Cal HFA BOARD OF DIRECTORS

REVISED AGENDA

California Housing Finance Agency Board of Directors

Board Meeting and Workshop
March 17, 2020
10:00 a.m.

TELECONFERENCE:
Call-In Number: 888-282-8355
Passcode: 5294256

Bank of the West Tower
500 Capitol Mall
PLEASE NOTE ROOM CHANGE 14th Main Conference Room
~~18th Floor Conference Center~~
Sacramento, California
916-326-8000 (CalHFA Receptionist)

Agenda items may be taken out of order to accommodate speakers and to maintain a quorum

1. Roll Call

2. Approval of the minutes of the February 6, 2020 Board of Directors meeting 1

3. Chairman/Executive Director comments

4. Discussion, recommendation, and possible action regarding final loan commitment for the following project (*Stephen Beckman)* 6

NUMBER	DEVELOPMENT	LOCALITY	UNITS
19-046-A/N	Hayes Valley South	San Francisco/San Francisco	110

Resolution No. 20-03 31

5. Discussion, recommendation, and possible action regarding the adoption of a resolution authorizing the financing of the Agency's multifamily housing program,

11. Discussion of other Board matters

12. Public comment: Opportunity for members of the public to address the Board on Matters within the Board's authority

WORKSHOP ITEMS (Informational)

13. Mid-year Business Plan and Budget Update for 2019/20 (*Don Cavier, Tim Hsu and Kate Ferguson*)

C. Single Family Lending Program Update:

- Prospective product initiatives or modifications to existing programs or policies

D. Multifamily Lending Program Update:

- Prospective product initiatives or modifications to existing programs or policies

Based on the March 11 policy guidelines from the California Department of Public Health regarding public gatherings and in support of Federal and State recommendations regarding COVID-19, the guest speaker portion of the meeting has been canceled.

~~14. Guest Presentations and Discussions~~

~~A. Kevin Kish (Director, *California Department of Fair Housing and*~~

~~*Employment)*~~

- ~~Overview of California's Fair Employment and Housing Act~~

~~B. Richard Rothstein (Author, *The Color of Law: A Forgotten History of How Our Government Segregated America*)~~

- ~~History of redlining and potential remedies that can be implemented through policy change~~

15. Wrap-up discussion on workshop topics

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

17. Adjournment

NOTES*

PARKING:
1) Bank of the West parking structure ($2 per 20 min, $6 per hr., $24 daily max)
2) Metered street parking available
3) Other nearby parking structures

REFRESHMENTS:
Available at Specialty's Café in the lobby

NEXT MEETING DATE:
May 14, 2020 – Board Meeting
Bank of the West Tower
500 Capitol Mall, 18th Floor Conference Center
Sacramento, CA

MINUTES

California Housing Finance Agency (CalHFA)
Board of Directors Meeting
February 6, 2020
Meeting noticed on January 24, 2020

1. ROLL CALL

The California Housing Finance Agency Board of Directors Special Meeting was called to order at **10:03 a.m**. by Acting Chair Gunning. A quorum of members was present.

MEMBERS PRESENT:	Avila Farias, Gallagher, Gunning, Hunter, Olmstead (for McCauley), Podesta, Russell, Sotelo, Hague (for Gordon), Patterson, Gunn (for Imbasciani)
MEMBERS ARRIVING AFTER ROLL CALL:	Jopanda (for Ma)
MEMBERS ABSENT:	Johnson Hall, Prince, Bosler
STAFF PRESENT:	Don Cavier, Claire Tauriainen, Melissa Flores, Jennifer LeBoeuf, Kate Ferguson, Sheena Kho, Ruth Vakili, Andre Massey

2. APPROVAL OF MINUTES

- November 21, 2019
- December 3, 2019
- December 6, 2019

The minutes were approved by unanimous consent of members present.

3. CHAIRMAN/EXECUTIVE DIRECTOR COMMENTS

Chairman comments:

- Acting Chair Gunning wished everyone a happy new year and stated he was looking forward to 2020 being the year of housing production.

Executive Director comments:

Executive Director Patterson shared

- She was in Washington, D.C. the last week of January to begin serving on the new Freddie Mac Housing for Tomorrow Council, which is a mixture of housing leaders and industry stakeholders at the national level.

- While in Washington, D.C., she had the opportunity to meet with Brian Montgomery, Assistant Secretary of Housing and Urban Development for Housing and the Commissioner of the Federal Housing Administration. They discussed down payment assistance (DPA) and the need for best practices, which could be modeled on CalHFA's DPA program. She will continue to make sure CalHFA participates in any national conversations regarding the formulation of best practices in DPA programs.

- She attended the Housing Justice L.A. Summit at the beginning of January, at the encouragement of Board member Hunter. Molly Reisman, a staffer from Los Angeles County Supervisor Kuehl's office, spoke about incorporating the principals of Affirmatively Furthering Fair Housing into their continuum of housing programs and she hopes to have Ms. Reisman speak at a Board meeting soon.

- She reported that off-site meetings with leadership staff continue as they work to develop CalHFA's 2020/21 business plan. She has asked staff to view CalHFA's programs with a fair housing lens, as the federal government steps back from including fair housing principals in federal housing policies and programs. Richard Rothstein will discuss his book, The Color of Law, as a guest speaker at the March 17 workshop portion of the meeting.

- At the beginning of March, she and other senior staff will attend the annual NCSHA Legislative Conference in Washington, D.C.

- She recognized the San Diego Housing Federation and Board member Russell on the Federation's 30th anniversary. She then presented Secretary Podesta, who has served on the Board since 2015, a Resolution from the Agency, thanking her for her years of outstanding service to the Board, as she prepares to begin her new appointment as a member of the State Compensation Insurance Fund Board. Patterson looks forward to working with the new Business, Consumer Services, and Housing Agency Secretary Lourdes Castro Ramirez.

- She concluded her comments by informing the Board of staffing changes in the Governor's Office. Jason Elliott is the new Senior Policy Advisor on Housing to the Governor. She will continue to provide advisory services to the Governor's Office, but this change will allow her to focus her attention on the Agency and federal level issues with NCSHA.

4. **Discussion, recommendation, and possible action to amend the Executive Evaluation Committee Charter (Resolution No. 20-01)**

Presented by LeBoeuf

On a motion by Russell, the Board approved staff recommendation for **Resolution No. 20-01**. The votes were as follows:

AYES:	Avila Farias, Gallagher, Gunn (for Imbasciani), Gunning, Hunter, Jopanda (for Ma), Olmstead (for McCauley), Podesta, Russell, Sotelo
NOES:	None
ABSTENTIONS	None
ABSENT:	Johnson Hall, Prince

5. **Report regarding Mixed-Income Program**

Presented by Ferguson, Kho, and Vakili

CalHFA Director of Multifamily Programs, Kate Ferguson, provided a Mixed-Income Program (MIP) update to the Board. Final commitments have been awarded to seven projects, totaling 1,300 housing units. There are preliminary commitments for twelve projects, totaling 1,500 units. She is confident that all available MIP funds and all state tax credits reserved for the Agency, will be fully committed to qualified projects by the end of the fiscal year. Patterson added that the Agency was awarded about 20% of the requested amount of qualified residential project pool bonds by the California Debt Limit Allocation Committee. She emphasized MIP funds are contingent on having enough volume cap to make the deals work and the Agency reserves the right to seek more volume cap from CDLAC. The Board engaged in a discussion focused on impact fees developers are charged by local governments that are used to fund infrastructure expenses and possible remedies to reduce these fees while still meeting the infrastructure needs of communities.

6. **Report and discussion on CalHFA's administration of Federal rental assistance programs**

Presented by Massey

CalHFA Deputy Director of Multifamily Programs, Andre Massey, updated the Board on CalHFA's administration of two federal rental assistance programs - Section 8 and Section 811 Project Rental Assistance (811 PRA). She gave a historical overview, as well as the current status, of the Agency's administration of the programs. Due to U.S.

Department of Housing and Urban Development's (HUD) withdrawal of Section 8 Housing Assistance Payment (HAP) contracts over the past ten years, the Agency's role as a Traditional Contract Administrator (TCA) of this program has reached a point where it is not financially feasible for the Agency to continue in that role. CalHFA has provided a schedule to HUD to assist with facilitating the transfer of all Section 8 TCA's by 12/31/2020. While the Agency is required to retain administration of the 811 PRA program, it is seeking to partner with local housing authorities or other entities that are experienced in administrating vouchers to ensure that the Agency is achieving cost efficiencies.

7. **Closed session pursuant to Government Code §11126 (c)(7) to provide direction to its negotiators regarding price and terms for leasing of real property located at 500 Capitol Mall in Sacramento. Negotiating parties: California Housing Finance Agency and 500 Capitol Mall Tower, LLC, a California limited liability company**

Closed session convened at 11:12 a.m. and was completed at 11:26 a.m. Returned to the open meeting at 11:27 a.m.

8. **Discussion, recommendation, and possible action authorizing possible amendment of a lease (Resolution No. 20-02)**

Presented by LeBoeuf

Based on comments made during closed session, Resolution No. 20-02 was revised as follows:

The Executive Director and her designated negotiator(s) are authorized to exercise the 10-year option early to amend the existing lease if such amendment results in cost savings and/or other efficiencies, furthering the Agency's long-term success and mission.

On a motion by Russell, the Board approved staff recommendation with revisions as noted for **Resolution No. 20-02.** The votes were as follows:

AYES:	Avila Farias, Gallagher, Gunn (for Imbasciani), Gunning, Hunter, Jopanda (for Ma), Olmstead (for McCauley), Podesta, Russell, Sotelo
NOES:	None
ABSTENTIONS:	None
ABSENT:	Johnson Hall, Prince

9. **REPORTS**

There were no comments.

10. **DISCUSSION OF OTHER BOARD MATTERS**

None.

11. **PUBLIC COMMENT**

Acting Chair Gunning asked if there were any comments from the public and there were none.

12. **ADJOURNMENT**

As there was no further business to be conducted, Acting Chair Gunning adjourned the meeting at 11:29 a.m.

13. **HANDOUTS**

a. CalHFA's Federal Rental Assistance presentation was distributed to the Board and public

b. CalHFA's Mixed-Income Program presentation was made available on the CalHFA website for the Board and public after the meeting concluded

CalHFA MULTIFAMILY PROGRAMS DIVISION

Final Commitment Staff Report & Request for Approval of Tax-Exempt Bond Conduit Issuance and Loan Approval of a Tax-Exempt Permanent Take-Out Loan with Subsidy Financing

Senior Loan Committee "Approval": February 14, 2020 for Board Meeting on March 17, 2020

Project Name, County:	Hayes Valley South, San Francisco County	
Address:	401 Rose Street, San Francisco 94102	
CalHFA Project Number:	19-046-A/N	
Requested Financing by Loan Program:	$50,085,000	**Tax-Exempt Bond – Conduit Issuance Amount**
	$24,099,797	**Tax-Exempt Permanent Loan with HUD Risk Sharing**
	$3,500,000	**Subsidy GAP Loan funded by Agency funds**

DEVELOPMENT/PROJECT TEAM

Developer:	McCormack Baron Salazar	**Borrower:**	Hayes Valley IV, LP, a California limited partnership
Permanent Lender:	CalHFA	**Construction Lender:**	TBD
Equity Investor:	TBD	**Management Company:**	The John Stewart Company
Contractor:	Nibbi Brothers	**Architect**	Levy Design Partners
Loan Officer:	Steve Beckman	**Loan Specialist:**	N/A
Asset Manager:	Jessica Doan	**Loan Administration:**	Jennifer Beardwood
Legal (Internal):	Paul Steinke	**Legal (External):**	Orrick Herrington Sutcliffe
Concept Meeting Date:	1/24/20	**Approval Expiration Date:**	6 months from Approval

CALHFA LOAN TERMS

1.		CONDUIT ISSUANCE	PERMANENT LOAN	SUBSIDY LOAN
	Total Loan Amount	$50,085,000	$24,099,797	$3,500,000
	Loan Term & Lien Position	**30 months- interest only; 1st Lien Position during construction**	**35- year fully amortizing; 1st Lien Position at permanent conversion**	**55- year - Residual Receipts; 2nd Lien Position at permanent conversion**
	Interest Rate (subject to change and locked 30 days prior to loan closing)	**30-day LIBOR + 2.50% and cushion, interest-only during construction Underwritten at 3.27%**	**30-year MMD+ Estimated spread of 2.35%** Underwritten at 4.70% that includes a .50% cushion Estimated rate based on a 30-month forward commitment.	**3% Simple Interest**

	Loan to Value (LTV)	LTV will meet construction lender requirement	LTV is estimated at 84% of restricted value	N/A
	Loan to Cost	50%	24%	N/A

ANTICIPATED PROJECT MILESTONES & SCHEDULE

2.	CDLAC/TCAC Closing Deadline:	June 8, 2020	Est. Construction Loan Closing:	April 30, 2020
	Estimated Construction Start:	May 1, 2020	Est. Construction Completion:	October 31, 2021
	Estimated Stabilization and Conversion to Perm Loan(s):		December 31, 2021	

SOURCES OF FUNDS

3.

Acq/Construction/Rehab Financing		Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
Construction Lender TDB	1*	50,085,000	0.750%	27	--	3.270%
Seller Carry Back Loan	2*	32,049,601	--	55	--	2.070%
MOHCD Gap Loan	3*	4,692,426	--	55	--	3.000%
Construct/Rehab Net Oper. Inc.		943,707	--		--	
Existing Reserves		1,114,595	--		--	
Developer Equity Contribution		2,000,000	--		--	--
Investor Equity Contribution		4,599,998	--	--	--	--

Permanent Financing		Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
CalHFA Perm	1*	24,099,797	1.000%	35	35	4.700%
CalHFA Subsidy Loan	2*	3,500,000	1.000%	55	55	3.000%
MOHCD Gap Loan	4*	5,352,302	--	55	55	3.000%
Seller Carry Back Loan	3*	32,049,601	--	55	55	2.070%
Existing Reserves		1,114,595	--	--		--
Construct/Rehab Net Oper. Inc.		943,707	--	--	--	--
Deferred Developer Fees		1,700,000	NA	NA	NA	NA
Developer Equity Contribution		2,000,000	NA	NA	NA	NA
Investor Equity Contributions		29,333,325	NA	NA	NA	NA

***Lien Order**

Subsidy Efficiency: Project is seeking $31,818 per unit in CalHFA Subsidy funds.

Tax Credit Type(s), Amount(s), Pricing(s), and per restricted units:
4% Federal Tax Credits: $29,333,325 assuming estimated pricing of $1.00 ($269,113 per restricted units).

Rental Subsidies: The Project has a commitment to convert 66 of the public housing units (RAD) to project-based vouchers (PBV's). Of the 66 RAD units, 4 units will receive vouchers through HUD's Section 18 program (a subset of RAD), 9 units will be subsidized with RAD, and 53 units will receive Project-Based Section 8 vouchers through SFHA. The contract is to be administered by SFHA with an initial term of 20 years, including an option for a 20-year renewal subject to annual Federal budget appropriations. The residents will only be obligated to pay 30% of their gross income and the subsidy will cover the difference between the contract rents and tenant portion of the contract rents. Twenty-four (24) units are subsidized with tenant-based vouchers, but the voucher subsidy revenue was not used in underwriting.

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

Other Locality Subsidies: The Project will be funded by locality funds; The San Francisco Mayor's Office of Housing & Community Development will provide a loan of $5,352,302.
Cost Containment Strategy: The general contracting partnership was formed early between Nibbi Brothers, SFHA, MOHCD and the Borrower, and has engaged in a coordinated effort to achieve the maximum benefit of value engineering. Construction costs have been updated through every phase of the permitting process, and Nibbi will provide a Guaranteed Maximum Price (GMP) contract. Cost control is required by the City of San Francisco.

High Cost Explanation: The Project cost is $909,939 per unit due to acquisition and rehab costs ($660,595/unit) in San Francisco. Higher cost items are shown below:

Development Budget Item	Cost	Cost Per Unit
Acquisition Costs	$34,459,495	$313,268
Rehab Costs	$38,206,012	$347,327
Relocation Costs	$2,906,609	$26,424
Contingency Reserves	$5,751,000 (17% of hard costs)	$52,282
Operating Reserves	$1,431,737 (including TOR)	$13,015
Other Rehab Costs	$2,506,516	$22,787
Developer Fee and costs	$6,000,000 ($1.7MM deferred)	$54,545

The developer stated that these costs are part-in-parcel with building a project in San Francisco for example, the acquisition costs are set by the City, and prevailing wage adds roughly 30% to the construction contract. The relocation costs are $26,424 per unit which although robust, provides a better experience for the residents displaced during the work. Other rehab costs include items such as supportive services and tenant engagement during rehab, local permit fees, and transfer taxes. The hard cost contingency is robust which is appropriate for a major rehab project. Acquisition cost are comprised of the following:

1) Land - $3,800,000 (value supported by audit)
2) Existing Improvements - $29,400,000 (value supported by audit)
3) Existing Reserves - $1,114,595
4) Carrying Costs - $144,900

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

TRANSACTION SUMMARY

5.	**Legislative Districts**	**Congress: 12**	Nancy Pelosi	**Assembly: 17**	David Chiu	**State Senate: 11**	Scott Wiener
	Brief Project Description	**Hayes Valley South** (the "Project") is a HOPE VI public housing redevelopment project built in 1999. It was developed and owned by San Francisco Housing Authority and has been managed by McCormack Baron Management (MBM). The Project, along with five other City HOPE VI projects, is part of San Francisco's Rental Assistance Demonstration (RAD) portfolio award. The RAD conversion of San Francisco's (City) HOPE VI projects is a key part of implementing the Mayor's Office of Housing and Community Development (MOHCD) Re-envisioning Plan for public housing. The HUD RAD conversion program creates public/private partnerships for the syndication and refinancing of existing Housing Authority owned properties. The Project will be owned and developed by a development team consisting of McCormack Baron Salazar (MBS) and San Francisco Housing Development Corporation (SFHDC), this is the second of 3 planned RAD conversions this development team intends to finance through CalHFA.					

Brief Project Description	The Project is an existing multifamily apartment complex, consisting of 110 units restricted to families earning less than 60% of the San Francisco County Area Median Income ("AMI"). The site is improved with 8 mid-rise (3 story) buildings with a mix of flats and townhomes, containing one, two, three, and four-bedroom units ranging between 631 square feet and 1,492 square feet. The site encompasses 2.50 acres. **Financing Structure:** The Project's financing structure includes tax-exempt bonds, 4% tax credits, a seller carryback note, MOHCD Gap loan, SFHA loan, and the Agency's tax-exempt takeout and subsidy loans. **Tax Credits and/or CDLAC Status:** The developer has received an allocation for 4% tax credits and bond allocation. **Ground Lease:** The owner will enter into a ground lease agreement with San Francisco Housing Authority (SFHA) for a term of 65 years (plus an option to extend 34 years) for an amount of $15,000 per year. There is a capitalized rent payment equal to the leasehold value captured in the seller note. At the end of the lease term, fee title will vest with SFHA. **Amenities:** The Project includes an 833 s.f. community room with kitchen, a 1,368 s.f. childcare center, tot lot and BBQ area. The childcare center will provide educational programs funded separately with State and Federal subsidies. Unit amenities will include central heating, central air, microwave, washer/dryer hookups, dishwasher and garbage disposal.

TRANSACTION OVERVIEW

6. Proposal and Project Strengths

- The Project has been allocated 4% tax credits which are projected to generate equity representing 29% of total financing sources.
- The developer/sponsor have extensive experience in developing similar affordable housing projects and have experience with CalHFA.
- The Project will serve low-income families ranging between 50% to 60% of AMI.
- Sixty-six (66) units will be supplemented by Project-Based vouchers under the RAD and Section 8 Programs administered by SFHA for a term of 20 years with an option for a 20-year renewal. Twenty-four (24) units will be subsidized with Section 8 Housing Choice (tenant-based) vouchers, and the subsidy overhang was not used in underwriting; the remaining 19 units are unsubsidized.
- The Loan-to-Value is estimated to be 84% using a very conservative cap rate of 5.75%, which meets the Agency's minimum requirements, providing less risk to the Agency.
- The MOHCD has invested in the success of the Project as demonstrated by a $5,352,302 loan and nominal ground lease rent ($15,000 per year).
- The developer is contributing an amount of $2,000,000 via GP contribution to the Project, deferring $1,700,000 of the developer fee. This exceeds the CalHFA subsidy loan of $3,500,000.
- The San Francisco Housing Authority has invested in the success of the Project as demonstrated by their seller carry-back loan to the Project and a below market 64-year Ground Lease with an option to extend for 34 years.
- The project is underwritten at an initial DSCR of 1.18 with an upward DSCR trending to 1.65 at maturity.
- The John Stewart Company (JSC) will be the management company. JSC is one of the largest affordable housing management companies in California and is experienced in managing RAD and CalHFA properties.

7. Project Weaknesses with Mitigants:

- The RAD and Project Based Voucher rental subsidy are funded by HUD and the SFHA administers the contract; the extensions are subject to Federal budget appropriation. To mitigate the operating reserve is sized based at six months of operating expense & debt service, which could be used as a transitional operating reserve to offset operating shortfall in the event rental subsidies are not renewed after 20 years. CalHFA will also require that the local funding regulatory agreements to contain provisions allowing rent increases if rental subsidies expire prior to the end of the contract term.

8. Underwriting Standards or Term Sheet Variations

- The loans will be secured by the fee interest of the improvements and a leasehold interest in the land; however, the HUD Use Agreement will be ahead of CalHFA in a first lien position on title. This is required by HUD and therefore allowable under our underwriting guidelines for HUD Risk Share insured properties. The final HUD Use Agreement will be subject to Agency's review and approval prior to construction loan closing.
- The developer is seeking an earthquake waiver. Based on the report dated February 21, 2019 conducted by Olmm Consulting Engineers, the PML is 9%, which meets the Agency's minimum PML threshold of 20%. The engineer suggests that by increasing the shear wall piers near the building exits could further reduce the PML, but did not require the work to be done in order to achieve the current 9% PML. If the report is approved by the CalHFA construction inspector, then the Project meets the agency's earthquake waiver requirements.
- The repayment of Agency's subsidy loan and subordinate lenders is typically 50% of residual receipts share on a pro-rata basis. It also allows for deferment of repayment for up to 15 years in the event there are deferred developer's fee in the deal. Therefore, request is made to defer payments to the Agency's subsidy and subordinate lenders' loans until the deferred developer fee is paid off, which is estimated to be in year 6 after such time, the Agency's subsidy and subordinate lenders' loans will be repay from 75% of residual receipts share on a pro-rata basis. The developer's portion of the residual receipts will be 25%.

9. Project Specific Conditions of Approval

- The CalHFA permanent loan secured against the fee interest in the improvements and a leasehold interest in the land. All subordinate loans will be secured in the same manner. However, if any subordinate lender encumbers the fee interest in the land, the CalHFA loan documents will also secure the fee interest in the land.
- The final ground lease between SFHA and borrower shall be subject to CalHFA approval prior to construction loan closing.
- SFHA and or MOHCD must accept the terms of CalHFA's Ground Lease Rider.
- Subordination of the SFHA, MOHCD, Seller Carryback, and any other lender loan documents to CalHFA's Regulatory Agreement and Deed of Trust.
- Evidence of completion of environmental remediation prior to Perm Loan conversion.
- Certification from the engineer of record verifying that any recommended seismic upgrades pursuant to the plans and specification have been incorporated in the rehabilitation.
- No site work or construction commenced prior to the issuance of a HUD Firm Approval Letter.
- AHAP for the PBV's shall be approved prior to construction close and HAP shall be approved and assigned to CalHFA for additional security prior to permanent loan closing.
- CHAP for RAD rental subsidy shall be approved prior to construction close and HAP for RAD rental subsidy shall be approved and assigned to CalHFA for additional security prior to permanent loan closing.
- Prior to construction closing, the final appraisal shall be approved by CalHFA provided all requisite values meet and or exceed our underwriting standards.
- Evidence of relocation plan approved by HUD, MOHCD, and SFHA prior to construction loan closing.
- Subject to CalHFA approval, local funding regulatory agreements to contain provisions allowing rent increases if the Section 8 and/or other rental subsidy contract(s) expires prior to the end of the contract term, in order to achieve financial feasibility for the term of the loan.
- Final HUD Use Agreement shall be subject to CalHFA review and approval prior to construction loan closing.
- Completion of NEPA review prior to March 17, 2020 Board meeting.
- Receipt of an acceptable appraisal report prior to construction loan closing.
- Lenders, equity investor and Borrower shall permit CalHFA to recycle all or a portion of the tax-exempt bonds, as applicable.

10.	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.	

MISSION & AFFORDABILITY

11.	CalHFA Mission/Goals
This Project and financing proposal extend affordability of 110 units of rental housing for families and individuals for a period of 55 years and the useful life for a period of 20 years.	

12. CalHFA Affordability & Occupancy Restrictions

- The new CalHFA Permanent financing Regulatory Agreement will restrict 10% of the units to 50% of AMI and 30% of the units at 60% AMI for a 55-year term.
- The Subsidy funds will restrict 57 units (51% of total units) at or below 80% of AMI for 55 years, with a preference for veterans.
- 100% of the units, except one manager's unit, will be restricted to families earning between 50% of AMI to 60% of AMI.
- The San Francisco Housing Authority will impose land use restrictions that restrict occupancy on 100% of the units to households earning less than 60% of AMI for 55 years, pursuant to their loan, the RAD subsidy and the Section 8 subsidy.

Regulating Agency	50% AMI	60% AMI	80% AMI	100% AMI	120% AMI	Mgrs. Unit	Total Units Regulated	% of Regulated Units
CalHFA Perm Loan	11	33				1	44	40%
CalHFA Subsidy Loan		57				1	57	52%
MOHCD Loan	66	43				1	109	99%
HUD Section 8	66	24				1	90	82%
SFHA RAD	66	43				1	13	12%
CDLAC	11	33				1	44	40%
Tax Credits	66	43				1	109	99%

Rent Limit Summary Table

Restrictions @ AMI	Total	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
30%	0	-	-	-	-	-	0%
40%	0	-	-	-	-	-	0%
50%	66	-	12	43	7	4	60%
60%	43	-	4	26	10	3	39%
80%	0	-	-	-	-	-	0%
Manager's Unit	1	-	-	-	1	-	1%
Total	110	0	16	69	18	7	100%

13.	Geocoder Information		
Central City:	Yes	Underserved:	No
Low/Mod Census Tract:	Moderate	Below Poverty line:	20.83%
Minority Census Tract:	74.23%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14.	Capitalized Reserves:	
	Replacement Reserves (RR):	$110,000; The capitalized RR amount is sized based on $1,000 per unit pursuant to USRM and consistent with the PNA. CalHFA will hold and control this reserve.
	Operating Expense Reserve (OER):	$1,431,737 OER amount is size based on six months operating expenses, debt service, and annual replacement reserves deposits. The OER is also sized to serve as a transitional operating reserve if needed. CalHFA will hold and control this reserve.
	Rent-up Reserve:	$104,712

15.	Cash Flow Analysis			
	1st Year DSCR:	1.18	**Project-Based Subsidy Term:**	20 years with an optional 20-year renewal.
	End Year DSCR:	1.65	**Annual Replacement Reserve Per Unit:**	$400/unit
	Residential Vacancy Rate: **Subsidy Vacancy Rate:**	5% 5%	**Rental Income Inflation Rate:** **Subsidy Income Inflation Rate:**	2.50% 2.50%
	Non-residential Vacancy Rate:	N/A	**Project Expenses Inflation Rate:** **Property Tax Inflation Rate:**	3.50% 1.25%

- In addition to the above OER, the equity investor is requiring additional capitalized rent-up reserve of $104,712 that will be funded at construction loan closing for purpose of mitigating any relocation rent-up risk.

16. Loan Security

The CalHFA loan(s) will be secured against the Fee Interest in the improvements and the leasehold interest in the land as the HUD Use Agreement and Ground Lease terms do not permit lenders to secure their loans against the Fee Estate.

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

N/A

APPRAISAL AND MARKET ANALYSIS

18. Appraisal Review

The appraisal will be shared with the construction lender and will not be available before March 30, 2020. CalHFA consulted with one of its appraisers under contract, and was informed that an estimated capitalization rate of 5.75% for underwriting is very conservative; Bernal Dwellings, the project preceding Hayes Valley South and in the same PMA, had a cap rate of 4.75%. This results in an estimated LTV of 84% for the CalHFA permanent loan. Prior to Construction Loan Closing, CalHFA will require a final appraisal acceptable to CalHFA in its sole discretion supporting the Agency's permanent loan to value at less than 90%.

Market Study:	Newport Realty Advisors	Dated: September 2019

Regional Market Overview

The PMA represents the area where most potential tenants currently reside and is bounded by Masonic Avenue to the west, 20th Street to the south, Sacramento Street to the north, and San Francisco Bay to the east. The PMA includes several neighborhoods, including the Mission, SOMA, Hayes Valley, the Tenderloin, NOPA, Western Addition, Lower Pacific Heights, portions of the financial district, Nob Hill and Mission Bay. Geographically, the PMA is a relatively small area, extending roughly 2.25 miles to the west/east and less than 3.3 miles to the north/south. The characteristics of the neighborhood vary, although the subject's neighborhood, Hayes Valley, is very desirable and offers a mix of residential and commercial (mainly retail) uses. The SMA is defined to include the entire City of San Francisco.

