CalHFA California Housing Finance Agency

Public Meeting Agenda

California Housing Finance Agency Board of Directors
Thursday, April 21, 2022
10:00 a.m.
The Pagoda Building, 429 J St., Sacramento, 95814 (Courtyard room)

1. Roll Call

2. Approval of the minutes of the March 17, 2022 Board of Directors meeting 1

3. Chairperson/Executive Director comments

4. 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) 8

   Resolution No. 22-06 10

5. Discussion, recommendation, and possible action 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 (Erwin Tam) 21

   Resolution No. 22-08 23

6. Discussion, recommendation, and possible action authorizing the adoption of a new Financial Risk Management Policy (Erwin Tam) 35

   Resolution No. 22-11 46

7. Discussion, recommendation, and possible action authorizing the adoption of a new Investment and Debt Management Policy (Erwin Tam) 48

14. Other Board matters

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

16. Adjournment

MINUTES

California Housing Finance Agency (CalHFA)
Board of Directors Meeting
March 17, 2022

Meeting noticed on March 7, 2022

1. ROLL CALL

The California Housing Finance Agency Board of Directors Meeting was called to order at 10:06 a.m. by Board Secretary Tauriainen. A quorum of members was present.

MEMBERS PRESENT:	Assefa, Avila Farias, Castro Ramírez, Cervantes, Gallagher, Gunn (for Imbasciani), Hunter, Johnson Hall, Russell, Sotelo, Seeley (for Velasquez), White
MEMBERS ARRIVING AFTER ROLL CALL:	Ma
MEMBERS ABSENT:	Bosler, Prince
STAFF PRESENT:	Claire Tauriainen, Melissa Flores, Don Cavier, Kate Ferguson, Erwin Tam
GUEST SPEAKERS:	Jed Guenther, SVP of Community Lending, *Bayview Asset Management*
	Elizabeth Vernon, Vice President of Capital Markets, *Lakeview Loan Servicing*
	Peter Lawrence, Director of Public Policy and Government Relations, *Novogradac*
	Jay Parsons, Vice President of Economics and Industry, *RealPage*

*Early departures: Ma was replaced by Starr; Castro Ramírez was replaced by Kergan

2. Resolution to identify an acting Chairperson to preside at Board meetings in the absence of Governor-appointed Chairperson – Resolution No. 22-03

On a motion by Russell, the Board approved staff recommendation for **Resolution No. 22-03.** The votes were as follows:

AYES:	Avila Farias, Castro Ramírez, Cervantes, Gallagher, Gunn (for Imbasciani), Hunter, Seeley (for Velasquez), Russell, Sotelo, White
NOES:	None
ABSTENTIONS:	None
ABSENT:	Ma, Prince

3. <u>Approval of the Minutes</u> - January 20, 2022

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

4. <u>Chairperson/Executive Director comments</u>

Chairperson comments:

- Acting Chair Sotelo welcomed everyone to the meeting. She thanked former member Michael Gunning for his many years of excellent service on the CalHFA Board of Directors and congratulated members Eileen Gallagher and Fred White on their re-appointments to the Board. She then welcomed member Jim Cervantes to his first meeting as a member of the CalHFA Board of Directors.

Executive Director comments:

- Johnson Hall shared that CalHFA has updated its Mission and Vision statement to better reflect its unique role in the state's affordable housing ecosystem:
    - Vision: *All Californians living in homes they can afford.*
    - Mission: *Investing in diverse communities with financing programs that help more Californians have a place to call home.*
- CalHFA's Comprehensive and Popular Annual Financial Reports were recognized with certificates of achievement for excellence and reporting by the Government Finance Officers Association.
- Johnson Hall attended the annual NCSHA Legislative Conference in Washington, D.C. in mid-March and is serving on a new NCSHA taskforce charged with developing and refining the recommended practices in the state administration of housing credits.

- On March 28, CalHFA will host a webinar for congressional legislative staff to discuss federal priorities for 2022, as well as provide a California Mortgage Relief Program workshop.
- The California Mortgage Relief program has approved $8.4 million in assistance for California homeowners who were impacted financially by the pandemic.
- The NMS housing counseling program has provided free, confidential sessions from HUD-certified counselors to nearly 24,000 Californians.

Workshop Session

5. Presentations and discussions

A. Single Family – Presented by Jed Guenther and Elizabeth Vernon

Guenther and Vernon provided the Board with an overview of the current homeownership market conditions, capital market volatility and the potential impact of supply and rising interest rates on lending volumes.

B. Perspectives on the Economy – Presented by Peter Lawrence and Jay Parsons

Lawrence and Parsons provided the Board with current perspectives on the economy, trends in the housing markets and updates on federal housing policy initiatives.

6. Mid-year Business Plan and Operating Budget update for FY 2021/22

Presented by Don Cavier and Kate Ferguson

Cavier and Ferguson provided the Board with a mid-year business plan update. Cavier reviewed the Agency's goals and discussed how staff continue to develop specific strategies and key action items to support the goals. Cavier and Ferguson reviewed key accomplishments the Single Family and Multifamily divisions have made over the past fiscal year and adjustments that have been made to initial projections.

7. Wrap-up discussion on workshop topics

The Board engaged in a brief discussion regarding workshop topics.

Business Session

8. <u>Final loan commitment for Terracina at the Dunes, No. 21-014-A/X/N, for 142 units located in Marina/Monterey – Resolution 22-04</u>

Presented by Kate Ferguson

On a motion by Cervantes, the Board approved staff recommendation for **<u>Resolution No. 22-04</u>**. The votes were as follows:

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

9. <u>Final loan commitment for Kimball Highland, No. 21-013-A/X/S, for 145 units located in National City/San Diego – Resolution 22-05</u>

Presented by Kate Ferguson

On a motion by Gunn, the Board approved staff recommendation for **<u>Resolution No. 22-05</u>**. The votes were as follows:

AYES:	Avila Farias, Cervantes, Gallagher, Gunn (for Imbasciani), Hunter, Kergan (for Castro Ramírez), Starr (for Ma), Seeley (for Velasquez), Sotelo, White
NOES:	None
ABSTENTIONS:	None
ABSENT:	Prince, Russell *(recused)*

10. <u>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 – Resolution No. 22-06</u>

Presented by Erwin Tam

No action was taken on **Resolution No. 22-06**. This resolution was tabled to seek advice from Bond Counsel on a member's question and to be reconsidered at April's meeting.

11. 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 – Resolution No. 22-07

Presented by Erwin Tam

On a motion by Avila Farias, the Board approved staff recommendation for **Resolution No. 22-07**. The votes were as follows:

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

12. 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 – Resolution No. 22-08

Presented by Erwin Tam

No action was taken on **Resolution No. 22-08**. This resolution was tabled to seek advice from Bond Counsel on a member's question and to be reconsidered at April's meeting.

13. Resolution authorizing the Agency's single family non-bond financing mechanisms for homeownership purposes and related financial agreements and contracts for services – Resolution No. 22-09

Presented by Erwin Tam

On a motion by Avila Farias, the Board approved staff recommendation for **Resolution No. 22-09**. The votes were as follows:

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

14. Resolution to approving applications to the California Debt Limit Allocation Committee for private activity bond allocations to the Agency's multifamily programs – Resolution No. 22-10.

Presented by Erwin Tam

On a motion by Hunter, the Board approved staff recommendation for **Resolution No. 22-10**. The votes were as follows:

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

15. Informational Reports

Acting Chair Sotelo asked if there were any comments from the Board regarding the informational reports included in the Board package. Member Cervantes stated that the materials in the package were very thorough and requested to follow-up with staff for a tutorial.

16. Other Board matters

Acting Chair Sotelo asked if there were any Board matters to be discussed and Member Avila Farias expressed her gratitude for the service former Member Gunning provided to the Board and looked forward to Acting Chair Sotelo's new leadership role within the Board.

17. Public comment:

Acting Chair Sotelo asked if there were any comments from the public and Bruce Chudacoff provided comment regarding the California Mortgage Relief Program.

18. Adjournment

As there was no further business to be conducted, Acting Chair Sotelo adjourned the meeting at 1:21 pm.

State of California

M E M O R A N D U M

To: Board of Directors **Date:** April 21, 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. **Authorization and Timing of Refunding Bonds**. 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. **Approval of Refunding Bond Indentures**. (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. **Determination of Need and Amount of New Money 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 ("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 21st day of April 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 21st day of April, 2022.

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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:** April 21, 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. **<u>Determination of Need and Amount of Debt-Management Bonds</u>**. 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. **<u>Authorization and Timing of Debt-Management Bonds</u>**. 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. **<u>Approval of Forms of Indentures Related to Debt-Management Bonds and Amendments</u>**. 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 21st day of April, 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 21st day of April, 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:** April 21, 2022

Erwin Tam, Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: Resolution 22-11: Financial Risk Management Policy

On July 22, 2021, the Board of Directors approved Resolution 21-13, adopting a Master Hedge Policy to facilitate the use of hedges to mitigate interest rate risk. The Agency currently faces financial risks beyond the scope of the current policy.

On March 14, 2017, the Board of Directors approved Resolution 17-12 authorizing the funding of and disbursement from the Emergency Reserve Account to reflect the then current needs of the Agency.

Resolution 22-11 approves of the amendment and restatement of the Master Hedge Policy to be the Agency's Financial Risk Management Policy. Resolution 22-11 also rescinds Resolution 17-12 and Resolution 21-13

The Financial Risk Management Policy (the "Policy") creates a Financial Risk Management Committee (the "Committee"), comprised of the following staff (or in certain cases, their designees): Director of Financing, Director of Enterprise Risk Management & Compliance, General Counsel, Comptroller, and the Risk Manager. This Committee has met and reviewed the Policy.

The following is a summary of the key points in the Policy:

- Empowers the Executive Director to oversee and approve changes to the Policy
- The Committee shall review this Policy, procedures relating to the Policy, and any Board reports produced under the Policy.
- Incorporates the existing Emergency Reserve Account and allows for the creation of additional financial reserves through the recommendation of the Committee and the approval of the Executive Director

- Adds risk management guidelines for the Agency’s single family and multifamily production units

- Updates Hedge counterparty requirements and requires the quarterly examination of the Agency’s pre-2014 swaps

California Housing Finance Agency

Financial Risk Management Policy
Dated: May 5, 2014
Amended and Restated: April 21, 2022

I. Purpose

The purpose of this Financial Risk Management Policy (the "Policy") is to provide guidelines for the establishment and maintenance of financial reserves and the use and management of interest rate swaps and other derivative financial products for financial risk management in conjunction with the California Housing Finance Agency's ("CalHFA" or the "Agency") financing activities.

The Agency seeks to broaden the existing Master Hedge Policy to include other Agency financial risks and risk mitigation strategies including reserve funds, and management of other long-term liabilities to reduce market and interest rate risk exposure. This Policy amends and restates the Master Hedge Policy dated May 5, 2014, as amended and also incorporates the Emergency Reserve Account established in Resolution 17-12.

II. Board of Directors

The Board of Directors (the "Board") shall receive written notice of changes to this Policy and reports as detailed herein. The Board retains sole authority to change Section II of this Policy.

III. Executive Director

The Executive Director shall be responsible for overseeing this Policy and approving any changes recommended by the Financial Risk Management Committee to this Policy. The Executive Director may designate the Chief Deputy Director to approve changes recommended by the Financial Risk Management Committee to this Policy.

IV. Financial Risk Management Committee

The Financial Risk Management Committee (the "Committee") shall be composed of the following: Director of Financing (Chair), Director of Enterprise Risk Management and Compliance (Vice-Chair), the General Counsel or the General Counsel's designee, the Comptroller or the Comptroller's designee, and the Risk Manager. The Committee shall:

A. meet at the call of the Chair or the Vice-Chair; and

B. annually meet to review this Policy and recommend any changes to this Policy to the Executive Director; and

C. annually meet to review the adequacy of the funding level of the Emergency Reserve Account and any other reserve accounts as established in this Policy; and

D. meet as required to review any procedures created by the Director of Financing pertaining to this Policy to ensure that the procedures are consistent with this Policy; and

E. meet as required to review any reports to be submitted to the Board of Directors as prepared by the Director of Financing as directed by this Policy.

The Committee may also retain and consult with legal, financial, and other investment professionals and advisors.

V. Emergency Reserve Account

A. The purpose of the Emergency Reserve Account is to fund:

1. Unforeseen expenditure for previous Board authorized obligations.
2. Fund necessary administrative and operating expenses for which funds may not otherwise be available.
3. Fund the payment of any obligations or commitments previously approved by the Board which are necessary to protect the credit ratings of the Agency and the security interests of the holders of the Agency's bonds, notes, or other debt instruments, including other financing instruments and obligations associated with the issuance of the Agency's bonds, notes, or other debt instruments.

B. The Executive Director has the authority to approve disbursements or otherwise encumber the Emergency Reserve Account for purposes listed in Section V.A.

1. The Executive Director may delegate this authority to the Chief Deputy Director, the Director of Financing, or the Comptroller.
2. The authority of the Director of Financing and the Comptroller shall be limited to $1,000,000.
3. Any disbursement or encumbrance of the Emergency Reserve Account shall be communicated to the Board in writing at the next regularly scheduled meeting of the Board.

C. The Emergency Reserve Account shall be funded by an amount equal to the Board approved operating budget of the following fiscal year, rounded to the nearest one million dollars ("Required ERA Amount"). The Director of Financing shall be responsible for the calculation of the Required ERA Amount.

D. No less than 25% of the Required ERA Amount shall be funded in cash. The Agency may fund the remaining Required ERA Amount with Eligible Securities as defined in the Investment and Debt Policy.

E. The Director of Financing shall, prior to the end of each fiscal year, and no later than each June 30th, instruct the Comptroller to deposit or withdraw cash or marketable securities, such that the assets in the Emergency Reserve Account are equal to the Required ERA Amount.

VI. Hedge Reserve Account

A. To the extent the Director of Financing determines the need to create a separate reserve account to manage cash-flows and/or other requirements related to the overall short-term or long-term hedging strategy, timing mismatch or other risks related to derivatives and other hedging instruments, such action shall be authorized upon the approval of the Financial Risk Management Committee.

VII. Financing Programs

A. Single-Family Programs

1. Recommendations to propose new risk mitigation strategies and/or update existing risk mitigation strategies, including but not limited to interest rate hedges discussed in Section VII, will be made based on the review and analysis of the (i) Single Family Reservation Pipeline consisting of loans previously purchased plus those loans for which a reservation has been received and is in an “active” (not cancelled, denied or other inactive status) status and not yet sold; and (ii) Quarterly portfolio review of the “Homeownership Loan Portfolio Delinquency, REO and Short sale Report”.

2. Home Mortgage Programs (Bond issuance): All the mortgage loans purchased under the Agency’s home mortgage programs will be insured either by the Federal Housing Administration (FHA), the Department of Veterans Affairs (VA), a private mortgage guaranty insurance policy, or a combination thereof, covering a loss of upto 50%, 100% in the case of a FHA-insured loan, of the outstanding principal amount of the mortgage loans.

3. TBA (To Be Announced) Market Rate Program: Under the current TBA program, there is no balance sheet risk, as well as no credit or interest rate risk to the Agency. The Agency has agreement to sell on a mandatory delivery basis certain specified Agency mortgage pass-through securities, the repayment of which is guaranteed in full as to principal and interest by Fannie Mae or GNMA. The Director of Financing will review the hedging costs and target return for the Agency are built into the all-in rate provided by the Servicer (Lakeview). The Agency’s revenue from this program thus comprises of program fee and gain on sale of the TBA market rate securities.

4. Portfolio Risk Management: To monitor the potential losses on individual loans in the portfolio, the Director of Financing (and the Fiscal Services) will receive quarterly reports computing the Probability of Default (“PD”)

and Loan Loss ("LL") Reserve levels. The procedures for PD and LL reserve computations will be reviewed annually by the Committee.

B. Multifamily Programs

1. Recommendations to propose new risk mitigation strategies and/or update existing risk mitigation strategies, including but not limited to interest rate hedges discussed in Section VII, will be made based on the review and analysis of (i) Multi-family loan commitment pipeline; and (ii) Multifamily and Special Programs Delinquency and Loan Loss Allowances Quarterly report.

2. Further, as part of the overall risk mitigation strategy, the Director of Financing may recommend certain multi-family perm loan originations to qualify for the HUD-FHA Risk Share program and thereby be eligible to be insured under Sec. 542(c) Risk-sharing program. Risk Share apportionment through the Agency's participation in the program is HUD 50%/ CalHFA 50%.

3. Conduit Bond Issuance Program (including Securitization and Municipal Certificates issuance): For all transactions in which the Agency is the conduit issuer either to provide access to multi-family developers to the tax-exempt bond market or for securitization deals with other lenders, the Agency's financial risk is de minimis and limited only to the non-collection of fees and legal costs. Nonetheless, the Agency will develop procedures for assessing the inherent risks associated with conduit issuances including but not limited to, vetting the borrowers (sellers in case of municipal certificates), conflict of interests laws, CDLAC approval requirements, reputational risks associated with failure of the borrower to fulfill its obligations to the investors (bond payments, disclosure requirements, compliance issues).

4. Portfolio Risk Management: To monitor the potential losses on individual loans in the portfolio, the Director of Financing will receive quarterly reports computing the Multi-family Loan Loss allowances. The procedures for computations of loan loss allowances and the effectiveness of such will be reviewed annually by the Committee.

VIII. Interest Rate Hedges

A. Interest Rate Risk is the risk that rates committed to through the single-family loan reservation process, or the multifamily loan commitment process may rise, producing either losses in income or absolute losses.

B. The Agency may enter into interest rate swaps or other derivative products ("Hedges") to mitigate interest rate risk.

C. CalHFA has statutory authority to enter into Hedges.

D. CalHFA may amend, terminate, or enter into offsetting transactions to manage market, counterparty, credit, and other risks associated with its Hedges.

E. CalHFA shall not enter into Hedges where one or more of the following conditions exist:

1. The Hedge serves a purely speculative purpose, such as entering into a hedge for the sole purpose of trading gains, or create extraordinary leverage;

2. There is insufficient pricing data available to allow the Agency and its advisors to adequately value the hedge instrument.

F. Hedges shall comply with California statues, resolutions approved by the Board, federal tax law, and as appropriate, other indenture and contractual requirements.

G. The Agency's Executive Director, the Chief Deputy Director, and the Director of Financing are authorized to enter, amend, or terminate Hedges consistent with this Policy. In the absence of the Director of Financing, the Risk Manager shall be authorized to enter, amend, or terminate Hedges consistent with this Policy.

1. The Executive Director may delegate additional individuals that are authorized to enter, amend, or terminate Hedges consistent with this Policy.

H. The Director of Financing shall maintain records of all current Hedges, including, but not limited to ISDA Master Agreements, Credit Support Annexes, and confirms.

IX. Counterparty Requirements

The Agency may select a Swap Counterparty through either a competitive or negotiated process and will be done on a case-by-case basis. Nonetheless, the Agency will utilize the following standards in selecting counterparties for Hedges:

A. Credit Ratings

1. The Agency will enter into transactions only with counterparties whose obligations are rated in the “A” category or better from both Moody’s Investors Service and Standard & Poor’s Global Ratings.
2. In cases where the counterparty’s obligations are rated based on a guarantee or specialized structure to achieve the required credit rating, the Agency shall thoroughly investigate the nature and legal structure of the guarantee or structure in order to determine that it meets the Agency’s requirements in full.

B. Diversification of Counterparties

1. The Agency shall not enter into new Hedges with a Swap Counterparty with more than 33% of the aggregate notional amount of the Agency's Hedges, provided that the aggretate notional amount of the Agency's Hedges is greater than $300,000,000.
2. The Agency shall not enter into new Hedges with Swap Counterparty with more than 33% of the aggregate negative termination value of the Agency's Hedges, provided such aggregate negative termination value is greater than $30,000,000.

C. Collateral Thresholds

1. The Agency's threshold in the "Aaa/AAA", "Aa/AA", or "A" rating categories shall be infinity.
2. The Agency may require asymmetrical and lower threshold amounts for counterparty (or parent) collateral posting requirements.

D. Optional Termination

1. Counterparties shall not have the right to optionally terminate any Hedge.

X. Mitigation of Interest Rate Swap and Derivative Risk

Before entering into a new Hedge, the Director of Financing shall ensure that the risks, costs, and benefits are evaluated to make well-informed decisions for Hedge structuring. The following paragraphs describe risks and the identified strategy for mitigation, if appropriate:

A. Counterparty Risk

1. Defined as the risk that a counterparty will fail to make required payments or fullfill its obligations per the swap contract.
2. Counterparty risk is mitigated through the counterparty requirements in Section IX.

B. Hedge Mismatch Risk

1. Defined as the risk that the settlement payment on the hedge fails to offset the change in the actual cost of the deferred debt financing.
2. To mitigate this risk, the Agency shall review the efficiency of potential indices prior to entering into any new Hedge.

C. Market Risk

1. General market risk may occur because the Hedge market has suffered a loss of liquidity or collapsed, making it difficult or impossible to obtain a replacement hedge.

a) Market access risk is the risk that following an early termination, the Agency will not be able to obtain a replacement Hedge because its credit has deteriorated, or it is shut out of the market for other Agency-specific reasons.

b) To mitigate this risk, the Agency will not allow optional termination of its Hedges from any counterparty. The Agency shall also monitor counterparty ratings and seek to novate any Hedges prior to any credit-related termination event.

D. Non-Delivery Risk/Fallout Risk

1. Defined as the risk that the committed loans are not delivered thus the Hedges effectively become an investment.
2. To mitigate this risk, the Agency has breakage penalties to be applied on multifamily commitments.

E. Notional Amount Mismatch Risk

1. Defined as the risk that the size of a commitment at financial close differs from the size of the commitment at rate-lock.
2. To mitigate this risk, there are permitted adjustment limits of 7% of loan value for multifamily commitments. Any deviation beyond 7% will require approval by the Board.

F. Termination Risk

1. Defined as the risk that due to some event or exercise of a right the Hedge may terminate or be terminated prior to its scheduled expiration.
2. To mitigate this risk, the Agency will monitor its termination exposure for all existing and proposed Swaps at market value (and under adverse economic conditions, if/as required). Further, the agency will not enter into any Hedge that can terminate at the counterparty's option.

G. Rollover Risk

1. Defined as the risk that loan extensions or early closings leave the loan commitment under-hedged or over-hedged.
2. To mitigate this risk, the Agency shall include extension fees that at a minimum offset any costs of extending a Hedge.

XI. Pre-2014 Interest Rate Swaps

A. This section applies only to interest rate swaps entered into prior to May 2014 "Pre-2014 Swaps".

1. Pre-2014 Swaps are fixed-payor swaps that were integrated with variable rate bonds issued by the Agency or are "basis swaps" that were used to change the underlying index or variable rate risk of the fixed-payor swap.

2. All integrated variable rate bonds have been redeemed or refinanced.
3. Fixed-payor Pre-2014 Swaps are currently liabilities of the Agency.

B. The Agency's Executive Director, the Chief Deputy Director, and the Director of Financing are authorized to amend or terminate Pre-2014 Swaps consistent with this Policy. In the absence of the Director of Financing, the Risk Manager shall be authorized to amend or terminate Pre-2014 consistent with this Policy.

C. The Agency shall exercise its right to optionally terminate an interest rate swap if the swap has a negative mark-to-market.

D. The Director of Financing shall use reasonable efforts to reduce the amount of collateral posted by the Agency, including, but not limited to amending existing ISDA agreements.

E. By March 31 of every year, the Director of Financing shall prepare an estimate of the net interest rate swap payments to be made directly by any of the Agency's funds for the following fiscal year.

XII. Board Reports

A. The Director of Financing shall prepare and provide a written report on a semi-annual basis to the Board including:

1. A summary of outstanding interest rate swaps and their counterparties;
2. The mark-to-market value (termination value) of all interest rate swaps, as measured by the economic cost or benefit of terminating outstanding contracts as of a designated valuation date;
3. The mark-to-market value (termination value) that the Agency has to each specific counterparty, as measured by aggregate mark-to-market value, netted for offsetting transactions;
4. The credit ratings of each counterparty (or guarantor, if applicable) and any changes in the credit rating since the last reporting period;
5. Any collateral posting as a result of ISDA or other agreements; and
6. A summary of risks involved with Hedges or interest rate swaps.

XIII. Financial Reporting

A. The Agency will present the use of derivatives on its financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

XIV. Policy Administration

A. The Director of Financing is the designated administrator of this Policy.

B. The Director of Financing shall create procedures consistent with this Policy. Procedures shall include:

1. Methods of evaluating hedging strategies for potential reduction in risk to the Agency
2. Methods of evaluating risks and mitigation described in Section X of this Policy
3. Evaluation of potential impact of any Hedge on the Agency's credit ratings
4. Evaluation of potential impact of any Hedge on the Agency's finances or financial flexibility, including but not limited to letters of credit and bond insurance
5. Method of selecting Hedge counterparty
6. Notification requirements prior to the entrance, amendment, or termination of any Hedge or Pre-2014 Swap. Such notices shall include the Chief Deputy Director and the Committee.
7. The Director of Financing shall prepare, on a quarterly basis, a cost-benefit analysis of terminating Pre-2014 Swaps

C. The Director of Financing shall submit all changes in procedures to the Committee for review.

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 22-11

RESOLUTION OF THE CALIFORNIA HOUISNG FINANCE AGENCY TO ADOPT A NEW FINANCIAL RISK MANAGEMENT POLICY

WHEREAS, the California Housing Finance Agency (the "Agency") Board of Directors resolved on May 5, 2014, pursuant to Resolution 14-07 to adopt a Master Hedge Policy ("Policy") for the Agency;

WHEREAS, the Board of Directors further resolved on July 22, 2021, pursuant to Resolution 21-13 to revise the Policy to better reflect the Agency's hedge practices and policies;

WHEREAS, the Board of Directors resolved on March 14, 2017, pursuant to Resolution 17-12 authorized the funding of and disbursement from the Emergency Reserve Account to reflect the then current needs of the Agency; and,

WHEREAS, the Agency desires to amend and restate the Policy to broaden the existing Policy to include Agency financial risks and risk mitigation strategies and the use and management of interest rate swaps and other derivative financial products for financial risk management in conjunction with the Agency's financing activities; and,

WHEREAS, such Policy provides guidelines for the establishment and maintenance of financial reserves including the existing Emergency Reserve Account;

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

1. Resolution 21-13 is hereby rescinded.

2. The Emergency Reserve Account established under the Resolution 17-12 is incorporated in the Policy.

3. Resolution 17-12 is hereby rescinded.

4. That the Policy presented at this meeting is hereby adopted.

5. This resolution shall take effect immediately.

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. 22-11 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 21st day of April 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 21st day of April, 2022.

ATTEST: ___________________________________

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

State of California

MEMORANDUM

To: Board of Directors **Date:** April 21, 2022

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

Subject: Resolution 22-12: Investment and Debt Management Policy

On July 22, 2021, the Board of Directors approved Resolution 21-13, adopting an Investment Policy for the Agency. The Agency is seeking to expand the scope of the policy to include the issuance of debt.

Resolution 22-12 approves of the amendment and restatement of the Investment Policy to be the Agency's Investment and Debt Management Policy. Resolution 22-12 also rescinds Resolution 21-13.

The Investment and Debt Management Policy (the "Policy") creates an Investment and Debt Management Committee (the "Committee"), comprised of the following staff (or in certain cases, their designees): Director of Financing, Comptroller, Director of Enterprise Risk Management & Compliance, General Counsel, and the Risk Manager. This Committee has met and reviewed the Policy.

The following is a summary of the key points in the Policy:

- Empowers the Executive Director to oversee and approve changes to the Policy
- The Committee shall review this Policy, procedures relating to the Policy, and any Board reports produced under the Policy.
- The scope of the policy excludes bonds issued under the Agency's Multifamily Conduit Bond Program
- Adds a debt issuance and management component that includes selection of outside professional services and maximum term and call features of bonds, among other requirements
- Adds a Board reporting requirement on the issuance of bonds for the amount, use of proceeds, interest cost and costs of issuance.

CALIFORNIA HOUSING FINANCE AGENCY

Investment and Debt Management Policy
Dated: March 14, 2012
Amended and Restated: April 21, 2022

I. Purpose

The purpose of this Investment Policy (the "Policy") is to preserve and strengthen the California Housing Finance Agency's ("CalHFA" or the "Agency") financial capacity through safeguarding financial assets, maintaining access to diverse sources of capital, and leveraging available capital.

The Agency seeks to broaden the Investment Policy to include debt management and to clarify the scope of the Policy. This Policy amends and restates the Investment Policy dated March 14, 2012, as amended.

II. Board of Directors

The Board of Directors (the "Board") shall receive written notice of changes to this Policy and reports as detailed herein. The Board retains sole authority to change Section II of this Policy.

