This Preliminary Official Statement and the information contained herein are subject to revision, completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 28, 2014

NEW ISSUE — BOOK-ENTRY ONLY

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Offered Bonds (as defined below) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the status of interest on any Offered Bond for any period that such Offered Bond is held by a "substantial user" of the facilities financed or refinanced by the Offered Bonds or by a "related person" within the meaning of Section 147(a) of the Code. In the further opinion of Bond Counsel, interest on the Offered Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is of the opinion that interest on the Offered Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Offered Bonds. See "TAX MATTERS" herein.

$38,915,000*
CALIFORNIA HOUSING FINANCE AGENCY
Multifamily Housing Revenue Bonds III
2014 Series A

Dated: Date of Delivery **Due: See inside front cover page**

Price: See inside front cover page

This cover page contains selected information for quick reference only. It is not a summary of relevant information. Potential investors must read the Official Statement to obtain information essential to making an informed investment decision. Capitalized terms are defined inside.

The California Housing Finance Agency Multifamily Housing Revenue Bonds III, 2014 Series A (the "Offered Bonds") will mature on the dates and in the amounts listed on the inside front cover page. The Offered Bonds will bear interest at the rates set forth on the inside cover page, payable on August 1, 2014, and thereafter on February 1 and August 1 of each year.

The Offered Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. DTC will hold the Offered Bonds in book-entry form. Purchasers will not receive certificates representing their interests in the Offered Bonds. Interest on and principal of the Offered Bonds are payable on behalf of the Agency by U.S. Bank National Association, as Trustee under the Indenture, to DTC. So long as DTC or its nominee remains the registered owner of the Offered Bonds, disbursement of payments to DTC Participants is the responsibility of DTC and disbursement of payments to the Beneficial Owners of the Offered Bonds is the responsibility of DTC Participants and Indirect Participants. See "The Offered Bonds – DTC and Book-Entry" in Part 1 of this Official Statement.

The Offered Bonds are subject to redemption prior to maturity as described herein. See "The Offered Bonds."

The Offered Bonds are general obligations of the Agency, payable from the Revenues and other assets pledged therefor under the Indenture, and also payable out of any other assets, revenues or moneys of the Agency, subject only to any agreements with the holders of other obligations of the Agency pledging any particular assets, revenues or moneys. The Offered Bonds shall not be deemed to constitute a debt or liability of the State of California or any political subdivision thereof, other than the Agency, or a pledge of the faith and credit of the State of California or any such political subdivision, other than the Agency. The Agency has no taxing power. Neither the faith and credit nor the taxing power of the State of California is pledged to the payment of the principal of or the interest on the Offered Bonds.

The issuance and delivery of the Offered Bonds are subject to approval of certain legal matters by Orrick, Herrington & Sutcliffe LLP, Bond and Disclosure Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriter by its counsel, Hawkins Delafield & Wood LLP. The Offered Bonds are expected to be available for delivery through DTC in New York, New York, on or about April 17, 2014.

Citigroup

Dated: _________, 2014

* Preliminary, subject to change.

MATURITY SCHEDULE*

CALIFORNIA HOUSING FINANCE AGENCY
Multifamily Housing Revenue Bonds III

$38,915,000 2014 Series A Bonds

$2,460,000 2014 Series A Serial Bonds

Due	Amount	Interest Rate	Price or Yield	CUSIP†
August 1, 2016	$ 105,000	%	%	
February 1, 2017	115,000			
August 1, 2017	125,000			
February 1, 2018	120,000			
August 1, 2018	130,000			
February 1, 2019	135,000			
August 1, 2019	135,000			
February 1, 2020	140,000			
August 1, 2020	140,000			
February 1, 2021	150,000			
August 1, 2021	150,000			
February 1, 2022	160,000			
August 1, 2022	160,000			
February 1, 2023	165,000			
August 1, 2023	175,000			
February 1, 2024	175,000			
August 1, 2024	180,000			

$13,255,000 ___% 2014 Series A Term Bonds due August 1, 2016 at ___% CUSIP†

$1,170,000 ___% 2014 Series A Term Bonds due February 1, 2017 at ___% CUSIP†

$2,135,000 ___% 2014 Series A Term Bonds due August 1, 2029 at ___% CUSIP†

$2,850,000 ___% 2014 Series A Term Bonds due August 1, 2034 at ___% CUSIP†

$3,800,000 ___% 2014 Series A Term Bonds due August 1, 2039 at ___% CUSIP†

$6,035,000 ___% 2014 Series A Term Bonds due August 1, 2044 at ___% CUSIP†

$7,210,000 ___% 2014 Series A Term Bonds due August 1, 2049 at ___% CUSIP†

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* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ, a business line of McGraw Hill Financial, Inc. Copyright © 2014 CUSIP Global Services. CUSIP numbers are provided for convenience only and none of the Agency, the Trustee or the Underwriter takes any responsibility for the accuracy thereof.