Local Market Area Analysis

The analysis indicates that there is a strong need for LIHTC rental units in the local marketplace. This assumption is based on favorable supply/demand fundamentals, specifically the strong demand for LIHTC units in the PMA as evidenced by the high occupancy levels and 1,250+ household waiting list from family LIHTC projects; and the strong historical absorption rate of other LIHTC projects; the relative lack of new LIHTC projects proposed in the PMA and finally the subject property's central San Francisco location. Additionally, the subject property will offer unit features that are more than adequate for the local marketplace. Under typical conditions, 10% or higher difference between market-rate and LIHTC rents is favorable for the success of LIHTC projects. The proposed subject's recommended rents for 1-bedroom to 4-bedroom units' position it 62% to 75%, respectively, below the adjusted comparable market rents for the subject's units at the highest AMI level.

- **Supply:**

  According to local planning officials and discussions with developers, there are several planned and proposed market-rate rental projects within the surrounding neighborhoods, although the current status for all the projects is unknown. The recent political climate has presented market-rate developers with unique challenges in securing entitlements and of the five proposed projects only one has commenced construction (2000 Bryant) and there is some doubt whether any of the other projects will be built. All the proposed projects will be high end rentals priced from $4.50 to $7.50+ per square foot and it will not pose any competition to the post-rehab subject development. According to TCAC and CDLAC, there are three family LIHTC project offering new construction that has been awarded low-income housing tax credits in the local Mission neighborhood. (It should be noted that this analysis only includes projects that have received LIHTC's and excluded projects that may eventually apply for LIHTC's), because the strong demand for affordable family rental units far exceeds the 614 LIHTC units proposed in the local marketplace.

- **Demand/Absorption:**

  The demand model indicates that there is enough demand to justify the rehabilitation of Hayes Valley South. The subject property's 109 LIHTC units would need to achieve a market capture of roughly 1.2% of the PMA's first year demand (8,823 households) to successfully achieve stabilization (95% occupancy). The projected capture rate is achievable given the high occupancy levels at existing family LIHTC projects; the relatively lack of proposed family LIHTC projects in Hayes Valley (304 units); and the current waiting list at the existing LIHTC projects. The projected monthly absorption rate of approximately 30-35 units per month. However, the absorption rate for this Project will be much quicker since most of the existing residents are contemplated to move back into their units after renovation is complete, which is estimated to take three months.

DEVELOPMENT SUMMARY

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

- The property is located at 401 Rose Street on the north side of Page Street, in the City of San Francisco, San Francisco County.
- The site is currently occupied, with level topography at street grade, measuring approximately 2.5 acres and is generally square in shape.
- The site consists of one legal parcel.
- The site is currently zoned RTO (Residential Transit Oriented District), which allows for multifamily residential use.
- The subject is in a San Francisco Water and Utilities Flood Zone where the probability of a catastrophic flood event is 0.2%. FEMA does not map the City of San Francisco.

- The site consists of an existing multifamily residential structure that is currently occupied. No demolition is required.

20.	**Form of Site Control & Expiration Date**

The Option to Lease Agreement between SFHA and Hayes Valley IV, LP dated December 17, 2018 provides an option to purchase improvements and ground lease which expires on June 30, 2020. If the developer is not able to close construction financing by 6/30/20, the SFHA will grant an extension to the current Option to Lease Agreement to a later date to accommodate the developer's construction closing timeline.

21.	**Current Ownership Entity of Record**

Title is currently vested in the Housing Authority of the City and County of San Francisco as the fee owner. Hayes Valley IV, LP has a current Lease Agreement with the San Francisco Housing Authority.

22.	**Environmental Review Findings**

- A Phase I Environmental Site Assessment performed by SCA Environmental Inc., dated September 2019 revealed historical recognized environmental conditions in the soil of the site, so a Phase II was recommended and performed. The site soil contains contaminates that will be remediated during the rehab, and the remediation plan was approved by the San Francisco City and County Department of Environmental Health in a letter dated July 28, 2019.
- A NEPA review has been initiated by AEM Consulting and will be completed prior to the March 17, 2020 Board meeting.

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

The developer is seeking an earthquake waiver. Based on the report dated February 21, 2019 conducted by Olmm Consulting Engineers, the PML is 9%, which meets the Agency's minimum PML threshold of 20%. The engineer suggests that by adding lateral elements such as shear walls will further reduce the PML. The developer has elected to incorporate additional seismic upgrades into the rehabilitation scope of work. Permanent loan closing will be conditioned upon the receipt of a certification from the engineer that the seismic upgrades have been completed as part of the rehabilitation. In conclusion, the Project meets the agency's earthquake waiver requirements.

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

Overland, Pacific & Cutler, LLC (OPC) will provide Relocation Support Services for the Hayes Valley South project. Conversionto RAD will trigger relocation requirements under the Uniform Relocation Act (URA) and RAD relocation requirements.Currently, there is approximately 10 vacant units at the property. The remaining 100 units will be temporary relocated off-site for approximately three months to allow their units to be fully renovated, at such time, they are anticipated to moveback into their units. The project's construction term is anticipated to be 19 months and will be completed in 6 phases witheach phase to consist of approximately 20-25 units. OPC has extensive relocation experience and has assisted numerouspublic agencies and private entities with their relocation assistance needs for over 37 years. During that time, they havedeveloped an excellent working relationship with the HUD regional office in San Francisco and HUD headquarters inWashington, D.C. A Relocation Cost Reserve of approximately $2,906,609 ($26,424 per unit) has been budgeted in thedevelopment costs, which contemplates a nominal portion of the rental subsidy coming in to offset temporary relocation ofexisting residents. Relocation benefits will include: 1) rent paid for offsite apartments during relocation period; 2)packaging and storage of residents' contents and property; 3) meals per diem for the relocation period; and 4) the cost ofany additional resident services provided during relocation.

PROJECT DETAILS

25.	**Residential Areas:**				
		Residential Square Footage:	108,569	**Residential Units per Acre:**	44
		Community Area Sq. Ftg:	833	**Total Parking Spaces:**	52
		Supportive Service Areas:	1,368	**Total Building Sq. Footage:**	112,199

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:**	Existing one and two-story, type-V wood-framed residential buildings with surface covered and uncovered parking spaces.			

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

- The Project will include substantial rehabilitation including:
- Site work including garden courts, traffic calming in the parking lot, and new landscaping
- Addition of energy-efficient roof insulation, windows, gas furnace and Energy Star appliances
- Remodeling of management office, community room and kitchen, and resident services offices
- ADA upgrades
- Exterior paint
- Complete apartment remodeling
- Environmental remediation of contaminants outlined in Section 22 above is included in the development budget in the estimated amount of $595,000 and will include excavating 1-2 feet of soil throughout the entire site during rehab site work.

29.	**Construction Budget Comments:**

- CalHFA will require an independent review of the costs by a 3rd Party consultant prior to construction loan closing.
- The Developer is currently looking for cost saving design options to reduce construction costs and minimize the amount of deferred developer fee. The general contractor is also very experienced with this type of work, and is currently performing the work on Bernal Dwellings, previously approved by CalHFA.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30.	**Management Agent**

The John Stewart Company (JSCo) began in 1978 with a commitment to providing high quality management for affordable housing in the Bay Area. Today, JSCo is a full-service housing management, development, and consulting. According to the National Affordable Housing Management Association, JSCo is now the largest manager of affordable housing in California and fifth largest in the United States. Currently managing over 400 properties and over 32,000 units.

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

Currently no on-site services are offered to the public housing tenants. Going forward, SFHDC will design service activities that will be offered to residents based on residential surveys and other feedback. SHFDC intends to conduct weekly educational workshops and classes, monthly community room activities and outreach. The services team of two, full-time staff will provide the services with their cost included in the operating budget.

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

Nibbi Brothers Associates (**NBA**) has been in business in San Francisco for over 60 years and is experienced in the construction of all types of commercial, multifamily and public buildings. NBA recently completed the RAD-Cal Corridor, Phases I & II in June of 2018 for the SFHA RAD program. Phase I & II covered 6 separate sites for a total of 515 rehabbed units. The locality is familiar with this general contractor and staff received positive feedback regarding the firm's current and prior performance from background and reference checks which implies that the general contractor will have the capacity and ability to complete the development within budget and on time.

45.	Architect Experienced with CalHFA? ☒ Yes ☐ No
Levy Design Partners Architecture (**LDPA**) was founded in 1979 in San Francisco. Over the last forty years, LDPA has designed and managed the new construction and rehabilitation of twenty multi-story multifamily projects in the Bay Area totaling over 200 units. LDPA has also designed numerous other commercial projects and has won multiple industry awards.	
33.	**Local Review via Locality Contribution Letter**
The Housing Authority of the City and County of San Francisco returned the Locality Contribution Letter on 10/8/19, with positive comments and a recommendation of Strongly Support.	

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY — Final Commitment

Acquisition, Rehab, Construction & Permanent Loans — **Project Number** 19-046-A/N

Project Full Name	Hayes Valley South	**Borrower Name:**	Hayes Valley IV, LP
Project Address	401 Rose Street	**Managing GP:**	San Francisco Housing Development
Project City	San Francisco	**Developer Name:**	McCormack Baron Salazar
Project County	San Francisco	**Investor Name:**	TBD
Project Zip Code	94102	**Prop Management:**	The John Stewart Company
		Tax Credits:	4
Project Type:	Permanent Loan Only	**Total Land Area (acres):**	2.50
Tenancy/Occupancy:	Individuals/Families	**Residential Square Footage:**	108,569
Total Residential Units:	110	**Residential Units Per Acre:**	44.00
Total Number of Buildings:	8		
Number of Stories:	3	**Covered Parking Spaces:**	40
Unit Style:	Townhomes & Flats	**Total Parking Spaces:**	52
Elevators:	--		

Acq/Construction/Rehab Financing	Loan Amount ($)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
Construction Lender TDB	50,085,000	0.750%	27	--	3.270%
Seller Carry Back Loan	32,049,601	--	55	--	2.070%
MOHCD Gap Loan	4,692,426	--	55	--	3.000%
Construct/Rehab Net Oper. Inc.	943,707	--		--	
Existing Reserves	1,114,595	--		--	
Developer Equity Contribution	2,000,000	--		--	--
Investor Equity Contribution	4,599,998	--	--	--	--

Permanent Financing	Loan Amount ($)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm	24,099,797	1.000%	35	35	4.700%
Subsidy Loan	3,500,000	1.000%	55	55	3.000%
MOHCD Gap Loan	5,352,302	--	55	55	3.000%
Seller Carry Back Loan	32,049,601	--	55	55	2.070%
Existing Reserves	1,114,595	--	--		--
Construct/Rehab Net Oper. Inc.	943,707	--	--	--	--
Deferred Developer Fees	1,700,000	NA	NA	NA	NA
Developer Equity Contribution	2,000,000	NA	NA	NA	NA
Investor Equity Contributions	29,333,325	NA	NA	NA	NA

Appraised Values Upon Completion of Rehab/Construction

Appraisal Date:	--	**Capitalization Rate:**	5.75%
Investment Value ($)	--	**Restricted Value ($)**	28,718,104
Construct/Rehab LTC	N/A	**CalHFA Permanent Loan to Cost**	24%
Construct/Rehab LTV	N/A	**CalHFA 1st Permanent Loan to Value**	84%
		Combined CalHFA Perm Loan to Value	96%

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	$1,431,737	Cash
Initial Replacement Reserve Deposit	$110,000	Cash
Annual Replacement Reserve Per Unit	$400	Cash

Date Prepared: 1/24/20 — Senior Staff Date: 2/14/20

UNIT MIX AND RENT SUMMARY **Final Commitment**

Hayes Valley South **Project Number 19-046-A/N**

PROJECT UNIT MIX					
Unit Type of Style	**Number of Bedrooms**	**Number of Baths**	**Average Size (Sq. Ft.)**	**Number of Units**	**Est. No. of Tenants**
Flat	1	1	631	16	24
Flat	2	1	849	10	30
Townhome	2	1	956	59	177
Flat	3	2	1,056	2	9
Townhome	3	2	1,328	16	72
Flat	4	2	1,267	1	6
Townhome	4	2	1,492	6	36
				110	354

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%**	**120%**	**Market**
RiskShare			11	33			
A Subsidy				57			
Tax Credit			66	43			
MOHCD			66	43			
SFHA RAD			66	43			
CDLAC			11	33			
HUD Section 8			66	24			

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	**Restricting Agency**	**% of Area Median Income**	**Average Restricted Rents Number of Units**	**Average Restricted Rents Unit Rent**	**Average Market Rents**	**Average Monthly Savings**	**% of Market Rents**
1 Bedroom	**CTCAC**	**30%**	-	-	$2,720	-	-
	CTCAC	**50%**	12	$1,051		$1,669	39%
	CTCAC	**60%**	1	$1,546		$1,174	57%
	CTCAC	**60%**	3	$1,745		$975	64%
2 Bedrooms	**CTCAC**	**30%**	-	-	$3,339	-	-
	CTCAC	**50%**	1	$1,314		$2,025	39%
	CTCAC	**50%**	42	$1,553		$1,786	47%
	CTCAC	**60%**	12	$1,677		$1,662	50%
	CTCAC	**60%**	14	$2,080		$1,259	62%
3 Bedrooms	**CTCAC**	**30%**	-	-	$4,365	-	-
	CTCAC	**50%**	7	$1,777		$2,588	41%
	CTCAC	**60%**	5	$1,720		$2,645	39%
	CTCAC	**60%**	5	$2,386		$1,979	55%
4 Bedrooms	**CTCAC**	**30%**	-	-	$4,657	-	-
	CTCAC	**50%**	4	$1,964		$2,693	42%
	CTCAC	**60%**	1	$1,894		$2,763	41%
	CTCAC	**60%**	2	$2,643		$2,014	57%
Date Prepared:	1/24/20					Senior Staff Date:	2/14/20

SOURCES & USES OF FUNDS					Final Commitment
Hayes Valley South			Project Number	19-046-A/N	
SOURCES OF FUNDS	**CONST/REHAB $**	**PERMANENT $**	**TOTAL PROJECT SOURCES OF FUNDS SOURCES ($)**	**PER UNIT ($)**	**%**
Construction Lender TBD	50,085,000				0.0%
-	-				0.0%
-	-				0.0%
MOHCD Gap Loan	4,692,426				0.0%
Seller Carry Back Loan	32,049,601				0.0%
-	-				0.0%
-	-				0.0%
Existing Reserves	1,114,595				0.0%
-	-				0.0%
-	-				0.0%
Construct/Rehab Net Oper. Inc.	943,707				0.0%
Deferred Developer Fee	-				0.0%
Developer Equity Contribution	2,000,000				0.0%
Investor Equity Contribution	4,599,998				0.0%
Perm		24,099,797	24,099,797	219,089	24.1%
Subsidy Loan		3,500,000	3,500,000	31,818	3.5%
-		-	-	-	0.0%
-		-	-	-	0.0%
MOHCD Gap Loan		5,352,302	5,352,302	48,657	5.3%
Seller Carry Back Loan		32,049,601	32,049,601	291,360	32.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
-		-	-	-	0.0%
Existing Reserves		1,114,595	1,114,595	10,133	1.1%
-		-	-	-	0.0%
-		-	-	-	0.0%
Construct/Rehab Net Oper. Inc.		943,707	943,707	8,579	0.9%
Deferred Developer Fees		1,700,000	1,700,000	15,455	1.7%
Developer Equity Contribution		2,000,000	2,000,000	18,182	2.0%
Investor Equity Contributions		29,333,325	29,333,325	266,667	29.3%
TOTAL SOURCES OF FUNDS	**95,485,327**	**100,093,327**	**100,093,327**	**909,939**	**64.9%**
TOTAL USES OF FUNDS (BELOW)	**95,485,327**	**100,093,327**	**100,093,327**	**909,939**	**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		**95,485,327**			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	3,800,000	-	3,800,000	34,545	3.8%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	-	-	-	-	0.0%
Escrow & other closing costs	-	-	-	-	0.0%
Verifiable Carrying Costs	144,900	-	144,900	1,317	0.1%
Existing Improvements Value	29,400,000	-	29,400,000	267,273	29.4%
Delinquent Taxes Paid @ Closing	-	-	-	-	0.0%
CalHFA Yield Maintenance Paid @ Closing	-	-	-	-	0.0%
Existing Replacement Reserve	1,114,595	-	1,114,595	10,133	1.1%
Broker Fees Paid to Related Party	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	**34,459,495**	**-**	**34,459,495**	**313,268**	**34.4%**
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	-	-	-	-	0.0%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	-	-	-	-	0.0%
Structures (Hard Cost)	34,227,955	-	34,227,955	311,163	34.2%
General Requirements	1,244,117	-	1,244,117	11,310	1.2%
Contractor Overhead	1,942,302	-	1,942,302	17,657	1.9%
Contractor Profit	-	-	-	-	0.0%
Contractor Bond	234,341	-	234,341	2,130	0.2%
Contractor Liability Insurance	421,437	-	421,437	3,831	0.4%
Personal Property	-	-	-	-	0.0%
City of SF Business Tax	135,860	-	135,860	1,235	0.1%
TOTAL CONSTRUCT/REHAB COSTS	**38,206,012**	**-**	**38,206,012**	**347,327**	**38.2%**

SOURCES & USES OF FUNDS					Final Commitment
Hayes Valley South			Project Number		19-046-A/N
USES OF FUNDS	CONST/REHAB $	PERMANENT $	TOTAL PROJECT USES OF FUNDS USES ($)	PER UNIT ($)	%
RELOCATION COSTS					
Relocation Expense	2,651,609	-	2,651,609	24,106	2.6%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Relocation Consultant	255,000	-	255,000	2,318	0.3%
TOTAL RELOCATION COSTS	**2,906,609**	**-**	**2,906,609**	**26,424**	**2.9%**
ARCHITECTURAL FEES					
Design	1,002,690	-	1,002,690	9,115	1.0%
Supervision	150,000	-	150,000	1,364	0.1%
TOTAL ARCHITECTURAL FEES	**1,152,690**	**-**	**1,152,690**	**10,479**	**1.2%**
SURVEY & ENGINEERING FEES					
Engineering	439,000	-	439,000	3,991	0.4%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	439,000	-	439,000	3,991	0.4%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	5,751,000	-	5,751,000	52,282	5.7%
Soft Cost Contingency Reserve	992,600	-	992,600	9,024	1.0%
TOTAL CONTINGENCY RESERVES	6,743,600	-	6,743,600	61,305	6.7%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
Construction Lender TBD	2,881,927	-	2,881,927	26,199	2.9%
-	-	-	-	-	0.0%
MOHCD Gap Loan	193,466	-	193,466	1,759	0.2%
Seller Carry Back Loan	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees					
Construction Lender TBD	375,638	-	375,638	3,415	0.4%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
MOHCD Gap Loan	-	-	-	-	0.0%
Seller Carry Back Loan	-	-	-	-	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	13,500	-	13,500	123	0.0%
Real Estate Taxes During Rehab	-	-	-	-	0.0%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	40,000	-	40,000	364	0.0%
Insurance During Rehab	271,000	-	271,000	2,464	0.3%
Title & Recording Fees	75,000	-	75,000	682	0.1%
Construction Management & Testing	-	-	-	-	0.0%
Predevelopment Interest Expense	144,900	-	144,900	1,317	0.1%
Bond Issuer Fee	70,085	-	70,085	637	0.1%
Costs of Issuance	542,692	-	542,692	4,934	0.5%
TOTAL CONST/REHAB PERIOD COSTS	**4,608,208**	**-**	**4,608,208**	**41,893**	**4.6%**

SOURCES & USES OF FUNDS					Final Commitment
Hayes Valley South			Project Number	19-046-A/N	
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	-	240,998	240,998	2,191	0.2%
Subsidy Loan	-	35,000	35,000	318	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
MOHCD Gap Loan	-	-	-	-	0.0%
Seller Carry Back Loan	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	110,000	-	110,000	1,000	0.1%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	-	-	-	0.0%
Year 1 - Taxes & Special Assessments and Insura	-	-	-	-	0.0%
CalHFA Fees	-	-	-	-	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	**110,000**	**275,998**	**385,998**	**3,509**	**0.4%**
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	318	0.0%
Other Permanent Loan Legal Fees	-	25,000	25,000	227	0.0%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	10,000	-	10,000	91	0.0%
Syndication Legal Fees	60,000	-	60,000	545	0.1%
Borrower Legal Fee	255,000	-	255,000	2,318	0.3%
CalHFA Bond Counsel	55,000	-	55,000	500	0.1%
TOTAL LEGAL FEES	**380,000**	**60,000**	**440,000**	**4,000**	**0.4%**
OPERATING RESERVES					
Operating Expense Reserve Deposit	1,431,737	-	1,431,737	13,016	1.4%
Initial Replacement Reserve Deposit	110,000	-	110,000	1,000	0.1%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	104,712	-	104,712	952	0.1%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	**1,646,449**	**-**	**1,646,449**	**14,968**	**1.6%**
REPORTS & STUDIES					
Appraisal Fee	30,000	-	30,000	273	0.0%
Market Study Fee	25,000	-	25,000	227	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	365,000	-	365,000	3,318	0.4%
HUD Risk Share Environmental / NEPA Review F	-	-	-	-	0.0%
CalHFA Earthquake Waiver Review Fee	83,750	-	83,750	761	0.1%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Waterproofing consultant	105,000	-	105,000	955	0.1%
TOTAL REPORTS & STUDIES	**608,750**	**-**	**608,750**	**5,534**	**0.6%**

SOURCES & USES OF FUNDS					Final Commitment
Hayes Valley South			Project Number		19-046-A/N
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	$	$	USES ($)	PER UNIT ($)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	74,338	-	74,338	676	0.1%
CDLAC Fees	17,530	-	17,530	159	0.0%
Local Permits & Fees	595,000	-	595,000	5,409	0.6%
Local Impact Fees	-	-	-	-	0.0%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	220,000	-	220,000	2,000	0.2%
Accounting & Audits	30,000	-	30,000	273	0.0%
Advertising & Marketing Expenses	90,000	-	90,000	818	0.1%
Supportive Services & Tenant Engagement	439,210	-	439,210	3,993	0.4%
CalHFA Administrative Fees	1,000	-	1,000	9	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Transfer taxes	1,029,438	-	1,029,438	9,359	1.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OTHER COSTS	**2,496,516**	**-**	**2,496,516**	**22,696**	**2.5%**
SUBTOTAL PROJECT COSTS	**93,757,329**	**95,821,325**	**94,093,327**	**855,394**	**94.0%**
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	1,727,998	4,272,002	6,000,000	54,545	6.0%
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%
-	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	**1,727,998**	**4,272,002**	**6,000,000**	**54,545**	**6.0%**
TOTAL PROJECT COSTS	**95,485,327**	**100,093,327**	**100,093,327**	**909,939**	**100.0%**

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET			Final Commitment
Hayes Valley South	Project Number		19-046-A/N
INCOME	**AMOUNT**	**PER UNIT**	**%**
Rental Income			
Restricted Unit Rents	$ 2,198,184	$ 19,983	70.68%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	1,075,584	9,778	34.58%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	-	-	0.00%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	**$ 3,273,768**	**$ 29,762**	**105.26%**
Less: Vacancy Loss	**$ 163,688**	**$ 1,488**	**5.26%**
EFFECTIVE GROSS INCOME (EGI)	**$ 3,110,080**	**$ 31,250**	**100.00%**
OPERATING EXPENSES	**AMOUNT**	**PER UNIT**	**%**
Administrative Expenses	$ 178,689	$ 1,624	$ 0
Management Fee	76,197	693	2.45%
Social Programs & Services	91,385	831	2.94%
Utilities	433,720	3,943	13.95%
Operating & Maintenance	407,284	3,703	13.10%
Ground Lease Payments	15,000	136	0.48%
CalHFA Monitoring Fee	7,500	68	0.24%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	5,000	45	0.16%
Other Taxes & Insurance	200,014	1,818	6.43%
SUBTOTAL OPERATING EXPENSES	**$ 1,414,789**	**$ 12,862**	**45.49%**
Operating Reserves	$ 44,000	$ 400	1.41%
TOTAL OPERATING EXPENSES	**$ 1,458,789**	**$ 13,262**	**46.91%**
NET OPERATING INCOME (NOI)	**$ 1,651,291**	**$ 15,012**	**53.09%**
DEBT SERVICE PAYMENTS	**AMOUNT**	**PER UNIT**	**%**
Perm	$ 1,404,685	$ 12,770	45.17%
-	$ -	-	0.00%
-	$ -	-	0.00%
MOHCD Gap Loan	$ -	-	0.00%
Seller Carry Back Loan	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
-	$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	**$ 1,404,685**	**$ 12,770**	**45.17%**
EXCESS AFTER DEBT SERVICE & MONITORING FEES	**$ 246,606**	**$ 2,242**	**7.93%**
DEBT SERVICE COVERAGE RATIO (DSCR)	**$ 1 to 1**		
Date: 1/24/20		Senior Staff Date:	02/14/20

PROJECTED PERMANENT LOAN CASH FLOWS — Hayes Valley South

Final Commitment — Project Number 19-046-A/N

	YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
RENTAL INCOME	**CPI**																		
Restricted Unit Rents	2.50%	2,198,184	2,253,139	2,309,467	2,367,204	2,426,384	2,487,043	2,549,220	2,612,950	2,678,274	2,745,231	2,813,861	2,884,208	2,956,313	3,030,221	3,105,976	3,183,626	3,263,217	3,344,797
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	2.00%	1,075,584	1,097,096	1,119,038	1,141,418	1,164,247	1,187,532	1,211,282	1,235,508	1,260,218	1,285,422	1,311,131	1,337,354	1,364,101	1,391,383	1,419,210	1,447,594	1,476,546	1,506,077
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**3,273,768**	**3,350,234**	**3,428,505**	**3,508,622**	**3,590,631**	**3,674,575**	**3,760,502**	**3,848,458**	**3,938,492**	**4,030,653**	**4,124,992**	**4,221,561**	**4,320,414**	**4,421,604**	**4,525,187**	**4,631,220**	**4,739,763**	**4,850,874**
VACANCY ASSUMPTIONS	**Vacancy**																		
Restricted Unit Rents	5.00%	109,909	112,657	115,473	118,360	121,319	124,352	127,461	130,648	133,914	137,262	140,693	144,210	147,816	151,511	155,299	159,181	163,161	167,240
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	53,779	54,855	55,952	57,071	58,212	59,377	60,564	61,775	63,011	64,271	65,557	66,868	68,205	69,569	70,961	72,380	73,827	75,304
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**163,688**	**167,512**	**171,425**	**175,431**	**179,532**	**183,729**	**188,025**	**192,423**	**196,925**	**201,533**	**206,250**	**211,078**	**216,021**	**221,080**	**226,259**	**231,561**	**236,988**	**242,544**
EFFECTIVE GROSS INCOME (EGI)		**3,110,080**	**3,182,723**	**3,257,079**	**3,333,191**	**3,411,099**	**3,490,846**	**3,572,477**	**3,656,035**	**3,741,567**	**3,829,120**	**3,918,743**	**4,010,483**	**4,104,393**	**4,200,523**	**4,298,927**	**4,399,659**	**4,502,775**	**4,608,330**
OPERATING EXPENSES	**CPI / Fee**																		
Administrative Expenses	3.50%	270,074	279,527	289,310	299,436	309,916	320,763	331,990	343,610	355,636	368,083	380,966	394,300	408,100	422,384	437,167	452,468	468,305	484,695
Management Fee	2.45%	76,197	77,977	79,798	81,663	83,572	85,526	87,526	89,573	91,668	93,813	96,009	98,257	100,558	102,913	105,324	107,792	110,318	112,904
Utilities	3.50%	433,720	448,900	464,612	480,873	497,704	515,123	533,153	551,813	571,126	591,116	611,805	633,218	655,381	678,319	702,060	726,632	752,064	778,387
Operating & Maintenance	3.50%	407,284	421,539	436,293	451,563	467,368	483,726	500,656	518,179	536,315	555,086	574,514	594,622	615,434	636,974	659,268	682,343	706,225	730,943
Ground Lease Payments	3.50%	15,000	15,525	16,068	16,631	17,213	17,815	18,439	19,084	19,752	20,443	21,159	21,900	22,666	23,459	24,280	25,130	26,010	26,920
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	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	5,000	5,063	5,126	5,190	5,255	5,320	5,387	5,454	5,522	5,591	5,661	5,732	5,804	5,876	5,950	6,024	6,099	6,176
Other Taxes & Insurance	3.50%	200,014	207,014	214,260	221,759	229,521	237,554	245,868	254,474	263,380	272,599	282,140	292,014	302,235	312,813	323,762	335,093	346,821	358,960
Required Reserve Payments	1.00%	44,000	44,440	44,884	45,333	45,787	46,244	46,707	47,174	47,646	48,122	48,603	49,089	49,580	50,076	50,577	51,083	51,593	52,109
TOTAL OPERATING EXPENSES		**1,458,789**	**1,507,484**	**1,557,852**	**1,609,948**	**1,663,834**	**1,719,572**	**1,777,225**	**1,836,860**	**1,898,546**	**1,962,354**	**2,028,358**	**2,096,633**	**2,167,258**	**2,240,315**	**2,315,888**	**2,394,065**	**2,474,936**	**2,558,594**
NET OPERATING INCOME (NOI)		**1,651,291**	**1,675,238**	**1,699,228**	**1,723,243**	**1,747,265**	**1,771,274**	**1,795,252**	**1,819,175**	**1,843,021**	**1,866,766**	**1,890,385**	**1,913,851**	**1,937,135**	**1,960,208**	**1,983,039**	**2,005,594**	**2,027,839**	**2,049,736**
DEBT SERVICE PAYMENTS	**Lien #**																		
Perm	1	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MOHCD Gap Loan	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Seller Carry Back Loan	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**
CASH FLOW AFTER DEBT SERVICE		**246,606**	**270,553**	**294,543**	**318,558**	**342,580**	**366,590**	**390,567**	**414,490**	**438,336**	**462,081**	**485,700**	**509,166**	**532,450**	**555,524**	**578,354**	**600,909**	**623,154**	**645,052**
DEBT SERVICE COVERAGE RATIO		**1.18**	**1.19**	**1.21**	**1.23**	**1.24**	**1.26**	**1.28**	**1.30**	**1.31**	**1.33**	**1.35**	**1.36**	**1.38**	**1.40**	**1.41**	**1.43**	**1.44**	**1.46**
Date Prepared:	01/24/20									Senior Staff Date:	2/14/20								

