



Public Meeting Agenda

California Housing Finance Agency Board of Directors
 Thursday, March 25, 2021
 9:00 a.m.

Click on the link to register:
<https://attendee.gotowebinar.com/register/4508343333038497036>

To listen only by telephone without public comment:

Dial: +1 (631) 992-3221
 Enter Access Code: 758-820-926

1. Roll Call
2. Approval of the minutes of the January 21, 2021 Board of Directors meeting 1
3. Chairperson/Executive Director comments
4. Executive Director recruitment process (*Jennifer LeBoeuf*)

WORKSHOP ITEMS (Informational)

5. Presentations and discussions
 - A. Dr. Somjita Mitra (Chief of Economic Research, *Department of Finance*)
 - California’s fiscal outlook, housing data and demographics, Governor Newsom’s housing initiatives
 - B. Michael Novogradac (Managing Partner, *Novogradac*)
 - Federal opportunities and challenges for affordable housing
6. Legislative update - American Rescue Plan Act (*Francesc Martí*)
7. Mid-year Business Plan and Budget update for FY 2020/21
 - A. Business Plan and Operating Budget update (*Don Cavier*)
 1. Business Plan update5
 2. Strategic Business Plan update..... 15

3. Operating Budget update	17
B. Single Family Lending Program update and prospective initiatives or modifications <i>(Tim Hsu)</i>	
C. Multifamily Lending Program update and prospective initiatives or modifications <i>(Kate Ferguson)</i>	
8. Wrap-up discussion on workshop topics	
 <u>BUSINESS ITEMS</u>	
9. Discussion, recommendation, and possible action regarding Final Loan Commitment for the following project: <i>(Kate Ferguson)</i>	19
<u>NUMBER</u> <u>DEVELOPMENT</u> <u>LOCALITY</u> <u>UNITS</u>	
19-056-S Flower Park Plaza Santa Ana/Orange 199	
Resolution No. 21-02	44
10. Discussion, recommendation, and possible action regarding Final Loan Commitment for the following project: <i>(Kate Ferguson)</i>	47
<u>NUMBER</u> <u>DEVELOPMENT</u> <u>LOCALITY</u> <u>UNITS</u>	
19-006-A/N Gateway Family Apts. Menlo Park/San Mateo 140	
Resolution No. 21-03	77
11. Discussion, recommendation, and possible action regarding the adoption of a 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 <i>(Tim Hsu)</i>	80
Resolution No. 21-04	82
12. Discussion, recommendation, and possible action regarding the adoption of a resolution authorizing the financing of the Agency’s multifamily housing program from non-bond sources, and related financial agreements and contracts for services <i>(Tim Hsu)</i>	93
Resolution No. 21-05	94
13. Discussion, recommendation, and possible action regarding the adoption of a resolution authorizing the Agency’s single-family bond indentures, the issuance of single family bond, credit facilities for homeownership purposes, and related financial agreements and contracts for services <i>(Tim Hsu)</i>	100

Resolution No. 21-06	102
14. Discussion, recommendation, and possible action regarding the adoption of a resolution authorizing the Agency’s single family non-bond financing mechanisms for homeownership purposes, and related financial agreements and contracts for services (<i>Tim Hsu</i>)	114
Resolution No. 21-07	115
15. Discussion, recommendation, and possible action regarding the adoption of a resolution approving applications to the California Debt Limit Allocation Committee for private activity bond allocations for the Agency’s multifamily programs (<i>Tim Hsu</i>)	120
Resolution No. 21-08	121
16. Reports:	
A. Agency Bonds, Interest Rate Swaps, and Financing Risk Factors Report	123
B. Single Family Loan Production Report	130
C. Multifamily Loan Production Report	134
17. Other Board matters	
18. Public comment: Opportunity for members of the public to address the Board on matters within the Board’s authority	
19. Adjournment	

MINUTES

California Housing Finance Agency (CalHFA) Board of Directors Meeting January 21, 2021

Meeting noticed on January 11, 2021

1. ROLL CALL

The California Housing Finance Agency Board of Directors Meeting was called to order at **10:05 a.m.** by Acting Chair Gunning. A quorum of members was present.

MEMBERS PRESENT: Avila Farias, Campbell (for Gordon), Gallagher, Gunn (for Imbasciani), Gunning, Hunter, Johnson Hall*, Patterson, Starr (for Ma), Seeley (for Velasquez), Sotelo, Russell, von Koch-Liebert (for Castro Ramírez)

**Johnson Hall left the meeting early due to a scheduling conflict.*

MEMBERS ABSENT: Bosler, Prince

STAFF PRESENT: Claire Tauriainen, Melissa Flores, Don Cavier, Francesc Martí, Kate Ferguson

GUEST SPEAKER: Dr. Tiffany Manuel, President and CEO,
TheCaseMade

2. Approval of the Minutes – November 12, 2020

This item was moved to agenda item 5 to better accommodate the guest speaker. The minutes were approved by unanimous consent of all members in attendance.

3. Chairperson/Executive Director comments

Chairperson comments:

- Acting Chair Gunning thanked everyone for their attendance and stated he looked forward to hearing today's guest speaker.

Executive Director comments:

- Executive Director Patterson updated the Board on CalHFA's commitment to Affirmatively Furthering Fair Housing (AFFH). CalHFA operations, policies, and program decisions are made through a lens of racial equity with a focus on transparency.
- She thanked Secretary Castro Ramírez, Treasurer Ma, and Director Velesquez for their partnership and hardwork in developing and implementing the California Debt Limit Allocation Committee's new scoring system that, for the first-time ever, includes an allocation pool for developers that are black, indigenous, or people of color.
- She highlighted programs like the National Mortgage Settlement Counseling Program and the Black Homeownership Initiative as examples of CalHFA's work in AFFH. She further shared that 16 CalHFA staff are mid-way through their 14-month Capitol Collaborative on Race and Equity course where they are learning how to develop and implement racial equality approaches to institutional cultural practices and policies.
- She shared that CalHFA's Multifamily lending programs will become the Inclusive Communities Program and will continue to be driven by values of inclusiveness and efficiency. More information on the re-branding campaign will be available at the March Board meeting.

4. Housing justice: What does it mean for California's housing finance system?

Presented by guest speaker, Dr. Manuel

Dr. Tiffany Manuel spoke to the Board about the importance of building public will when developing and implementing policies and programs designed to address racial inequities. She outlined various ways members of the Board can play a stronger role in the affordable housing space and position themselves as adaptive leaders helping to advance racial equity, following with discussion among the Board members and Dr. Manuel.

5. 2021 Mixed-Income Program updates

Presented by Ferguson

Kate Ferguson, Director of Multifamily Programs, provided the Board with a 2021 Mixed-Income Program update. She shared that the Mixed-Income Program's total fund availability is \$60 million for the year, augmented by a reservation of \$150 million in state tax-credits. She shared that changes to this year's program resulted in part

from input received at meetings with different stakeholders last year. She expects the application process to be competitive although it's designed to be over-the-counter.

6. State and federal legislative update

Presented by Martí

Francesc Martí, Director of Legislation and Policy, provided the Board with an update on state and federal legislative activity. He reported that H.R. 133 provides California with \$25 billion for emergency rental assistance. It also enacted two of CalHFA's top federal priorities – a 4% minimum rate of Low-Income Housing Tax Credits and a 9% LIHTC supplemental disaster allocation for California's wildfire areas.

7. Final Loan Commitment for 921 Howard Street Apartments, No. 20-011-A/X/N, for 203 units located in San Francisco/San Francisco – Resolution 21-01

Presented by Ferguson

On a motion by Hunter, the Board approved **Resolution 21-01**. The votes were as follows:

AYES: Avila Farias, Gallagher, Gunn (for Imbasicani), Gunning, Hunter, Johnson Hall, Russell, Starr (for Ma), Seeley (for Velasquez), Sotelo, von Koch-Liebert (for Castro Ramírez)

NOES: None

ABSTENTIONS: None

ABSENT: Prince

8. Reports

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

9. Other Board matters

Acting Chair Gunning asked if there were other Board matters to discuss and Patterson informed the Board that a MHSA and Special Needs Program update will be provided at the next Board meeting.

10. Public Comment

Acting Chair Gunning asked if there were any comments from the public and there were none at the time, however, during Agenda Item 7, comment was received from Charmaine Curtis, Senior Director of Housing Development, *TNDC*.

11. ADJOURNMENT

As there was no further business to be conducted, Chair Gunning adjourned the meeting at 12:28 p.m.

HANDOUTS

- a) 921 Howard Street Apartments PowerPoint
- b) Legislative and State Legislative Update PowerPoint

MEMORANDUM

To: Board of Directors
California Housing Finance Agency

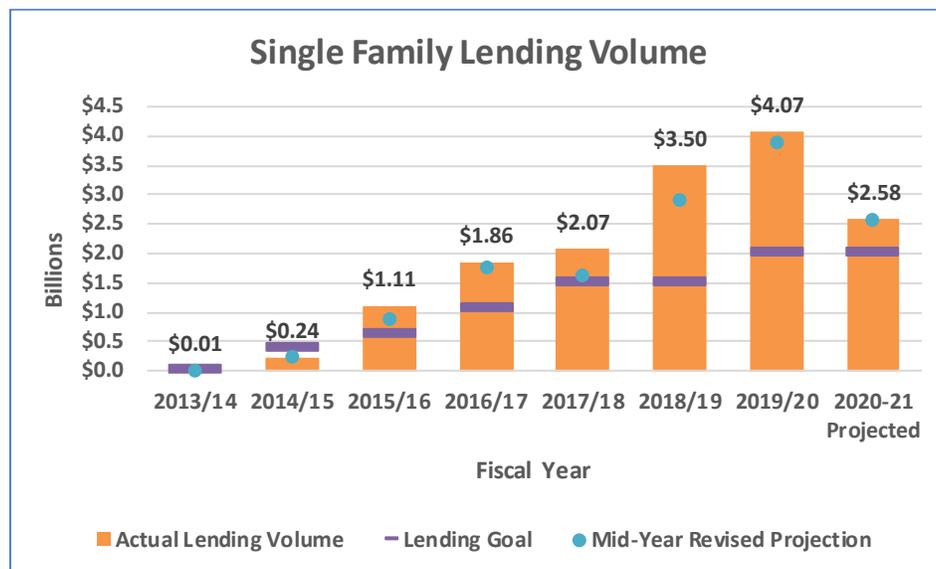
Date: March 25, 2021

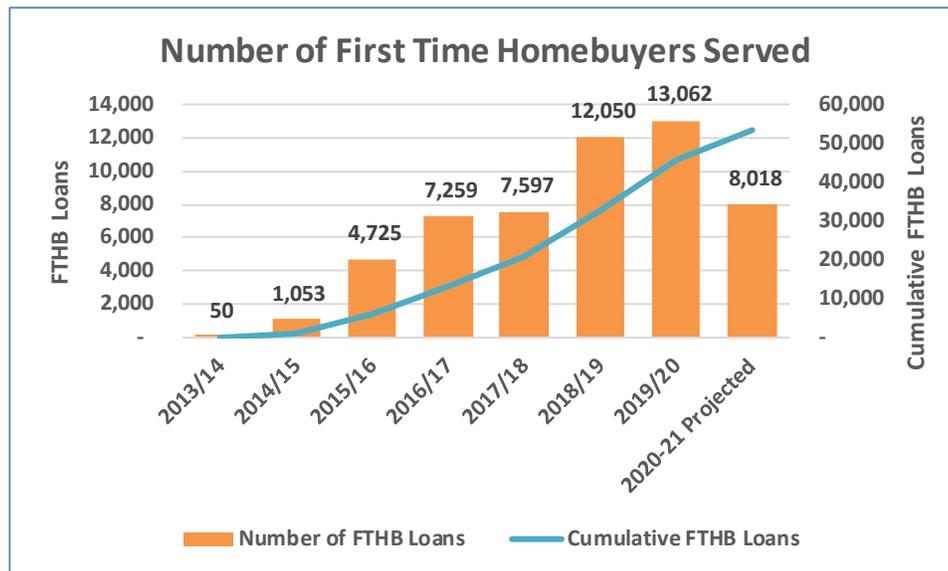
From: Donald Cavier, Chief Deputy Director
California Housing Finance Agency

Subject: MID-YEAR 2020-21 BUSINESS PLAN UPDATE

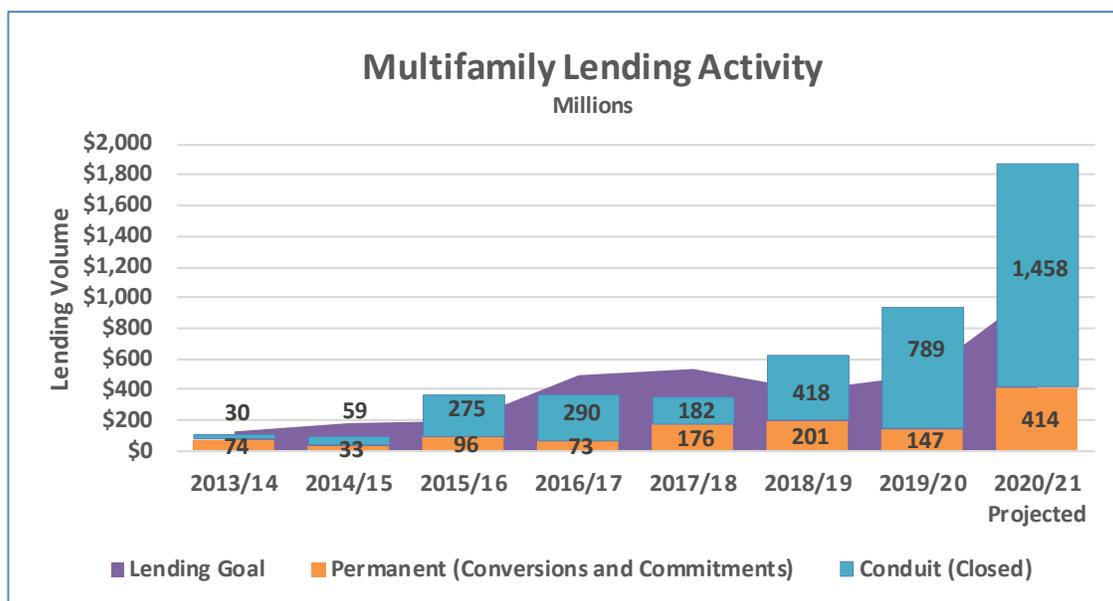
Background

In fiscal year 2019-20 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 \$4 billion dollars in first mortgage loan purchases and helping over 13,000 first-time homebuyers. While fiscal year 2020-21 will not be the 6th record setting year in a row, it will be another strong year for the program and staff anticipate that production will exceed our business planning goal of \$2 billion by approximately 29%. For several years CalHFA has expanded the menu of options for our single family loan program to facilitate a one-stop shop for the needs of our lender network and California's homebuyers. We have refined the systems and processes used by the program to ensure speed of execution for our clients, and our down payment and closing cost assistance products are second-to-none in the first-time homebuyer space.





Similarly, CalHFA's Multifamily Lending programs surpassed overall lending goals in fiscal year 2019-20 financing 3,509 affordable housing units with \$936 million in financing activity. For 2020-21, we are excited to report that overall lending activity is exceeding business planning expectations and at the mid-year mark has already surpassed our fiscal year goal of \$1 billion in lending activity. By way of background, it is important to note that 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 are committed at construction loan close, but these commitments are not funded until the project construction is complete and tenant occupancy is stabilized. The following chart reflects the momentum the program has achieved since the launch of our Mixed-Income Program (MIP) in fiscal year 2018-19:



Leveraging off a record setting year for lending in both programs, fiscal year 2020-21 is shaping up to be great year for CalHFA. This positive trend in lending production is directly attributable to our successful deployment of special funding allocations from Senate Bill 2 (SB 2) and Assembly Bill 101 (AB 101). AB 101 specifically gave CalHFA access to both State Tax Credits and one-time funds which have been used to support mixed-income projects, homeownership, multifamily preservation, and new construction projects in disaster areas. Our 2020 Mixed-Income Program continued to be well received in the marketplace and received a national award for encouraging new construction of affordable rental housing. Refinements to this program for 2021 are informed by input from a wide variety of stakeholder groups. In 2021 our focus will remain on advancing inclusive communities and incentivizing developments that serve a broad spectrum of affordability from extremely low income to moderate income. An emphasis on development in high resource, high opportunity areas as defined by the TCAC/HCD Opportunity Area Maps will continue to reflect our commitment to affirmatively furthering fair housing.

While the short-term outlook for both lending programs appears promising, there are many variables in play that can influence long term production levels. For Single Family, the low interest rate environment and the availability of funding for down payment assistance all contribute to the long term viability of the program, but macro-economic factors like the pandemic, unemployment, rising home prices and limited housing supply are obvious variables that must be considered when forecasting future lending targets. Similarly, we expect near term lending for Multifamily to remain strong, but without the benefit of one-time funds like AB 101 or continued allocation of State tax credits, the program's lending activity will likely decline beyond fiscal year 2021-22. That said, CalHFA will continue to receive approximately \$40 million per year in SB 2 funds and this, married with our new bond recycling program, will continue to ensure CalHFA's relevance in the marketplace.

Additionally, our new bond recycling program is intended to help expand the State's tax-exempt volume cap, and staff continue to receive growing interest in the program from the development community. Further, staff remain cautiously optimistic that the improved condition of the State's budget may open the door for potential restoration of the \$45 million of AB 101 funds which was previously redirected during the preparation of the State's FY 2020-21 Budget to deal with projected State budget shortfalls. While there is no guarantee that this restoration will occur, we are paying close attention to the conversation regarding the May revisions to the State Budget and will be prepared to act should the opportunity present itself.

Current Business Plan

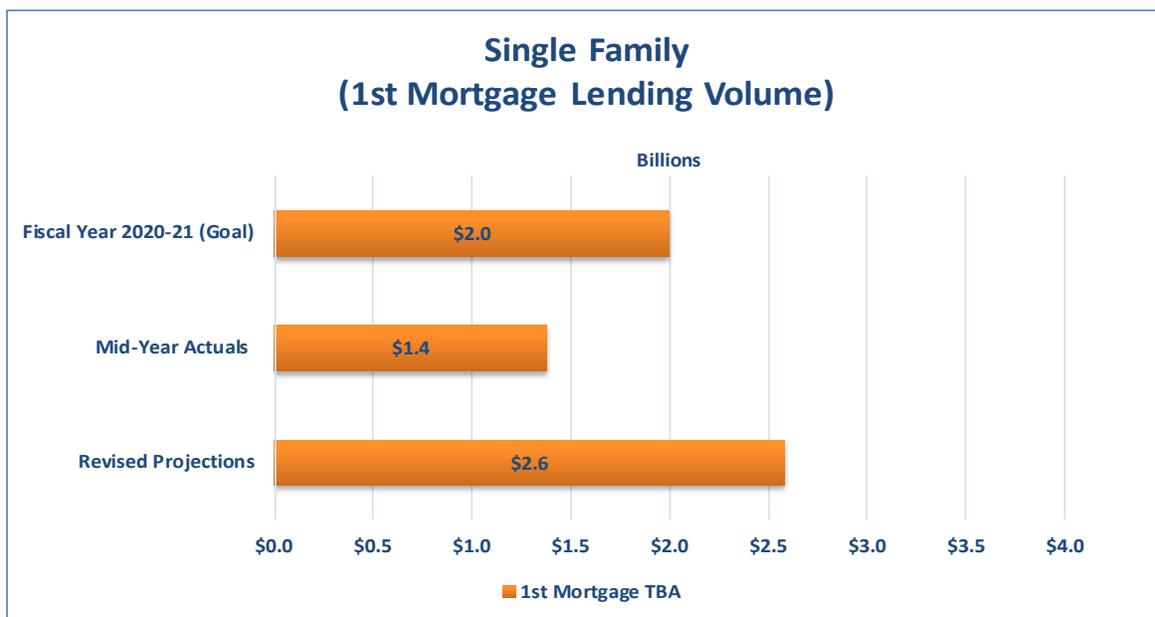
The fiscal year 2020-21 Strategic Business Plan consists of three primary goals: 1) Promote state-wide affordable housing production and opportunities for homeownership while maintaining financial sustainability and independence; 2) Continue to improve operational efficiencies through the use of technology, workforce planning, and the implementation of best practices; 3) Collaborate with other housing entities, lenders (both public and private), and

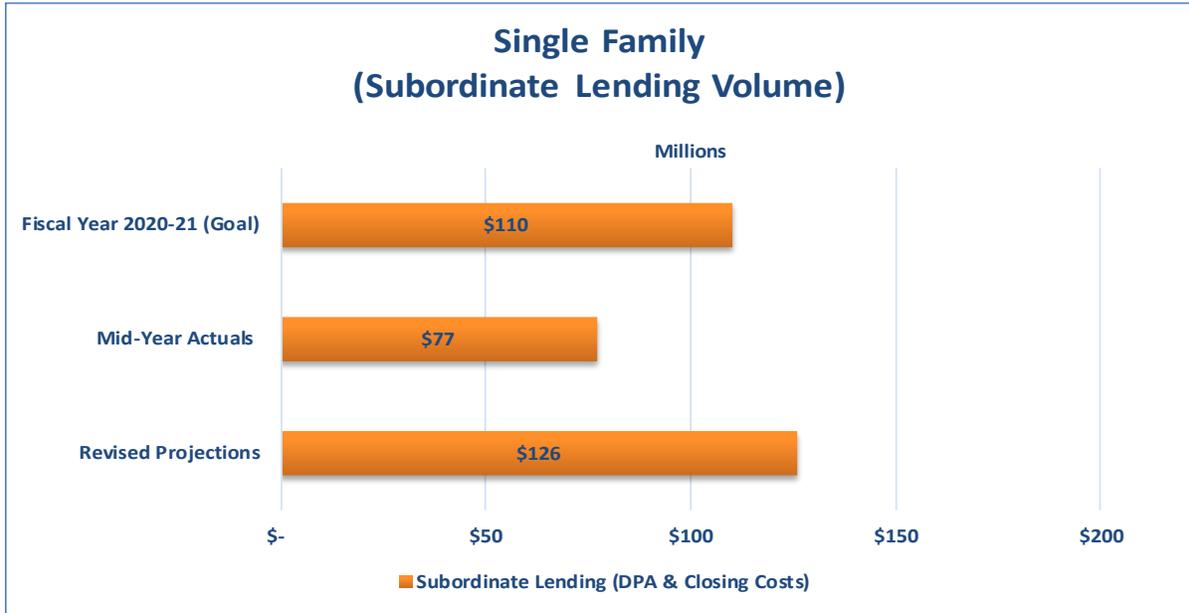
stakeholders who complement CalHFA's lending objectives and policy priorities in order to deliver effective and innovative housing solutions. Each business plan goal has key strategies identified for achieving these goals. The following is a status update regarding the progress made through December 31, 2020:

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

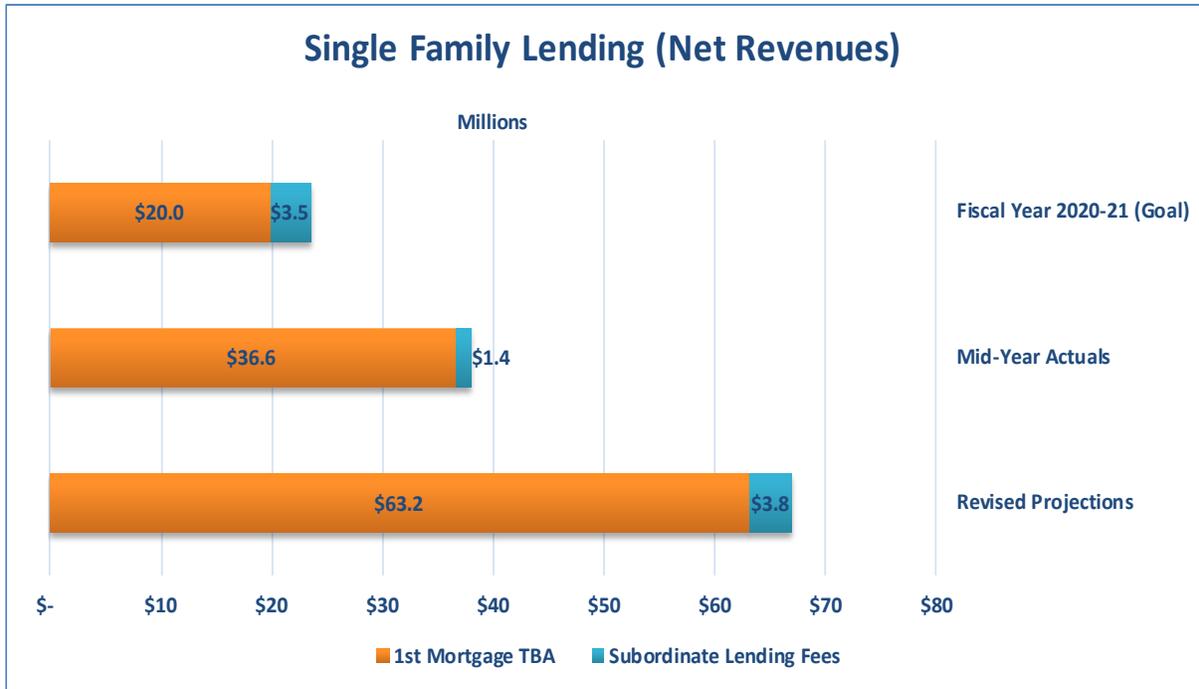
a) Promote sustainable homeownership opportunities by expanding eligibility requirements and product offerings while serving a broad range of income and housing needs:

For fiscal year 2020-21 Single Family Lending targeted \$2 billion in first mortgage loan purchases and \$107 million in loans for down payment assistance (DPA) and closing costs. At mid-year, first mortgage loan securitizations were \$1.4 billion or 70% of business plan objectives. Additionally, staff are nearing 75% completion in an effort to standardize CalHFA subordinate notes and deeds to comply with Fannie and Freddie. Further staff is working to implement Fannie Mae's upload process for Universal Residential Loan Application (Form 1003). Phase 1 of the Optical Character Recognition project has been completed which will refine our document review process to include only the review of exceptions resulting in continued improvement to our already excellent turnaround times in addition to reducing the demand for staffing resources. Taken as a whole, these efforts will further streamline our processes and make our programs seamless for our preferred lender network which will continue to improve our customers' overall experience with CalHFA. Based upon our pipeline of reservations and our historical pull-through rates we expect to securitize approximately \$2.6 billion in first mortgage loans and \$126 million in subordinate loans by the end of the current fiscal year.





The revenue targets for Single Family Lending were \$23.5 million in fee income from loans securitized and from administrative fees for down payment assistance loans funded. At mid-year, fee income generated from the program was \$38 million or 161% of the fiscal year goal. The higher revenue is primarily due to higher production and investor pay-ups. We are cautious when estimating revenues so far in advance as market conditions change frequently.

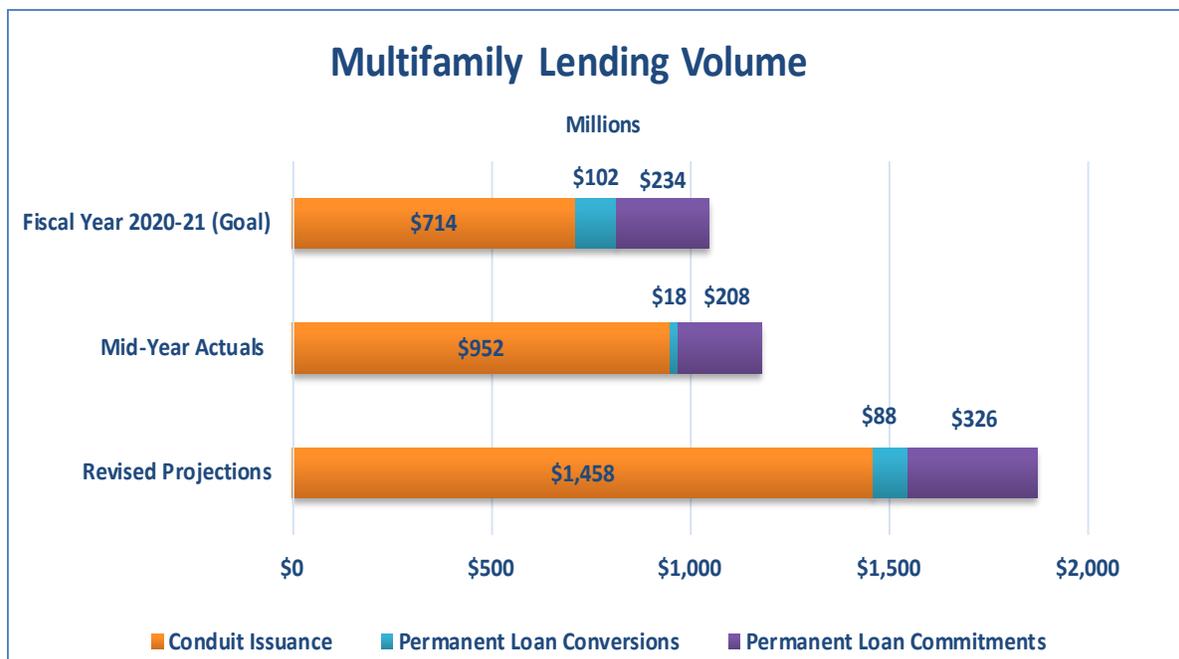


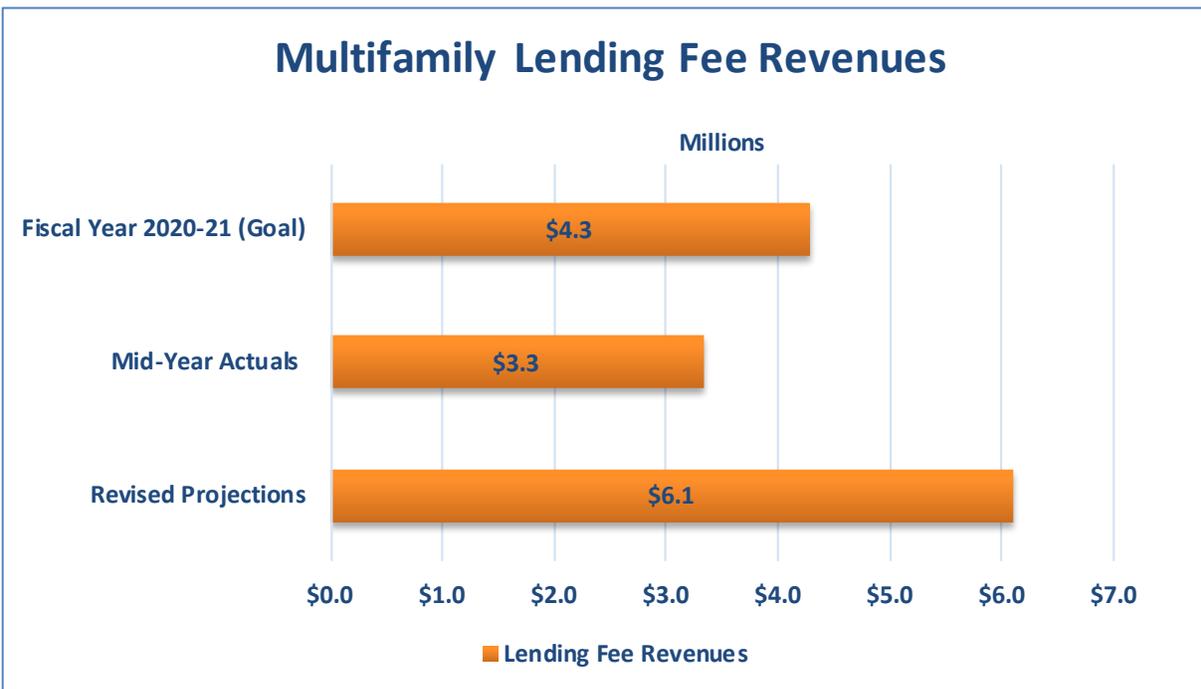
b) Expand multifamily lending opportunities and unit production while addressing preservation needs and providing incentives for mixed-income housing:

For fiscal year 2020-21 Multifamily Lending targeted \$1.05 billion in lending activity and \$4.3 million in revenue:

- \$714 million in Conduit Issuance
- \$49 million in Permanent Loan Conversions
- \$153 million on Permanent Loan Commitments
- \$12 million on Subsidy Loan Conversions
- \$6.5 million in Subsidy Loan Commitments
- \$74 million in Mixed-Income Subsidy Loan Commitments
- \$40.5 million in Special Needs Housing Program Permanent Loan Commitments

At mid-year, overall lending activity for Multifamily programs has exceeded the business plan goals having closed \$1.2 billion or 114% of the fiscal year goal of \$1.05 billion. CalHFA expects to issue over \$1.4 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 24-36 months once construction is complete and occupancy is stabilized. Additionally, this same pipeline of conduit issuances also translates into significant opportunities to preserve (recycle) tax-exempt volume cap for new projects once they convert to permanent.





Additional mid-year accomplishments include:

- 80% complete closing out CalHFA's role as Traditional Contract Administration (TCA)
- Completed the development of procedures related to interdepartmental workflows and job functions and incorporated these procedures into the existing multifamily procedure manual.
- 70% complete with Phase 1 of the migration of multifamily asset management activities to a new system. Full implementation of the system is expected no later than 6/30/21.

