appropriate in furtherance of the objectives of the Program.

The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver to the Trustees one or more amendments to Articles I through XII of the RMR Indenture or to any New MBS Indenture, each with such provisions as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 10. **Fixed-Rate Bonds Only; No Hedging Instruments**. MBS Bonds shall be issued only as fixed-rate bonds, and no Hedging Instrument shall be entered into with respect to MBS Bonds.

Section 11. **Approval of Forms of Series and Supplemental Indentures Related to MBS Bonds and Amendments**. The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver with respect to each series of MBS Bonds, if and to the extent appropriate, series and/or supplemental indentures (each an "MBS Supplemental Indenture"; together with the Debt-Management Supplemental Indenture, the "Supplemental Indenture") under either Articles I through XII of the RMR Indenture or a new MBS Indenture and in substantially the form of the respective supplemental indentures previously executed and delivered or approved, each with such changes therein as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof. Changes reflected in any MBS Supplemental Indenture may include provision for a supplemental pledge of Agency moneys or assets (including but not limited to, a deposit from the Supplementary Bond Security Account created under Section 51368 of the Act) to additionally secure the Bonds if appropriate in furtherance of the objectives of the Program.

The Executive Director is hereby expressly authorized and directed, for and on behalf and in the name of the Agency, to determine in furtherance of the objectives of the Program those matters required to be determined under Articles I through XII of the RMR Indenture or any New MBS Indenture, as appropriate, in connection with the issuance of each such series, including, without limitation, any reserve account requirement or requirements for such series.

The Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver to the Trustees one or more amendments to any series and/or supplemental indentures under either Articles I through XII of the RMR Indenture or any new MBS Indenture, each with such provisions as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 12. **Approval of Forms and Terms of MBS Bonds**. The MBS Bonds shall be in such denominations, have such registration provisions, be executed in such manner, be payable in such medium of payment at such place or places within or without California, be subject to such terms of redemption (including from such sinking fund installments as may be provided for) and contain such terms and conditions as each MBS Supplemental Indenture as finally approved shall provide. The MBS Bonds shall have the maturity or maturities and shall bear interest at the fixed rate or rates deemed appropriate by the Executive Director in furtherance of the objectives of the Program; *provided, however*, that no MBS Bond shall have a term in excess of thirty-five (35) years or bear interest at a stated rate in excess of fifteen percent (15%) per annum.

ARTICLE III

PROVISIONS APPLICABLE TO ALL BONDS OF THE AGENCY

Section 13. **Authorization of Disclosure**. The Executive Director is hereby authorized to circulate one or more Preliminary Official Statements relating to the Bonds and, after the sale of the Bonds, to execute and circulate one or more Official Statements relating to the Bonds, and the circulation of such Preliminary Official Statements and such Official Statements to prospective and actual purchasers of the Bonds is hereby approved. The Executive Director is further authorized to hold information meetings concerning the Bonds and to distribute other information and material relating to the Bonds. Circulation of Preliminary Official Statements and Official Statements and distribution of information and material as provided above in this Section may be accomplished through electronic means or by any other means approved therefor by the Executive Director, such approval to be conclusively evidenced by such circulation or distribution.

Section 14. **Authorization of Sale of Bonds**. The Bonds are hereby authorized to be sold at negotiated or competitive sale or sales, including but not limited to private placements and public offerings. The Executive Director is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver one or more purchase contracts (including one or more forward purchase agreements) relating to the Bonds, by and among the Agency, the Treasurer and such underwriters or other purchasers as the Executive Director may select (the "Purchasers"), in the form or forms approved by the Executive Director upon consultation with the Agency's legal counsel, such approval to be evidenced conclusively by the execution and delivery of said purchase contract by the Executive Director.

The Treasurer is hereby authorized and requested, without further action of the Board and unless instructed otherwise by the Board, to sell each series of Bonds at the time and place and pursuant to the terms and conditions set forth in each such purchase contract as finally executed. The Treasurer is hereby further authorized and requested to deposit the proceeds of any good faith deposit to be received by the Treasurer under the terms of a purchase contract in a special trust account for the benefit of the Agency, and the amount of said deposit shall be retained by the Agency, applied at the time of delivery of the applicable Bonds as part of the purchase price thereof, or returned to the Purchasers, as provided in such purchase contract.

Section 15. **Authorization of Execution of Bonds**. The Executive Director is hereby authorized and directed to execute, and the Secretary is hereby authorized to attest, for and on behalf and in the name of the Agency and under its seal, the Bonds, in an aggregate amount not to exceed the amount authorized hereby, in accordance with the Prior Indenture(s), the Supplemental Indenture(s), the New Debt-Management Indenture(s) or the New MBS Indenture(s) and in one or more of the forms set forth in the Prior Indenture(s), the Supplemental Indenture(s), the New Debt-Management Indenture(s) or the New MBS Indenture(s), as appropriate.

Section 16. **Authorization of Delivery of Bonds**. The Bonds, when so executed, shall be delivered to the Trustees to be authenticated by, or caused to be authenticated by, the Trustees. The Trustees are hereby requested and directed to authenticate, or cause to be authenticated, the Bonds by executing the certificate of authentication and registration appearing thereon, and to deliver the Bonds when duly executed and authenticated to the Purchasers in accordance with written instructions executed on behalf of the Agency by the Executive Director, which instructions said officer is hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and deliver. Such instructions shall provide for the delivery of the Bonds to the Purchasers upon payment of the purchase price or prices thereof.

Section 17. **Authorization of Program Documents**. The Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, all documents they deem necessary or appropriate in connection with the Program, including, but not limited to, one or more mortgage purchase and servicing agreements (including mortgage-backed security pooling agreements) and one or more loan servicing agreements with such lender or lenders or such servicer or servicers as the Executive Director may select in accordance with the purposes of the Program, and any such selection of a lender or lenders or a servicer or servicers is to be deemed approved by this Board as if it had been made by this Board. The proceeds of MBS Bonds to be issued under the authority of this Resolution shall be used to purchase MBSs guaranteed by Fannie Mae, Freddie Mac, Ginnie Mae, or other appropriate guarantor and shall not be used to purchase whole loans. The MBSs to be purchased may be secured by loans that have terms of 30 years or less.

The Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more mortgage sale agreements with such purchasers as the Executive Director may select in accordance with the objectives of the Program, including but not limited to such agreements with Fannie Mae, Freddie Mac or other government-sponsored enterprise or similar entity for such sales in bulk or otherwise. Any such sale of Loans may be on either a current or a forward purchase basis.

The Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, contracts to conduct foreclosures of mortgages owned or serviced by the Agency with such attorneys or foreclosure companies as the Executive Director may select in accordance with the objectives of the Program.

The Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, contracts for the sale of foreclosed properties with such purchasers as the Executive Director may select in accordance with the objectives of the Program. Any such sale of foreclosed properties may be on either an all cash basis or may include financing by the Agency. The Executive Director and the other officers of the Agency are also authorized to enter into any other agreements, including but not limited to real estate brokerage agreements and construction contracts necessary or convenient for the rehabilitation, listing and sale of such foreclosed properties.

The Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, (i) contracts or agreements for the purchase or sale of mortgage-backed securities; (ii) servicing agreements, including master servicing agreements, in connection with the operation of a program of mortgage-backed securities; (iii) agreements with government-sponsored enterprises, or other secondary market issuers or guarantors of mortgage-backed securities; and (iv) such other program documents as are necessary or appropriate for the operation of a program of mortgage-backed securities; any of the foregoing may, as applicable, be secured by any Loans, mortgage-backed securities and/or other assets thereunder and/or the general obligation of the Agency.

Section 18. **Authorization of Credit Facilities**. The Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more short-term or long-term credit facilities, together with any extensions or other amendments thereto, including but not limited to repurchase agreements, for the purposes of (i) improving the credit and/or liquidity profile of Bonds of the Agency, (ii) financing the purchase of Loans and/or mortgage-backed securities on an interim basis, prior to the sale thereof to third parties and/or the financing thereof with Bonds, whether issued or to be issued; (iii) financing expenditures of the Agency incident to, and necessary or convenient to, the issuance of Bonds and/or the preservation of private activity volume cap for subsequent recycling, including, but not limited to, Agency expenditures to pay costs of issuance, capitalized interest, redemption price of prior bonds of the Agency or bonds issued by another issuer for the purpose of preservation for subsequent recycling, costs relating to credit enhancement or liquidity support, costs relating to investment products, or net payments and expenses relating to interest rate hedges and other financial products; and (iv) enabling the Agency to restructure existing debt and related purposes, including, but not limited to, the redemption of existing bonds and the acquisition of bonds that have been put to liquidity providers as bank bonds. Any such credit facility may be secured by any Loans, mortgage-backed securities and/or other assets thereunder and/or the general obligation of the Agency. Any such credit facility may be from any appropriate source as determined by the Director of Financing and approved by the Executive Director, provided, however, that the aggregate outstanding principal amount of credit facilities authorized under this resolution and the other financing resolutions adopted at the same meeting, as amended from time to time, may not at any time exceed $1,000,000,000. For purposes of clarity, the above limitation applicable to credit facilities does not limit the amount of Bonds authorized by this resolution.

The Executive Director and the other officers of the Agency are hereby authorized to use available Agency moneys (other than and in addition to the proceeds of bonds) (i) to make or purchase Loans and/or mortgage-backed securities to be financed by bonds (including bonds authorized by prior resolutions of this Board) in anticipation of draws on a credit facility, the issuance of Bonds or the availability of Bond or other Agency proceeds, as authorized by the Board, for such purposes and (ii) to purchase Agency bonds to enable the Agency to restructure its debt and for related purposes as authorized under Resolution No. 08-42 and any future Board resolutions thereto amendatory or supplemental.

Section 19. **Ratification of Prior Actions; Not a Repeal of Prior Resolutions**. All actions previously taken by the Agency relating to the implementation of the Program, the issuance of the Bonds, the issuance of any prior bonds (the "Prior Bonds"), the execution and delivery of related financial agreements and related program agreements and the implementation of any credit facilities as described above, including, but not limited to, such actions as the distribution of the Agency's Lender Program Manual, Mortgage Purchase and Servicing Agreement, Servicing Agreement, Developer Agreement, Servicer's Guide, Program Bulletins and applications to originate and service loans, and the sale of any foreclosed property, are hereby ratified.

This resolution is not intended to repeal in whole or in part any prior resolution of the Agency with respect to the authority granted to the Executive Director and the other officers of the Agency in relation to Prior Bonds and related agreements, including but not limited to (i) the authority to determine in furtherance of the objectives of the Program those matters required to be determined in relation to Prior Bonds, whether under indentures or other related agreements, and (ii) the authority to amend, modify or replace financial agreements of the types described in Section 6 of this resolution.

Section 20. **Authorization of Related Actions and Agreements**. The Treasurer and any duly authorized deputy thereof and the Executive Director and the other officers of the Agency and any other persons authorized in writing by the Executive Director are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all agreements and documents which they deem necessary or advisable in order to consummate the issuance, sale, delivery, remarketing, conversion and administration of Bonds and Prior Bonds and otherwise to effectuate the purposes of this resolution, including declaring the official intent of the Agency for purposes of U.S. Treasury Regulations Section 1.150-2, and including executing and delivering any amendment or supplement to any agreement or document relating to Bonds or Prior Bonds in any manner that would be authorized under this resolution if such agreement or document related to Bonds is authorized by this resolution. Such agreements may include, but are not limited to, remarketing agreements, tender agreements or similar agreements regarding any put option for the Bonds or Prior Bonds, broker-dealer agreements, market agent agreements, auction agent agreements or other agreements necessary or desirable in connection with the issuance of Bonds in, or the conversion of Bonds or Prior Bonds to, an indexed rate mode, agreements for the investment of moneys relating to the Bonds or Prior Bonds, reimbursement agreements, letters of credit, intercreditor agreements or other arrangements relating to any credit enhancement or liquidity support or put option provided for the Bonds or Prior Bonds, continuing disclosure agreements and agreements for necessary services provided in the course of the issuance of the bonds, including but not limited to, agreements with bond underwriters and placement agents, private placement purchasers, bond trustees, bond counsel and financial advisors and contracts for consulting services or information services relating to the financial management of the Agency, including advisors or consultants on interest rate swaps, cash flow management, and similar matters, and contracts for financial printing and similar services.

This resolution shall constitute full, separate, complete and additional authority for the execution and delivery of all agreements and instruments described in this resolution, without regard to any limitation in the Agency's regulations and without regard to any other resolution of the Board that does not expressly amend and limit this resolution.

The Executive Director and the officers of the Agency and any other persons authorized in writing by the Executive Director are hereby authorized and directed, jointly and severally, in connection with the issuance of bonds authorized under this resolution, to use funds of the Agency to purchase MBSs, make a capital contribution with respect to such bonds, establish reserves to secure such bonds, and pay other costs of the Agency incident to, and necessary or convenient to, the issuance of such bonds.

Section 21. **Additional Delegation**. All actions by the Executive Director approved or authorized by this resolution may be taken by the Chief Deputy Director of the Agency, the Director of Financing of the Agency or any other person specifically authorized in writing by the Executive Director, and except to the extent otherwise taken by another person shall be taken by the Chief Deputy Director during any period in which the office of the Executive Director is vacant.

SECRETARY'S CERTIFICATE

I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 22-08 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 17th day of March, 2022, at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate hereto this ____day of ______________ 20____.

ATTEST: ___________________________________

CLAIRE TAURIAINEN
Secretary of the Board of Directors of the
California Housing Finance Agency

State of California

M E M O R A N D U M

To: Board of Directors **Date:** March 17, 2022

Erwin Tam, Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: ANNUAL SINGLE FAMILY NON-BOND FINANCING AUTHORIZATION RESOLUTION 22-09

Resolution 22-09 would give the Agency the authority necessary to finance various single-family programs with non-bond financing mechanisms. The following summarize the main authorizations contained in each of the three articles.