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
LESS: Asset Management Fee	3%	8,000	8,240	8,487	8,742	9,004	9,274	9,552	9,839	10,134	10,438	10,751	11,074	11,406	11,748	12,101	12,464	12,838	13,223
LESS: Partnership Management Fee	3%	8,000	8,240	8,487	8,742	9,004	9,274	9,552	9,839	10,134	10,438	10,751	11,074	11,406	11,748	12,101	12,464	12,838	13,223
net CF available for distribution		**230,606**	**254,073**	**277,569**	**301,074**	**324,572**	**348,041**	**371,462**	**394,812**	**418,068**	**441,205**	**464,198**	**487,018**	**509,638**	**532,027**	**554,153**	**575,982**	**597,479**	**618,606**
Deferred developer fee repayment	1,700,000	1,700,000	1,469,394	1,215,321	937,752	636,678	312,106	-	-	-	-	-	-	-	-	-	-	-	-
		230,606	254,073	277,569	301,074	324,572	312,106	-	-	-	-	-	-	-	-	-	-	-	-
		1,469,394	1,215,321	937,752	636,678	312,106	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments for Residual Receipt Payments		75%																	
RESIDUAL RECEIPTS LOANS	*Payment %*	-	-	-	-	-	26,951	278,596	296,109	313,551	330,904	348,148	365,264	382,229	399,020	415,615	431,986	448,109	463,955
Subsidy Loan	*8.56%*	-	-	-	-	-	2,306	23,840	25,338	26,831	28,316	29,791	31,256	32,708	34,144	35,564	36,965	38,345	39,701
MOHCD Gap Loan	*13.09%*	-	-	-	-	-	3,527	36,456	38,748	41,030	43,301	45,558	47,797	50,017	52,215	54,386	56,528	58,638	60,712
Seller Carry Back Loan	*78.36%*	-	-	-	-	-	21,118	218,300	232,023	245,690	259,287	272,799	286,211	299,504	312,661	325,664	338,493	351,126	363,542
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	**-**	-	-	-	-	26,951	278,596	296,109	313,551	330,904	348,148	365,264	382,229	399,020	415,615	431,986	448,109	463,955
Balances for Residual Receipt Payments																			
RESIDUAL RECEIPTS LOANS	*Interest Rate*																		
Subsidy Loan---Simple	*3.00%*	3,500,000	3,605,000	3,710,000	3,815,000	3,920,000	4,025,000	4,127,694	4,208,854	4,288,516	4,366,685	4,443,370	4,518,578	4,592,322	4,664,615	4,735,471	4,804,906	4,872,941	4,939,596
MOHCD Gap Loan---Simple	*3.00%*	5,352,302	5,512,871	5,673,440	5,834,009	5,994,578	6,155,147	6,312,190	6,436,302	6,558,123	6,677,662	6,794,930	6,909,942	7,022,713	7,133,265	7,241,620	7,347,802	7,451,843	7,553,774
Seller Carry Back Loan---Simple	*2.07%*	32,049,601	32,713,028	33,376,454	34,039,881	34,703,308	35,366,735	36,009,043	36,454,169	36,885,573	37,303,310	37,707,450	38,098,078	38,475,294	38,839,217	39,189,982	39,527,745	39,852,679	40,164,980
0---Simple	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments		**40,901,903**	41,830,899	42,759,895	43,688,890	44,617,886	45,546,882	46,448,926	47,099,326	47,732,213	48,347,658	48,945,750	49,526,598	50,090,330	50,637,097	51,167,072	51,680,453	52,177,463	52,658,350

PROJECTED PERMANENT LOAN CASH FL0WS		Hayes Valley South										Hayes Valley South						
Final Commitment		Project Number	19-046-A/N									Project Number	19-046-A/N					
	YEAR	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35
RENTAL INCOME	CPI																	
Restricted Unit Rents	2.50%	3,428,417	3,514,127	3,601,980	3,692,030	3,784,331	3,878,939	3,975,912	4,075,310	4,177,193	4,281,623	4,388,663	4,498,380	4,610,839	4,726,110	4,844,263	4,965,370	5,089,504
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	2.00%	1,536,199	1,566,923	1,598,261	1,630,226	1,662,831	1,696,088	1,730,009	1,764,610	1,799,902	1,835,900	1,872,618	1,910,070	1,948,272	1,987,237	2,026,982	2,067,521	2,108,872
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		**4,964,616**	**5,081,050**	**5,200,242**	**5,322,256**	**5,447,162**	**5,575,027**	**5,705,922**	**5,839,920**	**5,977,095**	**6,117,523**	**6,261,281**	**6,408,450**	**6,559,111**	**6,713,347**	**6,871,245**	**7,032,891**	**7,198,376**
VACANCY ASSUMPTIONS	Vacancy																	
Restricted Unit Rents	5.00%	171,421	175,706	180,099	184,601	189,217	193,947	198,796	203,766	208,860	214,081	219,433	224,919	230,542	236,306	242,213	248,268	254,475
Unrestricted Unit Rents	7.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	5.00%	76,810	78,346	79,913	81,511	83,142	84,804	86,500	88,230	89,995	91,795	93,631	95,504	97,414	99,362	101,349	103,376	105,444
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		**248,231**	**254,053**	**260,012**	**266,113**	**272,358**	**278,751**	**285,296**	**291,996**	**298,855**	**305,876**	**313,064**	**320,423**	**327,956**	**335,667**	**343,562**	**351,645**	**359,919**
EFFECTIVE GROSS INCOME (EGI)		**4,716,385**	**4,826,998**	**4,940,230**	**5,056,144**	**5,174,804**	**5,296,275**	**5,420,626**	**5,547,924**	**5,678,240**	**5,811,646**	**5,948,217**	**6,088,028**	**6,231,155**	**6,377,680**	**6,527,683**	**6,681,247**	**6,838,457**
OPERATING EXPENSES	CPI / Fee																	
Administrative Expenses	3.50%	501,660	519,218	537,390	556,199	575,666	595,814	616,668	638,251	660,590	683,710	707,640	732,408	758,042	784,573	812,034	840,455	869,871
Management Fee	2.45%	115,551	118,261	121,036	123,876	126,783	129,759	132,805	135,924	139,117	142,385	145,731	149,157	152,663	156,253	159,928	163,691	167,542
Utilities	3.50%	805,630	833,827	863,011	893,217	924,479	956,836	990,325	1,024,987	1,060,861	1,097,991	1,136,421	1,176,196	1,217,363	1,259,970	1,304,069	1,349,712	1,396,952
Operating & Maintenance	3.50%	756,526	783,004	810,409	838,773	868,131	898,515	929,963	962,512	996,200	1,031,067	1,067,154	1,104,505	1,143,162	1,183,173	1,224,584	1,267,444	1,311,805
Ground Lease Payments	3.50%	27,862	28,838	29,847	30,891	31,973	33,092	34,250	35,449	36,689	37,974	39,303	40,678	42,102	43,575	45,101	46,679	48,313
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	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	1.25%	6,253	6,331	6,410	6,490	6,571	6,654	6,737	6,821	6,906	6,993	7,080	7,168	7,258	7,349	7,441	7,534	7,628
Other Taxes & Insurance	3.50%	371,524	384,527	397,986	411,915	426,332	441,254	456,698	472,682	489,226	506,349	524,071	542,414	561,398	581,047	601,384	622,432	644,217
Required Reserve Payments	1.00%	52,630	53,157	53,688	54,225	54,767	55,315	55,868	56,427	56,991	57,561	58,137	58,718	59,305	59,898	60,497	61,102	61,713
TOTAL OPERATING EXPENSES		**2,645,136**	**2,734,663**	**2,827,277**	**2,923,087**	**3,022,202**	**3,124,738**	**3,230,814**	**3,340,552**	**3,454,080**	**3,571,530**	**3,693,037**	**3,818,743**	**3,948,793**	**4,083,339**	**4,222,537**	**4,366,548**	**4,515,541**
NET OPERATING INCOME (NOI)		**2,071,249**	**2,092,335**	**2,112,952**	**2,133,057**	**2,152,602**	**2,171,537**	**2,189,812**	**2,207,371**	**2,224,160**	**2,240,117**	**2,255,180**	**2,269,285**	**2,282,362**	**2,294,341**	**2,305,146**	**2,314,698**	**2,322,917**
DEBT SERVICE PAYMENTS	Lien #																	
Perm	1	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685	1,404,685
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MOHCD Gap Loan	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Seller Carry Back Loan	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**	**1,404,685**
CASH FLOW AFTER DEBT SERVICE		**666,564**	**687,650**	**708,268**	**728,372**	**747,917**	**766,852**	**785,127**	**802,687**	**819,475**	**835,432**	**850,495**	**864,600**	**877,677**	**889,656**	**900,461**	**910,013**	**918,232**
DEBT SERVICE COVERAGE RATIO		**1.47**	**1.49**	**1.50**	**1.52**	**1.53**	**1.55**	**1.56**	**1.57**	**1.58**	**1.59**	**1.61**	**1.62**	**1.62**	**1.63**	**1.64**	**1.65**	**1.65**
Date Prepared:	01/24/20	Senior Staff Date:	2/14/20									Senior Staff Date:	2/14/20					
LESS: Asset Management Fee	3%	13,619	14,028	14,449	14,882	15,329	15,789	16,262	16,750	17,253	17,770	18,303	18,853	19,418	20,001	20,601	21,219	21,855
LESS: Partnership Management Fee	3%	13,619	14,028	14,449	14,882	15,329	15,789	16,262	16,750	17,253	17,770	18,303	18,853	19,418	20,001	20,601	21,219	21,855
net CF available for distribution		**639,325**	**659,594**	**679,370**	**698,607**	**717,259**	**735,275**	**752,602**	**769,186**	**784,969**	**799,891**	**813,888**	**826,895**	**838,841**	**849,655**	**859,259**	**867,576**	**874,521**
Deferred developer fee repayment	1,700,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments for Residual Receipt Payments																		
RESIDUAL RECEIPTS LOANS	*Payment %*	479,494	494,695	509,527	523,956	537,944	551,456	564,452	576,890	588,727	599,918	610,416	620,171	629,131	637,241	644,445	650,682	655,891
Subsidy Loan	*8.56%*	41,031	42,331	43,601	44,835	46,032	47,188	48,300	49,365	50,378	51,335	52,234	53,068	53,835	54,529	55,146	55,679	56,125
MOHCD Gap Loan	*13.09%*	62,745	64,734	66,675	68,563	70,394	72,162	73,862	75,490	77,039	78,504	79,877	81,154	82,326	83,387	84,330	85,146	85,828
Seller Carry Back Loan	*78.36%*	375,718	387,630	399,252	410,557	421,518	432,106	442,289	452,035	461,310	470,079	478,305	485,949	492,970	499,324	504,969	509,856	513,938
0	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments	**100.00%**	479,494	494,695	509,527	523,956	537,944	551,456	564,452	576,890	588,727	599,918	610,416	620,171	629,131	637,241	644,445	650,682	655,891
Balances for Residual Receipt Payments																		
RESIDUAL RECEIPTS LOANS	*Interest Rate*																	
Subsidy Loan---Simple	*3.00%*	5,004,895	5,068,864	5,131,533	5,192,933	5,253,097	5,312,065	5,369,877	5,426,576	5,482,211	5,536,834	5,590,498	5,643,265	5,695,196	5,746,361	5,796,832	5,846,687	5,896,007
MOHCD Gap Loan---Simple	*3.00%*	7,653,631	7,751,455	7,847,290	7,941,184	8,033,190	8,123,365	8,211,772	8,298,479	8,383,558	8,467,087	8,549,153	8,629,845	8,709,260	8,787,503	8,864,685	8,940,924	9,016,346
Seller Carry Back Loan---Simple	*2.07%*	40,464,865	40,752,573	41,028,371	41,292,546	41,545,415	41,787,324	42,018,645	42,239,783	42,451,175	42,653,291	42,846,639	43,031,760	43,209,238	43,379,695	43,543,798	43,702,255	43,855,826
0---Simple	*0.00%*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments		53,123,391	53,572,893	54,007,194	54,426,662	54,831,702	55,222,754	55,600,293	55,964,838	56,316,944	56,657,213	56,986,290	57,304,870	57,613,694	57,913,559	58,205,314	58,489,866	58,768,179

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 debt service coverage ratio (include any financing with amortizing debt). • 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 Loan Fee. • 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 Administrative Fee:: $7,500 annually (not to be duplicated if used in conjunction with CalHFA's Conduit Program). • Inspection fees should be estimated at $500 - $1,000 per month (reports and fees can be shared with other construction lenders) • Legal Fee: $35,000 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 towards the CalHFA Perm Loan Fee See 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: 15 Year "AAA" MMD (Municipal Market Data) plus CalHFA spread • 30 Year Balloon and Fully Amortizing Loans: 30 Year "AAA" MMD plus CalHFA spread • Estimated CalHFA Spread: 2.00% to 2.50% • 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 35 Year Amortization[1] • Term: Fully Amortizing, and 17 or 30 Year Balloons available[2] • Perm Loan Reduction: up to 10% reduction at Perm Loan closing permitted at no cost. • A six-month extension is permitted upon payment of a fee equal to 0.50% of the Perm Loan amount. • Breakage Fee (if applicable): between construction loan closing and Perm Loan closing and calculated based on hedge termination cost. 1. The Agency may offer up to a 40 year amortization at its discretion. 2. 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.
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.

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"). CalHFA's regulated units must represent a pro-rata 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: • 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 Environmental Site Assessment including but not limited to impact reviews that meet federal environmental requirements (such as historic preservation and noise remediation). • 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.
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: 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. • 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 rental subsidy contracts with contract terms that are less than 20 years. • Other reserves as required (at CalHFA's discretion).

Last revised: 4/2019

California Housing Finance Agency

CONDUIT ISSUER PROGRAM

MULTIFAMILY HOUSING BONDS

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, non-profit or public agency sponsors. • Non-profit 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) and is credited towards the CalHFA Issuer Fee. • Issuer Fee: 1. The greater of $15,000 or 0.20% of the Bond amount if less than $20 million dollars 2. If more than $20 million dollars: $40,000 + 0.10% of the amount above $20 million dollars • Annual Administrative Fee: $7,500 (scattered site projects may require increased fees) due and payable in advance in annual installments commencing on Bond issuance through the term of the regulatory period. • 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 is 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 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. • 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 latter of the federally-required qualified project period, repayment of the Bond funded loan, redemption of the Bonds or the full term of the CDLAC Resolution requirements.

Last revised: 03/2019

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 20-03

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Hayes Valley IV, 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 and County of San Francisco, California, to be known as Hayes Valley South (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 19-06 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 September 21, 2019, 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 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	
19-046-A/N	HAYES VALLEY SOUTH	$24,099,797.00	Tax-Exempt Permanent First Mortgage Loan w/HUD Risk Sharing
		$ 3,500,000.00	Subsidy GAP Loan

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 loans 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. 20-03 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 17th day of March 2020, at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have executed this certificate hereto this 17th day of March 2020.

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:** February 26, 2020

Tim Hsu, Interim Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: ANNUAL MULTIFAMILY BOND FINANCING AUTHORIZATION RESOLUTION 20-04

Resolution 20-04 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 $250 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.

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.

Attachments

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 20-04

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 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, 2021 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, 2022, 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) Article XIII of the Residential Mortgage Revenue Bonds indenture, dated as of December 1, 2009, or any successor provision;

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

(v) 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; 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, $250,000,000.

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, 2021 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, 2022, 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; 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, 2021 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, 2022, 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 or liquidity facilities, together with any extensions or other amendments thereto, including but not limited to repurchase agreements, which may be secured as to repayment by a general obligation pledge of the Agency, for the purposes of (i) improving the credit and/or liquidity profile of Bonds of the Agency, (ii) financing the purchase of Loans on an interim basis, prior to the financing of such Loans 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 preservation of bonds 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) 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.

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. 20-04 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 17th day of March 2020, at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

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

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

State of California

M E M O R A N D U M

To: Board of Directors **Date:** February 26, 2020

Tim Hsu, Interim Director of Financing
From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: ANNUAL MULTIFAMILY NON-BOND FINANCING AUTHORIZATION RESOLUTION 20-05

Resolution 20-05 would give the Executive Director the authority necessary to finance various multifamily programs with non-bond financed sources. The following summarize the main authorizations contained in each of the three articles.

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

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

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

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

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

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

Attachments

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 20-05

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

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

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

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

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

WHEREAS, the Agency has, by its Resolutions 19-02 and 19-14, the authority to utilize funds related to SB2 and AB101, respectively, for the implementation of a broader mixed-income strategy and shall deploy these funds as part of various CalHFA programs.

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

ARTICLE I

AUTHORIZATION AND TERMS OF BORROWING TO FINANCE THE PROGRAM

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

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

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

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

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

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

ARTICLE II

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

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

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

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

ARTICLE III

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

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

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

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

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

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

Section 9. **Ratification of Prior Actions; Not a Repeal of Prior Resolutions.** All actions previously taken by the officers of the Agency in connection with the implementation of the Program, the execution and delivery of related financial agreements and related program agreements and the implementation of any credit facilities as described above are hereby approved and ratified.

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

Section 10. **Authorization of Related Actions and Agreements.** The Executive Director, any other persons authorized in writing by the Executive Director and the other Authorized Employees are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all agreements and documents which they deem necessary or advisable in order to consummate the borrowing of Externally-Sourced Non-Bond Funds and otherwise to effectuate the purposes of this resolution including executing and delivering any amendment or supplement to any agreement or document relating to the Externally-Sourced Non-Bond Funds in any manner that would be authorized under this resolution if such agreement or document related to Externally-Sourced Non-Bond Funds authorized by this resolution. Subject in all cases to the express limitations set forth above in this resolution, such agreements, together with any extensions or other amendments thereto, may include, but are not limited to, reimbursement agreements, letter of credit agreements, intercreditor agreements or other arrangements relating to any credit enhancement or liquidity support, continuing disclosure agreements and agreements for necessary services provided in the course of the borrowing of the Externally-Sourced Non-Bond Funds, including but not limited to, agreements with counsel and financial advisors and contracts for consulting services or information services relating to the financial management of the Agency, including advisors or consultants on interest rate swaps, cash flow management, and similar matters, and contracts for financial printing and similar services. The Executive Director, any persons authorized in writing by the Executive Director and the other Authorized Employees are hereby authorized and directed, jointly and severally, to provide as necessary for payment of costs of borrowing related to Externally-Sourced Non-Bond Funds and to provide for the Agency to contribute capital as necessary to facilitate the borrowing of Externally-Sourced Non-Bond Funds.

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

Section 11. **Additional Delegation.** All actions by the Executive Director approved or authorized by this resolution may be taken by the Chief Deputy Director of the Agency, the Director of Financing of the Agency or any other person specifically authorized in writing by the Executive Director and except to the extent otherwise taken by another person shall be taken by the Chief Deputy Director during any period in which the office of the Executive Director is vacant.

Section 12. **Duration of Authority.** The authority granted under this resolution shall remain in full force and effect until the day 60 days after the first date after March 1, 2021 on which is held a meeting of the Board of Directors of the Agency at which a quorum is present.

SECRETARY’S CERTIFICATE

I, CLAIRE TAURIAINEN, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 20-05 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 17th day of March 2020, at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

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

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

State of California

M E M O R A N D U M

To: Board of Directors **Date:** February 26, 2020

Tim Hsu, Interim Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: ANNUAL SINGLE FAMILY BOND FINANCING AUTHORIZATION RESOLUTION 20-06

Resolution 20-06 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 $100 million 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 Homeownership 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. 20-06

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") underlain 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, 2021 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, 2022 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, $100,000,000.

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, 2021 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, 2022 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 underlain 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, including but not limited to repurchase agreements, for the purposes of (i) 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; (ii) financing expenditures of the Agency incident to, and necessary or convenient to, the issuance of Bonds, including, but not limited to, Agency expenditures to pay costs of issuance, capitalized interest, redemption price of prior bonds of the Agency, 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 (iii) 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, including, but not limited to, the Pooled Money Investment Account pursuant to Government Code Section 16312.

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 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 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 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. 20-06 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 17th day of March, 2020, at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

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

ATTEST: ____________________________________

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

State of California

M E M O R A N D U M

To: Board of Directors **Date:** February 26, 2020

Tim Hsu, Interim Director of Financing
From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: ANNUAL SINGLE FAMILY NON-BOND FINANCING AUTHORIZATION RESOLUTION 20-07

Resolution 20-07 would give the Agency the authority necessary to finance various single-family programs with non-bond financing mechanisms. The following summarize the main authorizations contained in each of the three articles.

ARTICLE I – AUTHORIZATION OF MBS SECURITIZATION STRATEGIES AND LOAN PRODUCTS

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

ARTICLE II – FUNDING AUTHORIZATION FOR ALL WHOLE LOAN PRODUCTS

Article II. Section 1 disallows the purchase of first lien whole loans with Agency funds.

Article II. Section 2 authorizes up to $20,000,000 for funding of subordinate loans and other loans.

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

Article III authorizes the Executive Director to enter into all documents necessary in connection with all non-bond financed single-family loan product activities.

Article III authorizes the Executive Director to acquire a short-term or long-term credit facility, which can be secured by the general obligation of the Agency.

Attachments

BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 20-07

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

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

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

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

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

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

ARTICLE I

AUTHORIZATION OF MBS SECURITIZATION STRATEGIES
AND LOAN PRODUCTS

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

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

ARTICLE II

FUNDING AUTHORIZATION FOR LOAN PRODUCTS

Section 1. Funding of First Lien Whole Loans. The Agency may not purchase first lien whole loans using Agency funds.

Section 2. Funding of Subordinate and Other Loans. The Agency may purchase a maximum of Twenty Million ($20,000,000.00) of subordinate loans using Agency funds.

ARTICLE III

PROVISIONS APPLICABLE TO ALL SINGLE FAMILY LOAN PRODUCT ACTIVITIES

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

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

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

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

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

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

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

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

Section 2. Authorization of Credit Facilities. The Executive Director and Authorized Employees of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more short-term or long-term credit facilities, including but not limited to repurchase agreements, for the purposes of financing the purchase of Loans and/or mortgage-backed securities on an interim basis. The Agency may pledge its General Obligation as a credit support for said Credit Facilities.

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

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

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

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

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

Section 6. Duration of Authority. The authority granted under this Resolution shall remain in full force and effect until the day 60 days after the first date after March 1, 2021 on which is held a meeting of the Board of Directors of the Agency at which a quorum is present.

SECRETARY'S CERTIFICATE

I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 20-07 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 17th day of March, 2020, at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

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

ATTEST: ______________________________________

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

State of California

M E M O R A N D U M

To: Board of Directors **Date:** February 26, 2020

Tim Hsu, Interim Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: AUTHORIZATION TO MAKE APPLICATION TO THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
RESOLUTION 20-08

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

This resolution would authorize application to CDLAC for a maximum of $1.5 billion in multifamily allocation. Such authorization would be in effect during the period of time in which Resolution 20-04, which authorizes the issuance of bonds for the Multifamily Program, is in effect.

Attachment

RESOLUTION NO. 20-08

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

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

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

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

WHEREAS, the Agency has by its Resolution No. 20-04 authorized the issuance of bonds for the Multifamily Program and desires to authorize application to the California Debt Limit Allocation Committee for private activity bond allocations to be used in connection with the issuance of all or a portion of such bonds in order for interest on such bonds to be excludable from gross income for federal income tax purposes;

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

Section 1. **Authorization to Apply to CDLAC for the Multifamily Program.** The officers of the Agency are hereby authorized to apply from time to time to CDLAC for private activity bond allocations in an aggregate amount of up to $1,500,000,000 per year to be used in connection with bonds issued under Resolution No. 20-04 or other resolutions heretofore or hereafter adopted by the Agency for the Multifamily Program.

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

SECRETARY'S CERTIFICATE

I, CLAIRE TAURIAINEN, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 20-08 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 17th day of March 2020, at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

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

____

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

California Housing Finance Agency
Disclosure Procedures and Policies "Disclosure Policy"
Dated October 22, 2014
Updated July 21, 2017
Updated February 26, 2020

Introduction and Purpose

These disclosure procedures and policies, along with attachments (the "Disclosure Policy") are intended to provide details on the disclosure and continuing disclosure policies and procedures adopted and maintained by the California Housing Finance Agency (the "Agency"). The procedures and policies are intended to i) ensure that the Agency maintains an adequate system of disclosing all information that is required by the Rule (defined below) with respect to outstanding bonds that are subject to a Continuing Disclosure Agreement, ii) satisfy in a timely manner all contractual obligations undertaken pursuant to each Continuing Disclosure Agreement and iii) promote best practices regarding all Agency disclosure reporting.

Capitalized terms that are used in the Disclosure Policy and not otherwise defined shall have the definitions set forth below under Definitions.

Definitions

"*Annual Report*" shall mean any Annual Report provided by the Agency pursuant to any Continuing Disclosure Agreement.

"*Board*" shall mean the California Housing Finance Agency's Board of Directors.

"*Continuing Disclosure Agreement"* or "*CDA*" means the agreement entered into between the Agency and U.S. Bank National Association as Trustee for the benefit of the holders and beneficial owners of any bonds or obligations subject to the Rule.

"*Contributors*" shall mean any person contacted or assigned by the Agency to assist with the review or preparation of an Official Statement or other offering document.

"*Disclosure Oversight Committee*" or "*DOC*" shall mean the committee established by the Agency to oversee the Agency's Disclosure Policy.

"*Disclosure Representative*" shall mean the Director of Financing of the Agency or his or her designee, or such other officer or employee as the Agency shall designate in writing to the Trustee from time to time.

"*EMMA*" means the Electronic Municipal Market Access system maintained by the MSRB.

"*Event Notice*" means any notice that is required under the Rule and a Continuing Disclosure Agreement to be filed with the MSRB.

"*Financial Obligation*" means a (i) debt obligation; (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"*Financial Statement Disclosure Review Committee*" or "*FS Committee*" shall mean the committee established by the Agency to review the Agency's financial statement's disclosure and reporting.

"*Material Event*" shall mean any event listed in the applicable Continuing Disclosure Agreement, including but not limited to such an event listed in the Rule in effect at the time of execution of the applicable Continuing Disclosure Agreement.

"*Major Obligated Borrower*" means 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 the indenture.

"*MSRB*" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule.

"*Official Statements*" means collectively the Agency's Preliminary and Final Official Statements or offering memoranda used in connection with the offering of its notes, bonds, and other securities.

"*Repository*" shall mean the MSRB.

"*Rule*" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*SEC*" shall mean the Securities and Exchange Commission.

"*Supplemental Disclosure Agreement*" shall mean any supplemental disclosure agreement entered into between the Agency and the Trustee which supplements a Continuing Disclosure Agreement.

Section 1 - Disclosure and Financial Statement Review Committees

Section 1(A) Disclosure Oversight Committee

The Agency has established a Disclosure Oversight Committee, with the following members:

- Executive Director
- Chief Deputy Director
- General Counsel
- Director of Financing
- Financing Risk Manager
- Comptroller
- Director of Single Family Proams
- Director of Multifamily Programs
- Deputy Director of Multifamily Programs
- Agency's Disclosure Representative; and
- A Housing Finance Officer Representative from the Agency's Financing Division.

The DOC may also retain and consult with outside legal counsel.

The primary responsibilities of the DOC are to:

i. meet annually to review the disclosure obligations of the Agency with respect to outstanding bonds that are subject to a Continuing Disclosure Agreement executed pursuant to the Rule,

ii. meet annually with the Financial Statement Disclosure Review Committee to discuss the annual financial statement's disclosure reporting, and

iii. meet as necessary to promote best practices regarding all Agency disclosure reporting.

The Agency's Disclosure Representative will be responsible for scheduling the meetings; however, any member of the Disclosure Oversight Committee may convene a meeting. The members of the DOC should, to the extent practicable, attend meetings in person but may participate in meetings by telephone. If unable to attend in person or by telephone, the DOC member shall designate an appropriate individual to attend the meeting in their absence.

Section 1(B) Financial Statement Disclosure Review Committee

The Agency has also established a Financial Statement Disclosure Review Committee, with the following members:

Financing Fund (0501):

- Executive Director
- Chief Deputy Director
- General Counsel (or a representative from the Legal Division)
- Comptroller
- Director of Financing, and
- A representative from the Agency's Financing Division

The primary responsibilities of the FS Committee are:

> As part of the Agency's financial statement year-end process the FS Committee will review the Management Discussion and Analysis ("MD&A") and footnotes that accompany the Agency's audited financial statements. Upon completion of the draft MD&A and footnotes, the Comptroller will distribute drafts to the FS Committee. If there are any material comments the Comptroller will convene a meeting to discuss and resolve the issues.

Section 2 - Disclosure Documents

Disclosure documents include, but are not limited to the following documents and postings:

A. Continuing disclosure filings made in accordance with SEC Rule 15c2-12 and each CDA

B. Information available on the Agency's webpage

C. Official Statements for Debt Issuance

D. The Agency's Financial Statements

E. Securities and Exchange Commission – Form ABS-15G (see Appendix XX)

The Disclosure Representative shall determine whether a particular document or posting is a disclosure document.