III. Executive Director

The Executive Director shall be responsible for overseeing this Policy and approving any changes recommended by the Investment and Debt Management Committee to this Policy. The Executive Director may designate the Chief Deputy Director to approve changes recommended by the Investment and Debt Management Committee to this Policy.

IV. Investment and Debt Management Committee

The Investment and Debt Management Committee (the "Committee") shall be composed of the following: Director of Financing (Chair), the Comptroller (Vice-Chair), the General Counsel or the General Counsel's designee, the Director of Enterprise Risk Management, and the Risk Manager. The Committee shall:

A. meet at the call of the Chair or the Vice-Chair; and

B. annually meet to review this Policy and recommend any changes to this Policy to the Executive Director; and

C. meet as required to review any procedures or internal controls created by the Director of Financing or the Comptroller pertaining to this Policy to ensure that the procedures are consistent with this Policy; and

D. meet as required to review any reports to be submitted to the Board as prepared by the Director of Financing as directed by this Policy.

The Committee may also retain and consult with legal, financial, and other investment professionals and advisors.

V. Ethics and Conflicts of Interest

The Executive Director, Chief Deputy Director, Director of Financing, Comptroller, other members of the Investment and Debt Management Committee, other Agency employees involved with investments or debt management at the Agency, investment advisors and trustees involved in funds management operations shall operate in a manner that is consistent with applicable conflict of interest and incompatible activity laws of the State. They shall refrain from personal business activities that could conflict with the proper execution of the Agency's investment or debt management program, or which could impair their ability to make impartial decisions, advise on investment or debt issuance decisions, or perform investment or debt management activities impartially, as applicable.

VI. Objectives and Scope

This Policy covers investments as listed below:

A. Agency Funds

California Government Code §53600.5 establishes investment objectives for local agencies. The Agency is not a local agency under the Government Code but intends to align this Policy with the provisions in California Government Code §53600.5. The Agency's investment objectives, in the following priority order, shall be:

1. <u>Safety of Principal</u>: When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the primary objective shall be to safeguard the principal of funds under its control.

2. <u>Liquidity:</u> The Agency's investments shall meet its liquidity needs as reasonably anticipated.

3. <u>Return on Investment:</u> The Agency seeks to optimize the yield on its investments.

B. Exclusions from Policy

1. The Policy does not apply to interest rate swaps as defined as Hedges or Pre-2014 Swaps as defined in the Agency's Financial Risk Management Policy.

2. This Policy does not apply to funds and accounts established under the Agency's Multifamily Conduit Bond program. The Agency has no responsibility for investments in these funds and accounts.

3. This Policy does not apply to funds and accounts relating to any collateral posted by the Agency for Hedges or Pre-2014 Swaps, nor collateral posted as required to use Lines of Credit or Credit Facilities as described in Section XXII.

VII. Investment Standard of Care

California Government Code §53600.3 establishes investment objectives for local agencies. The Agency is not a local agency under the California Government Code but intends to align this Policy with the provisions in California Government Code §53600.3.

When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, persons authorized to make investment decisions on behalf of the Agency shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

VIII. Investment Authority

The Agency has authority to invest funds in accordance with California Health and Safety Code §51003.

IX. Divestment

The Agency shall comply with State and Federal divestment directions.

X. Investment Management and Investment Operations

A. Investment Management: The Director of Financing has the authority to manage the Agency's investments in accordance with this Policy and within the authority of California Health and Safety Code §50912.

B. Investment Operations: The trustees under the bond resolutions along with the Comptroller are responsible for the execution of the Agency's investment decisions and for the safekeeping of investment securities.

XI. Permitted Investments for Agency Funds (excluding Bond Indentures)

A. Single family and multifamily mortgage loans as part of the Agency's goal of supporting its core mission-based affordable housing program portfolio growth. Investments in such mortgage loans shall be based on the credit analysis and impact on the Agency's issuer credit rating and credit ratings of the respective indentures of trust.

B. Surplus Money Investment Fund ("SMIF"): The Comptroller may direct the State Treasurer's Office ("STO") to deposit funds in the State Treasury to be invested in SMIF.

C. Eligible Securities: The Comptroller may direct the STO or a registered broker-dealer for fixed-income securities to invest funds that are not required for its current needs in the following Eligible Securities:

1. Treasury notes, treasury bills or treasury bonds

2. Mortgage-backed securities guaranteed by the Federal National Mortgage Association ("FNMA"), Government National Mortgage Association ("GNMA") or Federal Home Loan Mortgage Corporation ("FHLMC")

3. U.S. Bank open commercial paper program

4. Any other securities as described in the California Government Code §16430

D. State of California Approved Depository Bank Accounts and Money Market Funds ("MMF"): The Comptroller may deposit or direct the STO to deposit funds in State approved depository bank accounts or MMF outside the State's Centralized Treasury System ("CTS") if:

1. the depository bank deposits, with the STO, collateral in excess of 110 percent of the deposit (in accordance with California Government Code §16521); and

2. the funds are deposited (intraday) for administrative efficiencies that are not available through the CTS.

XII. Permitted Investments for Agency Funds (Bond Indentures & Bond Proceeds)

Bond Proceeds shall be invested in accordance with the provisions of each indenture of trust and supplemental indentures. Attached as Exhibits to this Policy are the provisions for the following bond indentures:

A. Home Mortgage Revenue Bonds (Exhibit 1)

B. Multifamily Housing Revenue Bonds III (Exhibit 2)

C. Multifamily Housing Revenue Bonds (Exhibit 3)

D. Special Obligation Multifamily Housing Revenue Bonds (Exhibit 4)

XIII. Internal Controls

The Comptroller shall establish a system of procedures and internal controls. The internal control structure shall be designed to ensure that the assets of the Agency are protected from loss, theft, or misuse and to provide reasonable assurance that these objectives are met. Internal controls shall address the following issues:

A. Clear delegation of authority to staff members

B. Separation of transaction authority from financial reporting

C. Authorizations of wire transfers

D. Written confirmation of transactions for investments and wire transfers

E. Timely reconciliation of transactions

F. Avoidance of physical delivery of securities

G. Control of collusion

XIV. Safekeeping and Custody of Securities

A. Third Party Safekeeping: Securities will be held by an independent third-party trustee or other custodial arrangement. All securities will be held by the third party in the Agency's name.

B. Delivery versus Payment: All trades of securities will be cleared and settled on a delivery versus payment basis to ensure that securities are deposited with the third-party trustee prior to the release of funds.

XV. Collateral Posting Requirement

The Agency has established demand accounts with one of the State of California's approved depository banks. The depository bank is required to deposit, with the STO, collateral in excess of 110 percent of the deposit (California Government Code §16521).

DEBT ISSUANCE AND MANAGEMENT

XVI. Debt Issuance Authority

The Agency has authority to issue bonds, including refunding bonds, and incur other indebtedness in accordance with California Health and Safety Code §51350.

XVII. Debt Limit

As of January 1, 2022, the California Health and Safety Code §51350 established the statutory limit of total debt outstanding for the Agency as $13,150,000,000.

XVIII. Debt Issuance Objectives

The Agency shall issue debt to:

A. Finance multi-family and single-family loans in accordance with the California Health and Safety Code

1. §51350 to provide sufficient funds for financing housing developments

and other residential structures;

2. §51065.5 To make unsecured loans or loans secured by assets other than real property to local public entities;

3. §51365 Any other purposes of the Agency.

B. Debt proceeds may also be used to fund reserves as created by indentures of trust and to pay associated costs of issuance from the debt issuance.

XIX. Issuance of Bonds or other Securities

A. The Agency shall retain outside experts as needed, including, but not limited to:

1. Bond Counsel in accordance with California Health and Safety Code §50911(c);
2. Disclosure Counsel;
3. Investment banking firms, qualified to do business with the State of California as evidenced by inclusion in the State Treasurer's Office Underwriter Pool;
4. Arbitrage calculation agents;

B. The Agency shall conduct a competitive process to qualify investment banking firms to publicly sell or privately place the Agency's debt issuances.

C. The Agency shall monitor outstanding debt for refinancing opportunities.

1. The Agency shall consider a refunding transaction if the refunding will provide a 4.0% or greater net present value savings to the Agency.
2. The Executive Director may approve any refunding or restructuring to meet organizational or strategic needs at the Executive Director's sole discretion.

D. The maximum term of debt shall not exceed the underlying loan term or loan amortization.

E. The Agency's bonds shall be structured with 10-year par call options or shorter, and extraordinary call provisions for default or prepayment of underlying loans. Pass-through bonds are not subject to this call option requirement.

F. The Agency shall not issue variable rate demand bonds or enter into any derivative products related to variable rate demand bonds without the prior written approval of the Executive Director.

G. The Agency shall maintain ratings with Moody's Investors Service (Moody's) and Standard & Poor's Global Ratings (S&P) on its outstanding bonds. The Director of Financing may waive this requirement if there is no material impact to the potential pricing of the public bond.

H. Credit enhancement, such as bond insurance, will only be used when the anticipated present value savings in terms of reduced interest expense exceeds the cost of the enhancement.

XX. Annual Financing Resolutions

A. The Director of Financing shall annually submit one or more resolution(s) to the Board seeking approval for the issuance of bonds or other debt instruments.

B. The Director of Financing shall annually submit one or more resolution(s) to the Board seeking approval for the Agency to apply for volume cap from the California Debt Limit Allocation Committee

XXI. Compliance

A. The Comptroller shall create and maintain procedures and internal controls associated with outstanding debt, including but not limited to:

1. Debt Service Payments
2. Arbitrage Compliance

B. The Director of Financing shall create and maintain procedures for continuing disclosure as provided in the Agency's Disclosure Policy.

XXII. Line of Credit and Credit Facilities

A. The Agency shall have the authority to borrow money by means of a secured credit facility from a financial institution as necessary, as determined by the Executive Director, to provide sufficient funds to finance its lending programs.

B. The Executive Director, the Chief Deputy Director, the Director of Financing, or any other person specifically authorized in writing by the Executive Director, shall be authorized to execute, for and on behalf of the Agency, such credit facility agreements and other documents necessary to enter into, effectuate and administer a secured credit facility with a financial institution. Such agreements and documents include but are not limited to: Settlement/Transaction Account Agreement, a Safekeeping Agreement; an Advances and Security Agreement; and a Certificate of Designated Persons – Wire Transfer Services.

XXIII. Board Reports

A. The Director of Financing will prepare and provide a written report on an annual basis to the Board including:

1. A summary of the dollar amount invested in each type of investment.
2. A summary of securities by type of security showing the par value, market value, weighted average coupon and weighted average remaining maturity of the securities.

A. The Director of Financing shall prepare and provide a written report after each debt financing to the Board that includes:

1. A summary of the amount of debt issued, use of proceeds, interest costs, and costs of issuance.

EXHIBIT 1

California Housing Finance Agency
General Indenture Relating to Home Mortgage Revenue Bonds

"Investment Securities" means any of the following which at the time are lawful investments under the laws of the State including the Act for the moneys held under the Indenture then proposed to be invested therein:

(i) direct general obligations of the United States of America, or obligations the payment of the principal of and interest on which is unconditionally guaranteed by the United States of America or any federal agency of the United States of America or the State;

(ii) bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by Federal Intermediate Credit Banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and Banks for Cooperatives established under the Farm Credit Act of 1933, as amended, bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, bonds, debentures and other obligations of the Federal National Mortgage Association or of the Government National Mortgage Association, established under the National Housing Act, as amended, bonds of any Federal Home Loan Bank established under said act, bonds, notes, and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended;

(iii) the portion of bank loans and obligations guaranteed by the United States Small Business Administration or the United States Farmers Home Administration;

(iv) bonds, debentures, and notes issued by corporations organized and operating within the United States of America and within the top two ratings of a nationally recognized rating service;

(v) negotiable certificates of deposit issued by a nationally or state-chartered bank or savings and loan association which, to the extent they are not insured by Federal deposit insurance, are collateralized by securities eligible to secure public deposits in the State, or which are issued by such an institution rated within the top two ratings of a nationally recognized rating service;

(vi) interest bearing accounts in State or national banks or other financial institutions which, to the extent they are not insured by federal deposit insurance, are collateralized by securities eligible to secure public deposits in the State, or which are issued by such an institution rated within the top two ratings by a nationally recognized rating service, provided that the amounts of such deposits shall not be based on the relative participation of the different types of financial institutions as qualified mortgage lenders under the Act; or

(vii) deposits in the Surplus Money Investment Fund referred to in Section 51002 of the Act.

EXHIBIT 2

California Housing Finance Agency
General Indenture Relating to Multifamily Housing Revenue Bonds III

"Investment Obligation" means any of the following which at the time are lawful investments under the laws of the State for the moneys held hereunder then proposed to be invested therein:

(1) direct general obligations of the United States of America or of the State, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America, any federal agency of the United States of America, or the State;

(2) bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by Federal Land Banks or Federal Intermediate Credit Banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and Banks for Cooperatives established under the Farm Credit Act of 1933, as amended, bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, stock, bonds, debentures and other obligations of Fannie Mae or of the Government National Mortgage Association, established under the National Housing Act, as amended, bonds of any Federal Home Loan Bank established under said act, bonds, debentures and other obligations of the Federal Home Loan Mortgage Corporation guaranteeing timely payment of principal and interest, bonds, notes, and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended, except, in each case, securities evidencing ownership interests in specified portions of the interest on or principal of such obligations;

(3) commercial paper rated within the highest three Rating Categories of each Rating Agency and issued by corporations (a) organized and operating within the United States; and (b) having total assets in excess of five hundred million dollars ($500,000,000);

(4) bills of exchange or time drafts drawn on and accepted by a commercial bank the general obligations of which are rated within the highest three Rating Categories by each Rating Agency, otherwise known as bankers acceptances, which are eligible for purchase by the Federal Reserve System, and negotiable certificates of deposits issued by a nationally or state-chartered bank or savings and loan association which are insured by federal deposit insurance, or which are issued by an institution the general obligations of which are rated within the highest three Rating Categories by each Rating Agency;

(5) bonds, debentures, and notes issued by corporations organized and operating within the United States and rated within the highest three Rating Categories by each Rating Agency;

(6) repurchase agreements or reverse repurchase agreements, with nationally recognized broker-dealers which are agreements for the purchase or sale of Investment Obligations pursuant to which the seller or buyer agrees to repurchase or sell back such securities on or before a specified date and for a specified amount, which seller or buyer has outstanding long-term indebtedness which are rated within the highest three Rating Categories by each Rating Agency;

(7) investment agreements with corporations, financial institutions or national associations within the United States the general obligations of which (or, if payment of such investment agreement is guaranteed, the general obligations of the guarantor) are rated

within the highest three Rating Categories by each Rating Agency;

(8) interest bearing accounts in State or national banks or other financial institutions having principal offices in the State (including those of the Trustee or its affiliates) which, to the extent they are not insured by federal deposit insurance, are issued by an institution the general obligations of which are rated within the highest three Rating Categories by each Rating Agency;

(9) interests in any short term investment fund (including those of the Trustee or its affiliates) restricted to investment in obligations described in any of clauses (1) through (5) of this definition, which are rated within the highest three Rating Categories by each Rating Agency;

(10) deposits in the Surplus Money Investment Fund referred to in Section 51003 of the Act; or

(11) other investment securities which will not cause any Unenhanced Rating on any Bonds to be reduced or withdrawn.

EXHIBIT 3

California Housing Finance Agency
Trust Indenture Relating to Multifamily Housing Revenue Bonds

"Investment Obligation" means includes any of the following securities and other investments (other than Program Securities), if and to the extent the same are at the time legal for the investment of the Agency's moneys" means

(a) Direct obligations of, or obligations the timely payment of principal and interest on which are insured or guaranteed the United States of America, which obligations include, but are not limited to, the following" means (i) United States Treasury obligations which are direct or fully guaranteed obligations, and (ii) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by Government National Mortgage Association ("GNMA");
(b) Obligations (i) which are backed by the full faith and credit of any state of the United States of America, (ii) of any agency of the United States of America, or (iii) of any public corporation sponsored by the United States of America, provided that, at the time of purchase, such obligations shall not impair the Rating of any Outstanding Bonds;
(c) Federal Home Loan Mortgage Corporation participation certificates guaranteed by Freddie Mac as to timely payment of principal and interest and senior debt obligations;
(d) Fannie Mae's mortgage-backed securities and senior debt obligations, excluding interest-only stripped securities;
(e) Interest bearing time or demand deposits, certificates of deposit or other similar banking arrangements with any bank, trust company, national banking association or other savings institution (including any Fiduciary) whose outstanding unsecured short-term debt obligations are rated by Moody's not less than P1 (or such comparable rating from each Rating Agency then providing a rating on the Bonds), provided that (i) such deposits, certificates and other arrangements are fully insured by the Federal Deposit Insurance Corporation or guaranteed by the State, the proceeds of which insurance are timely available, or (ii) such Depository has combined capital and surplus of at least $75,000,000 and such deposits, certificates and other arrangements are fully secured by obligations described in clause (a) or (b) of this definition, or a combination thereof, at such levels and valuation frequency as shall not impair the Rating of any Outstanding Bonds, or (iii) the deposit of funds with such Depository will not impair the Rating of any Outstanding Bonds;
(f) Any repurchase agreement and reverse repurchase agreement with banks which are members of the Federal Deposit Insurance Corporation, or with government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreement is secured by obligations described in the preceding clauses (a) and (b) of this definition, as long as such agreement, as of the date of its execution and delivery, does not impair the Rating of any Outstanding Bonds;
(g) Shares of (i) an investment company registered under the federal investment company act of 1940, whose shares are registered under the federal securities act of 1933, whose only investments are in securities described in subparagraphs (a),

(b) or (f) above, or (ii) a common trust fund established by a national banking association or a bank or trust company organized under the laws of any state with combined capital and surplus of at least $75,000,000, under the supervision and regulation of the Comptroller of the Currency pursuant to 12 C.F.R. 9, or any successor regulation, whose only investments are in securities described in subparagraphs (a), (b) or (f) above and, in the case of both (i) and (ii), which are rated not less than Aaa by Moody's (or such comparable rating from each Rating Agency then providing a Rating on the Bonds);

(h) Any investment contract with any provider as long as such investment contract, as of the date of its execution and delivery, does not impair the Rating of any Outstanding Bonds; and

(i) Any other investment that as of the date does not impair the Rating of any Outstanding Bonds.

EXHIBIT 4

California Housing Finance Agency
Trust Indenture Relating to Special Obligation Multifamily Housing Revenue Bonds

"Investment Obligation" means includes any of the following securities and other investments (other than Program Securities), if and to the extent the same are at the time legal for the investment of the Agency's moneys" means
(a) Direct obligations of, or obligations the timely payment of principal and interest on which are insured or guaranteed by, the United States of America, which obligations include, but are not limited to, the following" means (i) United States Treasury obligations which are direct or fully guaranteed obligations, and (ii) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by Government National Mortgage Association ("GNMA");

(b) Obligations (i) which are backed by the full faith and credit of any state of the United States of America, (ii) of any agency of the United States of America, or (iii) of any public corporation sponsored by the United States of America, provided that, at the time of purchase, such obligations shall not impair the Rating of any Outstanding Bonds;

(c) Federal Home Loan Mortgage Corporation participation certificates guaranteed by Freddie Mac as to timely payment of principal and interest and senior debt obligations;

(d) Fannie Mae's mortgage-backed securities and senior debt obligations, excluding interest-only stripped securities;

(e) Interest bearing time or demand deposits, certificates of deposit or other similar banking arrangements with any bank, trust company, national banking association or other savings institution (including any Fiduciary) whose outstanding unsecured short-term debt obligations are rated by Moody's not less than P1 (or such comparable rating from each Rating Agency then providing a rating on the Bonds). provided that (i) such deposits, certificates and other arrangements are fully insured by the Federal Deposit Insurance Corporation or guaranteed by the State, the proceeds of which insurance are timely available, or (ii) such Depository has combined capital and surplus of at least $75,000,000 and such deposits, certificates and other arrangements are fully secured by obligations described in clause (a) or (b) of this definition, or a combination thereof, at such levels and valuation frequency as shall not impair the Rating of any Outstanding Bonds, or (iii) the deposit of funds with such Depository will not impair the Rating of any Outstanding Bonds;

(f) Any repurchase agreement and reverse repurchase agreement with banks which are members of the Federal Deposit Insurance Corporation, or with government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreement is secured by obligations described in the preceding clauses (a) and (b) of this definition, as long as such agreement, as of the date of its execution and delivery, does not impair the Rating of any Outstanding Bonds;

(g) Shares of (i) an investment company registered under the federal investment company act of 1940, whose shares are registered under the federal securities act of 1933, whose only investments are in securities described in subparagraphs (a), (b) or (f) above, or (ii) a common trust fund established by a national banking association or a bank or trust company organized under the laws of any state with combined capital and surplus of at least $75,000,000, under the supervision and regulation of the Comptroller of the Currency pursuant to 12 C.F.R. 9, or any successor regulation, whose only investments are in securities described in subparagraphs (a), (b) or (f) above and, in the case of both (i) and (ii), which are rated not less than Aaa by Moody’s (or such comparable rating from each Rating Agency then providing a Rating on the Bonds);

(h) Any investment contract with any provider as long as such investment contract, as of the date of its execution and delivery, does not impair the Rating of any Outstanding Bonds; and

(j) Any other investment that as of the date made does not impair the Rating of any Outstanding Bonds.

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 22-12

RESOLUTION OF THE CALIFORNIA HOUSING FINANCE AGENCY TO ADOPT THE NEW INVESTMENT AND DEBT MANAGEMENT POLICY

WHEREAS, the California Housing Finance Agency (the "Agency") Board of Directors ("Board") resolved on March 14, 2012, pursuant to Resolution No. 12-05 to adopt an Investment Policy ("Policy") for the Agency; and

WHEREAS, the Board of Directors further resolved on July 22, 2021, pursuant to Resolution 21-12 to revise the Policy to better reflect the Agency's investment practice and policies; and,

WHEREAS, the Agency desires to amend and restate the Policy to broaden the Policy to include the Agency's debt management practice and policies, and to revise the Policy to better reflect the Agency's investment practice and policies; and,

WHEREAS, such Policy authorizes that bond moneys be invested in accordance with the provisions of each bond indenture, as authorized by State law and resolution of the Board; and,

WHEREAS, Section 51003 of Part 3 of Division 31 of the California Health and Safety Code requires the Agency to direct the Treasurer to invest moneys in the California Housing Finance fund which are not required for its current needs, including proceeds from the sale of any bonds, in any eligible securities specified in Section 16430 of the California Government Code, and authorizes the Agency to direct the Treasurer to invest such moneys in other investment vehicles as specified in Section 51003;

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

1. Resolution No. 21-12 is hereby rescinded.

2. That the Policy presented to this meeting is hereby adopted.

3. This Resolution shall take effect immediately.

Attachment

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. 22-12 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 21st day of April 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 21st day of April, 2022.

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:** April 21, 2022

Erwin Tam, Director of Financing

From: CALIFORNIA HOUSING FINANCE AGENCY

Subject: Resolution 22-13: Disclosure Policy

The Agency has had a Disclosure Policy since 2014. The Board of Directors has been presented the policy on several occasions as informational items.

Resolution 22-13 approves the Disclosure Policy, as amended.

The Disclosure Policy (the "Policy") creates a Disclosure Oversight Committee (the "Committee"), comprised of the following staff (or in certain cases, their designees): Director of Financing, Comptroller, Director of Enterprise Risk Management & Compliance, General Counsel, Director of Homeownership Programs, Director of Multifamily Programs and the Risk Manager. This Committee has met and reviewed the Policy.

The following is a summary of the key points in the Policy:

- Empowers the Executive Director to oversee and approve changes to the Policy.
- The Committee shall review this Policy, procedures relating to the Policy, and any Board reports produced under the Policy.
- The scope of the policy excludes bonds issued under the Agency's Multifamily Conduit Bond Program.
- Sets a minimum review period for the Executive Director and the Chief Deputy Director to review preliminary official statements prior to posting.
- Incorporates various reporting requirements including continuing disclosure, material event notices, and Annual Debt Transparency Reports.
- Clarifies scope and attendance at required annual disclosure training.

CALIFORNIA HOUSING FINANCE AGENCY

Disclosure Policy
Dated: October 22, 2014
Amended and Restated: April 21, 2022

I. Purpose

The purpose of this Disclosure Policy (the "Policy") is to provide guidelines for the disclosure of financial and operating information to the public by the California Housing Finance Agency's ("CalHFA" or the "Agency"), including the information required to satisfy the contractual obligations under the Agency's continuing disclosure agreements and federal and state securities regulations with respect to outstanding bonds.

II. Board of Directors

The Board of Directors (the "Board") shall receive written notice of changes to this Policy and reports as detailed herein. The Board retains sole authority to change Section II of this Policy.

III. Executive Director

The Executive Director shall be responsible for overseeing this Policy and approving any changes recommended by the Disclosure Oversight Committee to this Policy. The Executive Director may designate the Chief Deputy Director to approve changes recommended by the Disclosure Oversight Committee to this Policy.

IV. Disclosure Oversight Committee

The Disclosure Oversight Committee (the "Committee") shall be composed of the following: Director of Financing (Chair), the Comptroller (Vice-Chair), Director of Enterprise Risk Management and Compliance or the Director of Enterprise Risk Management and Compliance's designee, the General Counsel or the General Counsel's designee, the Director of Homeownership Programs or the Director of Homeownership Programs' designee, the Director of Multifamily Programs or the Director of Multifamily Programs' designee, and the Risk Manager. The Committee shall:

A. meet at the call of the Chair or the Vice-Chair; and

B. annually meet to review this Policy, evaluate the efficacy of the procedures established under the policy in satisfying the Policy's objectives, and recommend any changes to this Policy to the Executive Director; and

C. Review of reportable/material events occurred during the year and action taken thereof; and

D. meet as required to review any procedures created by the Director of Financing pertaining to this Policy to ensure that the procedures are consistent with this Policy.

The Committee may also retain and consult with legal, financial, and other investment professionals and advisors.

V. Scope

A. This Policy does not apply to the Agency's Multifamily Conduit Bond program.

VI. Issuance of Publicly Offered Bonds or Securities

A. The Agency's Finance Team shall include the Committee and other Agency staff as determined by the Director of Financing.

B. The Director of Financing or the Director of Financing's designee shall develop a schedule for any public offering of bonds or securities that allows the Agency's Finance Team sufficient time for review of financial and operating information contained within any offering document.

C. The Agency shall retain legal and financial professionals as necessary and appropriate to assist with the review of financial and operating information contained within any offering document.

D. The Executive Director and Chief Deputy Director shall be given not less than seven (7) calendar days to review and approve of a preliminary official statement prior to posting.

VII. Municipal Securities Rulemaking Board

A. The Director of Financing shall maintain an issuer account for the Agency with the Electronic Municipal Market Access ("EMMA") website as created by the Municipal Securities Rulemaking Board ("MSRB").

B. All staff in the Financing Division of the Agency shall maintain accounts with EMMA.

VIII. Continuing Disclosure Agreements ("CDAs")

A. The Agency has executed master continuing disclosure agreements with trustees relating to its trust indentures in accordance with the provisions of the Rule 15c2-12(b)(5) under the Securities Exchange Act of 1934 (the "Rule"). The form of such continuing disclosure agreements may be modified to the extent necessary to conform to changes in the Rule. The Agency has agreed to make publicly available certain financial information and operating data as well as the Agency's annual audited financial statements. The Agency shall file the required information by due dates as specified by indenture as listed.

B. The Director of Financing shall be responsible for the creation and maintenance of procedures to ensure that the Agency retains a list of current outstanding bonds with corresponding CUSIP numbers, subject to any CDA.

C. The Director of Financing shall be responsible for the creation and maintenance of procedures to track required information to be filed under each CDA.

D. The Agency may retain a third-party dissemination agent to assist with the preparation or filing of any information.

IX. CDAs - Annual Disclosure Reports

A. The Director of Financing shall be responsible for the creation of procedures to ensure the accurate and timely filing of annual reports in the appropriate format required by law or applicable regulation, notice of its failure to provide annual information with respect to itself by a certain due date, relating to each of the Agency's outstanding CDAs.

1. The Director of Homeownership Programs, the Director of Multifamily Programs, and the Comptroller shall designate staff as necessary for completion of annual reports.

B. The Director of Financing shall be responsible for retaining the documentation of all annual disclosure filings to EMMA in accordance with the Agency's document retention policy.

C. The Agency reserves the right to modify, from time to time, the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgement of the Agency, provided that any modification will be done in a manner consistent with the Rule.