ARTICLE I – AUTHORIZATION OF MBS SECURITIZATION STRATEGIES AND LOAN PRODUCTS

Article I authorizes the utilization of the MBS securitization model as the Agency's non-bond single-family lending platform.

ARTICLE II – FUNDING AUTHORIZATION FOR ALL LOAN PRODUCTS

The Agency may not purchase first lien whole loans using Agency funds, other than $12 million previously authorized by the Board for the SR710 Affordable Sales Program. In addition, the Agency may purchase a maximum of Twenty-Five Million ($25,000,000.00) of subordinate loans using Agency funds and the Agency may purchase or fund a maximum of Twenty-Five Million ($25,000,000.00) of other loans for the purpose of incentivizing affordable homeownership in disadvantaged communities to generate intergenerational wealth for families who have experienced government regulated discrimination.

ARTICLE III – PROVISIONS APPLICABLE TO ALL SINGLE FAMILY LOAN PRODUCT ACTIVITIES

Article III authorizes the Executive Director to enter into all documents necessary in connection with all non-bond financed single-family loan product activities and to acquire a short-term or long-term credit facility, which can be secured by the general obligation of the Agency.

Attachments

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 22-09

RESOLUTION AUTHORIZING THE AGENCY'S SINGLE FAMILY NON-BOND FINANCING MECHANISMS FOR HOMEOWNERSHIP PURPOSES, AND RELATED FINANCIAL AGREEMENTS AND CONTRACTS FOR SERVICES

WHEREAS, the California Housing Finance Agency (the "***Agency***") has determined that there exists a need in California for providing financial assistance, directly or indirectly, to persons and families of low and moderate income to enable them to purchase or refinance moderately priced single family homes;

WHEREAS, the Agency has determined that it is in the public interest for the Agency to assist in providing such financing by means of various programs, including whole loans and mortgage-backed securities programs (collectively, the "***Program***") to make or finance loans to such persons and families, to local public entities or to developers, for the acquisition, development, construction and/or permanent financing of homes (the "***Loans***");

WHEREAS, pursuant to Parts 1 through 4 of Division 31 of the Health and Safety Code of the State of California (the "***Act***"), the Agency may invest in, purchase, or make commitments to purchase, and take assignments from qualified mortgage lenders of mortgage loans, and purchase mortgage-backed securities ("***MBSs***") underlain by Loans; and

WHEREAS, the Agency's single family lending division is seeking authorization to utilize the MBS securitization model as the Agency's non-bond single family lending platform. This model requires the Agency to engage a master servicer(s). A subset of MBS securitization, the TBA model, is an example of non-bond lending, the use of which was previously authorized by the Board in Resolution 13-09.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the "***Board***") of the California Housing Finance Agency as follows:

ARTICLE I

AUTHORIZATION OF MBS SECURITIZATION STRATEGIES
AND LOAN PRODUCTS

<u>Section 1.</u> The Agency's single family lending division is hereby authorized to utilize the MBS securitization model as the Agency's non-bond single family lending platform. The Agency's underwriting requirements shall conform to Fannie Mae, Freddie Mac, or Ginnie Mae ("***GSE***"), Federal Housing Administration ("***FHA***") products and programs, U.S. Department of Veterans Affairs ("**VA**"), and occasionally be combined with additional Agency overlays, such as those previously approved by the Board in Resolutions 13-18 and 14-08, which modified eligibility criteria and parameters for Conventional and FHA loan products, to determine loan product requirements. The Agency shall offer a variety of first loan options, consistent with

GSE, VA, and FHA guidelines. Agency staff shall periodically update the Board on program and product modifications.

ARTICLE II

FUNDING AUTHORIZATION FOR LOAN PRODUCTS

Section 1. Funding of First Lien Whole Loans. The Agency may purchase up to Twelve Million Dollars ($12,000,000.00) of whole loans using Agency funds allocated pursuant to the Budget Act of 2021, as amended by Senate Bill No. 129. Such loans shall be used to finance surplus residential property sales for the SR-710 Affordable Sales Program as authorized by the Board in Resolution No. 22-01. The Agency may not purchase additional first lien whole loans using Agency funds.

Section 2. Funding of Subordinate Loans. The Agency may purchase a maximum of Twenty-Five Million ($25,000,000.00) of subordinate loans using Agency funds.

Section 3. Other Loans. The Agency may purchase or fund a maximum of Twenty-Five Million ($25,000,000.00) of other loans for the purpose of incentivizing affordable homeownership in disadvantaged communities to generate intergenerational wealth for families who have experienced government regulated discrimination.

ARTICLE III

PROVISIONS APPLICABLE TO ALL SINGLE FAMILY LOAN PRODUCT ACTIVITIES

Section 1. Authorization of Program Documents. The Executive Director and other employees authorized by Article III, Section 5 (“***Authorized Employees***”) are hereby authorized to enter into, for and in the name and on behalf of the Agency, all documents they deem necessary or appropriate in connection with the Program, including, but not limited to, the following:

(i) One or more mortgage purchase and servicing agreements (including mortgage-backed security pooling agreements) and one or more loan servicing agreements with such lender or lenders or such servicer or servicers, as the Executive Director may select in accordance with the purposes of the Program, and any such selection of a lender or lenders or a servicer or servicers is to be deemed approved by this Board as if it had been made by this Board;

(ii) One or more mortgage sale agreements with such purchasers as the Executive Director may select in accordance with the objectives of the Program, including but not limited to such agreements with GSEs or similar entity for such sales in bulk or otherwise. Any such sale of Loans may be on either a current or a forward purchase basis;

(iii) Agreements required for CalHFA to participate in the GSE’s loan programs;

(iv) Inter-Agency agreements, monitoring agreements, memoranda of understanding, and similar such agreements for the facilitation of cooperative partnerships with other public entities;

(v) Contracts to conduct foreclosures of mortgages owned or serviced by the Agency with such attorneys or foreclosure companies as the Executive Director may select in accordance with the objectives of the Program;

(vi) Contracts for the sale of foreclosed properties with such purchasers as the Executive Director may select in accordance with the objectives of the Program. Any such sale of foreclosed properties may be on either an all cash basis or may include financing by the Agency. The Executive Director and Authorized Employees of the Agency are also authorized to enter into any other agreements, including but not limited to real estate brokerage agreements and construction contracts necessary or convenient for the rehabilitation, listing and sale of such foreclosed properties; and

(vii) Master trade confirmation or similar agreements with a hedge facilitator; contracts and agreements with broker-dealers to hedge the Agency's loan commitments and all related documents required to carry out the activities described in the Agency's Master Hedge Policy, as may be amended from time to time; and such other program documents as are necessary or appropriate for the operation of a program of mortgage-backed securities.

Section 2. Authorization of Credit Facilities. The Executive Director and Authorized Employees of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more short-term or long-term credit facilities, including but not limited to repurchase agreements, together with any extensions or other amendments thereto, for the purposes of financing the purchase of Loans and/or mortgage-backed securities on an interim basis. The Agency may pledge its General Obligation as a credit support for said Credit Facilities Any such credit facility may be from any appropriate source as determined by the Director of Financing and approved by the Executive Director, provided, however, that the aggregate outstanding principal amount of credit facilities authorized under this resolution and the other financing resolutions adopted at the same meeting, as amended from time to time, may not at any time exceed $1,000,000,000.

Section 3. Ratification of Prior Actions; Not a Repeal of Prior Resolutions. All actions previously taken by the Agency relating to the implementation of the Program, the execution and delivery of related financial agreements and related program agreements and the implementation of any credit facilities as described above, including, but not limited to, such actions as the distribution of the Agency's Lender Program Manual, Mortgage Purchase and Servicing Agreement, Servicing Agreement, Developer Agreement, Servicer's Guide, Program Bulletins and applications to originate and service loans, and the sale of any foreclosed property, are hereby ratified.

This Resolution is not intended to repeal in whole or in part any prior Resolution of the Agency with respect to the authority granted to the Executive Director and Authorized Employees of the Agency in relation to related agreements, including but not limited to the authority to determine in furtherance of the objectives of the Program those matters required to be determined.

Section 4. Authorization of Related Actions and Agreements. The Executive Director and Authorized Employees of the Agency and any other persons authorized in writing by the Executive Director are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all agreements and documents which they deem necessary or advisable in order to consummate the purchase and sale of residential home loans and mortgage-backed securities.

This Resolution shall constitute full, separate, complete and additional authority for the execution and delivery of all agreements and instruments described in this Resolution, without regard to any limitation in the Agency's regulations and without regard to any other resolution of the Board that does not expressly amend and limit this Resolution.

Section 5. Additional Delegation. All actions by the Executive Director approved or authorized by this Resolution may be taken by the Chief Deputy Director of the Agency, the Director of Financing of the Agency or any other person specifically authorized in writing by the Executive Director, and except to the extent otherwise taken by another person shall be taken by the Chief Deputy Director during any period in which the office of the Executive Director is vacant.

Section 6. Duration of Authority. The authority granted under this Resolution shall remain in full force and effect until the day 60 days after the first date after March 1, 2023 on which is held a meeting of the Board of Directors of the Agency at which a quorum is present.

SECRETARY'S CERTIFICATE

I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 22-09 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 17th day of March, 2022, at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate hereto this ____ day of ______________ 20____.

ATTEST: ___________________________________

CLAIRE TAURIAINEN
Secretary of the Board of Directors of the
California Housing Finance Agency

State of California

M E M O R A N D U M

To: Board of Directors **Date:** March 17, 2022

Erwin Tam, Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: AUTHORIZATION TO MAKE APPLICATION TO THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
RESOLUTION 22-10

The California Debt Limit Allocation Committee ("CDLAC") is the State entity which, under California law, allocates the federal volume cap for "private activity bonds" to be issued each year by State and local bond issuers. Private activity bonds are federally tax-exempt bonds which are issued to benefit non-governmental borrowers such as first-time homebuyers or owners of affordable rental housing developments.

This resolution would authorize application to CDLAC for a maximum of $2.0 billion multifamily allocation. Such authorization would be in effect during the period of time in which Resolution 22-06, which authorizes the issuance of bonds for the Multifamily Program, is in effect.

Attachment

RESOLUTION NO. 22-10

RESOLUTION OF THE CALIFORNIA HOUSING FINANCE AGENCY APPROVING APPLICATIONS TO THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE FOR PRIVATE ACTIVITY BOND ALLOCATIONS FOR THE AGENCY'S PROGRAMS

WHEREAS, the Agency has also determined that there exists a need in California for the financing of mortgage loans for the acquisition, construction, rehabilitation, refinancing or development of multifamily rental housing developments (the "Developments") for the purpose of providing housing for persons and families of low or moderate income;

WHEREAS, the Agency has determined that it is in the public interest for the Agency to assist in providing such financing by means of an ongoing program (the "Multifamily Program") to make or acquire, or to make loans to lenders to make or acquire, mortgage loans, for the purpose of financing such Developments;

WHEREAS, pursuant to the Act, the Agency has the authority to issue bonds to provide sufficient funds to finance the Multifamily Program;

WHEREAS, the Agency has by its Resolution No. 22-06 authorized the issuance of bonds for the Multifamily Program and desires to authorize application to the California Debt Limit Allocation Committee for private activity bond allocations to be used in connection with the issuance of all or a portion of such bonds in order for interest on such bonds to be excludable from gross income for federal income tax purposes;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the "Board") of the California Housing Finance Agency as follows:

<u>Section 1</u>. **<u>Authorization to Apply to CDLAC for the Multifamily Program.</u>** The officers of the Agency are hereby authorized to apply from time to time to CDLAC for private activity bond allocations in an aggregate amount of up to $2,000,000,000 per year to be used in connection with bonds issued under Resolution No. 22-04 or other resolutions heretofore or hereafter adopted by the Agency for the Multifamily Program.

<u>Section 2</u>. **<u>Authorization of Related Actions and Agreements</u>.** The officers of the Agency, or the duly authorized deputies thereof, are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all agreements and documents which they may deem necessary or advisable in order to effectuate the purposes of this resolution, including but not limited to satisfying in the best interests of the Agency such conditions as CDLAC may establish for private activity bond allocation applications. Such officers and deputies are also hereby expressly authorized to accept on behalf and in the best interests of the Agency any private activity bond allocations offered by CDLAC, including but not limited to carryforward allocations, over and above those which may be granted pursuant to any application authorized hereinabove or in any prior resolution of the Board.

SECRETARY'S CERTIFICATE

I, CLAIRE TAURIAINEN, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 22-10 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 17th day of March 2022, at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate hereto this __ day of __________ 20__.

____

CLAIRE TAURIAINEN
Secretary of the Board of Directors of the
California Housing Finance Agency

State of California

M E M O R A N D U M

To: Board of Directors **Date:** February 25, 2022

Erwin Tam, Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: AGENCY BONDS, INTEREST RATE SWAPS AND FINANCING RISK FACTORS REPORT

EXECUTIVE SUMMARY:

Since our last report, CalHFA's bonds outstanding have decreased by $90 million from $223 million to $133 million, all of which are fixed rate. Additionally, the Agency's swap notional amount outstanding increased by $36 million, from $422 to $458 million.

1. We currently have $360mn long-term swap notional currently held in our two primary indentures, HMRB and MHRBIII. This is due to our successful strategy of aggressively de-leveraging the balance sheet by redeeming variable rate bonds.

2. Our collateral posting risk has been contained to around the $20 million range–at its height, it was $132 million.

3. We are continuing our general strategy of winding down our long-term swap portfolio as quickly as we can, while incurring as little cost as possible.