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

- Initiated a bond recycling program and deployed recycled bonds in a CalHFA transaction.
- Completed discussions with several local conduit issuers to establish potential partnerships and opportunities to recycle tax-exempt bonds.
- Reviewed and refined CalHFA yield maintenance policy.
- 95% complete in our efforts to eliminate CalHFA's variable rate bond portfolio.
- CalHFA is in the process of working with Citibank Community Capital to execute the third conduit securitization for \$522 million which increases liquidity for the bank and improves access to capital for the development community in California. CalHFA consummated two of these transactions in the prior fiscal year for a total of \$636 million.
- Moody's upgraded CalHFA's Single Family Issuer credit rating, from 'A1' to 'Aa3' with a stable outlook.

CalHFA Credit Ratings		
(FY 2020-21)	S&P	Moody's
Overall Issuer	AA-, stable outlook ↑	A1, positive outlook ↑
Single Family Indenture (HMRB)	AA, stable outlook ↑	Aa3, stable outlook ↑
Multifamily Indenture (MHRBIII)	AA+, stable outlook	A1, positive outlook ↑

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

a) Increase operational efficiencies:

- Completed an assessment of the Multifamily Loan Accounting process and streamlined/automated activities.
- Completed the implementation of a technology solution to facilitate the automation of accounts payable.
- Agency received the third consecutive award for Excellence in Financial reporting from the Government Finance Officers Association (GFOA).

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

- Implementing initial phase of Security Information and Event Management (SIEM) application– Multi-year effort
- Completed key recruitments for the Director of Enterprise Risk Management and Compliance.
- Actively recruiting for Risk Manager, Director of Business Development and Stakeholder Relations and Director of Financing.

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

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

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
- Voting Member on HCD Internal Loan Committee.
- Serves on Freddie Mac Housing for Tomorrow Council
- Serves on BBVA Compass Community Advisory Board on housing policy
- Executive Director served 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
- Provides support to Legislators on housing initiatives
- Collaborates with HCD, DGS and the Governor’s office on State Excess Property
- Serves on the state’s 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

For fiscal year 2020-21, CalHFA leadership has provided countless hours of support to BCSH, CDLAC, TCAC and the Governors’ Office to help educate and support the development of State housing priorities and to help translate those priorities into action through the scoring systems at CDLAC and TCAC. The result of these efforts is a framework of collaboration and a scoring system for affordable housing that reflects the Governor’s policy priorities.

b) Affirmatively Furthering Fair Housing

- Reviewed policy and regulatory agreements to ensure alignment with fair housing.
- Implemented tenant grievance, no net loss and no displacement policies.

Material initiatives undertaken post business plan adoption:

National Mortgage Settlement (NMS)

In addition to diligently working to deliver on the adopted business plan goals and action items, CalHFA was directed, through a budget trailer bill, to facilitate the deployment of \$300 million for a new program to provide housing counseling and mortgage assistance to qualified Californians in need. This was no small task as the Agency’s infrastructure related to mortgage assistance, originally designed to deploy federal Hardest Hit Funds (HHF) through our Keep Your Home California (KYHC) program had been completely dismantled prior to this directive. Despite this head wind, CalHFA has effectively deployed the housing counseling phase of the directive having contracted with three HUD-approved housing counseling intermediaries who have in turn contracted with 74 Housing Counseling Agencies

up and down the State. The first quarterly reporting regarding the services provided to the struggling renters, homeowners and landlords is due in April. Staff are currently working on the infrastructure and term sheet for the deployment of the mortgage assistance with a tentative launch date of the end of Q2 of 2021.

Other Efforts:

- Development of scalable Accessory Dwelling Unit (ADU) program to be used statewide targeted to launch Q3 of 2021
- Agency Covid-19 response included technology reconfigurations, telework policies, communications, and redeployment of 5% of Agency staff for contact tracing
- Diversity, Inclusion and Racial Equity: Partnering with BIPOC developers, staff participation in the Capitol Collaborative on Race and Equity with a goal to adopt a racial equity action plan by fiscal year 2022-23.

CalHFA Strategic Business Plan FY 2020-21

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 FY20/21	Expected Completion FY21/22	Expected Completion FY22/23	Mid-Year Progress/Status As of 12/31/2020	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 product offerings while serving a broad range of income and housing types	Finance \$2 billion in single family lending activity and serve approximately 6,700 homebuyers	Volume	Fee Income	Homeowners			N/A	SF	
		A Securitization of 1st mortgage loans	\$ 2,000,000,000	\$ 30,000,000	6,700			<div style="width: 70%; background-color: #92d050;">70%</div>	SF	
		B MyHOME subordinate loans for down payment assistance	\$ 67,000,000	\$ 3,300,000	-			<div style="width: 70%; background-color: #92d050;">70%</div>	SF	
		C Zero Interest Program (ZIP) Subordinate loans for closing cost assistance	\$ 40,000,000	\$ -	-			<div style="width: 70%; background-color: #92d050;">70%</div>	SF	
			\$ 2,107,000,000	\$ 33,300,000	6,700			N/A		
		D Continue efforts to pursue permanent source of down payment assistance	18/19	YES	Continuous	Continuous	Continuous	N/A	SF	
		E Continue to monitor and implement Fannie Mae's Duty to Serve mandate	20/21	YES	Continuous	Continuous	Continuous	N/A	SF	
		F Standardize documents for subordinate notes and deeds (Fannie/Freddie)	20/21	NO	9/30/2020			<div style="width: 75%; background-color: #92d050;">75%</div>	SF	
		G Launch/Offer the FHA 203(h) for disaster victims	20/21	NO	12/31/2020			<div style="width: 50%; background-color: #92d050;">50%</div>	SF	
		H Implement Fannie Mae's upload process for Universal Residential Loan Application (Form 1003)	20/21	NO	12/31/2020			<div style="width: 75%; background-color: #92d050;">75%</div>	SF	
		I Complete Keep Your Home California (KYHC) wind-down and transitional activities to CalHFA's oversight	19/20	NO	6/30/2021			<div style="width: 75%; background-color: #92d050;">75%</div>	SF/IT	
		J Optical Character Recognition (OCR) migration:						N/A		
		J1 Initiate Phase 1 efforts to select, acquire and develop schedule for implementation of OCR software	20/21	NO	6/30/2021			<div style="width: 100%; background-color: #92d050;">100%</div>	SF	
		J2 Initiate Phase 2 efforts to implement OCR software for pre-submission, compliance review and purchase review	20/21	YES	6/30/2022			<div style="width: 50%; background-color: #92d050;">50%</div>	SF	
		2 Expand multifamily lending opportunities and unit production while addressing preservation needs and providing incentives for mixed-income housing	2 Finance \$1 billion in multifamily lending activity for approximately 3,525 units	Conduit Issuance	Volume	Fee Income	Units			N/A
A Conduit Issuance	\$713,860,415			\$1,131,360	445			<div style="width: 100%; background-color: #92d050;">100%</div>	MF	
B Permanent Loan Conversions*	\$49,240,071			\$230,325	0*			<div style="width: 11%; background-color: #92d050;">11%</div>	MF	
C Permanent Loan Commitments**	\$153,319,840			\$753,005	305			<div style="width: 59%; background-color: #92d050;">59%</div>	MF	
D Subsidy Loan Perm Conversion	\$11,936,000			\$0	0			<div style="width: 0%; background-color: #92d050;">0%</div>	MF	
E Subsidy Loan Commitments	\$6,500,000			\$0	0			<div style="width: 22%; background-color: #92d050;">22%</div>	MF	
F Mixed-Income Program (MIP) Subsidy Loan Commitments	\$73,865,000			\$1,287,851	1618			<div style="width: 100%; background-color: #92d050;">100%</div>	MF	
G SNHP Permanent Loan Conversions	\$40,488,163			\$874,506	1157			<div style="width: 29%; background-color: #92d050;">29%</div>	MF	
	<small>* Units counted in previous Fiscal year **Units for Perm. Loans tied to MIP subsidies are reported under the MIP subsidy Loan</small>							N/A		
	TOTAL			\$1,049,209,489	\$4,277,048	3525				MF
H Monitor market acceptance of Mixed Income Program (MIP) and adjust program as needed to address current market environment while ensuring the efficient utilization of funds	19/20			YES	Continuous	Continuous	Continuous	N/A	MF	
I Monitor the status of future funding allocations for the MIP and develop strategies to expand or contract program as needed (i.e. continued disbursement of AB 101 funds, new allocations of state tax credits)	19/20			YES	Continuous	Continuous	Continuous	N/A	MF	
J Continue portfolio preservation strategy to retain portfolio projects set to pay off in the next 5 years and to endeavor to extend regulatory agreement and preserve project affordability	19/20			YES	Continuous	Continuous	Continuous	N/A	MF	
K Continue efforts to expand Conduit Issuance to communities that are underserved and lack capacity	19/20			YES	Continuous	Continuous	Continuous	N/A	MF	
L Continue responsible wind-down of the Special Needs Housing Program (SNHP):								N/A		
L1 Coordinate disposition of remaining program funds with participating Counties	19/20	NO	6/30/2021			<div style="width: 80%; background-color: #92d050;">80%</div>	MF			
L2 Process remaining pipeline of SNHP projects	19/20	YES		6/30/2022		<div style="width: 35%; background-color: #92d050;">35%</div>	MF			
L3 Explore opportunities to transfer servicing & compliance activities back to localities or HCD	19/20	YES			6/30/2023	<div style="width: 20%; background-color: #92d050;">20%</div>	MF			
M Expand the Preservation Program Platform to include Tax Exempt Bonds resulting from Bond Recycling Program	20/21	NO	6/30/2021			<div style="width: 0%; background-color: #92d050;">0%</div>	MF			
N Close out Traditional Contract Administration (TCA) activities in coordination with HUD	20/21	NO			12/31/2022	<div style="width: 80%; background-color: #92d050;">80%</div>	MF			
O Develop procedures related to interdepartmental workflows and job functions to be incorporated in the existing Multifamily Procedure Manual.	20/21	NO	12/31/2020			<div style="width: 100%; background-color: #92d050;">100%</div>	MF			
P Multifamily system integration and migration:						N/A				

BUSINESS PLAN GOALS	KEY STRATEGIES	ACTION ITEMS		Initial Plan Year	Multi-Year Effort?	Expected Completion FY20/21	Expected Completion FY21/22	Expected Completion FY22/23	Mid-Year Progress/Status As of 12/31/2020	Item Owner	
		P1	Initiate phase 1 effort to transition multifamily asset management activities to a new system	20/21	YES	6/30/2021			70%	MF/AM	
		P2	Initiate phase 2 effort to transition multifamily origination platform to a new system	20/21	YES		12/31/2021		25%	MF/AM	
	3	Strengthen Agency financial position by monetizing assets for liquidity while maximizing return on equity and investment	A	Manage balance sheet capital reserves to achieve an AA General Obligation rating	19/20	YES		6/30/2022		75%	FIN
			B	Establish strategic partnerships to expand financial executions that we can offer to developers	19/20	NO	6/30/2021			50%	FIN
			C	Tax Exempt Bond Recycling Program:						N/A	FIN
			C1	Develop internal systems to administer bond recycling activities	19/20	NO	9/30/2020			100%	LEG/FIN
			C2	Execute strategy to preserve CalHFA's tax exempt volume cap and deploy on new CalHFA transactions	19/20	NO	12/31/2020			75%	LEG/FIN
			C3	Develop strategy to expand the recycling program through local partnerships.	20/21	YES		12/31/2021		75%	LEG; FIN; MF
			D	Refine Multifamily yield maintenance process and procedures	20/21	NO	7/31/2020			100%	FIN
			E	Eliminate all variable rate bonds	20/21	YES		12/31/2021		95%	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 efforts to streamline and refine processes to improve efficiencies in the Mortgage Access System (e.g. OCR capabilities)	19/20	YES	Continuous	Continuous	Continuous	N/A	SF
			B	Workforce planning: support divisions in filling key vacancies; succession planning; reduce key employee dependencies	17/18	YES	Continuous	Continuous	Continuous	N/A	ADM
			C	Identify data visualization and mapping needs and expand use throughout Agency reports; internal and external using GIS and PowerBI	19/20	YES		12/31/2021		60%	MRKT; FIN;IT
			D	Perform an internal assessment of the Multifamily Loan Accounting process; streamline and automate activities	19/20	NO	12/31/2020			100%	FIS
			E	A/P automation - Docuphase	19/20	YES		9/30/2021		100%	FIS
			F	Implement an Information Technology Service Management (ITSM) to improve IT customer service	19/20	YES			9/30/2022	N/A	IT
			G	Continue cross training, creating desk manuals, succession planning in multiple units (Finance, MF, OGC, Admin etc.)	18/19	YES	Continuous	Continuous	Continuous	N/A	VARIOUS
	5	Continuously monitor and employ long-term strategies to mitigate enterprise risk and improve agency management reporting	A	Work with division managers to identify risks associated with agency activities in compliance with the State Leadership Accountability Act (SLAA) report	18/19	YES	Continuous	Continuous	Continuous	N/A	ERM; ALL DIVISIONS
			B	Implement Security Information and Event Management (SIEM)	19/20	YES			1/1/2023	N/A	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 and preservation	A	Continue collaboration efforts with DGS and HCD on the use of state surplus property	18/19	YES	Continuous	Continuous	Continuous	N/A	MF; FIN
			B	Build and maintain relationships with State and Federal legislators and their staff to provide them with technical assistance; advocate for affordable housing in CA, including resources to stabilize housing portfolio during and post COVID-19 crisis	18/19	YES	Continuous	Continuous	Continuous	N/A	LEG
			C	Establish disaster strategy for partnerships in communities recovering from disasters (e.g. Sonoma county)	19/20	YES	Continuous	Continuous	Continuous	N/A	SF/MF
	7	Affirmatively Furthering Fair Housing	A	Review current regulatory agreements to ensure our compliance with fair housing	20/21	YES	Continuous	Continuous	Continuous	100%	OGC
			B	Perform an analysis and build a report on how we are meeting fair housing efforts in our current portfolio	20/21	NO	9/30/2020			20%	OGC /FIN
C			Policy review and adjustments (tenant grievance, no displacement, no net loss, AFFH)	20/21	NO	9/30/2020			100%	OGC	

State of California

MEMORANDUM

To: Board of Directors
California Housing Finance Agency

Date: March 25, 2021

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

Subject: FY 2020-21 CalHFA MID-YEAR BUDGET UPDATE

In May 2020, the Board approved the FY 2020-21 Operating Budget in conjunction with the adoption of the FY 2020-21 Business Plan. The approved operating budget included a resource budget of \$70 million and expenditure budget of \$39.7 million and included 221 permanent positions and 2.2 temporary positions. As of December 31, 2020, resources are \$59.8 million or 70% ahead of mid-year expectations and operating expenses are \$17.2 million or 13% below mid-year expectations. The table below provides a breakdown of our mid-year results as well as revised projections for fiscal year 2020-21.

CALIFORNIA HOUSING FINANCE AGENCY MID-YEAR 2020-21 BUDGET UPDATE (DOLLARS IN THOUSANDS)						
	Approved Budget	Mid-Year Budget	Mid-Year Actuals	Variance	%	Projected 2020-21
RESOURCES						
Single Family Lending						
Lending Fees	30,000	15,000	36,622	21,622	144.1%	63,200
Interest Income	15,750	7,875	7,323	-552	-7.0%	14,526
Servicing Income	2,000	1,000	991	-9	-0.9%	1,991
Other Administrative Fees	3,300	1,650	1,419	-231	-14.0%	3,800
Multifamily Lending						
Lending Fees	4,277	2,139	3,329	1,191	55.7%	6,102
Interest Income	10,185	5,093	6,128	1,036	20.3%	12,896
Servicing Income	1,000	500	654	154	30.8%	1,154
Other Administrative Fees	3,500	1,750	3,314	1,564	89.4%	5,617
TOTALS	\$ 70,012	\$ 35,006	\$ 59,780	\$ 24,774	70.8%	\$ 109,286
OPERATING BUDGET						
Salaries and Wages	15,872	7,936	7,326	610	7.7%	14,900
Temp	177	89	105	(17)	-18.6%	210
Benefits	9,693	4,847	3,985	862	17.8%	8,100
General Expense	745	373	261	112	29.9%	550
Communications	429	215	99	116	53.8%	225
Travel	498	249	7	242	97.2%	15
Training	256	128	36	92	71.9%	85
Facilities Operation	2,868	1,434	1,371	63	4.4%	2,800
Consulting & Professional Services	5,634	2,817	2,590	227	8.1%	5,600
Central Administrative Services	1,860	930	1,210	(280)	-30.1%	1,860
Information Technology	1,485	743	227	516	69.4%	1,485
Equipment	170	85	4	81	95.3%	100
TOTALS	\$ 39,687	\$ 19,844	\$ 17,221	\$ 2,623	13.2%	\$ 35,930
NET SURPLUS/(EXPENDITURE)	\$ 30,325	\$ 15,163	\$ 42,559	\$ 27,397	180.7%	\$ 73,356

RESOURCES:

At mid-year, resources are trending significantly higher than originally anticipated primarily due to the healthy level of fee income being generated from our Single Family Lending program. Much of this additional fee income is directly tied to the level of “spec pay up” our MBS securities have engendered from the market over the last several years. Investors are currently willing to pay a premium for our securities because our loans tend to have a slower than average prepayment speed. We are not aggressive with our estimates of spec pay up revenues because they tend to be very volatile and cannot be consistently relied upon.

At the mid-year mark, the Single Family Lending program has securitized \$1.38 billion in first mortgage loan volume representing 4,084 first-time homebuyers and 69% of the fiscal year lending goal. As we evaluate the mid-year performance of both our lending programs we project revenues will be 50% greater than originally expected and we will reinvest any excess resources into financing more affordable housing for low- and moderate-income Californians and strengthening our balance sheet to facilitate improved credit ratings.

OPERATING BUDGET:

CalHFA’s operating budget is trending at \$2.6 million or 13% under budget at mid-year due primarily to salary and benefit savings from vacancies and cost savings from reductions in the use of consulting and professional services contracts and reduced travel and training expenses during the pandemic. Salary and benefit costs make up 68% of the operating budget and provides for both permanent and temporary positions. The fiscal year 2020-21 budget authorized 223.2 full time equivalent (FTE) positions (221 regular positions and 2.2 temporary positions).

To ensure the efficient use of staff resources, the Agency continuously evaluates the workload and staffing levels of each division to ensure appropriate workforce planning is taking place. It is worth mentioning that CalHFA maintains a lean infrastructure that focuses on the use of technology solutions to improve the quality and speed of program execution. Having said that, we are actively evaluating the future staffing needs of the organization given the temporary redeployment of several Agency staff for COVID contract tracing and considering other staffing needs to successfully deploy the one time funds from the national mortgage settlement and potential federal funding for mortgage assistance.

Overall, CalHFA’s operating budget is projected to be \$36 million, well within the approved fiscal year operating budget of \$39.7 million.

CalHFA MULTIFAMILY PROGRAMS DIVISION
Final Commitment Staff Report & Request for Loan Approval of
a Taxable Permanent Loan Refinance with Equity Cash-out
Senior Loan Committee "Approval": March 9, 2021 for Board Meeting on: March 25, 2021

Project Name, County:	Flower Park Plaza, Orange County		
Address:	901 W. 1 st Street, Santa Ana, 92703		
CalHFA Project Number:	19-056-S	Total Units:	199
Requested Financing by Loan Program:	\$26,700,000	Taxable Permanent Loan with HUD Risk Sharing	

DEVELOPMENT/PROJECT TEAM

Developer:	Christian Church Homes	Borrower:	CCHNC Flower Park Plaza Associates, L.P.
Permanent Lender:	CalHFA	Construction Lender:	N/A
Equity Investor:	N/A	Management Company:	Christian Church Homes
Contractor:	MFRG Icon Builders	Architect	RADAR
Loan Officer:	N/A	Loan Specialist:	Kevin Brown
Asset Manager:	Chris Johnson	Loan Administration:	Bahiyah Hillary
Legal (Internal):	Torin Heenan	Legal (External):	N/A
Concept Meeting Date:	N/A	Approval Expiration Date:	180 days from Approval

LOAN TERMS

1.		CONDUIT ISSUANCE/ CONSTRUCTION LOAN	PERMANENT LOAN	MIP (GAP) LOAN
	Total Loan Amount	N/A	\$26,700,000	N/A
	Loan Term & Lien Position	N/A	40-years partially amortizing due in year 30. 1 st Lien Position at permanent closing	N/A
	Interest Rate (subject to change and locked 30 days prior to loan closing)	N/A	10-year Treasury + 3.46% Underwritten at 5.25% that includes a .25% cushion No forward commitment.	N/A
	Loan to Value (LTV)	N/A	LTV is 57% of as complete restricted value	N/A
	Loan to Cost	N/A	87%	N/A

PROJECT SUMMARY

2.	Legislative Districts	Congress:	#46 J Luis Correa	Assembly:	#69 Tom Daly	State Senate:	#34 Thomas Umberg
	Brief Project Description	<p>Flower Park Plaza (the “Project”) is a senior Project, consisting of one 11-story elevator served building. There are 51 studio units and 147 1-bedroom units restricted to residents earning 50% of AMI or below. One unrestricted two-bedroom unit is reserved for the on-site property manager.</p> <p>Rehabilitation Scope: Rehabilitation scope will consist of a roof replacement, systems improvements (plumbing, HVAC, electrical, safety and security, solar), exterior improvements, common space finishes, and equipment & furnishing replacements as needed. Unit level and systems improvements will not require tenant relocation. Should relocation be necessary, the cost will be covered from the cash-out equity by the Borrower. A total of \$3,417,210 has been budgeted for construction/rehabilitation costs and \$525,487 has been budgeted for hard contingency to cover any cost overruns during construction. See Section 28 for more details on the rehabilitation scope and budget.</p> <p>Financing Structure: The Project’s financing structure includes a taxable CalHFA permanent loan and existing reserves and impounds.</p> <p>Tax Credits and/or CDLAC Status: N/A</p> <p>Ground Lease: None</p> <p>Project Amenities: The Project includes a community room, recreation room, reading room, picnic area, and central laundry facilities. Unit amenities include central heating & air conditioning, blinds, a refrigerator, stove/oven, garbage disposal, and balconies.</p> <p>Local Resources and Services: The Project is located in a Low Resource Area per TCAC’s 2021 Opportunity Area Map. The Project is in close proximity to the following local amenities and services:</p> <ul style="list-style-type: none"> • Grocery stores – 0.5 miles • Public Library – 1 mile • Public transit - 0.25 miles • Retail - 1 mile • Park and recreation – 0.3 miles • Hospitals - 2 miles • Senior center – 2.5 of miles <p>Non-displacement and No Net Loss: To the extent feasible, it is the Agency’s priority to mitigate the overall effects upon affordable housing availability that may arise from multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project involves a rehabilitation of existing affordable residential multifamily housing. As a result, no residential households will be permanently relocated. Additionally, no units will be temporarily relocated. CalHFA’s policy requires No Net Loss of affordable units for developments that the agency is financing. No affordable units will be lost related to the rehabilitation/demolition of the existing Development because the scope of work may be completed with residents in place.</p> <p>Commercial Space: None</p>					

MISSION

3.	CalHFA Mission/Goals
This Project and financing proposal will extend the affordability for 198 units with rents restricted at 50% of AMI or below by 5 years for a total of 40 years; CalHFA's existing Regulatory Agreement will be extended from 2056 to 2061.	

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/TCAC Closing Deadline:	N/A	CalHFA Permanent Loan Closing:	5/5/2021
	Estimated Construction Start:	10/2021	Est. Construction Completion:	10/2022
	Estimated Stabilization and Conversion to Perm Loan(s):	N/A		

SOURCES OF FUNDS

5.	Permanent Financing				
	SOURCE	AMOUNT	LIEN POSITION	INTEREST RATE	DEBT TYPE
	CalHFA	\$26,700,000	1 st	5.25%	40 years due in 30 years
	Existing Reserves/Impounds	\$4,060,143	N/A	N/A	N/A
	Surplus Operating Cash*	\$758,143	N/A	N/A	N/A
	TOTAL DEVELOPMENT COST:	\$31,518,286	\$158,383	Per Unit	
	<p>*The project will have approximately \$758,143 in surplus operating cash during the rehab period. The developer is proposing to use a portion of surplus cash to fund a portion of construction costs.</p> <p>Subsidy Efficiency: N/A</p> <p>Tax Credit Type(s), Amount(s), Pricing(s), and per total units: N/A</p> <p>Rental Subsidies: . 198 units will be subsidized by HUD's Project-Based Section 8 program for an initial term of 20 years. The rental subsidy contract will be administered by CalHFA.</p> <p>Other State Subsidies: The Project will not be funded by other state funds.</p> <p>Other Locality Subsidies: The Project will not be funded by locality funds.</p>				
6.	Equity – Cash Out (estimate): \$21,128,561 (\$106,174 p/u) CCH will use the cash out proceeds to improve existing projects in their portfolio and invest in new affordable housing development initiatives and predevelopment costs.				

TRANSACTION OVERVIEW

7.	Proposal and Project Strengths
	<ul style="list-style-type: none"> • The sponsor has extensive experience in developing similar affordable housing projects and/or have experience with CalHFA. • The General Contractor has extensive experience building and rehabbing similar affordable housing buildings. • The Project will continue serve low-income Seniors earning 50% AMI or less. • 198 units will be supplemented by HUD's Project Based Section 8 Program administered by CalHFA for a term of 20 years through 2040. CalHFA is the HAP contract administrator. See section 15 for more information. • The Loan-to-Value will be 57%, which meets the Agency's minimum requirements, providing less risk to the Agency. • The exit analysis indicates that refinance proceeds would be enough to repay the balance of permanent debt at maturity (30 years). • Any funding shortfalls during the course of rehab will be deducted from the payment and performance holdback. • The average vacancy rate for the Project in the past 3 years was 1.5% and the Project is currently fully leased up. • A portion of refinance proceeds will be used to address the immediate needs identified in the Physical Needs Assessment. See section 28 for more information.
8.	Project Weaknesses with Mitigants:
	None
9.	Underwriting Standards or Term Sheet Variations
	None
10.	Project Specific Conditions of Approval
	<p>Approval is conditioned upon:</p> <ul style="list-style-type: none"> • Receipt of a reliance letter from SCS Engineers and resolution on the information gap regarding on-site USTs prior to Perm Loan conversion. • No site work or rehabilitation may commence prior to the issuance of a HUD Firm Approval Letter. • Completion of NEPA review by AEM consultants. • The amount of \$589,011, 20% of hard costs shall be held back by Agency until developer provides evidence of completion acceptable to CalHFA. • Receipt of executed authorizing resolutions to proceed with this refinancing from both the GP and LP. • Receipt of HUD 2530 previous participation certification from the sponsor. • Receipt of NEPA clearance from HUD. • Evaluation of and scope/budget determination for Elevator System, Sewer and Storm Drainage are required prior to closing.
11.	Staff Conclusion/Recommendation:
	The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.

AFFORDABILITY

12.	CalHFA Affordability & Occupancy Restrictions						
<p>The CalHFA Permanent Financing Regulatory Agreement will restrict a minimum of 20% of the total units at or below 50% of AMI for 40 years. The existing regulatory agreement expires in 2056. The new CalHFA regulatory agreement will extend the affordability by 5 years to 2061.</p>							
Rent Limit Summary Table							
AMI	Total	Studio	1-bdrm	% of Total			
30%	0	-	-	0.0%			
40%	0	-	-	0.0%			
50%	198	51	147	99.5%			
60%	0	-	-	0.0%			
Manager's Unit	1	-	1	0.5%			
Total	199	51	148	100.0%			
NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY							
Regulatory Source	Recordation Priority if Recorded Document	Term of Agrmt (years)	Number of Units Restricted For Each AMI Category				
			50% AMI	60% AMI	Mgrs Unit	Total Units Regulated	% of Regulated Units
CalHFA Bond	1 st	40	40		1	40	20.1%
TCAC (existing)	2 nd	41		80	1	80	40.2%
<p>The average affordability restriction is 50% of AMI.</p>							
13.	Geocoder Information						
	Central City:	Yes	Underserved:	No			
	Low/Mod Census Tract:	Moderate	Below Poverty line:	27.15%			
	Minority Census Tract:	99.32%	Rural Area:	No			

FINANCIAL ANALYSIS SUMMARY

14.	Capitalized Reserves:	
	Replacement Reserves (RR):	<p>\$250,000</p> <p>The capitalized RR amount is sized based on \$1,256 per unit, which is necessary to fund window replacements that is anticipated by year 15. CalHFA will hold this reserve.</p>
	Operating Expense Reserve (OER):	<p>\$830,070</p> <p>The Project is an existing project that has been operating for 37 years and the proposed operating expense is consistent with historic audits. In addition, the Borrower has not drawn funds from the existing operating reserve for more than 10 years, therefore the Project's new capitalized operating reserve has been sized based on 3 months of total operating expense, replacement reserves, and debt service. Hence, OER amount is size based on 3-months operating expenses, debt service, and annual replacement reserves deposits. CalHFA will hold this reserve.</p>

	Transitional Operating Reserve (TOR):	N/A	
15.	Cash Flow Analysis		
	1st Year DSCR:	1.15	Project-Based Subsidy Term: Total of 20 years with 19 years remaining*
	End Year DSCR (Y30):	1.42	Annual Replacement Reserve Per Unit: \$600/unit
	Residential Vacancy Rate:	3%**	Rental Income Inflation Rate: 2.50%
	Subsidy Vacancy Rate:	3%	Subsidy Income Inflation Rate: 2.50%
	Non-residential Vacancy Rate:	N/A	Project Expenses Inflation Rate: 3.50%
			Property Tax Inflation Rate: 1.25%
<p>*The remaining Project-Based rental subsidy contract term is 19 years, which is 11 years less than the Agency's proposed permanent first lien loan. CalHFA is the HAP contract administrator. While an extension or renewal of the existing HAP contract is expected pursuant to the statutory authority Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) and Section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (Title V of Public Law No. 105-65, October 27, 1997, 111 Stat. 1384), as amended, the mitigants include 1) requirement of float-up language that allow rents to increase to the allowable TCAC maximum rents should the HAP contract not be renewed and 2) the project will have access to the capitalized operating reserve to cover any future rental shortfalls. Therefore, a Transitional Operating Reserve (TOR) is not required.</p> <p>**3% vacancy rate was used because the property has had an average less than 1.5% vacancy in the past 3 years. The recent appraisal concluded an average vacancy rate of 3.1% for multifamily development within a 1 mile radius.</p> <p>Note: The proposed operating budget is based on the 2021 Budget provided by the Sponsor and compared against the 2019 audit and estimates from the CBRE appraisal (total operating expenses used for underwriting is 6% higher than the 2019 audit and 8% higher than the appraisal). For budget line items that were lower on the proposed 2021 operating budget (such as utilities) relative to previous years' actuals, an average of actuals from the previous 3 years were used to arrive at a more conservative, slightly higher, estimate.</p>			
16.	Loan Security		
The CalHFA loan(s) will be secured against the above described Project site.			
17.	Balloon Exit Analysis	Applicable: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
The exit analysis assumes 2% above current cap rate of 4.25% and 3% increase of the underwriting interest rate at loan maturity. Based on these assumptions, the Project will have the ability to fully repay the balance of Agency's estimated permanent loan of \$12.41 million. The primary source of repayment for the first mortgage is refinance of the Project's first mortgage.			

APPRAISAL AND MARKET ANALYSIS

18.	Appraisal Review		
<ul style="list-style-type: none"> The Appraisal dated February 7, 2021, prepared by CBRE, values the land at \$14,000,000. The cap rate of 4.25% and the projected net operating income, which is generally in line with the proposed Project net operating income, were used to determine the appraised value of the subject site. The proposed operating expense is consistent with and is reasonable based on the appraisal report. The as-complete, restricted and stabilized value is \$46,700,000, which results in the Agency's loan to value of 57%. 			
	Market Study:	Market Study was not required as the Project is an existing project that has sustained an average 1.5% occupancy rate over	Dated: N/A

	the past 3 years. In addition, the recent appraisal concluded an average vacancy rate of 3.1% for multifamily development within a 1 mile radius.	
<p>Regional Market Overview – See below.</p> <p>Local Market Area Analysis – - According to the appraisal, the market and submarket remain strong due to strong demand for housing. Rents are forecast to increase and occupancy levels to remain high. Demand for units at the subject should remain strong due to the affordability of the rent.</p> <ul style="list-style-type: none"> • Supply: According to the appraisal, Submarket Inventory is projected to be 19,111 units at the end of the current year, which represents an increase from the previous year’s submarket inventory of 18,883 units. Inventory for next year is projected to be 19,259 units, reflecting an increase from the current year. • Demand/Absorption: According to the appraisal, Demand remains strong for housing in the subject’s sub-market. This is supported by the increasing rental rates and stable occupancy rates. 		