X. CDAs - Event Notices

A. The Director of Financing shall be responsible for the creation of procedures to ensure the accurate and timely filing of event notices relating to each of the Agency's CDAs. Procedures shall include the following:

1. Maintaining a list of events of which the Issuer is required to provide notice to the MSRB pursuant to CDA and certificates.

2. Regular circulation of a questionnaire to key management staff regarding the knowledge of information subject to event notices.

3. Weekly monitoring of rating changes for the Agency's bonds, bond insurers, swap counterparties, if appropriate.

4. Procedures to determine the materiality of the reported events and subsequent event notices to filed with the MSRB as well as rating changes to be reported through EMMA in a timely manner.

XI. Major Obligated Borrower

A. A Major Obligated Borrower is a borrower whose loan or loans have an aggregate outstanding principal balance which equals or exceeds twenty percent (20%) of the aggregate outstanding principal balance of all the loans pledged under any individual indenture

B. The Agency shall file with EMMA, on an annual basis, not later than 180 days after the end of the fiscal year the related Development or Developments of a Major Obligated Borrower, certain financial and operating data, including (a) if produced in the usual course of business, audited financial statements for the immediately preceding fiscal year prepared in accordance with GAAP, or, if not so produced in the usual course of business, unaudited financial statements for the immediately preceding fiscal year prepared in accordance with GAAP and (b) levels of occupancy (collectively, the "Major Obligated Borrower Annual Disclosure"). If the Agency has not received such Major Obligated Borrower Annual disclosure by the required date, the Agency shall, in a timely manner, file a notice with the MSRB of the failure of such Major Obligated Borrower to file such information with the Agency.

XII. Public Statements

A. The Director of Marketing and Communications and the Director of Financing shall ensure that statements or releases of information relating to the Agency's finances are accurate and not materially misleading from such sources as:

1. The Agency's website
2. Agency Press Releases

XIII. Annual Debt Transparency Report

A. The Agency is required to file an Annual Debt Transparency Report ("ADTR") with the California Debt and Investment Advisory Commission ("CDIAC") by January 31 of every year for bonds issued since January 31, 2017.

B. The Director of Financing shall be responsible for the creation and maintenance of procedures to ensure accurate and timely filings of ADTRs with CDIAC.

XIV. Comprehensive Annual Financial Report

A. Prior to the completion of the Agency's annual audit, the Comptroller shall submit the draft Management Discussion and Analysis and footnotes to the following individuals for approval:

1. Executive Director
2. Chief Deputy Director
3. General Counsel
4. Director of Financing
5. Risk Manager

XV. Investor Relations Website

A. The Agency shall maintain financial information on its website including, but not limited to:

1. The Agency's Annual Report
2. Audited Financial Statements for both the California Housing Finance Fund and the California Housing Loan Insurance Fund
3. Unaudited Interim Financial Statements for both the California Housing Finance Fund and the California Housing Loan Insurance Fund
4. Bonds Outstanding
5. Bond Redemption History
6. Composition of Bond Portfolio
7. Delinquency, REO and Loss Reports
8. Investment Reports
9. Mortgage Loan Information
10. Swap Agreement Portfolio Information
11. Mortgage-Backed Securities Information
12. Information on accessing official statements on EMMA

XVI. Annual Disclosure Training

A. The Director of Financing shall schedule annual training for all staff in the Financing Division and any Agency Staff responsible for the collection of information in any of the Agency’s CDAs covering:

1. This Policy
2. Rule 15c2-12, and material events required to be reported
3. Agency’s obligations under federal and state laws
4. Individual role and responsibilities as assigned

B. The Director of Financing shall schedule annual training for the Executive Director, Chief Deputy Director, and members of the Committee to review:

1. This Policy
2. Agency’s obligations under federal and state laws

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 22-13

RESOLUTION OF THE CALIFORNIA HOUSING FINANCE AGENCY TO ADOPT THE NEW CALIFORNIA HOUSING FINANCE AGENCY DISCLOSURE POLICY

WHEREAS, the California Housing Finance Agency (the "Agency") is subject to disclosure requirements under its Continuing Disclosure Agreements, and the Agency has had a Disclosure Policy (the "Policy") since October 22, 2014; and,

WHEREAS, the Agency has had amended its Disclosure Policy on July 21, 2017, and most recently as of February 26, 2020, to better reflect its practices and procedures under the Continuing Disclosure Agreements; and,

WHEREAS, the Agency desires to further amend Disclosure Policy to streamline the procedures and provide guidelines for the disclosure of financial and operating information to the public, including the information required to satisfy the contractual obligations under the Agency's continuing disclosure agreements and federal and state securities regulations with respect to Agency's outstanding bonds ; and,

WHEREAS, the Board of Directors desires to formally approve the Policy, which conforms with the Agency's Continuing Disclosure Agreements; and,

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

1. That the Policy presented to this meeting is hereby adopted.

2. This Resolution shall take effect immediately.

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. 22-13 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 21st day of April 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 21st day of April, 2022.

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": April 6, 2022 for Board Meeting on: April 21, 2022

Project Name, County:	Alamo Street Apartments, Ventura	
Address:	2804 Tapo Street, 4415 & 4473 Alamo Street, Simi Valley, CA 93063	
CalHFA Project Number:	21-016-A/X/S	**Total Units: 271 (Family)**
Requested Financing by Loan Program:	$74,000,000	**Tax-Exempt Bond – Conduit Issuance (Series A)**
	Up to $44,000,000	**Taxable Bond- Conduit Issuance (Series A-S) (includes 10% cushion)**
	Up to $9,000,000	**Tax-Exempt Recycled Bond- Conduit Issuance (Series B) (includes 10% cushion)**
	$48,700,000	**Tax-Exempt Permanent Loan with HUD Risk Sharing**
	$7,000,000	**Subsidy GAP Loan funded by MIP funds**

DEVELOPMENT/PROJECT TEAM

Developer:	Pacific West Communities, Inc.	**Borrower:**	Simi Valley Pacific Associates
Permanent Lender:	CalHFA/ Bonneville Multifamily Capital	**Construction Lender:**	Citibank/ Bonneville Multifamily Capital
Equity Investor:	U.S. Bancorp Community Development Corporation	**Management Company:**	ConAm Management Corporation
Contractor:	Sinanian Development, Inc.	**Architect**	Architects Orange
Loan Officer:	Kevin Brown	**Loan Specialist:**	N/A
Asset Manager:	Jessica Doan	**Loan Administration:**	Ashley Carroll
Legal (Internal):	Paul Steinke	**Legal (External):**	N/A
Concept Meeting Date:	4/5/21	**Approval Expiration Date:**	180 days from Approval

1.		**CONDUIT ISSUANCE (Citibank- A & A-S)**	**CONDUIT ISSUANCE (Recycled – Bonneville- Series B)**	**PERMANENT LOAN (CalHFA)**	**MIP (GAP) LOAN**

	Total Loan Amount	$74,000,000 (t/e) $39,381,561 (taxable)	$8,000,000	$48,700,000	$7,000,000
	Loan Term & Lien Position	36 months- interest only. One six-month extension available.; 1^{st} and 2^{nd} Lien Position during construction	36 months - Interest only - 3^{rd} Lien Position during construction. 30 years from permanent conversion – Residual Receipts - 2^{nd} lien position during permanent loan term	35 year – partially amortizing due in year 30 1^{st} Lien Position during permanent loan term	30 year - Residual Receipts; 3^{rd} Lien Position during permanent loan term
	Interest Rate (subject to change and locked 30 days prior to loan closing)	Underwritten at 4.00%, Fixed Rate	10-year Treasury + 1.5% Underwritten at 6.50% During construction loan term: 5.00% to 8.00% variable, interest only paid quarterly During permanent loan term: 5.00% to 8.00% variable, compounding interest, paid quarterly from residual receipts	30 Year MMD + 2.09% Underwritten at 4.73% that includes a .25% cushion* Estimated rate based on a 36 month forward commitment.	Greater of 1.00% simple interest or the applicable federal rate (AFR) at the time of MIP closing Underwritten at 2.00%
	Loan to Value (LTV)	97% (Loan to Investment Value)	6%	72%	N/A
	Loan to Cost	81%	7%	34%	N/A

**CalHFA spreads locked on <u>5/29/2021</u> (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:**	#25 Mike Garcia	**Assembly:**	#38 Suzette Valladares	**State Senate:**	#27 Harry Stern
	Brief Project Description	**Alamo Street Apartments** (the "Project") is a 271 unit new construction family, mixed income Project. It consists of one, three-story residential, over podium (total of 4-story), elevator served apartment building. The Project will have 268 affordable units consisting of 135 2BRs (854 SF), 91 3BRs (1,107 SF) and 42 4BRs (1,218 SF). 3 2BRs unrestricted units will					

		be reserved for onsite property managers. The site is to be 5.87 acres and is currently improved with a non-residential retail shopping center in average condition that will be razed during site preparation. The Project is not in a governor declared disaster area. **Financing Structure:** The Project's financing structure includes tax-exempt bonds, taxable bonds, subordinate Series B (Bonneville) via recycled tax-exempt bonds, 4% federal tax credits, state tax credits, Agency's tax-exempt loan program with HUD Risk Share, and mixed-income loan program. The project will be income averaged, pursuant to TCAC regulations. **Tax Credits and/or CDLAC Status:** The developer received an allocation of 4% federal tax credits, state tax credits, and bond cap on December 8, 2021. **Ground Lease:** Not applicable. **Project Amenities:** The Project includes a leasing office, community room, fitness room, and central laundry rooms. There will be a total of 611 parking spaces reserved for tenants, guests, and staff. 550 of the parking spaces will be located under the podium and the remaining 61 parking spaces will be surface parking. The site will also be improved with a picnic area and playground. Unit amenities will include central heating, central air, dishwasher, and garbage disposal. **Local Resources and Services:** The Project is located in a Moderate Resource Area per TCAC/HCD's Opportunity Area Map. The Project is in close proximity to the following local amenities and services: • Grocery stores – 0.56 miles • Schools – 0.57 miles • Public Library – 0.6 miles • Public transit – 0.07 miles • Retail - 0.05 miles • Park and recreation – 0.5 miles • Hospitals – 2.06 miles **Non-displacement <u>and</u> 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 the Project. **Commercial Space:** There will be no commercial Space at the property.

MISSION

3.	**CalHFA Mission/Goals**	
This Project and financing proposal provide 268 units of affordable housing with a range of restricted rents between 30% AMI and 80% 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:	5/2022

	Estimated Construction Start:	6/2022	Est. Construction Completion:	6/2024
	Estimated Stabilization and Conversion to Perm Loan(s):		5/2025	

SOURCES OF FUNDS

5.

Construction Period Financing				
SOURCE	**AMOUNT**	**LIEN POSITION**	**INTEREST RATE**	**DEBT TYPE**
Citibank Construction Loan - Tax Exempt (Series A)	$74,000,000	1^{st}	4.00%	Interest Only
Citibank Construction Loan – Taxable (Series A-S)	$39,381,561	2^{nd}	4.00%	Interest Only
Bonneville Multifamily Capital - Recycled T.E. Bonds (Series B)	$8,000,000	3^{rd}	6.50%	Interest Only
Deferred Developer Fee	$14,029,364	N/A	N/A	N/A
Deferred Costs	$1,762,573	N/A	N/A	N/A
Tax Credit Equity	$3,477,060	N/A	N/A	N/A
TOTAL	**$140,650,558**	**$519,006**	**Per Unit**	

Permanent Financing				
SOURCE	**AMOUNT**	**LIEN POSITION**	**INTEREST RATE**	**DEBT TYPE**
CalHFA Permanent Loan	$48,700,000	1^{st}	4.73%	35 years partially amortized, due in 30 years
Bonneville Multifamily Capital – Recycled T.E Bonds (Series B)	$8,000,000	2^{nd}	6.50%	Residual Receipts
CalHFA MIP	$7,000,000	3^{rd}	2.00%	Residual Receipts
Deferred Developer Fee	$8,880,000	N/A	N/A	N/A
Tax Credit Equity	$69,541,194	N/A	N/A	N/A
TOTAL DEVELOPMENT COST:	**$142,121,194**	**$524,432**	**Per Unit**	

Subsidy Efficiency: $7,000,000 ($26,119 per MIP restricted units).

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

- 4% Federal Tax Credits: $67,595,110 ($249,294 per total units).
- State Tax Credits (certificated): $10,250,000 ($37,823 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 not be funded by locality funds.

Cost Containment Strategy: The developer, **Pacific West Communities, Inc.**, is employing a collaborative effort with its finance team, equity investor and GC, **Sinanian Development, Inc.** to conduct preemptive feasibility and cost reviews to ensure project efficiency. The developer is also working with the GC to develop a master/base line

	schedule as well as utilizing the GC's expertise to prepare an in-house construction estimate, select qualified subcontractors and value engineer solutions for the project. The developer has worked with the GC on ten affordable housing projects totaling over 2,000 units and is familiar with and can attest to the quality of the GC.
6.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION OVERVIEW

7. Proposal and Project Strengths

- The Project has received 4% federal tax credits and state tax credits from TCAC, which is projected to generate equity representing 48% of total financing sources.
- The developer/sponsor has extensive experience in developing similar affordable housing projects and has experience with CalHFA.
- The Project will serve low-income families ranging between 30% to 80% of AMI.
- The locality has invested in the success of the Project as demonstrated by non-monetary concessions towards the development of the Project as stated in the Affordable Housing Agreement. These concessions include increased building height to 55 feet, reduction of commercial component from 25% to 2.6% (commercial component is not part of this project) and reducing property line setbacks from 28ft to 25ft. The locality has also granted nine waivers in the Affordable Housing Agreement to requirements related to design and property line setback.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is $5,920,000, which could be available to cover cost overruns and/or unforeseen issues during construction.
- The exit analysis assumes 6% 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 at maturity.

8. Project Weaknesses with Mitigants:

- A subsurface ESA (Phase II) was completed in March 2021 and the results of the Phase II recommend that a soils management plan is necessary prior to construction. Cost for groundwater mitigation and possible soil remediation are included in the construction budget for the residential portion only.
- The community opposed the Project in general, despite the project being designed in accordance with the City's General Plan, Municipal Code, and State Density Bonus Law. Despite the community oppositions, the City has approved entitlements for the Project. Please see section 36 for further detail.

9. Underwriting Standards or Term Sheet Variations

- Pursuant to the CalHFA Underwriting Standards and Reference Manual, MIP loans may be recorded behind amortizing debt in second lien priority. The project will be financed by Series B (Bonneville) via tax-exempt recycled bonds which will be required to be in 2nd lien position at permanent loan closing. The developer is proposing, and Multifamily staff is recommending the MIP Deed of Trust be recorded in 3rd lien position, however, the MIP affordability restrictions will still be recorded ahead of all foreclosable debt. This variation is necessary to facilitate the proposed financing structure and project feasibility.
- The Project's operating expenses are 7% below TCAC minimums. The developer has submitted operating budgets of three comparable properties substantiating the operating expenses. The investor has issued a letter of interest that supports the reduction of the operating expenses. TCAC approval of the operating expense minimums has been received as evidenced by a TCAC Reservation Letter dated December 8, 2021. Approvals of the final proposed operating expenses from the investor and all lenders are required.

10. Project Specific Conditions of Approval

Approval is conditioned upon

- No further site work or construction commenced prior to the issuance of a HUD Risk Share Firm Approval Letter.

- Subject to CalHFA, construction lender(s), other lenders, and equity investor approvals of the final mitigation action plans and budget outlined in the soils' management plan dated March 12, 2021 prior to construction loan closing. In addition, the final mitigation action plans must be implemented and completed on the residential portion prior to permanent loan closing.
- The Project's proposed operating expenses do not meet TCAC minimums**,** therefore, Borrower must provide evidence that the proposed operating expenses are sufficient to operate the project via an appraisal report and/or other supporting documentation acceptable to CalHFA. In addition, approvals of the final proposed operating expenses from the investor and all lenders are required.
- CalHFA requires that MIP affordability covenants be recorded in senior position of all foreclosable debt.
- 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.
- Receipt of Lien Priority/Position Estoppel in form and substance acceptable to CalHFA, City of Simi Valley, and Bonneville Multifamily Capital Subordinate B Bonds.
  The City is requiring the Borrower to encumber the Property by recording an Affordable Housing Agreement that includes density bonus requirements. Prior to construction loan closing and closing of the CalHFA loans, the Affordable Housing Agreement is subject to CalHFA review and approval in accordance with Agency underwriting standards, which may require a Standstill Agreement to be entered into with the City.
- Confirmation from construction lender of Loan-To-Cost in excess of 80% and loan-to-investment value in excess of 90%, if applicable.
- Recordation of parcel map to merge parcels and subdivide commercial portion of the site to be completed prior to or at construction loan closing.
- Subject to CalHFA's review and approval of Phase I update including CalHFA reliance dated within 180 days prior to construction loan closing.
- 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.

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 (82 units) at or below 60% AMI and 10% of the total units (28 units) at 50% of AMI for 55 year(s).

The CalHFA MIP Subsidy Regulatory Agreement will restrict 10% of the total units (28 units) at or below 50% of AMI and 10% of total units (28 units) between 60% and 80% of AMI with a minimum average of 70% of AMI, not to exceed 80% of AMI, and 79% of the total units (214 units) at or below 120% of AMI for a term of 55 years. Typically, the proposed rents are required to be sized based on the maximum target occupancy levels, unless lower rents are supported by market study or appraisal report. In addition, TCAC regulations, Section 10325 (9)(f)(1)(B)(i) requires that the proposed tenant paid rents for each affordable unit type in the proposed development must be at least ten percent (10%) below the weighted average rent for the same unit types in comparable market rate rental properties. For the 80% of AMI occupancy target level, per the appraisal report dated 2/7/2022, the Project can only support rents based on approximately 72% of AMI and still comply with the TCAC requirements that rents be 10% below the weighted average market rents. Therefore, while the target occupancy is 80% of AMI, the rents are based on 72% 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.

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

- The City of Simi Valley Affordable Housing Agreement and Density Bonus Agreement will restrict 27 units at or below 30% AMI, 27 units at or below 50% AMI, 162 units at or below 60% AMI, and 52 units at or below 80% AMI (268 units total) for a period of 55 years from the issuance of a Certificate of Occupancy.

Rent Limit Summary Table

Restrictions @ AMI	Total	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
30%	27	-	-	14	9	4	10%
50%	27	-	-	14	9	4	10%
60%	162	-	-	81	55	26	59.8%
80%	52	-	-	26	18	8	19.2%
Manager's Unit	3	-	-	3	-	-	1.1%
Total	271	0	0	138	91	42	100.0%

The average affordability restriction is 59.9% 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	80% AMI *(60% to 80% Tranche)	80% AMI	<= 120% AMI	Mgrs. Unit	Total Units Regulated	% of Regulated Units
CalHFA Bond/Risk Share	1st	55		28	82				3	108	40.6%
CalHFA MIP Subsidy	2nd	55		28		28		212	3	268	98.9%
City of Simi Valley AHA/DBA	3rd	55	27	27	162		52		3	268	98.9%
Tax Credits	4th	55	27	27	162		52		3	268	98.9%

13.	Geocoder Information			
	Central City:	No	Underserved:	No
	Low/Mod Census Tract:	Moderate	Below Poverty line:	10.15%
	Minority Census Tract:	34.85%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14.	**Capitalized Reserves:**	
	Replacement Reserves (RR):	N/A
	Operating Expense Reserve (OER):	$1,012,573 OER amount is size based on 3 months operating expenses, debt service, and annual replacement reserves deposits. The CalHFA will hold this reserve for the term of the 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:	1.20	**Project-Based Subsidy Term:**	N/A
	End Year DSCR:	2.23	**Annual Replacement Reserve Per Unit:**	$250/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%

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 by a First Deed of Trust against the above-described Project site.

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

The exit analysis assumes 6% 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: 3/2/22**

- The Appraisal prepared by Pacific Real Estate Appraisal, values the land at $6,300,000.
- The cap rate of 4% and projected $2,715,566 of net operating income, which is approximately 10.8% lower than developer's current projections. Subsequent to ordering the appraisal, the developer was able to increase the rents on the 60% and 80% AMI units which accounts for an additional $400k in rental income.
- The proposed operating expenses per unit in the appraisal is $6,082 which is approximately 12% higher than developer's proposed operating expenses per unit. The operating expenses per unit in the appraisal is based on market rate comparable projects, hence it is expected to be higher than the operating expenses per unit for an affordable project. The appraisal is therefore using a more conservative NOI to determine the appraised value.
- The as-restricted stabilized value is $67,890,000, which results in the Agency's permanent first lien loan to value of 72%. The capture rate is 28% and the absorption period is 10 months, which is generally consistent with the market study.

	Market Study:	Kinetic Valuation Group, Inc	Dated: March 12, 2021

Regional Market Overview

- The Primary Market Area consists of the adjacent cities of Simi Valley (population of 128,000) and Moorpark and the Secondary Market Area (“SMA”) is Ventura County (population of 823,318)
- The general population in the PMA has increased from 2010 to 2020 and is anticipated to increase by 1.7% by 2025.
- Unemployment in the PMA was 6.3% in December 2020, which is 3.4% higher than 2019 due to the COVID-19 pandemic. The market study was unable to comment on future unemployment trends for the local economy. However, prior to the COVID-19 pandemic, unemployment was at a decade low of 2.9%. Per the recent appraisal, the unemployment rate in Ventura County in December 2021 was 4.2%. The county has generally experienced a lower unemployment rate compared to other areas of California.
- Per the appraisal, median home value within a mile of the property is $500,000-$749,000 for 60.1% of homeowners and 52.9% within five miles.

Local Market Area Analysis

- **Supply:**
  - There are currently 4 family project(s) in Simi Valley and they are 0.5% vacancy.
  - The nearest LIHTC property in proximity is 100% occupied with a long waiting list.
  - There are 0 affordable family project(s) under construction at this time.
- **Demand/Absorption:**
  - The project will need to capture 17.4% of the total demand for family units in the PMA. The affordable units are anticipated to lease up at a rate of 27 to 40 units per month and reach stabilized occupancy within 10 months of opening.

DEVELOPMENT SUMMARY

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

- Location: The property is located on the east side of Tapo Street and the north side of Alamo Street, in the City of Simi Valley, Ventura County.
- Site History: The site is currently a portion of a 5 parcel merger which will constitute a total of 6.87 acres. The parcels are currently owned by Allenby, LLC, a California limited liability company (parcel 1) and Altapo-Bellwood Building LLC, a California limited liability company (parcels 2 through 5) (Sellers). The combined parcels will be purchased in their totality by the Borrower and then subdivided into two separate parcels. The first parcel totaling 5.87 acres (Site A) will be the site of the subject development. The second parcel (Site B) which totals 1 acre will be retained by the seller.
- Common Area Agreement: There will be a Common Area Operating and Maintenance Agreement encumbering both parcels, and that agreement specifies the rights and obligations of the owner of each respective property as to certain commons areas of the properties. The common areas include trash staging facility easements, utility, fire and drainage easements, roadway access, and parking easements. The parking easement is for commercial parking spaces associated with Site B only and will allow tenants and guests to utilize 33 commercial parking spaces between the hours of 11:00pm and 6:00am. Commercial tenants and patrons will not be allowed to use residential parking located on Site A.
- Site A:
  - Currently improved with a retail shopping center in average condition that will be razed during site preparation.
  - Measures approximately 5.87 acres with generally level topography at street grade and is rectangular in shape.
  - Zoned Commercial Planned Development - MU, with permitted multifamily residential use.
  - Located in Flood Zone X (area of minimum flood hazard). Zone X 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 Sellers, Allenby, LLC, a California limited liability company (parcel 1) and Altapo-Bellwood Building LLC, a California limited liability company (parcels 2 through 5), and the Borrower, Simi Valley Pacific Associates, a California Limited Partnership, entered into a Purchase and Sale Agreement dated March 1, 2021, for a purchase amount of $4,000,000. The agreement includes subdividing the total site into two parcels. A 1-acre commercial parcel will be retained by the Seller, and a 5.87 acre parcel will be acquired by the Borrower for the subject development.

21.	Current Ownership Entity of Record

Title is currently vested with a portion of the Project owned by Allenby, LLC (parcel 1) and the remainder of the Project owned by Altapo-Bellwood Building LLC (parcels 2 through 5), each as the fee owner of their respective portion.

22.	Environmental Review Findings	Dated: March 12, 2021

- A Phase I Environmental Site Assessment was performed by KCE Matrix dated March 12, 2021, covering all 5 parcels which are part of the P&S Agreement. Based on the Phase 1 ESA, a Recognized Environmental Condition (REC) was identified on the subject residential site. The REC was identified as a result of a former dry-cleaning operation that was on site from at least 2001-2016.
- A subsurface ESA (Phase II) was completed in March 2021. The results of the Phase II indicated: 1) the subsurface soil has not been impacted by the contaminants of concern and therefore, further subsurface assessment work or implementation of remedial action is not warranted, and 2) the sub- slab and soil-gas have been impacted and further implementation of remedial action is warranted. A soils management plan has been provided by the developer and is subject to CalHFA, other lenders, and equity investor's approvals prior to construction loan closing. In addition, the final mitigation action plans must be implemented and completed on the residential portion prior to permanent loan closing
- A NEPA review has been initiated and will be completed concurrently with submission to HUD for Firm Approval, prior to construction loan closing.

23.	Seismic	Requires Earthquake Insurance: ☐ Yes ☒ No

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

24.	Relocation	Requires Relocation: ☐ Yes ☒ Not Applicable

Not applicable.

PROJECT DETAILS

25.	Residential Areas:				
		Residential Square Footage:	269,745	Residential Units per Acre:	39.3
		Community Area Sq. Ft:	7,941	Total Parking Spaces:	611
		Supportive Service Areas:	2,410	Total Building Sq. Footage:	185,408
26.	Mixed-Use Project: ☐ Yes ☒ No				
		Non-Residential Sq. Footage:	60,543 sf	Number of Lease Spaces:	N/A
		Master Lease:	☐ Yes ☒ No	Number of Parking Spaces:	611
27.	Construction Type:	The building will be constructed of steel and wood frame, and covered with stucco, laminated wood, metal cladding and fiber cement board siding on a podium over a ground level parking garage. The roof will be a flat and covered with built-up composition. The units will be accessed from outside walkways and interior hallways with three multi-stop elevators and steel and concrete stairs leading to the upper floors.			
28.	Construction/Rehab Scope	Requires Demolition: ☒ Yes ☐ No			

- The subject site consists of an existing commercial shopping center that is currently occupied with one remaining tenant. The tenant has an agreement in place with the developer to relocate prior to demolition at no extra cost to the project. The development budget includes $900,000 to account for the cost of demolition.

- Environmental remediation of contaminants outlined in section 22 above is included in the development budget in the estimated amount of $50,000.

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 has established cost containment strategies, which are outlined in Section 5 above.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30.	Borrower Affiliated Entities

- Managing General Partner: Central Valley Coalition for Affordable Housing, a California Nonprofit Public Benefit Corporation; 0.005% interest
- Administrative General Partner: TPC Holdings IX, LLC (TPC Holdings) an Idaho limited liability company; 0.005% interest
  - Manager: Pacific West Communities, Inc., an Idaho Corporation
    - President & CEO: Caleb Roope
- Investor Limited Partner: U.S. Bancorp Community Development Corporation; 99.99% interest

31.	Developer/Sponsor

Pacific West Communities, Inc. (PWC) is a vertically integrated for-profit developer that has extensive experience developing and constructing affordable housing projects similar to this Project, across the western United States. The company has developed 169 affordable multifamily projects since its inception in 1998. There are currently 18 projects under construction, including 2 CalHFA projects that are progressing as expected. PCW has 4 projects in CalHFA's portfolio that are operating as expected and 3 projects (including this one) being processed through CalHFA's pipeline. The administrative general partner, TPC Holdings, has five or more projects in service more than 3 years, including 1 in service more than 5 years and 2 California LIHTC projects. TPC Holdings is owned by Pacific West Communities, Inc. The company currently has 27 properties (1,820 units) under development, of which 20 properties are slated for completion in 2022. PWC has partnered with Central Valley Coalition for Affordable Housing (CVCAH) on over 70 projects. CVCAH is a nonprofit public benefit corporation and is included in the Project ownership as the Managing General Partner for the sole purpose of providing tax-exempt status to the project in order to obtain an allocation of tax-exempt bonds and property tax exemption.

32.	Management Agent

The Project will be managed by ConAm Management Corporation, which has extensive experience in managing similar affordable housing projects in the area and manages several projects in CalHFA's portfolio.

33.	Service Provider	Required by TCAC or other funding source? ☒ Yes ☐ No

The Borrower has elected to provide a Service Coordinator (Central Valley Coalition for Affordable Housing) to meet CTCAC requirements for a term of 15 years and the expense of these services is currently within the approved line item operating budget. Services will include items such as 84 hours per year Instructor-led educational and skill building classes and 60 hours per year per 100 bedrooms of health and wellness services and programs.