Section 2(A) Continuing Disclosure filings made in accordance with the Rule and CDA's of the Agency

Rule15c2-12 has two elements:

i. First, the Rule requires that an underwriter obtain a certification that the preliminary official statement for a bond issue is substantially final.

ii. Second, the Rule requires that underwriters participating in most bond offerings obtain from the issuer of the bonds a written Continuing Disclosure Agreement (CDA) to provide continuing disclosure with respect to those bonds as long as they remain outstanding.

These procedures, as they relate to continuing disclosure requirements, address the second element of the Rule. The first rule is the responsibility of the underwriters not the Agency.

The continuing disclosure element of the Rule requires the issuer (either by itself or through a trustee or other dissemination agent) to provide two kinds of disclosure:

i. Once a year, an annual financial report including the issuer's audited financial statements for the most recently completed fiscal year and updating of other financial and operating information which was included in the original official statements.
ii. Notice of the occurrence of certain Material Events with respect to the bonds, within ten (10) business days of such occurrence.

The commitment to provide these two elements of continuing disclosure is set forth in detail in a Master CDA for each of the indentures listed below. For information on supplemental CDAs for each bond series within the indenture, see the applicable closing documents.

i. Master Continuing Disclosure Agreement – Home Mortgage Revenue Bonds ("HMRB"), dated as of January 1, 1996, as supplemented (see link HMRB - Master Continuing Disclosure Agreement.pdf)
ii. Master Continuing Disclosure Agreement - Multifamily Housing Revenue Bonds III, ("MHRBIII") dated March 1, 1997 as amended and restated as of April 1, 2014, as supplemented (see link MHRBIII - Master Continuing Disclosure Agreement.pdf)
iii. Master Continuing Disclosure Agreement – Affordable Multifamily Housing Revenue Bonds ("AMHRB"), dated as of December 1, 2009, as supplemented (see link AMHRB - Master Continuing Disclosure Agreement AMHRB.pdf)
iv. Master Continuing Disclosure Agreement - Residential Mortgage Revenue Bonds ("RMRB") (Single Family Program), dated as of December 1, 2010, as supplemented (see link RMRB(SF) - Master Continuing Disclosure Agreement.pdf)
v. Master Continuing disclosure Agreement – Residential Mortgage Revenue Bonds ("RMRB") (Multifamily Program) 2009 Series A-6, dated as of December 1, 2012 (see link RMRB 2009 Series A-6 Master Continuing Disclosure Agreement.pdf)

vi. Master Continuing Disclosure Agreement – Multifamily Housing Revenue Bonds 2016 Issue A (Maplewood) dated as of February 1, 2016 (see link: MHRB 2016 Issue A (Maplewood) Continuing Disclosure Agreement.pdf Master Continuing Disclosure Agreement – Multifamily Housing Revenue Bonds 2016 Issue B (Woodglen Vista) dated February 1, 2016 (see link: MHRB 2016 Issue B (Woodglen Vista) Continuing Disclosure Agreement.pdf

The Rule only applies to bonds issued after April 1, 1995. In May 2010, the SEC approved certain amendments to the Rule relating to the continuing disclosure treatment of variable rate demand obligations and expanding the requirements for reporting of material events. These amendments took effect for bonds issued on or after December 1, 2010. In 2018, the SEC approved amendments to the Rule adding to the requirements for reporting of material events. These amendments took effect for bonds issued on or after February 27, 2019 that are subject to the Rule.

Failure to comply with any part of the CDA is not deemed an event of default under the indenture but it does give rise to the right of any bondholder to bring action to require compliance. In addition, under the Rule and each CDA any material noncompliance must be disclosed in an issuer's future official statements for five years.

Electronic Municipal Market Access ("EMMA")

On July 1, 2009 the MSRB began operating the centralized electronic repository for all municipal bond disclosure documents and trade data through the EMMA website. The EMMA website (www.emma.msrb.org) was established to increase access to vital disclosure and transparency information in the municipal securities market. It provides investors with key information about municipal securities free of charge.

The Agency uses EMMA to file its Annual Reports as well as Event Notices. For information on how to file on EMMA see the following attachments:

i. for instructions on how to register CUSIPs on EMMA (see link How To Register CUSIPS on EMMA.pdf)

ii. for instructions for continuing disclosure submission on EMMA (see link Instructions for Filing Continuing Disclosure on EMMA.pdf)

The Agency has implemented specific processes to ensure continuing disclosure covenants are satisfied and reported timely. In summary the processes are as follows:

i. The Agency has dedicated staff responsible for the filing of the Annual Report and the monitoring and filing of potential reportable events. (see link for responsible parties report Responsible Parties.pdf)
ii. For the filing of the Annual Report, the Agency has set-up a task/tickler system that reminds numerous individuals of the due date (daily, beginning ten (10) days prior to the due date, until the task is completed).
iii. The Agency has developed a Continuing Disclosure History/Filing Report which keeps a record of (a) all filings posted to EMMA, when they were filed, who filed them, and who reviewed the filing (see sample report MF III Annual Continuing Disclosure Report.pdf), and (b) materiality analysis related to Financial Obligations and other Material Events under the Rule to determine whether it is necessary to file an Event Notice under each applicable CDA (see Appendix A, Internal Matrix for Required Material Event Filings and Material Events Subject to a Materiality Qualifier).
iv. The Agency has put in place a process for monitoring and filing Event Notices with respect to the required Material Events under each applicable CDA, including: (a) rating events (see below, monitoring of rating events), and (b) the incurrence of new Financial Obligations or changes to existing Financial Obligations, subject to determinations of materiality.
v. Financial news resources and articles are made available to the financing division's staff to assist in the monitoring of possible reportable events.

Annual Reporting Submission

Compliance with the Rule requires the issuer or an obligated party to provide certain financial information of the same type found in the Final Official Statement on an annual basis. The Annual Report is designed to inform investors of the current financial state of the issuer. The specific information to be contained in the Annual Report for any particular bond issue is set forth in the CDA for those bonds. Basically, the CDA's provisions regarding the Annual Reports are as follows:

The Agency files with EMMA within 180 calendar days after the end of each fiscal year, which is currently June 30, the following information. For specific information on the responsible parties see link Responsible Parties.pdf).

i. the Agency's audited financial statements for the immediately preceding Fiscal Year, prepared in accordance with Generally Accepted Accounting Principles ("GAAP") applicable to governmental entities. In the event that audited basic financial statements are not completed by the due date the Agency will submit unaudited financial statements and the audited financial statements will be filed when they become available

ii. a description of the bonds issued by the Agency and outstanding as of the date of the annual report
iii. a report listing the amounts in the bond reserve, debt service reserve or loan loss reserve account for each issue, if applicable
iv. Amounts on deposit in any surety reserve account, if applicable
v. a report listing the amounts on deposit in the supplementary reserve account for each issue, if applicable
vi. a schedule of bond redemptions and the source of funds for such redemptions
vii. the status of the Agency's mortgage loan portfolio, including the interest rates on the mortgage loans, the principal amount of mortgage loans to be made, the principal amount of mortgage loans purchased or otherwise acquired, the principal amount of conditionally approved mortgage loans, the loan type and the principal amount of the current mortgage loan portfolio
viii. information regarding primary, pool and special hazard insurance coverage with respect to the mortgage loans, if applicable
ix. a summary of mortgage loan delinquencies, including the percentage of loans that are 30 days, 60 days, 90 days or 120 days delinquent or in foreclosure, if applicable
x. information with respect to the Mortgage-Backed Securities portfolio
xi. with respect to multifamily loans pledged to the designated bonds, under the MFIII, AMHRB and RMRB indentures, information regarding principal prepayments with respect to such multifamily loans

In the event that an Annual Report cannot be filed by the required deadline, the Agency, in accordance with the Rule, will submit to EMMA a notice stating that the report has not been timely completed.

All Annual Reports are prepared by a Financing staff member reviewed by a Financing Officer and then signed by the Disclosure Representative. After an Annual Report is signed, the Report is posted to EMMA.

<u>Material Events under the Rule</u>

Compliance with the Rule requires the issuer or an obligated party to file an Event Notice with the MSRB via EMMA within ten (10) business days of the occurrence of the events that are set out in each Continuing Disclosure Agreement. As described below, the Agency must determine whether certain listed events are "material" before it is necessary to file an Event Notice on EMMA. For specific information on the responsible parties see link).

All Event Notices are prepared by a Financing staff member, reviewed by a Financing officer and then signed by the Disclosure Representative. After an Event Notice is signed, the notice is posted to EMMA.

As of February 27, 2019, the following are Material Events under the Rule:

Required Material Event Filings.

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the Agency; or
10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Agency, any of which reflect financial difficulties.

Note: for the purposes of the event identified in paragraph 9 above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Agency in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Agency.

Material Events Subject to Materiality Qualifier. The Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the bonds, ***if material***:

1. Unless described in item 5 under Required Material Event Filings above, all notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the bonds;

2. All modifications to rights of bond holders;
3. Optional, unscheduled or contingent bond calls;
4. Release, substitution, or sale of property securing repayment of the bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
7. Appointment of a successor or additional trustee or the change of name of a trustee; or
8. Incurrence of a Financial Obligation of the Agency, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Agency, any of which affect bond holders.

<u>Monitoring of Rating Changes</u>

For external actions involving rating changes, the Agency has implemented specific monitoring processes to ensure rating changes are reported timely. In summary the Agency has developed a program that interfaces with Bloomberg, to automatically generate a report that flags rating events (that occurred in the previous 30 days) for all of the Agency's bond insurers, swap counterparties and Guaranteed Investment Contract "GIC" providers. This report is run every Monday and Wednesday morning. If there is a possible reportable event flagged, it is brought to the attention of the Disclosure Representative. The Disclosure Representative will decide if the event is a reportable event, if it is, an Event Notice is prepared.

<u>Review and Monitoring of Financial Obligations</u>

The Agency has implemented processes to review and monitor Financial Obligations to ensure timely reporting of (i) the incurrence of a Financial Obligation (on or after February 27, 2019) and (ii) agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation (existing before February 27, 2019 or after), any of which affect bond holders.

The Financing staff has developed a worksheet titled Internal Decision Matrix for Required Material Event Filings and Material Events Subject to a Materiality Qualifier, which appears as Appendix A, as a source for staff to determine if disclosure is required.

If there is a possible reportable Financial Obligation flagged, it is brought to the attention of the Disclosure Representative. The Disclosure Representative will evaluate the Financial Obligation for its potential effect on bondholders and materiality and may consult with the DOC and outside legal counsel. If determined to be material, an Event Notice will be prepared with respect to the Financial Obligation as required under applicable Continuing Disclosure Agreement.

<u>Major Obligated Borrowers</u>

The Agency shall forward to the Repository, 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 Borrrower, 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.

<u>Posting to the Agency's Website</u>

After the Agency posts the Annual Report or an Event Notice to EMMA, the document is then posted to the Agency's website.

Section 2(B) - Information Available on the Agency's Website

The Agency provides the following disclosure information on its website (see link Responsible Parties.pdf, for how often the information is updated and the responsible individuals):

- Agency News and Updates
  http://www.calhfa.ca.gov/about/financials/index.htm

- The Agency's Annual Report
  http://www.calhfa.ca.gov/about/financials/reports/index.htm

- Audited Financial Statements for both the California Housing Finance Fund and the California Housing Loan Insurance Fund
  http://www.calhfa.ca.gov/about/financials/reports/index.htm

- Unaudited Interim Financial Statements for both the California Housing Finance Fund and the California Housing Loan Insurance Fund
  http://www.calhfa.ca.gov/about/financials/information/index.htm

- Continuing Disclosure and Event Notices
  http://www.calhfa.ca.gov/about/financials/information/index.htm

- Financial Disclosure Information for all outstanding indentures, as applicable:
  http://www.calhfa.ca.gov/about/financials/supplemental/index.htm

    - Bonds Outstanding,
    - Bond Redemption History,
    - Composition of Bond Portfolio,
    - Delinquency, REO and Loss Reports,
    - Investment Reports,
    - Mortgage Loan Information,
    - SWAP Agreement Portfolio Information
    - Mortgage Back Securities Information,

- Current Official Statements
  http://www.calhfa.ca.gov/about/financials/os/index.htm

- Information on accessing archived official statements
  http://www.calhfa.ca.gov/about/financials/osarchive/index.htm

Section 2(C) - Debt Issuance

Authorizations

Annually the Director of Financing will prepare a resolution, and obtain Board approval, 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.

Annually the Director of Financing will prepare a resolution, and obtain Board approval, 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.

Appointment of a Transaction Manager – If it is determined by the Agency's Executive Director, Director of Financing and the Financing Risk Manager that there is a need to issue either multifamily or single-family debt ("Transaction") a lead person will be appointed to manage the Transaction ("Transaction Manager" or "TM").

Appointment of Disclosure Counsel – Once it is determined that there is a need to issue either multifamily or single-family debt the Director of Financing (after consulting with the Agency's Executive Director) will appoint a Disclosure Counsel.

Preparation of an interested parties distribution list – The TM will prepare an interested parties distribution list (see link Sample Interested Parties List.pdf) identifying all parties to the transaction, their e-mail address and telephone numbers. The list will be sent to the Agency's document posting and distribution provider. The list usually includes (but is not limited to) the following individuals or representatives from the following areas ("Working Group") (the Working Group will receive notifications of all postings related to the transaction):

Working Group

- Director of Financing
- Financing Risk Manager
- Transaction Manager
- Financing Associate (or person responsible for document management)
- Back-up Transaction Manager
- Agency's Legal Division
- State of California's Treasurer's Office
- Office of the Attorney General of the State of California
- Agency's Outside Bond Counsel
- Disclosure Counsel

- The Bond Trustee for the Transaction
- Counsel to the Trustee
- Underwriter/Manager for the Transaction
- Underwriter's Counsel
- Rating Agencies

Preparation of a timeline/schedule – The TM will prepare a timeline/schedule identifying when the disclosure documents will be distributed, who will be responsible for the preparation of the documents, when comments are due etc. (see link Sample Transaction Schedule.pdf). The TM will post the timeline/schedule to the document posting and distribution provider.

Disclosure review and information gathering for Official Statement (OS) – In addition to the above-mentioned working group, the TM will identify any additional contributors and reviewers of the OS. The TM will contact them as soon as possible to inform them that their assistance is needed in either providing information or reviewing information in the OS and will let them know what they need to provide/review and when the information is needed. The TM will send out a contributor's memorandum (see link Request for Information from Contributors RMRB.pdf for an example of a memorandum). The TM will maintain a check list of all individuals that were requested to contribute or review the information in the OS and follow-up with them if they have not heard from them by the date the information was requested. Upon receipt of the information the TM will review and distribute the information, via the document posting and distribution provider, to the Working Group, when appropriate.

Preparation of the Official Statements – The Disclosure Counsel will prepare the Preliminary Official Statement (POS) and the OS and post these documents to the document posting and distribution provider. All bond related information will be updated by the Disclosure Counsel and reviewed by members of the working group.

Report any significant disclosure issues – The TM will report any significant disclosure issues and concerns to the Disclosure Representative. If the Disclosure Representative determines the issue to be material, a meeting of the Disclosure Oversight Committee will be called for discussion of the issue. The DOC will promptly address the issue and determine how to proceed . The TM will notify the Working Group of the DOC's decision.

The Servicer – The TM will request that the Master Servicer (if applicable) provide/acknowledge certain statements indicating that i) they serve as the servicer and will service pursuant to the servicing agreement ii) they are an approved servicer of Fannie Mae and Freddie Mac Certificates and iii) they did not participate in the structuring of the program or the offered bonds.

Due Diligence – The TM will work with the Disclosure Counsel to set up a formal due diligence meeting/call prior to the issuance of the POS.

Disclosure check list and working documentation – prior to signing off on the POS the TM will go through their check list to make sure that all the requested information has been updated and all comments have been addressed and that the updates and comments have been posted to the document posting and distribution provider. The check list and all supporting documents will become part of the bond files.

POS – "Substantially Final" Certificate - the Rule requires that prior to making any offers or sales, the underwriters must receive a certificate from the issuer stating that the POS is 'substantially final". Underwriter's Counsel prepares this certificate and submits it to the TM. The TM will have the Director of Financing sign the certificate. Note that obtaining the certificate is the underwriter's responsibility not the Agency's.

Sign off on POS and OS – The timeline will indicate the date in which the POS and the OS will need to be signed off. The appointed Disclosure Counsel will coordinate the POS and OS signoffs. The TM is the last person to sign off and will not sign off until all comments have been resolved and posted to the document posting and distribution provider. The Director of Financing signs the final POS and the OS authorizing their execution and delivery.

Section 2(D) - The Agency's Financial Statements

As stated in Section 1(B) members of the FS Committee will review the Management Discussion and Analysis and footnotes that accompany the Agency's audited financial statements.

Section 3

Staff Training

Employees with responsibility for collecting or analyzing information that may be material to the preparation of a disclosure document shall attend a disclosure training session annually. The training session shall include education on disclosure obligations under applicable federal and state securities laws and their responsibilities and potential liabilities regarding such obligations. The training sessions may be conducted by videotape.

Annual Review

These disclosure procedures will be reviewed at least annually by the Committee to ensure its consistency with the overall objectives of the Agency's disclosure requirements.

Revisions

July 21, 2017

Added link to MHRB Issue A (Maplewood) CDA
Added link to MHRB Issue B (Woodglen Vista) CDA

February 26, 2020

Language added to include additions to Rule in February 2019 regarding requirements for the reporting of material events.

Links

1. HMRB - Master Continuing Disclosure Agreement.pdf
2. MHRBIII - Amended and Restated Master Continuing Disclosure Agreement.pdf
3. AMHRB - Master Continuing Disclosure Agreement AMHRB.pdf
4. RMRB(SF) - Master Continuing Disclosure Agreement.pdf
5. RMRB 20092 Series A-6 Master Continuing Disclosure Agreement.pdf
6. MHRB 2016 Issue A (Maplewood) Continuing Disclosure Agreement.pdf
7. MHRB 2016 Issue B (Woodglen Vista) Continuing Disclosure Agreement.pdf
8. www.emma.msrb.org
9. How To Reg CUSIPS on EMMA.pdf
10. Instructions for Filing Continuing Disclosure on EMMA.pdf

11. Responsible Parties.pdf
12. FINAL Annual Continuing Disclosure - MF3 2019.pdf
13. Sample Interested Parties List.pdf
14. Sample Transaction Schedule.pdf
15. Request for Information from Contributors RMRB.pdf

Appendix

A. Financial Obligations and Material Events
B. Continuing Disclosure and Compliance Discrepancies
C. Securities and Exchange Commission – Form ABS15G

Securities and Exchange Commission (SEC) Reporting

RULES

Rule 15Ga-1

The SEC's Rule 15Ga-1 requires that with respect to any asset-backed security for which the underlying transaction agreements contain a covenant to repurchase or replace and underlying asset for breach of representation or warranty, a securitizer shall disclose fulfilled and unfulfilled repurchase requests across all trusts by providing certain information regarding assets securitized by the securitizer that were the subject of a demand to repurchase or replace for breach of representation and warranty. The information is reported under Form ABS-15G (see Appendix B).

1. Quarterly Reports.
    a. Due date: forty-five (45) days after the end of the previous quarter.
    b. Period Covered: The previous calendar quarter.
    c. Reportable Activity: all covered demands & repurchases made during the previous quarter.
        i. However, if there were no demands or repurchases then no report is required.
        ii. BUT, if there was a quarterly report filed for the previous quarter (e.g., first quarter 2015) but no reportable activity in following quarter (i.e., second quarter 2015), a "nothing to report" report must be filed for that quarter. No quarterly reports are required thereafter until there is reportable activity.
        iii. NOTE: since demands and actual repurchases are separate reportable activities, as to any given demand, the actual repurchase will almost always be in a subsequent quarter.

2. Annual Reports.
    a. Due date: February 14 of the next year.
    b. Period Covered: The previous calendar year.
    c. Reportable Activity: reporting is required only if there was no reportable activity the previous calendar year. So, this will always be a "nothing to report" report. If there was activity in the fourth quarter, then a quarterly report would be filed, not an annual report.

Rule 15Ga-2

The SEC's Rule 15Ga-2 requires that the issuer or underwriter of an offering of any asset-backed security that is to be rated by a nationally recognized statistical rating organization must furnish Form ABS-15G to the SEC, containing the findings and conclusions of any third-party due diligence report obtained by the issuer or underwriter, at least five business days prior to the first sale in the offering.

Rule 15G-2(f) exempts municipal issuers of asset-backed securities from this requirement of Rule 15Ga-2 to file Form ABS-15G if the offering is not required to be, and is not, registered under the Securities Act of 1933 (the "Securities Act")

However, municipal issuers of asset-backed securities are not exempted from the statutory requirement of Section 15E(s)(4)(A) of the Exchange Act that they make "publicly available" the findings and conclusions of third-party due diligence reports. See Rule 15Ga-2(h). The SEC advises in the Adopting Release that municipal issuers may make such information available through any means reasonably accessible to the public, including (i) posting the information on an issuer-sponsored website, (ii) voluntarily furnishing Form ABS-15G on the SEC's Electronic Data Gathering, Analysis and Retrieval (EDGAR) system, or (iii) voluntarily submitting a Form ABS-15G on the MSRB's EMMA system.

Logic regarding CalHFA's Reporting on SEC Rule 15Ga-1 and 15Ga-2

Rule 15Ga-1

CalHFA has determined that this rule covers whole loans and MBSs held under bond indentures.

CalHFA does not report on whole loans held under the HMRB and RMRB indentures because the Agency has never triggered the origination breach of representations and warranties guarantee.

With respect to repurchase or replacement under MBSs held under indentures, investors are referred to the appropriate GSE website.

CalHFA has reported annually (nothing to report) on this rule since the rule's inception for the HMRB and RMRB indentures.

Rule 15Ga-2

As stated previously, CalHFA is exempt from this rule but is not exempt from making the findings of acquired third-party due diligence reports publicly available. CalHFA has determined that it will report when it obtains a third-party report on loans under an indenture. Regarding securities formed under the Agency's TBA program, CalHFA has determined that GSEs are reporting under Rule 15Ga-2 on these loans.

CalHFA has not obtained any third-party due diligence reports on its loan portfolio and therefore has not filed a report under Rule 15Ga-2.

Internal Decision Matrix for Required Material Event Filings and Material Events Subject to a Materiality Qualifier

APPENDIX A

Financial Obligation / Event	Material ?		Is Event part of a bond issuance transaction?			Separate Disclosure Needed	EMMA - Post Disclosure to:
	YES	NO	YES		NO		
			Is the obligation disclosed in the transaction docs posted on EMMA?				
			YES	NO			
Material notices or Determinations by the IRS - with respect to the tax status of the Bonds or other material events affecting the tax status of the bonds.	X			Need to separately disclose ALL notices or determinations from IRS that fall under this category	Need to separately disclose	Disclose details of event (content of disclosure TBD at time of disclosure)	All CUSIPS
Modification of Rights of Bondholders	X		Open Indenture - Do not need to separately disclose - will be part of new bond documents	Private Placement - Need to separately disclose	Private Placement - Need to separately disclose	Disclose details of event (content of disclosure TBD at time of disclosure)	All CUSIPS affected
Optional, Unscheduled or Contingent Bond Calls	X				Do not need to separately disclose - All bond redemptions/calls are posted to EMMA EXCEPTION - Bond Buy-backs by the Agency will need to be separately disclosed	Disclose details of event (content of disclosure TBD at time of disclosure)	All CUSIPS affected
Release, Substitution or Sale of Property Securing Repayment of the Bonds	X				Need to separately disclose for multifamily loans that default under an indenture	Disclose details of event (content of disclosure TBD at time of disclosure)	All CUSIPS affected
Non-payment related defaults	X				Need to separately disclose	Disclose details of event (content of disclosure TBD at time of disclosure)	All CUSIPS affected
Consumation of a merger, consolidation or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms	X				Need to separately disclose	Disclose details of event (content of disclosure TBD at time of disclosure)	All CUSIPS
Appointment of a successor or additonal trustee or the change of a name of a trustee	X				Need to separately disclose	Disclose details of event (content of disclosure TBD at time of disclosure)	All CUSIPS

Internal Decision Matrix for Required Material Event Filings and Material Events Subject to a Materiality Qualifier

Financial Obligation / Event	Material ?		Is Event part of a bond issuance transaction?			Separate Disclosure Needed	EMMA - Post Disclosure to:
	YES	NO	YES		NO		
			Is the obligation disclosed in the transaction docs posted on EMMA?				
			YES	NO			
Create Credit Facility (Line of Credit or FHLB)	X		Do not need to separately disclose	Need to separately disclose	Need to separately disclose	Need to do initial disclosure about the details of the financial obligation (content of disclosure TBD at time of disclosure), but not subsequent transactions within the confines of said facility.	All G-O Supported CUSIPS (including MF III)
New or Modification of G-O backed Hedges (Change of rate, terms, index,...)	X		historically not disclosed	Need to separately disclose	Need to separately disclosue	New Hedge - need to disclose the details of the financial obligation (content of dicslosure TBD at time of disclosure) Modification of Hedge - disclosure required only if the modifications are due to financial difficulties.	All G-O Supported CUSIPS (including MF III)
Mandatory Tender of Public Bonds (disclosure automatically required)	X		Do not need to separately disclose				
- New CUSIPs (G-O; Special Obligation)	X		Do not need to separately disclose				
- New Remarketing Agent	X		Do not need to separately disclose				
- New Credit Support (LOC, Bond Insurance change)	X		Do not need to separately disclose				
Private Placement in a G-O backed Credit (stand alone such as Bartlett or MF III))	X			Need to separately disclose		Post Private Pleacement Memorandum or Loan Agreement	All G-O Supported CUSIPS (including MF III)
Conduits - MF single project - Pooled (like Citi deal)		 X X					
Risk Share Loans, when a claim is filed with HUD	X				Need to separately disclosue	Disclosure is required because CalHFA will receive a debenture note after claim is filed. Disclose, however, at time of filing claim.	All G-O Supported CUSIPS (including MF III)

APPENDIX B

Continuing Disclosure - Compliance Discrepancy Items Considered when Filing for MCDC

				Rating			HMRB / MFIII	RMRB 2009 A-3 / 2010 A	RMRB 2009 A-4 / 2011A	RMRB 2013 A	MFHRB III 2014 A		
	Date of Event	Rating Agency / Indenture	Event	To	From	Reporting Status		12/15/2010	5/19/2011	4/30/2013	4/17/2014	Material (Y/N)	Expiration Date
CalHFA Internal Audit Findings													
1	10/25/2010	S&P	Assured (bond insurer) downgrade	AA+	AAA	not reported, corrected		X	X	X	X	N	10/24/2015
2	6/6/2011	Moody's	Indenture downgrade	Baa1	A3	not reported, corrected				X	X	N	6/4/2016
3	9/19/2011	Moody's	Indenture downgrade	Baa2	Baa1	reported but with errors (year of event and ratings were reported incorrectly on one report), corrected				X	X	Y	9/17/2016
4	11/30/2011	S&P	Assured (bond insurer) downgrade	AA-	AA+	not reported, corrected				X	X	N	11/28/2016
5	12/19/2011	Moody's	NPFGC (bond insurer) downgrade	Baa2	Baa1	not reported, corrected				X	X	N	12/17/2016
6	1/17/2013	Moody's	Assured (bond insurer) downgrade	A2	Aa3	not reported, corrected				X	X	N	1/16/2018
7	5/10/2013	S&P	NPFGC (bond insurer) downgrade	A	BBB	not reported, corrected					X	N	5/9/2018
8	5/21/2013	Moody's	NPFGC (bond insurer) upgrade	Baa1	Baa2	not reported, corrected					X	N	5/20/2018
9	3/18/2014	S&P	NPFGC (bond insurer) upgrade	AA-	A	not reported, corrected	X				X	N	3/17/2019
10	3/18/2014	S&P	AGM (bond insurer) upgrade	AA	AA-	not reported, corrected	X				X	N	3/17/2019
DAC Findings													
	Audited Financials												
1	12/30/2009		Late filing - due 12/27/2009			3 days late		X	X	X	X	Y	12/29/2014
2	12/29/2010		Late filing - due 12/27/2010			2 days late			X	X	X	Y	12/28/2015
3	12/28/2011		Late filing - due 12/27/2011			1 day late				X	X	Y	12/26/2016
	Annual Report												
4	12/30/2009	HMRB	Late filing - due 12/27/2009			3 days late		X	X	X	X	Y	12/29/2014
5	12/30/2009	HPB	Late filing - due 12/27/2009			3 days late (incomplete, corrected on 1/12/2010, 16 days late)		X	X	X	X	Y	12/29/2014
6	12/30/2009	MHRB III	Late filing - due 12/27/2009			3 days late (incomplete, corrected) 17 days late		X	X	X	X	Y	12/29/2014
7	12/29/2010	HMRB	Late filing - due 12/27/2010			2 days late			X	X	X	Y	12/28/2015
8	12/29/2010	HPB	Late filing - due 12/27/2010			2 days late			X	X	X	Y	12/28/2015
9	12/29/2010	MHRB III	Late filing - due 12/27/2010			2 days late			X	X	X	Y	12/28/2015
10	12/29/2010	RMRB	Late filing - due 12/27/2010			2 days late			X	X	X	Y	12/28/2015
11	12/28/2011	HMRB	Late filing - due 12/27/2011			1 day late				X	X	Y	12/26/2016
12	12/28/2011	HPB	Late filing - due 12/27/2011			1 day late				X	X	Y	12/26/2016
13	12/28/2011	MHRB III	Late filing - due 12/27/2011			1 day late				X	X	Y	12/26/2016
14	12/28/2011	RMRB	Late filing - due 12/27/2011			1 day late				X	X	Y	12/26/2016
15	1/9/2014	RMRB - MF	Late filing - due 12/27/2013			13 days late					X	Y	1/8/2019

Continuing Disclosure - Compliance Discrepancy Items - After MCDC

				Rating			HMRB / MFIII	RMRB 2009 A-3 / 2010 A	RMRB 2009 A-4 / 2011A	RMRB 2013 A	MFHRB III 2014 A		
	Date of Event	Rating Agency / Indenture	Event	To	From	Reporting Status		12/15/2010	5/19/2011	4/30/2013	4/17/2014	Material (Y/N)	Expiration Date
1	3/18/2014	HMRB & MFIII / S&P	Bond Insurer AGM upgraded by S&P due 3/28/2014	AA	AA-	corrected 6/3/2014 - 67 days late	X					Y	3/17/2019
2	3/18/2014	HMRB & MFIII / S&P	Bond Insurer National upgraded by S&P - due 3/28/2014	AA-	A	corrected 6/3/2014 - 67 days late	X					Y	3/17/2019
3	4/9/2014	RMRB	Moody's upgraded bonds but not reported promptly - due 4/19/2014	A2	A3	corrected 6/4/2014 - 46 days late		X	X	X		Y	4/8/2019
4	12/28/2014	RMRB	annual filing did not include financial statements for RMRB 2010A 2011A 2013AB due 12/27/2014			corrected 7/9/2015 - 194 days late		X	X	X		Y	12/27/2019
5	2/14/2015	HMRB / RMRB	SEC Form ABS-15Ga-1 (ABS Asset Backed Securities) Late filing - due 2/14/2015			posted 2/18/2015 - 4 days late	X	X	X	X		N	2/13/2020
6	12/28/2018	All Indentures	Failure to file financial statements by due date of 12/27/2018			CAFR filed 3/25/2019 - 88 days late failure to file on time due to late receipt of info from the State of CA regarding the Agency's OPEB liability.	ALL INDENTURES					Y	12/27/2023
7	12/28/2019	All Indentures	Failure to file financial statements by due date of 12/27/2019			as of 2/7/2020, finacial statements have not been filed - failure to file on time due to late receipt of info from the State of CA regarding the Agency's OPEB liability.	ALL INDENTURES					Y	12/26/2024
	drop from disclosure - more than 5 years old or deemed not material												

State of California

M E M O R A N D U M

To: Board of Directors **Date:** February 28, 2020

Timothy Hsu, Interim Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

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

EXECUTIVE SUMMARY:

Since our last report, the variable rate debt decreased by $35 million, from $182 million to $147 million; and the swap notional outstanding decreased by $31 million, from $556 to $525 million.