4. We are also entering new short-term swaps to hedge interest rate risk on new forward multifamily commitments not adequately covered by our current swap portfolio. We currently have $98mn in swap notional hedging these commitments.

The following report describes our bond and interest rate swap positions as well as the related risks associated with our financing strategies. The report is divided into sections as follows:

1) Outstanding Bonds
2) Interest Rate Swaps
3) Financing Risk Factors
    a) Termination Risk/Guarantor Risk
    b) Collateral Posting Risk

This report is organized programmatically by indenture as follows: HMRB (Home Mortgage Revenue Bonds–CalHFA's single family indenture), MHRB (Multifamily Housing Revenue Bonds III–CalHFA's largest multifamily indenture), and Stand Alone (four Multifamily deals funded with limited/special obligation bonds).

1) BONDS OUTSTANDING

Below is the Agency's outstanding debt position. This table does not include any pass-thru or conduit financings which make up an additional $4.28 billion. For the purposes of this report, this conduit/pass-thru amount will not be included in the tables or calculations.

BONDS OUTSTANDING
As of February 1, 2022
($ in millions)

Indenture	Amount Outstanding
HMRB (SF)	80
MHRB (MF)	12
Stand Alone (MF)	42
Total	**134**

2) Interest Rate Swaps

Prior to the redemption of all CalHFA's variable rate bonds, our fixed-payer swaps were intended to establish synthetic fixed rate debt by converting our variable rate payment obligations to fixed rates. The Agency no longer has variable rate bonds outstanding, but we still have obligations to make payments under the remaining swap agreements.

Currently, we have a total of 47 "fixed-payer" swaps with 11 different counterparties and 10 different guarantors for a combined notional amount of $458 million. For fixed-payer swaps, we receive floating rate payments in exchange for a fixed-rate obligation. The Agency makes net payments to the counterparties. In certain cases, the counterparties have guarantors, which would provide payments should the counterparty be unable to fulfill their obligations.

CalHFA's current hedging strategy includes new interest rate swaps to hedge multifamily loan commitments. To date, CalHFA has 3 interest rate swaps under this strategy. The table below provides a summary of our swap notional amounts.

SWAPS
($ in millions)

Source	Current Notional
HMRB (SF)	83
MHRB (MF)	277
MF Loan Commitments	98
Total	**458**

In the current low interest rate environment, CalHFA pays a net amount to each of its counterparties. For example, on February 1, 2022, the Agency made a total of $7.3 million of net payments to our counterparties. Swaps that were entered into after 2003 had swap termination options which allowed CalHFA to terminate all or portions of the swap at par (no cost to terminate). The next table shows the par terminations that the Agency has exercised to date.

	Actual Swap Par Options Exercised ($ in thousands)		Future Swap Par Options ($ in thousands)
2004	12,145	2022	6,050
2005	35,435	2023	18,985
2006	20,845	2024	19,080
2007	28,120		no call options after 2024
2008	18,470		44,115
2009	370,490		
2010	186,465		
2011	288,700		
2012	361,975		
2013	243,855		
2014	162,140		
2015	95,160		
2016	191,215		
2017	122,215		
2018	27,470		
2019	9,810		
2020	990		
2021	48,460		
2022	1,810		
	2,225,770		

3) FINANCING RISK FACTORS

A) TERMINATION/GUARANTOR RISK

Termination risk is the risk that, for some reason, our interest rate swaps must be terminated prior to their scheduled maturity. Our swaps have a market value that is determined based on current interest rates. When current fixed rates are lower than the fixed rate of the swap, our swaps have a negative mark-to-market, and termination would result in a payment from us to our counterparty. Conversely, when current fixed rates are higher than the fixed rate of the swap, our swaps have a positive value to us, and termination would result in a payment from the provider of the swap to us.

It should be noted that, in a termination event, the market determines the amount of the termination payment and who owes it to whom. Depending on the market, it may be that the party who has caused the termination is owed the termination payment.

On a historical basis, the highest negative mark-to-market value of CalHFA's swaps was $380 million in January 2012. Below is the current termination value of our swaps. The table has been updated from last report to include the new swaps hedging our multifamily commitments.

TERMINATION VALUE

Date	Termination Value $ in millions
09/30/2020	(110.3)
12/31/2020	(101.5)
03/31/2021	(83.6)
06/30/2021	(83.5)
09/30/2021	(74.9)
12/31/2021	(70.4)

Additionally, the following table provides information on how much we would owe each counterparty in the event of a swap termination.

SWAP COUNTERPARTIES

Counterparty	Mark-To-Market $ in millions
Bank of America, N.A.**	(22.89)
Goldman Sachs Mitsui Marine Derivative Products, L.P.	(14.46)
Deutsche Bank AG	(9.10)
JPMorgan Chase Bank, N.A.	(6.45)
Merrill Lynch Capital Services**	(4.79)
AIG Financial Products, Corp.	(2.54)
Dexia Credit Local New York Agency	(1.54)
Bank of New York Mellon	(1.42)
BNP Paribas	(1.06)
UBS AG	(0.74)
Citigroup Financial Products, Inc.	(0.05)
Total*	**(65.04)**

* $33Mn of Basis Swaps not included in totals; (recent payments have been positive to the Agency, though they have been comparatively small)

** The guarantor of this counterparty is Merrill Lynch Derivative Products.

Guarantor risk is a type of termination risk where the Agency's swap guarantor defaults or has a significant decline in its credit rating that would cause the termination of the swap. This is in part mitigated by having a diversified group of swap guarantors

The following table shows the diversification of our fixed payer swaps among the 10 firms acting as our swap guarantors.

SWAP GUARANTORS

Swap Guarantor	Credit Ratings Moody	SP	Notional $ in millions	Number of Swaps
Merrill Lynch Derivative Products	Aa3	AA	176.7	25
Bank of New York Mellon	Aa2	AA-	97.5	3
JPMorgan Chase Bank, N.A.	Aa2	A+	52.4	4
Deutsche Bank AG	A2	A-	49.2	6
Goldman Sachs Mitsui Marine Derivative Products, L.P.	Aa2	AA-	37.5	3
AIG Financial Products, Corp.	Baa1-	BBB+	19.2	1
BNP Paribas	Aa3	A+	10.3	1
Dexia Credit Local New York Agency**	Baa3	BBB	8.0	1
UBS AG	Aa3	A+	5.3	1
Citigroup Financial Products, Inc.	A3	BBB+	1.4	2
Total*			**457.6**	**47**

* $33Mn of Basis Swaps not included in totals; (recent payments have been positive to the Agency, though they have been comparatively small)

** 1 Swap counterparty's rating has triggered Additional Termination Event (ATE); Agency has right to terminate the associated swaps; additionally, the rating agencies no longer consider these swaps to be effective hedges see 'Termination Risk' section of report

B) COLLATERAL POSTING RISK

Some swap agreements have collateral posting requirements. Collateral posting requirements are a function of the mark-to-market, ratings, threshold amounts, independent amounts and any collateral already posted. Our swaps are valued weekly, and our collateral position is adjusted weekly based on those valuations. Failure to post the required collateral can result in a termination event. At its peak, CalHFA was required to post $132 million of collateral at the end of January 2012. Between October 1, 2021 and February 1, 2022, the Agency's collateral posting requirements have ranged between $17 million and $22 million.

The table below shows collateral amounts we are currently required to post to swap counterparties.

Swap Collateral Posting

As of 02/23/2022

BoA/Merrill Lynch	2.78
JPMorgan	15.00
Total	**17.78**

State of California

M E M O R A N D U M

To: Board of Directors **Date:** March 1, 2022

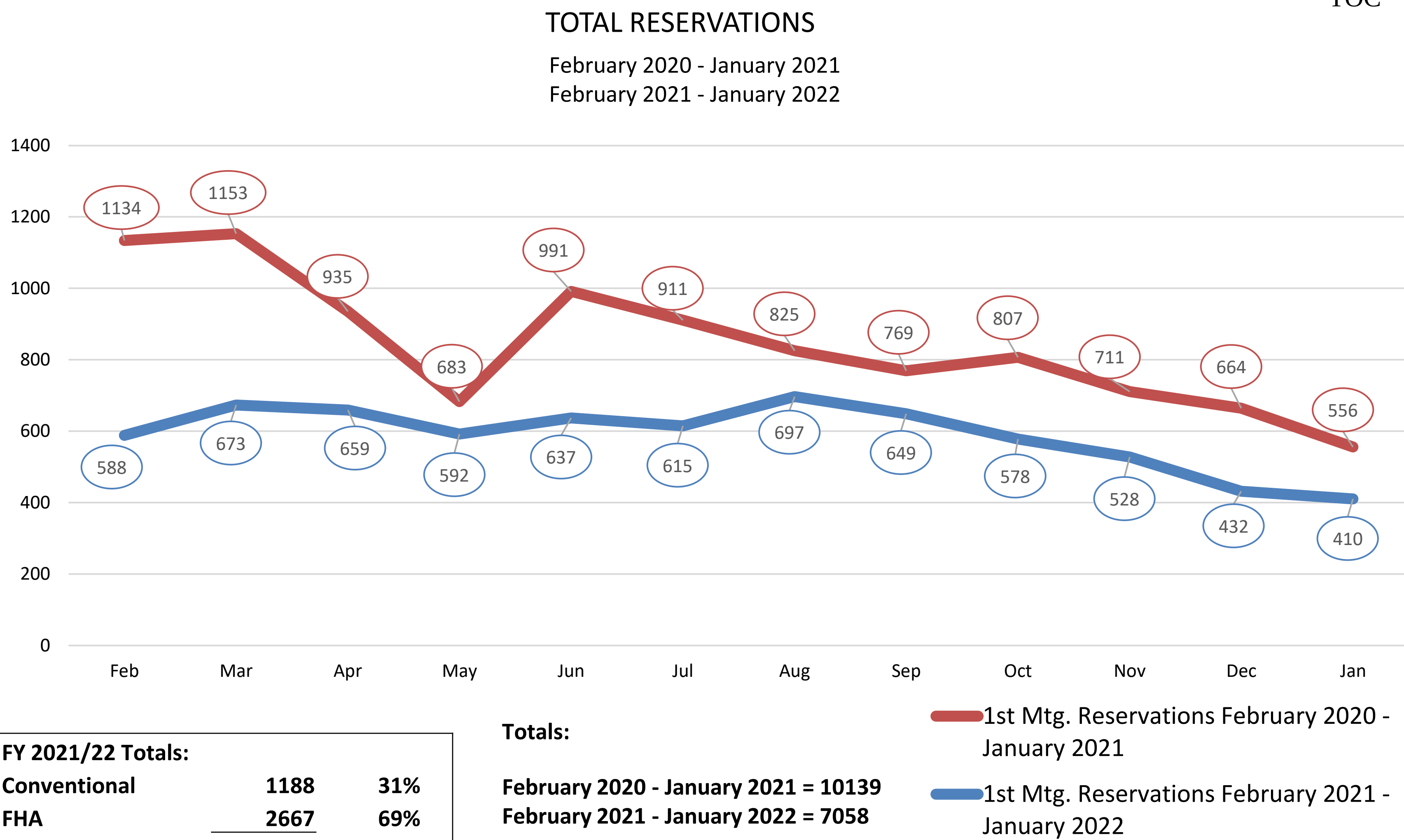
From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: Single Family Loan Production Report (January 2022)

Highlights:

- Reservations Fiscal Year 2021-22: 3800+
- Securitization Fiscal Year 2021-22: 3600+ ($1.3Bn)
- About 1/3 of our production are from 3 counties:
  - San Bernardino
  - Kern
  - Sacramento

Reservations down from last year

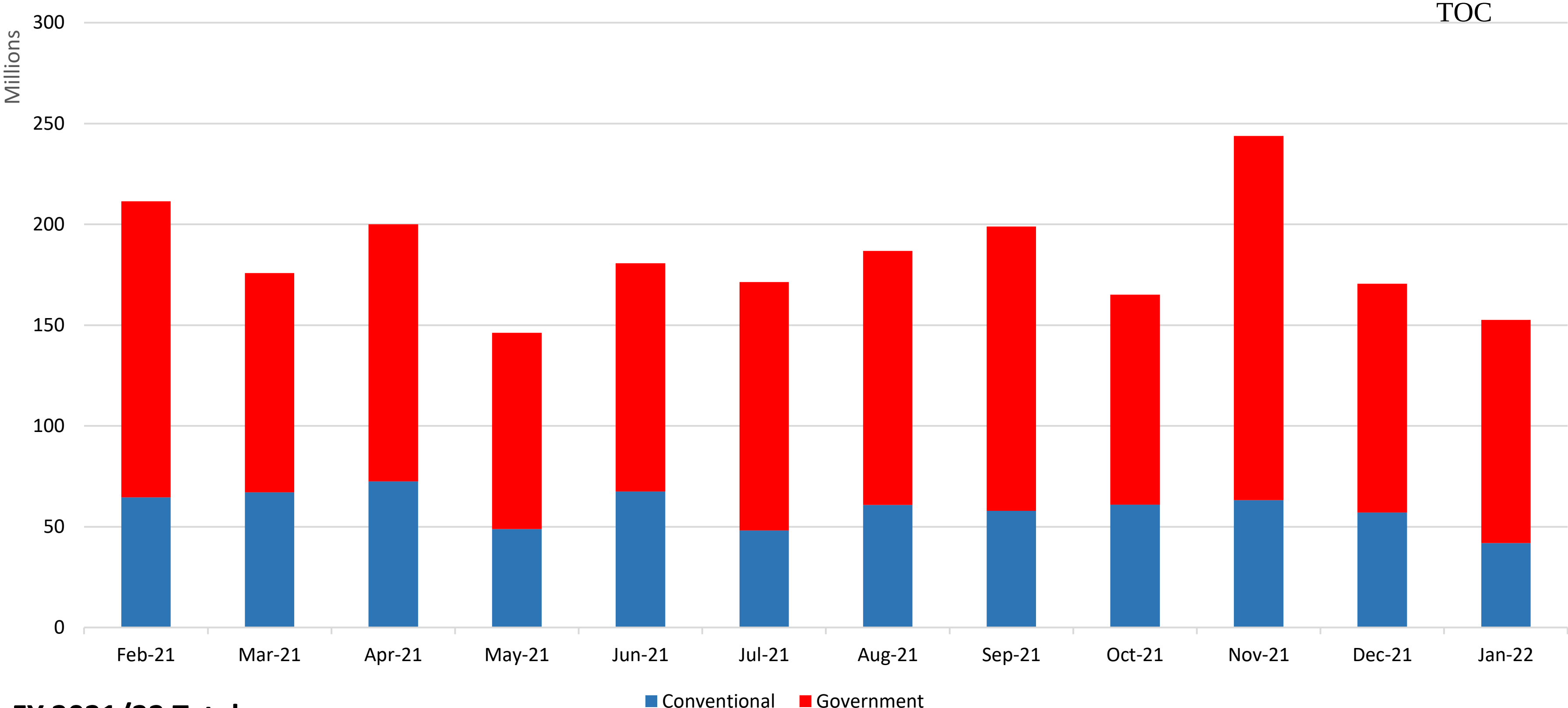


FY 2021/22 Totals:		
Conventional	1188	31%
FHA	2667	69%
	3855	

Totals:

February 2020 - January 2021 = 10139
February 2021 - January 2022 = 7058

February-2021 - January-2022 Securitized

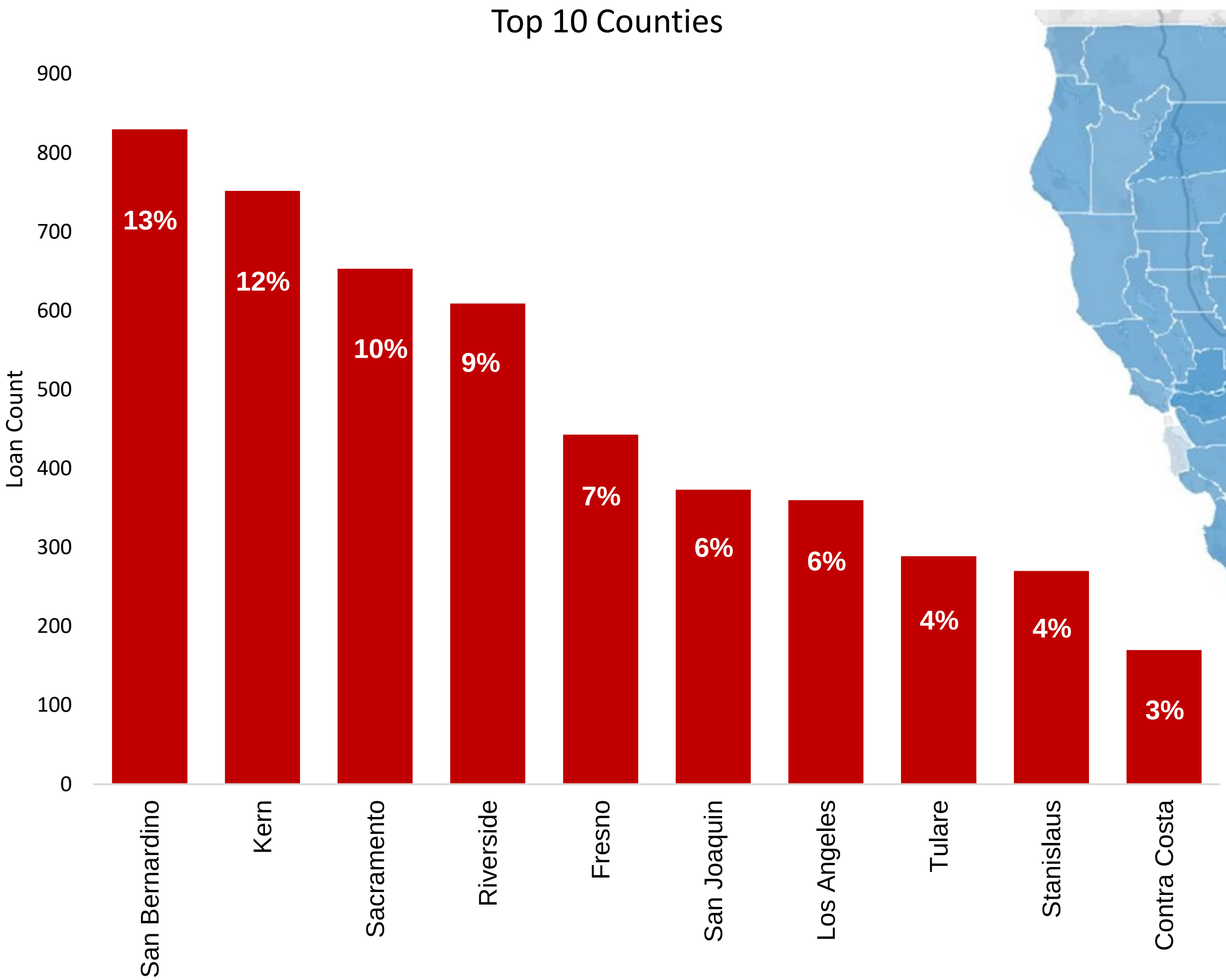


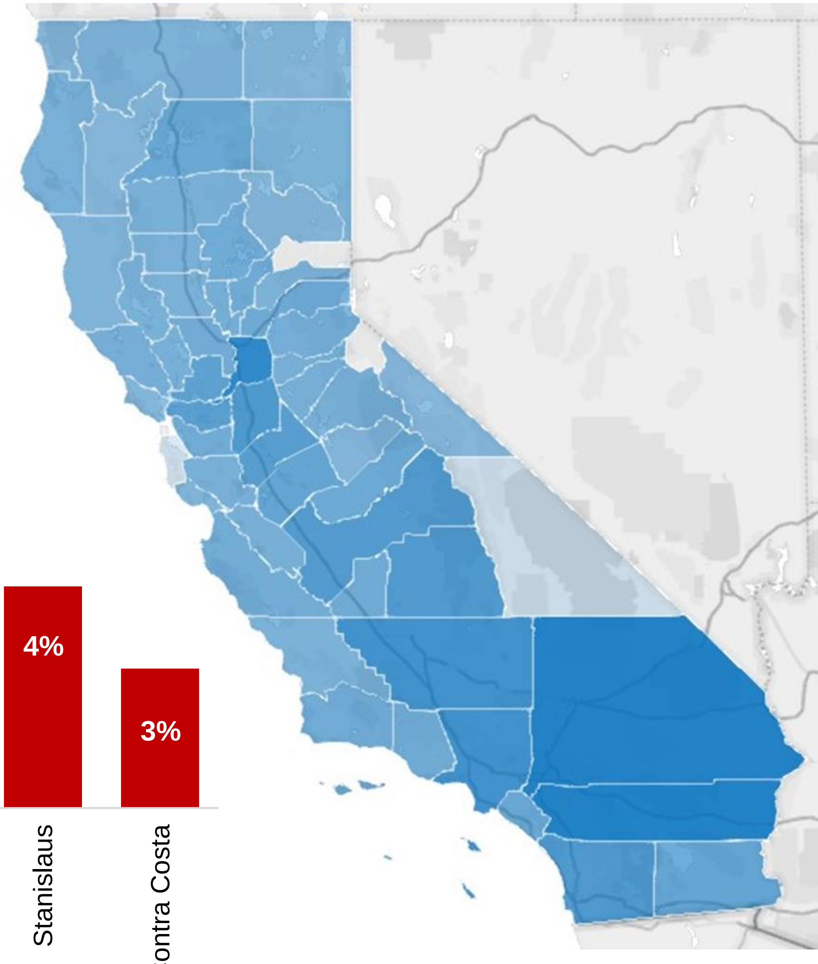
FY 2021/22 Totals

Government (70%)		
FHA with ZIP	2370	834,635,404
FHA no ZIP	176	57,011,201
VA	15	7,945,841
USDA	20	6,320,087
	2581	905,912,533
Total	**3653**	**1,295,578,957**

Conventional (29%)		
Conventional with ZIP	773	298,090,765
Conventional no ZIP	75	28,161,544
LI/VLI Conventional with ZIP	205	57,938,156
LI/VLI Conventional no ZIP	19	5,475,959
	1072	389,666,424

Where are our borrowers?





State of California

M E M O R A N D U M

To: Board of Directors Date: March 17, 2022

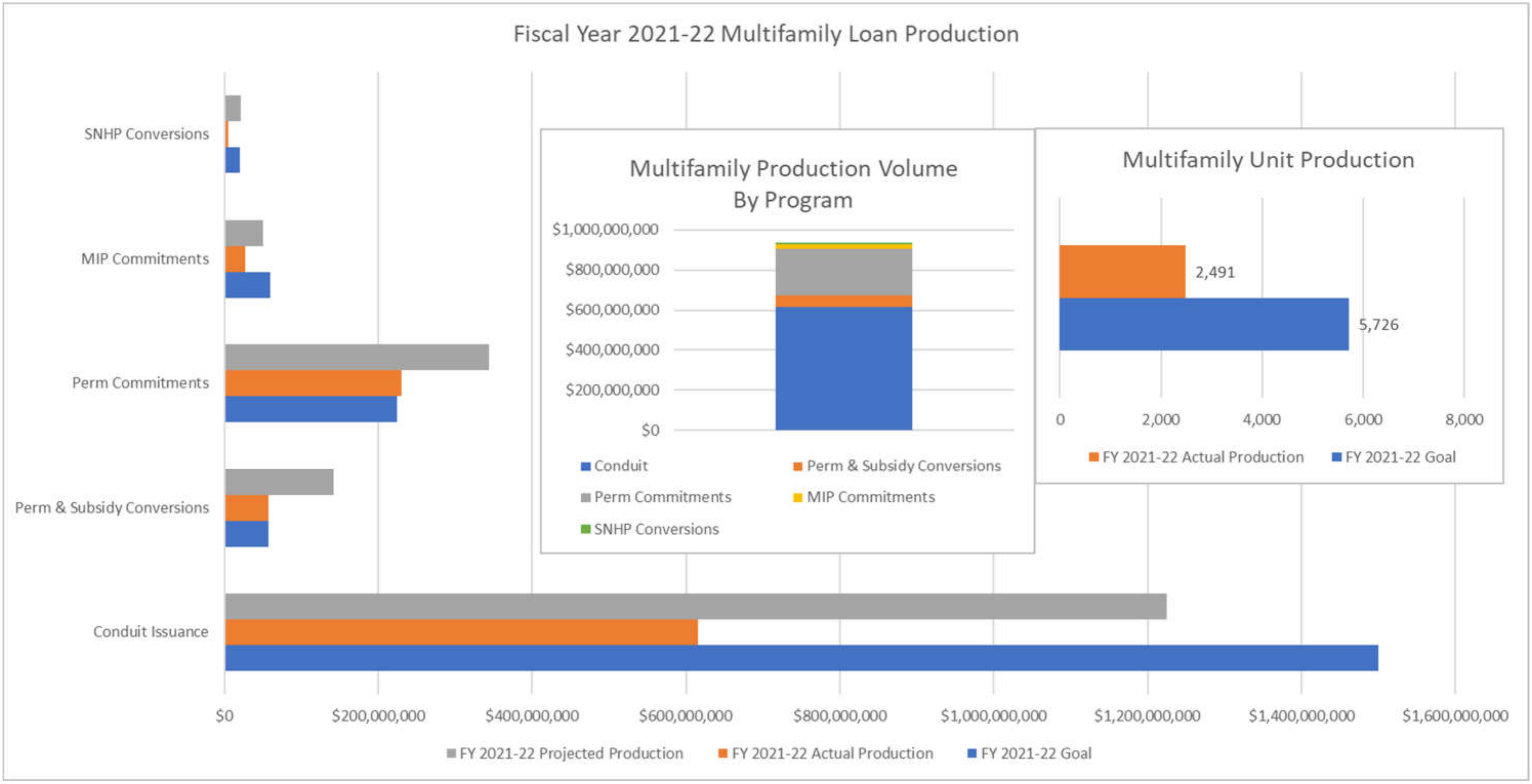
Kate Ferguson, Director of Multifamily

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: UPDATE ON MULTIFAMILY LOAN PRODUCTION

CalHFA offers a variety of loan programs with competitive rates and long-term financing to advance the creation and preservation of affordable housing for people who truly need it. CalHFA's Taxable, Tax-Exempt, and/or CalHFA funded Permanent Loan programs provide competitive long-term financing for affordable multifamily rental housing projects. The CalHFA Mixed-Income Program provides competitive long-term subordinate financing for new construction multifamily housing projects restricting units between 30% and 120% of county Area Median Income. The CalHFA Conduit Issuer Program is designed to facilitate both for-profit and non-profit developers in accessing tax-exempt and taxable bonds for the financing of family and senior affordable and mixed-income housing developments. The goals of the programs are to increase and preserve the supply of affordable rental housing, maintain a quality living environment, leverage private sector funds to the greatest extent possible, and to cooperate with local jurisdictions to advance affordable housing goals.