34.	Contractor	Experienced with CalHFA? ☒ Yes ☐ No

The general contractor is Sinanian Development, Inc. which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA.

There is an identity of interest between the Seller Allenby, LLC/Altapo-Bellwod Building, LLC and the general contractor.

35.	Architect	Experienced with CalHFA? ☒ Yes ☐ No
The architect is Architects Orange, which has extensive experience in designing and managing similar affordable housing projects in California. Architects Orange has provided architectural services for at least 3 completed projects in CalHFA's portfolio.		
36.	**Local Review via Locality Contribution Letter**	
The locality, City of Simi Valley, returned the local contribution letter stating they have "no position" with regards to the support of the project. The City commented, "This project garnered considerable opposition in the community and was approved by the City under threat of litigation by the California Department of Housing and Community Development (HCD). Absent California laws that mandate the City's approval and the threat of litigation from HCD, the City would have had the opportunity to work cooperatively with the original developer to design a project that could be supported by the community." The community opposed the project citing tall building height, traffic congestion, and increased risk of spreading COVID due to the large number of units. However, the project was designed in accordance with the City's General Plan, Municipal Code, and State Density Bonus Law. The developer has agreed to reducing the height from 4-story over podium to 3-story over podium and including traffic flow improvements such as an additional driveway signal lights. HCD threatened litigation against the City of Simi Valley for not complying with the Housing Accountability Act unless the City agreed to approve entitlements for the project. The City has since approved the entitlements and the statute of limitations has expired, therefore HCD litigation is no longer a concern. While there has been no specific community outreach, the developer has been working closely with the Home-Owner Associations to the immediate north and east of the project to coordinate construction and landscape designs.		

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY — Final Commitment

Acquisition, Rehab, Construction & Permanent Loans — **Project Number 21-016-A/X/S**

Project Full Name	Alamo Street Apartments	**Borrower Name:**	Simi Valley Pacific Associates
Project Address	2804 Tapo Street, 4415 & 4473 Alamo	**Managing GP:**	Central Valley Coalition for Affordable Housing
Project City	Simi Valley	**Developer Name:**	Pacific West Communities, Inc.
Project County	Ventura	**Investor Name:**	Boston Financial
Project Zip Code	93063	**Prop Management:**	ConAm Management Corporation
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	5.87
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	269,745
Total Residential Units:	271	**Residential Units Per Acre:**	46.17
Total Number of Buildings:	1		
Number of Stories:	4	**Covered Parking Spaces:**	550
Unit Style:	Flat	**Total Parking Spaces:**	611
Elevators:	4		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
Conduit Citibank T/E Construction Loan	74,000,000	1.000%	36	--	4.000%
Citibank Taxable	39,381,561	1.000%	36	--	4.000%
Bonneville Recycled T/E Series B	8,000,000	--	36	--	6.500%
Deferred Developer Fee	14,029,364	NA	NA	NA	NA
Deferred Costs	1,762,573	NA	NA	NA	NA
Investor Equity Contribution	3,477,060	NA	NA	NA	NA
Total	**140,650,558**	NA	NA	NA	NA

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	48,700,000	1.000%	30	35	4.730%
MIP	7,000,000	1.000%	30	NA	2.000%
Bonneville Recycled T/E Bonds	8,000,000	--	45	45	6.500%
Deferred Developer Fees	8,880,000	NA	NA	NA	NA
Investor Equity Contributions	69,541,194	NA	NA	NA	NA
Total	**142,121,194**	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	2/7/22	**Capitalization Rate:**	4.00%
Investment Value ($)	74,390,000	**Restricted Value ($)**	67,890,000
Construct/Rehab LTC	81%	**CalHFA Permanent Loan to Cost**	34%
Construct/Rehab LTV	108%	**CalHFA 1st Permanent Loan to Value**	72%
		Combined CalHFA Perm Loan to Value	82%

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	$1,049,801	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$250	Cash

Date Prepared: 3/29/22 — Senior Staff Date: 4/6/22

UNIT MIX AND RENT SUMMARY **Final Commitment**

Alamo Street Apartments **Project Number 21-016-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	2	2	854	138	414
-	3	2	1,107	91	409.5
-	4	2	1,218	42	252
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
				271	1075.5

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%**	**80%**	**100%**	**120%**
CalHFA Bond/RiskShare	0	0	28	82	0	0	0
CalHFA MIP	0	0	28	0	28	0	212
Tax Credit	27	0	27	162	52	0	0
City of Simi Valley AHA/DBA	27	0	27	162	52	0	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**	**Unit Rent**	**Average Market Rents**	**Average Monthly Savings**	**% of Market Rents**
Studios	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
1 Bedroom	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
2 Bedrooms	**CTCAC**	**30%**	14	$697	$2,350	$1,653	30%
	CTCAC	**50%**	14	$1,202		$1,148	51%
	CTCAC	**60%**	81	$1,454		$896	62%
	CTCAC	**80%**	26	$1,800		$550	77%
	CTCAC	**80%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
	CTCAC	**-**	-	-		-	-
3 Bedrooms	**CTCAC**	**30%**	9	$799	$2,950	$2,151	27%
	CTCAC	**50%**	9	$1,382		$1,568	47%
	CTCAC	**60%**	55	$1,674		$1,276	57%
	CTCAC	**80%**	18	$1,995		$955	68%
	CTCAC	**80%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
4 Bedrooms	**CTCAC**	**30%**	4	$881	$3,250	$2,369	27%
	CTCAC	**50%**	4	$1,532		$1,718	47%
	CTCAC	**60%**	26	$1,857		$1,393	57%
	CTCAC	**80%**	8	$2,295		$955	71%
	CTCAC	**80%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
5 Bedrooms	**CTCAC**	**30%**	-	-	-	-	-
	CTCAC	**50%**	-	-		-	-
	CTCAC	**60%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**80%**	-	-		-	-
	CTCAC	**100%**	-	-		-	-
	CTCAC	**120%**	-	-		-	-
Date Prepared:	3/29/22					Senior Staff Date:	4/6/22

SOURCES & USES OF FUNDS | **Final Commitment**

Alamo Street Apartments | **Project Number 21-016-A/X/S**

SOURCES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT SOURCES OF FUNDS: SOURCES ($)	PER UNIT ($)	%
Conduit Citibank T/E Construction Loan	74,000,000				0.0%
Citibank Taxable	39,381,561				0.0%
Bonneville Recycled T/E Series B	8,000,000				0.0%
-	-				0.0%
					0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
-	-				0.0%
Deferred Costs	1,762,573				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	14,029,364				0.0%
Developer Equity Contribution	-				0.0%
Investor Equity Contribution	3,477,060				0.0%
Perm		48,700,000	48,700,000	179,705	34.3%
MIP		7,000,000	7,000,000	25,830	4.9%
-		-	-	-	0.0%
-		-	-	-	0.0%
Bonneville Recycled T/E Bonds		8,000,000	8,000,000	29,520	5.6%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		8,880,000	8,880,000	32,768	6.2%
Developer Equity Contribution		-	-	-	0.0%
Investor Equity Contributions		69,541,194	69,541,194	256,610	48.9%
TOTAL SOURCES OF FUNDS	**140,650,558**	**142,121,194**	**142,121,194**	**524,432**	**100.0%**
TOTAL USES OF FUNDS (BELOW)	**140,650,558**	**142,121,194**	**142,121,194**	**524,432**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**-**	**(0)**	**(0)**		

USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS: USES ($)	PER UNIT ($)	%
CONSTRUCTION/REHAB SOURCES OF FUNDS		**140,650,558**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	4,000,000	-	4,000,000	14,760	2.8%
Demolition Costs	900,000	-	900,000	3,321	0.6%
Legal & Other Closing Costs	5,000	-	5,000	18	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	**4,905,000**	**-**	**4,905,000**	**18,100**	**3.5%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	50,000	-	50,000	185	0.0%
Site Work (Hard Cost)	5,370,000	-	5,370,000	19,815	3.8%
Structures (Hard Cost)	82,674,208	-	82,674,208	305,071	58.2%

SOURCES & USES OF FUNDS					**Final Commitment**
Alamo Street Apartments			**Project Number**	**21-016-A/X/S**	
General Requirements	3,523,768	-	3,523,768	13,003	2.5%
Contractor Overhead	1,832,360	-	1,832,360	6,761	1.3%
Contractor Profit	4,580,899	-	4,580,899	16,904	3.2%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	1,056,600	-	1,056,600	3,899	0.7%
Personal Property	-	-	-	-	0.0%
HVAC/Resident Damage	-	-	-	-	0.0%
TOTAL CONSTRUCT/REHAB COSTS	**99,087,835**	**-**	**99,087,835**	**365,638**	**69.7%**
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	700,000	-	700,000	2,583	0.5%
Supervision	200,000	-	200,000	738	0.1%
TOTAL ARCHITECTURAL FEES	**900,000**	**-**	**900,000**	**3,321**	**0.6%**
SURVEY & ENGINEERING FEES					
Engineering	415,000	-	415,000	1,531	0.3%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	415,000	-	415,000	1,531	0.3%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	4,800,000	-	4,800,000	17,712	3.4%
Soft Cost Contingency Reserve	1,430,522	-	1,430,522	5,279	1.0%
TOTAL CONTINGENCY RESERVES	6,230,522	-	6,230,522	22,991	4.4%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
Conduit Citibank T/E Construction Loan	5,766,184	-	5,766,184	21,277	0.040572
Citibank Taxable	-	-	-	-	0
Bonneville Recycled T/E Series B	-	-	-	-	0.0%
-	-	-	-	-	0.0%
	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
Conduit Citibank T/E Construction Loan	740,000	-	740,000	2,731	0.5%
Citibank Taxable	393,816	-	393,816	1,453	0.3%
Bonneville Recycled T/E Series B	-	-	-	-	0.0%
-	-	-	-	-	0.0%
	-	-	-	-	0.0%
-	-	-	-	-	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	66	0.0%
Real Estate Taxes During Rehab	50,000	-	50,000	185	0.0%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Rehab	1,000,000	-	1,000,000	3,690	0.7%
Title & Recording Fees	100,000	-	100,000	369	0.1%
Lender Costs	70,000	-	70,000	258	0.0%

SOURCES & USES OF FUNDS **Final Commitment**
Alamo Street Apartments **Project Number 21-016-A/X/S**

USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
Post Construction Interest	750,000	-	750,000	2,768	0.5%
Bond Issuer Fee	88,191	-	88,191	325	0.1%
Cost of Issuance	4,126	-	4,126	15	0.0%
TOTAL CONST/REHAB PERIOD COSTS	**8,980,316**	**-**	**8,980,316**	**33,138**	**6.3%**
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
Perm	243,500	243,500	487,000	1,797	0.3%
MIP	35,000	35,000	70,000	258	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Bonneville Recycled T/E Bonds	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Funding Fee	-	110,000	110,000	406	0.1%
Credit Enhancement & Application Fees (balance)	-	-	-	-	0.0%
Title & Recording (closing costs)	-	-	-	-	0.0%
Year 1 - Taxes & Special Assessments and Insura	-	-	-	-	0.0%
CalHFA Fees	-	14,835	14,835	55	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
CalHFA Perm Loan & MIP Fees	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	**278,500**	**403,335**	**681,835**	**2,516**	**0.5%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	50,000	-	50,000	185	0.0%
CalHFA Permanent Loan Legal Fees	17,500	17,500	35,000	129	0.0%
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	70,000	-	70,000	258	0.0%
CalHFA Bond Counsel	70,415	-	70,415	260	0.0%
TOTAL LEGAL FEES	**207,915**	**17,500**	**225,415**	**832**	**0.2%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	1,049,801	1,049,801	3,874	0.7%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
-	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**-**	**1,049,801**	**1,049,801**	**3,874**	**0.7%**
REPORTS & STUDIES					
Appraisal Fee	10,000	-	10,000	37	0.0%
Market Study Fee	10,000	-	10,000	37	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	13,687	-	13,687	51	0.0%
HUD Risk Share Environmental / NEPA Review F	21,313	-	21,313	79	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
Alamo Street Apartments			**Project Number**	**21-016-A/X/S**	
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**55,000**	**-**	**55,000**	**203**	**0.0%**
USES OF FUNDS	**CONST/REHAB $**	**PERMANENT $**	**TOTAL PROJECT USES OF FUNDS**		
			USES ($)	**PER UNIT ($)**	**%**
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	181,381	-	181,381	669	0.1%
CDLAC Fees	39,684	-	39,684	146	0.0%
Local Permits & Fees	600,000	-	600,000	2,214	0.4%
Local Impact Fees	3,737,444	-	3,737,444	13,791	2.6%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	60,000	-	60,000	221	0.0%
Accounting & Audits	10,000	-	10,000	37	0.0%
Advertising & Marketing Expenses	161,961	-	161,961	598	0.1%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OTHER COSTS	**4,790,470**	**-**	**4,790,470**	**17,677**	**3.4%**
SUBTOTAL PROJECT COSTS	**125,850,558**	**142,121,194**	**127,321,194**	**469,820**	**89.6%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	14,800,000	-	14,800,000	54,613	10.4%
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	**14,800,000**	**-**	**14,800,000**	**54,613**	**10.4%**
TOTAL PROJECT COSTS	**140,650,558**	**142,121,194**	**142,121,194**	**524,432**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
Alamo Street Apartments	**Project Number**		**21-016-A/X/S**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 4,980,756	$ 18,379	104.69%
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	27,198	100	0.57%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 5,007,954**	**$ 18,480**	**105.26%**
Less: Vacancy Loss	**$ 250,398**	**$ 924**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 4,757,556**	**$ 19,404**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 160,850	$ 594	$ 0
Management Fee	153,669	567	3.23%
Social Programs & Services	24,000	89	0.50%
Utilities	229,000	845	4.81%
Operating & Maintenance	428,200	1,580	9.00%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	28	0.16%
Other Monitoring Fees	24,800	92	0.52%
Real Estate Taxes	32,300	119	0.68%
Other Taxes & Insurance	221,600	818	4.66%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES	**$ 1,281,919**	**$ 4,730**	**26.94%**
Replacement Reserve	$ 67,750	$ 250	1.42%
TOTAL OPERATING EXPENSES	**$ 1,349,669**	**$ 4,980**	**28.37%**
NET OPERATING INCOME (NOI)	**$ 3,407,887**	**$ 12,575**	**71.63%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
Perm	$ 2,849,535	$ 10,515	59.89%
-	$ -	-	0.00%
-	$ -	-	0.00%
Bonneville Recycled T/E Bonds	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 2,849,535**	**$ 10,515**	**59.89%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 558,351**	**$ 2,060**	**11.74%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**1.20**	**to 1**	
Date: 3/29/22		Senior Staff Date:	04/06/22

PROJECTED PERMANENT LOAN CASH FLOWS										Alamo Street Apartments				
Final Commitment										**Project Number**	**21-016-A/X/S**			
	YEAR	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**
RENTAL INCOME	**CPI**													
Restricted Unit Rents	2.50%	4,980,756	5,105,275	5,232,907	5,363,729	5,497,823	5,635,268	5,776,150	5,920,554	6,068,568	6,220,282	6,375,789	6,535,183	6,698,563
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%	27,198	27,877	28,574	29,289	30,021	30,772	31,541	32,329	33,138	33,966	34,815	35,686	36,578
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**5,007,954**	**5,133,152**	**5,261,481**	**5,393,018**	**5,527,844**	**5,666,040**	**5,807,691**	**5,952,883**	**6,101,705**	**6,254,248**	**6,410,604**	**6,570,869**	**6,735,141**
VACANCY ASSUMPTIONS	**Vacancy**													
Restricted Unit Rents	5.00%	249,038	255,264	261,645	268,186	274,891	281,763	288,807	296,028	303,428	311,014	318,789	326,759	334,928
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%	1,360	1,394	1,429	1,464	1,501	1,539	1,577	1,616	1,657	1,698	1,741	1,784	1,829
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**250,398**	**256,658**	**263,074**	**269,651**	**276,392**	**283,302**	**290,385**	**297,644**	**305,085**	**312,712**	**320,530**	**328,543**	**336,757**
EFFECTIVE GROSS INCOME (EGI)		**4,757,556**	**4,876,495**	**4,998,407**	**5,123,367**	**5,251,452**	**5,382,738**	**5,517,306**	**5,655,239**	**5,796,620**	**5,941,535**	**6,090,074**	**6,242,326**	**6,398,384**
OPERATING EXPENSES	**CPI / Fee**													
Administrative Expenses	3.50%	184,850	191,320	198,016	204,946	212,120	219,544	227,228	235,181	243,412	251,932	260,749	269,875	279,321
Management Fee	3.23%	153,669	157,511	161,449	165,485	169,622	173,862	178,209	182,664	187,231	191,912	196,709	201,627	206,668
Utilities	3.50%	229,000	237,015	245,311	253,896	262,783	271,980	281,499	291,352	301,549	312,103	323,027	334,333	346,035
Operating & Maintenance	3.50%	428,200	443,187	458,699	474,753	491,369	508,567	526,367	544,790	563,858	583,593	604,018	625,159	647,040
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
Other Agency Monitoring Fee	0.00%	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800
Real Estate Taxes	1.25%	32,300	32,704	33,113	33,526	33,946	34,370	34,799	35,234	35,675	36,121	36,572	37,030	37,492
Other Taxes & Insurance	3.50%	221,600	229,356	237,383	245,692	254,291	263,191	272,403	281,937	291,805	302,018	312,589	323,529	334,853
Required Reserve Payments	1.00%	67,750	68,428	69,112	69,803	70,501	71,206	71,918	72,637	73,364	74,097	74,838	75,587	76,342
TOTAL OPERATING EXPENSES		**1,349,669**	**1,391,820**	**1,435,381**	**1,480,402**	**1,526,931**	**1,575,021**	**1,624,724**	**1,676,096**	**1,729,193**	**1,784,075**	**1,840,803**	**1,899,440**	**1,960,051**
NET OPERATING INCOME (NOI)		**3,407,887**	**3,484,675**	**3,563,026**	**3,642,965**	**3,724,520**	**3,807,717**	**3,892,582**	**3,979,143**	**4,067,427**	**4,157,460**	**4,249,271**	**4,342,886**	**4,438,333**
DEBT SERVICE PAYMENTS	**Lien #**													
Perm	1	2,849,535	2,849,535	2,849,535	2,849,535	2,849,535	2,849,535	2,849,535	2,849,535	2,849,535	2,849,535	2,849,535	2,849,535	2,849,535
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonneville Recycled T/E Bonds	2	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**2,849,535**	**2,849,535**	**2,849,535**	**2,849,535**	**2,849,535**	**2,849,535**	**2,849,535**	**2,849,535**	**2,849,535**	**2,849,535**	**2,849,535**	**2,849,535**	**2,849,535**
CASH FLOW AFTER DEBT SERVICE		**558,351**	**635,140**	**713,490**	**793,430**	**874,985**	**958,182**	**1,043,047**	**1,129,608**	**1,217,891**	**1,307,925**	**1,399,735**	**1,493,350**	**1,588,798**
DEBT SERVICE COVERAGE RATIO		**1.20**	**1.22**	**1.25**	**1.28**	**1.31**	**1.34**	**1.37**	**1.40**	**1.43**	**1.46**	**1.49**	**1.52**	**1.56**
Date Prepared:	03/29/22									Senior Staff Date:	4/6/22			
		1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**
LESS: Asset Management Fee	3%	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
LESS: Partnership Management Fee	3%	27,100	27,100	27,100	27,100	27,100	27,100	27,100	27,100	27,100	27,100	27,100	27,100	27,100
net CF available for distribution		**521,251**	**598,040**	**676,390**	**756,330**	**837,885**	**921,082**	**1,005,947**	**1,092,508**	**1,180,791**	**1,270,825**	**1,362,635**	**1,456,250**	**1,551,698**
Developer Residual Receipts Payment	*100%*	**521,251**	**598,040**	**676,390**	**756,330**	**837,885**	**921,082**	**1,005,947**	**1,092,508**	**1,180,791**	**1,270,825**			
Deferred developer fee repayment	8,880,000	8,880,000	8,358,749	7,760,709	7,084,318	6,327,988	5,490,103	4,569,022	3,563,075	2,470,567	1,289,775	18,951		
		521,251	598,040	676,390	756,330	837,885	921,082	1,005,947	1,092,508	1,180,791	1,270,825			
		8,358,749	7,760,709	7,084,318	6,327,988	5,490,103	4,569,022	3,563,075	2,470,567	1,289,775	18,951	18,951		
Payments for Residual Receipt Payments		*0%*										**50%**		
RESIDUAL RECEIPTS LOANS	*Payment %*		-	-	-	-	-	-	-	-	-	681,318	728,125	775,849
MIP	*46.67%*	-	-	-	-	-	-	-	-	-	-	317,948	339,792	362,063
0		-	-	-	-	-	-	-	-	-	-	-	-	-
Bonneville Recycled T/E Bonds	*53.33%*	-	-	-	-	-	-	-	-	-	-	363,369	388,333	413,786
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**-**	-	-	-	-	-	-	-	-	-	681,318	728,125	775,849
Balances for Residual Receipt Payments														
RESIDUAL RECEIPTS LOANS	*Interest Rate*													
MIP---Simple	*2.00%*	7,000,000	7,140,000	7,280,000	7,420,000	7,560,000	7,700,000	7,840,000	7,980,000	8,120,000	8,260,000	8,400,000	8,540,000	8,680,000
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonneville Recycled T/E Bonds---Simple	*6.50%*	8,000,000	8,520,000	9,040,000	9,560,000	10,080,000	10,600,000	11,120,000	11,640,000	12,160,000	12,680,000	13,200,000	13,356,631	13,488,297
0---Simple	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments		**15,000,000**	15,660,000	16,320,000	16,980,000	17,640,000	18,300,000	18,960,000	19,620,000	20,280,000	20,940,000	21,600,000	21,896,631	22,168,297

PROJECTED PERMANENT LOAN CASH FL0WS — **Alamo Street Apartments**

Final Commitment — **Project Number 21-016-A/X/S**

	YEAR	14	15	16	17	18	19	20	21	22	23	24	25	26	27
RENTAL INCOME	**CPI**														
Restricted Unit Rents	2.50%	6,866,027	7,037,678	7,213,620	7,393,960	7,578,809	7,768,280	7,962,487	8,161,549	8,365,587	8,574,727	8,789,095	9,008,823	9,234,043	9,464,894
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%	37,492	38,429	39,390	40,375	41,384	42,419	43,479	44,566	45,681	46,823	47,993	49,193	50,423	51,683
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**6,903,519**	**7,076,107**	**7,253,010**	**7,434,335**	**7,620,194**	**7,810,698**	**8,005,966**	**8,206,115**	**8,411,268**	**8,621,550**	**8,837,088**	**9,058,016**	**9,284,466**	**9,516,578**
VACANCY ASSUMPTIONS	**Vacancy**														
Restricted Unit Rents	5.00%	343,301	351,884	360,681	369,698	378,940	388,414	398,124	408,077	418,279	428,736	439,455	450,441	461,702	473,245
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%	1,875	1,921	1,970	2,019	2,069	2,121	2,174	2,228	2,284	2,341	2,400	2,460	2,521	2,584
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**345,176**	**353,805**	**362,650**	**371,717**	**381,010**	**390,535**	**400,298**	**410,306**	**420,563**	**431,077**	**441,854**	**452,901**	**464,223**	**475,829**
EFFECTIVE GROSS INCOME (EGI)		**6,558,343**	**6,722,302**	**6,890,359**	**7,062,618**	**7,239,184**	**7,420,164**	**7,605,668**	**7,795,809**	**7,990,705**	**8,190,472**	**8,395,234**	**8,605,115**	**8,820,243**	**9,040,749**
OPERATING EXPENSES	**CPI / Fee**														
Administrative Expenses	3.50%	289,097	299,216	309,688	320,527	331,746	343,357	355,374	367,812	380,686	394,010	407,800	422,073	436,846	452,135
Management Fee	3.23%	211,834	217,130	222,559	228,123	233,826	239,671	245,663	251,805	258,100	264,552	271,166	277,945	284,894	292,016
Utilities	3.50%	358,146	370,681	383,655	397,083	410,981	425,365	440,253	455,662	471,610	488,116	505,200	522,882	541,183	560,125
Operating & Maintenance	3.50%	669,686	693,125	717,384	742,493	768,480	795,377	823,215	852,028	881,849	912,713	944,658	977,721	1,011,942	1,047,359
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
Other Agency Monitoring Fee	0.00%	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800
Real Estate Taxes	1.25%	37,961	38,436	38,916	39,402	39,895	40,394	40,899	41,410	41,927	42,452	42,982	43,519	44,063	44,614
Other Taxes & Insurance	3.50%	346,573	358,703	371,257	384,251	397,700	411,620	426,026	440,937	456,370	472,343	488,875	505,986	523,695	542,024
Required Reserve Payments	1.00%	77,106	77,877	78,656	79,442	80,237	81,039	81,849	82,668	83,495	84,329	85,173	86,025	86,885	87,754
TOTAL OPERATING EXPENSES		**2,022,703**	**2,087,467**	**2,154,415**	**2,223,621**	**2,295,164**	**2,369,122**	**2,445,580**	**2,524,621**	**2,606,336**	**2,690,816**	**2,778,155**	**2,868,452**	**2,961,808**	**3,058,328**
NET OPERATING INCOME (NOI)		**4,535,640**	**4,634,835**	**4,735,944**	**4,838,997**	**4,944,020**	**5,051,041**	**5,160,088**	**5,271,188**	**5,384,368**	**5,499,657**	**5,617,079**	**5,736,663**	**5,858,435**	**5,982,421**
DEBT SERVICE PAYMENTS	**Lien #**														
Perm	1	2,849,535	2,849,535	2,849,535	2,849,535	2,849,535	2,849,535	2,849,535	2,849,535	2,849,535	2,849,535	2,849,535	2,849,535	2,849,535	2,849,535
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonneville Recycled T/E Bonds	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**2,849,535**	**2,849,535**	**2,849,535**	**2,849,535**	**2,849,535**	**2,849,535**	**2,849,535**	**2,849,535**	**2,849,535**	**2,849,535**	**2,849,535**	**2,849,535**	**2,849,535**	**2,849,535**
CASH FLOW AFTER DEBT SERVICE		**1,686,105**	**1,785,299**	**1,886,409**	**1,989,462**	**2,094,485**	**2,201,506**	**2,310,553**	**2,421,653**	**2,534,833**	**2,650,121**	**2,767,544**	**2,887,128**	**3,008,900**	**3,132,886**
DEBT SERVICE COVERAGE RATIO		**1.59**	**1.63**	**1.66**	**1.70**	**1.74**	**1.77**	**1.81**	**1.85**	**1.89**	**1.93**	**1.97**	**2.01**	**2.06**	**2.10**

Date Prepared: 03/29/22 — Senior Staff Date: 4/6/22

		14	15	16	17	18	19	20	21	22	23	24	25	26	27
LESS: Asset Management Fee	3%	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
LESS: Partnership Management Fee	3%	27,100	27,100	27,100	27,100	27,100	27,100	27,100	27,100	27,100	27,100	27,100	27,100	27,100	27,100
net CF available for distribution		**1,649,005**	**1,748,199**	**1,849,309**	**1,952,362**	**2,057,385**	**2,164,406**	**2,273,453**	**2,384,553**	**2,497,733**	**2,613,021**	**2,730,444**	**2,850,028**	**2,971,800**	**3,095,786**

Developer Residual Receipts Payment	*100%*
Deferred developer fee repayment	8,880,000

Payments for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Payment %*	824,502	874,100	924,655	976,181	1,028,692	1,082,203	1,136,726	1,192,276	1,248,867	1,306,511	1,365,222	1,425,014	1,485,900	1,547,893
MIP	*46.67%*	384,768	407,913	431,505	455,551	480,056	505,028	530,472	556,396	582,804	609,705	637,104	665,007	693,420	722,350
0		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonneville Recycled T/E Bonds	*53.33%*	439,735	466,186	493,149	520,630	548,636	577,175	606,254	635,881	666,062	696,806	728,118	760,007	792,480	825,543
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	824,502	874,100	924,655	976,181	1,028,692	1,082,203	1,136,726	1,192,276	1,248,867	1,306,511	1,365,222	1,425,014	1,485,900	1,547,893

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*														
MIP---Simple	*2.00%*	8,820,000	8,575,232	8,307,319	8,015,814	7,700,263	7,360,206	6,995,178	6,604,609	6,180,306	5,721,108	5,225,825	4,693,238	4,122,096	3,511,118
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonneville Recycled T/E Bonds---Simple	*6.50%*	13,594,511	13,674,777	13,728,590	13,755,441	13,754,811	13,726,175	13,669,000	13,582,746	13,466,866	13,320,803	13,143,998	12,935,879	12,695,872	12,423,392
0---Simple	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0---Compounding	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0---	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments		22,414,511	22,250,009	22,035,909	21,771,255	21,455,074	21,086,381	20,664,178	20,187,356	19,647,171	19,041,911	18,369,823	17,629,117	16,817,968	15,934,510

PROJECTED PERMANENT LOAN CASH FL0WS				Alamo Street Apartments
Final Commitment			Project Number	21-016-A/X/S
	YEAR	28	29	30
RENTAL INCOME	CPI			
Restricted Unit Rents	2.50%	9,701,517	9,944,055	10,192,656
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%	52,975	54,300	55,657
Parking & Storage Income	2.50%	-	-	-
Miscellaneous Income	2.50%	-	-	-
GROSS POTENTIAL INCOME (GPI)		9,754,492	9,998,354	10,248,313
VACANCY ASSUMPTIONS	Vacancy			
Restricted Unit Rents	5.00%	485,076	497,203	509,633
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%	2,649	2,715	2,783
Parking & Storage Income	50.00%	-	-	-
Miscellaneous Income	50.00%	-	-	-
TOTAL PROJECTED VACANCY LOSS		487,725	499,918	512,416
EFFECTIVE GROSS INCOME (EGI)		9,266,767	9,498,437	9,735,898
OPERATING EXPENSES	CPI / Fee			
Administrative Expenses	3.50%	467,960	484,339	501,291
Management Fee	3.23%	299,317	306,800	314,469
Utilities	3.50%	579,729	600,019	621,020
Operating & Maintenance	3.50%	1,084,017	1,121,958	1,161,226
Ground Lease Payments	3.50%	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	24,800	24,800	24,800
Real Estate Taxes	1.25%	45,172	45,737	46,308
Other Taxes & Insurance	3.50%	560,995	580,630	600,952
Required Reserve Payments	1.00%	88,631	89,517	90,413
TOTAL OPERATING EXPENSES		3,158,121	3,261,299	3,367,979
NET OPERATING INCOME (NOI)		6,108,646	6,237,137	6,367,918
DEBT SERVICE PAYMENTS	Lien #			
Perm	1	2,849,535	2,849,535	2,849,535
-	-	-	-	-
-	-	-	-	-
Bonneville Recycled T/E Bonds	2	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		2,849,535	2,849,535	2,849,535
CASH FLOW AFTER DEBT SERVICE		3,259,111	3,387,602	3,518,383
DEBT SERVICE COVERAGE RATIO		2.14	2.19	2.23
Date Prepared:	03/29/22		Senior Staff Date:	4/6/22

		28	29	30
LESS: Asset Management Fee	3%	10,000	10,000	10,000
LESS: Partnership Management Fee	3%	27,100	27,100	27,100
net CF available for distribution		3,222,011	3,350,502	3,481,283
Developer Residual Receipts Payment	*100%*			
Deferred developer fee repayment	8,880,000			

Payments for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Payment %*	1,611,006	1,675,251	1,740,641
MIP	*46.67%*	751,803	781,784	812,299
0		-	-	-
Bonneville Recycled T/E Bonds	*53.33%*	859,203	893,467	928,342
0	*0.00%*	-	-	-
0	*0.00%*	-	-	-
0	*0.00%*	-	-	-
0	*0.00%*	-	-	-
Total Residual Receipts Payments	**100.00%**	1,611,006	1,675,251	1,740,641

Balances for Residual Receipt Payments

RESIDUAL RECEIPTS LOANS	*Interest Rate*			
MIP---Simple	*2.00%*	2,858,990	2,164,368	1,425,871
0---Compounding	*0.00%*	-	-	-
Bonneville Recycled T/E Bonds---Simple	*6.50%*	12,117,849	11,778,646	11,405,179
0---Simple	*0.00%*	-	-	-
0---Compounding	*0.00%*	-	-	-
0---	*0.00%*	-	-	-
0---	*0.00%*	-	-	-
Total Residual Receipts Payments		14,976,840	13,943,014	12,831,050

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).