DEVELOPMENT SUMMARY

19.	Site Description	Requires Flood Insurance: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	<ul style="list-style-type: none"> • The property is located on the northwest side of W. 1st Street and S. Flower Street, in the City of Santa Ana, Orange County. • The site is currently occupied, with level topography at street grade, measuring approximately 1.61 acres and is generally square in shape. • The site is zoned SD-18, with permitted multifamily residential use. • The subject is located in Flood Zone X. Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood, therefore the Project will not be subject to flood insurance. • The site consists of an existing residential structure that is currently occupied. 	
20.	Form of Site Control & Expiration Date	
	The Borrower entity will not change and will remain the same in this refinancing transaction.	
21.	Current Ownership Entity of Record	
	Title is currently vested in CCHNC Flower Park Plaza Associates, LP, a California limited partnership, as the fee owner.	
22.	Environmental Review Findings	
	<ul style="list-style-type: none"> • A Draft Phase I Environmental Site Assessment performed by SCS Engineers, dated February 12, 2021 identified a gap in the historical data relating to underground storage tanks (USTs) on the southeast corner of the property. The sponsor is working with SCS to address the information gap in the final draft and SCS will prepare a reliance letter to CalHFA. The cost of any remediation required as a result of the assessment will be incorporated onto the final sources and uses budget prior to permanent loan closing and is anticipated to be offset by a portion of the equity cash-out, as needed. A final Phase I report acceptable to CalHFA will be required prior to permanent loan closing. • A NEPA review will be performed by AEM and is expected to be completed prior to permanent loan closing. 	
23.	Seismic	Requires Earthquake Insurance: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Historically, the Project has had earthquake insurance, an earthquake insurance waiver was not requested as part of this transaction, therefore earthquake insurance will be required and the expense is included in the operating budget.	

24.	Relocation	Requires Relocation: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> Not Applicable
<p>The Project involves discrete rehabilitation work for unit interiors, therefore, tenant relocation is not anticipated, and residents are expected to remain in their units during the rehabilitation period. The developer budgeted \$0 for relocation purposes and \$314,207 for soft contingency in the event of unforeseen issues during construction. If additional costs were to arise, the amount may be offset by the payment and performance holdback.</p>		

PROJECT DETAILS

25.	Residential Areas:		
	Residential Square Footage:	96,849	Residential Units per Acre: 124
	Community Area Sq. Ftg:	2,407	Total Parking Spaces: 83
	Supportive Service Areas:	0	Total Building Sq. Footage: 131,779
26.	Mixed-Use Project: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	Non-Residential Sq. Footage:	N/A	Number of Lease Spaces: N/A
	Master Lease:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Number of Parking Spaces: N/A
27.	Construction Type:	Existing construction: an 11-story concrete framed residential building with surface parking spaces	
28.	Construction/Rehab Scope	Requires Demolition: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<ul style="list-style-type: none"> • Any remediation required described in Section 22 above will be offset by the payment and performance holdback. • The PNA prepared by Integrated Property Analysis, Inc., dated October 20, 2020, determined that moderate work was necessary to extend the life of the property. The rehabilitation costs for this project totals approximately \$3,417,210. The scope includes the following: <ul style="list-style-type: none"> ○ Unit Interiors (ADA unit accessibility and appliance replacements as needed) - \$80,120 ○ Building Systems and Common Areas (Total: \$1,984,761) <ul style="list-style-type: none"> ▪ Roof replacement and waterproofing - \$217,870 ▪ Exterior Paint - \$184,369 ▪ Building Plumbing - \$10,000 ▪ Solar Hot Water Removal - \$30,000 ▪ HVAC Replacement and Evaluation - \$1,276,240 ▪ Recirculation Pump Upgrades - \$50,000 ▪ Replacement of Common Area Flooring, Appliances and Lighting - \$160,532 ▪ ADA Access for Community Kitchen - \$750 ▪ Emergency Call Systems for Residents - \$45,000 ▪ Low Voltage Wiring - \$10,000 ○ Exterior and Grounds (Total: \$82,432) <ul style="list-style-type: none"> ▪ Stucco and concrete repairs - \$15,225 ▪ Landscape and tree removal - \$5,000 ▪ Site signage, parking lot seal coat and striping, and exterior pole replacements - \$62,207 ○ Allowances (Total: \$797,740) <ul style="list-style-type: none"> ▪ Evaluation of Elevator System, Sewer and Storm Drainage - \$62,000 ▪ Installation of Solar PV system and Batteries - \$720,740 ▪ Unit blinds replacements, as needed - \$15,000 ○ General requirements, GC overhead/profit/liability insurance - \$472,157 <p>In addition, hard cost contingency of \$525,487 (18% of total hard costs) has been included in the development budget.</p> • The amount of \$589,011, 20% of hard costs, shall be held back by Agency until Borrower provides evidence of completion acceptable to CalHFA. 			

- The Sponsor will be seeking external funding (CA Energy Commission-CEC, Low-Income Weatherization Program-LIWP, and Solar on Multifamily Affordable Housing-SOMAH) to offset the cost of energy efficiency improvements related to the heating system and solar technology. If awarded, the grants will offset rehab construction costs. Construction underwriting for this project assumes no external funding.

29. Construction Budget Comments:

- CalHFA's Senior Housing Construction Inspector has reviewed the PNA and scope of work and determined that the \$250K initial capitalized replacement reserve contribution and annual contributions of \$600/unit are sufficient.
- CalHFA will be retaining \$519,316 from equity cash-out proceeds for payment and performance holdback which will be refunded to the borrower once CalHFA requirements are fully satisfied. This amount will be available to cover any construction cost overruns.

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30. Borrower Affiliated Entities

- Managing General Partner: CCHNC Flower Park Plaza, LLC, a California limited liability company; 0.01% interest
 - Sole Member: Christian Church Homes, a California nonprofit public benefit corporation
- Limited Partner: CCH Development Corporation, a California nonprofit public benefit corporation; 99.99% interest

31. Developer/Sponsor

Christian Church Homes (CCH) was founded and incorporated as a 501(c)3 nonprofit organization in 1961. CCH's mission is to provide housing and human services to low-income seniors. CCH provides management services and Social Services Coordination for 57 facilities throughout the Greater Bay Area, California and five additional states, providing over 4,100 residential units for low-income to extremely low-income persons. CCH currently owns and manages 40 HUD properties (3,034 units) that involve a combination of Section 202, Section 236, HOME, HUD-insured loans, and Project Based Section 8). Two (2) out of the 40 projects (including this one) are in the CalHFA portfolio. The properties are performing as expected. CCH does not have any projects under construction or in the pipeline.

32. Management Agent

The Project will continue to be managed by Christian Church Homes (CCH), which has extensive experience in managing similar affordable housing projects in the area and manages 2 projects in CalHFA's portfolio. CCH is also the sponsor of this project and provides property management services to all CCH-owned properties as well as other affordable housing complexes owned by other entities.

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

EngAGE Inc will provide social services for all tenants through a 5 year contract that is funded by the Borrower and includes a Social Services Coordinator. Contract is renewed every 5 years. Services will be onsite.

34. Contractor Experienced with CalHFA? Yes No

The general contractor is MFRG-ICON Construction, which has extensive experience in constructing similar affordable housing projects in California and is familiar with CalHFA. They have completed approximately 28,000 units of affordable housing and have been involved in 2 CalHFA conduit bond projects. They maintain a HUD 2530 Previous Participation Certification that covers over 13,000 units. MFRG-ICON currently has 14 additional projects in the pipeline and 15 projects under construction.

35.	Architect	Experienced with CalHFA? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>The architect is RADAR. RADAR staff have experience with various building types and uses but does not have experience with affordable housing projects. The architect will be coordinating with various contractors (MEP, structural, waterproofing and ADA compliance) to make changes to as-built drawings for permitting purposes needed for installation of solar panels on roof. No changes will be made to the footprint or unit layout.</p>		
36.	Local Review via Locality Contribution Letter	
<p>The locality, City of Santa Ana Housing Authority, returned the local contribution letter stating they strongly support the project.</p>		

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY			Final Commitment			
Acquisition, Rehab, Construction & Permanent Loans			Project Number 19-056-S			
Project Full Name	Flower Park Plaza	Borrower Name:	CCHNC Flower Park Plaza Associates, LP			
Project Address	901 W. 1st Street	Managing GP:	CCHNC Flower Park Plaza, LLC			
Project City	Santa Ana	Developer Name:	Christian Church Homes			
Project County	Orange	Investor Name:	--			
Project Zip Code	92703	Prop Management:	Christian Church Homes of Northern California			
		Tax Credits:	0			
Project Type:	Permanent Loan Only	Total Land Area (acres):	1.61			
Tenancy/Occupancy:	Senior	Residential Square Footage:	96,849			
Total Residential Units:	199	Residential Units Per Acre:	123.60			
Total Number of Buildings:	1					
Number of Stories:	11	Covered Parking Spaces:	0			
Unit Style:	Flat	Total Parking Spaces:	83			
Elevators:	1					
CalHFA						
Permanent Financing		Loan Amount (\$)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm Refi		26,700,000	1.000%	30	40	5.250%
--		--	--	--	--	--
--		--	--	--	--	--
--		--	--	--	--	--
--		--	NA	NA	NA	NA
Existing Impounds/Reserves		4,060,143	NA	NA	NA	NA
Surplus Operating Cash		758,143	NA	NA	NA	NA
Appraised Values Upon Completion of Rehab/Construction						
Appraisal Date:	1/22/21	Capitalization Rate:			4.25%	
Investment Value (\$)	46,700,000	Restricted Value (\$)			46,700,000	
Construct/Rehab LTC	N/A	CalHFA Permanent Loan to Cost			85%	
Construct/Rehab LTV	N/A	CalHFA 1st Permanent Loan to Value			57%	
		Combined CalHFA Perm Loan to Value			57%	
Additional Loan Terms, Conditions & Comments						
<u>Construction/Rehab Loan</u>						
CalHFA Performance Holdback/Cash Equity Out to Borrower		\$	589,011			
Completion Guarantee Letter of Credit			0.00%			
<u>Permanent Loan</u>						
Operating Expense Reserve Deposit		\$830,071	Cash			
Initial Replacement Reserve Deposit		\$250,000	Cash			
Annual Replacement Reserve Per Unit		\$600	Cash			
Date Prepared:	3/1/21			Senior Staff Date:	3/9/21	

UNIT MIX AND RENT SUMMARY **Final Commitment**
 Flower Park Plaza Project Number 19-056-S

PROJECT UNIT MIX					
Unit Type of Style	Number of Bedrooms	Number of Baths	Average Size (Sq. Ft.)	Number of Units	Est. No. of Tenants
Studio	-	1	419	51	76.5
Flat	1	1	510	148	222
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
				199	298.5

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	Number of Units Restricted For Each AMI Category						
	30%	40%	50%	60%	80%	120%	200%
CalHFA	0	0	40	0	0	0	0
TCAC (existing)	0	0	0	80	0	0	0
-	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents		Average Market Rents	Average Monthly Savings	% of Market Rents
			Number of Units	Unit Rent			
Studios	CTCAC	50%	51	\$224	\$1,435	\$1,211	16%
	CTCAC	60%	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	70%	-	-	-	-	-
	HCD	100%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
1 Bedroom	CTCAC	80%	-	-	-	-	-
	CTCAC	50%	147	\$278	\$1,575	\$1,297	18%
	CTCAC	60%	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	70%	-	-	-	-	-
	HCD	100%	-	-	-	-	-
2 Bedrooms	CTCAC	60%	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	70%	-	-	-	-	-
	HCD	100%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
3 Bedrooms	CTCAC	-	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	70%	-	-	-	-	-
	HCD	100%	-	-	-	-	-
4 Bedrooms	CTCAC	60%	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	70%	-	-	-	-	-
	HCD	100%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
5 Bedrooms	CTCAC	-	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	70%	-	-	-	-	-
	HCD	100%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	70%	-	-	-	-	-
	HCD	100%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-

Date Prepared: 3/1/21

Senior Staff Date: 3/9/21

SOURCES & USES OF FUNDS		Project Number		Final Commitment	
Flower Park Plaza				19-056-S	
USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
RELOCATION COSTS					
Relocation Expense	-	-	-	-	0.0%
Relocation Compliance Monitoring	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	-	-	-	-	0.0%
ARCHITECTURAL FEES					
Design	-	63,250	63,250	318	0.2%
Supervision	-	-	-	-	0.0%
TOTAL ARCHITECTURAL FEES	-	63,250	63,250	318	0.2%
SURVEY & ENGINEERING FEES					
Engineering	-	-	-	-	0.0%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	25,000	25,000	126	0.1%
TOTAL SURVEY & ENGINEERING FEES	-	25,000	25,000	126	0.1%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	-	525,487	525,487	2,641	1.7%
Soft Cost Contingency Reserve	-	314,207	314,207	1,579	1.0%
TOTAL CONTINGENCY RESERVES	-	839,694	839,694	4,220	2.7%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Loan Fees	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs	-	-	-	-	0.0%
Deficit Const/Rehab NOI (Net Operating In	-	-	-	-	0.0%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	-	6,000	6,000	30	0.0%
Real Estate Taxes During Rehab	-	-	-	-	0.0%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	-	-	-	-	0.0%
Insurance During Rehab	-	-	-	-	0.0%
Title & Recording Fees	-	-	-	-	0.0%
Construction Management & Testing	-	-	-	-	0.0%
Predevelopment Interest Expense	-	-	-	-	0.0%
Bond Issuer Fee	-	-	-	-	0.0%
-	-	-	-	-	0.0%
TOTAL CONST/REHAB PERIOD COSTS	-	6,000	6,000	30	0.0%

SOURCES & USES OF FUNDS			Final Commitment		
Flower Park Plaza			Project Number 19-056-S		
USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
PERMANENT LOAN COSTS					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
Perm Refi	-	267,000	267,000	1,342	0.8%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	-	110,000	110,000	553	0.3%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	20,000	20,000	101	0.1%
Year 1 - Taxes & Special Assessments and Insurance	-	-	-	-	0.0%
CalHFA Fees	-	8,500	8,500	43	0.0%
Tax Exempt Bond Allocation Fee	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	-	405,500	405,500	2,038	1.3%
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	176	0.1%
Other Permanent Loan Legal Fees	-	-	-	-	0.0%
Sponsor Legal Fees	-	-	-	-	0.0%
Organizational Legal Fees	-	-	-	-	0.0%
Syndication Legal Fees	-	-	-	-	0.0%
Borrower Legal Fee	-	40,000	40,000	201	0.1%
CalHFA Bond Counsel	-	-	-	-	0.0%
TOTAL LEGAL FEES	-	75,000	75,000	377	0.2%
OPERATING RESERVES					
Operating Expense Reserve Deposit	-	830,071	830,071	4,171	2.6%
Initial Replacement Reserve Deposit	-	250,000	250,000	1,256	0.8%
Transition Operating Reserve Deposit	-	-	-	-	0.0%
Rent-Up Reserve Deposit	-	-	-	-	0.0%
HOME Program Replacement Reserve	-	-	-	-	0.0%
Investor Required Reserve	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	-	1,080,071	1,080,071	5,427	3.4%
REPORTS & STUDIES					
Appraisal Fee	-	7,000	7,000	35	0.0%
Market Study Fee	-	-	-	-	0.0%
Physical Needs Assessment Fee	-	3,000	3,000	15	0.0%
Environmental Site Assessment Reports	-	3,200	3,200	16	0.0%
HUD Risk Share Environmental / NEPA Review Fee	-	4,000	4,000	20	0.0%
CalHFA Earthquake Waiver Review Fee	-	-	-	-	0.0%
Relocation Consultant	-	-	-	-	0.0%
Soils Reports	-	-	-	-	0.0%
Acoustical Reports	-	-	-	-	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	-	17,200	17,200	86	0.1%

SOURCES & USES OF FUNDS		Final Commitment			
Flower Park Plaza		Project Number 19-056-S			
USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	-	-	-	-	0.0%
CDLAC Fees	-	-	-	-	0.0%
Local Permits & Fees	-	80,996	80,996	407	0.3%
Local Impact Fees	-	-	-	-	0.0%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	-	-	-	-	0.0%
Accounting & Audits	-	-	-	-	0.0%
Advertising & Marketing Expenses	-	-	-	-	0.0%
Financial Consulting	-	60,000	60,000	302	0.2%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
HUD Risk Share Insurance (First Year Prepaid)	-	-	-	-	0.0%
Other (MEP, structural, waterproofing, CASp cons	-	48,650	48,650	244	0.2%
Other (specify)	-	-	-	-	0.0%
TOTAL OTHER COSTS	-	189,646	189,646	953	0.6%
SUBTOTAL PROJECT COSTS					
	-	10,697,697	10,697,697	53,757	33.9%
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	-	-	-	-	0.0%
Consultant Processing Agent	-	-	-	-	0.0%
Project Administration	-	-	-	-	0.0%
Syndicator Consultant Fees	-	-	-	-	0.0%
Guarantee Fees	-	-	-	-	0.0%
Construction Oversight & Management	-	40,500	40,500	204	0.1%
Other Administration Fees	-	-	-	-	0.0%
CalHFA Performance Holdback/Cash Equity Out t	-	589,011	589,011	2,960	1.9%
CASH EQUITY OUT TO Borrower	-	20,191,079	20,191,079	101,463	64.1%
TOTAL DEVELOPER FEES & COSTS	-	20,820,589	20,820,589	104,626	66.1%
TOTAL PROJECT COSTS					
	-	31,518,286	31,518,286	158,383	100.0%

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET		Final Commitment	
Flower Park Plaza		Project Number	19-056-S
INCOME		AMOUNT	PER UNIT
			%
Rental Income			
Restricted Unit Rents	\$ 627,480	\$ 3,153	17.66%
Unrestricted Unit Rents	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	3,029,040	15,221	85.27%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	5,588	28	0.16%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
CalHFA		\$ 3,662,108	\$ 18,403
TCAC		\$ 109,974	\$ 553
EFFECTIVE GROSS INCOME (EGI)		\$ 3,552,134	\$ 18,955
			103.10%
			3.10%
			100.00%
OPERATING EXPENSES		AMOUNT	PER UNIT
			%
Administrative Expenses	\$ 280,090	\$ 1,407	\$ 0
Management Fee	252,717	1,270	7.11%
Social Programs & Services	83,500	420	2.35%
Utilities	194,301	976	5.47%
Operating & Maintenance	397,568	1,998	11.19%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	38	0.21%
Other Monitoring Fees	-	-	0.00%
Real Estate Taxes	48,881	246	1.38%
Other Taxes & Insurance	337,945	1,698	9.51%
Assisted Living/Board & Care	-	-	0.00%
SUBTOTAL OPERATING EXPENSES		\$ 1,602,502	\$ 8,053
			45.11%
Replacement Reserve	\$ 119,400	\$ 600	3.36%
TOTAL OPERATING EXPENSES		\$ 1,721,902	\$ 8,653
			48.48%
NET OPERATING INCOME (NOI)		\$ 1,830,232	\$ 9,197
			51.52%
DEBT SERVICE PAYMENTS		AMOUNT	PER UNIT
			%
Perm Refi	\$ 1,598,381	\$ 8,032	45.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
MIP Annual Fee (applicable for MIP only deals)	\$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS		\$ 1,598,381	\$ 8,032
			45.00%
EXCESS AFTER DEBT SERVICE & MONITORING FEES		\$ 231,851	\$ 1,165
			6.53%
DEBT SERVICE COVERAGE RATIO (DSCR)		\$ 1 to 1	
Date: 3/1/21		Senior Staff Date: 03/09/21	

PROJECTED PERMANENT LOAN CASH FLOWS											Flower Park Plaza		
Final Commitment											Project Number		19-056-S
	YEAR	1	2	3	4	5	6	7	8	9	10	11	
RENTAL INCOME													
	CPI												
Restricted Unit Rents	2.50%	627,480	643,167	659,246	675,727	692,621	709,936	727,684	745,877	764,523	783,637	803,227	
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-	-	
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-	
Project Based Rental Subsidy	2.00%	3,029,040	3,089,621	3,151,413	3,214,441	3,278,730	3,344,305	3,411,191	3,479,415	3,549,003	3,619,983	3,692,383	
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	
Laundry Income	2.50%	5,588	5,728	5,871	6,018	6,168	6,322	6,480	6,642	6,808	6,979	7,153	
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	
GROSS POTENTIAL INCOME (GPI)		3,662,108	3,738,515	3,816,530	3,896,186	3,977,519	4,060,563	4,145,356	4,231,934	4,320,335	4,410,598	4,502,763	
VACANCY ASSUMPTIONS													
	Vacancy												
Restricted Unit Rents	3.00%	18,824	19,295	19,777	20,272	20,779	21,298	21,831	22,376	22,936	23,509	24,097	
CalHFA	0.00%	-	-	-	-	-	-	-	-	-	-	-	
TCAC	50.00%	-	-	-	-	-	-	-	-	-	-	-	
Project Based Rental Subsidy	3.00%	90,871	92,689	94,542	96,433	98,362	100,329	102,336	104,382	106,470	108,599	110,771	
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	
Laundry Income	5.00%	279	286	294	301	308	316	324	332	340	349	358	
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	
TOTAL PROJECTED VACANCY LOSS		109,975	112,270	114,613	117,006	119,449	121,943	124,490	127,091	129,746	132,458	135,226	
EFFECTIVE GROSS INCOME (EGI)		3,552,133	3,626,245	3,701,917	3,779,180	3,858,070	3,938,620	4,020,865	4,104,843	4,190,589	4,278,141	4,367,537	
OPERATING EXPENSES													
	CPI / Fee												
Administrative Expenses	3.50%	363,590	376,316	389,487	403,119	417,228	431,831	446,945	462,588	478,779	495,536	512,880	
Management Fee	7.11%	252,716	257,989	263,373	268,870	274,482	280,213	286,064	292,039	298,139	304,368	310,728	
Utilities	3.50%	194,301	201,102	208,140	215,425	222,965	230,769	238,846	247,205	255,857	264,812	274,081	
Operating & Maintenance	3.50%	397,568	411,483	425,885	440,791	456,218	472,186	488,713	505,818	523,521	541,844	560,809	
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	
Real Estate Taxes	1.25%	48,881	49,492	50,111	50,737	51,371	52,013	52,664	53,322	53,988	54,663	55,347	
Other Taxes & Insurance	3.50%	337,945	349,773	362,015	374,686	387,800	401,373	415,421	429,960	445,009	460,584	476,705	
Required Reserve Payments	1.00%	119,400	120,594	121,800	123,018	124,248	125,491	126,746	128,013	129,293	130,586	131,892	
TOTAL OPERATING EXPENSES		1,721,901	1,774,248	1,828,310	1,884,145	1,941,813	2,001,375	2,062,897	2,126,445	2,192,087	2,259,894	2,329,941	
NET OPERATING INCOME (NOI)		1,830,231	1,851,997	1,873,607	1,895,036	1,916,257	1,937,244	1,957,968	1,978,398	1,998,502	2,018,246	2,037,596	
DEBT SERVICE PAYMENTS													
	Lien #												
Perm Refi	1	1,598,381	1,598,381	1,598,381	1,598,381	1,598,381	1,598,381	1,598,381	1,598,381	1,598,381	1,598,381	1,598,381	
-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL DEBT SERVICE & OTHER PAYMENTS		1,598,381	1,598,381	1,598,381									
CASH FLOW AFTER DEBT SERVICE		231,851	253,616	275,226	296,655	317,877	338,864	359,588	380,017	400,121	419,866	439,216	
DEBT SERVICE COVERAGE RATIO		1.15	1.16	1.17	1.19	1.20	1.21	1.22	1.24	1.25	1.26	1.27	
Date Prepared:		03/01/21											
										Senior Staff Date:		3/9/21	

LESS: Partnership MGMT Fee (non-cumulative)	0%	86,408	86,408	86,408	86,408	86,408	86,408	86,408	86,408	86,408	86,408	86,408
LESS: Tenant Services MGMT Fee (non-cumulative)	0%	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
net CF available for distribution		120,443	142,208	163,818	185,247	206,469	227,456	248,180	268,609	288,713	308,458	327,808

PROJECTED PERMANENT LOAN CASH FLOWS										Flower Park Plaza				
Final Commitment										Project Number 19-056-S				
	YEAR	12	13	14	15	16	17	18	19	20	21	22	23	
RENTAL INCOME														
	CPI													
Restricted Unit Rents	2.50%	823,308	843,891	864,988	886,613	908,778	931,498	954,785	978,655	1,003,121	1,028,199	1,053,904	1,080,252	
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	
Project Based Rental Subsidy	2.00%	3,766,231	3,841,555	3,918,386	3,996,754	4,076,689	4,158,223	4,241,387	4,326,215	4,412,739	4,500,994	4,591,014	4,682,834	
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	
Laundry Income	2.50%	7,332	7,515	7,703	7,896	8,093	8,295	8,503	8,715	8,933	9,156	9,385	9,620	
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	
GROSS POTENTIAL INCOME (GPI)		4,596,870	4,692,961	4,791,077	4,891,262	4,993,560	5,098,016	5,204,675	5,313,585	5,424,793	5,538,350	5,654,303	5,772,706	
VACANCY ASSUMPTIONS														
	Vacancy													
Restricted Unit Rents	3.00%	24,699	25,317	25,950	26,598	27,263	27,945	28,644	29,360	30,094	30,846	31,617	32,408	
CalHFA	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	
TCAC	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	
Project Based Rental Subsidy	3.00%	112,987	115,247	117,552	119,903	122,301	124,747	127,242	129,786	132,382	135,030	137,730	140,485	
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	
Laundry Income	5.00%	367	376	385	395	405	415	425	436	447	458	469	481	
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL PROJECTED VACANCY LOSS		138,053	140,939	143,886	146,896	149,969	153,106	156,310	159,582	162,922	166,334	169,817	173,374	
EFFECTIVE GROSS INCOME (EGI)		4,458,818	4,552,022	4,647,191	4,744,367	4,843,591	4,944,909	5,048,365	5,154,003	5,261,871	5,372,016	5,484,487	5,599,332	
OPERATING EXPENSES														
	CPI / Fee													
Administrative Expenses	3.50%	530,830	549,409	568,639	588,541	609,140	630,460	652,526	675,364	699,002	723,467	748,789	774,996	
Management Fee	7.11%	317,223	323,854	330,624	337,538	344,597	351,806	359,166	366,682	374,356	382,192	390,194	398,364	
Utilities	3.50%	283,674	293,602	303,878	314,514	325,522	336,915	348,707	360,912	373,544	386,618	400,150	414,155	
Operating & Maintenance	3.50%	580,437	600,753	621,779	643,541	666,065	689,377	713,506	738,478	764,325	791,076	818,764	847,421	
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-	
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	
Other Agency Monitoring Fee	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	
Real Estate Taxes	1.25%	56,038	56,739	57,448	58,166	58,893	59,629	60,375	61,129	61,894	62,667	63,451	64,244	
Other Taxes & Insurance	3.50%	493,389	510,658	528,531	547,030	566,176	585,992	606,502	627,729	649,700	672,439	695,975	720,334	
Required Reserve Payments	1.00%	133,211	134,543	135,888	137,247	138,620	140,006	141,406	142,820	144,248	145,691	147,148	148,619	
TOTAL OPERATING EXPENSES		2,402,302	2,477,058	2,554,288	2,634,077	2,716,513	2,801,685	2,889,687	2,980,615	3,074,569	3,171,651	3,271,969	3,375,633	
NET OPERATING INCOME (NOI)		2,056,515	2,074,964	2,092,903	2,110,289	2,127,078	2,143,224	2,158,677	2,173,388	2,187,302	2,200,365	2,212,518	2,223,699	
DEBT SERVICE PAYMENTS														
	Lien #													
Perm Refi	1	1,598,381	1,598,381	1,598,381	1,598,381	1,598,381	1,598,381	1,598,381	1,598,381	1,598,381	1,598,381	1,598,381	1,598,381	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
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-	-	-	-	-	-	-	-	-	-	-	-	-	-	
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL DEBT SERVICE & OTHER PAYMENTS		1,598,381	1,598,381	1,598,381	1,598,381	1,598,381								
CASH FLOW AFTER DEBT SERVICE		458,135	476,584	494,523	511,909	528,698	544,843	560,297	575,008	588,922	601,985	614,137	625,319	
DEBT SERVICE COVERAGE RATIO		1.29	1.30	1.31	1.32	1.33	1.34	1.35	1.36	1.37	1.38	1.38	1.39	
Date Prepared:		03/01/21							Senior Staff Date: 3/9/21					

LESS: Partnership MGMT Fee (non-cumulative)	0%	86,408	86,408	86,408	86,408	86,408	86,408	86,408	86,408	86,408	86,408	86,408	86,408
LESS: Tenant Services MGMT Fee (non-cumulative)	0%	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
net CF available for distribution		346,727	365,176	383,115	400,501	417,290	433,435	448,889	463,600	477,514	490,577	502,729	513,911

PROJECTED PERMANENT LOAN CASH FLOWS							Flower Park Plaza		
Final Commitment		Project Number 19-056-S							
	YEAR	24	25	26	27	28	29	30	
RENTAL INCOME									
	CPI								
Restricted Unit Rents	2.50%	1,107,258	1,134,939	1,163,313	1,192,396	1,222,206	1,252,761	1,284,080	
Unrestricted Unit Rents	2.50%	-	-	-	-	-	-	-	
Commercial Rents	2.00%	-	-	-	-	-	-	-	
Project Based Rental Subsidy	2.00%	4,776,491	4,872,021	4,969,461	5,068,850	5,170,227	5,273,632	5,379,105	
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	
Income during renovations	0.00%	-	-	-	-	-	-	-	
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	
Laundry Income	2.50%	9,861	10,107	10,360	10,619	10,884	11,156	11,435	
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	
GROSS POTENTIAL INCOME (GPI)		5,893,609	6,017,067	6,143,134	6,271,865	6,403,317	6,537,549	6,674,619	
VACANCY ASSUMPTIONS									
	Vacancy								
Restricted Unit Rents	3.00%	33,218	34,048	34,899	35,772	36,666	37,583	38,522	
CalHFA	0.00%	-	-	-	-	-	-	-	
TCAC	50.00%	-	-	-	-	-	-	-	
Project Based Rental Subsidy	3.00%	143,295	146,161	149,084	152,066	155,107	158,209	161,373	
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	
Income during renovations	20.00%	-	-	-	-	-	-	-	
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	
Laundry Income	5.00%	493	505	518	531	544	558	572	
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	
TOTAL PROJECTED VACANCY LOSS		177,005	180,714	184,501	188,368	192,317	196,350	200,467	
EFFECTIVE GROSS INCOME (EGI)		5,716,604	5,836,353	5,958,633	6,083,496	6,211,000	6,341,199	6,474,152	
OPERATING EXPENSES									
	CPI / Fee								
Administrative Expenses	3.50%	802,121	830,195	859,252	889,326	920,452	952,668	986,012	
Management Fee	7.11%	406,708	415,227	423,927	432,810	441,882	451,145	460,604	
Utilities	3.50%	428,650	443,653	459,181	475,252	491,886	509,102	526,921	
Operating & Maintenance	3.50%	877,081	907,778	939,551	972,435	1,006,470	1,041,697	1,078,156	
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	
CalHFA Monitoring Fee	0.00%	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%	65,047	65,860	66,683	67,517	68,361	69,215	70,080	
Other Taxes & Insurance	3.50%	745,545	771,639	798,647	826,599	855,530	885,474	916,466	
Required Reserve Payments	1.00%	150,105	151,606	153,122	154,654	156,200	157,762	159,340	
TOTAL OPERATING EXPENSES		3,482,757	3,593,460	3,707,863	3,826,093	3,948,281	4,074,563	4,205,077	
NET OPERATING INCOME (NOI)		2,233,847	2,242,893	2,250,770	2,257,403	2,262,719	2,266,637	2,269,075	
DEBT SERVICE PAYMENTS									
	Lien #								
Perm Refi	1	1,598,381	1,598,381	1,598,381	1,598,381	1,598,381	1,598,381	1,598,381	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
MIP Annual Fee (applicable for MIP only deals)	-	-	-	-	-	-	-	-	
TOTAL DEBT SERVICE & OTHER PAYMENTS		1,598,381	1,598,381	1,598,381	1,598,381	1,598,381	1,598,381	1,598,381	
CASH FLOW AFTER DEBT SERVICE		635,466	644,513	652,389	659,023	664,338	668,256	670,694	
DEBT SERVICE COVERAGE RATIO		1.40	1.40	1.41	1.41	1.42	1.42	1.42	
Date Prepared:		03/01/21					Senior Staff Date:		3/9/21

..ESS: Partnership MGMT Fee (non-cumulative)	0%	86,408	86,408	86,408	86,408	86,408	86,408	86,408
: Tenant Services MGMT Fee (non-cumulative)	0%	25,000	25,000	25,000	25,000	25,000	25,000	25,000
net CF available for distribution		524,058	533,105	540,981	547,615	552,930	556,848	559,286



TAXABLE PERMANENT LOAN PROGRAM

CalHFA's Taxable Permanent Loan Program ("Perm Loan") provides competitive 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	<ul style="list-style-type: none"> • Available to for-profit, non-profit, and public agency sponsors. • The Perm Loan may be used with or without 9% low income housing tax credits. • For Section 8 Projects, 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	<ul style="list-style-type: none"> • 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)	<ul style="list-style-type: none"> • 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. • 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 due at Perm Loan closing. • Letter of Interest Fee: \$5,000 at LOI request, and is credited towards the CalHFA Perm Loan Fee <p>Some fees may be consolidated if combined with other CalHFA financing.</p>

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TAXABLE PERMANENT LOAN PROGRAM