Multifamily Loan Volume as of February 28, 2022



	Conduit Issuance	Perm & Subsidy Conversions	Perm Commitments	MIP Commitments	SNHP Conversions	Total All Programs
FY 2021-22 Goal	$1,500,000,000	$57,400,000	$225,000,000	$60,000,000	$20,000,000	$1,862,400,000
FY 2021-22 Actual Production	$615,601,131	$57,345,812	$230,483,000	$26,687,000	$4,822,063	$934,939,006
FY 2021-22 Projected Production	$1,225,293,930	$141,628,047	$344,143,000	$49,837,674	$20,819,574	$1,781,722,225
Percent of Goal Complete	41%	100%	102%	44%	24%	50%

FY 2021-22 Conduit Issuance as of February 28, 2022

Multifamily Conduit Transactions										
(Closed)										
	Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**	**Tax Exempt Loan**	**Taxable Loan**	**Recycled Bonds**	**Total**
1	Cedar Village Apartments	Conduit - Reg Only	Chico	Individuals/Families	7/23/2021	116	-	-	$ 20,142,000.00	$ 20,142,000.00
2	Calms at Burgess Point	Conduit - Reg Only	Benecia	Family/Senior	8/24/2021	56	$ 10,585,186.00	-	-	$ 10,585,186.00
3	Shermanair Apartments	Conduit - Reg Only	Los Angeles	Individuals/Families	9/13/2021	82	-	$ 1,940,000.00	$ 26,535,000.00	$ 28,475,000.00
4	Fair Oaks Senior Apartments	Conduit - Reg Only	Fair Oaks	Senior	10/22/2021	109	$ 14,919,817.00	$ 5,543,111.00	$ 2,500,000.00	$ 22,962,928.00
5	Residency at the Mayer Hollywood	Conduit - Reg Only	Los Angeles	Senior	10/22/2021	79	$ 29,500,000.00	$ 12,500,000.00	-	$ 42,000,000.00
6	Redwood Gardens Apartments	Conduit - Reg Only	Berkeley	Senior	11/29/2021	169	-	-	$ 29,500,000.00	$ 29,500,000.00
7	Avenue 34	Conduit - Reg Only	Los Angeles	Individuals/Families	12/1/2021	315	-	-	$ 78,500,000.00	$ 78,500,000.00
8	Lutheran Gardens	Conduit - Reg Only	Los Angeles	Individuals/Families	12/15/2021	76	$ 10,352,000.00	-	-	$ 10,352,000.00
9	Kiku Crossing	Conduit - MIP & Perm	San Mateo	Individuals/Families	12/22/2021	0	$ 85,000,000.00	$ 34,765,000.00	-	$ 119,765,000.00
10	Elm Lane Apartments	Conduit - MIP & Perm	Oakley	Individuals/Families	1/19/2022	0	$ 33,900,000.00	$ 12,750,000.00	-	$ 46,650,000.00
11	Vista Woods	Conduit - MIP & Perm	Pinole	Senior	1/26/2022	0	$ 39,800,000.00	-	-	$ 39,800,000.00
12	College Creek Apartments	Conduit - MIP & Perm	Santa Rosa	Individuals/Families	2/1/2022	0	$ 33,100,000.00	-	-	$ 33,100,000.00
13	Shiloh Terrace	Conduit - MIP & Perm	Windsor	Individuals/Families	2/2/2022	0	$ 42,808,977.00	$ 8,500,000.00	-	$ 51,308,977.00
14	Worthington Del Sol	Conduit - Reg Only	Imperial	Individuals/Families	2/2/2022	48	$ 10,272,768.00	$ 4,250,000.00	$ 1,500,000.00	$ 16,022,768.00
15	Marina Village	Conduit - MIP & Perm	Suisun City	Individuals/Families	2/4/2022	0	$ 35,449,239.00	$ 12,800,000.00	$ 2,500,000.00	$ 50,749,239.00
16	Heritage Park	Conduit - MIP & Perm	Windsor	Individuals/Families	2/28/2022	0	$ 9,512,000.00	$ 6,176,033.00	-	$ 15,688,033.00
						1,050	$ 355,199,987.00	$ 99,224,144.00	$ 161,177,000.00	$ 615,601,131.00

Total Conduit Issuance Closed: $615,601,131

Upcoming FY 2021-22 Conduit Issuance:

Multifamily Conduit (Projected Closings) - FY 21-22										
Q3 - 01/01/2022 - 03/31/2022										
	Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**	**Tax Exempt Loan**	**Taxable Loan**	**Recycled Bonds**	**Total**
	Avenue 34	Conduit - Reg Only	Los Angeles	Individuals/Families	3/15/2022	0	-	$ 47,000,000.00	-	$ 47,000,000.00
	Residency at the Entrepreneur	Conduit - Reg Only	Los Angeles	Senior	3/24/2022	200	$ 45,000,000.00	$ 20,577,371.00	$ 7,200,000.00	$ 72,777,371.00
						200	$ 45,000,000.00	$ 67,577,371.00	$ 7,200,000.00	$ 119,777,371.00

Multifamily Conduit (Projected Closings) - FY 21-22									
Q4 - 04/01/2022 - 06/30/2022									
	Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**	**Tax Exempt Loan**	**Taxable Loan**	**Recycled Bonds**	**Total**
	Monroe Street Apartments	Conduit - MIP & Perm	Santa Clara	Individuals/Families	4/1/2022	0	$ 22,000,000.00	$ 7,609,035.00	-	$ 29,609,035.00
	Terracina at the Dunes Site 1	Conduit - MIP & Perm	Marina	Individuals/Families	4/14/2022	0	$ 34,000,000.00	-	-	$ 34,000,000.00
	Kelsey Ayer Station	Conduit - MIP & Perm	San Jose	Individuals/Families	4/29/2022	0	$ 33,500,000.00	-	-	$ 33,500,000.00
	The Ivy	Conduit - Reg Only	Escondido	Individuals/Families	5/2/2022	126	$ 19,355,263.00	$ 9,618,941.00	$ 5,054,908.00	$ 34,029,112.00
	West Carson	Conduit - Reg Only	Torrance	Individuals/Families	5/2/2022	230	$ 57,850,000.00	$ 21,000,000.00	$ 10,800,000.00	$ 89,650,000.00
	Anton Power Inn Apartments	Conduit - Reg Only	Sacramento	Individuals/Families	5/11/2022	194	$ 29,049,499.00	-	$ 5,000,000.00	$ 34,049,499.00
	Building 209	Conduit - Reg Only	Los Angeles	Individuals/Families	5/11/2022	55	$ 10,000,000.00	-	-	$ 10,000,000.00
	Kimball Highland	Conduit - MIP & Perm	National City	Individuals/Families	6/1/2022	0	$ 41,452,000.00	$ 20,552,725.00	-	$ 62,004,725.00
	Aloe Palm Canyon Apartments	Conduit - Reg Only	Palm Springs	Senior	6/2/2022	72	$ 19,700,000.00	-	-	$ 19,700,000.00
	Alamo Street Apartments	Conduit - MIP & Perm	Simi Valley	Individuals/Families	6/3/2022	0	$ 74,000,000.00	$ 32,590,934.00	$ 8,000,000.00	$ 114,590,934.00
	Sendero Family Apartments	Conduit - Reg Only	San Diego	Individuals/Families	6/29/2022	100	$ 16,277,989.00	$ 8,340,439.00	$ 4,163,695.00	$ 28,782,123.00
						777	$ 357,184,751.00	$ 99,712,074.00	$ 33,018,603.00	$ 489,915,428.00

Note: Projects with ‘0’ as the unit count had their units included with another CalHFA program’s unit total.

FY 2021-22 Permanent & Subsidy Loan Conversions as of February 28, 2022

Multifamily Permanent & Subsidy Transactions									
(Closed)									
	Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**	**Permanent Loan Amount**	**Subsidy Loan Amount**	**Total**
1	Summer Park Apartments	Conduit - PTO	Fresno	Family	8/11/2021	248	$ 3,026,000.00	$ 5,000,000.00	$ 8,026,000.00
2	Market Center Apartments	Conduit - PTO	Redding	Individuals/Family	8/16/2021	82	$ 3,133,691.00	$ 1,620,000.00	$ 4,753,691.00
3	Creekside Apartments	Conduit - Perm	Davis	Family	8/26/2021	90	$ 2,730,000.00	$ 2,840,000.00	$ 5,570,000.00
4	Stone Pine Meadow	Conduit - Perm	Tracy	Family	8/27/2021	72	$ 3,306,000.00	$ 2,390,000.00	$ 5,696,000.00
5	Flower Park Plaza	Perm-Refi	Santa Ana	Senior	10/18/2021	**199**	$ 28,281,000.00	-	$ 28,281,000.00
6	Metamorphosis on Foothill	Conduit - Perm	Los Angeles	Family	10/27/2021	48	$ 2,925,000.00	-	$ 2,925,000.00
7	Woodlake Terrace	Conduit - Perm	Woodlake	Family	11/19/2021	31	$ 1,600,000.00	$ 494,121.00	$ 2,094,121.00
						770	$ 45,001,691.00	$ 12,344,121.00	$ 57,345,812.00

Note: Units associated with Permanent & Subsidy Conversion projects that appear in **Bold** text are counted in FY 2021-22 production (e.g., Flower Park Plaza units). Otherwise, the units for the Permanent & Subsidy loan conversions were counted in previous fiscal years.

Total Permanent & Subsidy Loan Conversions Closed: $57,345,812

Upcoming FY 2021-22 Permanent & Subsidy Loan Conversions:

Multifamily Permanent & Subsidy (Projected Closings) - FY 21-22									
Q3 - 01/01/2022 - 03/31/2022									
	Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**	**Permanent Loan Amount**	**Subsidy Loan Amount**	**Total**
	Winter Creek Village	Perm-Refi	Windsor	Individuals/Families	3/14/2022	**41**	$ 1,547,000.00	-	$ 1,547,000.00
	Timothy Commons	Perm-Refi	Santa Rosa	Individuals/Families	3/14/2022	**32**	$ 1,176,000.00	-	$ 1,176,000.00
	Carrillo Place	Perm-Refi	Santa Rosa	Individuals/Families	3/14/2022	**68**	$ 4,141,000.00	-	$ 4,141,000.00
						141	$ 6,864,000.00	$ -	$ 6,864,000.00

Multifamily Permanent & Subsidy (Projected Closings) - FY 21-22									
Q4 - 04/01/2022 - 06/30/2022									
	Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**	**Permanent Loan Amount**	**Subsidy Loan Amount**	**Total**
	Blackstone McKinley TOD	Conduit - Perm	Fresno	Individuals/Families	4/15/2022	88	$ 3,305,000.00	$ 1,760,000.00	$ 5,065,000.00
	Leigh Avenue Senior	Conduit - Perm	San Jose	Senior	4/29/2022	64	$ 8,967,000.00	-	$ 8,967,000.00
	Bernal Dwellings	Conduit - Perm	San Francisco	Individuals/Families	6/1/2022	160	$ 24,300,906.00	$ 3,500,000.00	$ 27,800,906.00
	Frishman Hollow II	Conduit - MIP & Perm	Truckee	Individuals/Families	6/1/2022	68	$ 6,610,000.00	-	$ 6,610,000.00
	Hayes Valley South	Conduit - Perm	San Francisco	Individuals/Families	6/25/2022	110	$ 25,475,329.00	$ 3,500,000.00	$ 28,975,329.00
						490	$ 68,658,235.00	$ 8,760,000.00	$ 77,418,235.00

FY 2021-22 Permanent & Subsidy Loan Commitments as of February 28, 2022

Multifamily Permanent & Subsidy Transactions									
(Closed)									
	Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**	**Permanent Loan Amount**	**Subsidy Loan Amount**	**Total**
1	Kiku Crossing	Conduit - MIP & Perm	San Mateo	Individuals/Family	12/22/2021	0	$ 72,048,000.00	-	$ 72,048,000.00
2	Elm Lane Apartments	Conduit - MIP & Perm	Oakley	Individuals/Family	1/19/2022	0	$ 35,350,000.00	-	$ 35,350,000.00
3	Vista Woods	Conduit - MIP & Perm	Pinole	Senior	1/26/2022	0	$ 35,240,000.00	-	$ 35,240,000.00
4	College Creek Apartments	Conduit - MIP & Perm	Santa Rosa	Individuals/Family	2/1/2022	0	$ 27,390,000.00	-	$ 27,390,000.00
5	Shiloh Terrace	Conduit - MIP & Perm	Windsor	Individuals/Family	2/2/2022	0	$ 27,080,000.00	-	$ 27,080,000.00
6	Marina Village	Conduit - MIP & Perm	Suisun City	Individuals/Family	2/4/2022	0	$ 24,125,000.00	-	$ 24,125,000.00
7	Heritage Park	Conduit - MIP & Perm	Windsor	Individuals/Family	2/28/2022	0	$ 9,250,000.00	-	$ 9,250,000.00
						0	$ 230,483,000.00	$ -	$ 230,483,000.00

Total Permanent & Subsidy Loan Commitments Closed: $230,483,000

Upcoming FY 2021-22 Permanent & Subsidy Loan Commitments:

Multifamily Permanent & Subsidy (Commitments) - FY 21-22									
Q3 - 01/01/2022 - 03/31/2022									
	Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**	**Permanent Loan Amount**	**Subsidy Loan Amount**	**Total**
						0	$ -	$ -	$ -
Multifamily Permanent & Subsidy (Commitments) - FY 21-22									
Q4 - 04/01/2022 - 06/30/2022									
	Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**	**Permanent Loan Amount**	**Subsidy Loan Amount**	**Total**
	Monroe Street Apartments	Conduit - MIP & Perm	Santa Clara	Individuals/Family	4/1/2022	0	$ 11,580,000.00	-	$ 11,580,000.00
	Terracina at the Dunes Site 1	Conduit - MIP & Perm	Marina	Individuals/Family	4/14/2022	0	$ 18,000,000.00	-	$ 18,000,000.00
	Kelsey Ayer Station	Conduit - MIP & Perm	San Jose	Individuals/Family	4/29/2022	0	$ 13,300,000.00	-	$ 13,300,000.00
	Kimball Highland	Conduit - MIP & Perm	National City	Individuals/Families	6/1/2022	0	$ 22,780,000.00	-	$ 22,780,000.00
	Alamo Street Apartments	Conduit - MIP & Perm	Simi Valley	Individuals/Families	6/3/2022	0	$ 48,000,000.00	-	$ 48,000,000.00
						0	$ 113,660,000.00	$ -	$ 113,660,000.00

Note: Projects with ‘0’ as the unit count had their units included with another CalHFA program’s unit total.