1) We now have more swap notionals ($525mn) than variable rate debt ($147mn). This is due to our strategy of aggressively deleveraging the balance sheet by redeeming variable rate bonds. At this point we believe this mismatch is manageable.
2) Our collateral posting risk has been contained to around the $20 million range--at its height, it was $132 million.
3) We are continuing our general strategy of winding down our swap portfolio as quickly as we can while incurring as little cost as possible.

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

1) Outstanding Bonds
2) Variable Rate Debt
   a) Variable Rate Debt Exposure
   b) Types of Variable Rate Debt
   c) Liquidity Providers
   d) Interest Rate Swaps
3) Financing Risk Factors
   a) Unhedged Variable Rate Risk
   b) Basis Risk
   c) Amortization Risk
   d) Termination Risk
   a) Collateral Posting Risk

1) OUTSTANDING BONDS

Below is the Agency's outstanding debt position. This table does not include any pass-thru or conduit financings which make up an additional $1,470 million. For the purposes of this report, this conduit/pass-thru amount will not be included in the tables or calculations.

BONDS OUTSTANDING
As of February 1, 2020
($ in millions)

	Fixed Rate	Variable Rate	Totals
Single Family	$396	$145	$541
Multifamily	325	2	327
TOTALS	$721	$147	$868

2) VARIABLE RATE DEBT

a) VARIABLE RATE DEBT EXPOSURE

This section describes the variable rate bonds of CalHFA and is organized programmatically by indenture as follows: HMRB (Home Mortgage Revenue Bonds--CalHFA's largest single family indenture) and MHRB (Multifamily Housing Revenue Bonds III--CalHFA's largest multifamily indenture). The total amount of CalHFA variable rate debt is $147 million, 17% of the $868 million of bond indebtedness as of February 1, 2020.

VARIABLE RATE DEBT
($ in millions)

	Swapped to Fixed Rate	Not Swapped	Total Variable Rate Debt
HMRB (SF)	$ 25	$120	$145
MHRB (MF)	2	0	2
Total	$27	$120	$147

b) TYPES OF VARIABLE RATE DEBT

The following table shows our variable rate debt sorted by type, i.e., whether auction rate, indexed rate, or variable rate demand obligations (VRDOs). Auction and indexed rate securities cannot be "put" back to us or to a third party by investors; hence they typically bear higher rates of interest than do "put-able" bonds such as VRDOs.

TYPES OF VARIABLE RATE DEBT
($ in millions)

	Auction Rate & Similar Securities	Indexed Rate Bonds	Variable Rate Demand Obligations	Total Variable Rate Debt
HMRB	$0	$120	$25	$145
MHRB	2	0	0	2
Total	$2	$120	$25	$147

c) LIQUIDITY PROVIDERS

The Agency has negotiated lines of credit with private banks. Under these liquidity provider agreements, if our variable rate bonds cannot be remarketed these liquidity providers are required to buy the bonds from the bondholders. The table below shows the banks which are providing liquidity.

LIQUIDITY PROVIDERS
As of 2/1/2020
($ in millions)

Financial Institution	$ Amount of Bonds
Bank of Tokyo	$25

d) INTEREST RATE SWAP

Currently, we have a total of 52 “fixed-payer” swaps with nine different counterparties for a combined notional amount of $525 million. All of these fixed-payer swaps are intended to establish synthetic fixed rate debt by converting our variable rate payment obligations to fixed rates. The table below provides a summary of our swap notional amounts.

FIXED PAYER INTEREST RATE SWAPS
(notional amounts)
($ in millions)

	Tax-Exempt	Taxable	Totals
HMRB	$169	$10	$179
MHRB	346	0	346
TOTALS	$515	$10	$525

SWAPS
($ in millions)

	Hedging Bonds	Not Hedging Bonds	Totals
HMRB	$ 25	$154	$179
MHRB	2	344	346
TOTALS	$27	$498	$525

For all of our fixed-payer swaps, we receive floating rate payments from our counterparties in exchange for a fixed-rate obligation on our part. In today’s market, the net periodic payment owed under these swap agreements is from us to our counterparties. As an example, on our February 1, 2020 semiannual debt service payment date we made a total of $7.5 million of net payments to our counterparties. Conversely, if short-term rates were to rise above the fixed rates of our swap agreements, then the net payment would run in the opposite direction, and we would be on the receiving end.

The table below shows the diversification of our fixed payer swaps among the nine firms acting as our swap counterparties.

SWAP COUNTERPARTIES

Swap Guarantor	Credit Ratings Moody's	Credit Ratings S & P	Notional Amounts Swapped as of 2/1/2020 ($ in millions)	Number of Swaps
Merrill Lynch Derivative Products	Aa3	AA	$ 238	29
JPMorgan Chase Bank, N.A.	Aa2	A+	108	7
Deutsche Bank AG	A3	BBB+	66	6
Goldman Sachs Mitsui Marine Derivative Products, L.P.	Aa2	AA-	50	3
AIG Financial Products, Corp. [2]	Baa1	BBB+	24	2
BNP Paribas	Aa3	A	15	1
Citigroup Financial Products, Inc.	Baa1	BBB+	9	2
Dexia Credit Local New York Agency [2]	Baa3	BBB	8	1
UBS AG	Aa3	A+	7	1
			$ 525 [1]	52

[1] *$59Mn of Basis Swaps not included in totals; (recent payments have been positive to the Agency, though they have been comparatively small)*

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

3) FINANCING RISK FACTORS

a) UNHEDGED VARIABLE RATE RISK

As shown in Sec. 2(a), the Variable Rate Debt table, our variable rate exposure (not swapped) is $120 million. This variable rate exposure is offset by the Agency's variable rate investments and excess swap positions. The Agency's balance sheet has: i) $278 million (six month average balance) invested in the State Treasurer's investment pool (SMIF) earning a variable rate of interest; and, ii) $498 million notional amount of interest rate swaps in excess of the hedged bonds. From a risk management perspective, these two positions serve as a balance sheet hedge for the $120 million of variable rate exposure.

b) BASIS RISK

Almost all of our swaps contain an element of what is referred to as "basis risk" – the risk that the floating rate component of the swap will not match the floating rate of the underlying bonds. This risk arises because our swap floating rates are based on indices, which consist of market-wide averages, while our bond floating rates are specific to our individual bond issues. The only exception is where our taxable floating rate bonds are index-based, as is the case of the taxable floaters we have sold to the Federal Home Loan Banks.

The floating formulas of Agency swaps are usually indexed to LIBOR or SIFMA. LIBOR is the London Interbank Offered Rate index which is used to benchmark taxable floating rate debt, and SIFMA is the Securities Industry and Financial markets Association Index to benchmark tax-exempt variable rates. When the SIFMA/LIBOR ratio is very high, the swap payment we receive falls short of our bond payment, and the all-in rate we experience is somewhat higher. The converse is true when the percentage is low.

c) AMORTIZATION RISK

Our bonds are generally paid down (redeemed or paid at maturity) as our loans are prepaid. Our interest rate swaps amortize over their lives based on assumptions about the receipt of prepayments, and the single family transactions which include swapped bonds have generally been designed to accommodate prepayment rates between two and three times the "normal" rate. Our interest rate swaps generally have had fixed amortization schedules that can be met under a sufficiently wide ranges of prepayment speeds. In addition, swaps that were entered into after 2003 had swap termination options which allowed the Agency to terminate all or portions of the swap at par (no cost to terminate). The table on the next page shows the par terminations that the Agency has exercised to date.

	Actual Swap Par Options Exercised ($ in thousands)		Future Swap Par Options (next 5 years) ($ in thousands)
2004	$12,145	2020	-
2005	35,435	2021	28,965
2006	20,845	2022	10,290
2007	28,120	2023	21,485
2008	18,470	2024	21,580
2009	370,490		82,320
2010	186,465		
2011	288,700		
2012	361,975		
2013	243,855		
2014	162,140		
2015	95,160		
2016	191,215		
2017	122,215		
2018	27,470		
2019	9,810		
2020	-		
	$2,174,510		

d) Termination Risk

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

Our swap documents allow for a number of termination "events," i.e., circumstances under which our swaps may be terminated early, or "unwound". One circumstance that would cause termination would be a payment default on the part of either counterparty. Another circumstance would be a sharp drop in either counterparty's credit ratings and, with it, an inability (or failure) of the troubled counterparty to post sufficient collateral to offset its credit problem. It should be noted that, if termination is required under the swap documents, the market determines the amount of the termination payment and who owes it to whom. Depending on the market, it may be that the party who has caused the termination is owed the termination payment.

The termination value of our interest rate swap contracts was a negative $380 million at its lowest in January 2012. Below is the current termination value of our swaps.

Termination Value

Date	Termination Value ($ in millions)
12/31/2018	($81)
3/31/2019	($84)
6/30/2019	($93)
9/30/2019	($98)
12/31/2019	($85)

e) COLLATERAL POSTING RISK

Some ISDA agreements that we have entered into with the swap counterparties have collateral posting requirements. These postings are a function of the mark-to-market, ratings, threshold amounts, independent amounts and any collateral already posted. Our trades are valued weekly, and our collateral position is adjusted weekly based on those valuations. Failure to post the required collateral can result in a termination event.

The Agency's obligation to post collateral under certain of its interest rate swap contracts has declined from its peak of $132 million at the end of January 2012. Between August 1, 2019 and February 1, 2020, the Agency's collateral posting requirements have ranged between $20 million to $21 million.

The table below shows the required collateral amounts currently posted to swap counterparties.

	Swap Collateral Posting as of 2/19/2020 *($ in millions)*
JPMorgan	$15.00
BoA/Merrill Lynch	5.02
	$20.02

State of California

M E M O R A N D U M

To: Board of Directors **Date:** March 1, 2020

Timothy Hsu, Director of Single Family Programs

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: Single Family Loan Production Report (January 2020)

Highlights:

- Reservations Fiscal YTD: 9400+
  - In line with last year
- Securitization Fiscal YTD: 9000+ ($2.8Bn)
- About 1/3 of our production are from 3 counties:
  - San Bernardino
  - Riverside
  - Sacramento

Reservations in line with last year

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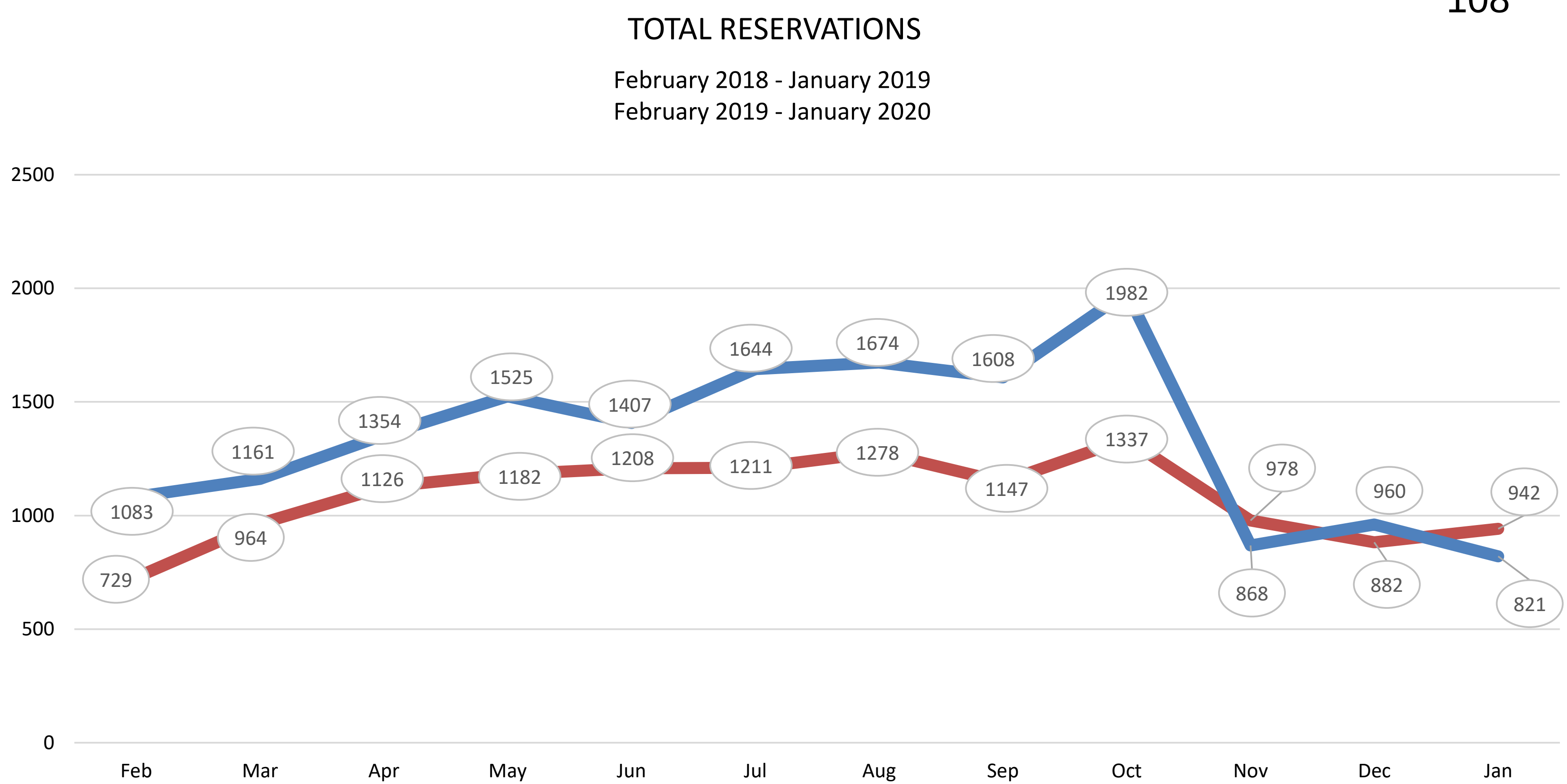


FY 2019/20 Totals:		
Conventional	1643	17%
FHA	7852	83%
	9495	

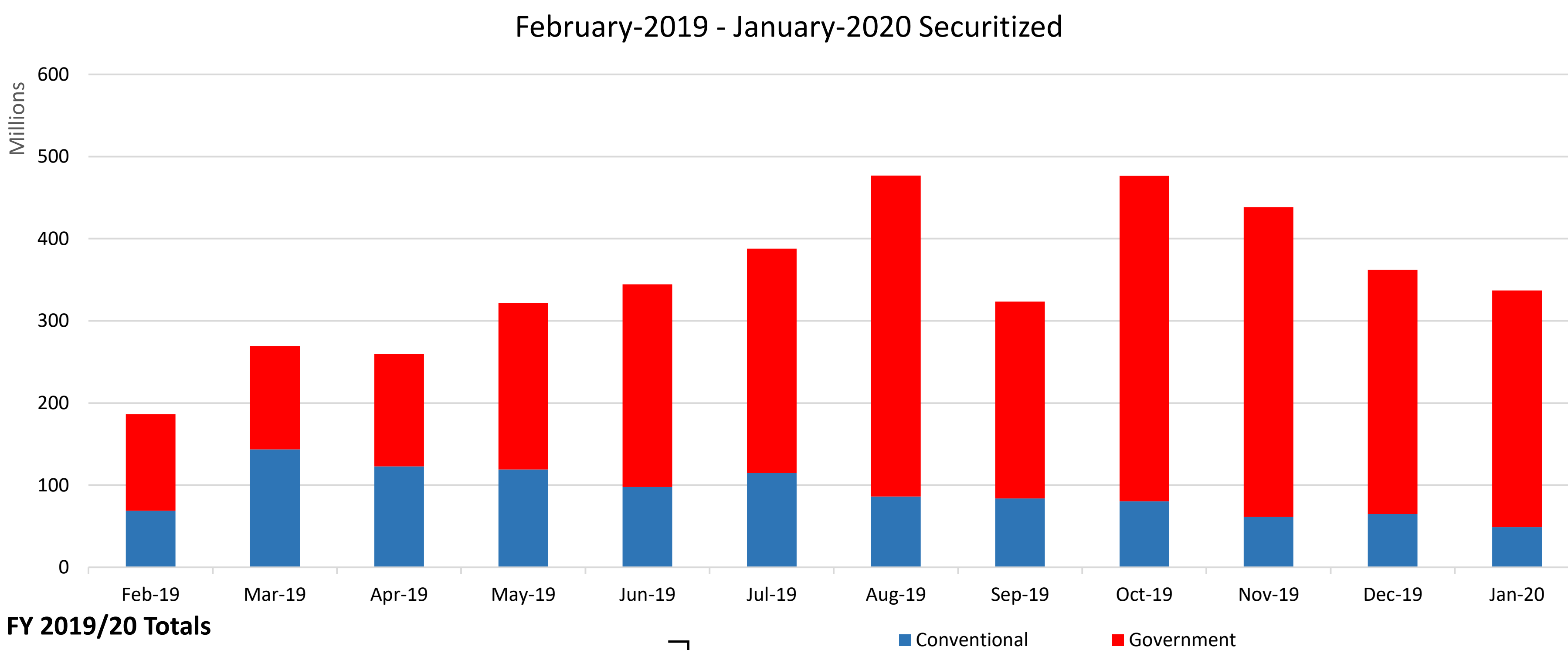
Totals:

February 2018 - January 2019 = 12984
February 2019 - January 2020 = 16087

1st Mtg. Reservations February 2018 - January 2019
1st Mtg. Reservations February 2019 - January 2020

Expecting high volume of securitization

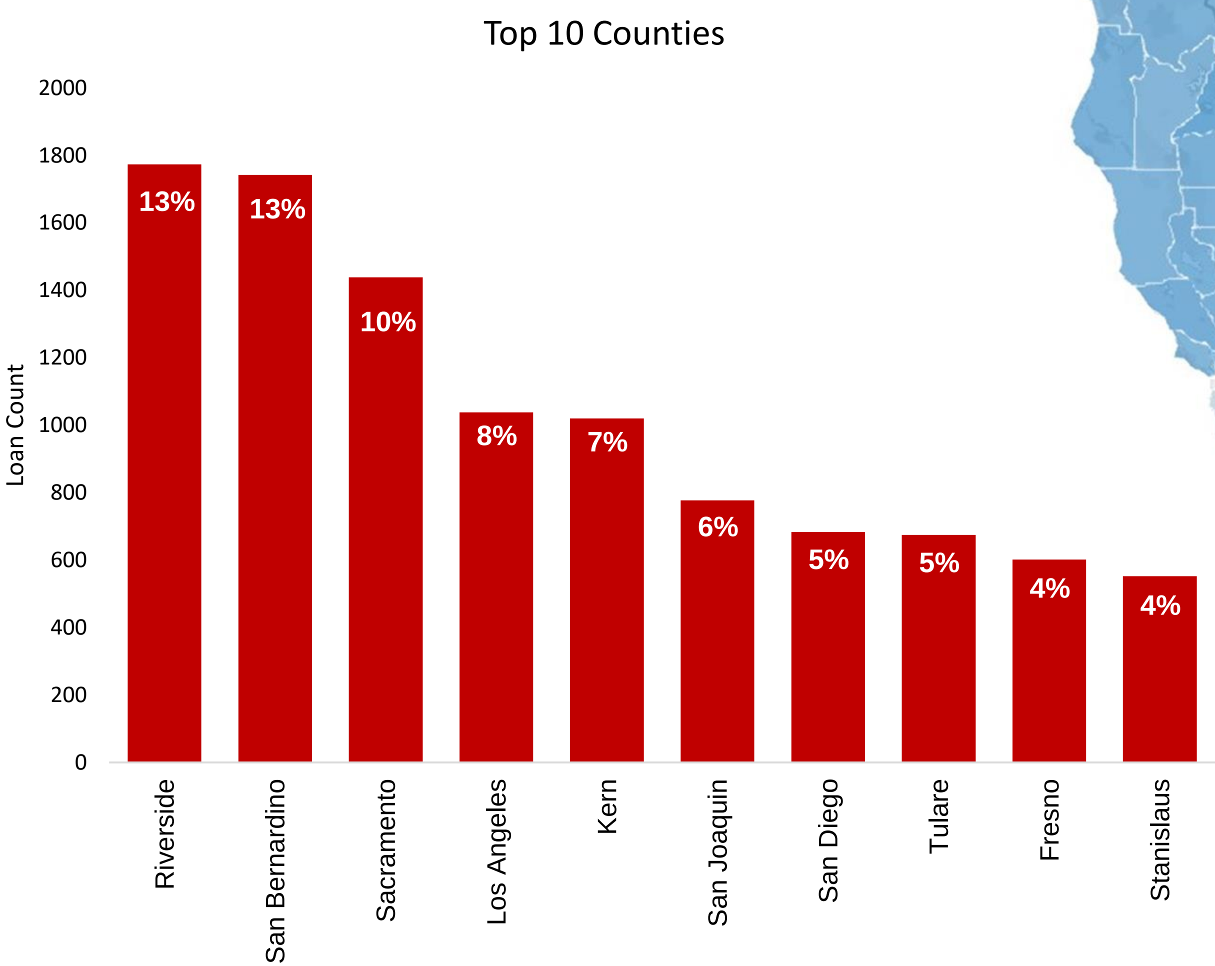
TOC 109

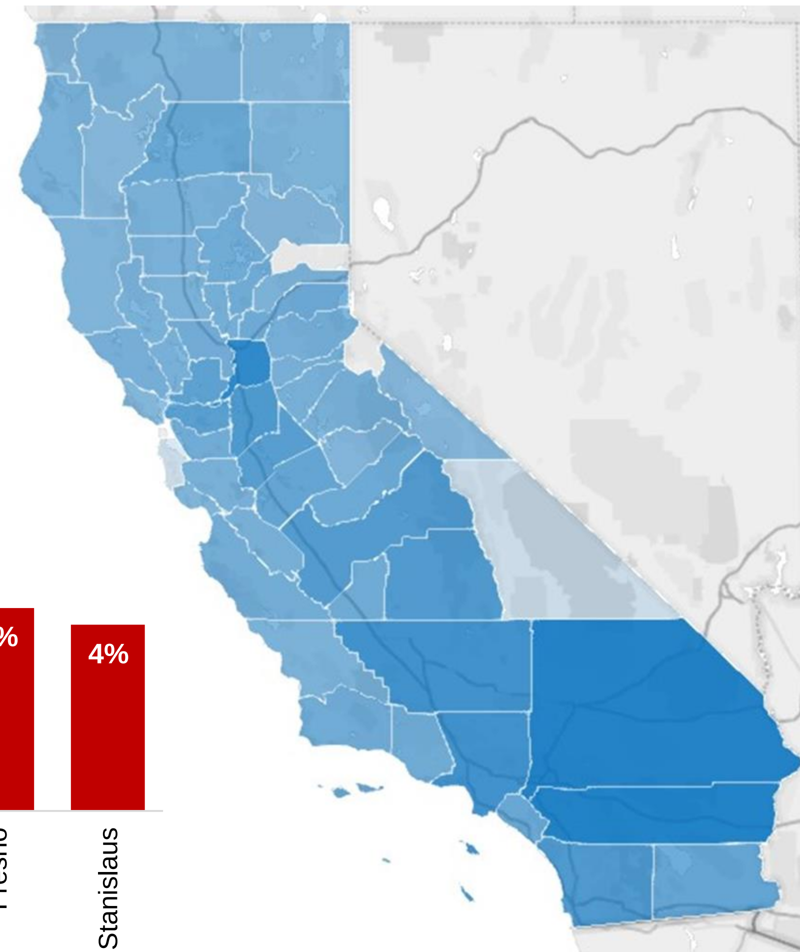


FY 2019/20 Totals

FHA with ZIP	**6221**	**1,935,934,469**	**81%**
FHA no ZIP	**1068**	**314,260,244**	
VA	**35**	**12,379,531**	
USDA	**8**	**1,829,289**	
Conventional with ZIP	**412**	**141,320,158**	
Conventional no ZIP	**444**	**160,143,793**	**19%**
LE Conventional with ZIP	**603**	**170,175,881**	
LE Conventional no ZIP	**234**	**68,497,440**	
	9025	**2,804,540,805**	

Where are our borrowers?





State of California

M E M O R A N D U M

To: Board of Directors Date: February 28, 2020

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

Subject: UPDATE OF CONDUIT ISSUANCE PROGRAM

The CalHFA Conduit Issuer Program (Conduit 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 program 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.

The Strategic Business Plan and Operating Budget for FY 19-20 estimated $320.7 million.