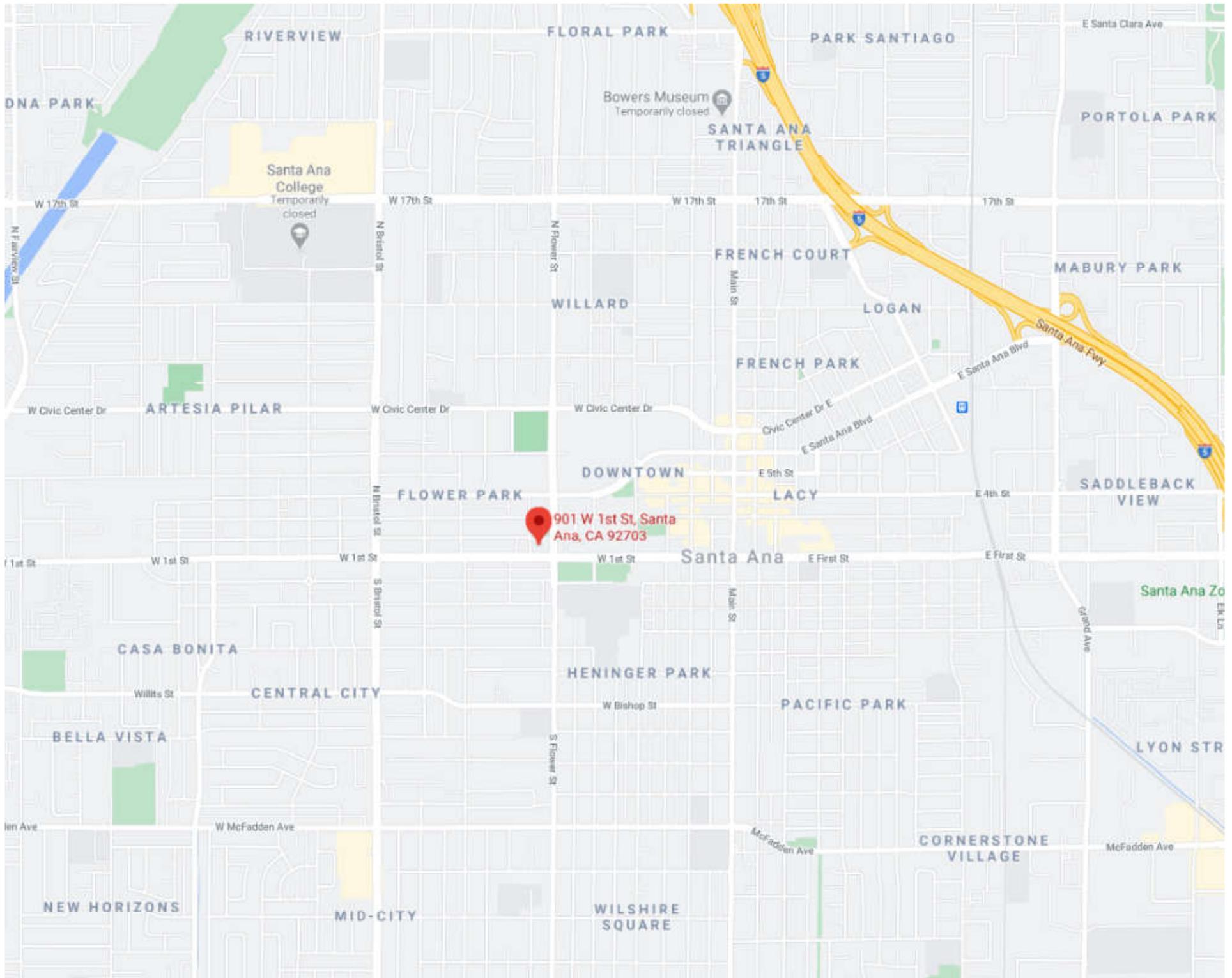
<p>Rate & Terms (subject to change)</p>	<p>Interest Rate:</p> <ul style="list-style-type: none"> • 17 Year Balloon: 10 Year Constant Maturing Treasury plus CalHFA spread • 30 Year Balloon and Fully Amortizing Loans: 10 Year Constant Maturing Treasury plus CalHFA spread • Estimated CalHFA Spread: 2.75% to 3.50% • 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. <p>Amortization/Term:</p> <ul style="list-style-type: none"> • Amortization: Up to 35 Year Amortization¹ • Term: Fully Amortizing, and 17 or 30 Year Balloons available² • A six-month extension is permitted upon payment of a fee equal to 0.50% of the Perm Loan amount. • Perm Loan Reduction – up to 10% reduction at Perm Loan closing is permitted at no cost. • Breakage Fee – if applicable; between construction loan closing and Perm Loan closing and calculated based on hedge termination cost. <p>1. The Agency may offer up to a 40 year amortization at its discretion. 2. Balloon loans subject to agency approved exit strategy.</p>
<p>Loan Closing Requirements</p>	<ul style="list-style-type: none"> • 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 expense and the required debt service and reserves. • For mixed-use Projects 100% non-residential occupancy as evidenced by executed leases or guarantees.
<p>Prepayment</p>	<p>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:</p> <ul style="list-style-type: none"> • 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 <p>All prepayments require a prior written 120-day notice to CalHFA.</p>
<p>Subordinate Financing</p>	<p>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.</p>

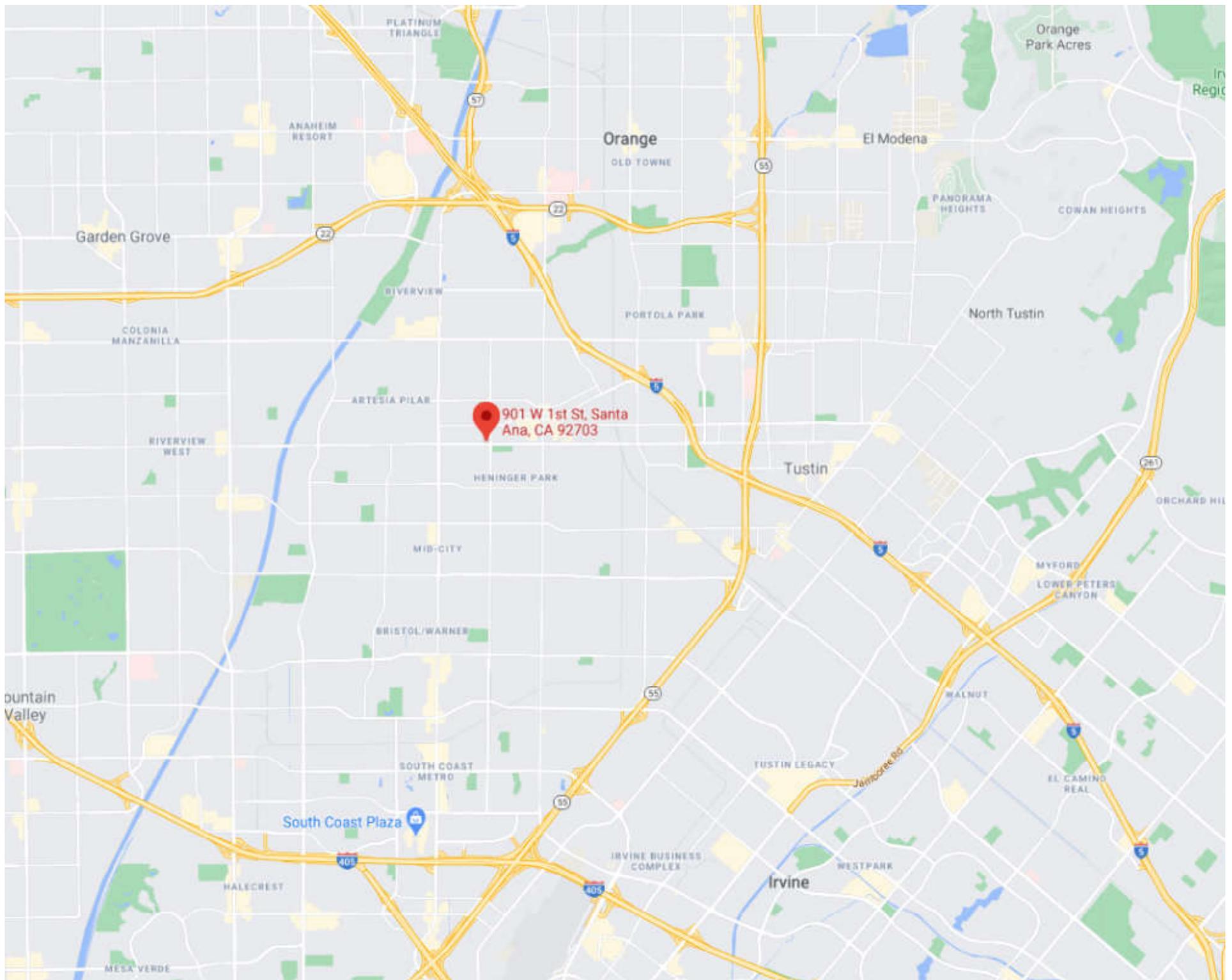
TAXABLE PERMANENT LOAN PROGRAM

Occupancy Requirements	<p>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").</p> <p>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.</p>
Due Diligence	<p>The following due diligence is required to be provided at the Owner/Borrower's expense:</p> <ul style="list-style-type: none"> • Appraisal (a construction lender's appraisal may be acceptable). • HUD-2530 previous participation clearance. • Construction costs review for new construction Projects (construction lender's review may be acceptable). • Physical Needs Assessment ("PNA") for rehabilitation projects with a Replacement Reserve Needs Analysis ("RRNA") over time for the initial 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	<ul style="list-style-type: none"> • Replacement Reserve: Initial cash deposit required for existing Projects with annual deposits between \$250 and \$500 per unit/per year are required 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 permanent 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

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





1 BOARD OF DIRECTORS
2 OF THE CALIFORNIA HOUSING FINANCE AGENCY

3
4 RESOLUTION NO. 21-02

5
6 RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

7
8 WHEREAS, the California Housing Finance Agency (the "Agency") has
9 received a loan application on behalf of CCHNC Flower Park Plaza Associates, L.P., a
10 California limited partnership (the "Borrower"), seeking a loan commitment, the
11 proceeds of which are to be used to provide financing for a multifamily housing
12 development located in Santa Ana, Orange County, California, known as Flower Park
13 Plaza (the "Development"); and

14
15 WHEREAS, the loan application has been reviewed by Agency staff which
16 prepared a report presented to the Board on the meeting date recited below (the "Staff
17 Report"), recommending Board approval subject to certain recommended terms and
18 conditions; and

19
20 WHEREAS, Agency staff has determined or expects to determine prior to
21 making a binding commitment to fund the loan for which the application has been made,
22 that (i) the Agency can effectively and prudently raise capital to fund the loan for which
23 the application has been made, by direct access to the capital markets, by private
24 placement, or other means and (ii) any financial mechanisms needed to insure prudent
25 and reasonable financing of loans can be achieved; and

26
27 WHEREAS, the Board wishes to grant the staff the authority to enter into a loan
28 commitment upon Agency staff determining in its judgment that reasonable and prudent
29 financing mechanisms can be achieved;

30
31 NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the
32 "Board") of the California Housing Finance Agency as follows:

33
34 1. The Executive Director, or in her absence, the Chief Deputy Director, is
35 hereby authorized to execute and deliver a final commitment letter, in a form acceptable
36 to the Agency, and subject to recommended terms and conditions set forth in the Staff
37 Report and any terms and conditions as the Board has designated in the Minutes of the
38 Board Meeting, in relation to the Development described above and as follows:

39

40 PROJECT 41 NUMBER	42 DEVELOPMENT NAME/ 43 LOCALITY	44 MORTGAGE 45 AMOUNT
46 19-056-S	Flower Park Plaza Santa Ana, Orange County California	\$26,700,000.00 Taxable Permanent First Mortgage w/HUD Risk Sharing

1 The Board recognizes that in the event that staff cannot determine that reasonable and
2 prudent financing mechanisms can be achieved, the staff will not enter into loan
3 commitments to finance the Development. In addition, access to capital markets, or
4 financing related thereto, may require significant changes to the terms of loans submitted
5 to the Board. Notwithstanding paragraph 2 below, the staff is authorized to make any
6 needed modifications to the loan which in staff's judgment are directly or indirectly the
7 result of the disruptions to the capital markets referred to above.
8

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

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2
3 I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly
4 authorized Secretary of the Board of Directors of the California Housing Finance
5 Agency, and hereby further certify that the foregoing is a full, true, and correct copy of
6 Resolution No. 21-02 duly adopted at a regular meeting of the Board of Directors of the
7 California Housing Finance Agency duly called and held on the 25th day of March, 2021,
8 at which meeting all said directors had due notice, a quorum was present and that at said
9 meeting said resolution was adopted by the following vote:

10
11 AYES:

12
13 NOES:

14
15 ABSTENTIONS:

16
17 ABSENT:

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19 IN WITNESS WHEREOF, I have executed this certificate hereto this 25th
20 day of March 2021.

21
22
23 ATTEST:

24 _____
25 CLAIRE TAURIAINEN
26 Secretary of the Board of Directors of the
27 California Housing Finance Agency
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CalHFA MULTIFAMILY PROGRAMS DIVISION
**Final Commitment Staff Report & Request for Tax-Exempt and Taxable Conduit Issuance and Loan
Approval of Permanent Take-Out Loan for Tax Exempt financing with Subsidy Financing
Senior Loan Committee "Approval": 3/9/2021 for Board Meeting on: 3/25/21**

Project Name, County:	Gateway Family Apartments		
Address:	1345 Willow Road, Menlo Park, San Mateo County		
CalHFA Project Number:	19-006-A/N	Total Units: 140	
Requested Financing by Loan Program:	\$65,000,000	Tax Exempt Bond – Conduit Issuance Amount	
	\$24,356,379	Taxable Bond-Conduit Issuance Amount	
	\$47,615,000	Tax Exempt Permanent Loan with HUD Risk Sharing	
	\$3,500,000	Subsidy GAP Loan funded by Earned Surplus funds	

DEVELOPMENT/PROJECT TEAM

Developer:	MidPen Housing Corp.	Borrower:	MP Gateway Family Associates, L.P.
Permanent Lender:	CalHFA	Construction Lender:	Bank of America N.A.
Equity Investor:	Bank of America N.A.	Management Company:	MidPen Property Management
Contractor:	Dev Con Construction	Architect	Mithun, Inc.
Loan Officer:	Ruth Vakili	Loan Specialist:	Lorrie Blevins
Asset Manager:	Stephenie Alstrom	Loan Administration:	Mirna Ramirez
Legal (Internal):	Paul Steinke	Legal (External):	N/A
Concept Meeting Date:	1/20/21	Approval Expiration Date:	180 days from Approval

LOAN TERMS

1.		CONDUIT ISSUANCE / B of A Construction Loan	PERMANENT LOAN CalHFA	CalHFA SUBSIDY LOAN
	Total Loan Amount	\$65,000,000 (T/E) \$24,356,379 (Taxable)	\$47,615,000	\$3,500,000
	Loan Term & Lien Position	30 months- interest only with a 6-month renewal option; 1 st Lien Position during construction	40 year – partially amortizing due in year 30; 1st Lien Position at permanent conversion	55 year - Residual Receipts; 2nd Lien Position at permanent loan conversion*
	Interest Rate (subject to change and locked 30 days prior to loan closing)	Tax-Exempt and taxable loans are underwritten at 3.70%	30-year MMD + 2.26% (tax-exempt) Underwritten at 4.03% that includes a .25% cushion. Estimated rate based on a 36 month forward commitment.	3% Simple Interest
	Loan to Value (LTV)	LTV is 90%	LTV is 81%	N/A
	Loan to Cost	69%	37%	N/A

*The Subsidy Loan is due and payable upon the earlier of a refinance or pre-payment of the CalHFA permanent loan. However, if the CalHFA permanent loan pays off at the loan maturity date, the term of the Subsidy loan will be 55 years.

PROJECT SUMMARY

2.	Legislative Districts	Congress:	#14 Jackie Speier	Assembly:	#24 Marc Berman	State Senate:	#13 Josh Becker																
Brief Project Description		<p>Gateway Family Apartments (the “Project”) is a new construction, 140-unit family project consisting of one elevator-served building of 2 to 4 stories with 66 one-bedroom, 50 two-bedroom and 24 three-bedroom units between 591 to 1,146 square feet. An existing 82-unit Project, currently in the CalHFA portfolio, will be demolished and tenants will be temporarily relocated while the new Project is built. In addition to replacing the 82 existing units, 58 new units will be added to the site. One hundred and thirty-nine units will be affordable to households earning 30% to 80% of Area Median Income (“AMI”) and there will be one unrestricted manager’s unit. Seven of the new units will be targeted to formerly homeless households.</p> <p>Gateway Apartments was originally a 130-unit family project built in 1965. The Developer acquired it in 1987, completed substantial rehab, executed a Section 8 contract for 100% of the units and closed a CalHFA permanent loan of \$7,800,000 in 2002. In 2015 the Developer split the project into two separate parcels, demolished some of the buildings and constructed the first phase of this redevelopment, which is a 90-unit senior project completed in 2017.</p> <p>The subject Project is the second phase of the Gateway redevelopment. When completed, the total density will be increased from 130 to 230 units, adding a total of 100 more new units between Phase 1 and Phase 2. It is a key component of Menlo Park’s redevelopment plan for the Menlo Gateway area. The project is not in a disaster area and is not part of locality’s disaster recovery strategy/plan. Below is a chart illustrating the redevelopment of Gateway Apartments.</p> <table border="1" data-bbox="495 1186 1409 1438"> <thead> <tr> <th></th> <th>Original</th> <th>Additional Units</th> <th>Revised</th> </tr> </thead> <tbody> <tr> <td>Phase 1-Senior Project</td> <td>48 family units</td> <td>42 senior units</td> <td>90 senior units</td> </tr> <tr> <td>Phase 2-Subject Project</td> <td>82 family units</td> <td>58 family units</td> <td>140 family units</td> </tr> <tr> <td>Total</td> <td>130</td> <td>100</td> <td>230</td> </tr> </tbody> </table> <p>Financing Structure: The Project’s financing structure includes tax-exempt bonds, a taxable tail, conventional construction loan, 4% tax credits, a CalHFA tax-exempt permanent loan with HUD risk sharing, and a CalHFA subsidy loan funded with Earned Surplus funds. Other permanent financing sources include County Affordable Housing Fund loan of \$6,403,738 and City of Menlo Park loan of \$6,403,737.</p> <p>Tax Credits and/or CDLAC Status: The developer was awarded 4% tax credits and bonds in December 2020.</p> <p>Project Amenities: The Project includes a 6,030 S.F. community room with a learning center, computer lab, teen center, fitness room, laundry facilities, and outdoor gathering and play areas.</p>							Original	Additional Units	Revised	Phase 1-Senior Project	48 family units	42 senior units	90 senior units	Phase 2-Subject Project	82 family units	58 family units	140 family units	Total	130	100	230
	Original	Additional Units	Revised																				
Phase 1-Senior Project	48 family units	42 senior units	90 senior units																				
Phase 2-Subject Project	82 family units	58 family units	140 family units																				
Total	130	100	230																				

		<p>Local Resources and Services: The Project is located in a Moderate Resource Area per TCAC’s Opportunity Area Map. The Project is in close proximity to the following local amenities and services:</p> <ul style="list-style-type: none"> • Grocery stores – .1 mile • Schools - .5 miles • Public Library – .5 miles • Public transit - .1 • Retail - .25 to 1 mile • Park and recreation .5 miles • Hospitals - 1 mile <p>Non-displacement and No Net Loss: To the extent feasible, it is the Agency’s priority to mitigate the overall effects upon affordable housing availability that may arise from multifamily developments that may result in permanent displacement of existing affordable housing residents and/or net loss of existing affordable housing units. The Project involves demolition of the existing 82-unit Project and building a total of 140 units, resulting in a net increase of 58 new units. During construction, all households will be temporarily relocated and are anticipated to return to the Project at construction completion. Hence, no permanent relocation is anticipated.</p> <p>Commercial Space: The Project does not include commercial space.</p>
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MISSION

3.	CalHFA Mission/Goals	
<p>This Project and financing proposal provide 139 units of affordable housing with a range of restricted rents between 30% AMI and 80% of AMI which will support much needed rental housing that will remain affordable for 55 years. This Project meets several of the Agency’s Subsidy Fund Policy priority objectives as outlined below:</p> <ul style="list-style-type: none"> • Current CalHFA portfolio project. • Creation of 58 net new restricted affordable units between 50% of AMI and 80% of AMI. • Preference will be given to new tenants that have served 90 or more days in any branch of the United States Military • The requirement that 20% of the total units must be deeply targeted to 30% AMI or below is exceeded, as 26% of the total units will be restricted at 30% AMI or below. 		

ANTICIPATED PROJECT MILESTONES & SCHEDULE

4.	CDLAC/TCAC Closing Deadline:	6/8/2021	Est. Construction Loan Closing:	6/1/2021
	Estimated Construction Start:	6/2021	Est. Construction Completion:	6/2023
	Estimated Stabilization and Conversion to Perm Loan(s): 6/2024			

SOURCES OF FUNDS

5.	Construction Period Financing				
	SOURCE	AMOUNT	LIEN POSITION	INTEREST RATE	DEBT TYPE
	Construction Loan-B of A (T/E)	\$65,000,000	1 st	3.70%	Interest Only
	Construction Loan-B of A (Taxable)	\$24,356,379	1 st	3.70%	Interest Only
	City of Menlo Park	\$12,754,441	2nd	1.79%	Residual Receipt
	San Mateo County	\$6,403,738	3rd	1.79%	Residual Receipt
	GP Equity-Project Reserves	\$1,857,629	N/A	N/A	N/A
	GP Equity-Developer Fee Contribution	\$2,534,366	N/A	N/A	N/A
	Accrued Interest-City & County Loans	\$516,222	N/A	N/A	N/A
	Investor Equity	\$5,754,096	N/A	N/A	N/A
	TOTAL	\$119,176,871		Per Unit	\$851,263
	Permanent Financing				
	SOURCE	AMOUNT	LIEN POSITION	INTEREST RATE	DEBT TYPE
	CalHFA Permanent Loan	\$47,615,000	1 st	3.87%	Balloon 40/30
	CalHFA Subsidy Loan	\$3,500,000	2 nd	3.00%	Residual Receipt
	City of Menlo Park	\$6,403,737	3rd	1.79%	Residual Receipt
	San Mateo County	\$6,403,738	4th	1.79%	Residual Receipt
	GP Equity-Project Reserves	\$1,857,629	N/A	N/A	N/A
	GP Equity-Developer Fee Contribution	\$2,534,366	N/A	N/A	N/A
	Accrued Interest	\$516,222	N/A	N/A	N/A
	Deferred Developer Fee	\$5,845,505	N/A	N/A	Available Net Cash Flow
	Investor Equity	\$55,040,958	N/A	N/A	N/A
	TOTAL DEVELOPMENT COST:	\$129,717,155		Per Unit	\$926,551

CalHFA Earned Surplus Subsidy Efficiency: \$33,333 per Earned Surplus restricted units.

Tax Credit Type(s), Amount(s), Pricing(s), and per total units: 4% Federal Tax Credits: \$55,040,958 assuming estimated pricing of \$0.98 (\$393,150 per total units), which is based on the investor's letter of interest.

Rental Subsidies: Eighty-one of the units will be subsidized by project-based Section 8 vouchers administered by the Housing Authority of San Mateo County ("HACSM"). Prior to construction loan closing, an existing Housing Assistance Payment contract ("HAP") will be terminated with the existing Borrower and the new Borrower will enter into an Agreement to enter into an Housing Assistance Payment ("AHAP") for the 81 units currently under the Section 8 contract. Prior to permanent loan closing, a new Housing Assistance Payment ("HAP") contract will be executed, and HAP payments will commence once the existing tenants return to the Project. The new contract will be for an initial

20-year term, with an automatic 20-year renewal.

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

Other Locality Subsidies: The County of San Mateo ("County") and the City of Menlo Park ("City") will provide subsidy funds during construction totaling \$19,158,179 (\$137,830 per 139 restricted units). The City loans totaling \$12,754,441 consist of a new loan of \$9,330,100 and an existing loan of \$3,424,341 that will be re-structured and extended to 55 years. The City loan will be paid down to \$6,403,737 at permanent loan closing, when the majority of tax credit equity is contributed. At permanent loan closing, the total County and City subsidy funds will be reduced to \$12,807,475 (\$92,140 per 139 restricted units).

Cost Containment Strategy: The Developer is proposing the following cost containment strategies to be achieved prior to construction loan closing:

- Working with the general contractor and construction management consultant to identify cost savings during the design and bidding process.
- Competitive bidding and requiring three bids on all major trades, as well as review of bids by the construction manager.
- Closely monitoring relocation costs and revising the budget.

High Cost Explanation: The total development cost per unit is \$925,801, which is high for the state on average, but not for San Mateo County, which is in a HUD-designated high cost area. The reasons given for the costs are as follows:

- a) The relocation budget is \$7,356,136 (\$52,544 per unit based on the 81 existing units), which will cover moving expenses, security deposits, relocation consulting and rental payments for the current tenants during construction for up to 24 months.
- b) Permit & impact costs are \$2,189,527 (\$15,639 per unit).
- c) The total developer fee is \$12.8 million (\$91,768 per unit), which is allowed per TCAC and CDLAC regulations in order to boost the eligible basis. The developer is contributing a portion of the total developer fee of \$2,534,366 and existing project reserves of \$1,857,629 for a total of \$4,391,995 (\$31,371 per unit) to the project.
- d) Demolition costs of \$1,025,175 (\$12,502 per unit based on the 82 existing units).
- e) Davis Bacon wage requirements due to the requirements of the City and County, which add an estimated \$14,000,000 to the construction cost (\$100,000 per unit).
- f) Off-site improvements of \$8,203,803 and site work of \$1,800,000 (total of \$71,456 per unit).
- g) Due to the rapid increase in construction costs, the construction budget includes an escalation based on a construction start of June 2021 of \$2,770,000.

Deducting these costs results in an adjusted total development cost of \$627,683 per unit.

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

TRANSACTION OVERVIEW

7.	Proposal and Project Strengths
	<ul style="list-style-type: none"> • The Project anticipates receiving 4% tax credits which is projected to generate equity representing 43% of total financing sources. • The debt coverage ratio is estimated to be 1.15 and the loan to value is 81%. The loan to value for the combined permanent and subsidy loan is 87%. • The rents are from 27% to 66% of market rents. • The Project will serve low-income families, with rents set from 30% to 80% of AMI. • 81 units will be supplemented by Project-Based vouchers under the Section 8 program, administered by the Housing Authority of San Mateo County for a term of 20 years with an automatic option to renew for 20 years. • The City and County have invested in the success of the Project as demonstrated by the combined permanent loans of \$12,807,475 which is approximately 10% of the total financing at permanent loan closing. • Comprehensive supportive services will be available to all tenants. The cost for these services is \$156,000 and is funded through the operating budget. • The existing Project has been in CalHFA's portfolio since 2002 and has performed well, with 0% to 1% vacancy. • This is the second phase of a redevelopment site which when completed will add a total of 58 net new units of much needed housing in Menlo Park . The Project is anticipated to be fully leased within 3 months of completion. • The portion of the developer's fee that will be collected at or prior to permanent loan conversion is \$2,610,000 (20% of total developer's fee), which could be available to cover cost overruns and/or unforeseen issues during construction. • The developer is contributing an amount of \$4,391,995 via a GP cash contribution (consisting of developer equity of \$2,534,366 and existing project reserves of \$1,857,629) and \$5,845,505 in deferred developer fee to the Project. • The Developer and Property Manager have extensive experience in successfully developing and managing similar affordable housing projects and have experience with CalHFA. The Developer has 24 projects in the CalHFA portfolio, which are operating as agreed. • The exit analysis indicates that refinance proceeds would be enough to repay the balance of permanent debt and the subsidy loan at the 30-year maturity.
8.	Project Weaknesses with Mitigants:
	None.
9.	Underwriting Standards or Term Sheet Variations
	<p>The Earned Surplus Subsidy requires that rents for units restricted at or below 80% of AMI are calculated as 1/12th of 30% of 70% of AMI. The Developer is proposing that rents for the units restricted at or below 80% AMI are calculated as 1/12th of 30% of approximately 55% of AMI,. This rent structure will give flexibility for the existing 81 households to income qualify at recertification (project lease up) and will allow them to return to the project even if their incomes potentially increase slightly during the construction/temporary relocation period of 24 months. Structuring the rents as such maintains a conservative approach in underwriting and also mitigates the potential risk of permanent relocation and displacement of existing households which aligns with the CalHFA's non-displacement policy.</p>

10.	Project Specific Conditions of Approval
<p>Approval is conditioned upon:</p> <ul style="list-style-type: none"> • CalHFA approval of the Agreement to enter into a Housing Assistance Payments Contract (“AHAP”) prior to construction loan closing. • CalHFA to enter into an Assignment of Housing Assistance Payments Contract as Security for CalHFA Financing with the PHA and receive a Consent to Assignment of HAP Contract as Security for Financing. • Evidence of HUD and/or local approval of final relocation plan and budget acceptable to Agency are required prior to construction loan closing. • Prior to construction loan closing, the existing HUD Use Agreement will be assigned to the Borrower. The HUD Use Agreement will be ahead of CalHFA in a first lien position on title. This is required and therefore allowable under our underwriting guidelines. The HUD Use Agreement will be subject to Agency’s review and approval prior to construction loan closing. • The Grant Deed dated 6/9/1987 is subject to review and subordination to the CalHFA loan documents. • CalHFA will require that the local funding regulatory agreements contain provisions allowing rent increases to the maximum TCAC rents if rental subsidies are no longer available. • CalHFA subsidy will be, in the Agency’s sole discretion, the lesser of 1) the principal amount as stated herein or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing. For instance, if the permanent loan interest rate decreases, then the subsidy may be reduced due to additional debt generated by the lower interest rate. The debt service coverage ratio (“DSCR”) shall be a maximum of 1.20. An increase of the subsidy loan will not be allowed. • Prior to permanent loan closing, a Letter of Map Revision (“LOMAR”) removing the Project out of the current flood zone is required. • No site work or construction is to commence prior to issuance of a HUD Firm Approval Letter. • Independent review of costs by a 3rd party consultant is required prior to construction loan closing. • An updated Phase 1, lead-based paint and asbestos reports are required for the existing site and structure prior to construction loan closing. • Preference will be given to new tenants that have served 90 or more days in any branch of the United States Military. 	
11.	Staff Conclusion/Recommendation:
<p>The Multifamily Lending Division supports approval of the described financing in the amounts requested, subject to the above proposed terms and conditions.</p>	

AFFORDABILITY

12.	CalHFA Affordability & Occupancy Restrictions
<ul style="list-style-type: none"> • The existing CalHFA Regulatory Agreement expires in 2034. The new Regulatory Agreement will be for a term of 55 years from permanent loan closing, therefore extending the affordability for an additional 42 years. • The existing project consist of 82 units. The CalHFA Regulatory Agreement restricts 20% of the total units (17 units) to 50% AMI and an additional 55% of the total units (45 units) at 80% AMI, for a total of 62 restricted units. The new CalHFA Permanent Financing Regulatory Agreement will reflect tax exempt bond required restrictions which will restrict 20% of the total units to 50% AMI (28 units) and 55% of the total units to 80% AMI (77 units), for a total of 105 units. The new CalHFA restrictions result in a net increase of 43 restricted units. • The CalHFA Subsidy Regulatory Agreement will also match the bond restrictions. Therefore, 20% of the total units (28 units) will be restricted to 50% AMI, and 55% of the total units (77 units) will be restricted to 80% AMI for a term of 55 years. Preference will be given to new tenants that have served 90 or more days in any branch of the United States Military. 	

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

- The County will restrict 48% of total units (67 units) at or below 80% of AMI for a term of 55 years. As a condition of the County loan, the Developer will set aside 7 units targeted towards homeless or those at risk of homelessness. San Mateo County will provide case management and tenant-based rental assistance through the County Coordinated Entry System.
- The City will match the county's restriction, which will restrict 48% of total units (67 units) at or below 80% of AMI for a term of 55 years.
- HUD provided a grant for renovations through the Green Retrofit Program and recorded a Use Agreement in 2010, which has a 40-year term. The Use Agreement will restrict 130 units at or below 80% AMI until 2050 and is secured in first lien position, ahead of CalHFA's regulatory agreements. It will be assigned to the Borrower prior to construction loan closing.

Rent Limit Summary Table							
AMI	Total	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	% of Total
30%	36	-	15	12	9	-	25.7%
50%	52	-	15	23	14	-	37.1%
55%	6	-	5	-	1	-	4.3%
60%	2	-	2	-	-	-	1.4%
80%	43	-	29	14	-	-	30.7%
Manager's Unit	1	-	-	1	-	-	0.7%
Total	140	0	66	50	24	0	100.0%

The average affordability restrictions is approximately 55% of AMI.