FY 2021-22 Mixed Income Program Loan Commitments as of February 28, 2022

Multifamily Mixed Income Program Transactions								
(Closed)								
	Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**		**MIP Loan**
1	Kiku Crossing	Conduit - MIP & Perm	San Mateo	Individuals/Families	12/22/2021	225	$	2,000,000.00
2	Elm Lane Apartments	Conduit - MIP & Perm	Oakley	Individuals/Families	1/19/2022	170	$	6,000,000.00
3	Vista Woods	Conduit - MIP & Perm	Pinole	Senior	1/18/2022	178	$	6,212,000.00
4	College Creek Apartments	Conduit - MIP & Perm	Santa Rosa	Individuals/Families	2/1/2022	164	$	4,000,000.00
5	Shiloh Terrace	Conduit - MIP & Perm	Windsor	Individuals/Families	2/2/2022	134	$	3,900,000.00
6	Marina Village	Conduit - MIP & Perm	Suisun City	Individuals/Families	2/4/2022	160	$	3,175,000.00
7	Heritage Park	Conduit - MIP & Perm	Windsor	Individuals/Families	2/28/2022	33	$	1,400,000.00
						1,064	$	26,687,000.00

Total Mixed Income Loan Commitments Closed: $26,687,000

Please visit https://www.calhfa.ca.gov/multifamily/mixedincome/approved/index.htm to see the complete list of approved MIP projects.

Upcoming FY 2021-22 Mixed Income Program Loan Commitments:

Mixed Income Program (Commitments) - FY 21-22:								
Q3 - 01/01/2022 - 03/31/2022								
	Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**		**MIP Loan**
						0	$	-
Mixed Income Program (Commitments) - FY 21-22:								
Q4 - 04/01/2022 - 06/30/2022								
	Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**		**MIP Loan**
	Monroe Street Apartments	Conduit - MIP & Perm	Santa Clara	Individuals/Families	4/1/2022	65	$	2,655,674.00
	Terracina at the Dunes Site 1	Conduit - MIP & Perm	Marina	Individuals/Families	4/14/2022	142	$	2,800,000.00
	Kelsey Ayer Station	Conduit - MIP & Perm	San Jose	Individuals/Families	4/29/2022	115	$	4,600,000.00
	Kimball Highland	Conduit - MIP & Perm	National City	Individuals/Families	6/1/2022	145	$	6,095,000.00
	Alamo Street Apartments	Conduit - MIP & Perm	Simi Valley	Individuals/Families	6/3/2022	271	$	7,000,000.00
						738	$	23,150,674.00

FY 2021-22 Special Needs Housing Program Loan Conversions as of February 28, 2022

Multifamily Special Needs Housing Program Transactions							
(Closed)							
	Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**	**SNHP Loan**
1	Santa Ana Arts Collective	SNHP/MHSA	Santa Ana	Family	8/19/2021	58	$ 2,362,215.00
2	Lorena Plaza	SNHP/MHSA	Los Angeles	Family	11/30/2021	49	$ 1,200,000.00
3	Mountain View	SNHP/MHSA	Lake Forest	Individuals/Family	12/16/2021	71	$ 1,259,848.00
						178	$ 4,822,063.00

Total Special Needs Housing Program Loan Conversions Closed: $4,822,063

Upcoming FY 2021-22 Special Needs Housing Program Loan Conversions:

Multifamily Special Needs Housing Program (Projected Closings) FY 21-22							
Q3 - 01/01/2022 - 03/31/2022							
	Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**	**SNHP Loan**
	Desert Haven	SNHP/MHSA	Victorville	Individuals/Family	3/18/2022	32	$ 2,173,669.00
						32	$ 2,173,669.00
Multifamily Special Needs Housing Program (Projected Closings) FY 21-22							
Q4 - 04/01/2022 - 06/30/2022							
	Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**	**SNHP Loan**
	FLOR 401 Lofts	SNHP/MHSA	Los Angeles	Family	5/15/2022	98	$ 500,000.00
	Santa Angelina Senior Community	SNHP/MHSA	Placentia	Senior	5/16/2022	65	$ 2,519,696.00
	Post 310	SNHP/MHSA	San Diego	Individuals/Families	5/31/2022	43	$ 1,500,000.00
	McCadden Plaza Youth Housing	SNHP/MHSA	Los Angeles	TAY	6/1/2022	26	$ 560,000.00
	Villa St. Joseph	SNHP/MHSA	Orange	Senior	6/30/2022	50	$ 3,696,893.00
	Huntington Square	SNHP/MHSA	Huntington Park	TAY/Fam	6/30/2022	54	$ 2,000,000.00
	FX Residence	SNHP/MHSA	Santa Ana	Individuals/Families	6/30/2022	17	$ 2,047,253.00
	McCadden Campus Senior Housing	SNHP/MHSA	Los Angeles	Senior	6/30/2022	98	$ 1,000,000.00
						451	$ 13,823,842.00

State of California

M E M O R A N D U M

To: Board of Directors Date: March 17, 2022

From: Kate Ferguson, Director of Multifamily Programs
CALIFORNIA HOUSING FINANCE AGENCY

Subject: ASSET MANAGEMENT QUARTERLY PORTFOLIO REPORT

The CalHFA Asset Management Portfolio is comprised of 821 projects with a balance of $1.244 billion in financing as of September 30, 2021. The CalHFA portfolio consists of 16,948 affordable home units throughout the State of California.

The portfolio is broken down by type of program as follows:

10	Section 8 Housing Program
98	Risk Share
324	80/20 Projects - CalHFA Financed Program
194	Mental Health Services Act/Special Needs Housing Program
44	Conduit
37	Section 811 Housing
115	School Facility Fee Reimbursement Program
821	Total

To be transferred to Asset Management

31 projects are set to be transferred to Asset Management based on $518,385,530 lending volume.

The portfolio has a low delinquency rate of 0.16% which includes two projects. There are three projects on the Watch List for various issues such as untimely submission of annual reports, lack of compliance with the regulatory agreement, or pending completion of physical improvements recommended at time of inspection.

Preservation Strategy

There are 45 Loans scheduled to mature within the next five years. The Multifamily Program has initiated a preservation strategy of the existing portfolio in an effort to extend affordability of the CalHFA financed projects.

The goals of the Multifamily Asset Management Program are to increase and preserve the supply of affordable housing, assure the maintenance of a quality living environment, assure the projects are financially sound and sustainable, and to cooperate with local jurisdictions to advance affordable housing throughout the State.

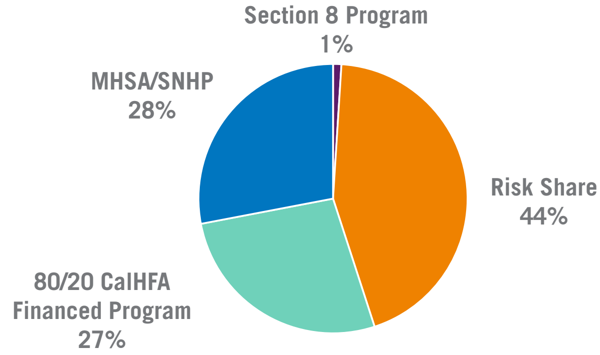
ASSET MANAGEMENT QUARTERLY PORTFOLIO REPORT

As of December 31, 2021

PROGRAMS

Type	# Projects	UPB	%
Section 8 Program	10	$4,813,726	0.4%
Risk Share	98	$546,579,515	44.0%
80/20 CalHFA Financed Program	324	$337,747,834	27.2%
MHSA/SNHP	194	$354,358,010	28.5%
Conduit	44	-	0%
Section 811	37	-	0%
School Facility Fee Reimbursement Program	115	-	0%
TOTAL*	**821**	**$1,243,499,085**	

UNPAID PRINCIPAL BALANCE (UPB) BY PROJECT TYPE



* The unpaid principal balance is based on 463 existing projects with loan balances. The portfolio continues to maintain projects without loan balances for purposes of affordability requirements and compliance. 359 projects are being reviewed and maintained for compliance purposes only.

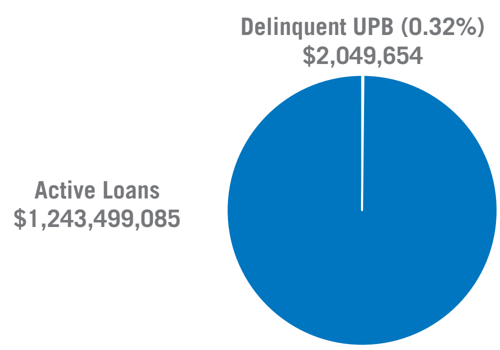
PRESERVATION RISK INDICATORS

Type	# Projects	UPB	%
Regulatory Agreement Expires <= 5 yrs.	59	$51,323,045	4.13%
Loans Mature <= 5 yrs.	43	$28,292,963	2.28%
Yield Maintenance Requests (last quarter)	10	$13,845,756	1.11%

FINANCIAL RISK INDICATORS

Type	# Projects	UPB	%
Projects w/ DSCR < 1.0	11	$24,024,217	1.93%
Watch List	3	$4,175,781	0.34%
Delinquencies	2	$2,049,654	0.16%

DELINQUENCIES

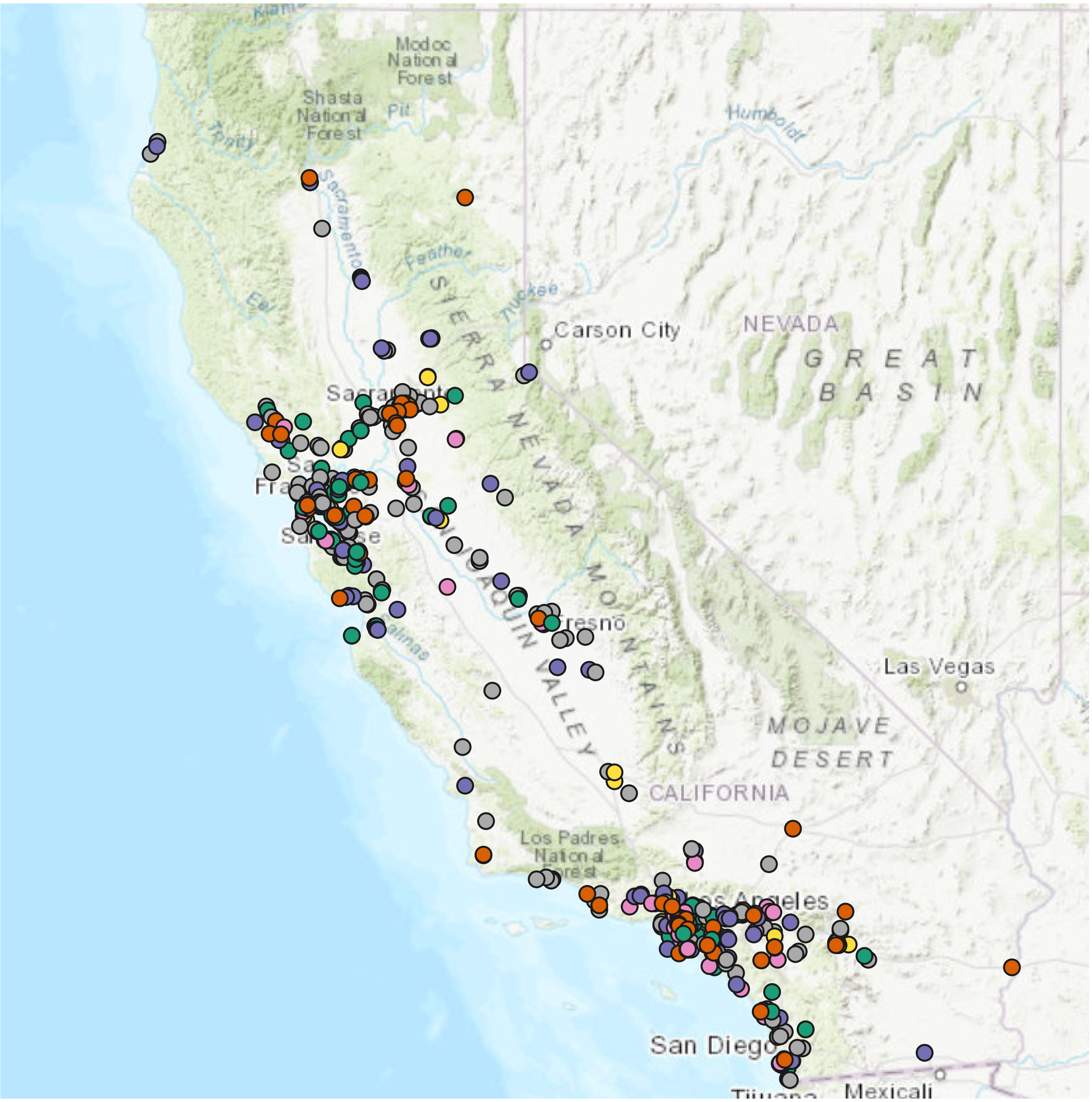


Cal HFA
California Housing Finance Agency

ASSET MANAGEMENT QUARTERLY PORTFOLIO REPORT

As of December 31, 2021

MAP OF CALHFA MULTIFAMILY PROJECTS IN CALIFORNIA



State of California

M E M O R A N D U M

To: Board of Directors Date: March 17, 2022

From: Rebecca Franklin, Director of Enterprise Risk Management & Compliance
CALIFORNIA HOUSING FINANCE AGENCY

Subject: 2021 State Leadership Accountability Act (SLAA) Report

In accordance with the State Leadership Accountability Act (SLAA), CalHFA conducted an agency-wide risk assessment to identify the organization's top risks and assess the adequacy of the Agency's internal control and monitoring practices. Subsequently, a report was created to outline the activities completed and the assessment findings. The Audit Committee briefed the report's contents on October 21, 2021. The report was submitted to the Department of Finance by the December 31 deadline.