Actual conduit issuance amount for FY 19-20 is $425.9 million. The breakdown between tax-exempt and taxable bond issuance is as follows:

- Tax-Exempt Conduit Issuance: $422 Million
- Taxable Conduit Issuance: $3.9 Million

FY 2019-20 Pipeline as of February 28, 2020

Conduit Program - FY 19-20:								
	Project Name	**Underwriting Type**	**City**	**Project Type**	**Units**	**Closing Date**	**Tax Exempt Loan Amount**	**Taxable Loan Amount**
Conduit Pool Securitization Program								
1	2019-1 Class A & X Certificates	Conduit - Citi	Various	Various	1,771	8/7/2019	$171,632,062	-
2	2019-2 Class A & B Certificates	Conduit - Citi	Various	Various	5,426	12/19/2019	$464,582,495	-
					1,771		$636,214,557	-
Multifamily Conduit Transactions								
(Closed)								
3	Walnut Windmere	Conduit - Reg Only	Davis	Family	136	10/15/2019	$17,750,000	$1,000,000.00
4	Blackstone McKinley TOD	Conduit - PTO	Fresno	Family	88	11/6/2019	$29,050,000	$1,760,000.00
5	Noble Tower Apts	Conduit - Reg Only	Oakland	Family	195	11/15/2019	$74,000,000	-
6	Market St - Supplemental	Conduit - PTO	Redding	Family	-	11/21/2019	$5,505,227	-
7	Arena Senior Apts	Conduit - MIP	Sacramento	Senior	240	12/17/2019	$35,770,000	-
8	Bermuda Gardens	Conduit - Reg Only	San Leandro	Family	80	12/19/2019	$22,500,000	$1,121,311.00
9	Villa Valley Apartments	Conduit - Reg Only	Los Angeles	Senior	146	12/23/2019	$41,605,000	-
10	Bernal Dwellings	Conduit - PTO	San Francisco	Family	160	12/24/2019	$58,425,000	-
11	Woodlake Terrace	Conduit - PTO	Woodlake	Family	31	1/16/2020	$8,600,000	-
12	Golden West Tower	Conduit - Reg Only	Torrance	Senior	180	1/23/2020	$71,000,000	-
13	Longshore Cove Apts	Conduit - Reg Only	Vallejo	Family/Senior	236	1/23/2020	$44,000,000	-
14	Stone Pine Meadow	Conduit - PTO	Tracy	Family	72	1/23/2020	$13,842,000	-
					1,564		$ 422,047,227	$ 3,881,311
(In Process to Close)								
15	Granite Pointe Apts	Conduit - Reg Only	Oakland	Individuals/Families	99	03/19/2020	$24,300,000	-
16	Glen Loma Ranch	Conduit - MIP	Gilroy	Individuals/Families	158	04/02/2020	$48,000,000	$27,000,000
17	Village at Burlingame	Conduit - MIP	Burlingame	Family/Senior	132	04/02/2020	$68,000,000	$24,000,000
18	Coldstream Commons	Conduit - Reg Only	Truckee	Individuals/Families	48	04/03/2020	$18,000,000	-
19	Santa Ana Towers	Conduit - Reg Only	Santa Ana	Senior	200	04/16/2020	$54,000,000	-
20	CCBA Senior Garden Apts	Conduit - Reg Only	San Diego	Senior	45	04/29/2020	$10,000,000	-
21	Doragon at Chinatown	Conduit - PTO	Fresno	Family	57	05/01/2020	$20,156,880	-
22	Meadow View Place	Conduit - Reg Only	Truckee	Individuals/Families	56	05/01/2020	$18,000,000	-
23	Sepulveda Apartments	Conduit - MIP	Los Angeles	Individuals/Families	356	06/01/2020	$90,000,000	$8,000,000
24	Hayes Valley South	Conduit - PTO	San Francisco	Family	110	06/01/2020	$50,085,000	
25	Revolve	Conduit - Reg Only	Sacramento	Individuals/Families	332	06/01/2020	$85,000,000	-
26	Valencia Point	Conduit - MIP & PTO	San Diego	Individuals/Families	96	06/10/2020	$25,439,115	-
27	Antioch Senior & Family Apts	Conduit - MIP & PTO	Antioch	Family/Senior	394	06/25/2020	$83,468,371.00	$43,357,367.00
28	Hayward Mission Apts	Conduit - MIP	Hayward	Family/Senior	140	06/30/2020	$40,700,000	$15,800,000
29	Twin Oaks Senior Apts	Conduit - MIP	Oakley	Senior	130	06/30/2020	$37,836,000	-
					2,353		$ 672,985,366	$ 118,157,367
(Submitted to CDLAC - Have not received allocation yet)								
April 14, 2020 CDLAC Meeting- CDLAC Due 1/17/20								
30	Courtyards at Kimball	Conduit - MIP	National City	Individuals/Families	131	05/06/2020	$48,000,000	$22,000,000
31	The Redwood Apartments	Conduit - MIP & PTO	Santa Rosa	Individuals/Families	96	05/06/2020	$24,000,000	$10,000,000
32	Light Tree Two	Conduit - Reg Only	East Palo Alto	Individuals/Families	71	05/15/2020	$55,785,000	$28,212,853
33	Light Tree Three	Conduit - Reg Only	East Palo Alto	Individuals/Families	57	05/15/2020	$24,642,500	$4,622,741
34	Heritage Common Phase III	Conduit - Reg Only	Dixon	Individuals/Families	44	05/19/2020	$7,000,000	-
35	Douglas Park Apts	Conduit - Reg Only	Compton	Individuals/Families	72	06/03/2020	$19,400,000	$3,600,000
36	Ridgeview Commons	Conduit - Reg Only	Pleasanton	Individuals/Families	200	06/15/2020	$44,333,758	-
37	1717 S Street	Conduit - MIP	Sacramento	Individuals/Families	112	08/17/2020	$39,140,517	$15,389,362
38	Hope on Avalon	Conduit - Reg Only	Los Angeles	Individuals/Families	88	07/01/2020	$27,926,322	-
39	1322 O Street	Conduit - Reg Only	Sacramento	Family/Senior	45	07/02/2020	$8,699,564	$721,895
40	The Parkway Apartments	Conduit - MIP & PTO	Folsom	Individuals/Families	72	07/07/2020	$16,800,000	$2,200,000
41	Beacon Villa	Conduit - MIP & PTO	Pittsburg	Individuals/Families	54	07/21/2020	$19,000,000	$8,000,000
42	Arden Way Apartments	Conduit - MIP & PTO	Sacramento	Individuals/Families	120	08/01/2020	$26,466,000	$12,493,230
43	833 Bryant Street Apartments	Conduit - Reg Only	San Francisco	Individuals/Families	146	08/15/2020	$38,930,000	-
44	Santa Rosa Avenue Apartments	Conduit - MIP & PTO	Sana Rosa	Individuals/Families	154	08/14/2020	$39,700,000	$16,750,000
45	The Atchison	Conduit - MIP & PTO	Pittsburg	Individuals/Families	202	08/21/2020	$47,100,000	$22,700,000
46	Kawana Springs Apartments	Conduit - MIP & PTO	Santa Rosa	Individuals/Families	151	08/28/2020	$38,250,000	$15,250,000
47	One Lake Family Apartments	Conduit - MIP & PTO	Fairfield	Individuals/Families	190	09/01/2020	$45,500,000	$17,400,000
48	Fancher Creek Senior Apartments	Conduit - MIP & PTO	Fresno	Senior	180	09/15/2020	$21,237,358	-
49	Frishman Hollow II	Conduit - MIP & PTO	Truckee	Individuals/Families	68	09/15/2020	$17,000,000	$7,000,000
					2,253		$ 608,911,019	$ 186,340,081

Upcoming Closings as of February 28, 2020

Conduit Program - FY19-20:

Q3 - 01/01/2020 - 03/31/2020

Project Name	Underwriting Type	City	Project Type	Units	Closing Date	Tax Exempt Loan Amount	Taxable Loan Amount
Granite Pointe Apts	Conduit - Reg Only	Oakland	Individuals/Families	99	03/19/2020	$24,300,000	-
				99		$ 24,300,000	$ -

Q4 - 04/01/2020 - 06/30/2020

Project Name	Underwriting Type	City	Project Type	Units	Closing Date	Tax Exempt Loan Amount	Taxable Loan Amount
Glen Loma Ranch	Conduit - MIP	Gilroy	Individuals/Families	158	04/02/2020	$48,000,000	$27,000,000
Village at Burlingame	Conduit - MIP	Burlingame	Family/Senior	132	04/02/2020	$68,000,000	$24,000,000
Coldstream Commons	Conduit - Reg Only	Truckee	Individuals/Families	48	04/03/2020	$18,000,000	-
Santa Ana Towers	Conduit - Reg Only	Santa Ana	Senior	200	04/16/2020	$54,000,000	-
CCBA Senior Garden Apts	Conduit - Reg Only	San Diego	Senior	45	04/29/2020	$10,000,000	-
Doragon at Chinatown	Conduit - PTO	Fresno	Family	57	05/01/2020	$17,204,343	-
Meadow View Place	Conduit - Reg Only	Truckee	Individuals/Families	56	05/01/2020	$18,000,000	-
Courtyards at Kimball	Conduit - MIP	National City	Individuals/Families	131	05/06/2020	$48,000,000	$22,000,000
The Redwood Apartments	Conduit - MIP & PTO	Santa Rosa	Individuals/Families	96	05/06/2020	$24,000,000	$10,000,000
Light Tree Two	Conduit - Reg Only	East Palo Alto	Individuals/Families	71	05/15/2020	$55,785,000	$28,212,853
Light Tree Three	Conduit - Reg Only	East Palo Alto	Individuals/Families	57	05/15/2020	$24,642,500	$4,622,741
Heritage Common Phase III	Conduit - Reg Only	Dixon	Individuals/Families	44	05/19/2020	$7,000,000	-
Hayes Valley South	Conduit - PTO	San Francisco	Family	110	06/01/2020	$50,085,000	
Sepulveda Apartments	Conduit - MIP	Los Angeles	Individuals/Families	356	06/01/2020	$90,000,000	$8,000,000
Revolve	Conduit - Reg Only	Sacramento	Individuals/Families	332	06/01/2020	$85,000,000	-
Douglas Park Apts	Conduit - Reg Only	Compton	Individuals/Families	72	06/03/2020	$19,400,000	$3,600,000
Valencia Point	Conduit - MIP & PTO	San Diego	Individuals/Families	96	06/10/2020	$25,439,115	-
Ridgeview Commons	Conduit - Reg Only	Pleasanton	Individuals/Families	200	06/15/2020	$44,333,758	-
Antioch Senior & Family Apts	Conduit - MIP & PTO	Antioch	Family/Senior	394	06/25/2020	$83,468,371.00	$43,357,367.00
Hayward Mission Apts	Conduit - MIP	Hayward	Family/Senior	140	06/30/2020	$40,700,000	$15,800,000
Twin Oaks Senior Apts	Conduit - MIP	Oakley	Senior	130	06/30/2020	$37,836,000	-
				2,925		$ 868,894,087	$ 186,592,961

Conduit Program - FY20-21:

Q1 - 07/01/2020 - 09/30/2020

Project Name	Underwriting Type	City	Project Type	Units	Closing Date	Tax Exempt Loan Amount	Taxable Loan Amount
Hope on Avalon	Conduit - Reg Only	Los Angeles	Individuals/Families	88	07/01/2020	$27,926,322	-
Courtyards at Cottonwood	Conduit - Reg Only	Moreno Valley	Individuals/Families	81	07/01/2020	$18,000,000.00	$4,665,434.00
1322 O Street	Conduit - Reg Only	Sacramento	Family/Senior	45	07/02/2020	$8,699,564	$721,895
The Parkway Apartments	Conduit - MIP & PTO	Folsom	Individuals/Families	72	07/07/2020	$16,800,000	$2,200,000
Beacon Villa	Conduit - MIP & PTO	Pittsburg	Individuals/Families	54	07/21/2020	$19,000,000	$8,000,000
Lakehouse Commons Affordable A	Conduit - PTO	Oakland	Family	91	07/30/2020	$38,215,000	$8,179,371
Arden Way Apartments	Conduit - MIP & PTO	Sacramento	Individuals/Families	120	08/01/2020	$26,466,000	$12,493,230
Encanto Gateway	Conduit - MIP	San Diego	Individuals/Families	65	08/12/2020	$23,099,141	
Santa Rosa Avenue Apartments	Conduit - MIP & PTO	Sana Rosa	Individuals/Families	154	08/14/2020	$39,700,000	$16,750,000
833 Bryant Street Apartments	Conduit - Reg Only	San Francisco	Individuals/Families	146	08/15/2020	$38,930,000	-
1717 S Street	Conduit - MIP	Sacramento	Individuals/Families	112	08/17/2020	$39,140,517	$15,389,362
Vintage at Woodman	Conduit - MIP	Los Angeles	Senior	213	08/20/2020	$45,000,000	
The Atchison	Conduit - MIP & PTO	Pittsburg	Individuals/Families	202	08/21/2020	$47,100,000	$22,700,000
Kawana Springs Apartments	Conduit - MIP & PTO	Santa Rosa	Individuals/Families	151	08/28/2020	$38,250,000	$15,250,000
One Lake Family Apartments	Conduit - MIP & PTO	Fairfield	Individuals/Families	190	09/01/2020	$45,500,000	$17,400,000
Fancher Creek Senior Apartments	Conduit - MIP & PTO	Fresno	Senior	180	09/15/2020	$21,237,358	-
Frishman Hollow II	Conduit - MIP & PTO	Truckee	Individuals/Families	68	09/15/2020	$17,000,000	$7,000,000
				2,032		$ 510,063,902	$ 130,749,292

Q2 - 10/01/2020 - 12/31/2020

Project Name	Underwriting Type	City	Project Type	Units	Closing Date	Tax Exempt Loan Amount	Taxable Loan Amount
Gateway Apartments	Conduit - PTO	Menlo Park	Individuals/Families	140	10/01/2020	$61,915,000.00	$29,632,957.00
				140		$ 61,915,000	$ 29,632,957

State of California

M E M O R A N D U M

To: CALIFORNIA HOUSING FINANCE AGENCY BOARD OF DIRECTORS

Date: March 17, 2020

From: **CALIFORNIA HOUSING FINANCE AGENCY**
Francesc Martí, Director of Legislation

Subject: LEGISLATIVE UPDATE

Any 2019 bill still alive and hoping to progress this legislative session had to pass their house of origin by January 31, 2020. The most significant news on that deadline was the demise on the Senate floor of Senator Wiener's SB 50, which would have up zoned large parts of California. On February 21, the Legislature faced a new deadline: the last day to introduce new bills for 2020. In the rush to meet this cutoff, approximately 150 housing-related bills were introduced. While we see many of the recurring themes of past years, this year brings an even greater focus on combating and preventing homelessness, streamlining and making more efficient the operations of housing agencies, containing costs, and mitigating impact fees. There are also several bills aimed at increasing production, including SB 3107 by Assembly Member Bloom which would allow residential projects in commercially zoned areas if 20% of the units are for low-income households. The next filter will be applied in May when committees must report out bills in their house of origin (May 1 for non-fiscal bills and May 15 for fiscal bills). Bills need to pass their house of origin by May 31. Included here is a non-exhaustive list of recently introduced housing bills.

AB 1845 **(Rivas, Luz D) Homelessness: Office to End Homelessness.**
Introduced: 1/6/2020
Status: 1/17/2020-Referred to Com. on H. & C.D.
Location: 1/17/2020-A. H. & C.D.

Summary: Would create, within the Governor's office, the Governor's Office to End Homelessness, which would be administered by the Secretary on Housing Insecurity and Homelessness appointed by the Governor. The bill would require that the office serve the Governor as the lead entity for ending homelessness in California and would task the office with coordinating the various federal, state, and local departments and agencies that provide housing and services to individuals experiencing homelessness or at risk of homelessness.

AB 1905 (Chiu D) Housing and Homeless Response Fund: personal income taxation: mortgage interest deduction

Introduced: 1/8/2020
Status: 1/30/2020-Referred to Coms. on H. & C.D. and REV. & TAX.
Location: 1/30/2020-A. H. & C.D.

Summary: Lowers amount taxpayer can claim in mortgage interest tax deductions on primary home and eliminates it for second home, money saved is used for homelessness programs.

AB 1907 (Santiago D) California Environmental Quality Act: emergency shelters: supportive and affordable housing: exemption

Introduced: 1/8/2020
Status: 1/30/2020-Referred to Coms. on NAT. RES. and H. & C.D.
Location: 1/30/2020-A. NAT. RES.

Summary: Allows public agencies that provide affordable housing and emergency shelters exemption from some CEQA requirements.

AB 1924 (Grayson D) Housing development: fees

Introduced: 1/14/2020
Status: 1/23/2020-Referred to Coms. on L. GOV. and H. & C.D.
Location: 1/23/2020-A. L. GOV.

Summary: Requires fee imposed on housing developments by localities to be proportionate to square footage of the unit.

AB 2058 (Gabriel D) Income taxes: credits: low-income housing
Introduced: 2/4/2020
Status: 2/14/2020-Referred to Com. on REV. & TAX.
Location: 2/14/2020-A. REV. & TAX

Summary: Creates a $500M Affordable Housing Preservation Tax Credit to preserve approximately 25,000 units of subsidized housing that would otherwise convert to market rate rents over next 5 years, according to the author.

AB 2063 **(Mullin D)** **Property taxation: welfare exemption: low-income housing.**
Introduced: 2/4/2020
Status: 2/14/2020-Referred to Com. on REV. & TAX.
Location: 2/14/2020-A. REV. & TAX

Summary: Decreases the percentage of occupants that are lower income households required to qualify for welfare exemption from 90% to 50%, increases total exemption amount from $20M to $100M, and cancels any taxes levied between Jan 1, 2019 - Jan 1, 2020 on qualified properties.

AB 2078 **(Calderon D)** **Housing development**

Introduced: 2/5/2020
Status: 2/6/2020-From printer. May be heard in committee March 7.
Location: 2/5/2020-A. PRINT

Summary: States the legislature intends to enact legislation that allows CalHFA to loan money to affordable housing developers at commercial market rates.

AB 2329 **(Chiu D)** **Homelessness: statewide needs and gaps analysis**

Introduced: 2/14/2020
Status: 2/24/2020-Referred to Com. on H. & C.D.
Location: 2/24/2020-A. H. & C.D.

Summary: Would, upon appropriation by the Legislature, require the Homeless Coordinating and Financing Council to conduct, or contract with an entity to conduct, a statewide needs and gaps analysis to identify, among other things, state programs that provide housing or services to persons experiencing homelessness and funding required to move persons experiencing homelessness into permanent housing. The bill would authorize local governments to collaborate with the coordinating council upon the above-mentioned appropriation. The bill would also require the council to seek input from the coordinating council's members on the direction of, design of data collection for, and items to be included in the statewide needs and gaps analysis. The bill would require the council to report on the analysis to specified committees in the Legislature by July 31, 2021.

AB 2344 **(Gonzalez D)** **Housing: affordable and market rate units**

Introduced: 2/18/2020
Status: 2/24/2020-Referred to Com. on H. & C.D.
Location: 2/24/2020-A. H. & C.D.

Summary: Prohibits mixed-income developments from isolating the affordable housing units with the structure to a specific floor or area within the structure.

AB 2345 (Gonzalez D) Planning and zoning: density bonuses: affordable housing

Introduced: 2/18/2020
Status: 2/24/2020-Referred to Coms. on H. & C.D. and L. GOV.
Location: 2/24/2020-A. H. & C.D.

Summary: Revises existing Density Bonus law by reducing the percent of very low income households needed in a housing development to receive 3 incentives or concessions for the project from 15% to 12%. Would also authorize developers to receive 4 to 5 incentives or concessions for projects in which greater percentages of total units are for lower income, very low income, or moderate income households.

AB 2406 (Wicks D) Rental Registry Online Portal

Introduced: 2/18/2020
Status: 2/19/2020-From printer. May be heard in committee March 20.
Location: 2/18/2020-A. PRINT

Summary: Requires HCD to contract with a contractor to create and administer an online rental registry portal for landlords that own or operate 5 or more rental dwellings regarding residential tenancies and to make that info public.

AB 2408 (Grayson D) Reverse mortgages: notifications

Introduced: 2/18/2020
Status: 2/24/2020-Referred to Com. on B. & F.
Location: 2/24/2020-A. B. & F.

Summary: Current state law regulates reverse mortgage loans and requires a lender to refer a prospective borrower to a housing counseling agency, as specified, and prohibits a lender from accepting a final and complete application for a reverse mortgage loan or assessing any fees without receiving certification, as specified, that the borrower has received loan counseling. Current law also prohibits a lender from taking a reverse mortgage application before having provided an applicant, prior to meeting with a counseling agency, a specified disclosure notice and checklist that address various aspects of reverse mortgages. This bill would add provisions to the reverse mortgage disclosure notice and checklist, as described above, addressing the status of a nonborrower spouse, the effect of a borrower's death or permanent relocation from the home, and the effect of specified home improvement loans.

AB 2493 (Choi R) Income tax credits: Homelessness Prevention Pilot Act of 2021

Introduced: 2/19/2020
Status: 2/20/2020-From printer. May be heard in committee March 21.
Location: 2/19/2020-A. PRINT

Summary: Allows a credit against taxes imposed from Personal and Corporation Income Tax laws in an amount equal to $500 for each qualified property owned by the taxpayer, not to exceed $2,000 per year.

AB 2506 (Irwin D) State of California Housing Agency Act

Introduced: 2/19/2020
Status: 2/20/2020-From printer. May be heard in committee March 21.
Location: 2/19/2020-A. PRINT

Summary: Would enact the State of California Housing Agency Act and, as of July 1, 2021, would separate the Business, Consumer Services, and Housing Agency into the Business and Consumer Services Agency and the Housing Agency. The bill would provide that the Business and Consumer Services Agency consists of the Department of Consumer Affairs, the Department of Fair Employment and Housing, the Department of Business Oversight, the Department of Alcoholic Beverage Control, the Alcoholic Beverage Control Appeals Board, the California Horse Racing Board, and the Alfred E. Alquist Seismic Safety Commission. The bill would rename the Secretary of Business, Consumer Services, and Housing as the Secretary of Business and Consumer Services.

AB 2534 (Quirk-Silva D) Legislative Task Force on the California Master Plan on Home Ownership

Introduced: 2/19/2020
Status: 2/20/2020-From printer. May be heard in committee March 21.
Location: 2/19/2020-A. PRINT

Summary: Would establish the Legislative Task Force on the California Master Plan on Home Ownership, consisting of 11 members, as provided. The bill would require the task force to consider and evaluate current impediments to increasing the rate of home ownership for Californians and, no later than March 31, 2021, to develop a final report that includes specified information and recommendations and submit that report to the Legislature. The bill would require the Department of Housing and Community Development to provide technical support and administrative assistance to the task force and collaborate in the preparation of the final report.

AB 2579 (Jones-Sawyer D) Home improvement and repair

Introduced: 2/20/2020
Status: 2/21/2020-From printer. May be heard in committee March 22.
Location: 2/20/2020-A. PRINT

Summary: Would express the intent of the Legislature to enact legislation that would provide loans and grants to homeowners in disadvantaged communities for the purpose of home improvement and repair.

AB 2580 (Eggman D) Conversion of motels and hotels: streamlining

Introduced: 2/20/2020
Status: 2/21/2020-From printer. May be heard in committee March 22.
Location: 2/20/2020-A. PRINT

Summary: Would authorize a development proponent to submit an application for a development for the conversion of a structure with a certificate of occupancy as a motel, hotel, or commercial use into multifamily housing units to be subject to a streamlined, ministerial approval process, provided that development proponent reserves at least 20% of the proposed housing units for persons and families of low or moderate income. The bill would require a local government to notify the development proponent in writing if the local government determines that the development conflicts with any of those objective standards within 30 days of the application being submitted; otherwise, the development would be deemed to comply with those standards.

AB 2662 (Rubio, Blanca D) Affordable housing cost study

Introduced: 2/20/2020
Status: 2/21/2020-From printer. May be heard in committee March 22.
Location: 2/20/2020-A. PRINT

Summary: Would require the California Tax Credit Allocation Committee, the Department of Housing and Community Development, the California Housing Finance Agency, and the California Debt Limit Allocation Committee to conduct an affordable housing cost study that measures the factors that influence the cost of building affordable housing, breaks down total development costs for affordable housing, and enables the state to maximize resources allocated for affordable housing. The bill would require the study to consider data from projects that have received funding from the various programs and funding sources described above. The bill would require the development of the cost study only as existing resources permit without restructuring funding priorities, or as private resources are made available.

AB 2743 (McCarty D) California School Employee Housing Assistance Pilot Program

Introduced: 2/20/2020
Status: 2/21/2020-From printer. May be heard in committee March 22
Location: 2/20/2020-A. PRINT

Summary: Current law, the Teacher Housing Act of 2016, authorizes a school district to establish and implement programs that address the housing needs of teachers and school district employees who face challenges in securing affordable housing, as provided. This bill, upon appropriation in the annual Budget Act, would require HCD, in collaboration with the State Department of Education, to administer a competitive grant program to provide planning grants of up to $100,000 each to up to 10 qualified school districts, as defined, that partner with a developer to provide affordable school employee rental housing, as defined, to be used for specified purposes in connection with an affordable school employee rental housing project.

AB 2763 (Bloom D) Housing: relocation assistance

Introduced: 2/20/2020
Status: 2/21/2020-From printer. May be heard in committee March 22.
Location: 2/20/2020-A. PRINT

Summary: Current law provides for relocation assistance for persons subject to possible displacement as a result of projects undertaken by a public entity. Current law defines terms for purposes of these provisions, including defining a "public entity" to include, among others, the state, the Regents of the University of California, a county, city, or district, various other political subdivisions, and any person who has the authority to acquire property by eminent domain. This bill would expand that definition to include an entity utilizing low-income housing credits for the purposes of acquiring or rehabilitating a property already occupied by residential tenants.

AB 2765 (O'Donnell D) Public works: prevailing wages

Introduced: 2/20/2020
Status: 2/21/2020-From printer. May be heard in committee March 22
Location: 2/20/2020-A. PRINT

Summary: Current law defines "public works," for the purposes of regulating public works contracts, as, among other things, construction, alteration, demolition, installation, or repair work done under contract and paid for, in whole or in part, out of public funds. Current law further requires that, except as specified, not less than the general prevailing rate of per diem wages be paid to workers employed on public works and imposes misdemeanor penalties for a willful violation of this requirement. This bill would expand the definition of "public works," for the purposes of provisions relating to the prevailing rate of per diem wages, to also include any construction, alteration, demolition, installation, or repair work done under private contract on a project for a charter school, as defined, when the project is paid for, in whole or in part, with the proceeds of conduit revenue bonds, as defined, that were issued on or after January 1, 2021.

AB 2829 (Ting D) Property taxation: welfare exemption: rental housing: moderate-income Housing

Introduced: 2/20/2020
Status: 2/21/2020-From printer. May be heard in committee March 22.
Location: 2/20/2020-A. PRINT

Summary: Current property tax law, in accordance with the California Constitution, provides for a "welfare exemption" for property used exclusively for religious, hospital, scientific, or charitable purposes and owned or operated by certain types of nonprofit entities, if certain qualifying criteria are met. Under current property tax law, property that meets these requirements that is used exclusively for rental housing and related facilities is entitled to a partial exemption, equal to that percentage of the value of the property that is equal to the percentage that the number of units serving lower income households represents of the total number of residential units, in any year that any of certain criteria apply. This bill, on and after January 1, 2021, and before January 1, 2041, would provide a similar exemption for qualified property, as defined, that meets the requirements of the welfare exemption and that is used exclusively for rental housing and related facilities, equal to that percentage of the value of the property that is equal to the percentage that the number of units serving moderate-income households, as defined, represents of the total number of residential units.

AB 2837 (Quirk-Silva D) UNITY Act: affordable housing software
Introduced: 2/20/2020

Status: 2/21/2020-From printer. May be heard in committee March 22.
Location: 2/20/2020-A. PRINT

Summary: Would enact the UNITY Act (act), which requires the development of UNITY software for purposes of rapidly processing affordable housing applications on a single, shared platform, among other purposes. The bill would require, upon appropriation by the Legislature of no more than $5,000,000 in the Budget Act or other statute, a state agency to develop and implement, or procure a contract for a third party to develop and implement, UNITY software pursuant to the act. The bill would require the UNITY software to be developed in 3 phases, as described, within one year of appropriation by the Legislature.

AB 2843 (Chu D) Local employer affordable housing fees: Affordable Housing Assistance Fund

Introduced: 2/20/2020
Status: 2/21/2020-From printer. May be heard in committee March 22.
Location: 2/20/2020-A. PRINT

Summary: Would require a city, county, or city and county to collect an additional annual fee from any applicant for a local business license in an amount depending on the number of employees employed by the business, as specified. The bill would require the local entity to create a fund, entitled the "Affordable Housing Assistance Fund," in which the fees collected under these provisions would be deposited. The bill would require the moneys in the fund to be used for specified purposes, including first-time homebuyer programs, vouchers for individuals experiencing homelessness, funding and subsidizing affordable housing development projects, and rental assistance.

AB 2950 (Weber D) Affordable housing: alternative forms of development: model plan

Introduced: 2/21/2020
Status: 2/24/2020-Read first time.
Location: 2/21/2020-A. PRINT

Summary: Would require of Housing and Community Development to create a model plan for the use of alternative forms, as defined, of developing affordable housing for the purpose of substantially reducing the cost of a unit of affordable housing. The bill would require the model plan to be used in state agency decisions in all state-subsidized housing loan and grant programs. The bill would also require a local agency, nonprofit affordable housing sponsor, private entity, or individual that receives surplus state real property from the state to use the model plan to guide any housing development on that property.

AB 2988 (Chu D) Planning and zoning: supportive housing: number of units: emergency shelter zones

Introduced: 2/21/2020
Status: 2/24/2020-Read first time.
Location: 2/21/2020-A. PRINT

Summary: Under the Planning and Zoning Law, supportive housing, as defined, is a use by right in zones where multifamily and mixed uses are permitted if the developer provides the planning agency with a plan for providing supportive services and the proposed housing development meets specified criteria, including that the housing development consist of 50 units or fewer if it is located in an unincorporated area of a county or city that has a population of fewer than 200,000 and a population of persons experiencing homelessness of 1,500 or fewer. This bill would, additionally, make supportive housing a use by right in zones where emergency shelters are permitted.

AB 3101 **(Rubio, Blanca D) Personal income taxes: corporation taxes: credits: California New Markets Tax Credit**

Introduced: 2/21/2020
Status: 2/24/2020-Read first time.
Location: 2/21/2020-A. PRINT

Summary: Current federal law allows a New Markets Tax Credit to a taxpayer holding a qualified equity investment in an amount equal to the applicable percentage of the amount paid to the qualified community development entity for investment in low-income communities. The state Personal Income Tax Law and the Corporation Tax Law allow various credits against the taxes imposed by those laws. This bill would allow a California New Markets Tax Credit under the Personal Income Tax Law and the Corporation Tax Law, in modified conformity with the federal New Markets Tax Credit, for taxable years beginning on or after January 1, 2021, and before January 1, 2026, in a specified amount for investments in low-income communities.

AB 3107 **(Bloom D) Planning and zoning: general plan: housing development**

Introduced: 2/21/2020
Status: 2/24/2020-Read first time.
Location: 2/21/2020-A. PRINT

Summary: Would, notwithstanding any inconsistent provision of a city's or county's general plan, specific plan, zoning ordinance, or regulation, require that a housing development in which at least 20% of the units have an affordable housing cost or affordable rent for lower income households, as those terms are defined, be an allowable use on a site designated in any element of the general plan for commercial uses.

AB 3144 (Grayson D) Housing Cost Reduction Incentive Program

Introduced: 2/21/2020
Status: 2/24/2020-Read first time.
Location: 2/21/2020-A. PRINT

Summary: Would establish the Housing Cost Reduction Incentive Program, to be administered by the Department of Housing and Community Development, for the purpose of reimbursing cities, counties, and cities and counties for development impact fee waivers or reductions provided to qualified rental housing developments. Upon appropriation, the bill would require the department to provide grants to applicants in an amount equal to 50% of the amount of development impact fee waived or reduced for a qualified rental housing development by issuing a Notice of Funding Availability for each calendar year in which funds are made available for the program, as provided. The bill would require an applicant that receives a grant under the program to use those funds solely for those purposes for which the development impact fee that was waived or reduced would have been used.