NUMBER OF UNITS AND AMI RENTS RESTRICTED BY EACH AGENCY

Regulatory Source	Recordation Priority if Recorded Document	Term of Agrmt (years)	Number of Units Restricted For Each AMI Category							
			30% AMI	50% AMI	55% AMI	60% AMI	80% AMI	Mgrs Unit	Total Units Regulated	% of Regulated Units
HUD Use Agmt.	1st	28					130	1	130	93%
CalHFA Bond	2nd	55		28			77	1	105	75%
CalHFA Subsidy	3rd	55		28			77	1	105	75%
City of Menlo Park	4th	55					67	1	67	48%
San Mateo County	5th	55					67	1	67	48%
Tax Credits	6th	55	36	52		8	43	1	139	99%

13.	Geocoder Information			
	Central City:	Yes	Underserved:	No
	Low/Mod Census Tract:	Moderate	Below Poverty line:	18.39%
	Minority Census Tract:	94.48%	Rural Area:	No

FINANCIAL ANALYSIS SUMMARY

14.	Capitalized Reserves:			
	Replacement Reserves (RR):	N/A.		
	Operating Expense Reserve (OER):	\$956,122. OER amount is size based on 3 months operating expenses, debt service, and annual replacement reserves deposits. CalHFA will hold this reserve. Per the USRM, the developer and property manager meet the criteria to reduce the OER from 3 months to 6 months, as the developer meets TCAC's general partner and management experience requirements. Therefore, recommendation is made to approve a 3-month reserve.		
	Transitional Operating Reserve (TOR):	Transition Operating Reserve is not applicable since the initial term of the Project Based Section 8 HAP Contract will be 20 years with an automatic renewal for an additional 20 years, which combined exceeds the term of CalHFA permanent first lien loan of 30 years. In addition, as a condition of CalHFA's approval, CalHFA will require that the local funding regulatory agreements contain provisions allowing rent increases to the maximum TCAC rents if rental subsidies are no longer available. A portion of the capitalized OER will also be available to offset any potential revenue shortfalls.		
15.	Cash Flow Analysis			
	1st Year DSCR:	1.15*	Project-Based Subsidy Term:	20 years with an automatic renewal for 20 years.
	End Year DSCR:	1.84	Annual Replacement Reserve Per Unit:	\$500/unit***
	Residential Vacancy Rate:	3.6% blended	Rental Income Inflation Rate:	2.50%
	Subsidy Vacancy Rate:	vacancy rate**	Subsidy Income Inflation Rate:	2%
	Non-residential Vacancy Rate:	N/A	Project Expenses Inflation Rate:	3.50%
			Property Tax Inflation Rate:	1.25%

*The rents are underwritten at TCAC 2019 maximum Income Limits and the 43 units that are restricted at or below 80% AMI are underwritten at rents that based on 60% of AMI. The developer plans to maintain rents at 2019 levels because the area median income in San Mateo County have increased substantially in the last several years and are outpacing income increases for lower income households in this current economic environment. In light of the economic challenges many working families are facing, maintaining rents at 2019 levels will enable the Borrower to target a deeper and broader band of affordability levels so more potential low-income households can afford to remain in their community. In addition, the rent structure being proposed for the units that are restricted at or below 80% of AMI will give flexibility for the existing 81 households to income qualify at recertification (project lease up) and to return to the project if their incomes potentially increase during the construction/temporary relocation period of 24 months. Structuring the rents as such maintains a conservative approach in underwriting and also mitigates the potential risk of permanent relocation and displacement of existing households, which aligns with the CalHFA's non-displacement policy.

**The historic vacancy rate for the existing 81 units has been 0 to 1%, with very low turn-over. Per the USRM, a 3% vacancy rate is allowable for existing rehab projects with occupancy rates of 97% or higher in the past 12 months. Hence, a vacancy factor of 3% is assumed for the subsidized units, all of which are anticipated to be occupied by existing tenants returning to the project. A 5% vacancy rate is assumed for the 53 new units. Therefore, the blended vacancy rate for the existing tenants, Section 8 subsidy and new units is 3.6%.

DEVELOPMENT SUMMARY

19.	Site Description	Requires Flood Insurance: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<ul style="list-style-type: none"> • The site is currently improved, with level topography at street grade and is generally rectangular in shape. • A portion of the frontage road along Willow Road has been abandoned by the City. This site will be sold to the Borrower for \$1 and will be merged with the existing housing site prior to start of construction. The site will total 3.765 acres. • The site is zoned R-4-S, with permitted high density multifamily residential use. • The Project is currently in a 1% annual-chance floodplain. The building pads will be elevated by 1 foot to bring them above the flood level. Once grading and elevation measures are completed, the Developer will submit a LOMAR to remove the site out of the flood plain. • A LOMAR certifying the site is not in a flood zone will be required prior to permanent loan closing. 		
20.	Form of Site Control & Expiration Date	
<p>The current owner of the site and the Project owner, Menlo Gateway Inc., entered into a Purchase and Sale with the Borrower dated 9/15/2020 for \$8,566,656. The purchase price is equal to the balance of the outstanding CalHFA and City loan debt as of the estimated closing date of 6/1/2021. Per the appraisal the unrestricted value of the land with entitlements is \$24,500,000.</p> <p>The purchase contract is between two related parties. The transaction conforms to the USRM's acquisition provisions because the sale price was less than the appraised value and the seller, Menlo Gateway Inc. purchased the site more than 10 years ago.</p>		
21.	Current Ownership Entity of Record	
Title is currently vested in Menlo Gateway Inc. as the fee owner.		
22.	Environmental Review Findings	
<ul style="list-style-type: none"> • A Phase I Environmental Site Assessment performed by Integrated Property Analysis, Inc., dated 5/21/2019 revealed potential environmental impacts due to lead based paint and asbestos contamination. An updated Phase 1 is in progress and is required prior to construction loan closing. • Lead-based paint and asbestos surveys were completed in 2006. New reports will be received by the first week of March. The developer has budgeted \$100,000 for lead and asbestos abatement in the demolition budget. • A NEPA review was performed on 11/2019 by AEM Consulting. A NEPA clearance has been issued. 		
23.	Seismic	Requires Earthquake Insurance: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
The site is not within an Earthquake Fault Zone and is a new project which will be built to State and City of Menlo Park Building Codes. Therefore, no seismic review is required.		
24.	Relocation	Requires Relocation: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> Not Applicable
<p>The Project involves demolition of the existing 82-unit Project. All households will be temporarily relocated during the 24-month construction period. A relocation plan is in place which provides rental assistance payments and moving expenses while the tenants are temporarily relocated. The developer budgeted \$7,356,136 (\$52,544 per unit) for relocation and consulting services. The budget covers the estimated cost of temporary replacement housing for a 24-month period, moving assistance, security deposits, relocation consulting and contingency.</p>		

PROJECT DETAILS

25.	Residential Areas:				
		Residential Square Footage:	110,360	Residential Units per Acre:	37
		Community Area Sq. Ftg:	8,447	Total Parking Spaces:	177
		Supportive Service Areas:	N/A	Total Building Sq. Footage:	160,716*
26.	Mixed-Use Project: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
		Non-Residential Sq. Footage:	N/A	Number of Lease Spaces:	N/A

	Master Lease:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Number of Parking Spaces: N/A
27.	Construction Type:	1-4-story, type-V wood-framed residential building with surface parking.	
28.	Construction/Rehab Scope	Requires Demolition: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
	<ul style="list-style-type: none"> • The subject site is new construction. • Environmental remediation of contaminants outlined on section 22 above is included in the development budget in the estimated amount of \$100,000. • Construction cost estimates include a 4% cost escalation anticipated to a May construction start date. • *Total building area includes hallways. 		
29.	Construction Budget Comments:		
	<ul style="list-style-type: none"> • 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. 		

ADDITIONAL DEVELOPMENT/ PROJECT TEAM INFORMATION

30.	Borrower Affiliated Entities		
	<ul style="list-style-type: none"> • Managing General Partner: MP Gateway Family, LLC, a California limited liability company; 0.01% interest. <ul style="list-style-type: none"> ○ Sole Member: Mid-Peninsula Half Moon Bay, Inc., a California nonprofit public benefit corporation Investor Limited Partner: Bank of America, N.A.		
31.	Developer/Sponsor		
	<ul style="list-style-type: none"> • MidPen Housing Corporation (“MidPen”) is a 501(c)(3) nonprofit public benefit corporation established in 1970 for the purpose of creating affordable homes for seniors, working families and those with special needs. Since then MidPen has developed over 100 affordable projects in Northern California with over 7,500 units. MidPen currently has 7 projects under construction and another 31 are in various stages of development. • MidPen develops properties that serve families, seniors, tenants with developmental disabilities, mental illness and formerly homeless. All their properties provide comprehensive services and community space for their tenants. • MidPen has developed 24 projects that were financed by CalHFA and are currently in the CalHFA portfolio. All the projects are operating as agreed and are well-maintained. 		
32.	Management Agent		
	<ul style="list-style-type: none"> • The Project will be managed by MidPen Property Management Company, which has extensive experience in managing all the properties developed by MidPen and ensuring they are operated and maintained sustainably. • All of the MidPen projects in the CalHFA portfolio are managed by their property management company. • MidPen Property Management currently manages a total of 103 projects totaling over 7,200 units in ten counties. 		
33.	Service Provider	Required by TCAC or other funding source? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
	<ul style="list-style-type: none"> • MidPen Resident Services Corporation has executed a Memorandum of Understanding with the Borrower to provide supportive services for all tenants for a minimum of 15 years. The cost of the services is \$156,000 and is within the approved operating budget. • Services will include after school programs, tutoring, life skills, computer training, financial literacy classes, employment skills, health and wellness programs, community referral services and crisis intervention. • One full-time service coordinator will provide service coordination to all residents and administer ongoing programs for the residents. The coordinator will conduct needs assessments and identify targeted services free of charge to all residents. 		
34.	Contractor	Experienced with CalHFA? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
	The general contractor is Devcon Construction (“Devcon”) which has extensive experience in constructing similar affordable housing projects. Devcon was the general contractor for Sequoia Belle Haven, which is the first phase of the Gateway Apartments		

redevelopment.

Devcon was formed in 1976 and has considerable expertise in building all types of residential, commercial, retail, office, higher education and civic projects. They currently have 21 projects under construction, all of which are scheduled for completion in 2021 to 2022.

35. Architect Experienced with CalHFA? Yes No

The architect is Mithun which was established in 1949. Mithun has extensive experience in designing and managing sustainable, affordable multifamily projects through the locality's building permit process and is familiar with CalHFA. The company provides services ranging from urban design and planning, interior, landscape and sustainability design for multifamily, commercial and civic projects.

36. Local Review via Locality Contribution Letter

The locality, City of Menlo Park Housing & Redevelopment Department, returned the local contribution letter stating they strongly support the project.

EXHIBITS: Detailed Financial Analysis and applicable Term Sheets

PROJECT SUMMARY			Final Commitment			
Acquisition, Rehab, Construction & Permanent Loans			Project Number 19-006-A/N			
Project Full Name	Gateway Family Apartments	Borrower Name:	MP Gateway Family Associates, L.P.			
Project Address	1345 Willow Road	Managing GP:	MP Gateway Family LLC			
Project City	Menlo Park	Developer Name:	MidPen Housing Corp.			
Project County	San Mateo	Investor Name:	Bank of America			
Project Zip Code	94025	Prop Management:	MidPen Property Management			
		Tax Credits:	4			
Project Type:	Permanent Loan Only	Total Land Area (acres):	3.77			
Tenancy/Occupancy:	Individuals/Families	Residential Square Footage:	110,360			
Total Residential Units:	140	Residential Units Per Acre:	37.18			
Total Number of Buildings:	1	Covered Parking Spaces:	0			
Number of Stories:	2 to 4	Total Parking Spaces:	177			
Unit Style:	Flat					
Elevators:	3					
Acq/Construction/Rehab Financing		Loan Amount (\$)	Loan Fees	Loan Term (Mo.)	Amort. Period (Yr.)	Starting Interest Rate
Construction-Tax Exempt-Bank of America		65,000,000	0.500%	30	--	3.700%
Construction-Taxable-Bank of America		24,356,379	0.500%	30	--	3.700%
City of Menlo Park		12,754,441	0.000%	55	--	1.790%
San Mateo County		6,403,738	0.000%	55	--	1.790%
GP Equity-Existing Project Reserves		1,857,629	0.000%	0	--	0.000%
Interest Accrued-City & County Loans		516,222	0.000%	0	--	N/A
GP Equity-Developer Fee Contribution		2,534,366	0.000%	0	--	N/A
Investor Equity Contribution		5,754,096	0.000%	0	--	N/A
Permanent Financing		Loan Amount (\$)	Loan Fees	Loan Term (Yr.)	Amort. Period (Yr.)	Starting Interest Rate
Perm		47,615,000	1.000%	30	40	4.030%
Subsidy Loan		3,500,000	1.000%	55	--	3.000%
City of Menlo Park		6,403,737	0.000%	55	--	1.790%
San Mateo County		6,403,738	0.000%	55	--	1.790%
GP Equity-Existing Project Reserves		1,857,629	NA	NA	NA	NA
Interest Accrued-City & County Loans		516,222	NA	NA	NA	NA
Deferred Developer Fees		5,845,505	NA	NA	NA	NA
GP Equity-Developer Fee Contribution		2,534,366	NA	NA	NA	NA
Investor Equity Contributions		55,040,958	NA	NA	NA	NA
Appraised Values Upon Completion of Rehab/Construction						
Appraisal Date:	1/21/21	Capitalization Rate:	5.00%			
Investment Value (\$)	99,290,000.00	Restricted Value (\$)	58,890,000			
Construct/Rehab LTC	69%	CalHFA Permanent Loan to Cost	37%			
Construct/Rehab LTV	90%	CalHFA 1st Permanent Loan to Value	81%			
		Combined CalHFA Perm Loan to Value	87%			
Additional Loan Terms, Conditions & Comments						
<u>Construction/Rehab Loan</u>						
Payment/Performance Bond	0					
Completion Guarantee Letter of Credit	0.00%					
<u>Permanent Loan</u>						
Operating Expense Reserve Deposit	\$956,192	Cash				
Initial Replacement Reserve Deposit	\$0	Cash				
Annual Replacement Reserve Per Unit	\$500	Cash				
Date Prepared:	3/10/21	Senior Staff Date:	3/9/21			

UNIT MIX AND RENT SUMMARY**Final Commitment**

Gateway Family Apartments

Project Number 19-006-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	591	66	99
Flat	2	1	877	50	150
Flat	3	2	1,146	24	108
-	-	-	-	-	0
-	-	-	-	-	0
-	-	-	-	-	0
				140	357

NUMBER OF UNITS AND PERCENTAGE OF AMI RENTS RESTRICTED BY EACH AGENCY							
Agency	Number of Units Restricted For Each AMI Category						
	30%	40%	50%	80%	80%	80%	100%
CalHFA Bond/RiskShare	0	0	28	0	0	77	0
CalHFA Gap Loan	0	0	28	0	0	77	0
Tax Credit	36	0	60	0	8	43	0
City of Menlo Park	0	0	0	0	0	67	0
San Mateo County	0	0	0	0	0	67	0
HUD Use Agreement	0	0	0	0	0	130	0
-							

COMPARISON OF AVERAGE MONTHLY RESTRICTED RENTS TO AVERAGE MARKET RENTS							
Unit Type	Restricting Agency	% of Area Median Income	Average Restricted Rents		Average Market Rents	Average Monthly Savings	% of Market Rents
			Number of Units	Unit Rent			
Studios	CTCAC	30%	-	-	-	-	-
	CTCAC	50%	-	-	-	-	-
	CTCAC	60%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
	CTCAC	80%	-	-	-	-	-
1 Bedroom	CTCAC	30%	15	\$864	\$2,350	\$1,486	37%
	CTCAC	50%	15	\$1,516		\$834	65%
	CTCAC	60%	5	\$1,547		\$803	66%
	CTCAC	80%	29	\$1,547		\$803	66%
	CTCAC	80%	-	-		-	-
	CTCAC	80%	-	-		-	-
2 Bedrooms	CTCAC	30%	12	\$1,025	\$3,250	\$2,225	32%
	CTCAC	50%	23	\$1,808		\$1,442	56%
	CTCAC	60%	2	\$1,548		\$1,702	48%
	CTCAC	80%	11	\$1,844		\$1,406	57%
	CTCAC	80%	3	\$2,026		\$1,224	62%
	CTCAC	80%	-	-		-	-
3 Bedrooms	CTCAC	30%	9	\$1,167	\$3,925	\$2,758	30%
	CTCAC	50%	14	\$2,072		\$1,853	53%
	CTCAC	60%	1	\$2,114		\$1,811	54%
	CTCAC	80%	-	-		-	-
	CTCAC	80%	-	-		-	-
	CTCAC	80%	-	-		-	-
Date Prepared:	3/10/21			Senior Staff Date:		3/9/21	

SOURCES & USES OF FUNDS			Final Commitment		
Gateway Family Apartments			Project Number 19-006-A/N		
SOURCES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT SOURCES OF FUNDS		
			SOURCES (\$)	PER UNIT (\$)	%
Construction-Tax Exempt-Bank of America	65,000,000				0.0%
Construction-Taxable-Bank of America	24,356,379				0.0%
-	-				0.0%
City of Menlo Park	12,754,441				0.0%
San Mateo County	6,403,738				0.0%
Interest Accrued-City & County Loans	516,222				0.0%
GP Equity-Existing Project Reserves	1,857,629				0.0%
Construct/Rehab Net Oper. Inc.	-				0.0%
Deferred Developer Fee	-				0.0%
GP Equity-Developer Fee Contribution	2,534,366				0.0%
Investor Equity Contribution	5,754,096				0.0%
Perm		47,615,000	47,615,000	340,107	36.7%
Subsidy Loan		3,500,000	3,500,000	25,000	2.7%
City of Menlo Park		6,403,737	6,403,737	45,741	4.9%
San Mateo County		6,403,738	6,403,738	45,741	4.9%
Interest Accrued-City & County Loans		516,222	516,222	3,687	0.4%
Construct/Rehab Net Oper. Inc.		-	-	-	0.0%
Deferred Developer Fees		5,845,505	5,845,505	41,754	4.5%
GP Equity-Developer Fee Contribution		2,534,366	2,534,366	18,103	2.0%
Investor Equity Contributions		55,040,958	55,040,958	393,150	42.4%
TOTAL SOURCES OF FUNDS	119,176,871	129,717,155	129,717,155	926,551	49.3%
TOTAL USES OF FUNDS (BELOW)	119,176,871	129,717,155	129,717,155	926,551	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		119,176,871			
ACQUISITION COSTS					
Lesser of Land Cost or Appraised Value	8,566,665	-	8,566,665	61,190	6.6%
Demolition Costs	-	-	-	-	0.0%
Legal & Other Closing Costs	105,000	-	105,000	750	0.1%
Other (Specify)	-	-	-	-	0.0%
TOTAL ACQUISITION COSTS	8,671,665	-	8,671,665	61,940	6.7%
CONSTRUCTION/REHAB COSTS					
Offsite Improvements	8,203,803	-	8,203,803	58,599	6.3%
Environmental Remediation (Hard Costs)	-	-	-	-	0.0%
Site Work (Hard Cost)	-	-	-	-	0.0%
Structures (Hard Cost)	58,398,772	-	58,398,772	417,134	45.0%
General Requirements	6,465,859	-	6,465,859	46,185	5.0%
Demo & Remediation	1,025,175	-	1,025,175	7,323	0.8%
Solar	353,250	-	353,250	2,523	0.3%
TOTAL CONSTRUCT/REHAB COSTS	80,136,594	-	80,136,594	572,404	61.8%

SOURCES & USES OF FUNDS			Final Commitment		
Gateway Family Apartments			Project Number 19-006-A/N		
USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
RELOCATION COSTS					
Relocation Expense	7,186,136	-	7,186,136	51,330	5.5%
Relocation Compliance Monitoring	170,000	-	170,000	1,214	0.1%
Other (Specify)	-	-	-	-	0.0%
TOTAL RELOCATION COSTS	7,356,136	-	7,356,136	52,544	5.7%
ARCHITECTURAL FEES					
Design	2,635,943	-	2,635,943	18,828	2.0%
Supervision	-	-	-	-	0.0%
TOTAL ARCHITECTURAL FEES	2,635,943	-	2,635,943	18,828	2.0%
SURVEY & ENGINEERING FEES					
Engineering	878,197	-	878,197	6,273	0.7%
Supervision	-	-	-	-	0.0%
ALTA Land Survey	-	-	-	-	0.0%
TOTAL SURVEY & ENGINEERING FEES	878,197	-	878,197	6,273	0.7%
CONTINGENCY RESERVES					
Hard Cost Contingency Reserve	4,006,830	-	4,006,830	28,620	3.1%
Soft Cost Contingency Reserve	850,600	-	850,600	6,076	0.7%
TOTAL CONTINGENCY RESERVES	4,857,430	-	4,857,430	34,696	3.7%
CONSTRUCT/REHAB PERIOD COSTS					
Loan Interest Reserve					
Construction-Tax Exempt-Bank of America	4,640,560	-	4,640,560	33,147	3.6%
City of Menlo Park	122,435	-	122,435	875	0.1%
San Mateo County	233,514	-	233,514	1,668	0.2%
-	160,273	-	160,273	1,145	0.1%
Loan Fees					
Construction-Tax Exempt-Bank of America	325,000	-	325,000	2,321	0.3%
Construction-Taxable-Bank of America	121,782	-	121,782	870	0.1%
City of Menlo Park	91,907	-	91,907	656	0.1%
San Mateo County	-	-	-	-	0.0%
-	-	-	-	-	0.0%
Other Const/Rehab Period Costs					
Deficit Const/Rehab NOI (Net Operating In	-	-	-	-	0.0%
Credit Enhancement & Application Fees	80,000	-	80,000	571	0.1%
Owner Paid Bonds/Insurance	-	-	-	-	0.0%
CalHFA Inspection Fees	15,000	-	15,000	107	0.0%
Real Estate Taxes During Rehab	40,000	-	40,000	286	0.0%
Completion Guaranty Fee	-	-	-	-	0.0%
Wage Monitoring Fee (Davis Bacon, Preva	55,000	-	55,000	393	0.0%
Insurance During Rehab	1,229,116	-	1,229,116	8,779	0.9%
Title & Recording Fees	85,000	-	85,000	607	0.1%
Construction Management & Testing	200,000	-	200,000	1,429	0.2%
Predevelopment Interest Expense	-	-	-	-	0.0%
Bond Issuer Fee	72,178	-	72,178	516	0.1%
Misc. Bond Costs	-	-	-	-	0.0%
TOTAL CONST/REHAB PERIOD COSTS	7,471,765	-	7,471,765	53,370	5.8%

SOURCES & USES OF FUNDS		Project Number		Final Commitment	
Gateway Family Apartments				19-006-A/N	
USES OF FUNDS	CONST/REHAB	PERMANENT	TOTAL PROJECT USES OF FUNDS		
	\$	\$	USES (\$)	PER UNIT (\$)	%
<u>PERMANENT LOAN COSTS</u>					
Loan Fees					
CalHFA Application Fee	-	-	-	-	0.0%
Perm	238,075	238,075	476,150	3,401	0.4%
Subsidy Loan	17,500	17,500	35,000	250	0.0%
City of Menlo Park	-	-	-	-	0.0%
San Mateo County	-	-	-	-	0.0%
Permanent Loan Cost of Issuance Fee	55,000	55,000	110,000	786	0.1%
Credit Enhancement & Application Fees	-	-	-	-	0.0%
Title & Recording (closing costs)	-	15,000	15,000	107	0.0%
Year 1 - Taxes & Special Assessments and Insura	-	52,576	52,576	376	0.0%
CalHFA Fees	-	17,585	17,585	126	0.0%
Construction Perm Lender Costs	-	-	-	-	0.0%
Cost of Bond Issuance	-	-	-	-	0.0%
TOTAL PERMANENT LOAN COSTS	310,575	395,736	706,311	5,045	0.5%
<u>LEGAL FEES</u>					
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	250	0.0%
Other Permanent Loan Legal Fees	-	25,000	25,000	179	0.0%
Sponsor Legal Fees	45,000	-	45,000	321	0.0%
Organizational Legal Fees	5,000	-	5,000	36	0.0%
Syndication Legal Fees	35,000	-	35,000	250	0.0%
Construction Loan Closing	-	-	-	-	0.0%
CalHFA Bond Counsel	62,000	-	62,000	443	0.0%
TOTAL LEGAL FEES	147,000	60,000	207,000	1,479	0.2%
<u>OPERATING RESERVES</u>					
Operating Expense Reserve Deposit	-	956,192	956,192	6,830	0.7%
Initial Replacement Reserve Deposit	-	-	-	-	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL OPERATING RESERVES	-	956,192	956,192	6,830	0.7%
<u>REPORTS & STUDIES</u>					
Appraisal Fee	15,000	-	15,000	107	0.0%
Market Study Fee	15,297	-	15,297	109	0.0%
Physical Needs Assessment Fee	-	-	-	-	0.0%
Environmental Site Assessment Reports	35,000	-	35,000	250	0.0%
HUD Risk Share Environmental / NEPA Review F	2,500	-	2,500	18	0.0%
Termite/Dry Rot	-	-	-	-	0.0%
Consultant/Processing Agent	10,000	-	10,000	71	0.0%
Other (Specify)	-	-	-	-	0.0%
TOTAL REPORTS & STUDIES	77,797	-	77,797	556	0.1%

SOURCES & USES OF FUNDS		Project Number		Final Commitment	
Gateway Family Apartments				19-006-A/N	
USES OF FUNDS	CONST/REHAB \$	PERMANENT \$	TOTAL PROJECT USES OF FUNDS		
			USES (\$)	PER UNIT (\$)	%
OTHER COSTS					
TCAC Application, Allocation & Monitor Fees	115,161	-	115,161	823	0.1%
CDLAC Fees	32,555	-	32,555	233	0.0%
Local Permits & Fees	-	-	-	-	0.0%
Local Impact Fees	2,189,527	-	2,189,527	15,639	1.7%
Other Local Fees	-	-	-	-	0.0%
Syndicator/Investor Fees & Expenses	-	-	-	-	0.0%
Furnishings	200,000	-	200,000	1,429	0.2%
Accounting & Audits	20,000	-	20,000	143	0.0%
Advertising & Marketing Expenses	265,000	-	265,000	1,893	0.2%
Financial Consulting	-	-	-	-	0.0%
Miscellaneous Administrative Fees	-	-	-	-	0.0%
Other (CDIAC)	17,126	-	17,126	122	0.0%
Other (Consultants)	10,000	-	10,000	71	0.0%
TOTAL OTHER COSTS	2,849,369	-	2,849,369	20,353	2.2%
SUBTOTAL PROJECT COSTS					
	115,392,471	120,588,799	116,804,399	834,317	90.0%
DEVELOPER FEES & COSTS					
Developer Fees, Overhead & Profit	3,719,144	9,128,356	12,847,500	91,768	9.9%
Syndicator Consultant Fees	45,000	-	45,000	321	0.0%
Guarantee Fees	-	-	-	-	0.0%
Other: Consultant Fees: AHSC	20,256	-	20,256	145	0.0%
Other (Specify) correction to balance	-	-	-	-	0.0%
CASH EQUITY OUT TO DEVELOPER	-	-	-	-	0.0%
TOTAL DEVELOPER FEES & COSTS	3,784,400	9,128,356	12,912,756	92,234	10.0%
TOTAL PROJECT COSTS					
	119,176,871	129,717,155	129,717,155	926,551	100.0%

PROJECTED INITIAL ANNUAL RENTAL OPERATING BUDGET		Final Commitment	
Gateway Family Apartments	Project Number	19-006-A/N	
INCOME			
	AMOUNT	PER UNIT	%
Rental Income			
Restricted Unit Rents	\$ 2,559,180	\$ 18,280	60.93%
Restricted Unit Rents-Other	-	-	0.00%
Commercial Rents	-	-	0.00%
Rental & Operating Subsidies			
Project Based Rental Subsidy	1,778,076	12,701	42.33%
Other Project Based Subsidy	-	-	0.00%
Income during renovations	-	-	0.00%
Other Subsidy (Specify)	-	-	0.00%
Other Income			
Laundry Income	16,890	121	0.40%
Parking & Storage Income	-	-	0.00%
Miscellaneous Income	-	-	0.00%
GROSS POTENTIAL INCOME (GPI)	\$ 4,354,146	\$ 31,101	103.66%
Less: Vacancy Loss	\$ 153,701	\$ 1,098	3.66%
EFFECTIVE GROSS INCOME (EGI)	\$ 4,200,445	\$ 32,199	100.00%
OPERATING EXPENSES			
	AMOUNT	PER UNIT	%
Administrative Expenses	\$ 367,813	\$ 2,627	\$ 0
Management Fee	109,632	783	2.61%
Social Programs & Services	24,895	178	0.59%
Utilities	226,900	1,621	5.40%
Operating & Maintenance	353,337	2,524	8.41%
Ground Lease Payments	-	-	0.00%
CalHFA Monitoring Fee	7,500	54	0.18%
Other Monitoring Fees	5,000	36	0.12%
Real Estate Taxes	6,000	43	0.14%
Other Taxes & Insurance	255,001	1,821	6.07%
SUBTOTAL OPERATING EXPENSES	\$ 1,356,078	\$ 9,686	32.28%
Operating Reserves	\$ 70,000	\$ 500	1.67%
TOTAL OPERATING EXPENSES	\$ 1,426,078	\$ 10,186	33.95%
NET OPERATING INCOME (NOI)	\$ 2,774,367	\$ 19,817	66.05%
DEBT SERVICE PAYMENTS			
	AMOUNT	PER UNIT	%
Perm	\$ 2,398,689	\$ 17,133	57.11%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
City of Menlo Park	\$ -	-	0.00%
San Mateo County	\$ -	-	0.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
-	\$ -	-	0.00%
TOTAL DEBT SERVICE & OTHER PAYMENTS	\$ 2,398,689	\$ 17,133	57.11%
EXCESS AFTER DEBT SERVICE & MONITORING FEES	\$ 375,678	\$ 2,683	8.94%
DEBT SERVICE COVERAGE RATIO (DSCR)	\$ 1 to 1		
Date: 3/10/21	Senior Staff Date: 03/09/21		

PROJECTED PERMANENT LOAN CASH FLOWS		Gateway Family Apartments													
Final Commitment	YEAR	2023													
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
RENTAL INCOME		CPI													
Restricted Unit Rents	2.50%	2,559,180	2,623,160	2,688,738	2,755,957	2,824,856	2,895,477	2,967,864	3,042,061	3,118,112	3,196,065	3,275,967	3,357,866	3,441,813	3,527,858
Restricted Unit Rents-Other	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	2.00%	1,778,076	1,813,638	1,849,910	1,886,908	1,924,647	1,963,140	2,002,402	2,042,450	2,083,299	2,124,965	2,167,465	2,210,814	2,255,030	2,300,131
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	16,890	17,312	17,745	18,188	18,643	19,109	19,587	20,076	20,578	21,093	21,620	22,161	22,715	23,283
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		4,354,146	4,454,109	4,556,393	4,661,054	4,768,145	4,877,726	4,989,853	5,104,588	5,221,990	5,342,123	5,465,052	5,590,841	5,719,558	5,851,271
VACANCY ASSUMPTIONS		Vacancy													
Restricted Unit Rents	3.53%	90,339	92,598	94,912	97,285	99,717	102,210	104,766	107,385	110,069	112,821	115,642	118,533	121,496	124,533
Restricted Unit Rents-Other	3.53%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	3.53%	62,766	64,021	65,302	66,608	67,940	69,299	70,685	72,098	73,540	75,011	76,512	78,042	79,603	81,195
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	3.53%	596	611	626	642	658	675	691	709	726	745	763	782	802	822
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		153,701	157,230	160,841	164,535	168,316	172,184	176,142	180,192	184,336	188,577	192,916	197,357	201,900	206,550
EFFECTIVE GROSS INCOME (EGI)		4,200,444	4,296,879	4,395,553	4,496,518	4,599,830	4,705,542	4,813,712	4,924,396	5,037,654	5,153,546	5,272,135	5,393,484	5,517,657	5,644,721
OPERATING EXPENSES		CPI / Fee													
Administrative Expenses	3.50%	392,708	406,453	420,679	435,402	450,641	466,414	482,738	499,634	517,121	535,221	553,953	573,342	593,409	614,178
Management Fee	2.61%	109,632	112,149	114,724	117,359	120,056	122,815	125,638	128,527	131,483	134,508	137,603	140,770	144,011	147,327
Utilities	3.50%	226,900	234,842	243,061	251,568	260,373	269,486	278,918	288,680	298,784	309,241	320,065	331,267	342,861	354,862
Operating & Maintenance	3.50%	353,337	365,704	378,503	391,751	405,462	419,654	434,341	449,543	465,277	481,562	498,417	515,861	533,916	552,604
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Real Estate Taxes	1.25%	6,000	6,075	6,151	6,228	6,306	6,384	6,464	6,545	6,627	6,710	6,794	6,879	6,965	7,052
Other Taxes & Insurance	3.50%	255,001	263,926	273,163	282,724	292,620	302,861	313,461	324,432	335,788	347,540	359,704	372,294	385,324	398,810
Required Reserve Payments	1.00%	70,000	70,700	71,407	72,121	72,842	73,571	74,306	75,049	75,800	76,558	77,324	78,097	78,878	79,667
TOTAL OPERATING EXPENSES		1,426,078	1,472,348	1,520,188	1,569,654	1,620,800	1,673,684	1,728,368	1,784,912	1,843,380	1,903,840	1,966,359	2,031,009	2,097,864	2,166,999
NET OPERATING INCOME (NOI)		2,774,366	2,824,531	2,875,364	2,926,865	2,979,030	3,031,858	3,085,344	3,139,484	3,194,274	3,249,707	3,305,776	3,362,475	3,419,793	3,477,722
DEBT SERVICE PAYMENTS		Lien #													
Perm	1	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689
City of Menlo Park	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
San Mateo County	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689
CASH FLOW AFTER DEBT SERVICE		375,677	425,842	476,676	528,176	580,341	633,169	686,655	740,795	795,585	851,018	907,087	963,786	1,021,104	1,079,034
DEBT SERVICE COVERAGE RATIO		1.16	1.18	1.20	1.22	1.24	1.26	1.29	1.31	1.33	1.35	1.38	1.40	1.43	1.45
Date Prepared:		03/10/21													
		Senior Staff Date: 3/9/21													
LESS: Asset Management Fee	3.0%	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	10,079	10,382	10,693	11,014
LESS: Partnership Management Fee	3.0%	25,000	25,750	26,523	27,318	28,138	28,982	29,851	30,747	31,669	32,619	33,598	34,606	35,644	36,713
net CF available for distribution		343,177	392,367	442,196	492,662	543,762	595,492	647,848	700,824	754,415	808,613	863,410	918,798	974,767	1,031,306
Developer Distribution		50%													
Deferred developer fee repayment	5,515,013	5,515,013	5,343,424	5,147,240	4,926,142	4,679,811	4,407,930	4,110,184	3,786,259	3,435,847	3,058,640	2,654,333	2,222,628	1,763,229	1,275,845
		171,589	196,184	221,098	246,331	271,881	297,746	323,924	350,412	377,207	404,306	431,705	459,399	487,384	515,653
		5,343,424	5,147,240	4,926,142	4,679,811	4,407,930	4,110,184	3,786,259	3,435,847	3,058,640	2,654,333	2,222,628	1,763,229	1,275,845	760,192
Payments for Residual Receipt Payments		50%													
RESIDUAL RECEIPTS LOANS		Payment %													
Subsidy Loan	21.46%	36,827	42,106	47,453	52,869	58,353	63,904	69,522	75,207	80,958	86,774	92,655	98,599	104,605	110,672
City of Menlo Park	39.27%	67,381	77,039	86,822	96,731	106,764	116,921	127,201	137,602	148,125	158,766	169,525	180,400	191,389	202,490
San Mateo County	39.27%	67,381	77,039	86,822	96,731	106,764	116,921	127,201	137,602	148,125	158,766	169,525	180,400	191,389	202,490
Total Residual Receipts Payments	100.00%	171,589	196,184	221,098	246,331	271,881	297,746	323,924	350,412	377,207	404,306	431,705	459,399	487,384	515,653
Balances for Residual Receipt Payments		Interest Rate													
RESIDUAL RECEIPTS LOANS		Interest Rate													
Subsidy Loan---Simple	3.00%	3,500,000	3,568,173	3,631,067	3,688,613	3,740,744	3,787,392	3,828,488	3,863,965	3,893,758	3,917,800	3,936,025	3,948,370	3,954,772	3,955,167
City of Menlo Park ---Simple	1.79%	6,403,737	6,450,983	6,488,571	6,516,376	6,534,272	6,542,134	6,539,840	6,527,266	6,504,290	6,470,793	6,426,654	6,371,755	6,305,410	6,226,887
San Mateo County---Simple	1.79%	6,403,738	6,450,984	6,488,572	6,516,377	6,534,273	6,542,135	6,539,841	6,527,267	6,504,291	6,470,794	6,426,655	6,371,756	6,305,411	6,226,888
0---Simple	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments		16,307,475	16,470,140	16,608,210	16,721,366	16,809,288	16,871,661	16,908,169	16,918,498	16,902,340	16,859,386	16,789,334	16,691,882	16,565,592	16,408,942