No dealer, broker, sales person or other person has been authorized by the Agency or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Offered Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the Agency and by other sources that are believed to be reliable. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. Part 1 and Part 2 of this Official Statement, including their respective appendices, are to be read together, and together Part 1 and Part 2, including their respective appendices, constitute this Official Statement.

TABLE OF CONTENTS

PART 1

Page

INTRODUCTION 1-1
APPLICATION OF FUNDS 1-3
THE OFFERED BONDS 1-3
    General 1-3
    Redemption Provisions 1-3
    Selection of Offered Bonds to be Redeemed 1-7
    Notice of Redemption 1-7
    DTC and Book-Entry 1-8
TAX MATTERS 1-11
STATE PLEDGE 1-13
LEGAL MATTERS 1-14
LITIGATION 1-14
LEGALITY FOR INVESTMENT 1-14
RATINGS 1-14
INDEPENDENT AUDITORS 1-15
CONTINUING DISCLOSURE 1-15
UNDERWRITING 1-15
MISCELLANEOUS 1-17

APPENDIX A—PROPOSED FORM OF LEGAL OPINION FOR THE OFFERED BONDS 1-A-1

APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE CONTINUING DISCLOSURE AGREEMENT 1-B-1

PART 2

	Page
INTRODUCTION	2-1
THE AGENCY	2-1
SECURITY FOR THE BONDS	2-6
INSURANCE UNDER THE RISK SHARING ACT	2-12
OTHER FHA INSURANCE	2-14
SECTION 8 LOANS	2-15
PROGRAM PROCEDURES AND SERVICING	2-18
PROGRAMS OF THE AGENCY	2-26
CERTAIN RECENT DEVELOPMENTS	2-27
CERTAIN INVESTOR CONSIDERATIONS	2-28
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE	2-35
APPENDIX A − FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012	2-A-1
APPENDIX B − DESCRIPTION OF DEVELOPMENTS AND LOANS EXPECTED TO BE FINANCED BY OR ALLOCABLE TO THE OFFERED BONDS	2-B-1
APPENDIX C − DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY OR EXPECTED TO BE FINANCED BY THE PRIOR SERIES BONDS	2-C-1
APPENDIX D − CERTAIN AGENCY FINANCIAL INFORMATION AND OPERATING DATA	2-D-1

IN CONNECTION WITH THIS OFFERING THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE OFFERED BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

OFFICIAL STATEMENT PART 1

CALIFORNIA HOUSING FINANCE AGENCY

Multifamily Housing Revenue Bonds III
2014 Series A

This Official Statement Part 1 ("Part 1") provides information as of its date (*except* where otherwise expressly stated) concerning the Agency's Offered Bonds. It contains only a part of the information to be provided by the Agency in connection with the issuance and delivery of the Offered Bonds. Additional information concerning the Agency, security for the Bonds, the Program and the Agency's other financing programs is contained in the Official Statement Part 2 ("Part 2") and is subject in all respects to the information contained herein.

TABLE OF CONTENTS

INTRODUCTION 1-1
APPLICATION OF FUNDS 1-3
THE OFFERED BONDS 1-3
  General 1-3
  Redemption Provisions 1-3
  Selection of Offered Bonds to be Redeemed 1-7
  Notice of Redemption 1-7
  DTC and Book-Entry 1-8
TAX MATTERS 1-11
STATE PLEDGE 1-13
LEGAL MATTERS 1-14
LITIGATION 1-14
LEGALITY FOR INVESTMENT 1-14
RATINGS 1-14
INDEPENDENT AUDITORS 1-15
CONTINUING DISCLOSURE 1-15
UNDERWRITING 1-15
MISCELLANEOUS 1-17

APPENDIX A—PROPOSED FORM OF LEGAL OPINION FOR THE OFFERED BONDS 1-A-1

APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE CONTINUING DISCLOSURE AGREEMENT 1-B-1

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OFFICIAL STATEMENT PART 1
of the
California Housing Finance Agency
relating to
$38,915,000*
Multifamily Housing Revenue Bonds III,
2014 Series A

INTRODUCTION

This Official Statement consists of Part 1 and Part 2 and provides information concerning the California Housing Finance Agency (the "Agency"), its Multifamily Housing Revenue Bonds III Program (the "Program"), and the following series of its Multifamily Housing Revenue Bonds III, together with certain related features:

Bond Series Designation	Initial Principal Amount	Federal Tax Character of Interest	Interest Rate Character	Defined Term Used in this Official Statement
2014 Series A	$38,915,000*	Non-AMT	Fixed	"Offered Bonds"