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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

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.

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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.

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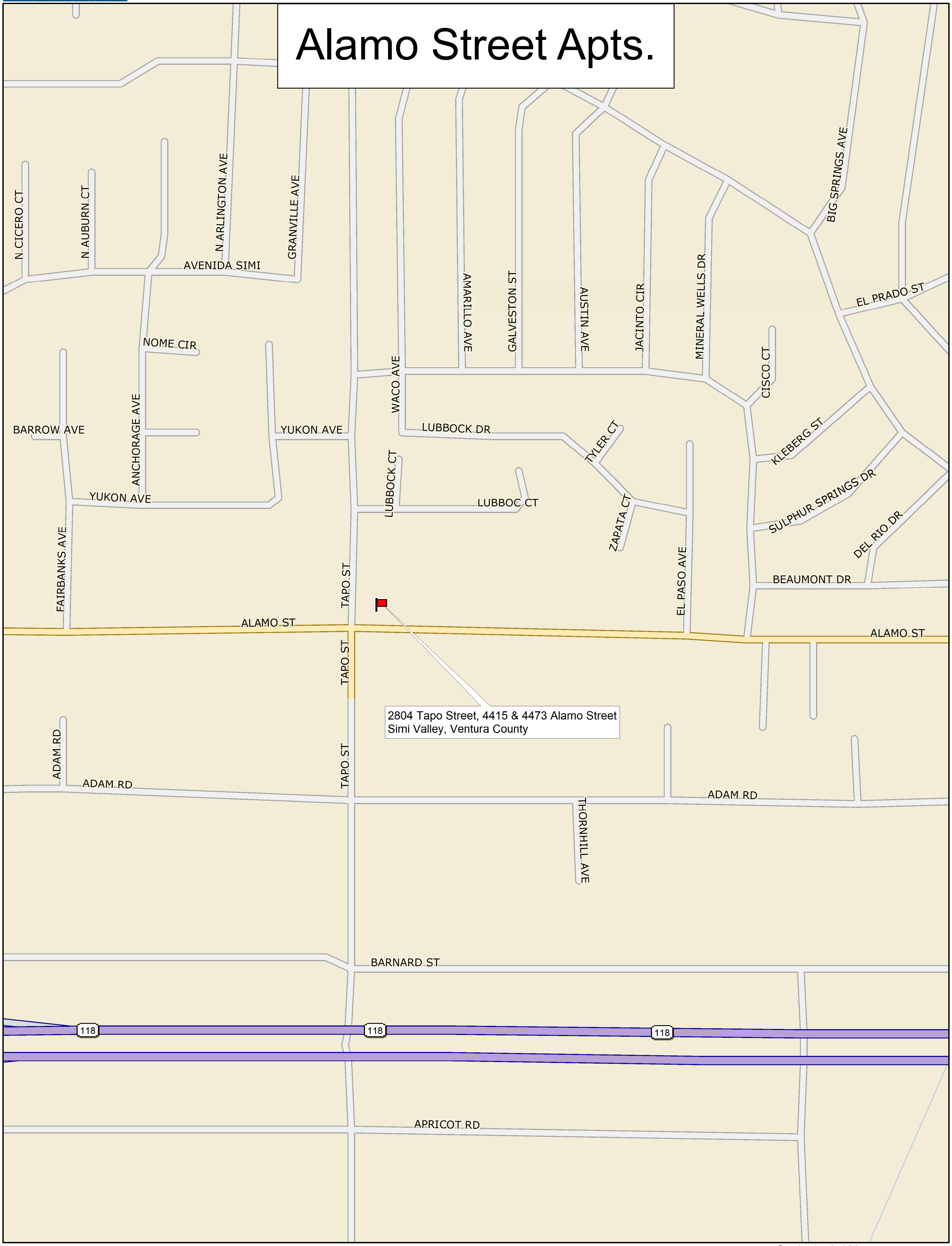
Occupancy Requirements	
Occupancy Requirements	• Either (A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area median income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (B) 40% or more of the units 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

Alamo Street Apts.



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Scale 1 : 6,400

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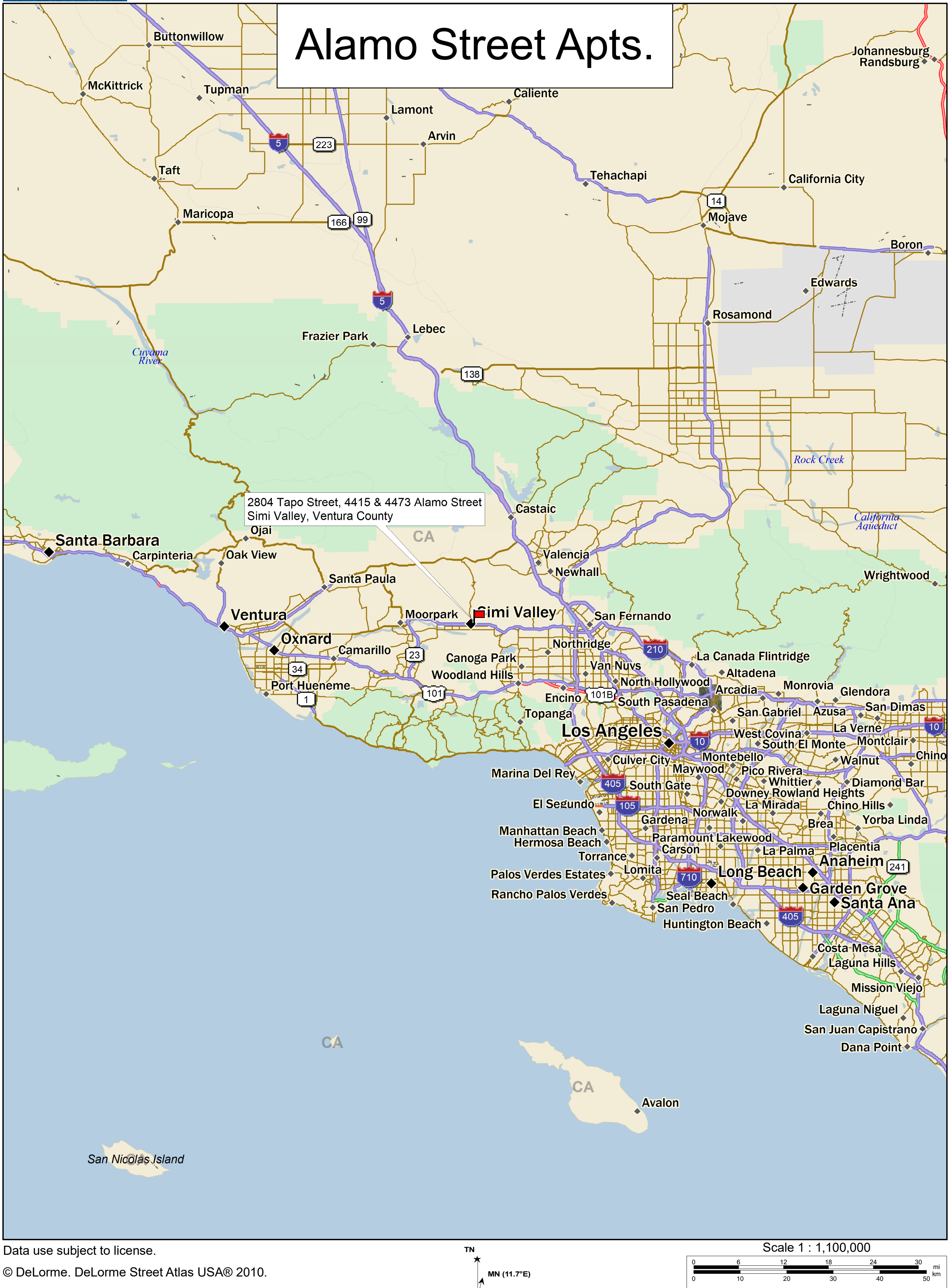

Alamo Street Apts.
2804 Tapo Street, 4415 & 4473 Alamo Street
Simi Valley, Ventura County
Buttonwillow
McKittrick
Tupman
Caliente
Lamont
Arvin
Taft
Tehachapi
California City
Johannesburg
Randsburg
Maricopa
Mojave
Boron
Edwards
Rosamond
Frazier Park
Lebec
Cuyama River
Rock Creek
Castaic
California Aqueduct
Ojai
CA
Santa Barbara
Carpinteria
Oak View
Valencia
Newhall
Wrightwood
Santa Paula
Ventura
Moorpark
Simi Valley
San Fernando
Oxnard
Camarillo
Northridge
La Canada Flintridge
Canoga Park
Van Nuys
Altadena
Woodland Hills
North Hollywood
Arcadia
Monrovia
Glendora
Port Hueneme
Encino
South Pasadena
Azusa
San Dimas
Topanga
San Gabriel
La Verne
Los Angeles
West Covina
Montclair
South El Monte
Chino
Culver City
Montebello
Walnut
Marina Del Rey
Maywood
Pico Rivera
Diamond Bar
South Gate
Whittier
El Segundo
Downey
Rowland Heights
La Mirada
Chino Hills
Norwalk
Gardena
Yorba Linda
Manhattan Beach
Brea
Hermosa Beach
Paramount
Lakewood
Carson
Placentia
Torrance
La Palma
Palos Verdes Estates
Lomita
Anaheim
Long Beach
Garden Grove
Rancho Palos Verdes
Seal Beach
Santa Ana
San Pedro
Huntington Beach
Costa Mesa
Laguna Hills
Mission Viejo
Laguna Niguel
San Juan Capistrano
Dana Point
Avalon
San Nicolas Island
5
223
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Scale 1 : 1,100,000
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1" = 17.36 mi
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BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 22-14

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Simi Valley Pacific Associates, A California Limited Partnership, 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 County of Ventura, State of California, to be known as Alamo Street Apartments (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 15, 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	
21-016-A/X/S	ALAMO STREET APARTMENTS Ventura County, California	$48,700,000.00	Tax-Exempt Permanent 1st Lien Mortgage w/HUD Risk Sharing
		$ 7,000,000.00	Mixed Income Program Subsidy 2nd Lien Mortgage

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. 22-14 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 21st day of April 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 21st day of April 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 and an approval for Tax-Exempt Conduit Issuance.

Senior Loan Committee "Approval": April 6, 2022 for Board Meeting on: April 21, 2022

Project Name, County:	**Kelsey Ayer Station, Santa Clara County**	
Address:	**447 North 1st Street, San Jose, CA 95112**	
Type of Project:	**New Construction**	
CalHFA Project Number:	21-019-A/X/N	**Total Units: 115 (Family & Special Needs)**
Requested Financing by Loan Program:	$34,000,000	**CalHFA Tax-Exempt Bond – Conduit Issuance Amount (Allocated by CDLAC on 12/8/2021)**
	$2,000,000	**CalHFA Tax-Exempt Bond – Conduit Issuance Amount (Anticipated Supplemental CDLAC Allocation on 6/6/2022)**
	$15,910,000	**CalHFA Tax-Exempt Permanent Loan with HUD Risk Sharing**
	$4,600,000	**CalHFA Subsidy GAP Loan funded by MIP funds**

DEVELOPMENT/PROJECT TEAM

Developer:	Devine & Gong, Inc.	**Borrower:**	The Kelsey Ayer Station LP
Permanent Lender:	CalHFA	**Construction Lender:**	Capital One
Equity Investor:	Enterprise Housing Credit Investments, LLC	**Management Company:**	The John Stewart Company
Contractor:	Devcon Construction, Inc.	**Architect**	Devcon Construction, Inc.
Loan Officer:	Kevin Brown	**Loan Specialist:**	N/A
Asset Manager:	Jessica Doan	**Loan Administration:**	Mirna Ramirez
Legal (Internal):	Marc Victor	**Legal (External):**	N/A
Concept Meeting Date:	2/4/2022	**Approval Expiration Date:**	180 days from Approval

LOAN TERMS

1.		**CONDUIT ISSUANCE/ Capital One CONSTRUCTION LOAN**	**PERMANENT LOAN**	**MIP (GAP) LOAN**
	Total Loan Amount	$36,000,000 (Tax-Exempt) $6,114,191 (Taxable)	$15,910,000	$4,600,000
	Loan Term & Lien Position	36 months- interest only; 1st Lien Position during construction	30 years fully amortizing; 1st Lien Position at permanent conversion	30 year - Residual Receipts; 2nd Lien Position during permanent loan conversion
	Interest Rate (subject to change and locked 30 days prior to	Tax-Exempt: LIBOR + 1.75% Underwritten at 3.61% fixed rate	MMD30 + 2.23% Underwritten at 4.84% including a 0.25% cushion. *	Greater of 1% Simple Interest or the Applicable Federal Rate at time of MIP

	loan closing)	Taxable: LIBOR + 2.00% Underwritten at 4.61%	Estimated rate based on a 36-month forward commitment	closing (2% Simple was used for underwriting purposes)
	Loan to Value (LTV)	LTV is 77% of investment value	LTV is less than 54% of restricted value	N/A
	Loan to Cost	57%	22%	N/A

**CalHFA spreads locked on 5/29/2021 (subsequent to 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:**	#19 Zoe Lofgren	**Assembly:**	#27 Ash Kalra	**State Senate:**	#15 Dave Cortese
	Brief Project Description	**Kelsey Ayer Station** (the "Project") is a 115 unit, family and special needs new construction Project. It consists of one six-story, two-elevator-serviced building. There will be 113 affordable units restricted between 20% and 80% of AMI for the City of San Jose, including 89 studio units (444 sq. ft) and 24 two-bedroom units (816 sq. ft). 1 studio unit and 1 two-bedroom unit (total of 2 units) will be reserved as unrestricted manager's units. There will be 22 furnished HUD Section 811 units, including rental subsidy administered by CalHFA, that will be set aside for eligible tenants. The developer has elected to reserve 6 additional units for tenants with intellectual/developmental disabilities (IDD). IDD tenants will be referred to the project by San Andreas Regional Center who will also be paying for the tenants' supportive services. The project is Transit Oriented Development (TOD) and only includes 10 parking spaces reserved specifically for tenants for either Ride-Share or disability accommodations (when requested and if available) as a condition of their HCD-TOD award. The project is within walking distance to transit and services. The site consists of an existing two-story commercial structure that is currently vacant and will be demolished prior to construction. The Project is located within a governor declared disaster area. **Financing Structure:** The Project's financing structure includes tax-exempt bonds, 4% federal tax credits, Agency's 1st lien tax-exempt permanent loan with HUD Risk Sharing, Agency's Mixed-Income Program loan, subordinate loans from the City and HCD, and grant funds from the Weinberg Foundation. The project will be income averaged, pursuant to TCAC regulations. **Tax Credits and/or CDLAC Status:** The developer received an allocation of tax-exempt bonds and an award of 4% Federal tax credits on 12/8/2021. CalHFA has submitted a supplemental application to CDLAC on 3/16/22 for a $2M supplemental bond allocation award on 6/15/22. This supplemental allocation bond issuance will occur after the construction loan closing. The supplemental allocation is being requested to add a cushion to the project's 50% aggregate basis requirement (the "50% test") which is currently at approximately 50.50%. The supplemental allocation will increase this to approximately 53.64%, which is necessary to accommodate a potential cost increase during construction. **Ground Lease:** The owner will enter into a ground lease agreement with the City of San Jose for a term of 99 years. Ground lease payments will be structured as a one-time capitalized payment of $100,000 at construction loan closing and ongoing payments of approximately 11% of the residual receipts share collected for the City of San Jose loan. **Project Amenities:** The Project includes on-site management, gated entry, surveillance cameras, a picnic area, an exercise room, central laundry facilities, and a community room. Unit amenities will include air conditioning, window blinds, coat closets, storage closets in						

		select units, and kitchen appliances including refrigerators, stove/ovens, dishwashers, and garbage disposals. **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 – within 0.5 miles • Schools – within 1 mile (elementary and middle) • Public Library – within 1 of mile • Public transit – within 0.5 miles • Retail – within 1 mile • Park and recreation – within 0.5 miles • Hospitals – within 2.5 miles **Non-displacement <u>and</u> 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. The site consists of an existing two-story non-residential commercial structure that is currently vacant and will be demolished prior to construction. **Commercial and/or Other (i.e. Parking) Space:** The Project does not include commercial space.

MISSION

3.	**CalHFA Mission/Goals**	
This Project and financing proposal provide 113 units of affordable housing with a range of restricted rents between 20% AMI and 80% 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:	6/20/2022	CDLAC/TCAC Closing Deadline:	6/20/2022
	Estimated Construction Start:	6/2022	Estimated Construction Completion:	12/2024
	Estimated Conversion to Perm Loan(s):		6/2025	

SOURCES OF FUNDS

5.

Construction Period Financing				
SOURCE	**AMOUNT**	**LIEN POSITION**	**INTEREST RATE**	**DEBT TYPE**
JPMCapital One – Tax-Exempt Construction Loan (Includes $2M supplemental bond request)	$36,000,000	1st	3.61%	Interest Only
JPMCapital One – Taxable Construction Loan	$6,114,191	2nd	4.61%	Interest Only

City of San Jose Loan	$12,825,000	3rd	1.00%	Deferred Payment
Other Philanthropic Funds	$2,000,000	4th	2.00%	Deferred Payment
Weinberg Foundation Grant	$1,000,000	N/A	N/A	N/A
Deferred Costs	$2,658,570	N/A	N/A	N/A
Deferred Developer Fee	$631,461	N/A	N/A	N/A
Developer Equity Contribution	$1,013,998	N/A	N/A	N/A
Tax Credit Equity	$8,880,897	N/A	N/A	N/A
TOTAL	**$71,124,117**	**$618,471**	**Per Unit**	

Permanent Financing				
SOURCE	**AMOUNT**	**LIEN POSITION**	**INTEREST RATE**	**DEBT TYPE**
CalHFA Perm Loan	$15,910,000	1st	4.84%	30-years fully amortized
CalHFA Subordinate MIP Loan	$4,600,000	2nd	2.00%	Residual Receipts
HCD TOD Loan	$10,000,000	3rd	3.00%	Residual Receipts
City of San Jose Loan	$12,825,000	4th	3.00%	Residual Receipts
Weinberg Foundation Grant	$1,000,000	N/A	N/A	N/A
Developer Equity Contribution	$1,013,998	N/A	N/A	N/A
Deferred Developer Fee	$1,300,000	N/A	N/A	N/A
Tax Credit Equity	$25,061,658	N/A	N/A	N/A
TOTAL DEVELOPMENT COST:	**$71,710,656**	**$623,570**	**Per Unit**	

Subsidy Efficiency: $4,600,000 ($40,708 per MIP restricted units).

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

- 4% Federal Tax Credits: $26,804,357 ($233,081 per total units).

Rental Subsidies: The Project will be subsidized by HUD Section 811 for 22 units for an initial term of 20 years. Prior to expiration of the 811 contract, the borrower can apply for a renewal for an additional 10 to 20 years. CalHFA will be the contract administrator. A HUD 811 Award Announcement letter has been provided, dated May 7, 2021.

Other State Subsidies: The Project will be funded by HCD TOD Funding in the amount of $10,000,000 ($86,957 per total units).

Other Locality Subsidies: The Project will be funded by locality funds; from the City of San Jose, a subordinate loan of $12,825,000 ($111,522 per total units) and a discounted 99-year ground lease payable at construction loan closing in the capitalized amount of $100,000 and ongoing payments from approximately 11% of City's portion of residual receipts payment.

Cost Containment Strategy: Several cost containment strategies are being employed on this project.

- First, all major design disciplines were engaged early during the schematic phase to inform design assumptions.
- Second, the general contractor was engaged early during design development to provide preconstruction services such as providing cost estimates with pricing input from all major trades at each major design

	milestone, providing recommendations and guidance on value engineering throughout design to achieve a targeted hard cost number, reviewing plans for constructability and completeness, and informing assumptions on construction logistics and duration. This process includes identifying clarifications and exclusions applicable during each stage of pricing. • Third, the project invested in early physical site investigation to confirm soil conditions, environmental conditions, and existing underground conditions. Design and cost assumptions were informed through these early investigations. • Fourth, the project converted to a design-build arrangement with the general contractor, Devcon Construction, a major builder of affordable housing communities in the Bay Area. Devcon, as general contractor, engaged their extensive in-house architectural team for preparation of the Construction Documents, coordinating most design disciplines in working towards a targeted hard cost number established by the owner. The mechanical, electrical, plumbing and fire sprinkler systems are also design-build by trades who will install the work. These trades had been competitively bid before awarding the design work. Collectively, these groups are using 3D BIM software and elaborate clash detection methods to avoid costly delays and rework in the field. • Lastly, the balance of the trades will be competitively bided out. The Guaranteed Maximum Price (GMP) contract will contain all industry standard cost containment strategies, such as a robust Division 01 specification outlining the Request for Information process, requirements for a detailed critical path schedule, closely reviewed, negotiated exclusion and qualification sections, and a performance bond. In addition, owner will include a robust insurance program, including an Owner Controlled Insurance Program (OCIP) wrap for general liability, a negotiated builder's risk policy, and Contractor Pollution Liability coverage. **High-Cost Explanation:** The Project's high per-unit cost of $622,435/unit is attributed to: • Estimated budget of $8,081,018 in premium associated with prevailing wage requirement • Estimated budget of $2,800,000 in permits and impact fees • Estimated budget of $2,000,000 in increased costs associated with the building height, number of units, urban site, denser construction, additional fire life safety, more offsite and offsite utility scope, elevator costs, exterior building maintenance, and construction complexity. The estimated adjusted total development cost, minus the contributing factors above, is approximately $58,829,638 ($511,562 per unit).
6.	Equity – Cash Out (estimate): Not Applicable

TRANSACTION OVERVIEW

7.	**Proposal and Project Strengths**

- The Project anticipates has received 4% federal tax credits which is projected to generate equity representing 35% of total financing sources.
- The Project will serve low-income families ranging between 20% to 80% of AMI. On average, the rents are between 10% to 80% below market rents.
- 22 units will be supplemented by HUD's Project-Based vouchers under Section 811 administered by CalHFA for a term of 20 years. Prior to expiration of the 811 contract, the borrower can apply for a renewal for an additional 10 to 20 years.
- The Loan-to-Value will be 54%, which meets the Agency's minimum requirements of 90%, providing less risk to the Agency.
- The locality has invested in the success of the Project as demonstrated by financial contributions from the City and a discounted ground lease from the City, which will be repay via a one-time capitalized amount of $100,000 at construction loan closing and ongoing payments via approximately 11% of the City's share of the City's loan.
- The projected portion of the developer's fee that will be collected at or prior to permanent loan conversion is

$1,186,002, which could be available to cover cost overruns and/or unforeseen issues during construction.

- The developer is contributing an amount of $1,013,998 via GP contribution to the Project.
- The exit analysis assumes 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 subsidy loans.

8.	**Project Weaknesses with Mitigants:**

- The developer/sponsor does not have experience with CalHFA, however, they have experience in developing similar affordable projects in this region. Refer to section 31 for more information.
- A Site Management Plan dated December 1, 2020 identified soil contaminated with heavy metals, arsenic, and lead. Remediation costs are included in the development budget. Remediation of all environmental findings is a part of the construction plan and budget in the amount of $125,000. Evidence of environmental clearance will be required as a prerequisite to closing of the CalHFA permanent and MIP loans.

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

None.

10.	**Project Specific Conditions of Approval**

Approval is conditioned upon:

- The City's ground lease will require all loans to be recorded against leasehold interest in the land and fee interest in the improvements. City must provide approval of CalHFA ground lease rider. If any lender encumbers both fee and leasehold interest in the land, CalHFA loan documents will also secure in the fee and leasehold interest of the land. The final ground lease document is subject to CalHFA approval. No site work or construction commenced prior to the issuance of a HUD Risk Share Firm Approval Letter.
- 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 and/or rental revenue assumptions increase, 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.
- CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt.
- Subject to receipt of supplemental bond allocation from CDLAC in an estimated amount of $2M by CDLAC or evidence that the project meets the 50% test pursuant to bond and 4% tax credit requirements prior to permanent loan closing.
- Receipt of a Lien Priority/Position Estoppel in form and substance acceptable by CalHFA from all local (city and county) lenders.
- The HUD Use Agreement will be ahead of CalHFA in a first lien position recorded on leasehold on title. This is required and therefore allowable under our underwriting guidelines for HUD subsidized properties. The final HUD Use Agreement will be subject to Agency's review and approval prior to construction loan closing.
- CalHFA will require that the local funding regulatory agreements to contain provisions allowing rent increases to the maximum TCAC rents in an event of default.
- Subject to a seismic evaluation and approval by CalHFA. CalHFA may require earthquake insurance in its sole discretion. See Section 23 for more detail.
- Receipt of a certification by the engineer on record that Project has been built to current seismic code acceptable to the Agency prior to permanent closing.
- The final appraisal will be subject to Agency's review and approval.
- The owner must provide evidence of investor, HCD, and City approval of the total deferred developer's fee and residual receipt payment structure.
- Final Soils Management Plan must be provided and approved by CalHFA prior to construction loan closing. In addition, evidence of environmental clearance must be provided and approved by CalHFA prior to permanent loan closing.