PROJECTED PERMANENT LOAN CASH FLOWS															
Gateway Family Apartments															
Final Commitment	YEAR	15	16	17	18	19	20	21	22	23	24	25	26	27	28
		Project Number 19-006-A/N													
RENTAL INCOME															
	CPI														
Restricted Unit Rents	2.50%	3,616,054	3,706,456	3,799,117	3,894,095	3,991,447	4,091,234	4,193,514	4,298,352	4,405,811	4,515,956	4,628,855	4,744,577	4,863,191	4,984,771
Restricted Unit Rents-Other	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	2.00%	2,346,134	2,393,056	2,440,917	2,489,736	2,539,530	2,590,321	2,642,127	2,694,970	2,748,869	2,803,847	2,859,924	2,917,122	2,975,465	3,034,974
Other Project Based Subsidy	1.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	2.50%	23,865	24,461	25,073	25,700	26,342	27,001	27,676	28,367	29,077	29,804	30,549	31,312	32,095	32,898
Parking & Storage Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GROSS POTENTIAL INCOME (GPI)		5,986,052	6,123,973	6,265,107	6,409,530	6,557,320	6,708,555	6,863,317	7,021,690	7,183,757	7,349,607	7,519,328	7,693,011	7,870,751	8,052,642
VACANCY ASSUMPTIONS															
	Vacancy														
Restricted Unit Rents	3.53%	127,647	130,838	134,109	137,462	140,898	144,421	148,031	151,732	155,525	159,413	163,399	167,484	171,671	175,962
Restricted Unit Rents-Other	3.53%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Rents	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Based Rental Subsidy	3.53%	82,819	84,475	86,164	87,888	89,645	91,438	93,267	95,132	97,035	98,976	100,955	102,974	105,034	107,135
Other Project Based Subsidy	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during renovations	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Subsidy (Specify)	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry Income	3.53%	842	863	885	907	930	953	977	1,001	1,026	1,052	1,078	1,105	1,133	1,161
Parking & Storage Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	50.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECTED VACANCY LOSS		211,308	216,176	221,158	226,256	231,473	236,812	242,275	247,866	253,587	259,441	265,432	271,563	277,838	284,258
EFFECTIVE GROSS INCOME (EGI)		5,774,745	5,907,797	6,043,949	6,183,274	6,325,846	6,471,743	6,621,042	6,773,824	6,930,170	7,090,166	7,253,895	7,421,448	7,592,913	7,768,384
OPERATING EXPENSES															
	CPI / Fee														
Administrative Expenses	3.50%	635,674	657,923	680,950	704,783	729,451	754,982	781,406	808,755	837,062	866,359	896,681	928,065	960,547	994,167
Management Fee	2.61%	150,721	154,193	157,747	161,383	165,105	168,912	172,809	176,797	180,877	185,053	189,327	193,700	198,175	202,755
Utilities	3.50%	367,282	380,137	393,441	407,212	421,464	436,216	451,483	467,285	483,640	500,567	518,087	536,220	554,988	574,413
Operating & Maintenance	3.50%	571,945	591,963	612,681	634,125	656,320	679,291	703,066	727,673	753,142	779,502	806,784	835,022	864,248	894,496
Ground Lease Payments	3.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Agency Monitoring Fee	0.00%	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Real Estate Taxes	1.25%	7,140	7,229	7,319	7,411	7,503	7,597	7,692	7,788	7,886	7,984	8,084	8,185	8,287	8,391
Other Taxes & Insurance	3.50%	412,769	427,216	442,168	457,644	473,662	490,240	507,398	525,157	543,538	562,561	582,251	602,630	623,722	645,552
Required Reserve Payments	1.00%	80,463	81,268	82,081	82,901	83,730	84,568	85,413	86,267	87,130	88,001	88,881	89,770	90,668	91,575
TOTAL OPERATING EXPENSES		2,238,493	2,312,428	2,388,888	2,467,960	2,549,735	2,634,305	2,721,768	2,812,223	2,905,774	3,002,528	3,102,596	3,206,092	3,313,135	3,423,848
NET OPERATING INCOME (NOI)		3,536,252	3,595,369	3,655,061	3,715,314	3,776,112	3,837,438	3,899,274	3,961,601	4,024,396	4,087,637	4,151,299	4,215,355	4,279,778	4,344,536
DEBT SERVICE PAYMENTS															
	Lien #														
Perm	1	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689
City of Menlo Park	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
San Mateo County	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689	2,398,689
CASH FLOW AFTER DEBT SERVICE		1,137,563	1,196,680	1,256,372	1,316,625	1,377,423	1,438,749	1,500,585	1,562,912	1,625,707	1,688,948	1,752,610	1,816,667	1,881,089	1,945,847
DEBT SERVICE COVERAGE RATIO		1.47	1.50	1.52	1.55	1.57	1.60	1.63	1.65	1.68	1.70	1.73	1.76	1.78	1.81
Date Prepared:	03/10/21	Senior Staff Date: 3/9/21													
		15	16	17	18	19	20	21	22	23	24	25	26	27	28
LESS: Asset Management Fee	3.0%	11,344	11,685	12,035	12,396	12,768	13,151	13,546	13,952	14,371	14,802	15,246	15,703	16,174	16,660
LESS: Partnership Management Fee	3.0%	37,815	38,949	40,118	41,321	42,561	43,838	45,153	46,507	47,903	49,340	50,820	52,344	53,915	55,532
net CF available for distribution		1,088,404	1,146,046	1,204,219	1,262,907	1,322,094	1,381,760	1,441,887	1,502,452	1,563,434	1,624,807	1,686,544	1,748,619	1,811,000	1,873,655
Developer Distribution		544,202	573,023	602,109	631,454	661,047	690,880	720,943	751,226	781,717	812,403	843,272	874,309	905,500	936,828
Deferred developer fee repayment	5,515,013	760,192	215,990	-	-	-	-	-	-	-	-	-	-	-	-
		544,202	215,990	-	-	-	-	-	-	-	-	-	-	-	-
		215,990	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments for Residual Receipt Payments		544,202	573,023	602,109	631,454	661,047	690,880	720,943	751,226	781,717	812,403	843,272	874,309	905,500	936,828
RESIDUAL RECEIPTS LOANS															
	Payment %														
Subsidy Loan	21.46%	116,800	122,985	129,228	135,526	141,878	148,280	154,733	161,232	167,776	174,362	180,988	187,649	194,343	201,067
City of Menlo Park	39.27%	213,701	225,019	236,441	247,964	259,585	271,300	283,105	294,997	306,970	319,020	331,142	343,330	355,578	367,880
San Mateo County	39.27%	213,701	225,019	236,441	247,964	259,585	271,300	283,105	294,997	306,970	319,020	331,142	343,330	355,578	367,880
Total Residual Receipts Payments	100.00%	544,202	573,023	602,109	631,454	661,047	690,880	720,943	751,226	781,717	812,403	843,272	874,309	905,500	936,828
Balances for Residual Receipt Payments															
RESIDUAL RECEIPTS LOANS															
	Interest Rate														
Subsidy Loan---Simple	3.00%	3,949,494	3,937,695	3,919,709	3,895,481	3,864,955	3,828,078	3,784,797	3,735,064	3,678,832	3,616,056	3,546,693	3,470,706	3,387,178	3,294,450
City of Menlo Park ---Simple	1.79%	6,135,858	6,031,989	5,914,943	5,784,379	5,639,956	5,481,327	5,308,143	5,120,053	4,916,705	4,697,744	4,462,813	4,211,555	3,943,612	3,658,624
San Mateo County---Simple	1.79%	6,135,859	6,031,990	5,914,944	5,784,380	5,639,957	5,481,328	5,308,143	5,120,054	4,916,706	4,697,745	4,462,814	4,211,556	3,943,613	3,658,625
0---Simple	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residual Receipts Payments		16,221,211	16,001,673	15,749,596	15,464,241	15,144,868	14,790,732	14,401,083	13,975,171	13,512,243	13,011,544	12,472,320	11,893,817	11,274,402	10,611,699

PROJECTED PERMANENT LOAN CASH FLOWS		Gateway Family Apartments	
Final Commitment	Project Number	19-006-A/N	
	YEAR	29	30
RENTAL INCOME			
	CPI		
Restricted Unit Rents	2.50%	5,109,390	5,237,125
Restricted Unit Rents-Other	2.50%	-	-
Commercial Rents	2.00%	-	-
Project Based Rental Subsidy	2.00%	3,095,673	3,157,587
Other Project Based Subsidy	1.50%	-	-
Income during renovations	0.00%	-	-
Other Subsidy (Specify)	0.00%	-	-
Laundry Income	2.50%	33,720	34,563
Parking & Storage Income	2.50%	-	-
Miscellaneous Income	2.50%	-	-
GROSS POTENTIAL INCOME (GPI)		8,238,783	8,429,275
VACANCY ASSUMPTIONS			
	Vacancy		
Restricted Unit Rents	3.53%	180,361	184,871
Restricted Unit Rents-Other	3.53%	-	-
Commercial Rents	50.00%	-	-
Project Based Rental Subsidy	3.53%	109,277	111,463
Other Project Based Subsidy	3.00%	-	-
Income during renovations	20.00%	-	-
Other Subsidy (Specify)	0.00%	-	-
Laundry Income	3.53%	1,190	1,220
Parking & Storage Income	50.00%	-	-
Miscellaneous Income	50.00%	-	-
TOTAL PROJECTED VACANCY LOSS		290,829	297,553
EFFECTIVE GROSS INCOME (EGI)		7,947,954	8,131,721
OPERATING EXPENSES			
	CPI / Fee		
Administrative Expenses	3.50%	1,028,962	1,064,976
Management Fee	2.61%	207,442	212,238
Utilities	3.50%	594,517	615,325
Operating & Maintenance	3.50%	925,804	958,207
Ground Lease Payments	3.50%	-	-
CalHFA Monitoring Fee	0.00%	7,500	7,500
Other Agency Monitoring Fee	0.00%	5,000	5,000
Real Estate Taxes	1.25%	8,496	8,602
Other Taxes & Insurance	3.50%	668,146	691,532
Required Reserve Payments	1.00%	92,490	93,415
TOTAL OPERATING EXPENSES		3,538,358	3,656,795
NET OPERATING INCOME (NOI)		4,409,597	4,474,926
DEBT SERVICE PAYMENTS			
	Lien #		
Perm	1	2,398,689	2,398,689
-	-	-	-
-	-	-	-
City of Menlo Park	3	-	-
San Mateo County	4	-	-
-	-	-	-
-	-	-	-
-	-	-	-
TOTAL DEBT SERVICE & OTHER PAYMENTS		2,398,689	2,398,689
CASH FLOW AFTER DEBT SERVICE		2,010,908	2,076,237
DEBT SERVICE COVERAGE RATIO		1.84	1.87
Date Prepared:	03/10/21	Prepared By Staff Date:	3/9/21
		29	30
LESS: Asset Management Fee	3.0%	17,159	17,674
LESS: Partnership Management Fee	3.0%	57,198	58,914
net CF available for distribution		1,936,550	1,999,649
Developer Distribution			
Deferred developer fee repayment	5,515,013	-	-
		-	-
		-	-
Payments for Residual Receipt Payments			
RESIDUAL RECEIPTS LOANS			
	Payment %	968,275	999,825
Subsidy Loan	21.46%	207,817	214,588
City of Menlo Park	39.27%	380,229	392,618
San Mateo County	39.27%	380,229	392,618
Total Residual Receipts Payments	100.00%	968,275	999,825
Balances for Residual Receipt Payments			
RESIDUAL RECEIPTS LOANS			
	Interest Rate		
Subsidy Loan---Simple	3.00%	3,192,216	3,080,166
	0.00%	-	-
City of Menlo Park ---Simple	1.79%	3,356,234	3,036,081
San Mateo County---Simple	1.79%	3,356,234	3,036,081
0---Simple	0.00%	-	-
Total Residual Receipts Payments		9,904,683	9,152,328



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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> 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 <p>See Conduit Issuer Program Term Sheet for information on conduit issuance fees.</p>

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TAX-EXEMPT PERMANENT LOAN PROGRAM

<p>Rate & Terms (subject to change)</p>	<p>Interest Rate:</p> <ul style="list-style-type: none"> • 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. <p>Amortization/Term:</p> <ul style="list-style-type: none"> • Amortization: Up to 35 Year Amortization¹ • Term: Fully Amortizing, and 17 or 30 Year Balloons available² • 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. <p>1. The Agency may offer up to a 40 year amortization at its discretion. 2. Balloon loans subject to agency approved exit strategy.</p>
<p>Loan Closing Requirements</p>	<ul style="list-style-type: none"> • 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.
<p>Prepayment</p>	<p>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:</p> <ul style="list-style-type: none"> • 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 <p>All prepayments require a prior written 120-day notice to CalHFA.</p>
<p>Subordinate Financing</p>	<p>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.</p>

TAX-EXEMPT PERMANENT LOAN PROGRAM

Occupancy Requirements	<p>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").</p> <p>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.</p>
Due Diligence	<p>The following due diligence is required to be provided at the Owner/Borrower's expense:</p> <ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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

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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	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> 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: <ol style="list-style-type: none"> 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. <p>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.</p>

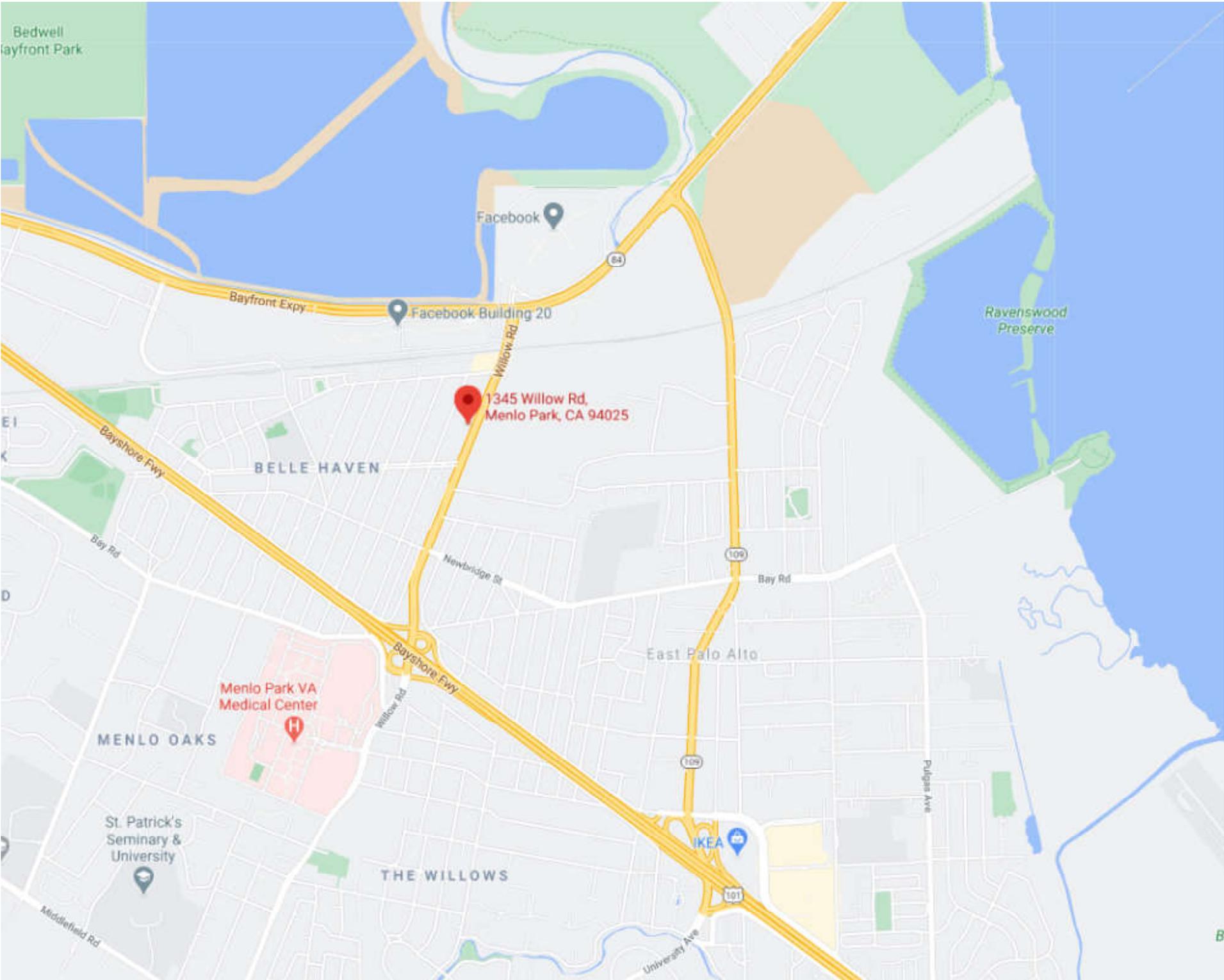
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CONDUIT ISSUER PROGRAM**Occupancy Requirements**

- 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

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1 BOARD OF DIRECTORS
2 OF THE CALIFORNIA HOUSING FINANCE AGENCY
3
4

5 RESOLUTION NO. 21-03
6

7 RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT
8

9 WHEREAS, the California Housing Finance Agency (the "Agency") has received a
10 loan application on behalf of MP Gateway Family Associates, L.P., a California limited
11 partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used
12 to provide financing for a multifamily housing development located in Menlo Park, San Mateo
13 County, California, to be known as Gateway Family Apartments (the "Development"); and
14

15 WHEREAS, the loan application has been reviewed by Agency staff which prepared a
16 report presented to the Board on the meeting date recited below (the "Staff Report"),
17 recommending Board approval subject to certain recommended terms and conditions; and
18

19 WHEREAS, Agency staff has determined or expects to determine prior to making a
20 binding commitment to fund the loan for which the application has been made, that (i) the
21 Agency can effectively and prudently raise capital to fund the loan for which the application has
22 been made, by direct access to the capital markets, by private placement, or other means and (ii)
23 any financial mechanisms needed to insure prudent and reasonable financing of loans can be
24 achieved; and
25

26 WHEREAS, pursuant to the Executive Director's authority to issue Conduit Bonds,
27 under Resolution 20-04 the Agency has filed an application with the California Debt Limit
28 Allocation Committee ("CDLAC") for an allocation of California Qualified Private Activity
29 Bonds for the Development; and
30

31 WHEREAS, the Development has received a TEFRA Resolution as required by the
32 Tax Equity and Fiscal Responsibility Act of 1983, and under 26 U.S.C. section 147(f); and
33

34 WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the
35 issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior
36 expenditures for the Development with proceeds of a subsequent borrowing; and
37

38 WHEREAS, on September 15, 2020, the Executive Director exercised the authority
39 delegated to her under Resolution 15-16 to declare the official intent of the Agency to reimburse
40 such prior expenditures for the Development; and
41

42 WHEREAS, the Board wishes to grant the staff the authority to enter into a loan
43 commitment to provide permanent financing for the development and taking out the Conduit
44 Bonds upon Agency staff determining in its judgment that reasonable and prudent financing
45 mechanisms can be achieved;
46

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

3
4 1. The Executive Director, or in her absence, the Chief Deputy Director, is hereby
5 authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency,
6 and subject to recommended terms and conditions set forth in the Staff Report and any terms
7 and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to
8 the Development described above and as follows:

9	10	11	12
	<u>PROJECT</u>	<u>DEVELOPMENT NAME/ LOCALITY</u>	<u>MORTGAGE AMOUNT</u>
13	19-006-A/N	Gateway Family Apartments City of Menlo Park County of San Mateo, California	\$47,615,000.00 Tax-Exempt Permanent First Mortgage w/HUD Risk Sharing
14			\$3,500,000.00 Subsidy GAP Loan
15			Funded by Earned Surplus Funds
16			
17			
18			
19			

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

26
27 2. The Executive Director may modify the terms and conditions of the loan or
28 loans as described in the Staff Report, provided that major modifications, as defined below,
29 must be submitted to this Board for approval. "Major modifications" as used herein means
30 modifications which either (i) increase the total aggregate amount of any loans made pursuant to
31 the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive
32 Director, or in her absence, the Chief Deputy Director of the Agency, adversely change the
33 financial or public purpose aspects of the final commitment in a substantial way.

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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. 21-03 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 25th day of March 2021, 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 25th day of March 2021.

ATTEST:

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

State of California

MEMORANDUM

To: Board of Directors

Date: March 9, 2021



Tim Hsu, Interim Director of Financing

From: CALIFORNIA HOUSING FINANCE AGENCY

Subject: ANNUAL MULTIFAMILY BOND FINANCING AUTHORIZATION
RESOLUTION 21-04

Resolution 21-04 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

1 BOARD OF DIRECTORS
2 OF THE CALIFORNIA HOUSING FINANCE AGENCY

3 RESOLUTION NO. 21-04

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

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

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

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

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

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

29 ARTICLE I
30 AUTHORIZATION AND TERMS OF REFUNDING BONDS

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

1 Section 2. **Authorization and Timing of Refunding Bonds.** The Refunding Bonds
2 described in Section 1 are hereby authorized to be issued for the purposes described in Section 1.
3 Refunding Bonds may be issued at such time or times on or before the day 60 days after the first
4 date after March 1, 2022 on which is held a meeting of the Board of Directors of the Agency (the
5 “Board”) at which a quorum is present, as the Executive Director of the Agency (the “Executive
6 Director”) deems appropriate, upon consultation with the Treasurer of the State of California (the
7 “Treasurer”) as to the timing of each such issuance; *provided, however*, that if the Refunding
8 Bonds are sold at a time on or before the day 60 days after the date on which is held such
9 meeting, pursuant to a forward purchase agreement providing for the issuance of such Refunding
10 Bonds on a later date on or before October 1, 2023, upon specified terms and conditions, such
11 Refunding Bonds may be issued on such later date.

12 Section 3. **Approval of Refunding Bond Indentures.** (a) Refunding Bonds may be
13 issued under and pursuant to any new indenture or similar form of document (each a “Refunding
14 Bond New Indenture”), in one or more forms similar to one or more of the following
15 (collectively, the “Refunding Bond Prior Indentures” and, together with the Refunding Bond
16 New Indentures, the “Refunding Bond Indentures”):

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

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

21 (iii) Article XIII of the Residential Mortgage Revenue Bonds
22 indenture, dated as of December 1, 2009, or any successor provision;

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

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

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

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

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

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

11 ARTICLE III
 12 AUTHORIZATION AND TERMS OF CONDUIT BONDS

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

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

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

33 Section 8. **Authorization and Timing of Conduit Bonds.** The Conduit Bonds
 34 described in Section 7 are hereby authorized to be issued for the purpose of providing funding
 35 for the Program, and for other Program Purposes. Conduit Bonds may be issued at such time or
 36 times on or before the day 60 days after the first date after March 1, 2022 on which is held a
 37 meeting of the Board at which a quorum is present, as the Executive Director deems appropriate,
 38 upon consultation with the Treasurer as to the timing of each such issuance; *provided, however,*
 39 that if Conduit Bonds are sold at a time on or before the day 60 days after the date on which is
 40 held such meeting, pursuant to a forward purchase agreement providing for the issuance of such

1 Conduit Bonds on a later date on or before October 1, 2023, upon specified terms and conditions,
2 such Conduit Bonds may be issued on such later date.

3 Section 9. **Approval of Conduit Bond Indentures.** (a) Conduit Bonds may be
4 issued under and pursuant to any indenture or similar form of document (each a “Conduit Bond
5 Indenture”) meeting the requirements for Conduit Bonds described in Section 7(a), (b) and (c),
6 above.

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

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

16 ARTICLE IV

17 PROVISIONS APPLICABLE TO ALL BONDS ISSUED UNDER THIS RESOLUTION

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

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

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

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

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

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

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

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

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

40 Section 15. **Authorization of Program Documents.** The Executive Director is
41 hereby authorized and directed to execute all documents the Executive Director deems necessary
42 or appropriate in connection with the Program, including but not limited to (in each case with

1 such other parties as the Executive Director may select in furtherance of the objectives of the
2 Program):

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

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

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

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

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

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

1 time to time, may not at any time exceed \$700,000,000. For purposes of clarity, the above
2 limitation applicable to credit facilities does not limit the amount of Bonds authorized by this
3 resolution.

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

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

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

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

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

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

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

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

40 Section 21. **Certain Definitions.** For purposes of this resolution, the term "financing"
41 shall include both "financing and "refinancing", the term "bonds" shall include, as set forth in
42 Section 50058 of the Act, "bonds, notes (including bond anticipation notes and construction loan
43 notes), debentures, interim or other certificates, or other evidences of financial indebtedness
44 issued by the Agency, the term "indenture" shall include indentures, trust agreements, loan

1 agreements, financing agreements and all comparable documents providing for the issuance of
2 bonds, and the term “costs of issuance” shall include costs of refunding or other customary
3 transaction costs as applicable.

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

1 SECRETARY'S CERTIFICATE

2 I, CLAIRE TAURIAINEN, the undersigned, do hereby certify that I am the duly authorized
3 Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further
4 certify that the foregoing is a full, true, and correct copy of Resolution No. 21-04 duly adopted at
5 a regular meeting of the Board of Directors of the California Housing Finance Agency duly called
6 and held on the 25th day of March 2021, at which meeting all said directors had due notice, a
7 quorum was present and that at said meeting said resolution was adopted by the following vote:

8 AYES:

9 NOES:

10 ABSTENTIONS:

11 ABSENT:

12 IN WITNESS WHEREOF, I have executed this certificate hereto this 25th day of March
13 2021.

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18 _____
19 CLAIRE TAURIAINEN
20 Secretary of the Board of Directors of the
21 California Housing Finance Agency
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State of California

MEMORANDUM

To: Board of Directors

Date: March 9, 2021

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

Subject: ANNUAL MULTIFAMILY NON-BOND FINANCING AUTHORIZATION
 RESOLUTION 21-05

Resolution 21-05 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

1 BOARD OF DIRECTORS
2 OF THE CALIFORNIA HOUSING FINANCE AGENCY

3
4 RESOLUTION NO. 21-05

5
6 RESOLUTION AUTHORIZING THE FINANCING OF THE AGENCY'S MULTIFAMILY
7 HOUSING PROGRAM FROM NON-BOND SOURCES AND RELATED FINANCIAL
8 AGREEMENTS AND CONTRACTS FOR SERVICES
9

10 WHEREAS, the California Housing Finance Agency (the "Agency") has
11 determined that there exists a need in California for the financing of mortgage loans for the
12 acquisition, construction, rehabilitation, refinancing or development of multi-unit rental housing
13 developments for the purpose of providing housing for persons and families of low or moderate
14 income (the "Developments");
15

16 WHEREAS, the Agency has determined that it is in the public interest for the
17 Agency to assist in providing such financing by means of an ongoing program (the "Program")
18 to make or acquire, or to make loans to lenders to make or acquire, mortgage loans, for the
19 purpose of financing such Developments (the "Loans");
20

21 WHEREAS, pursuant to Parts 1 through 4 of Division 31 of the Health and Safety
22 Code of the State of California (the "Act"), the Agency has the authority to borrow money and
23 utilize its own funds as necessary to provide sufficient funds to finance the Program, including
24 the making of Loans, and the payment of other costs of the Agency incident to, and necessary or
25 convenient to, the borrowing of money or use of the Agency's own funds; and
26

27 WHEREAS, pursuant to the Act, the Agency has the authority to enter into credit
28 facilities, certificates of participation, forward interest rate locks, forward purchase agreements,
29 purchase and sale agreements, financing agreements, loan agreements and certain other
30 agreements for the purpose of financing the Program, including the making of Loans and the
31 payment of other costs of the Agency incident to, and necessary or convenient to, the financing
32 of the Program from non-bond sources;
33

34 WHEREAS, the Agency has, by its Resolutions 19-02 related to SB2, 19-14 and
35 20-17 related to AB101, the authority to utilize funds related to SB2 and AB101, respectively,
36 for the implementation of a broader mixed-income strategy and shall deploy these funds as part
37 of various CalHFA programs.
38

39 NOW, THEREFORE, BE IT RESOLVED, by the California Housing Finance
40 Agency as follows:
41

42 **ARTICLE I**

43
44 **AUTHORIZATION AND TERMS OF BORROWING TO FINANCE THE PROGRAM**
45

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

7
 8 Section 6. Authorization. The use of Agency Funds or Administered Funds
 9 described in Section 5 is hereby authorized for the purpose of financing, including loan
 10 participations, carrying or warehousing, for future committed financing of the Agency by
 11 Externally-Sourced Non-Bond Funds or otherwise, or by other lenders, new Loans for the
 12 acquisition, construction, rehabilitation, refinancing or development of Developments, including
 13 providing subordinate or gap financing and to supplement interest rates or costs of the financing
 14 of Loans by the Agency as may be permitted under the statutes, regulations and/or agreements
 15 governing the use of such funds.

16
 17 Security/Affordability Protection: Agency Funds or Administered Funds may also
 18 be used to provide supplemental financing for projects existing within the Agency’s Loan
 19 portfolio that the Executive Director determines is necessary, reasonable and in the Agency’s
 20 best interest for the purposes of (1) workouts to prevent defaults; (2) repairs for health and safety
 21 issues and related costs; (3) the preservation or enhancement of affordability; and (4) other
 22 purposes as determined by the Executive Director that advance the mission of the Agency.

23 24 **ARTICLE III**

25 26 PROVISIONS APPLICABLE TO THE USE OF EXTERNALLY SOURCED NON-BOND 27 FUNDS AND AGENCY FUNDS OR ADMINISTERED FUNDS (COLLECTIVELY “NON- 28 BOND FUNDS”) AUTHORIZED UNDER THIS RESOLUTION

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

33
 34 Section 8. Authorization of Program Documents. The Executive Director and
 35 the other employees authorized pursuant to Section 11 (“Authorized Employees”) are hereby
 36 authorized and directed to execute all documents they deem necessary or appropriate in
 37 connection with the Program, including, but not limited to, regulatory agreements, loan
 38 agreements, origination and servicing agreements (or other loan-to-lender documents), servicing
 39 agreements, developer agreements, financing agreements, investment agreements, intercreditor
 40 agreements, subordination agreements, agreements to enter into escrow and forward purchase
 41 agreements, escrow and forward purchase agreements, refunding agreements and continuing
 42 disclosure agreements, loan modification agreements, in each case with such other parties as the
 43 Executive Director may select in furtherance of the objectives of the Program.