AB 3145 (Grayson D) Local government: housing development projects: fees and exactions cap

Introduced: 2/21/2020
Status: 2/24/2020-Read first time.
Location: 2/21/2020-A. PRINT

Summary: Would prohibit a city or county from imposing a specified fee or exaction if the total dollar amount of the fees and exactions that a city or county would impose on a proposed housing development is greater than 12 percent of the city's or county's median home price unless approved by the Department of Housing and Community Development. The bill would authorize a city or county to seek approval from the department to impose a fee or an exaction that would result in the total dollar amount of fees and exactions exceeding that limitation by making a specified finding and submitting a completed application for a waiver.

AB 3148 (Chiu D) Planning and zoning: density bonuses: affordable housing: fee reductions

Introduced: 2/21/2020
Status: 2/24/2020-Read first time.
Location: 2/21/2020-A. PRINT

Summary: Would require a city, county, special district, water corporation, utility, or other local agency, except a school district, to reduce an impact fee or other charges imposed on the construction of a deed restricted affordable housing unit that is built pursuant to a density bonus, to amounts that are, depending on the affordability restriction on the unit, a specified percentage of the impact fee or other charge that would be imposed on a market rate unit within the development. The bill would exempt from these provisions units that are required to be affordable pursuant to a local inclusionary housing ordinance. The bill would define "impact fee" for purposes of these provisions. By imposing requirements on local agencies with respect to density bonuses, this bill would impose a state-mandated local program.

AB 3300 **(Santiago D) Homelessness: grant funds.**
Introduced: 2/21/2020
Status: 2/24/2020-Read first time.
Location: 2/21/2020-A. PRINT

Summary: Would appropriate, commencing with the 2020–21 fiscal year and every fiscal year thereafter, without regard to fiscal year, $2,000,000,000 from the General Fund to the Department of Housing and Community Development for the purpose of providing local jurisdictions and other specified entities with ongoing grant funds to sustain or expand efforts to address their immediate and long-term homelessness challenges. The bill would require $1,100,000,000 to be distributed to counties and continuums of care, $800,000,000 to be distributed to cities with a population of at least 300,000, and $100,000,000 to nonprofit housing developers for specified purposes relating to the provision of housing. The bill would require the method of allocation to be based on a formula that considers specified data.

ACA 22 **(Melendez R) Environmental quality: California Environmental Quality Act: housing projects: injunctions: exemptions**

Introduced: 2/20/2020
Status: 2/21/2020-From printer. May be heard in committee March 22.
Location: 2/20/2020-A. PRINT

Summary: Would prohibit a court, in granting relief in an action or proceeding brought under CEQA, from enjoining a housing project, as defined, unless the court finds that the continuation of the housing project presents an imminent threat to public health and safety or that the housing project site contains unforeseen important Native American artifacts or important historical, archaeological, or ecological values that would be materially, permanently, and adversely affected by the continuation of the housing project. The measure would, except as provided, prohibit the Legislature from enacting legislation to exempt projects from the requirements of CEQA unless the projects are housing projects, projects for the development of roadway infrastructure, or projects to address an emergency circumstance for which the Governor has declared a state of emergency.

SB 795 **(Beall D)** **Affordable Housing and Community Development Investment Program**

Introduced: 1/6/2020
Status: 1/15/2020-Referred to Coms. on GOV. & F., HOUSING, and ED.
Location: 1/15/2020-S. GOV. & F.

Summary: Would establish in state government the Affordable Housing and Community Development Investment Program, which would be administered by the Affordable Housing and Community Development Investment Committee. The bill would authorize a city, county, city and county, joint powers agency, enhanced infrastructure financing district, affordable housing authority, community revitalization and investment authority, transit village development district, or a combination of those entities, to apply to the Affordable Housing and Community Development Investment Committee to participate in the program and would authorize the committee to approve or deny plans for projects meeting specific criteria.

SB 933 **(Wilk R)** **Homeless Emergency Aid Program.**
Introduced: 2/6/2020
Status: 2/20/2020-Referred to Com. on RLS.
Location: 2/6/2020-S. RLS.
Summary: Current law establishes the Homeless Emergency Aid program for the purpose of providing localities with one-time flexible block grant funds to address their immediate homelessness challenges. Current law requires the Business, Consumer Services, and Housing Agency to administer the program in consultation with the Homeless Coordinating and Financing Council. This bill would make technical, nonsubstantive changes to these provisions.

SB 1015 **(Skinner D)** **Keep Californians Housed Assistance Fund**
Introduced: 2/14/2020
Status: 2/18/2020-From printer. May be acted upon on or after March 19.
Location: 2/14/2020-S. RLS.

Summary: Would establish in the State Treasury the Keep Californians Housed Assistance Fund and require the moneys in the fund, upon appropriation, to be made available to the Department of Housing and Community Development for rental assistance purposes. The bill would require the department to distribute funds to cities and administrative entities in the form of grants awarded on a competitive basis, as specified.

SB 1017 **(Portantino D) School facilities: proceeds from sale or lease of surplus property: affordable rental housing facilities**

Introduced: 2/14/2020
Status: 2/27/2020-Referred to Com. on ED.
Location: 2/27/2020-S. ED.

Summary: Current law exempts certain transactions from the requirements that otherwise apply to the sale or lease of real property by a school district if certain conditions are met, including that the financing proceeds obtained by the school district pursuant to the transaction are expended solely for capital outlay purposes, which are defined to include the construction, reconstruction, or renovation of rental housing facilities for school district employees. This bill would require rental housing facilities for school district employees funded by proceeds realized under this provision to be affordable.

SB 1030 **(Committee on Housing) Housing omnibus**

Introduced: 2/14/2020
Status: 2/27/2020-Referred to Com. on HOUSING.
Location: 2/27/2020-S. HOUSING

Summary: Current law requires each county and each city to make a central inventory of all surplus land, as defined, and certain lands in excess of its foreseeable needs, identified as provided, on or before December 31 of each year and to make a description of each parcel and its present use a matter of public record. Current law requires each county and each city to provide a list of its surplus land and excess land to, among other entities, a citizen upon request and without charge. This bill would revise this provision to instead require a county or city to provide a list of surplus land and excess land to an individual upon request and without charge.

SB 1079 **(Skinner D) Residential property warehousing**

Introduced: 2/19/2020
Status: 2/20/2020-From printer. May be acted upon on or after March 21.
Location: 2/19/2020-S. RLS.

Summary: Would authorize a city, county, or city and county to acquire a residential property within its jurisdiction by eminent domain if the property has been vacant for at least 90 days, the property is owned by a corporation or a limited liability company in which at least one member is a corporation, and the local agency provides just compensation to the owner based on the lowest assessment obtained for the property by the local agency. The bill would require the local agency that obtains residential property pursuant to these provisions to maintain the property and make the property available at affordable rent to persons and families of low or moderate income or sell it to a community land trust or housing sponsor, as specified.

SB 1088 (Rubio D) Housing: domestic violence survivors

Introduced: 2/19/2020
Status: 2/27/2020-Referred to Com. on RLS.
Location: 2/19/2020-S. RLS.

Summary: Would state the intent of the Legislature to enact legislation that would make a continuous appropriation of $10,000,000 in the Budget Act of 2020 dedicated to responding to the housing needs of domestic violence survivors, and would state the intent of the Legislature to enact legislation to make statutory changes to implement that appropriation.

SB 1201 (Jones R) Homelessness: state programs: Housing First

Introduced: 2/20/2020
Status: 2/21/2020-From printer. May be acted upon on or after March 22.
Location: 2/20/2020-S. RLS.

Summary: Current law requires agencies and departments administering state programs to adopt guidelines and regulations to incorporate core components of Housing First, as defined. Current law defines “state programs” for this purpose as any program a California state agency or department funds, implements, or administers for the purpose of providing housing or housing-based services to people experiencing homelessness or at risk of homelessness, except as provided. This bill, notwithstanding the requirement to adopt guidelines and regulations to incorporate core components of Housing First or any guidelines or regulations adopted pursuant to that requirement, would authorize an agency or department that administers a state program that has incorporated core components of Housing First to provide funding in accordance with the state program to housing that does not comply with Housing First.

SB 1230 (Umberg D) Community development financial institutions: grant program: income taxation: credits.

Introduced: 2/20/2020
Status: 2/21/2020-From printer. May be acted upon on or after March 22.
Location: 2/20/2020-S. RLS.

Summary: Would establish the Community Development Financial Institutions Grant Program, administered by GO-Biz, for the purpose of providing grants to qualified community development financial institutions. The bill would establish the Community Development Financial Institutions Grant Fund and, upon appropriation, require GO-Biz to award a grant to an eligible recipient, defined as a community development financial institution that meets specified criteria under the program, as provided. The bill would require, among other things, that an eligible recipient provide matching funds on a dollar-for-dollar basis with moneys received from private, nongovernmental sources.

SB 1360 (Caballero D) Home purchase assistance

Introduced: 2/21/2020
Status: 2/24/2020-From printer. May be acted upon on or after March 25. Read first time.
Location: 2/21/2020-S. RLS.

Summary: Current law establishes within the Department of Housing and Community Development, the California Housing Finance Agency and provides that the primary purpose of the agency is to meet the housing needs of persons and families of low or moderate income. This bill would state the intent of the Legislature to enact legislation that would create a program for first-time Homebuyers.

State of California

MEMORANDUM

To: Board of Directors
California Housing Finance Agency

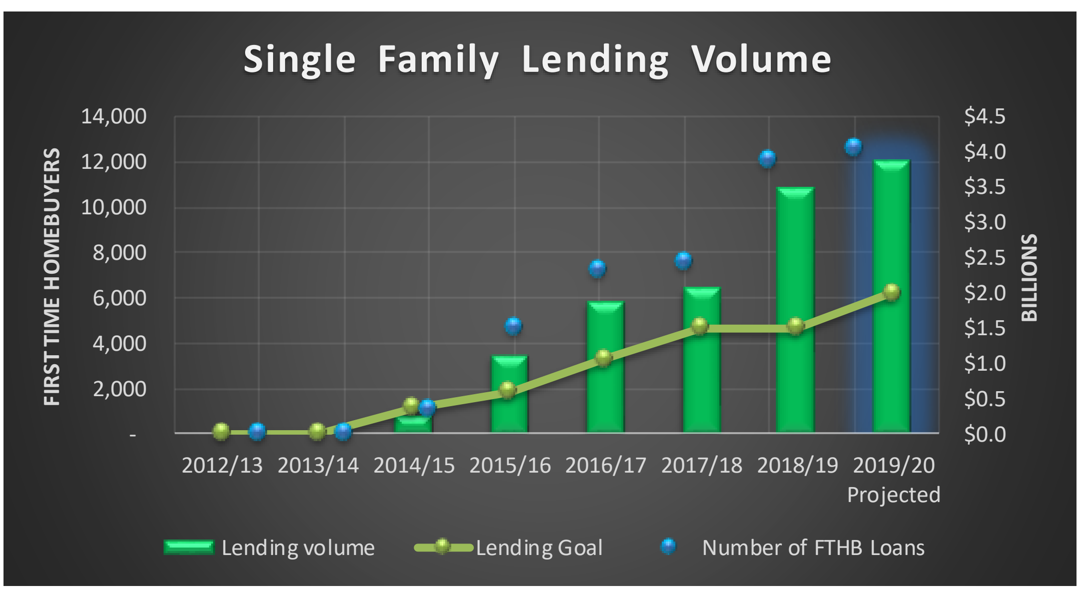
Date: March 17, 2020

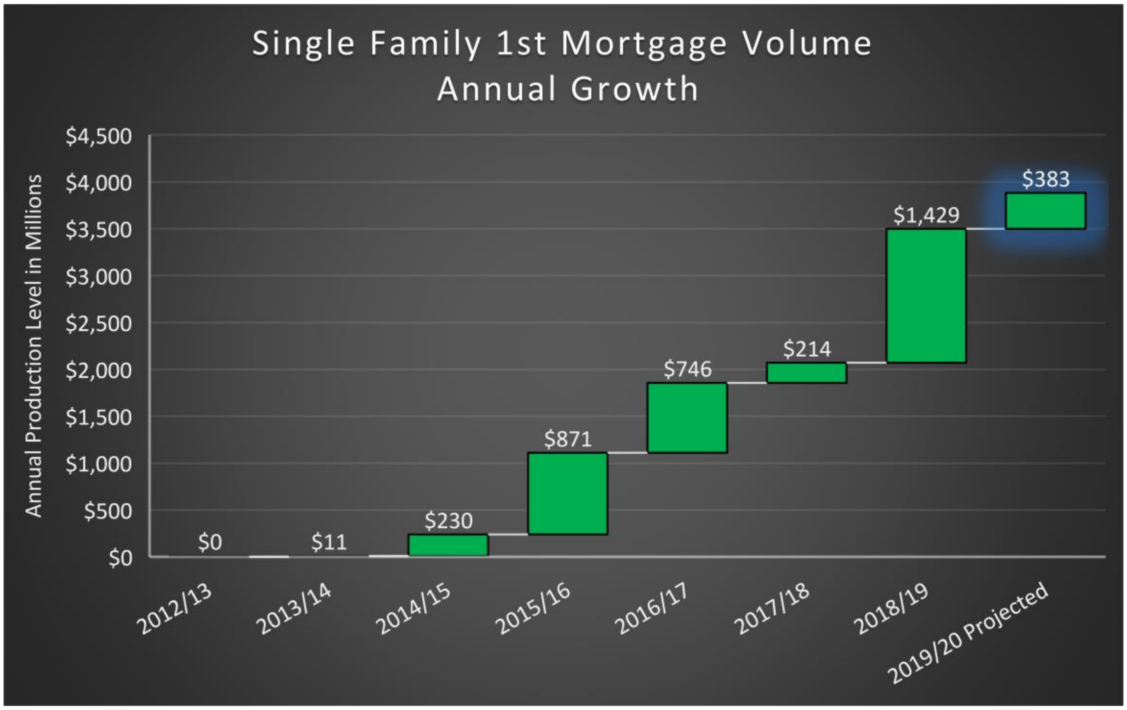
From: Donald Cavier, Chief Deputy Director
California Housing Finance Agency

Subject: MID-YEAR 2019-20 BUSINESS PLAN UPDATE

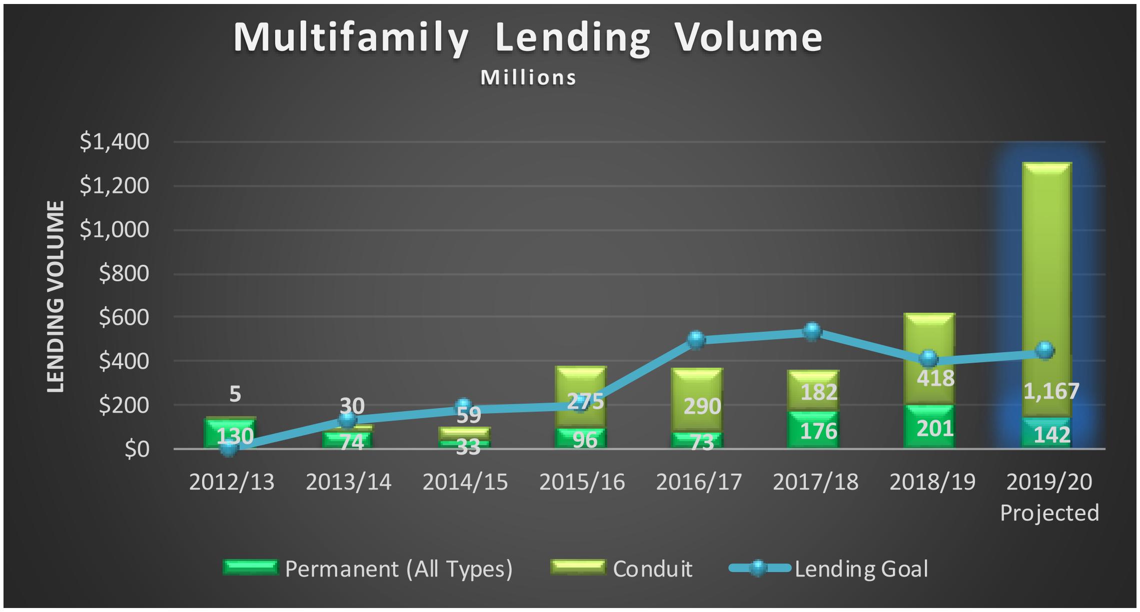
Background

In fiscal year 2018-19 CalHFA's Single Family lending program recorded the best year in the history of the organization for both loan volume and revenue generation, securitizing more than $3.5 billion dollars in 1st mortgage loan purchases and helping 12,050 first-time homebuyers. This fiscal year we expect to surpass that record-setting mark by approximately 8%. While one can never be completely confident of the factors driving demand, it is reasonable to conclude that lower interest rates have spurred purchase activity along with other programmatic changes that tend to pull demand forward ahead of the effective dates. Additionally, CalHFA's expanded menu of Single Family loan products, the speed with which we execute transactions, and our down payment and closing cost assistance programs provide a unique benefit for our lender network and for low- and moderate-income, first-time homebuyers. As a result, we believe our market share in California's first-time homebuyer space is continuing to increase.





Similarly, CalHFA's Multifamily lending program exceeded overall lending goals in fiscal year 2018-19, financing 3,412 affordable housing units with $619 million in financing activity. Furthermore, the ratio of permanent lending to short term conduit issuance also improved year-over-year with fiscal year 2018-19 marking a ten-year high in permanent lending activity with $201 million. For 2019-20, overall lending activity is exceeding expectations; however, mid-year actuals and projections for permanent lending activity reflects a temporary retraction compared with last year. The explanation is relatively simple. Multifamily transactions are multi-year efforts that can span anywhere between 18-24 months for an acquisition/rehabilitation transaction, to 24-36 months for a new construction transaction. CalHFA acts as a conduit bond issuer in the initial phase of the transaction but does not act as a construction lender. Our permanent lending products do not get deployed until the project is fully built and occupancy is stabilized. Fiscal year 2019-20 represents the residual pipeline sandwiched between the prior HUD-FFB lending, which is no longer available, and the 2019 rollout of our new Mixed-Income Program. As a result, the lion share of the production is conduit issuance which should convert to CalHFA permanent debt sometime in the next 24-36 months.



While both Single Family and Multifamily programs have progressed at distinctly different rates, each has made key infrastructure improvements that have positioned their respective programs for future growth and expansion. Single Family programs is further along in the process and their success is a testament to the benefits of making the hard decisions and difficult changes needed that align with the market to propel the program forward. Multifamily production will continue to grow over the next six years as SB2 funds and AB101 funds paired with State tax credits are deployed to jump start new mixed-income development throughout California.

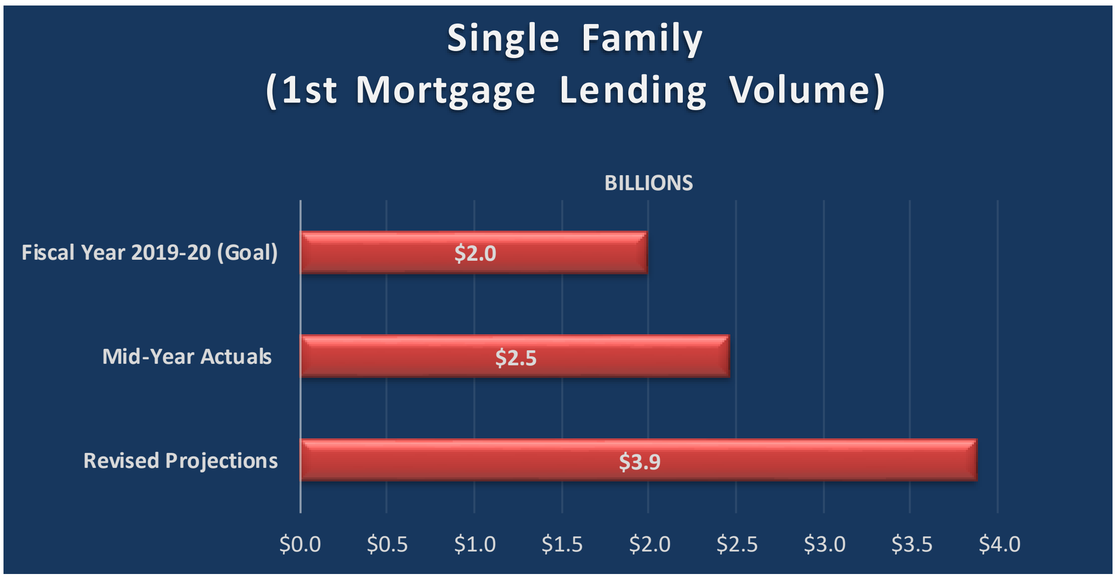
Current Business Plan

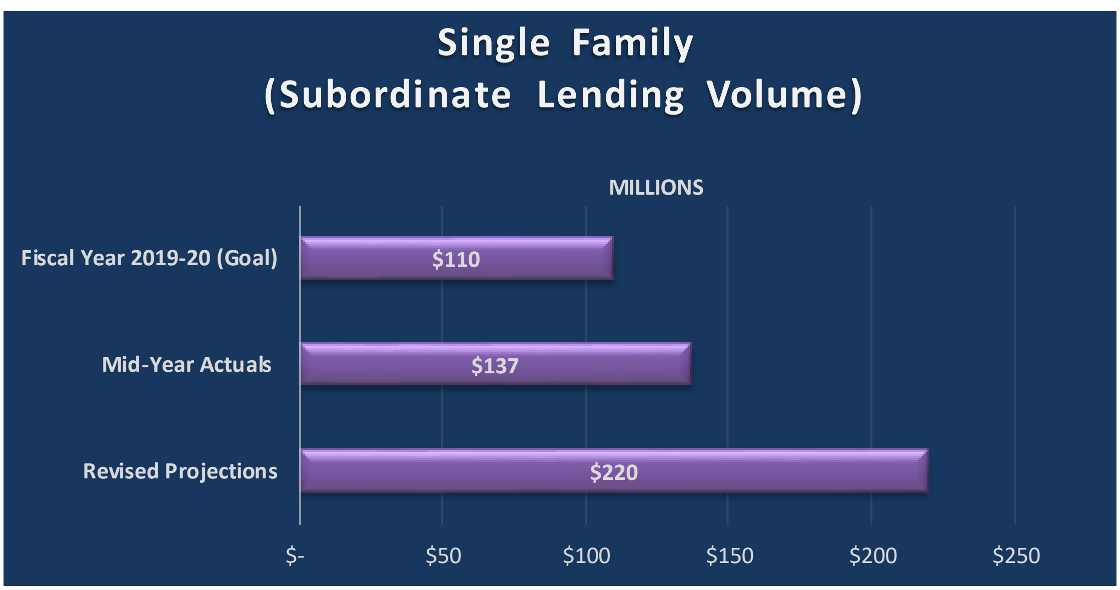
The fiscal year 2019-20 Strategic Business Plan consists of three primary goals: 1) Promote state-wide affordable housing production and opportunities for homeownership while maintaining financial sustainability and independence; 2) Continue to improve operational efficiencies through the use of technology, workforce planning, and the implementation of best practices; 3) Collaborate with other housing entities, lenders (both public and private), and stakeholders who complement CalHFA's lending objectives and policy priorities in order to deliver effective and innovative housing solutions. Each business plan goal has key strategies identified for achieving these goals. The following is a status update regarding the progress made through December 31, 2019:

Goal #1 - Promote state-wide affordable housing production and opportunities for homeownership while maintaining financial sustainability and independence

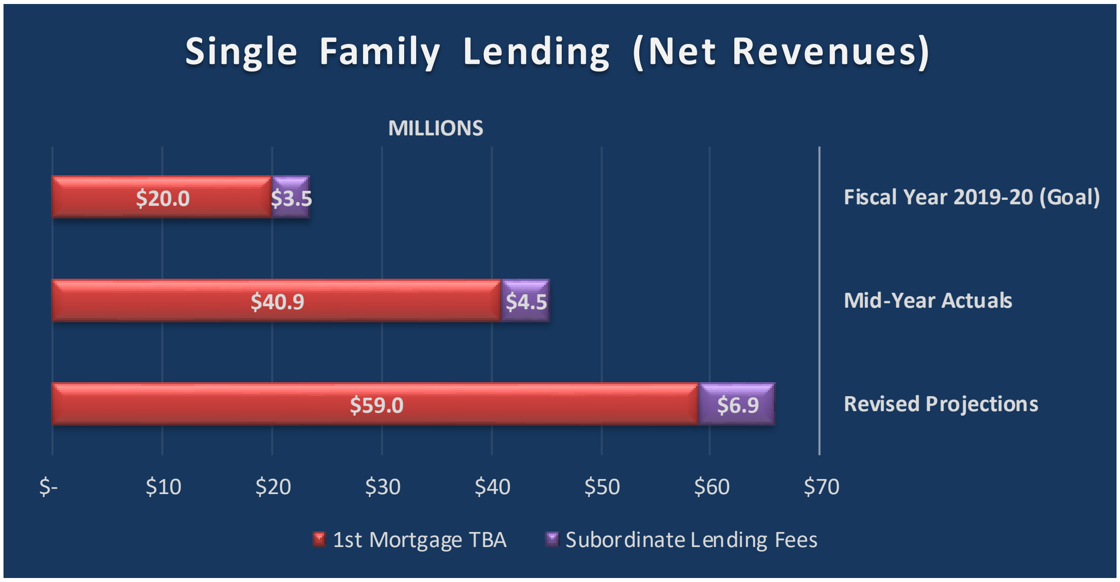
a) Promote sustainable homeownership opportunities by expanding eligibility requirements and product offerings while serving a broad range of income and housing needs:

For fiscal year 2019-20 Single Family Lending targeted $2 billion in 1st mortgage loan purchases and $110 million in loans for down payment assistance (DPA) and closing costs. At mid-year, 1st mortgage loan securitizations were $2.5 billion or 125% of business plan objectives. Consistent with the trend in 1st mortgage purchases, DPA transactions are outpacing initial goals with $137 million of subordinate loans purchased as of December 31, 2019. In our effort to promote sustainable homeownership, CalHFA implemented an increase in the minimum FICO score from 640 to 660 for both conventional and FHA loans. Additionally, for conventional loans exceeding 80% AMI the program requires a FICO score of 680. This program change, along with the holiday season, has triggered a mild slowdown in production, but based upon our pipeline of reservations and our historical pull through rates we expect to securitize approximately $3.9 billion in 1st mortgage loans and $220 million in subordinate loans by the end of the fiscal year, setting another historical record for the organization.





The revenue targets for Single Family Lending were $23.5 million in fee income. At mid-year, fee income generated from the program was $45.4 million or 193% of the fiscal year goal. The increase in revenue is primarily due to higher upfront margin, higher than anticipated lending volumes and investor pay-up on the sale of securities into the secondary market.