- Defaults under any loans used to capitalize payments or ongoing residual receipt payments required by the ground lease must not constitute a default under the ground lease.
  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 (35 units) at or below 60% AMI and 10% of the total units (12 units) at or below 50% of AMI for 55 years.

*The CalHFA MIP Subsidy Regulatory Agreement requires 10% of total units (12 units) be restricted at or below 50% of AMI, 10% of total units (12 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 89 restricted units will be restricted at or below 120% of AMI. The City requires that its income and rent limits are used to determine maximum rents for each target occupancy levels (instead of TCAC maximum rents), which is allowable pursuant to MIP term sheet. 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. These rent levels will be covenanted in the CalHFA Regulatory Agreements.

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

- The City of San Jose funding will restrict 113 units at or below 80% of AMI for a term of 55 years.
- HCD TOD funding will restrict 113 units at or below 80% of AMI for a term of 55 years.
- HUD 811 will restrict 22 units at or below 50% of AMI for an initial term of 20 years.
- Developer has elected to restrict 6 additional units at or below 20% of AMI for IDD eligible tenants for a term of 55 years.

Rent Limit Summary Table

AMI	Total	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
20%	34	27	-	7	-	-	29.8%
30%	0	-	-	-	-	-	0.0%
40%	0	-	-	-	-	-	0.0%
50%	31	26	-	5	-	-	27.2%
60%	22	18	-	4	-	-	19.3%
70%	0	-	-	-	-	-	0.0%
80%	26	18	-	8	-	-	22.8%
120%	0	-	-	-	-	-	0.0%
Manager’s Unit	2	1	-	1	-	-	0.9%
Total	115	89	0	25	0	0	100.0%

The average affordability restriction is 49.8% 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								
			20% AMI	50% AMI	60% AMI	80% AMI *(60% to 80% Tranche)	81%-120% AMI	<= 120% AMI	Mgrs Unit	Total Units Regulated	% of Regulated Units
HUD 811	1			22					2	22	19.4%
CalHFA Bond	2	**55**		12	35				2	47	40.9%
***CalHFA MIP**	3	**55**		12		12		89	2	113	98.3%
HCD TOD Loan	4	**55**	34	31	22		26		2	113	98.3%
City of San Jose Loan	5	**55**	34	31	22		26		2	113	98.3%
City of San Jose Ground Lease	6	**99**	34	31	22		26		2	113	98.3%
Tax Credits	7	**55**	34	31	22		26		2	113	98.3%

13.	**Geocoder Information**			
	Central City:	Yes	Underserved:	No
	Low/Mod Census Tract:	Middle	Below Poverty line:	15.96%
	Minority Census Tract:	67.01%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14.	**Capitalized Reserves:**	
	Replacement Reserves (RR):	N/A
	Operating Expense Reserve (OER):	$515,746 OER amount is size based on 3 months 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 months period to the original level. The equity investor is requiring an additional OER of $401,539, which is anticipated to be held by CalHFA.
	Transitional Operating Reserve (TOR):	Not Applicable by CalHFA. HUD 811 Project-Based Voucher contract, administered by CalHFA, is for an initial term of 20 years. Prior to expiration of the 811 contract, the borrower can apply for a renewal for an additional 10 to 20 years. HCD may require a nominal TOR which will be held by the investor, CalHFA or borrower. If applicable, additional HCD TOR will be covered by soft contingency, deferred developer's fee, and/or other funds available to the borrower.

15.	**Cash Flow Analysis**			
	1st Year DSCR:	1.17	**Project-Based Subsidy Term:**	*20 years.
	End Year DSCR:	1.68	**Annual Replacement Reserve Per Unit:**	$500/unit
	Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5.00% 7%	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% 1.50%
	Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

- For purposes of CalHFA's Loan Agreement DSCR covenant, the Project is required to maintain a minimum of 1.15 DSCR for the term of the permanent loan.
- The per unit cost for Supportive Services for general tenant population paid by the borrower of $1,650 per unit exceeds the maximum amount allowed to be included in the Project's operating expense budget according to the USRM ($1,189 p/u for "other services that include tracking and reporting"). To accommodate this overage, $24,192 ($216 p/u) has been removed from operating expenses and will be paid from the Borrower's portion of surplus cash. The Supportive Services for the IDD tenants will be paid for by San Andreas Regional Center, and no cost to the borrower.
- *Prior to expiration of the 811 contract, the borrower can apply for a renewal for an additional 10 to 20 years.

16. Loan Security

The CalHFA loan(s) will be secured against the Leasehold Interest in the land and fee interest in the improvements.

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

The exit analysis assumes 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 subsidy loans.

APPRAISAL AND MARKET ANALYSIS

18. Appraisal Review **Dated: February 16, 2022**

- The Appraisal dated February 16, 2022, prepared by Pacific Real Estate Appraisal, values the land at $3,175,000.
- The cap rate of 4.5% and projected $1,327,642 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 $29,500,0000, which results in the Agency's permanent first lien loan to value of 54%.
- The capture rate is 0.95% which is 2.15% lower than the Market Study. However, the absorption period is 4-months, and is consistent with the market study.

Market Study:	The Concord Group	**Dated: January 29, 2021**

Regional Market Overview

- The Primary Market Area is Central San Jose which includes the 95110, 95112, 95113, 95126, and 95128 zip
- codes (population of 159,079). The Secondary Market Area ("SMA") is Santa Clara County (population of 1,920,646).
- The general population in the PMA is anticipated to increase by 1.2% per year through 2025.
- Unemployment in San Jose is 8.3%, which is higher than the rate in Santa Clara County overall (7.2%).
- Median household income in the PMA is $85,418 compared to $128,034 in the SMA.

Local Market Area Analysis

- **Supply:**
  - There are currently 24 Large Family and 3 Special Needs affordable projects in the PMA. The 3 properties who were surveyed were between 97-100% occupied with long wait lists. The market study

concludes that there is a shortage of rental supply to the targeted low-income population.
  - There is 1 Large Family and 2 Special Needs affordable projects under construction with estimated completion in 2022 and 2023.
- **Demand/Absorption:**
  - The Market Study states an overall capture rate for the Project of 3.1%. The 84 affordable units are expected to lease-up at a rate of 25-30 units/month and reach stabilized occupancy within 3-4 months.
  - The demand analysis for individuals with developmental disease shows there is demand for 100 units of housing targeting adults with disabilities in the PMA, and demand for an additional 1,431 units within San Jose overall.

DEVELOPMENT SUMMARY

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

- The property is located on the northwest corner of the intersection of North 1st Street and Fox Avenue in the City of San Jose, Santa Clara County.
- The site is currently vacant, with level topography at street grade, measuring approximately 0.47 acres and is generally rectangular in shape.
- The site is zoned RM – Multiple Residences which allows for multifamily housing development.
- The subject site is located in Flood Zone D, which means an area of "undetermined flood hazard." The Civil Engineering consultant affirms the site is not located in a 100-year or 500-year floodplain. CalHFA staff has also researched and agrees with the Civil Engineers assessment. 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.
- The site consists of an existing two-story commercial structure that is currently vacant and will be demolished prior to construction.

20. Form of Site Control & Expiration Date

The current owner, The Kelsey Ayer Station LLC, is the managing general partner of the borrower. The current owner purchased the property on January 8, 2021 for a price of $3,032,000 and will be selling the land to the City of San Jose for a cost of $3,100,000 who will then enter into a ground lease with the borrowing entity, The Kelsey Ayer Station LP for a term of 99 years in an amount of $100,000 to be capitalized at construction loan closing and paid for by the project. Additionally, ongoing ground lease payments will be paid from approximately 11% of City's pro-rata portion of residual receipts payments.

21. Current Ownership Entity of Record

Title is currently vested in The Kelsey Ayer Station LLC as the fee owner.

22. Environmental Review Findings **Dated: March 15, 2021**

- A Phase I Environmental Site Assessment performed by AEI Consultants, dated March 15, 2021 revealed no evidence of recognized environmental conditions, so no additional investigation was recommended. However, the report recommended implementing a Site Management Plan (SMP) for the soil contaminated with heavy metals, arsenic, and lead during and after construction. The GC's hard cost budget includes $125,000 for the additional work for soil movement and allowance for contaminated soil disposal.
- A NEPA review has been initiated and is still in process. NEPA clearance is required as part of the standard construction loan closing requirements.

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

The project is 6 stories constructed with a combination of wood frame, steel, and masonry. A seismic evaluation has been ordered by the construction lender and will be provided to CalHFA for review and approval.

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

The Project is new construction that requires the demolition of an existing two-story non-residential commercial structure that is currently vacant and therefore no relocation is required.

PROJECT DETAILS

25.	**Residential Areas:**				
		Residential Square Footage:	60,360	**Residential Units per Acre:**	244.7
		Community Area Sq. Ftg:	16,032	**Total Parking Spaces:**	10
		Supportive Service Areas:	N/A	**Total Building Sq. Footage:**	76,392
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:**	N/A
27.	**Construction Type:**	One 6-story, two elevator-serviced residential building with 10 covered parking spaces.			
28.	**Construction/Rehab Scope**	**Requires Demolition:** ☒ **Yes** ☐ **No**			

- The subject site is new construction.
- The contract will be structured as a Guaranteed Maximum Price (GMP) contract and in no event shall the builder overhead, profit, and general requirements, excluding builder's general liability insurance, exceed 14% of the construction cost.
- Environmental remediation of contaminants outlined on section 22 above is included in the development budget in the estimated amount of $125,000.
- Offsite improvements total $1,282,368 in hard costs including:
  - Staking $18,580
  - Site Furnishings $51,680
  - Grading and Paving $158,150
  - Site Concrete $111,788
  - Parking Pavement Markings and Bumpers $21,600
  - Landscaping and Irrigation $2,500
  - Site Utilities $223,004
  - Joint Trenching $345,084
  - Other Parking Improvements $350,000

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 had established cost containment strategies, which are outlined in Section 5 above.
- During construction and permanent, the cost of the offsite improvements outlined above is expected to be paid by tax credit equity as follows:

	Construction	**Permanent**
Offsite improvements Structure Cost	$1,282,368	$1,282,368
Tax Credit Equity	$1,282,368	$1,282,368
Total Sources	$1,282,368	$1,282,368

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

- Managing General Partner: The Kelsey Ayer Station LLC; 0.05% interest
  - Sole Member: The Kelsey, a California public benefit corporation
- Administrative General Partner: North First Street - San Jose MF, LLC; 0.0245% interest

- Sole Member: SRGNC MF LLC
- Co Administrative General Partner: DGI Kelsey LLC; 0.0245% interest
  - Sole Member: Devine & Gong, Inc.
- Investor Limited Partner: Enterprise Housing Credit Investments; 99.901% interest

31.	**Developer/Sponsor**

The Developer has collectively completed 6 projects (822 units) in the past 5 years in CA, has 1 project (54 units) under construction, and 3 projects (473 units) in the pipeline. The Developer does not have any existing projects in the CalHFA portfolio and this is the first project with CalHFA funding.

32.	**Management Agent**

The Project will be managed by the John Stewart Company, which has extensive experience in managing similar affordable housing projects in the area and manages several projects in CalHFA's portfolio that are performing as agreed.

33.	**Service Provider** **Required by TCAC or other funding source?** ☒ **Yes** ☐ **No**

- Tenant services will be provided by The Kelsey through a 15 year contract that is funded by property operations in the estimated amount of $189,694 ($1,650 per unit). These services include service coordination, health and wellness services, and activities. The Kelsey is a nonprofit organization that has been organizing and providing tenant services since 2018 and has provided services to over 1,000 tenants.
- The per unit cost for Supportive Services of $1,650 per unit exceeds the maximum amount allowed to be included in the Project's operating expense budget according to the USRM ($1,189 p/u for "other services that include tracking and reporting). To accommodate this overage, $24,192 ($216 p/u) has been removed from operating expenses and will be paid from the Borrower's portion of surplus cash.
- Supportive services for the Intellectually and Developmentally Disabled tenants will be provided and paid for by the San Andreas Regional Center (SARC). SARC is a community-based, private nonprofit corporation funded by the State of California to serve people with developmental disabilities. SARC assists eligible consumers to apply and access other social service agencies and public benefit programs; and may provide funding for services. Some examples of services funded by San Andreas are: infant education; family support services such as respite and specialized day care; community living arrangements such as residential care and supported living. San Andreas also assists with advocacy to access other services such as In Home Support Services (IHSS), In Home Shift Nursing, or educational programs.

34.	**Contractor** **Experienced with CalHFA?** ☐ **Yes** ☒ **No**

The general contractor is Devcon Construction, Inc., which has extensive experience in constructing similar affordable housing projects in California.

35.	**Architect** **Experienced with CalHFA?** ☐ **Yes** ☒ **No**

The architect is Devcon Construction, Inc., which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process.

36.	**Local Review via Locality Contribution Letter**

Staff sent a local contribution letter to The City of San Jose on 4/21/2021 however a response has yet to be received. The city has expressed their support of the project by providing subordinate financing and a discounted ground lease.

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY — Final Commitment

Acquisition, Rehab, Construction & Permanent Loans — **Project Number 21-019-A/X/N**

Project Full Name	Kelsey Ayer Station	**Borrower Name:**	The Kelsey Ayer Station LP
Project Address	447 North 1st Street	**Managing GP:**	--
Project City	San Jose	**Developer Name:**	Devine & Gong Inc.
Project County	Santa Clara	**Investor Name:**	Enterprise Housing Credit Investment
Project Zip Code	95112	**Prop Management:**	The John Stewart Company
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	0.47
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	60,360
Total Residential Units:	115	**Residential Units Per Acre:**	244.68
Total Number of Buildings:	1		
Number of Stories:	6	**Covered Parking Spaces:**	0
Unit Style:	Flat	**Total Parking Spaces:**	10
Elevators:	2		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
Capital One- Tax Exempt (Conduit)	36,000,000	1.000%	36	--	3.610%
Capital One- Taxable	6,114,191	1.000%	36	--	4.610%
City of San Jose Loan	12,825,000	--	36	--	1.000%
Other Philanthropic Funds	2,000,000	--	36	--	2.000%
Weinberg Foundation Grant	1,000,000	NA	NA	NA	NA
Deferred Costs	2,658,570	NA	NA	NA	NA
Developer Equity Contribution	1,013,998	NA	NA	NA	NA
Deferred Developer Fee	631,461	NA	NA	NA	NA
Investor Equity Contribution	8,880,897	NA	NA	NA	NA
Total	**71,124,117**	NA	NA	NA	NA

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	15,910,000	1.000%	30	30	4.840%
MIP	4,600,000	1.000%	30	NA	2.000%
HCD TOD Loan	10,000,000	--	55	55	3.000%
City of San Jose Loan	12,825,000	--	55	55	3.000%
Weinberg Foundation Contrib	1,000,000	NA	NA	NA	NA
Deferred Developer Fees	1,300,000	NA	NA	NA	NA
Developer Equity Contribution	1,013,998	NA	NA	NA	NA
Investor Equity Contributions	25,061,658	NA	NA	NA	NA
Total	**71,710,656**	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	2/16/22	**Capitalization Rate:**	4.50%
Investment Value ($)	54,965,000	**Restricted Value ($)**	29,500,000
Construct/Rehab LTC	59%	**CalHFA Permanent Loan to Cost**	22%
Construct/Rehab LTV	77%	**CalHFA 1st Permanent Loan to Value**	54%
		Combined CalHFA Perm Loan to Value	70%

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	$515,746	Cash
Initial Replacement Reserve Deposit	$0	Cash
Annual Replacement Reserve Per Unit	$500	Cash

Date Prepared: 4/5/22 — Senior Staff Date: 4/6/22

T MIX AND RENT SUMMARY **Final Commitment**

Kelsey Ayer Station **Project Number 21-019-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**
Studio	-	1	444	90	135
Flat	2	1	816	25	75
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
				115	210

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	**Number of Units Restricted For Each AMI Category**						
	20%	**50%**	**60%**	**80%**	**120%**	**120%**	**200%**
CalHFA Bond/RiskShare	0	12	35	0	0	0	0
CalHFA MIP	0	12	0	12	89	0	0
Tax Credit	34	31	22	26	0	0	0
HCD TOD	34	31	22	26	0	0	0
HUD 811	0	22	0	0	0	0	0
City of San Jose	34	31	22	26	0	0	0
ity of San Jose Ground Lea:	34	31	22	26	0	0	0

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	**Restricting Agency**	**% of Area Median Income**	**Average Restricted Rents**		**Average Market Rents**	**Average Monthly Savings**	**% of Market Rents**
			Number of Units	**Unit Rent**			
Studios	**San Jose**	**20%**	27	$493	$2,325	$1,832	21%
	San Jose	**50%**	26	$1,287		$1,038	55%
	San Jose	**60%**	18	$1,552		$773	67%
	San Jose	**80%**	18	$2,081		$244	90%
	San Jose	**100%**	-	-		-	-
	San Jose	**60%**	-	-		-	-
	San Jose	**80%**	-	-		-	-
1 Bedroom	**San Jose**	**20%**	-	-	-	-	-
	San Jose	**50%**	-	-		-	-
	San Jose	**60%**	-	-		-	-
	San Jose	**80%**	-	-		-	-
	San Jose	**100%**	-	-		-	-
	San Jose	**60%**	-	-		-	-
	San Jose	**80%**	-	-		-	-
2 Bedrooms	**San Jose**	**20%**	7	$623	$3,150	$2,527	20%
	San Jose	**50%**	5	$1,644		$1,506	52%
	San Jose	**60%**	4	$1,985		$1,165	63%
	San Jose	**80%**	8	$2,666		$484	85%
	San Jose	**100%**	-	-		-	-
	San Jose	**80%**	-	-		-	-
	San Jose	**-**	-	-		-	-
3 Bedrooms	**San Jose**	**20%**	-	-	-	-	-
	San Jose	**50%**	-	-		-	-
	San Jose	**60%**	-	-		-	-
	San Jose	**80%**	-	-		-	-
	San Jose	**100%**	-	-		-	-
	San Jose	**60%**	-	-		-	-
	San Jose	**80%**	-	-		-	-
4 Bedrooms	**San Jose**	**20%**	-	-	-	-	-
	San Jose	**50%**	-	-		-	-
	San Jose	**60%**	-	-		-	-
	San Jose	**80%**	-	-		-	-
	San Jose	**100%**	-	-		-	-
	San Jose	**60%**	-	-		-	-
	San Jose	**80%**	-	-		-	-
5 Bedrooms	**San Jose**	**20%**	-	-	-	-	-
	San Jose	**50%**	-	-		-	-
	San Jose	**60%**	-	-		-	-
	San Jose	**80%**	-	-		-	-
	San Jose	**100%**	-	-		-	-
	San Jose	**60%**	-	-		-	-
	San Jose	**80%**	-	-		-	-
Date Prepared:	4/5/22					Senior Staff Date:	4/6/22

SOURCES & USES OF FUNDS					Final Commitment
Kelsey Ayer Station			Project Number	21-019-A/X/N	
SOURCES OF FUNDS	**CONST/REHAB $**	**PERMANENT $**	**TOTAL PROJECT SOURCES OF FUNDS SOURCES ($)**	**PER UNIT ($)**	**%**
Capital One- Tax Exempt (Conduit)	36,000,000				0.0%
-	-				0.0%
-	-				0.0%
Capital One- Taxable	6,114,191				0.0%
City of San Jose Loan	12,825,000				0.0%
Other Philanthropic Funds	2,000,000				0.0%
	-				0.0%
-	-				0.0%
Deferred Costs	2,658,570				0.0%
Weinberg Foundation Grant	1,000,000				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	631,461				0.0%
Developer Equity Contribution	1,013,998				0.0%
Investor Equity Contribution	8,880,897				0.0%
Perm		15,910,000	15,910,000	138,348	22.2%
MIP		4,600,000	4,600,000	40,000	6.4%
-		-	-	-	0.0%
-		-	-	-	0.0%
HCD TOD Loan		10,000,000	10,000,000	86,957	13.9%
City of San Jose Loan		12,825,000	12,825,000	111,522	17.9%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Weinberg Foundation Contrib		1,000,000	1,000,000	8,696	1.4%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		1,300,000	1,300,000	11,304	1.8%
Developer Equity Contribution		1,013,998	1,013,998	8,817	1.4%
Investor Equity Contributions		25,061,658	25,061,658	217,927	34.9%
TOTAL SOURCES OF FUNDS	**71,124,117**	**71,710,656**	**71,710,656**	**623,571**	**100.0%**
TOTAL USES OF FUNDS (BELOW)	**71,124,117**	**71,710,656**	**71,710,656**	**623,571**	**100.0%**
FUNDING SURPLUS (DEFICIT)	**0**	**(0)**	**0**		

USES OF FUNDS	**CONST/REHAB $**	**PERMANENT $**	**TOTAL PROJECT USES OF FUNDS USES ($)**	**PER UNIT ($)**	**%**
CONSTRUCTION/REHAB SOURCES OF FUNDS		**71,124,117**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	-	-	-	-	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%
Ground Lease Rent Prepayment	100,000	-	100,000	870	0.1%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**100,000**	**-**	**100,000**	**870**	**0.1%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	1,282,386	-	1,282,386	11,151	1.8%
Environmental Remediation (Hard Costs)	154,000	-	154,000	1,339	0.2%
Site Work (Hard Cost)	2,847,059	-	2,847,059	24,757	4.0%
Structures (Hard Cost)	30,839,447	-	30,839,447	268,169	43.0%

SOURCES & USES OF FUNDS				**Final Commitment**	
Kelsey Ayer Station			**Project Number**	**21-019-A/X/N**	
General Requirements	2,882,400	-	2,882,400	25,064	4.0%
Contractor Overhead	649,317	-	649,317	5,646	0.9%
Contractor Profit	649,317	-	649,317	5,646	0.9%
Contractor Bond	-	-	-	-	0.0%
Contractor Liability Insurance	650,952	-	650,952	5,660	0.9%
Prevailing Wages	8,081,018	-	8,081,018	70,270	11.3%
GC Contingency	1,821,540	-	1,821,540	15,839	2.5%
TOTAL CONSTRUCT/REHAB COSTS	**49,857,436**	**-**	**49,857,436**	**433,543**	**69.5%**
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	1,306,784	-	1,306,784	11,363	1.8%
Supervision	250,000	-	250,000	2,174	0.3%
TOTAL ARCHITECTURAL FEES	**1,556,784**	**-**	**1,556,784**	**13,537**	**2.2%**
SURVEY & ENGINEERING FEES					
Engineering/Consulting	1,269,167	-	1,269,167	11,036	1.8%
Supervision	675,000	-	675,000	5,870	0.9%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	1,944,167	-	1,944,167	16,906	2.7%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	2,485,172	-	2,485,172	21,610	3.5%
Soft Cost Contingency Reserve	478,260	-	478,260	4,159	0.7%
TOTAL CONTINGENCY RESERVES	2,963,432	-	2,963,432	25,769	4.1%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
Capital One- Tax Exempt (Conduit)	2,706,248	-	2,706,248	23,533	0.037738
-	-	-	-	-	0
-	-	-	-	-	0.0%
Capital One- Taxable	-	-	-	-	0.0%
City of San Jose Loan	444,750	-	444,750	3,867	0.6%
Other Philanthropic Funds	-	-	-	-	0.0%
Loan Fees					
Capital One- Tax Exempt (Conduit)	421,142	-	421,142	3,662	0.6%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Capital One- Taxable	61,142	-	61,142	532	0.1%
City of San Jose Loan	34,577	-	34,577	301	0.0%
Other Philanthropic Funds	-	-	-	-	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	157	0.0%
Real Estate Taxes During Rehab	50,000	-	50,000	435	0.1%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Rehab	1,500,000	-	1,500,000	13,043	2.1%
Title & Recording Fees	50,000	-	50,000	435	0.1%
Construction Management & Testing	-	-	-	-	0.0%

SOURCES & USES OF FUNDS					Final Commitment
Kelsey Ayer Station			Project Number		21-019-A/X/N
Predevelopment Interest Expense	-	-	-	-	0.0%
Bond Issuer Fee	45,500	-	45,500	396	0.1%
Cost of Issuance + Lender Fees	325,423	-	325,423	2,830	0.5%
TOTAL CONST/REHAB PERIOD COSTS	**5,656,782**	**-**	**5,656,782**	**49,189**	**7.9%**
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	159,100	-	159,100	1,383	0.2%
MIP	46,000	-	46,000	400	0.1%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
HCD TOD Loan	-	-	-	-	0.0%
City of San Jose Loan	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Funding Fee	-	110,000	110,000	957	0.2%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	25,000	25,000	217	0.0%
Year 1 - Taxes & Special Assessments and Insura	-	-	-	-	0.0%
CalHFA Fees	-	10,085	10,085	88	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
CalHFA MIP Fee + Other Lender Fees	-	39,915	39,915	347	0.1%
TOTAL PERMANENT LOAN COSTS	**205,100**	**185,000**	**390,100**	**3,392**	**0.5%**
LEGAL FEES					
CalHFA Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
Other Construction/Rehab Loan Legal Fees	-	-	-	-	0.0%
CalHFA Permanent Loan Legal Fees	35,000	-	35,000	304	0.0%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	100,000	-	100,000	870	0.1%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	205,000	-	205,000	1,783	0.3%
CalHFA Bond Counsel	60,000	-	60,000	522	0.1%
TOTAL LEGAL FEES	**400,000**	**-**	**400,000**	**3,478**	**0.6%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	515,746	-	515,746	4,485	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	-	401,539	401,539	3,492	0.6%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**515,746**	**401,539**	**917,285**	**7,976**	**1.3%**
REPORTS & STUDIES					
Appraisal Fee	8,500	-	8,500	74	0.0%
Market Study Fee	16,500	-	16,500	143	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	283,538	-	283,538	2,466	0.4%
HUD Risk Share Environmental / NEPA Review F	30,960	-	30,960	269	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	
Kelsey Ayer Station			**Project Number**	**21-019-A/X/N**	
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	**339,498**	**-**	**339,498**	**2,952**	**0.5%**
USES OF FUNDS	**CONST/REHAB $**	**PERMANENT $**	**TOTAL PROJECT USES OF FUNDS**		
			USES ($)	**PER UNIT ($)**	**%**
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	190,572	-	190,572	1,657	0.3%
CDLAC Fees	12,600	-	12,600	110	0.0%
Local Permits & Fees	850,000	-	850,000	7,391	1.2%
Local Impact Fees	1,950,000	-	1,950,000	16,957	2.7%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	500,000	-	500,000	4,348	0.7%
Accounting & Audits	32,000	-	32,000	278	0.0%
Advertising & Marketing Expenses	100,000	-	100,000	870	0.1%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Pre Construction/Start Up Costs	450,000	-	450,000	3,913	0.6%
TOTAL OTHER COSTS	**4,085,172**	**-**	**4,085,172**	**35,523**	**5.7%**
SUBTOTAL PROJECT COSTS	**67,624,117**	**71,710,656**	**68,210,656**	**593,136**	**95.1%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	3,500,000	-	3,500,000	30,435	4.9%
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	**3,500,000**	**-**	**3,500,000**	**30,435**	**4.9%**
TOTAL PROJECT COSTS	**71,124,117**	**71,710,656**	**71,710,656**	**623,571**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
Kelsey Ayer Station	**Project Number**		**21-019-A/X/N**
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 1,848,192	$ 16,071	82.53%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	503,136	4,375	22.47%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	16,565	144	0.74%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 2,367,893**	**$ 20,590**	**105.74%**
Less: Vacancy Loss	**$ 128,458**	**$ 1,117**	**5.74%**
EFFECTIVE GROSS INCOME (EGI)	**$ 2,239,435**	**$ 21,707**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 165,680	$ 1,441	$ 0
Management Fee	89,689	780	4.00%
Social Programs & Services	165,502	1,439	7.39%
Utilities	120,000	1,043	5.36%
Operating & Maintenance	314,750	2,737	14.05%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	65	0.33%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	2,500	22	0.11%
Other Taxes & Insurance	91,550	796	4.09%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES	**$ 957,171**	**$ 8,323**	**42.74%**
Replacement Reserve	$ 57,500	$ 500	2.57%
TOTAL OPERATING EXPENSES	**$ 1,014,671**	**$ 8,823**	**45.31%**
NET OPERATING INCOME (NOI)	**$ 1,224,764**	**$ 10,650**	**54.69%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
Perm	$ 1,006,312	$ 8,751	44.94%
-	$ -	-	0.00%
-	$ -	-	0.00%
HCD TOD Loan	$ 42,000	365	1.88%
City of San Jose Loan	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 1,048,312**	**$ 9,116**	**46.81%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 176,451**	**$ 1,534**	**7.88%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**1.17**	**to 1**	
Date: 4/5/22		Senior Staff Date:	04/06/22