The 2021 report focuses on the overview of CalHFA's control environment, assessing the internal controls' effectiveness, and identifying the top enterprise risks. The three top risks identified are:

1) Training, Knowledge, Competence
2) Technology – Data Security
3) Economic Oversight

The full report is attached. The report is also available for viewing by the public on the CalHFA website.

State Leadership Accountability Act

CALIFORNIA HOUSING FINANCE AGENCY

December 2021

CONTENTS

GOVERNANCE

MONITORING

GOVERNANCE

MISSION AND STRATEGIC PLAN

Mission

To create and finance progressive housing solutions so more Californians have a place to call home.

Vision

Creating new affordable California housing.

CalHFA was established in 1975 by Governor Edmund G. Brown Jr.'s signature of the Zenovich-Moscone-Chacon Housing and Home Finance Act with the purpose of working with the private sector to provide more affordable housing for California. CalHFA provides access to mortgages for low- and moderate-income homebuyers and financing to developers of affordable rental units. The Agency sets loan interest rates slightly above its cost of funds and charges fees for specific services to cover its lending costs and risks.

CalHFA presents the Strategic Business Plan to the CalHFA Board of Directors annually. The Strategic Business Plan for the fiscal year 2021-22 included three goals and seven key strategies to achieve those goals.

SERVE PEOPLE

Promote state-wide affordable housing production and opportunities for homeownership while maintaining financial independence and flexibility in the marketplace.

- Promote inclusive and sustainable homeownership opportunities by expanding product offerings while serving a broad range of income and housing types
- Expand multifamily inclusive communities lending opportunities and unit production while addressing preservation needs
- Strengthen Agency financial position by effectively managing liquidity while maximizing return on equity and investment

REFINE OPERATIONS

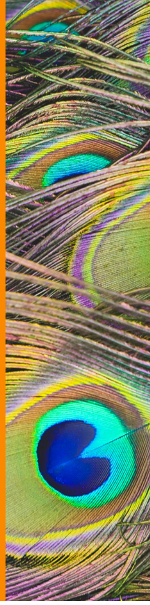
Continue to improve operational efficiencies through the use of technology, workforce planning and the implementation of best practices.

- Promote operational efficiencies and improve agency management reporting
- Continuously monitor and employ long-term strategies to mitigate enterprise risk and improve agency management reporting

BUILD PARTNERSHIP

Collaborate with other housing entities, lenders (both public and private), and stakeholders who complement CalHFA's lending objectives and policy priorities to deliver effective, inclusive, and innovative housing solutions.

- Establish partnerships to increase opportunities for affordable housing production and preservation
- Affirmatively Furthering Fair Housing



CORE VALUES

- Ethics and Honesty
- Financial Stability and Responsibility
- Accountability: Individual and Organizational
- Efficiency and Responsiveness
- Teamwork, Camaraderie and Community

CONTROL ENVIRONMENT

CalHFA has established and continues to ensure adherence to its core values, ethics, codes of conduct and demonstration of integrity. The Agency strives to build a trusting, respectful and positive workplace culture by promoting transparent communication and reporting ethical concerns.

CALHFA IS FOUNDED ON THESE CORE VALUES:

- Ethics and Honesty
- Financial Stability and Responsibility
- Accountability: Individual and Organizational
- Efficiency and Responsiveness
- Teamwork, Camaraderie and Community

CalHFA continues to establish, maintain, monitor, and document organizational controls that adhere to State and Federal rules and regulations as well as its own core values and ethics. The Agency prevents fraud by increasing information security, productivity, and efficiency to achieve the mission, vision, and strategic goals.

BOARD OVERSIGHT

CalHFA is governed by a Board of Directors consisting of 13 voting members and three non-voting members, including a chairperson selected by the Governor from among his or her appointees. Of the 13 voting members, seven are appointed by the Governor, four are ex-officio and the California State Legislature appoints two. The term of the appointed members of the Board is six years. The CalHFA Board of Directors oversees an Executive Director, who is an appointee of the Governor and directs the staff and operational decisions of the Agency. The CalHFA Board of Directors meets at least every other month and provides general oversight on all compliance control activities, risk assessments and information security compliance, and monitors the performance of the Executive Director in the execution of the strategic business plan. Additionally, the board members are responsible for approving some multifamily projects when the recommended financing package exceeds the signing authority of the Executive Director, reviewing the Comprehensive Annual Financial Statements, authorizing annual bond financing authority and approving the strategic business plan and operating budget.

Additionally, the Agency has established an ongoing Audit Committee to assist the Board of Directors in fulfilling its oversight responsibilities in the areas of financial reporting and accounting integrity. The Committee meets at least twice per year to conduct meetings with an independent auditor, management and staff that serve as a resource for their understanding of the Agency's financial reporting responsibilities and any significant issues related to financial reporting and accounting policies.

OVERSIGHT

The Executive Director of CalHFA is responsible for the operations of the Agency, including the establishment of the mission and vision of the organization, maintaining a positive image and reputation, protection and appropriate use of assets held by CalHFA, and management support.

CalHFA's Division Directors are responsible for establishing and monitoring the internal controls in their respective areas. Internal controls include protecting assets, ensuring that records are accurate, promoting operational efficiency to achieve the organizational mission and goals, and ensuring compliance with policies, rules, regulations, and laws. The Division Directors and staff develop detailed policies, procedures, and practices pertaining to their individual operations and mission; create a structure of segregating essential duties and responsibilities among the team to reduce error, misuse, or fraud; establish and communicate the management philosophy and operating style; assign authority; and ensure an ongoing process to monitor activities and report deficiencies.

CalHFA contracts with an independent audit firm, currently CliftonLarsonAllen LLP, to assist in preparing the annual audit report. The annual audit process ensures that the Agency's internal controls, processes, guidelines, and policies are adequate, effective, and compliant with governmental requirements and industry standards. This type of audit also provides reporting mechanisms can help prevent errors in financial statements. The Firm also provides periodic board training sessions on any risks that may significantly impact the risk profile of the Agency.

Photo by: vecteezy.com

OPERATIONS

CalHFA is not subject to the State budget appropriation process. However, for sound financial management and oversight purposes, an annual budget is presented to and approved by the Board of Directors. Mid-year budget and mid-year business plan updates are provided to the Board of Directors in March of each year.

CalHFA's preliminary budget is initially reviewed by the Executive Director on or before December 1 of each year for the ensuing fiscal year, then transmitted to the Secretary of the Business, Consumer Services and Housing Agency, the Director of the Department of Finance, and the Joint Legislative Budget Committee. This preliminary budget is included in the Governor's January Budget Proposal for informational purposes. The Agency's final budget is reviewed and approved by the CalHFA Board of Directors in May of each year.

According to Health and Safety Code 51005 – Housing and Home Finance Section, CalHFA shall submit an annual report of its activities under this division for the preceding year to the Governor, the Secretary of the Business, Consumer Services and Housing Agency, the Director of Housing and Community Development, the Treasurer, the Joint Legislative Budget Committee, the Legislative Analyst, and the Legislature, by December 31 of each year. The report shall include specific information evaluating the extent to which the programs administered by the Agency have attained the statutory objectives of the Agency.

The organizational structure of the Agency clearly defines key areas of authority and responsibility and establishes appropriate lines of reporting. The Agency's Administration Division produces monthly organizational charts to provide a clear picture of the functional sub-unit of each division and the relationships between them. The organizational charts are published on the internal website Insider to allow all employees access to view how the Agency is structured. Pursuant to Title 25, California code of regulation sections 10002 and 13302 (c), the Executive Director of the Agency has established Delegation of Authority to sign contracts, debt obligations, or other documents and instruments on her behalf when the Director is unavailable. The Office of General Counsel maintains an updated list of signature delegations.

The Agency's FY 2021-22 Workforce Plan was developed to align with CalHFA's Strategic Business Plan and is intended to help ensure that there are systems in place to recruit, develop, and retain staff to support CalHFA business goals and operational needs. To create this Workforce Plan, CalHFA identified workforce challenges (gaps) and prioritized workforce planning initiatives (goals) to address those gaps over the next three to five years. The Workforce Plan outlines the current state of CalHFA's workforce, identifies workforce challenges and environmental factors affecting business needs, and discusses the plan for mitigating these concerns.

CalHFA's Administration Division recently developed an onboarding process for all new hires, a structured guide to assist managers/supervisors in welcoming, integrating, and acclimating new employees to CalHFA. The process maps out the key onboarding phases to help orient and engage new employees with the CalHFA environment. It was also designed to ensure that managers/supervisors give each new employee a consistent and comprehensive onboarding experience.

inspire™

Performance appraisals, goals, and objectives are a routine annual process throughout the Agency.

Performance appraisals, goals, and objectives are a routine annual process throughout the Agency. To facilitate this annual process, CalHFA recently introduced Inspire, an online software that helps build stronger relationships between leaders and their staff through transparency and accountability. The software blends leadership methods with goal management, continuous performance assessments, and proven engagement tactics. The supervisory and management staff are responsible for meeting with their respective employees and evaluating their work performance. In addition, the meetings are used to communicate an expectation of competence in the relevant knowledge, skills, and abilities required for each position. Management has a responsibility to hold personnel accountable through performance appraisals and disciplinary actions. Moreover, the Administration Division provides oversight and ensures compliance through verifying the qualifications of job candidates and hiring or promoting only those with required knowledge and skills. CalHFA demonstrates its commitment to competence by ensuring that staff receives training and supervision to perform job duties. All employees are required to complete regularly scheduled training on the ethics and anti-fraud policies of the organization. Each Division Director is responsible for planning and preparing for succession by developing contingency plans and cross-training to re-assign duties when employees change positions or leave the Agency.

In the event of a disaster, the Agency's Business Continuity Management Plan provides guidance to managers and employees on how to carry out the critical business processes during and after a disruption. The Business Continuity Plan outlines the Agency's policies, disaster readiness training and awareness for CalHFA staff, and procedures for managing a disaster while ensuring the safety of staff and CalHFA assets. This plan also includes a Business Impact Analysis that identifies what products and services are most critical to the Agency and must be recovered in a disaster. The Business Continuity Management Plan and the Agency's other written policies and procedures are published on the internal website Insider to allow all employees to understand their roles and responsibilities within predefined limits clearly. During the pandemic, the Agency leveraged these established processes and procedures and was able to successfully move to a hybrid telework environment, while maintaining all controls for continued business effectiveness.

INFORMATION AND COMMUNICATION

The Strategic Business Plan outlines the strategies the Agency takes to achieve the mission and vision of CalHFA. Annually, the Agency's Leadership team attends a series of business planning sessions to review the organization's performance against the current year's business plan and uses that discussion to develop the proposed business plan for the upcoming fiscal year. Directly following the business planning sessions, each Division Director is tasked with creating a budget that supports the achievement of the goals and strategic initiative outlined in the Agency's proposed business plan. In March, CalHFA presents a detailed Board Report featuring a mid-year business plan update and a policy workshop that demonstrates the actual Agency activities through mid-year (December 31), shows projections for the remainder of the current fiscal year and provides the CalHFA Board of Directors with information regarding possible initiatives. Each May, the Agency presents the final proposed Strategic Business Plan and Operating Budget to CalHFA's Board of Directors for the upcoming fiscal year.

The Leadership Team consisting of the Division Directors and upper-level managers was created to carry out the vision of CalHFA through a culture of effective communication and collaboration. The main goal of the Leadership Team is to facilitate and enforce that the same standards and values are evident throughout the Agency. The team is responsible for communicating the core values and codes of conduct to the front-line staff, including updates related to current programs' status, implementation of new initiatives, legislative changes, and updates and policy discussions. The Agency's new initiatives and special announcements are also communicated to the Agency's staff by the internal website Insider.

CalHFA communicates externally via multiple platforms, and the majority of the communications are reviewed prior to release. Our public website at www.calhfa.ca.gov, audience-specific email announcements, and various social media services are each leveraged to give CalHFA the broadest reach for getting messages out. We also issue periodic press releases over BizWire and place op-ed pieces to reach traditional news media. Additionally, face-to-face and in-person communications are critical, including a dedicated Single Family Lending outreach team for in-person training seminars. The Single Family and Multifamily staff attends and speak at multiple housing fairs, conferences, expositions, and other events throughout the year.

CalHFA supports the California State Auditor's Office efforts to report the improper activities by state agencies and employees under the California Whistleblower Protection Act. Annually, the Director of Administration communicates to all staff of their responsibility as a government employee to report any fraud, waste, or abuse, – which ultimately protects scarce state resources – and be free from retaliation for doing so.

In order to record pertinent operational, programmatic, and financial information, the Agency supervisory and management staff uses the accounting/financial and programmatic data from its system for decision-making purposes and performance evaluation. Internal reports of agency activities are logged and assessed against the Agency's goals and strategies. If a risk is detected that would negatively affect goals, the Enterprise Risk Management (ERM) group along with the Leadership Team will meet to develop a plan mitigating controls.

Management looks to the information management function for critical operating data and supports efforts to improve the systems as technology advances. The information systems used by the Agency are a combination of in-house built programs and third-party software.

MONITORING

The information in this section discusses the entity-wide, continuous process to ensure that internal control systems are working as intended. As the Executive Director of CalHFA, Tiena Johnson Hall is responsible for establishing and maintaining the internal control monitoring systems. The executive monitoring sponsor responsibilities have been given to Donald Cavier, Chief Deputy Director. The role of the executive monitoring sponsor includes facilitating and verifying that the CalHFA monitoring practices are implemented and functioning.