Additional mid-year accomplishments include:

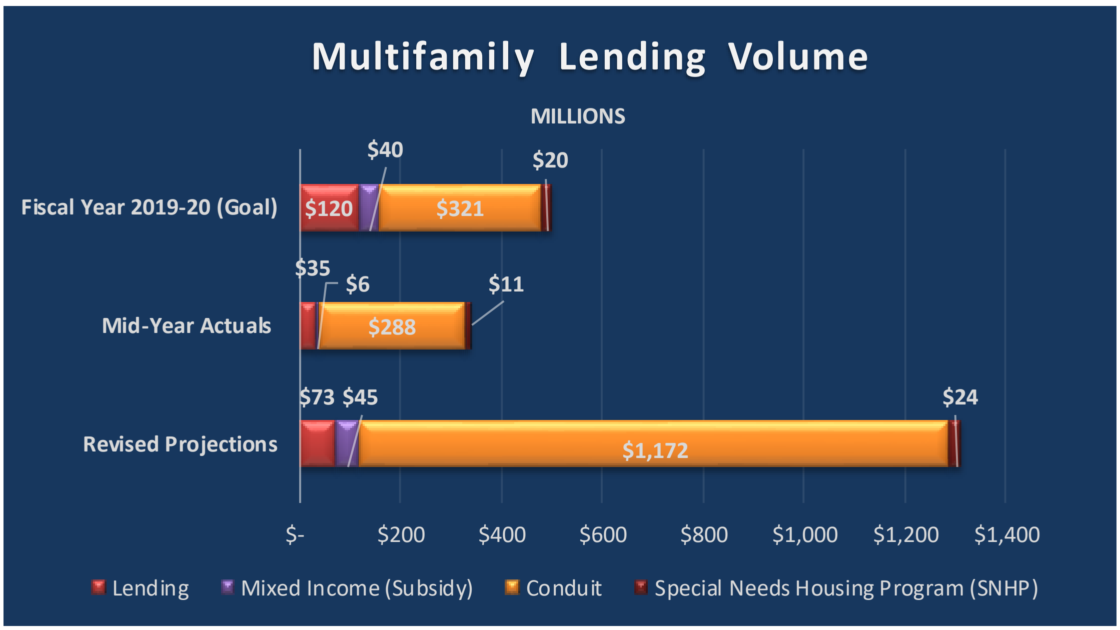
- Launched the HUD 184 Indian Home Loan Guarantee Program
- Launched the USDA Homeownership Program for rural communities
- Implemented strategies for preserving down payment assistance funds
- Completed program changes that will incentivize new construction homeownership opportunities by providing longer rate locks and increasing that amount of available down payment assistance
- Completed preparation for the rollout of the Fannie Mae Homestyle Renovation program which is expected to go live prior to end of fiscal year

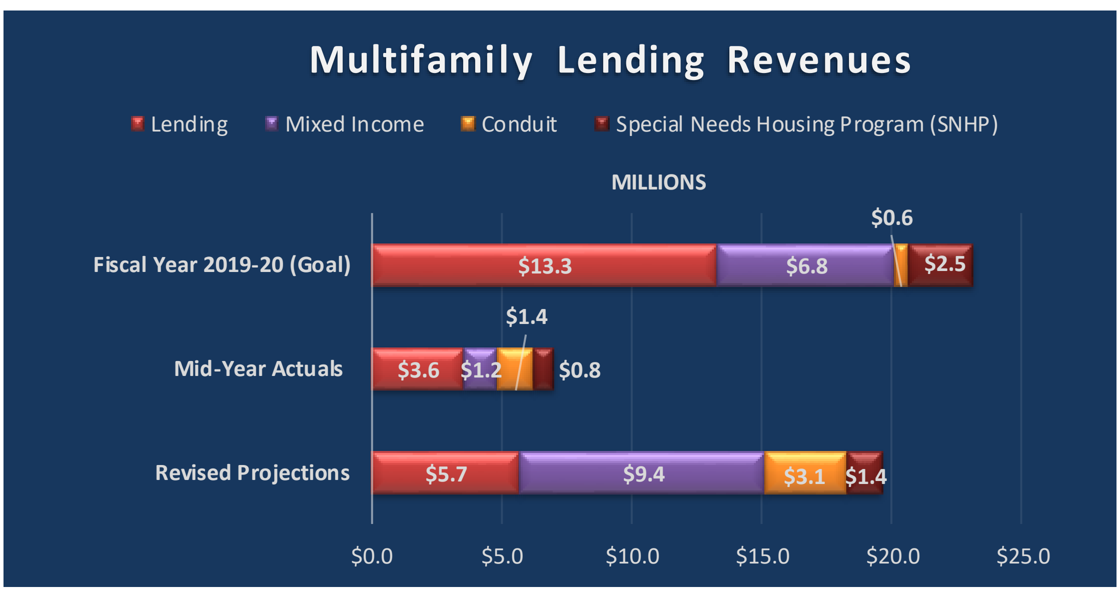
b) Expand multifamily lending opportunities and unit production while addressing preservation needs and providing incentives for mixed-income housing:

The Multifamily division targeted $500.7 million in lending activity and $23.2 million in revenue for fiscal year 2019-20:

- $120 million in 1st Lien Loan Origination
- $40 million in Mixed-Income Program (subsidy)
- $321 million in Conduit Issuance
- $20 million in Special Needs Housing Program (SNHP)

At mid-year, overall lending activity for Multifamily programs is on track to surpass the business plan goals having closed $340 million or 68% of the fiscal year goal of $500.7 million. It should be noted that the composition of our lending activity is not what we originally expected, and as a result, our permanent lending activity and revenues are lagging expectations. However, as we hoped, the rollout of the CalHFA Mixed-Income Program has been very successful and is achieving the original intent to expedite new construction for shovel ready projects. Referring to the chart below, the issuance of conduit bonds by CalHFA is the first indication of the program's success because the issuance of conduit bonds is required to close construction. CalHFA expects to issue over $1 billion in conduit bonds for projects in our pipeline this fiscal year, an all-time high for the Agency. Many of these issuances will convert to permanent loans in CalHFA's portfolio in the next 30-36 months, once construction is complete and occupancy is stabilized.





Additional mid-year accomplishments include:

- Assessed the feasibility and developed strategies to expand the CalHFA's conduit issuance program into underserved communities
- Implemented strategies to expand underwriting capacity to ensure successful program execution

c) Strengthen Agency financial position by monetizing assets for liquidity while maximizing return on equity and investment:

- Completed the research necessary to stand up a bond recycling program
- Researched the viability of pooling and selling multifamily subsidy loans – Concluded that the market is limited, and the economics are not advantageous enough to pursue
- Successfully renewed letters of credit supporting variable rate demand obligations
- Standard and Poor's raised CalHFA's issuer credit rating, from 'A+' to 'AA-' with a stable outlook. This returns CalHFA's Issuer Credit Rating to the same level as it was prior to the collapse of the housing market during the Great Recession and is the fourth ratings upgrade during the tenure of Tia Boatman Patterson, CalHFA's Executive Director

CalHFA Credit Ratings		
(FY 2019-20)	S&P	Moody's
Overall Issuer	AA-, stable outlook ↑	A1, positive outlook ↑
Single Family Indenture (HMRB)	AA, positive outlook ↑	A1, positive outlook
Multifamily Indenture (MHRBIII)	AA+, stable outlook	A1, positive outlook ↑

- CalHFA executed two conduit securitizations with Citibank Community Capital for $636M which increases liquidity for the bank and this strategy can potentially improve access to capital for the lenders in California. This new line of business is scalable and does not impact valuable State bond cap.

Goal #2 - Continue to improve operational efficiencies through the use of technology, workforce planning, and the implementation of best practices

a) Increase operational efficiencies:

- Developed and implemented a comprehensive monthly management report for Single Family
- Completed Request for Proposal (RFP) for a vendor to provide Optical Character

Recognition (OCR) software to extract and compare data from Single Family lending documents to streamline and automate manual processes. Selection of a vendor will occur prior to the end of the fiscal year
- Agency received the second consecutive award for Excellence in Financial reporting from the Government Finance Officers Association (GFOA)
- Implemented Dynamics Budgets software to streamline Agency budget preparation process
- Identified new multifamily software that will potentially consolidated both the origination platform and the asset management platform into a single system eliminating manual processes and improve data collection and reporting. Intend to implement asset management solution in the first half of fiscal year 2020-21
- Completed final enhancements to the Debt Management System eliminating manual and duplicative processes
- Completed IT Maturity Assessment
- Implemented IT Governance Process to improve IT decision making and prioritization
- Implemented the Strategic Project Advisory Group to ensure projects align with Agency business plan and assist with resource prioritization
- Developed and implemented a plan to transition residual KYHC activities to Loan Administration, Fiscal Services and IT

b) Continuously monitor and employ long-term strategies to mitigate enterprise risk and improve agency management reporting:

- Completed State Leadership Accountability Act (SLAA) report
- Formalized a quality control workflow for Multifamily Lending – In process
- Implemented Security Information and Event Management (SIEM) – In process
- Implemented System Center Operations Manager (SCOM) to monitor Server Environment
- Completed key recruitments for the Director of Multifamily Programs, the Deputy Director of Multifamily Programs and the Multifamily Credit Officer

Goal #3 - Collaborate with other housing entities, lenders (both public and private), and stakeholders who complement CalHFA's lending objectives and policy priorities in order to deliver effective and innovative housing solutions

a) Establish partnerships to increase opportunities for affordable housing production:

CalHFA works closely with State partners and industry stakeholders to further affordable housing production including, but not limited to:

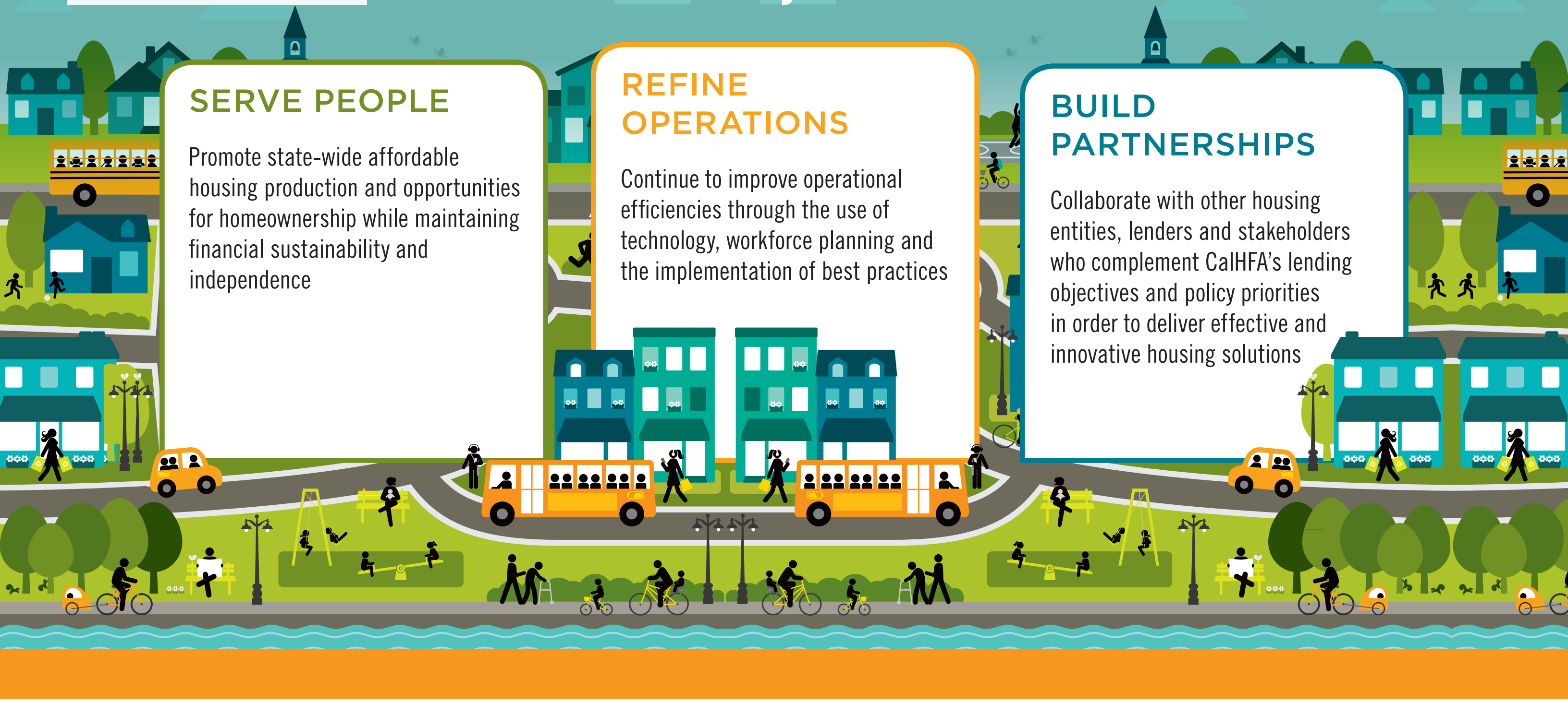
- Voting member of the State Tax Credit Allocation Committee
- Ex-officio member of the State Debt Limit Allocation Committee
- Serves on Freddie Mac Housing for Tomorrow Council

- Serves on BBVA Compass Community Advisory Board on housing policy
- Executive Director serves as Board Chair of the National Council of State Housing Agencies
- Serves as a technical advisor to the Governor's Office on housing related matters
- Continuously supports Legislators on housing initiatives
- Collaborate with HCD, DGS and the Governor's office on State Excess Property
- Serves on the Homeless Coordinating and Financing Council
- Serves on the Fannie Mae Rural Duty to Serve Advisory Council
- Assists HCD with the Veterans Housing & Homelessness Prevention Program
- Assists HCD with the administration of the HUD 811 Project Rental Assistance Program
- Works closely with various non-profits, developers, and local housing organizations on strategizing and communicating current housing initiatives

Attachment 1 – 2019-20 Business Plan – Executive Summary
Attachment 2 – 2019-20 Business Plan

CALHFA FY2019-20 BUSINESS PLAN

Executive Summary



SERVE PEOPLE

Promote state-wide affordable housing production and opportunities for homeownership while maintaining financial sustainability and independence

REFINE OPERATIONS

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

BUILD PARTNERSHIPS

Collaborate with other housing entities, lenders and stakeholders who complement CalHFA's lending objectives and policy priorities in order to deliver effective and innovative housing solutions

SERVE PEOPLE

Single Family Lending

- Help 7,140 homebuyers
- $2 billion in 1st mortgage loans to generate $20 million in revenue*
- $110 million in subordinate loans for down payment assistance and closing costs, generating $3.5 million in fees
- Launch Fannie Mae HomeStyle Renovation, HUD 184 Indian Home Loan Guarantee and USDA programs
- Pursue funding for permanent source of down payment assistance and a new construction lending program

Multifamily Lending

- Produce and preserve more than 3,000 units of affordable housing
- $120 million in 1st lien lending, $320.7 million in conduit issuance and $20 million in Special Needs Housing Program (SNHP) lending
- $40 million in Mixed Income Program lending
- $20.7 million in present value revenue generation for all Multifamily programs*
- Expand Conduit Issuance Program to underserved communities
- Implement aggressive Portfolio Preservation program

* Revenues support operating expenses and are reinvested into affordable housing programs

REFINE OPERATIONS

Financial Position

- Monetize first lien small loans and subordinate loans to create additional subsidy funds for targeted projects
- Establish strategic partnerships that diversify revenue streams and expand the types of multifamily executions offered by CalHFA
- Manage balance sheet capital reserves to achieve an AA General Obligation rating

Risk Mitigation

- Establish a Risk Management Oversight Committee to review Risk Operating Events
- Implement systems security enhancements to safeguard CalHFA systems and data

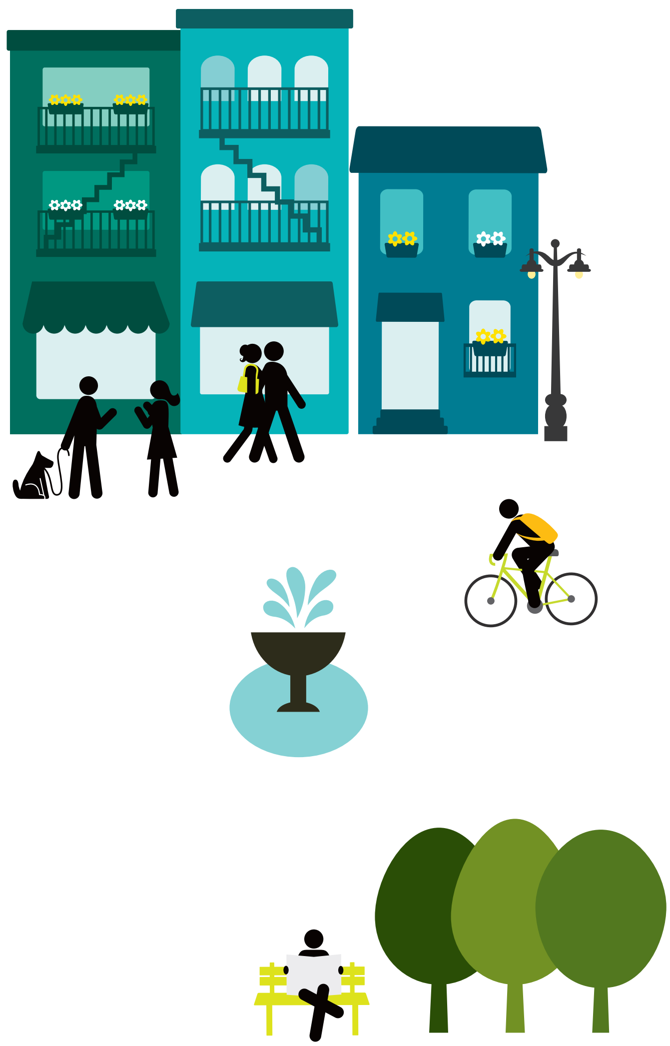
Operational Efficiencies

- Continue improvements to Mortgage Access System
- Expand use of Geographic Information Systems and data mapping internally and externally
- Assess, streamline and automate multifamily loan servicing and accounting
- Implement IT Governance and Strategic Project Advisory Groups to ensure that technology projects are aligned with Business Plan initiatives and properly monitored
- Transition residual KYHC activities to Loan Administration, Fiscal Services and IT

BUILD PARTNERSHIPS

Partnerships for CA Housing Needs

- Develop framework for partnerships with those who support our lending objectives and have appropriate business models
- Continue collaboration with DGS and HCD regarding State Surplus Property
- Establish disaster strategy for partnerships in communities recovering from natural disasters



CalHFA Strategic Business Plan FY 2019-20 (Mid-Year Update)

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

BUSINESS PLAN GOALS		KEY STRATEGIES		ACTION ITEMS	Initial Plan Year	Multi-Year Effort?	Expected Completion Date	Progress	Item Owner
Promote state-wide affordable housing production and opportunities for homeownership while maintaining financial sustainability and independence	1	Promote sustainable homeownership opportunities by expanding eligibility requirements and product offerings while serving a broad range of income and housing needs	A	Finance $2 billion in 1st mortgage loan purchases; 7,140 homebuyers				100	SF
			B	Generate $20 million in revenue on 1st mortgage loans				100	SF
			C	Finance $70 million in MyHOME subordinate loans for down payment assistance				100	SF
			D	Generate $3.5 million in administrative fees from MyHOME Subordinate Loans				100	SF
			E	Finance $40 million in Zero Interest Program (ZIP) subordinate loans for closing cost assistance generating an estimated present value of $26 million				100	SF
			F	Launch Fannie Mae HomeStyle Renovation program	19/20	NO	12/31/2019	85	SF
			G	Launch HUD 184 Indian Home Loan Guarantee program	18/19	YES	12/31/2019	100	SF
			H	Launch USDA homeownership program for rural areas	19/20	NO	6/30/2020	100	SF
			I	Create infrastructure and program guidelines for pooling and sale of subordinate single family loans	19/20	NO	6/30/2020	80	SF
			J	Wind-down KYHC program. Determine options of usage program income post Treasury sweep	18/19	YES	6/30/2020	100	SF
			K	Monitor Fannie Duty to Serve initiatives for program opportunities	18/19	YES	Continuous	**Cont.**	SF
			L	Implement strategies to preserve the down payment assistance funds	19/20	NO	12/31/2019	100	SF
			M	Continue efforts to pursue permanent source of down payment assistance	18/19	YES	Continuous	**Cont.**	SF/LEG
			N	Pursue funding for a new construction, forward rate lock program to promote new development	19/20	NO	6/30/2020	75	SF
	2	Expand multifamily lending opportunities and unit production while addressing preservation needs and providing incentives for mixed-income housing	A	Finance $120 million in 1st lien lending; 747 units				30	MF
			B	Generate $13.3 million in present value revenue through 1st lien lending				25	MF
			C	Finance $40 million in Mixed Income Program (MIP) allocations and loans; 1,000 units				15	MF
			D	Generate $6.8 million in present value revenue through Mixed Income Program (MIP)				15	MF
			E	Finance $320.7 million in Conduit issuance; *units counted in 1st lien*				90	MF
			F	Generate $551,200 in present value revenue through Conduit issuance				100	MF
			G	Finance $20 million in SNHP allocations and loans; 1,290 units				55	MF
			H	Generate $2.5 million in revenue through SNHP allocations and loans				24	MF
			I	Wind-down the SNHP program responsibly and work with participating counties to ensure local funds are not lost	19/20	YES	6/30/2022	80	MF
			J	Launch efforts to expand Conduit Issuance to communities that are underserved and lack capacity	19/20	YES	Continuous	50	MF
			K	Monitor market acceptance of MIP program and adjust as needed to promote the full and efficient utilization of funds	19/20	YES	Continuous	95	MF
			L	Monitor possible allocation of additional state resources for mixed income and develop strategies to deploy (i.e. state tax credits)	19/20	NO	12/31/2019	90	MF
			M	Implement aggressive Portfolio Preservation strategy to retain the 70 portfolio projects set to pay off in the next 5 years	19/20	YES	Continuous	50	MF
			N	Create infrastructure and program guidelines for pooling and sale of multifamily subsidy loans	19/20	NO	n/a	**Canceled**	MF
			O	Implement strategies to expand underwriting capacity and ensure efficient program execution	19/20	NO	12/31/2019	70	MF
	3	Strengthen Agency financial position by monetizing assets for liquidity while maximizing return on equity and investment	A	Research the viability of developing a bond recycling program	19/20	NO	6/30/2020	100	FIN
			B	Manage balance sheet capital reserves to achieve an AA General Obligation rating	19/20	YES	6/3/2021	**Cont.**	FIN
			C	Monetize first lien small loans and subordinate loans to create additional subsidy funds for targeted projects	19/20	NO	n/a	**Canceled**	FIN

BUSINESS PLAN GOALS		KEY STRATEGIES		ACTION ITEMS	Initial Plan Year	Multi-Year Effort?	Expected Completion Date	Progress	Item Owner
			D	Explore alternative revenue generation ideas (e.g. securitization of external lender's balance sheet loans)	19/20	NO	6/30/2020	100	FIN
			E	Establish strategic partnerships to expand executions we can offer to developers	19/20	YES	6/30/2021	85	FIN
			F	Explore alternatives to the Federal Financing Bank / HUD risk-share for Multifamily Bonds	19/20	NO	6/30/2020	100	FIN
Continue to improve operational efficiencies through the use of technology, workforce planning, and the implementation of best practices	**4**	Increase Operational Efficiencies	A	Continue to refine and improve single family loan administration reporting	19/20	NO	12/31/2019	100	SF
			B	Continue efforts to streamline and refine processes to improve efficiencies in the mortgage access system (e.g. OCR capabilities)	19/20	YES	Continuous	40	SF
			C	Workforce planning: support divisions in filling key vacancies; succession planning; reduce key employee dependencies	17/18	YES	Continuous	Cont.	ADM
			D	Continue implementation of performance evaluation process, goal setting	19/20	YES	6/30/2020	45	ADM
			E	Research the possibility of implementing a Mentor program	19/20	NO	12/31/2019	40	ADM
			F	Identify data visualization and mapping (GIS) needs and expand use throughout Agency reports; internal and external	19/20	YES	6/30/2020	40	MRKT; IT
			G	Successfully replace the Agency's current multifamily servicing system with a new and improved application that enhances reporting and efficiency	19/20	NO	9/30/2019	100	FIS
			H	Perform and internal assessment of the Multifamily Loan Accounting process; streamline and automate activities	19/20	NO	6/30/2020	50	FIS
			I	Complete the final enhancements to the Agency's Debt Management System (DMS) to streamline manual/duplicative processes	18/19	YES	6/30/2020	100	FIS
			J	Conduct an IT maturity assessment (ITSCORE): Assess maturity levels across IT disciplines and leverage best practices throughout CalHFA	19/20	NO	12/31/2019	100	IT
			K	Implement an Information Technology Service Management (ITSM) to improve IT customer service	19/20	NO	6/30/2020	40	IT
			L	Implement an IT Governance Process to improve IT investment decision making and oversight	19/20	NO	12/31/2019	100	IT
			M	Implement Strategic Project Advisory Group (SPAG) to align CalHFA divisional projects to CalHFA business plan.	19/20	NO	12/31/2019	100	IT
			N	Create and execute a plan to transition residual KYHC activities to Loan Administration, Fiscal Services and IT	19/20	NO	6/30/2020	40	IT
	5	Continuously monitor and employ long-term strategies to mitigate enterprise risk and improve agency management reporting	A	Work with division managers to identify risks associated with agency activities in compliance with the SLAA report.	18/19	YES	Continuous	100	ERM; ALL DIVISIONS
			B	Establish a Risk Management Oversight Committee to review Risk Operating Events.	19/20	NO	12/31/2019	100	ERM
			C	Formalize a Quality Control workflow for Multifamily Lending.	19/20	NO	6/30/2020	50	ERM; MF
			D	Implement Security Information and Event Management (SIEM).	19/20	NO	6/30/2020	60	IT
			E	Implement System Center Operations Manager (SCOM) to better monitor server environment.	19/20	NO	6/30/2020	100	IT
Collaborate with other housing entities, lenders (both public and private), and stakeholders who complement CalHFA's lending objectives and policy priorities in order to deliver effective and innovative housing solutions	**6**	Establish partnerships to increase opportunities for affordable housing production	A	Develop a framework for partnerships with entities who support CalHFA affordable lending objectives and who's business model makes partnership feasible and beneficial	19/20	NO	6/30/2020	100	Exec-Biz Dev
			B	Continue collaboration efforts with DGS and HCD on the use of State Surplus Property	18/19	YES	Continuous	Cont.	MF; FIN
			C	Build relationships with Assembly members, Senators and their staff to advocate for CalHFA and provide technical assistance as it relates to State and Federal priorities.	18/19	YES	Continuous	Cont.	LEG
			D	Establish disaster strategy for partnerships in communities recovering from disasters (e.g. Sonoma county)	19/20	YES	Continuous	Cont.	SF/MF

State of California

MEMORANDUM

To: Board of Directors
California Housing Finance Agency

Date: March 17, 2020

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

Subject: FY 2019-20 CalHFA MID-YEAR BUDGET UPDATE

In May 2019, the Board approved the FY 2019-20 Operating Budget in conjunction with the adoption of the FY 2019-20 Business Plan. The approved operating budget included a resource budget of $70.5 million and expenditure budget of $41.7 million and included 221 permanent positions and 2.2 temporary positions. As of December 31, 2019, resources are $81 million or 130% ahead of mid-year expectations and operating expenses are $17.6 million or 15% below mid-year expectations. The table below provides a breakdown of our mid-year results as well as revised projections for fiscal year 2019-20.

CALIFORNIA HOUSING FINANCE AGENCY
MID-YEAR 2019-20 BUDGET UPDATE
(DOLLARS IN THOUSANDS)

	Approved Budget	Mid-Year Budget	Mid-Year Actuals	Variance	%	Projected 2019-20
RESOURCES						
Loan Servicing	$ 1,500	$ 750	$ 875	$ 125	16.7%	$ 1,625
Insurance Release	$ 500	$ 250	$ 332	$ 82	32.7%	$ 582
Loan Repayments	$ 23,861	$ 11,931	$ 19,877	$ 7,946	66.6%	$ 37,331
Interest (mortgages/securities/cash)	$ 13,995	$ 6,998	$ 9,501	$ 2,504	35.8%	$ 12,510
Fee Income	$ 30,621	$ 15,310	$ 47,181	$ 31,871	208.2%	$ 68,081
Extraordinary Items	$ -	$ -	$ 3,322	$ 3,322	0%	$ 3,322
TOTALS	**$ 70,477**	**$ 35,238**	**$ 81,088**	**$ 45,850**	**130.1%**	**$ 123,451**
OPERATING BUDGET						
Salaries and Wages	$ 18,292	$ 9,146	$ 8,106	$ 1,040	11.4%	$ 16,000
Reimbursements	$ (324)	$ (162)	$ (219)	$ 57	-35.2%	$ (350)
Benefits	$ 10,514	$ 5,257	$ 4,425	$ 832	15.8%	$ 9,250
General Expense	$ 775	$ 388	$ 320	$ 68	17.4%	$ 675
Communications	$ 407	$ 204	$ 205	$ (2)	-0.7%	$ 400
Travel	$ 638	$ 319	$ 162	$ 157	49.2%	$ 500
Training	$ 270	$ 135	$ 47	$ 88	65.2%	$ 175
Facilities Operation	$ 3,115	$ 1,558	$ 1,440	$ 118	7.5%	$ 3,000
Consulting & Professional Services	$ 2,867	$ 1,434	$ 608	$ 826	57.6%	$ 1,500
Central Administrative Services	$ 2,699	$ 1,350	$ 1,768	$ (419)	-31.0%	$ 2,690
Information Technology	$ 2,326	$ 1,163	$ 697	$ 466	40.1%	$ 2,200
Equipment	$ 180	$ 90	$ 42	$ 48	53.3%	$ 100
TOTALS	**$ 41,759**	**$ 20,880**	**$ 17,601**	**$ 3,279**	**15.7%**	**$ 36,140**
NET SURPLUS/(EXPENDITURE)	**$ 28,718**	**$ 14,358**	**$ 63,487**	**$ 49,129**	**342.2%**	**$ 87,311**

RESOURCES:

At mid-year, resources are trending significantly higher than originally anticipated primarily due to the robust level of fee income being generated from our Single Family Lending program and the unanticipated prepayment of one multifamily loan resulting in a $3.3 million yield maintenance and principal paydown. At the mid-year mark, the Single Family Lending program has securitized $2.5 billion in lending activity exceeding the fiscal year lending goal by 125%. This record setting pace of lending, combined with an increase in subordinate loan payoffs resulting from the change in our resubordination policy, has significantly increased the resources available this fiscal year and we are using this excess cash to continue efforts to deleverage the balance sheet.

OPERATING BUDGET:

CalHFA's operating budget is trending $3.3 million or 16% under budget at mid-year primarily due to salary and benefit savings from vacancies and cost savings from reductions in the use of consulting and professional services contracts. Salary and benefit costs make up 68% of the operating budget and provides for both permanent and temporary positions. The fiscal year 2019-20 budget authorized 223.2 full time equivalent (FTE) positions (221 regular positions and 2.2 temporary positions), a net reduction of 11 positions compared to the prior year.

At mid-year, salary and benefit costs are trending under budget due to additional vacancies resulting from retirements and separations. To ensure the efficient use of staff resources, the Agency continuously evaluates the workload and staffing levels of each division to ensure appropriate workforce planning is taking place.

In 2019, the Agency hired several key positions to stabilize and energize our Multifamily and Asset Management programs. We successfully hired an experienced team of professionals including a new Director of Multifamily Programs, Deputy Director of Multifamily Programs and Credit Officer. Additionally, we have made several new hires in our Financing Division and Administration Division and have a variety of recruitments ongoing and planned for areas in the organization where key employee dependency is of paramount concern. As always, we are committed to improving employee engagement, promoting accountability, and addressing the recruitment, retention, and succession planning needs of the organization.

Overall, CalHFA's operating budget is projected to be $36.1 million, well within the approved fiscal year operating budget of $41.8 million.