PROJECTED PERMANENT LOAN CASH FL0WS										Kelsey Ayer Station			
Final Commitment										Project Number	21-019-A/X/N		
	YEAR	1	2	3	4	5	6	7	8	9	10	11	12
RENTAL INCOME	CPI												
Restricted Unit Rents	2.50%	1,848,192	1,894,397	1,941,757	1,990,301	2,040,058	2,091,060	2,143,336	2,196,920	2,251,842	2,308,139	2,365,842	2,424,988
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	503,136	510,683	518,343	526,118	534,010	542,020	550,151	558,403	566,779	575,281	583,910	592,669
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	16,565	16,979	17,403	17,838	18,284	18,741	19,210	19,690	20,182	20,687	21,204	21,734
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**2,367,893**	**2,422,059**	**2,477,503**	**2,534,257**	**2,592,353**	**2,651,821**	**2,712,697**	**2,775,013**	**2,838,804**	**2,904,106**	**2,970,956**	**3,039,391**
VACANCY ASSUMPTIONS	Vacancy												
Restricted Unit Rents	5.00%	92,410	94,720	97,088	99,515	102,003	104,553	107,167	109,846	112,592	115,407	118,292	121,249
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	7.00%	35,220	35,748	36,284	36,828	37,381	37,941	38,511	39,088	39,675	40,270	40,874	41,487
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	828	849	870	892	914	937	960	985	1,009	1,034	1,060	1,087
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**128,457**	**131,317**	**134,242**	**137,235**	**140,298**	**143,431**	**146,638**	**149,919**	**153,276**	**156,711**	**160,226**	**163,823**
EFFECTIVE GROSS INCOME (EGI)		**2,239,435**	**2,290,742**	**2,343,261**	**2,397,022**	**2,452,055**	**2,508,390**	**2,566,059**	**2,625,094**	**2,685,528**	**2,747,395**	**2,810,730**	**2,875,568**
OPERATING EXPENSES	CPI / Fee												
Administrative Expenses	3.50%	331,182	342,773	354,770	367,187	380,039	393,340	407,107	421,356	436,103	451,367	467,165	483,516
Management Fee	4.01%	89,689	91,744	93,848	96,001	98,205	100,461	102,771	105,135	107,555	110,033	112,570	115,166
Utilities	3.50%	120,000	124,200	128,547	133,046	137,703	142,522	147,511	152,674	158,017	163,548	169,272	175,196
Operating & Maintenance	3.50%	314,750	325,766	337,168	348,969	361,183	373,824	386,908	400,450	414,466	428,972	443,986	459,525
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%	2,500	2,531	2,563	2,595	2,627	2,660	2,693	2,727	2,761	2,796	2,831	2,866
Other Taxes & Insurance	3.50%	91,550	94,754	98,071	101,503	105,056	108,733	112,538	116,477	120,554	124,773	129,140	133,660
Required Reserve Payments	1.00%	57,500	58,075	58,656	59,242	59,835	60,433	61,037	61,648	62,264	62,887	63,516	64,151
TOTAL OPERATING EXPENSES		**1,014,671**	**1,047,344**	**1,081,122**	**1,116,044**	**1,152,147**	**1,189,474**	**1,228,066**	**1,267,966**	**1,309,221**	**1,351,876**	**1,395,979**	**1,441,581**
NET OPERATING INCOME (NOI)		**1,224,764**	**1,243,398**	**1,262,139**	**1,280,979**	**1,299,908**	**1,318,916**	**1,337,993**	**1,357,127**	**1,376,307**	**1,395,519**	**1,414,751**	**1,433,987**
DEBT SERVICE PAYMENTS	Lien #												
Perm	1	1,006,312	1,006,312	1,006,312	1,006,312	1,006,312	1,006,312	1,006,312	1,006,312	1,006,312	1,006,312	1,006,312	1,006,312
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
HCD TOD Loan	3	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
City of San Jose Loan	4	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,048,312**	**1,048,312**	**1,048,312**	**1,048,312**	**1,048,312**	**1,048,312**	**1,048,312**	**1,048,312**	**1,048,312**	**1,048,312**	**1,048,312**	**1,048,312**
CASH FLOW AFTER DEBT SERVICE		**176,452**	**195,085**	**213,826**	**232,666**	**251,595**	**270,604**	**289,681**	**308,815**	**327,995**	**347,207**	**366,438**	**385,674**
DEBT SERVICE COVERAGE RATIO		**1.17**	**1.19**	**1.20**	**1.22**	**1.24**	**1.26**	**1.28**	**1.29**	**1.31**	**1.33**	**1.35**	**1.37**
Date Prepared:	04/05/22									Senior Staff Date:	4/6/22		
LESS: Asset Management Fee	3%	25,000	25,750	26,523	27,318	28,138	28,982	29,851	30,747	31,669	32,619	33,598	34,606
LESS: Partnership Management Fee	3%	7,000	7,210	7,426	7,649	7,879	8,115	8,358	8,609	8,867	9,133	9,407	9,690
net CF available for distribution		**144,452**	**162,125**	**179,878**	**197,699**	**215,579**	**233,507**	**251,471**	**269,459**	**287,458**	**305,454**	**323,433**	**341,379**

	YEAR	1	2	3	4	5	6	7	8	9	10	11	12
Deferred developer fee repayment	1,300,000	1,300,000	1,227,774	1,146,712	1,056,773	957,923	850,134	733,380	607,645	472,915	329,186	176,459	14,743
	50%	72,226	81,063	89,939	98,849	107,789	116,753	125,735	134,730	143,729	152,727	161,717	14,743
Addn'l Services Budget - funded by Borrowe's Share of Suplus Cash		24,192	24,797	25,417	26,052	26,703	27,371	28,055	28,757	29,476	30,212	30,968	31,742
		1,227,774	1,146,712	1,056,773	957,923	850,134	733,380	607,645	472,915	329,186	176,459	14,743	-

Payments for Residual Receipt Payments		*50%*											
RESIDUAL RECEIPTS LOANS	*Payment %*	72,226	81,063	89,939	98,849	107,789	116,753	125,735	134,730	143,729	152,727	161,717	170,689
MIP	*16.77%*	12,112	13,594	15,083	16,577	18,076	19,580	21,086	22,594	24,103	25,612	27,120	28,625
HCD TOD Loan	*36.46%*	26,334	29,555	32,792	36,041	39,300	42,568	45,843	49,122	52,404	55,684	58,962	62,233
City of San Jose Loan	*46.77%*	33,780	37,913	42,064	46,232	50,413	54,606	58,806	63,013	67,222	71,431	75,635	79,831
Total Residual Receipts Payments	**100.00%**	**72,226**	81,063	89,939	98,849	107,789	116,753	125,735	134,730	143,729	152,727	161,717	170,689

Balances for Residual Receipt Payments													
RESIDUAL RECEIPTS LOANS	*Interest Rate*												
MIP---Simple	*2.00%*	4,600,000	4,679,888	4,758,294	4,835,211	4,910,634	4,984,557	5,056,978	5,127,892	5,197,298	5,265,195	5,331,582	5,396,462
HCD TOD Loan---Simple	*3.00%*	10,000,000	10,273,666	10,544,111	10,811,319	11,075,279	11,335,979	11,593,410	11,847,567	12,098,445	12,346,041	12,590,357	12,831,395
City of San Jose Loan---Simple	*3.00%*	12,825,000	13,175,970	13,522,807	13,865,493	14,204,011	14,538,348	14,868,492	15,194,436	15,516,173	15,833,700	16,147,020	16,456,135
Total Residual Receipts Payments		**27,425,000**	28,129,524	28,825,212	29,512,023	30,189,923	30,858,884	31,518,880	32,169,895	32,811,915	33,444,936	34,068,959	34,683,993

PROJECTED PERMANENT LOAN CASH FL0WS								Kelsey Ayer Station						
Final Commitment								Project Number 21-019-A/X/N						
	YEAR	13	14	15	16	17	18	19	20	21	22	23	24	25
RENTAL INCOME	CPI													
Restricted Unit Rents	2.50%	2,485,613	2,547,753	2,611,447	2,676,733	2,743,651	2,812,243	2,882,549	2,954,612	3,028,478	3,104,190	3,181,794	3,261,339	3,342,873
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	1.50%	601,559	610,582	619,741	629,037	638,472	648,049	657,770	667,637	677,651	687,816	698,133	708,605	719,234
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	22,278	22,834	23,405	23,990	24,590	25,205	25,835	26,481	27,143	27,822	28,517	29,230	29,961
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**3,109,449**	**3,181,169**	**3,254,593**	**3,329,760**	**3,406,714**	**3,485,497**	**3,566,154**	**3,648,730**	**3,733,272**	**3,819,827**	**3,908,445**	**3,999,175**	**4,092,068**
VACANCY ASSUMPTIONS	Vacancy													
Restricted Unit Rents	5.00%	124,281	127,388	130,572	133,837	137,183	140,612	144,127	147,731	151,424	155,209	159,090	163,067	167,144
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	7.00%	42,109	42,741	43,382	44,033	44,693	45,363	46,044	46,735	47,436	48,147	48,869	49,602	50,346
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	1,114	1,142	1,170	1,200	1,230	1,260	1,292	1,324	1,357	1,391	1,426	1,462	1,498
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**167,504**	**171,270**	**175,124**	**179,069**	**183,105**	**187,236**	**191,463**	**195,789**	**200,217**	**204,748**	**209,385**	**214,131**	**218,988**
EFFECTIVE GROSS INCOME (EGI)		**2,941,945**	**3,009,899**	**3,079,468**	**3,150,692**	**3,223,609**	**3,298,261**	**3,374,691**	**3,452,941**	**3,533,055**	**3,615,080**	**3,699,060**	**3,785,044**	**3,873,080**
OPERATING EXPENSES	CPI / Fee													
Administrative Expenses	3.50%	500,439	517,954	536,082	554,845	574,265	594,364	615,167	636,698	658,982	682,047	705,918	730,625	756,197
Management Fee	4.01%	117,825	120,546	123,333	126,185	129,106	132,095	135,156	138,290	141,499	144,784	148,147	151,591	155,117
Utilities	3.50%	181,328	187,675	194,243	201,042	208,078	215,361	222,899	230,700	238,775	247,132	255,781	264,734	273,999
Operating & Maintenance	3.50%	475,609	492,255	509,484	527,316	545,772	564,874	584,645	605,107	626,286	648,206	670,893	694,375	718,678
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
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	2,902	2,938	2,975	3,012	3,050	3,088	3,126	3,166	3,205	3,245	3,286	3,327	3,368
Other Taxes & Insurance	3.50%	138,338	143,180	148,191	153,378	158,746	164,303	170,053	176,005	182,165	188,541	195,140	201,970	209,039
Required Reserve Payments	1.00%	64,792	65,440	66,095	66,756	67,423	68,098	68,778	69,466	70,161	70,863	71,571	72,287	73,010
TOTAL OPERATING EXPENSES		**1,488,733**	**1,537,489**	**1,587,904**	**1,640,034**	**1,693,940**	**1,749,683**	**1,807,325**	**1,866,932**	**1,928,573**	**1,992,317**	**2,058,237**	**2,126,408**	**2,196,908**
NET OPERATING INCOME (NOI)		**1,453,212**	**1,472,410**	**1,491,565**	**1,510,657**	**1,529,668**	**1,548,579**	**1,567,366**	**1,586,009**	**1,604,482**	**1,622,763**	**1,640,823**	**1,658,636**	**1,676,172**
DEBT SERVICE PAYMENTS	Lien #													
Perm	1	1,006,312	1,006,312	1,006,312	1,006,312	1,006,312	1,006,312	1,006,312	1,006,312	1,006,312	1,006,312	1,006,312	1,006,312	1,006,312
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HCD TOD Loan	3	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
City of San Jose Loan	4	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,048,312**	**1,048,312**	**1,048,312**	**1,048,312**	**1,048,312**	**1,048,312**	**1,048,312**	**1,048,312**	**1,048,312**	**1,048,312**	**1,048,312**	**1,048,312**	**1,048,312**
CASH FLOW AFTER DEBT SERVICE		**404,900**	**424,098**	**443,252**	**462,345**	**481,356**	**500,266**	**519,054**	**537,696**	**556,170**	**574,450**	**592,511**	**610,323**	**627,860**
DEBT SERVICE COVERAGE RATIO		**1.39**	**1.40**	**1.42**	**1.44**	**1.46**	**1.48**	**1.50**	**1.51**	**1.53**	**1.55**	**1.57**	**1.58**	**1.60**
Date Prepared:	04/05/22							Senior Staff Date:	4/6/22					
LESS: Asset Management Fee	3%	35,644	36,713	37,815	38,949	40,118	41,321	42,561	43,838	45,153	46,507	47,903	49,340	50,820
LESS: Partnership Management Fee	3%	9,980	10,280	10,588	10,906	11,233	11,570	11,917	12,275	12,643	13,022	13,413	13,815	14,230
net CF available for distribution		**359,275**	**377,105**	**394,849**	**412,490**	**430,006**	**447,375**	**464,576**	**481,584**	**498,375**	**514,921**	**531,195**	**547,169**	**562,810**

	YEAR	13	14	15	16	17	18	19	20	21	22	23	24	25
Deferred developer fee repayment	1,300,000	-	-	-	-	-	-	-	-	-	-	-	-	-
	50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Addn'l Services Budget - funded by Borrowe's Share of Suplus Cash														
		-	-	-	-	-	-	-	-	-	-	-	-	-
Payments for Residual Receipt Payments														
RESIDUAL RECEIPTS LOANS	*Payment %*	179,638	188,552	197,425	206,245	215,003	223,688	232,288	240,792	249,187	257,460	265,598	273,584	281,405
MIP	*16.77%*	30,125	31,620	33,108	34,587	36,056	37,512	38,955	40,381	41,789	43,176	44,541	45,880	47,192
HCD TOD Loan	*36.46%*	65,496	68,746	71,981	75,197	78,390	81,556	84,692	87,793	90,854	93,870	96,837	99,749	102,600
City of San Jose Loan	*46.77%*	84,016	88,186	92,336	96,461	100,557	104,619	108,641	112,618	116,545	120,414	124,220	127,955	131,613
Total Residual Receipts Payments	**100.00%**	179,638	188,552	197,425	206,245	215,003	223,688	232,288	240,792	249,187	257,460	265,598	273,584	281,405
Balances for Residual Receipt Payments														
RESIDUAL RECEIPTS LOANS	*Interest Rate*													
MIP---Simple	*2.00%*	5,459,838	5,521,712	5,582,092	5,640,984	5,698,397	5,754,341	5,808,828	5,861,874	5,913,493	5,963,704	6,012,528	6,059,987	6,106,107
HCD TOD Loan---Simple	*3.00%*	13,069,162	13,303,666	13,534,920	13,762,939	13,987,742	14,209,352	14,427,795	14,643,103	14,855,310	15,064,457	15,270,587	15,473,750	15,674,001
City of San Jose Loan---Simple	*3.00%*	16,761,054	17,061,787	17,358,351	17,650,766	17,939,055	18,223,248	18,503,379	18,779,488	19,051,620	19,319,825	19,584,161	19,844,691	20,101,485
Total Residual Receipts Payments		35,290,053	35,887,166	36,475,363	37,054,688	37,625,194	38,186,941	38,740,003	39,284,465	39,820,423	40,347,986	40,867,276	41,378,428	41,881,594

PROJECTED PERMANENT LOAN CASH FL0WS					Kelsey	
Final Commitment					Project Number	21-019-A/X/N
	YEAR	26	27	28	29	30
RENTAL INCOME	CPI					
Restricted Unit Rents	2.50%	3,426,445	3,512,106	3,599,908	3,689,906	3,782,154
Unrestricted Unit Rents	2.50%	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-
Project Based Rental Subsidy	1.50%	730,023	740,973	752,088	763,369	774,820
Other Project Based Subsidy	1.50%	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-
Laundry Income	2.50%	30,710	31,478	32,265	33,071	33,898
Parking & Storage Income	2.50%	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**4,187,177**	**4,284,557**	**4,384,261**	**4,486,346**	**4,590,871**
VACANCY ASSUMPTIONS	Vacancy					
Restricted Unit Rents	5.00%	171,322	175,605	179,995	184,495	189,108
Unrestricted Unit Rents	7.00%	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-
Project Based Rental Subsidy	7.00%	51,102	51,868	52,646	53,436	54,237
Other Project Based Subsidy	3.00%	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-
Laundry Income	5.00%	1,535	1,574	1,613	1,654	1,695
Parking & Storage Income	50.00%	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**223,959**	**229,047**	**234,255**	**239,585**	**245,040**
EFFECTIVE GROSS INCOME (EGI)		**3,963,218**	**4,055,509**	**4,150,006**	**4,246,762**	**4,345,831**
OPERATING EXPENSES	CPI / Fee					
Administrative Expenses	3.50%	782,664	810,057	838,409	867,754	898,125
Management Fee	4.01%	158,727	162,423	166,208	170,083	174,051
Utilities	3.50%	283,589	293,515	303,788	314,421	325,425
Operating & Maintenance	3.50%	743,831	769,865	796,811	824,699	853,564
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%	3,410	3,453	3,496	3,540	3,584
Other Taxes & Insurance	3.50%	216,355	223,928	231,765	239,877	248,272
Required Reserve Payments	1.00%	73,740	74,477	75,222	75,974	76,734
TOTAL OPERATING EXPENSES		**2,269,817**	**2,345,219**	**2,423,199**	**2,503,847**	**2,587,255**
NET OPERATING INCOME (NOI)		**1,693,401**	**1,710,290**	**1,726,807**	**1,742,914**	**1,758,576**
DEBT SERVICE PAYMENTS	Lien #					
Perm	1	1,006,312	1,006,312	1,006,312	1,006,312	1,006,312
-	-	-	-	-	-	-
-	-	-	-	-	-	-
HCD TOD Loan	3	42,000	42,000	42,000	42,000	42,000
City of San Jose Loan	4	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,048,312**	**1,048,312**	**1,048,312**	**1,048,312**	**1,048,312**
CASH FLOW AFTER DEBT SERVICE		**645,088**	**661,978**	**678,494**	**694,602**	**710,264**
DEBT SERVICE COVERAGE RATIO		**1.62**	**1.63**	**1.65**	**1.66**	**1.68**
Date Prepared:	04/05/22				Senior Staff Date:	4/6/22
LESS: Asset Management Fee	3%	52,344	53,915	55,532	57,198	58,914
LESS: Partnership Management Fee	3%	14,656	15,096	15,549	16,015	16,496
net CF available for distribution		**578,088**	**592,967**	**607,413**	**621,388**	**634,854**

	YEAR	26	27	28	29	30
Deferred developer fee repayment	1,300,000	-	-	-	-	-
	50%	-	-	-	-	-
Addn'l Services Budget - funded by Borrowe's Share of Suplus Cash						
		-	-	-	-	-
Payments for Residual Receipt Payments						
RESIDUAL RECEIPTS LOANS	*Payment %*	289,044	296,484	303,707	310,694	317,427
MIP	*16.77%*	48,473	49,720	50,932	52,103	53,232
HCD TOD Loan	*36.46%*	105,385	108,098	110,731	113,279	115,734
City of San Jose Loan	*46.77%*	135,186	138,665	142,044	145,312	148,461
Total Residual Receipts Payments	**100.00%**	289,044	296,484	303,707	310,694	317,427
Balances for Residual Receipt Payments						
RESIDUAL RECEIPTS LOANS	*Interest Rate*					
MIP---Simple	*2.00%*	6,150,916	6,194,443	6,236,723	6,277,791	6,317,688
HCD TOD Loan---Simple	*3.00%*	15,871,401	16,066,015	16,257,917	16,447,186	16,633,907
City of San Jose Loan---Simple	*3.00%*	20,354,622	20,604,186	20,850,271	21,092,978	21,332,416
Total Residual Receipts Payments		42,376,938	42,864,645	43,344,911	43,817,955	44,284,010

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).

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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

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.

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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.

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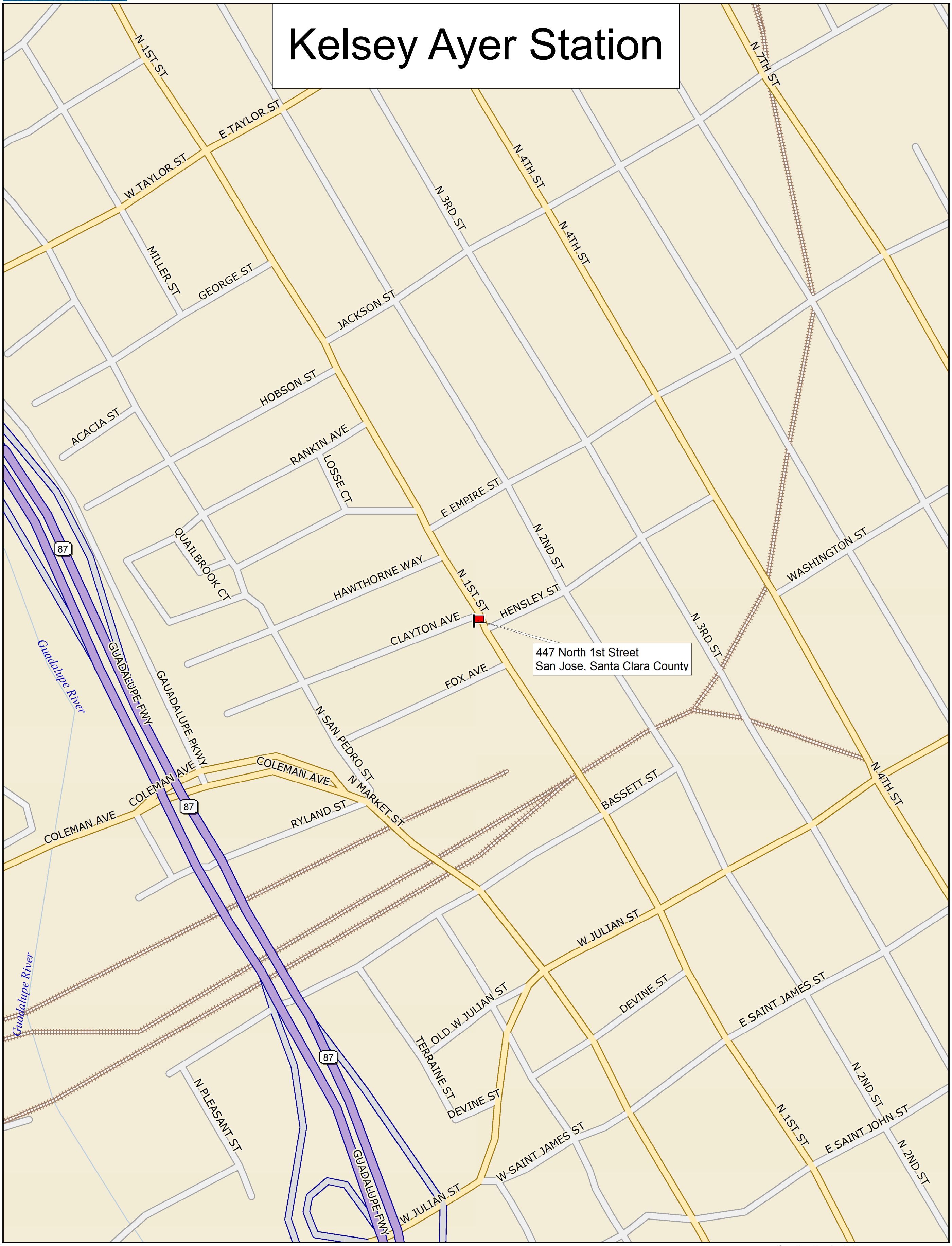
Occupancy Requirements	
	• Either (A) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of the area median income as determined by HUD ("AMI") with adjustments for household size ("20% @ 50% AMI"), or (B) 40% or more of the units must be rent restricted 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

DELORME

DeLorme Street Atlas USA® 2010

Kelsey Ayer Station

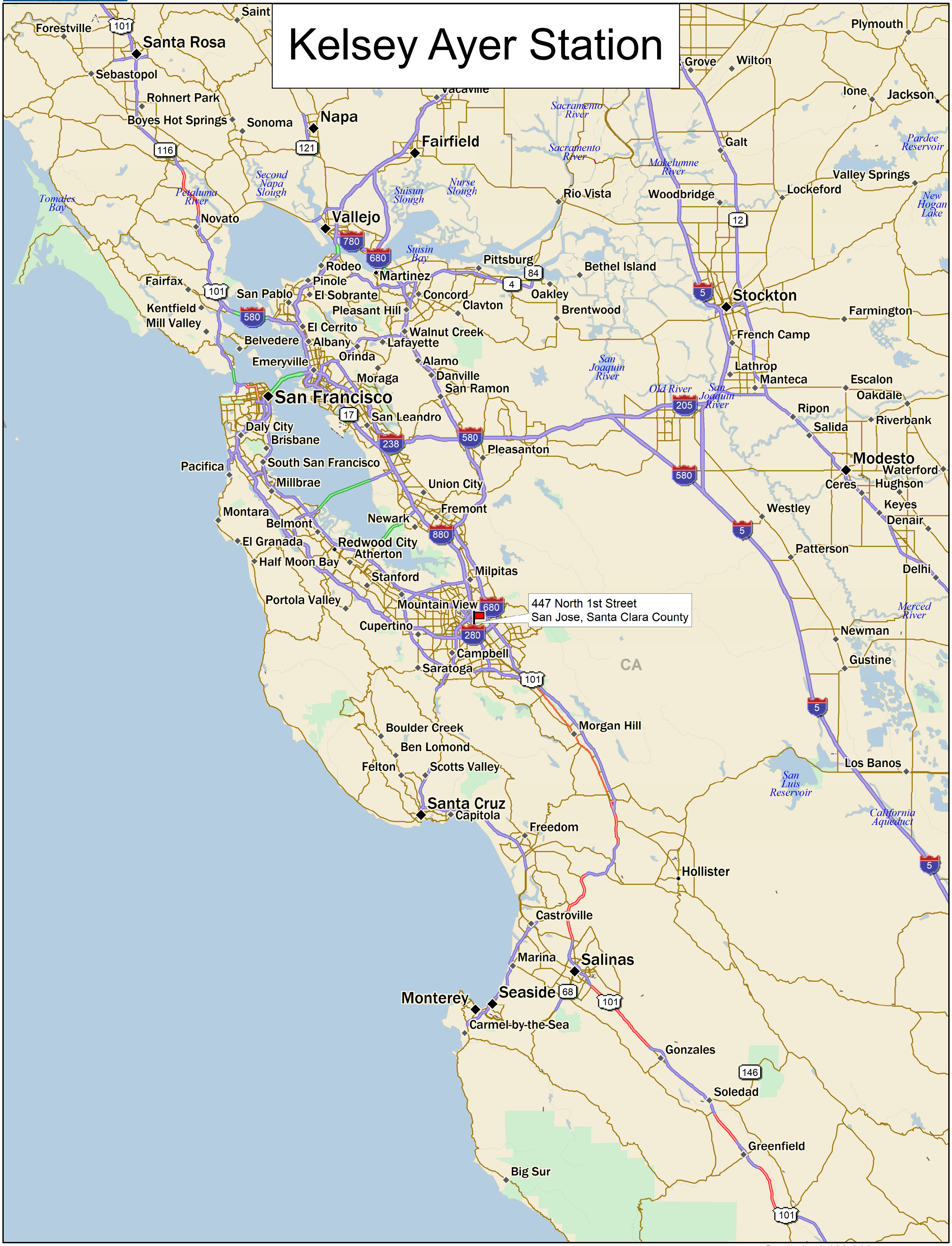


TN MN (12.9°E)

Scale 1 : 6,400

1" = 533.3 ft Data Zoom 15-0

DeLorme Street Atlas USA® 2010



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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. 22-15

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of The Kelsey Ayer Station LP, 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 San Jose, County of Santa Clara, California, to be known as Kelsey Ayer Station (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	
21-019-A/X/N	KELSEY AYER STATION San Jose, Santa Clara County California	$15,910,000.00	Tax-Exempt Permanent 1st Lien Mortgage w/HUD Risk Sharing
		$ 4,600,000.00	Mixed Income Program Subsidy 2nd Lien Mortgage

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. 22-15 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 21st day of April 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 21st day of April 2022.