MONITORING ACTIVITIES

Management plays a crucial role in assuring that a high standard of business, and ethical practices permeates throughout the activities surrounding the custody and use of the Agency's resources. Established internal control policies and procedures guide employees in their stewardship role in achieving Agency's goals and objectives. The Director of each division is responsible for ensuring that internal controls are established, properly documented, maintained and adhered to in each unit within their divisions and monitoring employee compliance with internal controls. Control activities include approvals, authorizations, verifications, reconciliations, reviews of performance, security of assets, segregation of duties, and controls over information systems. Staff are empowered to identify risks and develop mitigation efforts to control the various risks. The ERM group is tasked with independent evaluations of program controls to identify and mitigate risk enterprise-wide. On an annual basis, the ERM group meets with all divisions and program areas to conduct the risk assessment. ERM routinely reviews and monitors the Agency's activities to ensure compliance with policies and identify any possible risks. These discussions assist in establishing ERM’s priorities for the year to focus on the highest and most critical risks in the Agency.

The Agency undertakes activities to raise organizational awareness and foster a culture that enhances communication through its divisions. The Leadership Team meets biweekly to share current activities and these meetings include discussions of previously identified potential risks and the development of plans to mitigate them. Reconciliation of Agency key bank and general ledger accounts is conducted daily, monthly, and quarterly. Operating payments are regularly verified for accuracy and compliance with contract terms or agreements. The Loan Administration Division reviews monthly reports from outside servicers and compares them to internal reports for accuracy. Additionally, the Single Family Lending Division established a Quality Control group that monitors the compliance and accuracy of the Agency's single family loan documentation.

CalHFA's Information Technology Division continuously monitors security measures in technical support, application support, and information security. In 2018, the Information Technology Division completely revised the Information Security Policy Manual, which promotes effective management and oversight of information security programs by formulating and documenting the security level of the Agency’s information system. The manual is used as a foundation for appropriate security measures and controls to provide for the confidentiality, integrity, and availability of information, regardless of its form (electronic, optical, oral, print, or other media). These measures and controls are critical for ensuring business continuity and protection of informational assets against unauthorized access, use, disclosure, disruption, modification, or destruction. In addition to routine risk management activities, the Agency established a disaster response system including business continuity and disaster recovery plan to respond swiftly and appropriately in the event of a disaster and conduct training and drills for readiness.

The independently contracted accounting firm CliftonLarsonAllen, LLP, assists the Fiscal Services Division with fiscal risk management and oversight and provides the certification that the Agency's financial statement is accurate and prepared according to the Generally Accepted Accounting Principles. The Board of Directors oversees the Agency's risk management process, while the executive team determines the risk strategies and oversees the implementation of various loan programs and products, new initiatives, investments, hedging activities, counterparty relationships, and services. During the Board meetings, the Agency's staff presents quarterly reports on production, delinquency, and progress toward attaining strategic milestones.

If any inadequacies are discovered, the Agency takes the appropriate measures to remedy the issues.

RISK ASSESSMENT PROCESS

The following **personnel** was involved in the California Housing Finance Agency risk assessment process: Executive Management, Middle Management, and Frontline Management.

The following **methods** were used to identify risks: Brainstorming Sessions, Ongoing Monitoring Activities, Audit/Review Results, Other/Prior Risk Assessments, External Stakeholders, Questionnaires, Consideration of Potential Fraud.

The following **criteria** were used to rank risks: Likelihood of Occurrence, Potential to Impact Mission/Goals/Objectives, Timing of Potential Event, Tolerance Level for the Type of Risk.

Since its establishment in 2017, the ERM team has continued to play a vital role in managing Agency's risks and identifying the potential vulnerabilities. ERM instills risk awareness throughout the Agency, enhances its transparency, and assists with collection, mitigating, monitoring, and reporting the various enterprise risks. The ERM's goal is to focus management's attention on the organization's most significant risks and improve its ability to meet its mission, goals, and objectives. The Agency strives to align the number of risks it is willing to accept and use a consistent approach to assess risks. Division Directors set internal expectations and requirements through the established standards of conduct, oversight structure, organizational structure, and expectation memos as part of the control environment.

On an annual basis, the ERM group meets with each division to identify new risks, reassess the top risks identified in the prior year, and develop an action plan on how to mitigate these risks. Bi-annually, the senior leaders respond to the enterprise risk survey to identify the current and emerging internal and external risks. The cross-functional groups identify the controls and mitigations across the Agency.

The identified risks are evaluated and ranked on the likelihood that the risk will occur and the impact of the risk if it occurs. Important factors included in the ranking process are operational risk, systematic risk, financial risk, environmental risk, risk to the sustainability of the Agency, and conformity to regulatory compliance requirements.

RISKS AND CONTROLS

RISK: TRAINING, KNOWLEDGE, COMPETENCE

FUNCTIONAL OBJECTIVE

To establish and maintain a knowledgeable and qualified workforce.

RISK STATEMENT

Inability to maintain a knowledgeable and qualified workforce inhibits the Agency's ability to execute all business objectives effectively.

CalHFA is a smaller organization with fewer than 200 employees. Like many departments across the State, CalHFA has identified succession planning as a significant risk to the organization. There is a risk that CalHFA lacks the ability to execute business objectives effectively due to recruitment challenges and potential loss of knowledge due to staff turnover. For continuous improvement and to address the organization's sustainability, CalHFA aims to ensure that we have the right people in the right positions with the proper training to achieve our goals and fulfill our mission.

To mitigate this risk, CalHFA developed strategies for hiring and retaining employees, providing job shadowing, and mentoring, and ensuring that procedure manuals are in place and updated regularly. The CalHFA Workforce Plan and Business Plan support business continuity and processes to identify and supply a qualified and motivated workforce.

CONTROL: RECRUITMENT

CalHFA successfully recruited and filled the Executive Team as well as mid-level management positions. This has stabilized our workforce, resulting in our ability to address issues, strategies, and other business objectives timelier and more efficiently. The hiring of the key leadership positions improves teamwork, productivity, strategy, and building the foundation for organizational success now and into the future.

In the effort to enhance our recruitment strategy to attract a diversified, knowledgeable, and qualified workforce, CalHFA increased our recruitment efforts to include direct outreach and partnership with universities and other industry associations.

CONTROL: ONBOARDING, TRAINING, AND DEVELOPMENT

CalHFA developed a buddy system to onboard new employees. This system has enabled new employees to become acclimated to the organization quicker, build an immediate personal connection, and provides a point of contact for questions.

To maintain and enhance a knowledgeable workforce, CalHFA implements knowledge transfer and job shadowing for all employees. These knowledge transfer efforts also provide an opportunity for staff to cross-train and obtain new knowledge.

Additionally, each division has been tasked with developing and maintaining desk procedures to ensure consistent compliance with laws and regulations while establishing consistent standards and practices throughout the Agency.

Photo by: vecteezy.com

RISK: TECHNOLOGY – DATA SECURITY

FUNCTIONAL OBJECTIVE

To ensure the continual confidentiality and availability of the CalHFA's data assets.

RISK STATEMENT

Failure to protect the confidentiality and availability of the organization's data from an information security breach.

Technology plays a vital role in CalHFA's business operations. It provides necessary tools and functions, helps increase productivity, allows for better decision-making processes, and enables customers to interact with the Agency through various communication technology systems.

With the increasing threat of information security breaches, managing data security risk to protect the confidentiality and availability of the organization's data has become an increasingly important business concern. An information security breach could cause a significant impact on agency reputation, regulatory reporting, and could trigger federal and state sanctions. The Agency's Chief Information Security Officer has worked closely with CalHFA's Executive Director and Leadership team to develop the enterprise architecture for CalHFA to assist in rationalizing, standardizing, and consolidating information technology applications assets, infrastructure data, and procedures for all divisions within CalHFA.

The updated Information Security Policy Manual is used to guide all division managers and staff to comply with information technology policies, which allows the Chief Information Security Officer to fulfill his roles and responsibilities.

CONTROL: OVERSIGHT

The Agency established the Information Security Governance Council, which is comprised of the Chief Deputy Director, General Counsel, Chief Information Officer, Director of Administration, Risk Manager, and Chief Information Security Officer. This Council provides guidance to the information technology management team.

Increased staffing to the Security and Exchange unit ensures that CalHFA has the most qualified team to maintain information security while meeting the critical business functions.

CONTROL: DATA SECURITY AND DATA LOSS

The CalHFA Information Technology Division created a multi-layered framework to mitigate data security and data loss risks. The data security and loss prevention controls encompass the following framework: IT Infrastructure, Personal Computing, Outsourced IT, and IT Governance. IT infrastructure (e.g., servers, networks, internet, Wi-Fi, operating system, and application software). This system is managed against successful attacks by separating and controlling access to various systems and networks with different threat levels and sets clearly defined security roles for users who may operate and interface with CalHFA technology environment. Personal computing ("endpoint" equipment – e.g., desktops, laptops, tablets, mobile devices) is regulated through CalHFA's network by safeguarding information systems and assets at network entry and exit points. Furthermore, CalHFA established 24-hour security monitoring and alerting Agency systems to actively monitor activities and detect data breaches.

CONTROL: DATA BACKUP AND STORAGE

CalHFA's IT team recently implemented new security measures for email, logins, and mobile devices, including a 2-factor authentication, re-enabling of conditional access and mobile device management. Leveraging the use of the cloud for data backup and storage, CalHFA's IT team has been contracting with a reliable cloud hosting provider to minimize the Agency's risk of a security data breach. In terms of data loss risk, CalHFA's cloud host provides CalHFA multiple storage solutions by running real-time mirrors of data to ensure neither the security nor data loss risks are serious. The hosting cloud provider also maintains multiple server farm locations and often has various storage solutions in each location to allow redundant data storage.

CONTROL: MANDATORY SECURITY AWARENESS TRAINING

To enhance information security knowledge and awareness, an annual mandatory security awareness training is required for all staff and ongoing phishing test exercises are conducted for all staff and vendors. These efforts serve to strengthen security awareness and protect information assets.

Photo by: vecteezy.com

RISK: ECONOMIC OVERSIGHT

FUNCTIONAL OBJECTIVE

To ensure CalHFA stays relevant in the market and positively impacts the housing needs of Californians.

RISK STATEMENT

Inability to stay relevant in the market and positively impact addressing the housing needs of Californians.

CalHFA provides low-interest rate home financing to low- and moderate-income homebuyers as well as financing for the acquisition, rehabilitation, and preservation or new construction of affordable rental housing.

In recent years, the housing market has been unpredictable due to the pandemic and challenging economic climate. To continue to be relevant in the market and positively address the housing needs of Californians, CalHFA has been consistently evaluating our practices and looking for new and innovative opportunities to ensure that we continue to maintain and achieve our mission.

CONTROL: EVALUATION AND ADAPTATION OF PRODUCTS OFFERED TO MEET CURRENT MARKET DEMANDS

CalHFA continuously performs internal evaluations of our programs and policies to ensure we are relevant in the current environment. Our goal is to ensure that the Agency and our programs remain helpful in addressing Californians' needs.

CalHFA evaluates our current programs and makes necessary changes to address the current market demands. Recent examples of this include raising and eliminating the Down Payment Assistance Cap on certain products to further assist first-time homebuyers. The Agency also eliminated the 5-acre property limit on specific products and made other enhancements to our homebuyer assistance programs. With these enhancements, these programs will continue to efficiently provide low- and moderate-income Californians the assistance they need to achieve the dream of homeownership.

CONTROL: CREATION OF NEW AND INNOVATIVE PROGRAMS TO LEVERAGE NEW MARKET OPPORTUNITIES

CalHFA is actively looking for new opportunities to be innovative and thoughtful in the housing finance market. The Agency looks at the current real estate environment and its constraints, to determine where the most significant impact could be made for the population we serve. CalHFA has launched a new Bond Recycling Program, which will provide an additional source of financing to address our state's affordable housing crisis. The Accessory Dwelling Unit (ADU) Grant Program will create more housing units in California. CalHFA is also leveraging state funding to serve a broad range of lower income renters with through our Mixed-Income Program.

CONTROL: ESTABLISHING AND MAINTAINING KEY PARTNERSHIPS

CalHFA recognizes that collaboration and strong strategic partnerships are essential to our business success. The Agency regularly communicates and engages with our key partners such as the private lenders, housing advocacy groups, federal, state, and local government partners, nonprofit and for-profit housing developers, and other housing stakeholders to maintain a robust network. These collaborations are beneficial as financial partnerships as well as vehicles for gathering knowledge and insight, which is why it is so important to form new partnerships and enhance existing collaborations.

CONTROL: ENHANCED AND TARGETED MARKET AND OUTREACH OF PROGRAMS AND OFFERINGS

CalHFA recognizes that historical housing discrimination is still having negative effects on the ability of certain communities to achieve the dream of homeownership. CalHFA is prioritizing outreach efforts to those targeted communities in alignment with Fair Housing priorities. The Agency launched the Building Black Wealth Initiative to address the significant gap in homeownership between Black families and other races. The campaign includes elements of education, outreach, and connection to housing resources.

CONCLUSION

The California Housing Finance Agency strives to reduce the risks inherent in our work and accepts the responsibility to continuously improve by addressing newly recognized risks and revising risk mitigation strategies as appropriate. I certify that our internal control and monitoring systems are adequate to identify and address the organization's current and potential risks.

TIENA JOHNSON HALL

Executive Director

CC: California Legislature [Senate (2), Assembly (1)]
California State Auditor
California State Library
California State Controller
Director of California Department of Finance
Secretary of California Government Operations Agency