44
 45 The Executive Director and the other Authorized Employees are hereby
 46 authorized to enter into, for and in the name and on behalf of the Agency, one or more mortgage

1 sale agreements with such purchasers as the Executive Director may select in accordance with
2 the objectives of the Program. Any such sale of Loans may be on either a current or a forward
3 purchase basis.

4
5 The Executive Director and the Authorized Employees are hereby authorized to
6 enter into, for and in the name and on behalf of the Agency, contracts to conduct foreclosures of
7 mortgages owned or serviced by the Agency with such attorneys or foreclosure companies as the
8 Executive Director may select in accordance with the objectives of the Program.

9
10 The Executive Director and the other Authorized Employees are hereby
11 authorized to enter into, for and in the name and on behalf of the Agency, contracts for the sale
12 of foreclosed properties with such purchasers as the Executive Director may select in accordance
13 with the objectives of the Program. Any such sale of foreclosed properties may be on an all cash
14 basis or may include financing by the Agency. The Executive Director and the other Authorized
15 Employees are also authorized to enter into any other agreements, including but not limited to
16 real estate brokerage agreements and construction contracts, necessary or convenient for the
17 rehabilitation, listing and sale of such foreclosed properties.

18
19 **Section 9. Authorization of Credit Facilities.** The Executive Director and
20 Authorized Employees of the Agency are hereby authorized to enter into, for and in the name
21 and on behalf of the Agency, one or more short-term or long-term credit facilities, including but
22 not limited to repurchase agreements, together with any extensions or other amendments thereto,
23 for the purposes of financing the purchase of Loans and/or mortgage-backed securities on an
24 interim basis. The Agency may pledge its General Obligation as a credit support for said Credit
25 Facilities. Any such credit facility may be from any appropriate source as determined by the
26 Director of Financing and approved by the Executive Director; provided, however, that the
27 aggregate outstanding principal amount of credit facilities authorized under this resolution and
28 the other financing resolutions adopted at the same meeting, as amended from time to time, may
29 not at any time exceed \$700,000,000.

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

35
36 This resolution is not intended to repeal in whole or in part any prior resolution of
37 the Agency with respect to the authority granted to the Executive Director and the other
38 Authorized Employees in relation to the use of Non-Bond Funds and related agreements,
39 including but not limited to (1) the authority to determine in furtherance of the objectives of the
40 Program those matters required to be determined in relation to Non-Bond Funds, whether under
41 indentures or other related agreements, and (2) the authority to amend, modify or replace
42 financial agreements of the types described in Section 3 of this Resolution.

43
44 **Section 11. Authorization of Related Actions and Agreements.** The Executive
45 Director, any other persons authorized in writing by the Executive Director and the other
46 Authorized Employees are hereby authorized and directed, jointly and severally, to do any and

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

21
22 This resolution shall constitute full, separate, complete and additional authority
23 for the execution and delivery of all agreements and instruments described in this resolution,
24 without regard to any limitation in the Agency's regulations and without regard to any other
25 resolution of the Board that does not expressly amend and limit this resolution.

26
27 Section 12. Additional Delegation. All actions by the Executive Director
28 approved or authorized by this resolution may be taken by the Chief Deputy Director of the
29 Agency, the Director of Financing of the Agency or any other person specifically authorized in
30 writing by the Executive Director and except to the extent otherwise taken by another person
31 shall be taken by the Chief Deputy Director during any period in which the office of the
32 Executive Director is vacant.

33
34 Section 13. Duration of Authority. The authority granted under this resolution
35 shall remain in full force and effect until the day 60 days after the first date after March 1, 2022
36 on which is held a meeting of the Board of Directors of the Agency at which a quorum is present.

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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. 21-05 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 25th day of March 2021, 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 25th day of March 2021.

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

State of California

MEMORANDUM

To: Board of Directors

Date: March 9, 2021



Tim Hsu, Interim Director of Financing

From: CALIFORNIA HOUSING FINANCE AGENCY

Subject: ANNUAL SINGLE FAMILY BOND FINANCING AUTHORIZATION
RESOLUTION 21-06

Resolution 21-06 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

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BOARD OF DIRECTORS
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 21-06

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

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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");

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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");

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

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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;

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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

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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;

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

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ARTICLE I

AUTHORIZATION AND TERMS OF DEBT-MANAGEMENT BONDS

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

Section 2. **Authorization and Timing of Debt-Management Bonds.** The Debt-Management Bonds are hereby authorized to be issued in such aggregate amount at such time or times on or before the day 60 days after the date on which is held the first meeting of the Board on or after March 1, 2022 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, 2023 upon specified terms and conditions, such Debt-Management Bonds may be issued on such later date.

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

34
35 (a) those certain indentures pertaining to the HMP Bonds (the “HMP
36 Indentures”);

37 (b) that certain indenture pertaining to the HP Bonds (the “HP Indenture”);
38 and/or

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

41
42 Each such New Debt-Management Indenture may be executed, acknowledged and delivered with
43 such changes therein as the officers executing the same approve upon consultation with the
44 Agency’s legal counsel, such approval to be conclusively evidenced by the execution and
45 delivery thereof. Changes reflected in any New Debt-Management Indenture may include

1 provision for a supplemental pledge of Agency moneys or assets (including but not limited to, a
2 deposit from the Supplementary Bond Security Account created under Section 51368 of the Act)
3 and provision for the Agency's general obligation to additionally secure the Debt-Management
4 Bonds if appropriate in furtherance of the objectives of the Program; *provided* that such
5 provisions may be therein included with respect to such Debt-Management Bonds *only* if and to
6 the extent any such provision was made with respect to the bonds thereby refunded.
7

8 The Executive Director and the Secretary are hereby authorized and directed, for
9 and on behalf and in the name of the Agency, to execute and acknowledge and to deliver to the
10 Trustees one or more amendments to any Prior Indenture or any New Debt-Management
11 Indenture, each with such provisions as the officers executing the same approve upon
12 consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the
13 execution and delivery thereof.
14

15 Section 4. **Approval of Forms of Series and Supplemental Indentures**
16 **Related to Debt-Management Bonds and Amendments.** The Executive Director and the
17 Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency,
18 to execute and acknowledge and to deliver with respect to each series of Debt-Management
19 Bonds, if and to the extent appropriate, series and/or supplemental indentures (each a "Debt-
20 Management Supplemental Indenture") under one of the Prior Indentures or a New Debt-
21 Management Indenture and in substantially the form of the respective supplemental indentures
22 previously executed and delivered or approved, each with such changes therein as the officers
23 executing the same approve upon consultation with the Agency's legal counsel, such approval to
24 be conclusively evidenced by the execution and delivery thereof. Changes reflected in any Debt-
25 Management Supplemental Indenture may include provision for a supplemental pledge of
26 Agency moneys or assets (including but not limited to, a deposit from the Supplementary Bond
27 Security Account created under Section 51368 of the Act) and provision for the Agency's
28 general obligation to additionally secure the Bonds if appropriate in furtherance of the objectives
29 of the Program; *provided* that such provisions may be therein included with respect to such Debt-
30 Management Bonds *only* if and to the extent any such provision was made with respect to the
31 bonds thereby refunded.
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33 The Executive Director is hereby expressly authorized and directed, for and on
34 behalf and in the name of the Agency, to determine in furtherance of the objectives of the
35 Program those matters required to be determined under the applicable Prior Indenture or any
36 New Debt-Management Indenture, as appropriate, in connection with the issuance of each such
37 series, including, without limitation, any reserve account requirement or requirements for such
38 series.
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40 The Executive Director and the Secretary are hereby authorized and directed, for
41 and on behalf and in the name of the Agency, to execute and acknowledge and to deliver to the
42 Trustees one or more amendments to any series and/or supplemental indentures under any of the
43 Prior Indentures or any New Debt-Management Indenture, each with such provisions as the
44 officers executing the same approve upon consultation with the Agency's legal counsel, such
45 approval to be conclusively evidenced by the execution and delivery thereof.
46

1 Section 5. **Approval of Forms and Terms of Debt-Management Bonds.**

2 The Debt-Management Bonds shall be in such denominations, have such registration provisions,
3 be executed in such manner, be payable in such medium of payment at such place or places
4 within or without California, be subject to such terms of redemption (including from such
5 sinking fund installments as may be provided for) and contain such terms and conditions as each
6 Debt-Management Supplemental Indenture as finally approved shall provide. The Debt-
7 Management Bonds shall have the maturity or maturities and shall bear interest at the fixed,
8 adjustable or variable rate or rates deemed appropriate by the Executive Director in furtherance
9 of the objectives of the Program; *provided, however*, that no Debt-Management Bond shall have
10 a term in excess of the maturity of the bonds thereby refunded or bear interest at a stated rate in
11 excess of fifteen percent (15%) per annum, or in the case of variable rate bonds a maximum
12 floating interest rate of twenty-five percent (25%) per annum. Any of the Debt-Management
13 Bonds and the Debt-Management Supplemental Indenture(s) may contain such provisions as
14 may be necessary to accommodate an option to put such Bonds prior to maturity for purchase by
15 or on behalf of the Agency or a person other than the Agency, to accommodate the requirements
16 of any provider of bond insurance or other credit enhancement or liquidity support or to
17 accommodate the requirements of purchasers of indexed floaters, *provided* that variable-rate
18 Debt-Management Bonds may not be issued to refund fixed-rate bonds.
19

20 Section 6. **Authorization of Financial Agreements Related to Debt-**
21 **Management Bonds.** Subject to the limitation set forth in the last sentence of this Section, the
22 Executive Director and the other officers of the Agency are hereby authorized to enter into, for
23 and in the name and on behalf of the Agency, any and all agreements and documents designed
24 (i) to reduce or hedge the amount or duration of any payment, interest rate, spread or similar risk,
25 (ii) to result in a lower cost of borrowing when used in combination with the issuance or carrying
26 of bonds or investments, or (iii) to enhance the relationship between risk and return with respect
27 to the Program or any portion thereof (each of the foregoing, a “Hedging Instrument”). To the
28 extent authorized by law, including Government Code Section 5922, such agreements or other
29 documents may include (a) interest rate swap agreements; (b) forward payment conversion
30 agreements; (c) futures or other contracts providing for payments based on levels of, or changes
31 in, interest rates or other indices; (d) contracts to exchange cash flows for a series of payments;
32 (e) contracts, including, without limitation, interest rate floors or caps, options, puts or calls to
33 hedge payment, interest rate, spread or similar exposure; (f) contracts to obtain guarantees,
34 including guarantees of mortgage-backed securities or their underlying loans; or (g) letters of
35 credit, standby bond purchase agreements, or other similar arrangements; and in each such case
36 may be entered into in anticipation of the issuance of bonds at such times as may be determined
37 by such officers. Such agreements and other documents are authorized to be entered into with
38 parties selected by the Executive Director, after giving due consideration for the creditworthiness
39 of the counterparties, where applicable, or any other criteria in furtherance of the objectives of
40 the Program. *Notwithstanding* anything herein to the contrary, a Hedging Instrument may be
41 entered into only for the purposes of amending, modifying or replacing a then-existing Hedging
42 Instrument and may in no event increase the notional amount outstanding under the Hedging
43 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, 2022 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, 2023 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.

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2 The Executive Director and the Secretary are hereby authorized and directed, for
3 and on behalf and in the name of the Agency, to execute and acknowledge and to deliver to the
4 Trustees one or more amendments to Articles I through XII of the RMR Indenture or to any New
5 MBS Indenture, each with such provisions as the officers executing the same approve upon
6 consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the
7 execution and delivery thereof.
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9 Section 10. **Fixed-Rate Bonds Only; No Hedging Instruments.** MBS Bonds
10 shall be issued only as fixed-rate bonds, and no Hedging Instrument shall be entered into with
11 respect to MBS Bonds.
12

13 Section 11. **Approval of Forms of Series and Supplemental Indentures**
14 **Related to MBS Bonds and Amendments.** The Executive Director and the Secretary are
15 hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and
16 acknowledge and to deliver with respect to each series of MBS Bonds, if and to the extent
17 appropriate, series and/or supplemental indentures (each an "MBS Supplemental Indenture";
18 together with the Debt-Management Supplemental Indenture, the "Supplemental Indenture")
19 under either Articles I through XII of the RMR Indenture or a new MBS Indenture and in
20 substantially the form of the respective supplemental indentures previously executed and
21 delivered or approved, each with such changes therein as the officers executing the same approve
22 upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced
23 by the execution and delivery thereof. Changes reflected in any MBS Supplemental Indenture
24 may include provision for a supplemental pledge of Agency moneys or assets (including but not
25 limited to, a deposit from the Supplementary Bond Security Account created under
26 Section 51368 of the Act) to additionally secure the Bonds if appropriate in furtherance of the
27 objectives of the Program.
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29 The Executive Director is hereby expressly authorized and directed, for and on
30 behalf and in the name of the Agency, to determine in furtherance of the objectives of the
31 Program those matters required to be determined under Articles I through XII of the RMR
32 Indenture or any New MBS Indenture, as appropriate, in connection with the issuance of each
33 such series, including, without limitation, any reserve account requirement or requirements for
34 such series.
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36 The Executive Director and the Secretary are hereby authorized and directed, for
37 and on behalf and in the name of the Agency, to execute and acknowledge and to deliver to the
38 Trustees one or more amendments to any series and/or supplemental indentures under either
39 Articles I through XII of the RMR Indenture or any new MBS Indenture, each with such
40 provisions as the officers executing the same approve upon consultation with the Agency's legal
41 counsel, such approval to be conclusively evidenced by the execution and delivery thereof.
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43 Section 12. **Approval of Forms and Terms of MBS Bonds.** The MBS Bonds
44 shall be in such denominations, have such registration provisions, be executed in such manner,
45 be payable in such medium of payment at such place or places within or without California, be
46 subject to such terms of redemption (including from such sinking fund installments as may be

1 provided for) and contain such terms and conditions as each MBS Supplemental Indenture as
2 finally approved shall provide. The MBS Bonds shall have the maturity or maturities and shall
3 bear interest at the fixed rate or rates deemed appropriate by the Executive Director in
4 furtherance of the objectives of the Program; *provided, however*, that no MBS Bond shall have a
5 term in excess of thirty-five (35) years or bear interest at a stated rate in excess of fifteen percent
6 (15%) per annum.

7 8 ARTICLE III

9 10 PROVISIONS APPLICABLE TO ALL BONDS OF THE AGENCY

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

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

34
35 The Treasurer is hereby authorized and requested, without further action of the
36 Board and unless instructed otherwise by the Board, to sell each series of Bonds at the time and
37 place and pursuant to the terms and conditions set forth in each such purchase contract as finally
38 executed. The Treasurer is hereby further authorized and requested to deposit the proceeds of
39 any good faith deposit to be received by the Treasurer under the terms of a purchase contract in a
40 special trust account for the benefit of the Agency, and the amount of said deposit shall be
41 retained by the Agency, applied at the time of delivery of the applicable Bonds as part of the
42 purchase price thereof, or returned to the Purchasers, as provided in such purchase contract.

43
44 Section 15. **Authorization of Execution of Bonds.** The Executive Director is
45 hereby authorized and directed to execute, and the Secretary is hereby authorized to attest, for
46 and on behalf and in the name of the Agency and under its seal, the Bonds, in an aggregate

1 amount not to exceed the amount authorized hereby, in accordance with the Prior Indenture(s),
2 the Supplemental Indenture(s), the New Debt-Management Indenture(s) or the New MBS
3 Indenture(s) and in one or more of the forms set forth in the Prior Indenture(s), the Supplemental
4 Indenture(s), the New Debt-Management Indenture(s) or the New MBS Indenture(s), as
5 appropriate.
6

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

17 Section 17. **Authorization of Program Documents.** The Executive Director
18 and the other officers of the Agency are hereby authorized to enter into, for and in the name and
19 on behalf of the Agency, all documents they deem necessary or appropriate in connection with
20 the Program, including, but not limited to, one or more mortgage purchase and servicing
21 agreements (including mortgage-backed security pooling agreements) and one or more loan
22 servicing agreements with such lender or lenders or such servicer or servicers as the Executive
23 Director may select in accordance with the purposes of the Program, and any such selection of a
24 lender or lenders or a servicer or servicers is to be deemed approved by this Board as if it had
25 been made by this Board. The proceeds of MBS Bonds to be issued under the authority of this
26 Resolution shall be used to purchase MBSs guaranteed by Fannie Mae, Freddie Mac, Ginnie
27 Mae, or other appropriate guarantor and shall not be used to purchase whole loans. The MBSs to
28 be purchased may be secured by loans that have terms of 30 years or less.
29

30 The Executive Director and the other officers of the Agency are hereby authorized
31 to enter into, for and in the name and on behalf of the Agency, one or more mortgage sale
32 agreements with such purchasers as the Executive Director may select in accordance with the
33 objectives of the Program, including but not limited to such agreements with Fannie Mae,
34 Freddie Mac or other government-sponsored enterprise or similar entity for such sales in bulk or
35 otherwise. Any such sale of Loans may be on either a current or a forward purchase basis.
36

37 The Executive Director and the other officers of the Agency are hereby authorized
38 to enter into, for and in the name and on behalf of the Agency, contracts to conduct foreclosures
39 of mortgages owned or serviced by the Agency with such attorneys or foreclosure companies as
40 the Executive Director may select in accordance with the objectives of the Program.
41

42 The Executive Director and the other officers of the Agency are hereby authorized
43 to enter into, for and in the name and on behalf of the Agency, contracts for the sale of
44 foreclosed properties with such purchasers as the Executive Director may select in accordance
45 with the objectives of the Program. Any such sale of foreclosed properties may be on either an
46 all cash basis or may include financing by the Agency. The Executive Director and the other

1 officers of the Agency are also authorized to enter into any other agreements, including but not
2 limited to real estate brokerage agreements and construction contracts necessary or convenient
3 for the rehabilitation, listing and sale of such foreclosed properties.
4

5 The Executive Director and the other officers of the Agency are hereby authorized
6 to enter into, for and in the name and on behalf of the Agency, (i) contracts or agreements for the
7 purchase or sale of mortgage-backed securities; (ii) servicing agreements, including master
8 servicing agreements, in connection with the operation of a program of mortgage-backed
9 securities; (iii) agreements with government-sponsored enterprises, or other secondary market
10 issuers or guarantors of mortgage-backed securities; and (iv) such other program documents as
11 are necessary or appropriate for the operation of a program of mortgage-backed securities; any of
12 the foregoing may, as applicable, be secured by any Loans, mortgage-backed securities and/or
13 other assets thereunder and/or the general obligation of the Agency.
14

15 Section 18. **Authorization of Credit Facilities.** The Executive Director and
16 the other officers of the Agency are hereby authorized to enter into, for and in the name and on
17 behalf of the Agency, one or more short-term or long-term credit facilities, together with any
18 extensions or other amendments thereto, including but not limited to repurchase agreements, for
19 the purposes of (i) improving the credit and/or liquidity profile of Bonds of the Agency,
20 (ii) financing the purchase of Loans and/or mortgage-backed securities on an interim basis, prior
21 to the sale thereof to third parties and/or the financing thereof with Bonds, whether issued or to
22 be issued; (iii) financing expenditures of the Agency incident to, and necessary or convenient to,
23 the issuance of Bonds and/or the preservation of private activity volume cap for subsequent
24 recycling, including, but not limited to, Agency expenditures to pay costs of issuance, capitalized
25 interest, redemption price of prior bonds of the Agency or bonds issued by another issuer for the
26 purpose of preservation for subsequent recycling, costs relating to credit enhancement or
27 liquidity support, costs relating to investment products, or net payments and expenses relating to
28 interest rate hedges and other financial products; and (iv) enabling the Agency to restructure
29 existing debt and related purposes, including, but not limited to, the redemption of existing bonds
30 and the acquisition of bonds that have been put to liquidity providers as bank bonds. Any such
31 credit facility may be secured by any Loans, mortgage-backed securities and/or other assets
32 thereunder and/or the general obligation of the Agency. Any such credit facility may be from
33 any appropriate source as determined by the Director of Financing and approved by the
34 Executive Director, provided, however, that the aggregate outstanding principal amount of credit
35 facilities authorized under this resolution and the other financing resolutions adopted at the same
36 meeting, as amended from time to time, may not at any time exceed \$700,000,000. For purposes
37 of clarity, the above limitation applicable to credit facilities does not limit the amount of Bonds
38 authorized by this resolution.
39

40 The Executive Director and the other officers of the Agency are hereby authorized
41 to use available Agency moneys (other than and in addition to the proceeds of bonds) (i) to make
42 or purchase Loans and/or mortgage-backed securities to be financed by bonds (including bonds
43 authorized by prior resolutions of this Board) in anticipation of draws on a credit facility, the
44 issuance of Bonds or the availability of Bond proceeds for such purposes and (ii) to purchase
45 Agency bonds to enable the Agency to restructure its debt and for related purposes as authorized

1 under Resolution No. 08-42 and any future Board resolutions thereto amendatory or
2 supplemental.

3
4 Section 19. **Ratification of Prior Actions; Not a Repeal of Prior**
5 **Resolutions.** All actions previously taken by the Agency relating to the implementation of the
6 Program, the issuance of the Bonds, the issuance of any prior bonds (the "Prior Bonds"), the
7 execution and delivery of related financial agreements and related program agreements and the
8 implementation of any credit facilities as described above, including, but not limited to, such
9 actions as the distribution of the Agency's Lender Program Manual, Mortgage Purchase and
10 Servicing Agreement, Servicing Agreement, Developer Agreement, Servicer's Guide, Program
11 Bulletins and applications to originate and service loans, and the sale of any foreclosed property,
12 are hereby ratified.

13
14 This resolution is not intended to repeal in whole or in part any prior resolution of
15 the Agency with respect to the authority granted to the Executive Director and the other officers
16 of the Agency in relation to Prior Bonds and related agreements, including but not limited to
17 (i) the authority to determine in furtherance of the objectives of the Program those matters
18 required to be determined in relation to Prior Bonds, whether under indentures or other related
19 agreements, and (ii) the authority to amend, modify or replace financial agreements of the types
20 described in Section 6 of this resolution.

21
22 Section 20. **Authorization of Related Actions and Agreements.** The
23 Treasurer and any duly authorized deputy thereof and the Executive Director and the other
24 officers of the Agency and any other persons authorized in writing by the Executive Director are
25 hereby authorized and directed, jointly and severally, to do any and all things and to execute and
26 deliver any and all agreements and documents which they deem necessary or advisable in order
27 to consummate the issuance, sale, delivery, remarketing, conversion and administration of Bonds
28 and Prior Bonds and otherwise to effectuate the purposes of this resolution, including declaring
29 the official intent of the Agency for purposes of U.S. Treasury Regulations Section 1.150-2, and
30 including executing and delivering any amendment or supplement to any agreement or document
31 relating to Bonds or Prior Bonds in any manner that would be authorized under this resolution if
32 such agreement or document related to Bonds is authorized by this resolution. Such agreements
33 may include, but are not limited to, remarketing agreements, tender agreements or similar
34 agreements regarding any put option for the Bonds or Prior Bonds, broker-dealer agreements,
35 market agent agreements, auction agent agreements or other agreements necessary or desirable in
36 connection with the issuance of Bonds in, or the conversion of Bonds or Prior Bonds to, an
37 indexed rate mode, agreements for the investment of moneys relating to the Bonds or Prior
38 Bonds, reimbursement agreements, letters of credit, intercreditor agreements or other
39 arrangements relating to any credit enhancement or liquidity support or put option provided for
40 the Bonds or Prior Bonds, continuing disclosure agreements and agreements for necessary
41 services provided in the course of the issuance of the bonds, including but not limited to,
42 agreements with bond underwriters and placement agents, private placement purchasers, bond
43 trustees, bond counsel and financial advisors and contracts for consulting services or information
44 services relating to the financial management of the Agency, including advisors or consultants on
45 interest rate swaps, cash flow management, and similar matters, and contracts for financial
46 printing and similar services.

1
2 This resolution shall constitute full, separate, complete and additional authority
3 for the execution and delivery of all agreements and instruments described in this resolution,
4 without regard to any limitation in the Agency's regulations and without regard to any other
5 resolution of the Board that does not expressly amend and limit this resolution.
6

7 The Executive Director and the officers of the Agency and any other persons
8 authorized in writing by the Executive Director are hereby authorized and directed, jointly and
9 severally, in connection with the issuance of bonds authorized under this resolution, to use funds
10 of the Agency to purchase MBSs, make a capital contribution with respect to such bonds,
11 establish reserves to secure such bonds, and pay other costs of the Agency incident to, and
12 necessary or convenient to, the issuance of such bonds.
13

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

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3 I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly authorized
4 Secretary of the Board of Directors of the California Housing Finance Agency, and hereby
5 further certify that the foregoing is a full, true, and correct copy of Resolution No. 21-06 duly
6 adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency
7 duly called and held on the 25th day of March, 2021, at which meeting all said directors had due
8 notice, a quorum was present and that at said meeting said resolution was adopted by the
9 following vote:

10
11 AYES:

12
13 NOES:

14
15 ABSTENTIONS:

16
17 ABSENT:

18
19 IN WITNESS WHEREOF, I have executed this certificate hereto this 25th day of
20 March 2020.

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23 ATTEST:

24 _____
25 CLAIRE TAURIAINEN
26 Secretary of the Board of Directors of the
27 California Housing Finance Agency
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State of California

MEMORANDUM

To: Board of Directors

Date: March 9, 2021



Tim Hsu, Interim Director of Financing

From: CALIFORNIA HOUSING FINANCE AGENCY

Subject: ANNUAL SINGLE FAMILY NON-BOND FINANCING AUTHORIZATION
RESOLUTION 21-07

Resolution 21-07 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. The Agency may not purchase first lien whole loans using Agency funds.

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

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

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

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

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

1 BOARD OF DIRECTORS
2 OF THE CALIFORNIA HOUSING FINANCE AGENCY

3
4 RESOLUTION NO. 21-07

5
6 RESOLUTION AUTHORIZING THE AGENCY'S SINGLE FAMILY NON-BOND
7 FINANCING MECHANISMS FOR HOMEOWNERSHIP PURPOSES, AND RELATED
8 FINANCIAL AGREEMENTS AND CONTRACTS FOR SERVICES
9

10 WHEREAS, the California Housing Finance Agency (the "*Agency*") has determined that
11 there exists a need in California for providing financial assistance, directly or indirectly, to
12 persons and families of low and moderate income to enable them to purchase or refinance
13 moderately priced single family homes;
14

15 WHEREAS, the Agency has determined that it is in the public interest for the Agency to
16 assist in providing such financing by means of various programs, including whole loans and
17 mortgage-backed securities programs (collectively, the "*Program*") to make or finance loans to
18 such persons and families, to local public entities or to developers, for the acquisition,
19 development, construction and/or permanent financing of homes (the "*Loans*");
20

21 WHEREAS, pursuant to Parts 1 through 4 of Division 31 of the Health and Safety Code
22 of the State of California (the "*Act*"), the Agency may invest in, purchase, or make commitments
23 to purchase, and take assignments from qualified mortgage lenders of mortgage loans, and
24 purchase mortgage-backed securities ("*MBSs*") underlain by Loans; and
25

26 WHEREAS, the Agency's single family lending division is seeking authorization to
27 utilize the MBS securitization model as the Agency's non-bond single family lending platform.
28 This model requires the Agency to engage a master servicer(s). A subset of MBS securitization,
29 the TBA model, is an example of non-bond lending, the use of which was previously authorized
30 by the Board in Resolution 13-09.
31

32 NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the "*Board*") of the
33 California Housing Finance Agency as follows:
34

35 ARTICLE I

36 AUTHORIZATION OF MBS SECURITIZATION STRATEGIES
37 AND LOAN PRODUCTS
38
39

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

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

3 ARTICLE II

4 FUNDING AUTHORIZATION FOR LOAN PRODUCTS

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6
7 Section 1. Funding of First Lien Whole Loans. The Agency may not purchase first
8 lien whole loans using Agency funds.

9
10 Section 2. Funding of Subordinate Loans. The Agency may purchase a maximum of
11 Twenty-Five Million (\$25,000,000.00) of subordinate loans using Agency funds.

12
13 Section 3. Other Loans. The Agency may purchase or fund a maximum of Twenty-
14 Five Million (\$25,000,000.00) of other loans for the purpose of incentivizing affordable
15 homeownership in disadvantaged communities to generate intergenerational wealth for families
16 who have experienced government regulated discrimination.

17 ARTICLE III

18 PROVISIONS APPLICABLE TO ALL SINGLE FAMILY 19 LOAN PRODUCT ACTIVITIES

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22
23 Section 1. Authorization of Program Documents. The Executive Director and other
24 employees authorized by Article III, Section 5 (“*Authorized Employees*”) are hereby authorized
25 to enter into, for and in the name and on behalf of the Agency, all documents they deem
26 necessary or appropriate in connection with the Program, including, but not limited to, the
27 following:

28
29 (i) One or more mortgage purchase and servicing agreements (including
30 mortgage-backed security pooling agreements) and one or more loan servicing agreements with
31 such lender or lenders or such servicer or servicers, as the Executive Director may select in
32 accordance with the purposes of the Program, and any such selection of a lender or lenders or a
33 servicer or servicers is to be deemed approved by this Board as if it had been made by this
34 Board;

35
36 (ii) One or more mortgage sale agreements with such purchasers as the
37 Executive Director may select in accordance with the objectives of the Program, including but
38 not limited to such agreements with GSEs or similar entity for such sales in bulk or otherwise.
39 Any such sale of Loans may be on either a current or a forward purchase basis;

40
41 (iii) Agreements required for CalHFA to participate in the GSE’s loan
42 programs;

43
44 (iv) Inter-Agency agreements, monitoring agreements, memoranda of
45 understanding, and similar such agreements for the facilitation of cooperative partnerships with
46 other public entities;

47

1 (v) Contracts to conduct foreclosures of mortgages owned or serviced by the
2 Agency with such attorneys or foreclosure companies as the Executive Director may select in
3 accordance with the objectives of the Program;
4

5 (vi) Contracts for the sale of foreclosed properties with such purchasers as the
6 Executive Director may select in accordance with the objectives of the Program. Any such sale
7 of foreclosed properties may be on either an all cash basis or may include financing by the
8 Agency. The Executive Director and Authorized Employees of the Agency are also authorized to
9 enter into any other agreements, including but not limited to real estate brokerage agreements
10 and construction contracts necessary or convenient for the rehabilitation, listing and sale of such
11 foreclosed properties; and
12

13 (vii) Master trade confirmation or similar agreements with a hedge facilitator;
14 contracts and agreements with broker-dealers to hedge the Agency's loan commitments and all
15 related documents required to carry out the activities described in the Agency's Master Hedge
16 Policy; and such other program documents as are necessary or appropriate for the operation of a
17 program of mortgage-backed securities.
18

19 Section 2. Authorization of Credit Facilities. The Executive Director and Authorized
20 Employees of the Agency are hereby authorized to enter into, for and in the name and on behalf
21 of the Agency, one or more short-term or long-term credit facilities, including but not limited to
22 repurchase agreements, together with any extensions or other amendments thereto, for the
23 purposes of financing the purchase of Loans and/or mortgage-backed securities on an interim
24 basis. The Agency may pledge its General Obligation as a credit support for said Credit Facilities
25 Any such credit facility may be from any appropriate source as determined by the Director of
26 Financing and approved by the Executive Director, provided, however, that the aggregate
27 outstanding principal amount of credit facilities authorized under this resolution and the other
28 financing resolutions adopted at the same meeting, as amended from time to time, may not at any
29 time exceed \$700,000,000.
30

31 Section 3. Ratification of Prior Actions; Not a Repeal of Prior Resolutions. All
32 actions previously taken by the Agency relating to the implementation of the Program, the
33 execution and delivery of related financial agreements and related program agreements and the
34 implementation of any credit facilities as described above, including, but not limited to, such
35 actions as the distribution of the Agency's Lender Program Manual, Mortgage Purchase and
36 Servicing Agreement, Servicing Agreement, Developer Agreement, Servicer's Guide, Program
37 Bulletins and applications to originate and service loans, and the sale of any foreclosed property,
38 are hereby ratified.
39

40 This Resolution is not intended to repeal in whole or in part any prior Resolution
41 of the Agency with respect to the authority granted to the Executive Director and Authorized
42 Employees of the Agency in relation to related agreements, including but not limited to the
43 authority to determine in furtherance of the objectives of the Program those matters required to
44 be determined.
45

46 Section 4. Authorization of Related Actions and Agreements. The Executive
47 Director and Authorized Employees of the Agency and any other persons authorized in writing

1 by the Executive Director are hereby authorized and directed, jointly and severally, to do any and
2 all things and to execute and deliver any and all agreements and documents which they deem
3 necessary or advisable in order to consummate the purchase and sale of residential home loans
4 and mortgage-backed securities.

5
6 This Resolution shall constitute full, separate, complete and additional authority
7 for the execution and delivery of all agreements and instruments described in this Resolution,
8 without regard to any limitation in the Agency's regulations and without regard to any other
9 resolution of the Board that does not expressly amend and limit this Resolution.

10
11 Section 5. Additional Delegation. All actions by the Executive Director approved or
12 authorized by this Resolution may be taken by the Chief Deputy Director of the Agency, the
13 Director of Financing of the Agency or any other person specifically authorized in writing by the
14 Executive Director, and except to the extent otherwise taken by another person shall be taken by
15 the Chief Deputy Director during any period in which the office of the Executive Director is
16 vacant.

17
18 Section 6. Duration of Authority. The authority granted under this Resolution shall
19 remain in full force and effect until the day 60 days after the first date after March 1, 2021 on
20 which is held a meeting of the Board of Directors of the Agency at which a quorum is present.