ATTEST: ________________________________

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

BOARD MEMBERS' CONDUCT AND REPRESENTATION OF CALHFA

CalHFA Board Members are charged with the oversight and administration of CalHFA (Health & Saf. Code, § 50901)—and as such bear primary responsibility for implementing the Statewide Housing Plan (Health & Saf. Code, § 50952, subd. (n)). Because housing is of vital statewide importance to the health, safety, and welfare of all Californians (Health & Saf. Code, § 50001), Board Members must appreciate the seriousness of the work CalHFA does and discharge their duties as Board Members in a manner befitting the gravity of the responsibilities of the offices they hold. This guide, therefore, sets out the *minimum* standards by which CalHFA Board Members should conduct themselves.

General Rules of Conduct

All Board Members shall act in accordance with their oath of office, and shall conduct themselves in a courteous, professional, and ethical manner always. The Board shall conduct its business in an open manner, so that the public shall be both informed and involved, consistent with the provisions of the Bagley Keene Open Meeting Act, the California Public Records Act, and all other governmental and civil codes applicable to similar boards within the State of California. Accordingly, Board Members shall:

- Comply with all provisions of the Bagley-Keene Open Meeting Act;
- Not speak or act for the Board, or CalHFA, without proper (i.e., formal) authorization from a majority of the Board;
- Not privately or publicly lobby for, publicly endorse, or otherwise engage in any personal efforts that would tend to promote their own personal or political views or goals, when those are in direct opposition to an official position adopted by the Board;
- Not discuss personnel or Board business matters outside their official capacity or outside a properly noticed and agendized meeting;
- Never accept gifts from those having business before the Board or CalHFA while serving on the Board;
- Comply with all applicable incompatible activities statements they serve under;
- Recognize the equal role and responsibilities of all Board Members;
- Act fairly, and be nonpartisan, impartial, and unbiased in their roles;
- Treat all individuals in a fair, professional, courteous, and impartial manner; and
- Not use their positions on the Board for personal, familial, or financial gain.

A Board Member's failure to observe these general rules of conduct could subject them to censure by the board, or, in cases of gross neglect of these rules, removal from the Board. (See Health & Saf. Code, § 50906.)

Conduct of Board Meetings

In addition to any rules of conduct formally adopted by the Board from time to time, Board members should strive to conform their conduct during meetings to the following guidelines.

Governing Style

The Board is responsible for creating and maintaining an atmosphere that encourages frank and collegial discussions both at the Board and committee level and as between the Board and management. The Board strives to achieve a governing style that emphasizes:

- Strategic leadership;

- Outward vision;
- Focus on the future;
- Proactivity;
- Encouragement of collegiality, including the creation of an environment which supports CalHFA's Mission;
- Civility and courtesy, to both those with whom the Board members interact and between Board members;
- Governance by consensus;
- A partnership with CalHFA management; and
- Ethical conduct of Board business to avoid even the appearance of impropriety.

Board Member Competencies

To be more effective members of the CalHFA Board, Board members are expected to develop an understanding of the following:

- Governance Competencies:
    - The role and responsibilities of Board members;
    - The Board committees and their purposes;
    - CalHFA's purpose (Health & Saf. Code, § 50950), as well as applicable principles of public administration and public policymaking;
    - Fiduciary responsibilities and duties, conflicts of interest and ethics;
    - The CalHFA organizational structure and the roles of executive staff and key service providers, including Board consultants, and external auditors and attorneys;
    - The role of CalHFA as a state agency; and
    - The proper conduct of Board and Committee Meetings in accordance with rules adopted by the Board.
- Communication Competencies:
    - Active and attentive engagement in meetings;
    - CalHFA's objectives and approach with respect to communications with the media and stakeholders;
    - The ethical and appropriate use of current forms of electronic communication tools; and
    - How to express opinions and ask questions in a constructive manner that encourages critical thinking and analysis and improves decision making.

Communications With Third Parties

Generally, Board members have no obligation to meet with or communicate with advisors, managers, consultants, contractors, or vendors. Any contacts and communications between individual Board members and advisors, managers, consultants, contractors, and vendors to CalHFA will be within the judgment of each Board member. Any such contacts and communications will be in the Board member's capacity as an individual Board member with the understanding that the individual Board members do not represent CalHFA or the Board, and have no authority to bind CalHFA to any agreements, unless specifically authorized to do so by the Board.

Communications Regarding CalHFA-Financed Projects

Except for communications during staff briefings of Board members in preparation for an upcoming Board meeting, and communications by committee chairs in carrying out their responsibilities as chair, individual Board members should direct any proposals, questions, or communications regarding a prospective or existing

CalHFA-Financed Project only to staff or developer-representatives present at a Board meeting where the Project is on the agenda.

Views Expressed Disclaimer

When speaking in a public setting where it is clear that the Board member is speaking because of the member's position on the Board, Board members should preface their remarks with the following disclaimer: "The views I express here are my own and do not necessarily reflect the views of the CalHFA Board of Directors, my fellow Board members or CalHFA staff." As used in this subsection, "public setting" includes the use of social media and/or other forms of electronic communication.

Civility and Courtesy

Each Board member should commit to conduct him/herself at all times with civility and courtesy, to both those with whom the Board interacts and to his/her colleagues. Individual Board members should also endeavor to correct fellow Board members, should any of their conduct fall below this standard.

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 22-16

RESOLUTION AUTHORIZING ADOPTION OF A BOARD MEMBERS' CONDUCT CODE

WHEREAS, the CalHFA Board of Directors oversees the Agency's administration, and is integral to its organizational success,

WHEREAS, housing is of vital importance to the health, safety and welfare of all Californians,

WHEREAS, the CalHFA Board of Directors acknowledges the critical role of the collective and individual contributions of each Board member,

WHEREAS, the Board of Directors concurs that agreed-upon standards of professionalism, courtesy, loyalty, honesty, and ethical conduct serve the important functions of accountability and transparency,

WHEREAS, the Board of Directors elects to role model civility, humility, and candor for CalHFA staff and all Californians,

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

The CalHFA Board of Directors approves and adopts the Board Members' Conduct and Representation code.

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. 22-16 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 21st day of April, 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 21st day of April, 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:** April 1, 2022

From: **CALIFORNIA HOUSING FINANCE AGENCY**

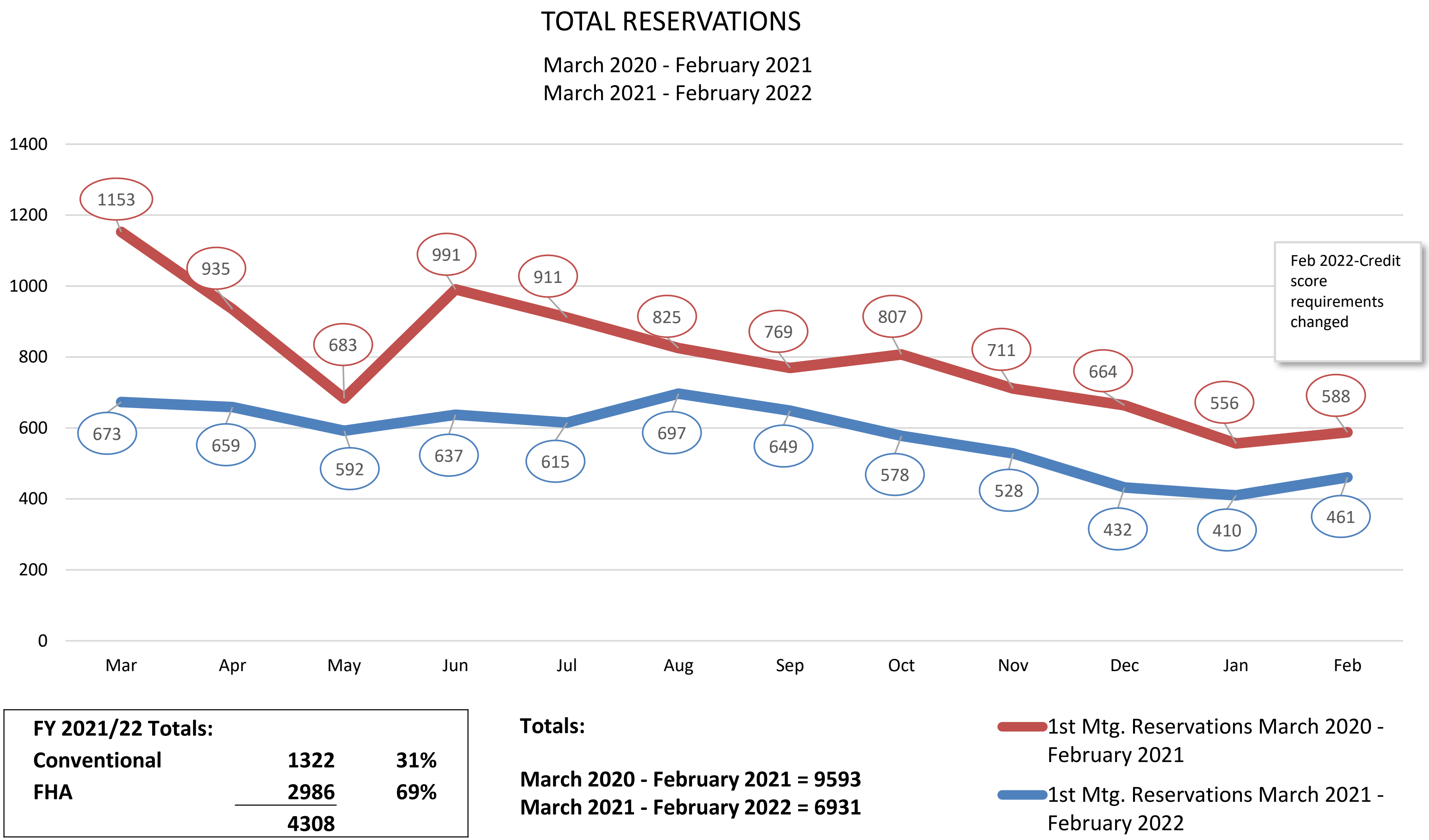
Subject: Single Family Loan Production Report (February 2022)

Highlights:

- Reservations Fiscal Year 2021-22: 4300+
- Securitization Fiscal Year 2021-22: 4100+ ($1.4Bn)
- About 1/3 of our production are from 3 counties:
  - San Bernardino
  - Kern
  - Sacramento

158 TOC

Reservations down from last year



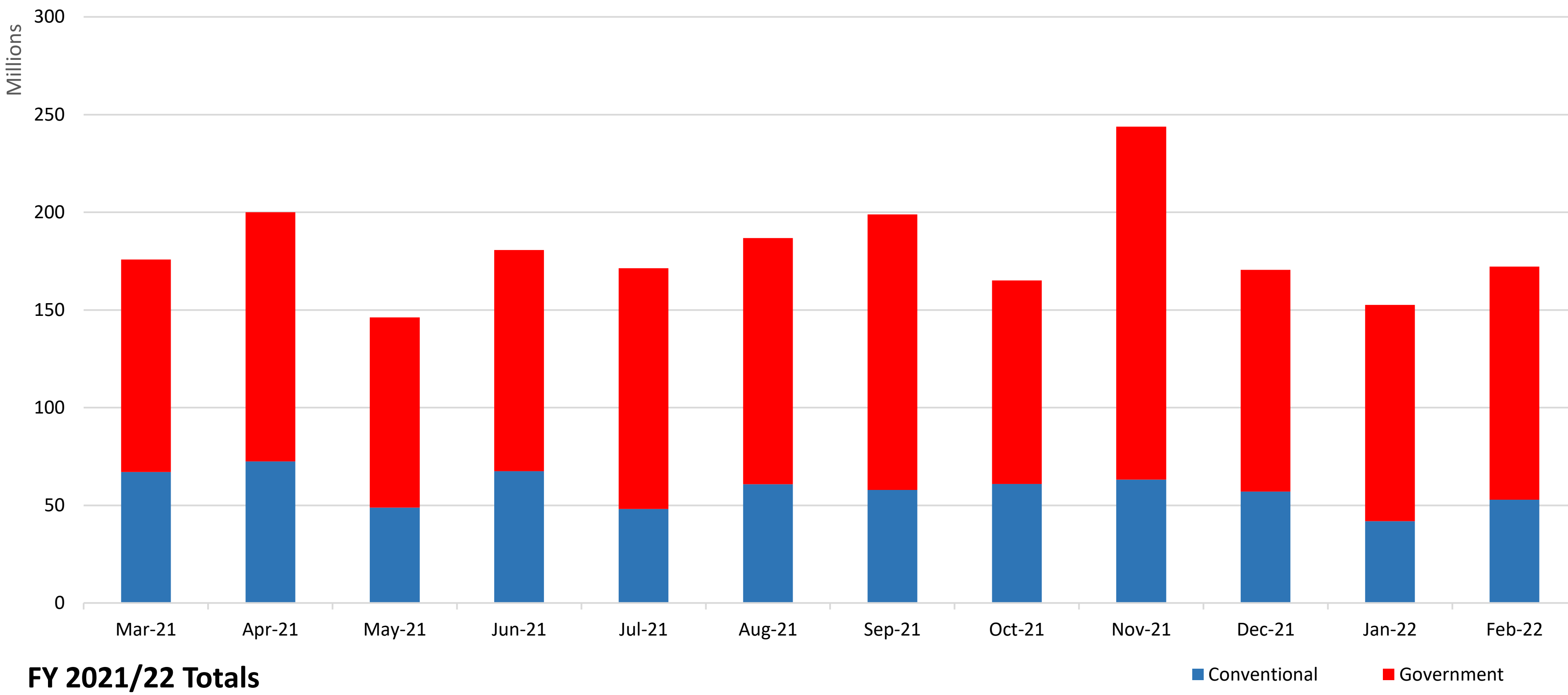
FY 2021/22 Totals:		
Conventional	**1322**	**31%**
FHA	**2986**	**69%**
	4308	

Totals:

March 2020 - February 2021 = 9593
March 2021 - February 2022 = 6931

159 TOC

March-2021 - February-2022 Securitized



FY 2021/22 Totals

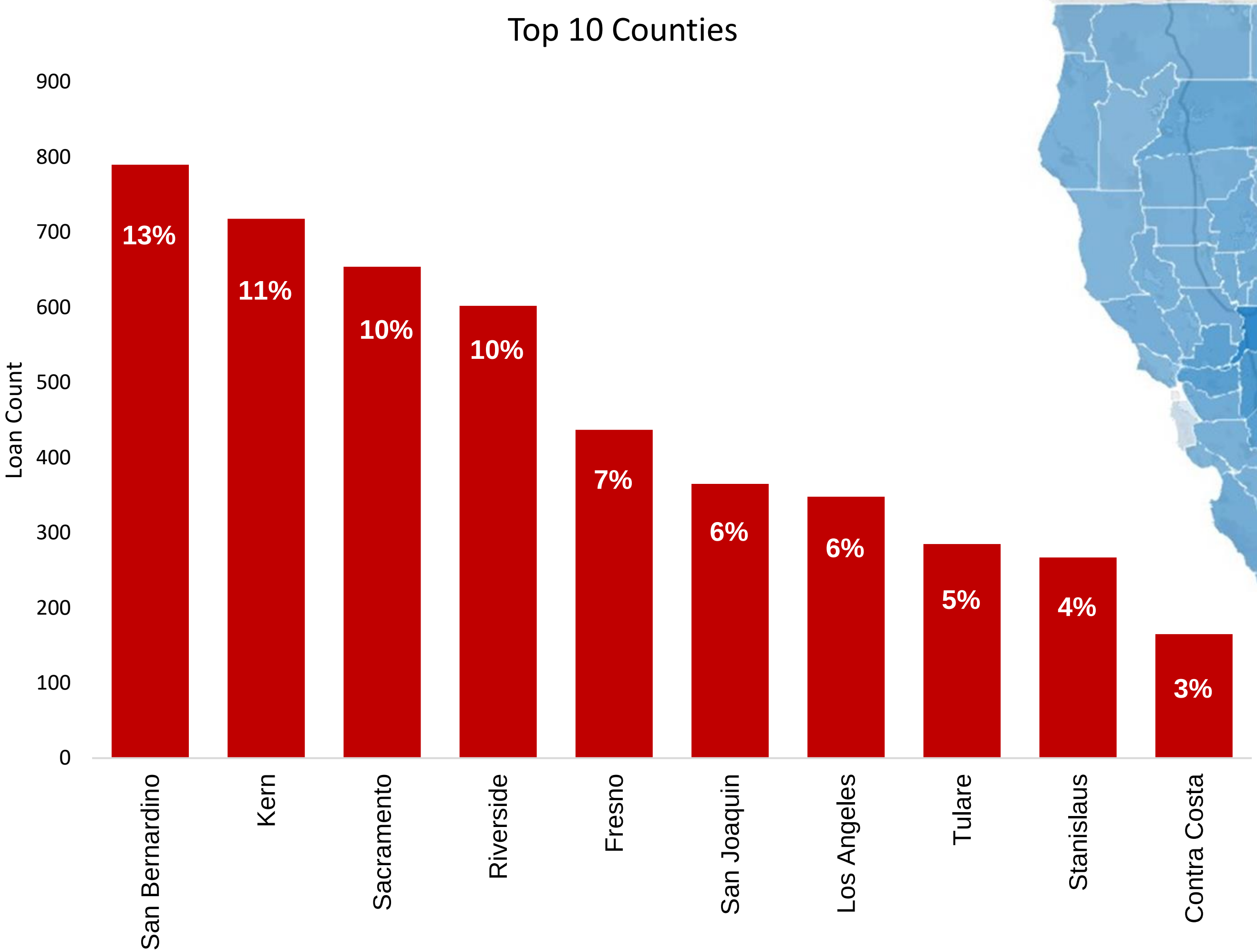
Government (70%)

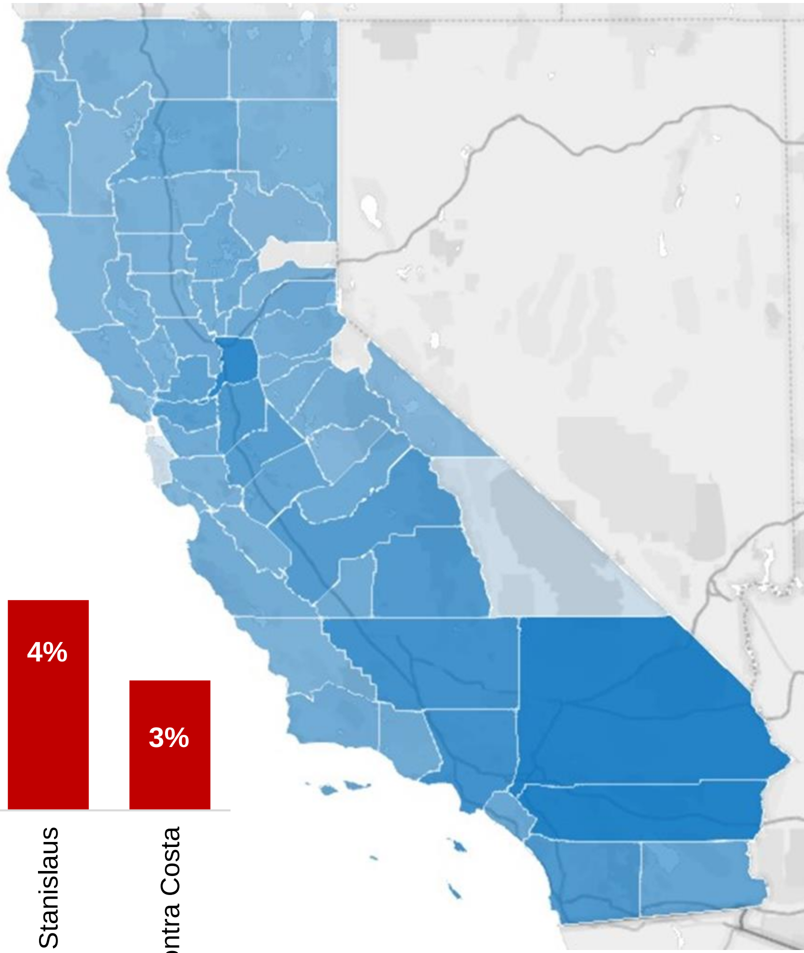
FHA with ZIP	**2663**	**941,031,505**
FHA no ZIP	**212**	**69,129,209**
VA	**16**	**8,800,453**
USDA	**26**	**7,997,587**
	2917	**1,026,958,754**
Total	**4133**	**1,469,423,394**

Conventional (29%)

Conventional with ZIP	**874**	**336,768,951**
Conventional no ZIP	**93**	**35,492,497**
LI/VLI Conventional with ZIP	**227**	**63,771,533**
LI/VLI Conventional no ZIP	**22**	**6,431,659**
	1216	**442,464,640**

Where are our borrowers?





State of California

M E M O R A N D U M

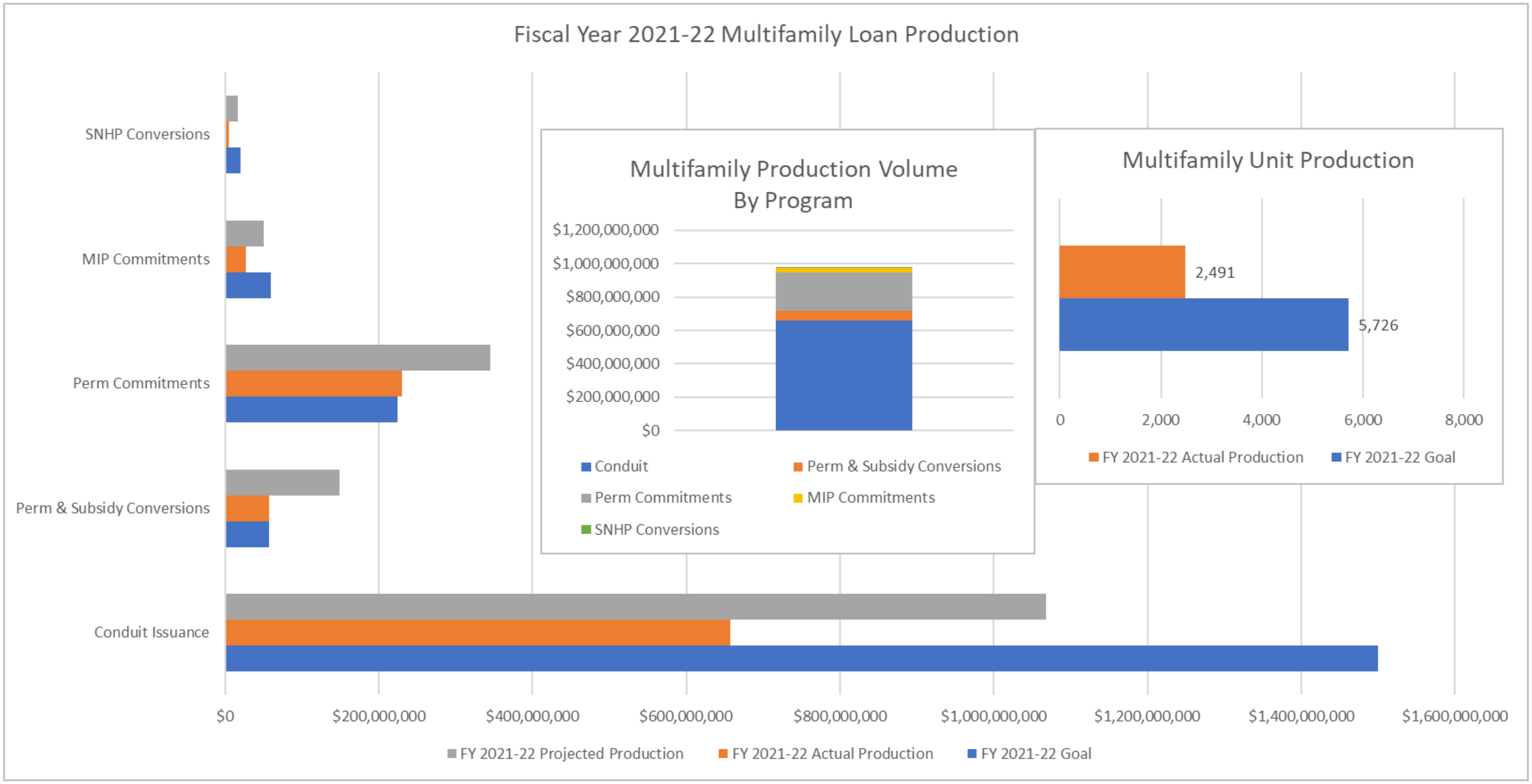
To: Board of Directors Date: April 21, 2022

From: Kate Ferguson, Director of Multifamily
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 March 31, 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	$657,782,917	$57,345,812	$230,483,000	$26,687,000	$4,822,063	$977,120,792
FY 2021-22 Projected Production	$1,068,078,628	$149,128,047	$344,843,000	$49,837,674	$17,272,321	$1,629,159,670
Percent of Goal Complete	44%	100%	102%	44%	24%	52%

FY 2021-22 Conduit Issuance as of March 31, 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
17	Avenue 34	Conduit - Reg Only	Los Angeles	Individuals/Families	3/30/2022	0	-	$ 42,181,786.00	-	$ 42,181,786.00
						1,050	$ 355,199,987.00	$ 141,405,930.00	$ 161,177,000.00	$ 657,782,917.00

Total Conduit Issuance Closed: $657,782,917

Upcoming FY 2021-22 Conduit Issuance:

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**
	Residency at the Entrepreneur	Conduit - Reg Only	Los Angeles	Senior	4/8/2022	200	$ 55,000,000.00	$ 8,000,000.00	$ 9,000,000.00	$ 72,000,000.00
	Monroe Street Apartments	Conduit - MIP & Perm	Santa Clara	Individuals/Families	4/12/2022	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
	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	$ 19,870,992.00	-	$ 61,322,992.00
	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	$ 39,381,561.00	$ 8,000,000.00	$ 121,381,561.00
	Kelsey Ayer Station	Conduit - MIP & Perm	San Jose	Individuals/Families	6/17/2022	0	$ 33,500,000.00	-	-	$ 33,500,000.00
	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
						427	$ 305,929,989.00	$ 83,202,027.00	$ 21,163,695.00	$ 410,295,711.00

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 March 31, 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									
Q4 - 04/01/2022 - 06/30/2022									
	Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**	**Permanent Loan Amount**	**Subsidy Loan Amount**	**Total**
	Leigh Avenue Senior	Conduit - Perm	San Jose	Senior	4/29/2022	64	$ 8,967,000.00	-	$ 8,967,000.00
	Winter Creek Village	Perm-Refi	Windsor	Individuals/Families	5/2/2022	**41**	$ 1,547,000.00	-	$ 1,547,000.00
	Timothy Commons	Perm-Refi	Santa Rosa	Individuals/Families	5/2/2022	**32**	$ 1,176,000.00	-	$ 1,176,000.00
	Carrillo Place	Perm-Refi	Santa Rosa	Individuals/Families	5/2/2022	**68**	$ 4,141,000.00	-	$ 4,141,000.00
	Blackstone McKinley TOD	Conduit - Perm	Fresno	Individuals/Families	5/16/2022	88	$ 3,305,000.00	$ 1,760,000.00	$ 5,065,000.00
	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
	The Parkway Apartments	Conduit - MIP & Perm	Folsom	Individuals/Families	6/1/2022	72	$ 7,500,000.00	-	$ 7,500,000.00
	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
						703	$ 83,022,235.00	$ 8,760,000.00	$ 91,782,235.00

FY 2021-22 Permanent & Subsidy Loan Commitments as of March 31, 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									
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	4/12/2022	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
	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	$ 48,700,000.00	-	$ 48,700,000.00
	Kelsey Ayer Station	Conduit - MIP & Perm	San Jose	Individuals/Family	6/17/2022	0	$ 13,300,000.00	-	$ 13,300,000.00
						0	$ 114,360,000.00	$ -	$ 114,360,000.00

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 March 31, 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:								
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	4/12/2022	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
	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
	Kelsey Ayer Station	Conduit - MIP & Perm	San Jose	Individuals/Families	6/17/2022	115	$	4,600,000.00
						738	$	23,150,674.00

FY 2021-22 Special Needs Housing Program Loan Conversions as of March 31, 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							
Q4 - 04/01/2022 - 06/30/2022							
	Project Name	**Underwriting Type**	**City**	**Project Type**	**Closing Date**	**Units**	**SNHP Loan**
	Desert Haven	SNHP/MHSA	Victorville	Individuals/Family	5/15/2022	32	$ 2,173,669.00
	Post 310	SNHP/MHSA	San Diego	Individuals/Families	5/31/2022	43	$ 1,500,000.00
	Santa Angelina Senior Community	SNHP/MHSA	Placentia	Senior	6/8/2022	65	$ 2,519,696.00
	McCadden Plaza Youth Housing	SNHP/MHSA	Los Angeles	TAY	6/15/2022	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
						270	$ 12,450,258.00