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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. 21-07 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 25th day of March, 2021, 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 25th day of March 2021.

ATTEST:

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

State of California

MEMORANDUM

To: Board of Directors

Date: March 9, 2021



Tim Hsu, Interim Director of Financing

From: CALIFORNIA HOUSING FINANCE AGENCY

Subject: AUTHORIZATION TO MAKE APPLICATION TO THE CALIFORNIA DEBT
LIMIT ALLOCATION COMMITTEE
RESOLUTION 21-08

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 such as first-time homebuyers or owners of affordable rental housing developments.

This resolution would authorize application to CDLAC for a maximum of \$1.5 billion multifamily allocation. Such authorization would be in effect during the period of time in which Resolution 21-04, which authorizes the issuance of bonds for the Multifamily Program, is in effect.

Attachment

1
RESOLUTION NO. 21-082
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5
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 PROGRAMS6
7
8
9
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;10
11
12
13
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;14
15
WHEREAS, pursuant to the Act, the Agency has the authority to issue bonds to
provide sufficient funds to finance the Multifamily Program;16
17
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WHEREAS, the Agency has by its Resolution No. 21-04 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;21
22
NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the
"Board") of the California Housing Finance Agency as follows:23
Section 1. Authorization to Apply to CDLAC for the Multifamily Program.24
25
26
27
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. 21-04 or other resolutions heretofore
or hereafter adopted by the Agency for the Multifamily Program.28
Section 2. Authorization of Related Actions and Agreements.29
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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. 21-08 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 25th day of March 2021, 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 25th day of March 2021.

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

State of California

MEMORANDUM

To: Board of Directors

Date: February 24, 2021



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 \$87 million, from \$111 million to \$24 million; and the swap notional amount outstanding decreased by \$30 million, from \$520 to \$490 million.

1. We have more swap notional amount (\$490mn) than variable rate debt (\$24mn). This is due to our successful strategy of aggressively deleveraging the balance sheet by redeeming variable rate bonds. We now primarily use these swaps to hedge our Multifamily loan commitments. This shields us from the additional costs of entering into new hedges.
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) Types of Variable Rate Debt
 - b) Liquidity Providers
 - c) Interest Rate Swaps
- 3) Financing Risk Factors
 - a) Basis Risk
 - b) Amortization Risk
 - c) Termination Risk
 - d) Collateral Posting Risk

1) BONDS OUTSTANDING

Below is the Agency's outstanding debt position. This table does not include any pass-thru or conduit financings which make up an additional \$2,313 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, 2021			
(\$ in millions)			
Program	Fixed Rate	Variable Rate	Total
Multifamily	\$129	\$1	\$130
Single Family	\$258	\$23	\$281
Total	\$387	\$24	\$411

2) VARIABLE RATE DEBT

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 \$24 million, 6% of the \$411 million of bond indebtedness as of February 1, 2021.

A) 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)			
Indenture	Auction	VRDO	Total
HMRB (SF)		\$0	\$23
MHRB (MF)		\$1	\$0
Total		\$1	\$23

B) 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 February 1, 2021

(\$ in millions)

Financial Institution	Bond Amount
MUFG Bank, LTD	23

C) INTEREST RATE SWAP

Currently, we have a total of 52 “fixed-payer” swaps with nine different counterparties for a combined notional amount of \$490 million. Originally, CalHFA’s fixed-payer swaps were intended to establish synthetic fixed rate debt by converting our variable rate payment obligations to fixed rates. However, as the vast majority of the agency’s variable rate debt has been redeemed, most of the agency’s swaps are now used to hedge Multifamily loan commitments. This drastically reduces the number of new swaps we enter into to hedge these commitments. Since we stopped issuing variable rate debt, we have entered into two additional swaps for the purposes of hedging our multifamily loan commitments. The table below provides a summary of our swap notional amounts.

SWAPS			
(\$ in millions)			
Currently Hedging			
Source	Bonds	Commitments	Total
HMRB (SF)	23	117	140
MHRB (MF)	3	322	325
MF Loan Commitments	0	25	25
Total	26	464	490

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, 2021 semiannual debt service payment date we made a total of \$9.3 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 on the next page shows the diversification of our fixed payer swaps among the nine firms acting as our swap counterparties.

SWAP COUNTERPARTIES

Swap Guarantor	Credit Ratings		Notional \$ in millions	Number of Swaps
	Moody	SP		
Merrill Lynch Derivative Products	Aa3	AA	215	29
JPMorgan Chase Bank, N.A.	Aa2	A+	94	6
Deutsche Bank AG	A3	BBB+	58	6
Goldman Sachs Mitsui Marine Derivative Products, L.P.	Aa2	AA-	44	3
UBS AG	Aa3	A+	32	3
AIG Financial Products, Corp.**	Baa1-	BBB-	22	1
BNP Paribas	Aa3	A+	12	1
Dexia Credit Local New York Agency**	Baa3	BBB	8	1
Citigroup Financial Products, Inc.	A3	BBB+	5	2
Total*			490	52

* \$46Mn 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) 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.

B) 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 next table 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	2021	24,765
2005	35,435	2022	7,860
2006	20,845	2023	18,985
2007	28,120	2024	19,080
2008	18,470		no call options after 2024
2009	370,490		<u>70,690</u>
2010	186,465		
2011	288,700		
2012	361,975		
2013	243,855		
2014	162,140		
2015	95,160		
2016	191,215		
2017	122,215		
2018	27,470		
2019	9,810		
2020	990		
2021	1,700		
	<u>2,177,200</u>		

C) 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
09/30/2019	(\$96)
12/31/2019	(\$85)
03/31/2020	(\$64)
06/30/2020	(\$109)
09/30/2020	(\$104)
12/31/2020	(\$97)

D) 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, 2020 and February 1, 2021, the Agency’s collateral posting requirements have ranged between \$19 million to \$22 million.

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

Swap Collateral Posting

As of 02/17/2021

BoA/Merrill Lynch	4.7
JPMorgan	15.0
Total	19.7

State of California

MEMORANDUM

To: Board of Directors

Date: March 1, 2021



From: Timothy Hsu, Director of Single Family Programs
CALIFORNIA HOUSING FINANCE AGENCY

Subject: Single Family Loan Production Report (January 2021)

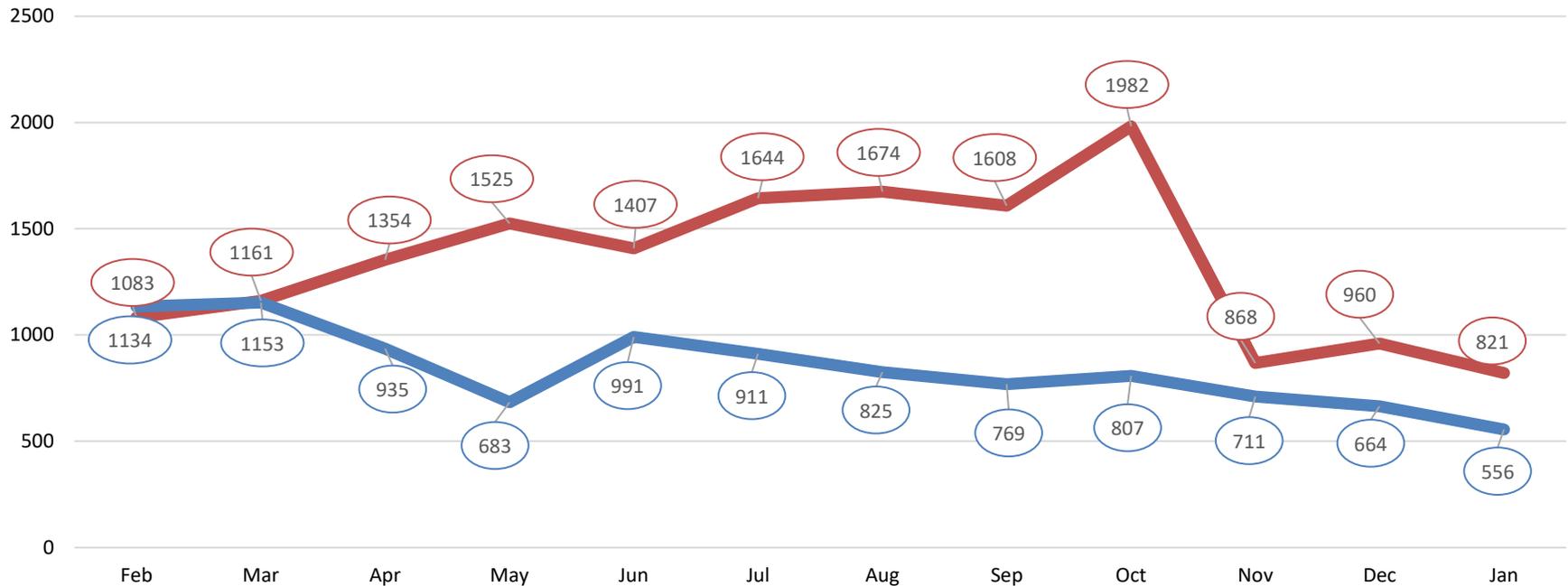
Highlights:

- Reservations Fiscal Year 2020-21: 5200+
- Securitization Fiscal Year 2020-21: 4800+ (\$1.5Bn)
- About 1/3 of our production are from 3 counties:
 - San Bernardino
 - Riverside
 - Sacramento

Reservations down from last year

TOTAL RESERVATIONS

February 2019 - January 2020
February 2020 - January 2021



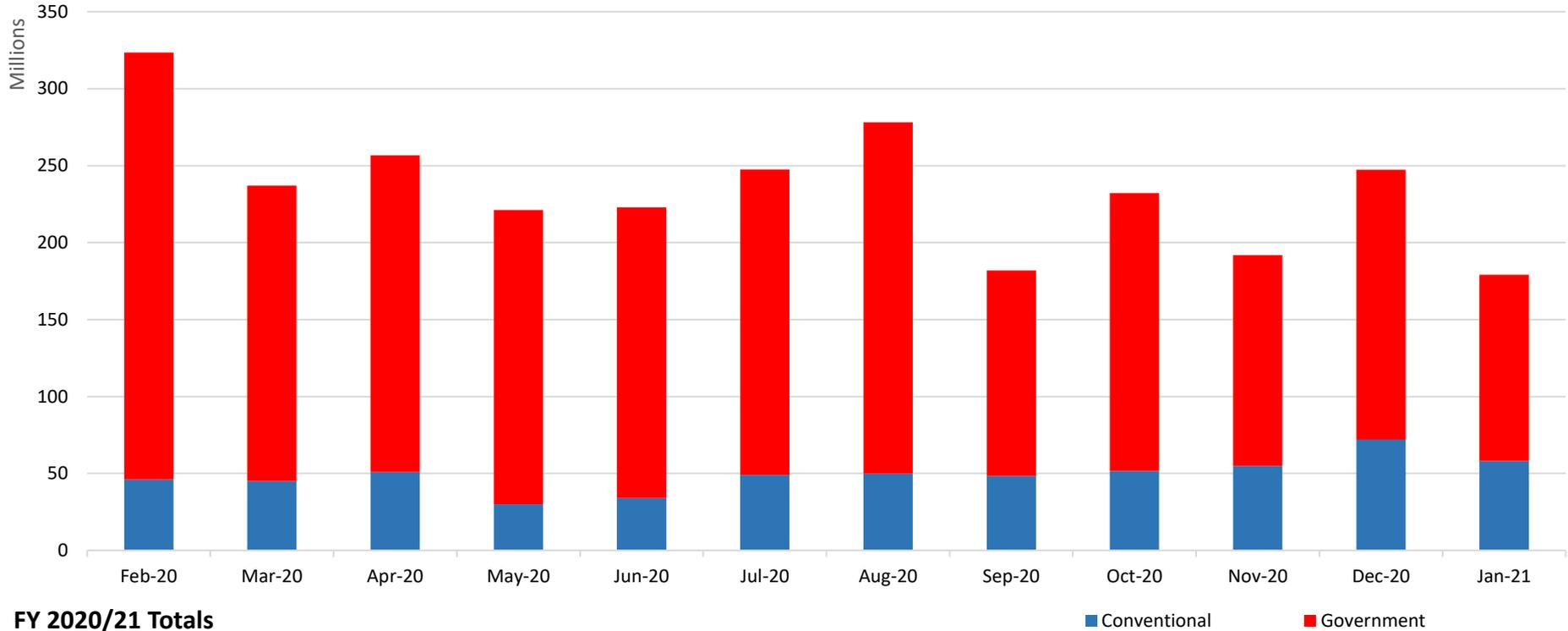
FY 2020/21 Totals:		
Conventional	1470	28%
FHA	3757	72%
	5227	

Totals:

February 2019 - January 2020 = 16087
February 2020 - January 2021 = 10139

- 1st Mtg. Reservations February 2019 - January 2020
- 1st Mtg. Reservations February 2020 - January 2021

February-2020 - January-2021 Securitized

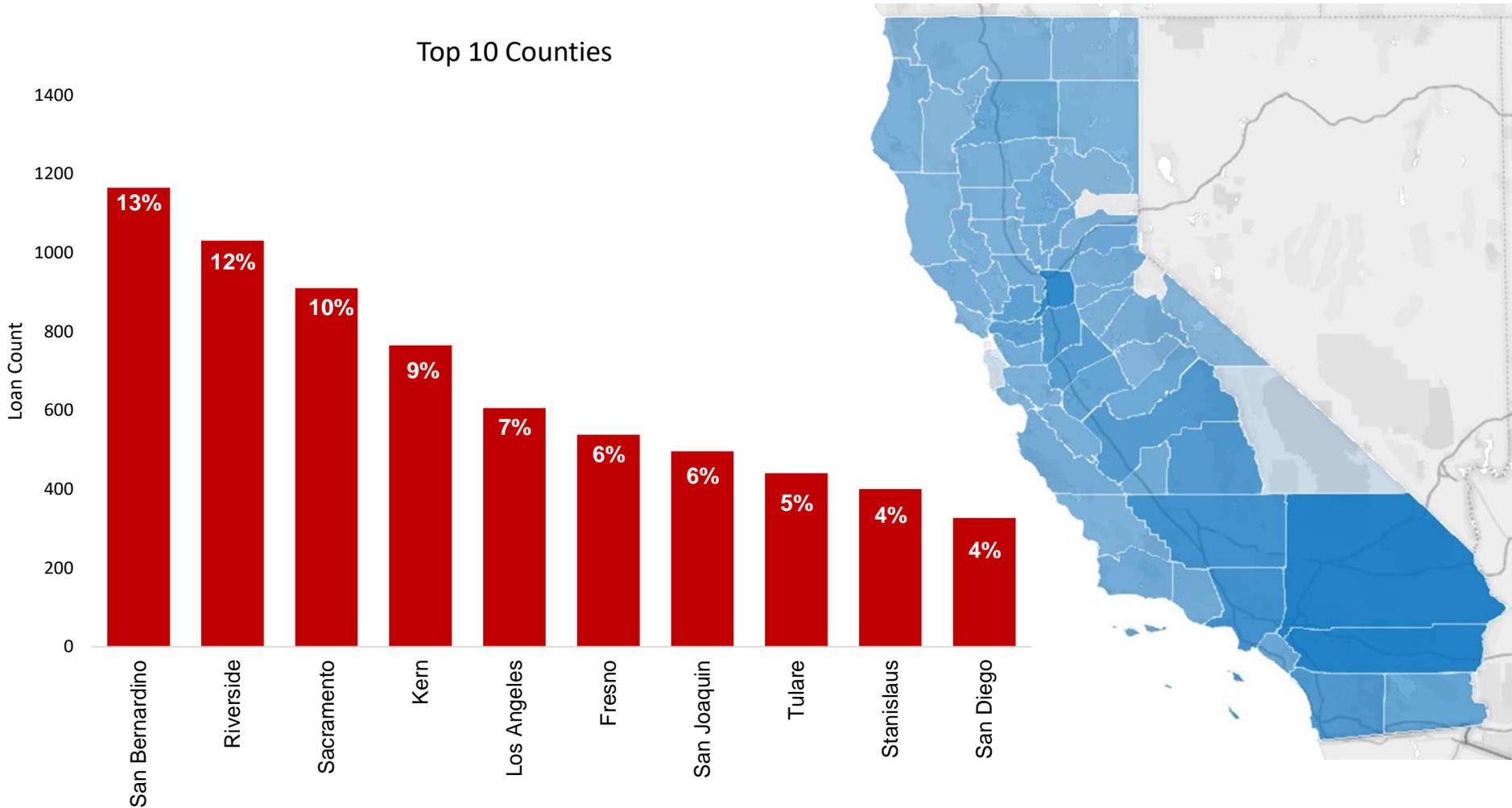


FY 2020/21 Totals

FHA with ZIP	3490	1,122,267,318	} 76%
FHA no ZIP	177	49,380,203	
VA	5	2,000,778	
USDA	9	2,204,188	
Conventional with ZIP	826	292,682,317	} 24%
Conventional no ZIP	76	27,188,191	
LI/VLI Conventional with ZIP	228	60,004,276	
LI/VLI Conventional no ZIP	17	4,211,760	
Totals	4828	1,559,939,031	

Where are our borrowers?

Top 10 Counties



State of California

MEMORANDUM

To: Board of Directors

Date: March 25, 2021

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

Subject: UPDATE ON MULTIFAMILY LOAN PRODUCTION

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

FY 2020-21 Conduit Issuance as of February 28, 2021

<i>Conduit Program - FY 20-21:</i>									
	Project Name	Underwriting Type	City	Project Type	Units	Closing Date	Tax Exempt Loan	Taxable Loan	Recycled Bonds
<i>Multifamily Conduit Transactions</i>									
<i>(Closed)</i>									
1	AJ Apartments (fka Revolve)	Conduit - Reg Only	Sacramento	Individuals/Families	332	07/24/2020	\$85,000,000	-	-
2	Meadow View Place	Conduit - Reg Only	Truckee	Individuals/Families	56	07/27/2020	\$14,500,000	\$2,500,000	-
3	CCBA Senior Garden Apts	Conduit - Reg Only	San Diego	Senior	45	07/28/2020	\$8,000,000	-	-
4	The Redwood Apartments	Conduit - MIP & Perm	Santa Rosa	Individuals/Families	96	07/28/2020	\$24,000,000	-	\$12,000,000
5	833 Bryant Street Apartments	Conduit - Reg Only	San Francisco	Individuals/Families	146	07/29/2020	\$33,282,714	-	-
6	Courtyards at Cottonwood	Conduit - Reg Only	Moreno Valley	Individuals/Families	81	08/07/2020	\$18,000,000	-	-
7	Mission Gateway	Conduit - MIP	Los Angeles	Individuals/Families	356	08/18/2020	\$90,000,000	-	-
8	Frishman Hollow II	Conduit - MIP & Perm	Truckee	Individuals/Families	68	08/18/2020	\$17,000,000	-	-
9	The Monarch at Chinatown	Conduit - PTO	Fresno	Family	57	08/19/2020	\$17,228,153	-	-
10	Hayward Mission Apts	Conduit - MIP	Hayward	Family/Senior	140	08/26/2020	\$37,200,000	\$12,000,000	-
11	The Parkway Apartments	Conduit - MIP & Perm	Folsom	Individuals/Families	72	09/08/2020	\$16,800,000	\$2,200,000	-
12	Light Tree Two	Conduit - Reg Only	East Palo Alto	Individuals/Families	128	09/25/2020	\$55,785,000	\$33,881,988	-
13	Light Tree Three	Conduit - Reg Only	East Palo Alto	Individuals/Families	57	09/25/2020	\$24,642,500	\$10,282,061	-
14	Valencia Point	Conduit - MIP	San Diego	Individuals/Families	102	09/30/2020	\$25,439,115	\$11,000,000	-
15	Arden Way Apartments	Conduit - MIP & Perm	Sacramento	Individuals/Families	120	10/07/2020	\$26,466,000	\$7,605,546	-
16	Brand Haven Senior Apartments	Conduit - MIP & Perm	Fresno	Senior	180	10/13/2020	\$18,525,000	\$3,975,000	-
17	Beacon Villa	Conduit - MIP & Perm	Pittsburg	Individuals/Families	54	10/21/2020	\$19,000,000	\$9,300,000	-
18	1717 S Street	Conduit - MIP	Sacramento	Individuals/Families	159	10/27/2020	\$39,140,000	-	-
19	Vintage at Woodman	Conduit - MIP	Los Angeles	Senior	239	11/13/2020	\$45,000,000	-	-
20	Twin Oaks Senior Apts	Conduit - MIP	Oakley	Senior	130	11/18/2020	\$31,000,000	-	-
21	One Lake Family Apartments	Conduit - MIP & Perm	Fairfield	Individuals/Families	190	11/20/2020	\$45,500,000	\$27,000,000	-
22	The Atchison	Conduit - MIP	Pittsburg	Individuals/Families	202	12/01/2020	\$47,100,000	\$26,275,000	-
23	Kawana Springs Apartments	Conduit - MIP	Santa Rosa	Individuals/Families	151	12/01/2020	\$38,250,000	\$17,300,000	-
24	Hayes Valley North	Conduit - Reg Only	San Francisco	Individuals/Families	84	01/19/2021	\$49,000,000	-	-
25	Hope on Avalon	Conduit - Reg Only	Los Angeles	Individuals/Families	88	01/29/2021	\$23,390,000	\$10,573,000	-
26	Santa Rosa Avenue Apartments	Conduit - MIP	Santa Rosa	Individuals/Families	154	01/29/2021	\$39,700,000	\$17,700,000	-
27	Heritage Common Phase III	Conduit - Reg Only	Dixon	Individuals/Families	44	01/29/2021	\$8,000,000	-	-
28	Douglas Park Apts	Conduit - Reg Only	Compton	Individuals/Families	72	02/25/2021	\$14,555,000	-	-
					3,603		\$ 911,503,482	\$ 191,592,595	\$ 12,000,000

Total Conduit Issuance: \$1,115,096,077

FY 2020-21 Permanent & Subsidy Loan Conversions as of February 28, 2021

<i>Permanent & Subsidy Conversions - FY 20-21:</i>								
	Project Name	Underwriting Type	City	Project Type	Units	Closing Date	Permanent Loan Amount	Subsidy Loan Amount
<i>Multifamily Permanent & Subsidy Transactions</i>								
<i>(Closed)</i>								
1	Whittier and Downey SE	Perm	Los Angeles	Family	71	10/16/2020	\$6,500,000	-
2	Redwood Oaks Apts	Perm	Redwood City	Family	36	01/29/2021	\$5,785,000	-
					107		\$ 12,285,000	\$ -

Total Permanent & Subsidy Loan Conversions: \$12,285,000
FY 2020-21 Permanent & Subsidy Loan Commitments as of February 28, 2021

<i>Permanent & Subsidy Commitments (Construction Closed) - FY 20-21:</i>								
	Project Name	Underwriting Type	City	Project Type	Units	Closing Date	Permanent Loan	Subsidy Loan
<i>Multifamily Permanent & Subsidy Transactions</i>								
<i>(Closed)</i>								
1	The Redwood Apartments	Conduit - MIP & Perm	Santa Rosa	Individuals/Families	96	07/28/2020	\$15,000,000	-
2	Reedley Village	Perm & Subsidy	Reedley	Family	32	08/12/2020	\$1,050,000	\$640,000
3	Frishman Hollow II	Conduit - MIP & Perm	Truckee	Individuals/Families	68	08/18/2020	\$6,610,000	-
4	The Monarch at Chinatown	Conduit - Perm	Fresno	Family	57	08/19/2020	\$2,135,000	\$775,000
5	The Parkway Apartments	Conduit - MIP & Perm	Folsom	Individuals/Families	72	09/08/2020	\$7,500,000	-
6	Arden Way Apartments	Conduit - MIP & Perm	Sacramento	Individuals/Families	120	10/07/2020	\$12,435,000	-
7	Brand Haven Senior Apartments	Conduit - MIP & Perm	Fresno	Senior	180	10/13/2020	\$10,459,902	-
8	Beacon Villa	Conduit - MIP & Perm	Pittsburg	Individuals/Families	54	10/21/2020	\$13,091,000	-
9	One Lake Family Apartments	Conduit - MIP & Perm	Fairfield	Individuals/Families	190	11/20/2020	\$25,780,000	-
10	Panas Place	Perm	Santa Rosa	Individuals/Families	66	02/26/2021	\$6,400,000	-
11	West Oaks Apartments	Perm	Santa Rosa	Individuals/Families	53	02/26/2021	\$4,750,000	-
					988		\$ 105,210,902	\$ 1,415,000

Total Permanent & Subsidy Loan Commitments: \$106,625,902

FY 2020-21 Mixed Income Program Loan Commitments as of February 28, 2021

<i>Mixed Income Program Commitments (Construction Closed) - FY 20-21:</i>							
	Project Name	Underwriting Type	City	Project Type	Units	Closing Date	MIP Loan
<i>Multifamily Mixed Income Program Transactions</i>							
<i>(Closed)</i>							
1	The Redwood Apartments	Conduit - MIP & Perm	Santa Rosa	Individuals/Families	96	07/28/2020	\$4,750,000
2	Mission Gateway	Conduit - MIP	Los Angeles	Individuals/Families	356	08/18/2020	\$15,500,000
3	Frishman Hollow II	Conduit - MIP & Perm	Truckee	Individuals/Families	68	08/18/2020	\$4,388,000
4	Hayward Mission Apts	Conduit - MIP	Hayward	Family/Senior	140	08/26/2020	\$5,000,000
5	The Parkway Apartments	Conduit - MIP & Perm	Folsom	Individuals/Families	72	09/08/2020	\$3,350,000
6	Valencia Point	Conduit - MIP	San Diego	Individuals/Families	102	09/30/2020	\$4,040,000
7	Arden Way Apartments	Conduit - MIP & Perm	Sacramento	Individuals/Families	120	10/07/2020	\$7,610,000
8	Brand Haven Senior Apartments	Conduit - MIP & Perm	Fresno	Senior	180	10/13/2020	\$4,500,000
9	Beacon Villa	Conduit - MIP & Perm	Pittsburg	Individuals/Families	54	10/21/2020	\$6,350,000
10	1717 S Street	Conduit - MIP	Sacramento	Individuals/Families	159	10/27/2020	\$7,900,000
11	Vintage at Woodman	Conduit - MIP	Los Angeles	Senior	239	11/13/2020	\$11,850,000
12	Twin Oaks Senior Apts	Conduit - MIP	Oakley	Senior	130	11/18/2020	\$5,160,000
13	One Lake Family Apartments	Conduit - MIP & Perm	Fairfield	Individuals/Families	190	11/20/2020	\$14,255,000
14	The Atchison	Conduit - MIP	Pittsburg	Individuals/Families	202	12/01/2020	\$10,000,000
15	Kawana Springs Apartments	Conduit - MIP	Santa Rosa	Individuals/Families	151	12/01/2020	\$7,450,000
16	Santa Rosa Avenue Apartments	Conduit - MIP	Santa Rosa	Individuals/Families	154	01/29/2021	\$7,600,000
					2,413		<u>\$119,703,000</u>

Total Mixed Income Loan Commitments: \$119,703,000

FY 2020-21 Special Needs Housing Program Loan Conversions as of February 28, 2021

<i>Special Needs Housing Program Conversions - FY 20-21:</i>							
	Project Name	Underwriting Type	City	Project Type	Units	Closing Date	SNHP Loan
<i>Multifamily Special Needs Housing Program Transactions</i>							
<i>(Closed)</i>							
1	Courson Arts Colony West	SNHP/MHSA	Palmdale	Family	84	07/16/2020	\$855,000
2	The Groves	SNHP/MHSA	San Juan Capistrano	Senior	75	09/04/2020	\$1,574,810
3	Beacon Pointe	SNHP/MHSA	Long Beach	Senior	121	10/30/2020	\$1,000,000
4	Ruth Teague Homes	SNHP/MHSA	Los Angeles	Individuals/Families	52	12/11/2020	\$1,300,000
5	Airport Inn Apartments	SNHP/MHSA	Buena Park	Individuals/Families	58	12/15/2020	\$4,409,468
6	Alegre Commons	SNHP/MHSA	Fresno	Individuals/Families	42	12/23/2020	\$2,800,000
7	Legacy Square	SNHP/MHSA	Santa Ana	Individuals/Families	93	02/11/2021	\$1,514,240
					525		\$13,453,518

Total Special Needs Housing Program Loan Conversions: \$13,453,518

FY 2020-21 Upcoming Closings as of February 28, 2021

<i>Multifamily Loan Pipeline - FY 20-21:</i>												
<i>Q3 - 01/01/2021 - 3/31/2021</i>												
Project Name	Underwriting Type	City	Project Type	Units	Closing Date	Conduit - Tax Exempt	Conduit - Taxable	Permanent	Subsidy	MIP	SNHP	
The Helm	Conduit - MIP	San Diego	Individuals/Families	78	03/11/2021	\$20,524,006	-	-	-	\$3,785,968	-	
Healdsburg Scattered Site	Conduit - Reg Only	Healdsburg	Individuals/Families	90	03/18/2021	\$22,682,424	-	-	-	-	-	
Olive Grove	SNHP/MHSA	Corning	Individuals/Families	32	03/29/2021	-	-	-	-	-	\$877,773	
Benson Place (fka Hollister Apartments)	SNHP/MHSA	San Diego	Individuals/Families	83	03/30/2021	-	-	-	-	-	\$3,775,000	
Villa Serena Apts. I	SNHP/MHSA	San Marcos	Family	85	03/30/2021	-	-	-	-	-	\$1,067,000	
				368		\$ 43,206,430	\$ -	\$ -	\$ -	\$ 3,785,968	\$ 5,719,773	
<i>Q4 - 04/01/2021 - 6/30/2021</i>												
Project Name	Underwriting Type	City	Project Type	Units	Closing Date	Conduit - Tax Exempt	Conduit - Taxable	Permanent	Subsidy	MIP	SNHP	
Casa Paloma	SNHP/MHSA	Midway City	Individuals/Families	71	04/12/2021	-	-	-	-	-	\$6,688,000	
Residency at the Mayer Hollywood (The)	Conduit - Reg Only	Los Angeles	Senior	79	04/14/2021	\$29,500,000	-	-	-	-	-	
Desert Haven	SNHP/MHSA	Victorville	Individuals/Families	32	04/15/2021	-	-	-	-	-	\$2,173,669	
Fitch Mountain Terrace II	Perm	Healdsburg	Senior	20	04/20/2021	-	-	\$1,150,000	-	-	-	
Santa Ana Arts Collective	SNHP/MHSA	Santa Ana	Family	58	04/20/2021	-	-	-	-	-	\$2,362,215	
Ridgeview Commons	Conduit - Reg Only	Pleasanton	Individuals/Families	200	05/01/2021	\$44,333,758	-	-	-	-	-	
Flower Park Plaza	Perm	Santa Ana	Senior	199	05/05/2021	-	-	\$31,475,000	-	-	-	
Calms at Burgess Point	Conduit - Reg Only	Benicia	Family/Senior	56	05/07/2021	\$6,485,000	-	-	-	-	-	
1322 O Street	Conduit - Reg Only	Sacramento	Family/Senior	55	05/12/2021	\$10,305,237	\$1,679,921	-	-	-	-	
Baylands North	Conduit - Reg Only	San Francisco	Individuals/Families	67	05/12/2021	\$28,000,000	-	-	-	-	-	
921 Howard Street Apts	Conduit - MIP & Perm	San Francisco	Individuals/Families	203	05/14/2021	\$89,339,803	\$7,643,480	\$42,714,000	-	\$10,150,000	-	
Heritage Park	Conduit - Reg Only	Windsor	Individuals/Families	33	05/20/2021	\$16,000,000	-	-	-	-	-	
Monroe Street Apartments	Conduit - Reg Only	Oakland	Individuals/Families	65	05/20/2021	\$28,381,422	-	-	-	-	-	
Carrillo Place	Perm	Santa Rosa	Individuals/Families	68	05/26/2021	-	-	\$3,800,000	-	-	-	
Timothy Commons	Perm	Santa Rosa	Individuals/Families	33	05/26/2021	-	-	\$1,385,000	-	-	-	
Winter Creek Village	Perm	Windsor	Individuals/Families	41	05/26/2021	-	-	\$2,110,000	-	-	-	
Gateway Apartments	Conduit - Perm	Menlo Park	Individuals/Families	140	06/01/2021	\$65,000,000	\$24,586,094	\$45,615,000	\$3,500,000	-	-	
McCadden Plaza Youth Housing	SNHP/MHSA	Los Angeles	TAY	26	06/30/2021	-	-	-	-	-	\$560,000	
				1,446		\$ 317,345,220	\$ 33,909,495	\$ 128,249,000	\$ 3,500,000	\$ 10,150,000	\$ 11,783,884	

Mixed Income Program (MIP) Details

MIP 2019 Allocation to CalHFA from SB-2: \$47.4 million

MIP 2020 Allocation to CalHFA from SB-2 & AB101: \$180 million

The breakdown of 2019 & 2020 MIP projects that received final loan commitments from CalHFA is as follows:

- **MIP 2019 Projects:** \$43.75 million total
 - 7 Projects
 - 7 Projects closed on construction financing and under construction
 - 1,296 Units
 - 1,296 Units closed on construction financing and under construction

- **MIP 2020 Projects:** \$125.94 million total
 - 16 Projects
 - 14 Projects closed on construction financing and under construction
 - 2,453 Units
 - 2,172 Units closed on construction financing and under construction