The Agency is issuing the Offered Bonds pursuant to Parts 1 through 4 of Division 31 of the California Health and Safety Code (the "Act"), a resolution of the Board of Directors of the Agency (the "Board"), an Indenture, dated as of March 1, 1997, as amended by that certain Supplemental Indenture dated as of September 1, 2002 and that certain Supplemental Indenture dated as of December 1, 2003 (collectively, the "General Indenture"), by and between the Agency and U.S. Bank National Association, as trustee (the "Trustee"), and as supplemented by the 2014 Series A Series Indenture (the "2014 Series A Indenture"), dated as of April 1, 2014, by and between the Agency and the Trustee. All bonds outstanding under the General Indenture (including additional bonds that may hereafter be issued) are herein called "Bonds." Each series of Bonds is issued pursuant to a Series Indenture. The General Indenture, collectively with all Series Indentures, is herein called the "Indenture." The Bonds issued under the Indenture prior to the issuance of the Offered Bonds are collectively herein called the "Prior Series Bonds." Capitalized terms used in this Official Statement and not otherwise defined have the meanings specified in the Indenture. See Part 2 of this Official Statement under "Summary of Certain Provisions of the Indenture — Certain Defined Terms." All references to times in this Official Statement, unless otherwise indicated, are to New York City time.

The Offered Bonds are the forty-fifth Series of Bonds issued under the Indenture. As of the date hereof, the Agency has issued Prior Series Bonds in the aggregate principal amount of $2,002,540,000. As of March 1, 2014, there were Prior Series Bonds Outstanding in the aggregate principal amount of $536,420,000 (of which $193,635,000 aggregate principal amount are fixed-rate bonds and $342,785,000 aggregate principal amount are auction or other variable

* Preliminary, subject to change.

rate bonds). See Appendix D of Part 2 of this Official Statement— "Certain Agency Financial Information and Operating Data — Outstanding Indebtedness." Except to the extent described in "Security for the Bonds" in Part 2 of this Official Statement, all Bonds, including the Prior Series Bonds, the Offered Bonds and any additional Multifamily Housing Revenue Bonds III ("Additional Bonds") which may be issued under the Indenture, will be parity obligations, equally and ratably secured under the Indenture. See Part 2 "Security for the Bonds — Additional Bonds." The Bonds are general obligations of the Agency. See Part 2 "Security for the Bonds — General."

The proceeds of the Offered Bonds will be used to provide moneys for the funding of loans (the "2014A Loans"). The 2014A Loans will be made for acquisition, rehabilitation and/or permanent financing of three multifamily rental developments (the "2014A Developments") consisting of a total of approximately 383 dwelling units under the Agency's Acquisition/Rehabilitation Loan Program. The Agency expects that all of the 2014A Loans will be in first-lien priority positions over other non-Agency project financing, subject to certain encumbrances. The 2014A Loans are expected to be fully amortizing, and will permit a voluntary loan prepayment, with prior notice to the Agency, after the later of (a) the fifteenth (15th) anniversary of the conversion of the rehabilitation financing to permanent financing; or (b) the expiration of the tax credit compliance period (as defined in the Section 42(i)(1) of the Internal Revenue Code of 1986), as amended from time to time. For additional information about the 2014A Loans, see Appendix B to Part 2 – "Description of Developments and Loans Expected to be Financed by or Allocable to the Offered Bonds." See also Part 2 – "Program Procedures and Servicing" and "Programs of the Agency" for additional information pertinent to the Acquisition/Rehabilitation Loan Program and other programs of the Agency and the definition of "Loan" under Part 2 of "Summary of Certain Provisions of the Indenture – Certain Defined Terms."

Loans financed under the Indenture are permitted, but are not required, to be insured or to be in the form of a Mortgage-Backed Security. Any such insurance may be under a Federal Housing Administration ("FHA") insurance program, such as the mortgage insurance program authorized by the Housing and Community Development Act of 1992 (the "Risk Sharing Act"). See "Insurance under the Risk Sharing Act" and "Other FHA Insurance" of Part 2 of this Official Statement. The Agency expects that the 2014A Loans will be insured under the Risk Sharing Act, and that none of such 2014A Loans will be covered by other mortgage insurance or other additional insurance under any other FHA programs, nor are such loans expected to be in the form of a Mortgage-Backed Security.

For certain information with respect to amounts invested under the Indenture, see Appendix D of Part 2 of this Official Statement — "Certain Agency Financial Information and Operating Data — Certain Investments."

Descriptions of the Agency, the security for the Bonds, the Offered Bonds, the Program, and the Indenture are included in this Official Statement. All summaries or descriptions in this Official Statement of documents and agreements are qualified in their entirety by reference to such documents and agreements and all summaries in this Official Statement of the Offered Bonds are qualified in their entirety by reference to the Indenture and the provisions with respect thereto included in the aforesaid documents and agreements, copies of which are available for

inspection at the offices of the Agency or the Underwriter listed on the cover page of this Official Statement. The agreements of the Agency with the Holders of the Offered Bonds are fully set forth in the Indenture, and this Official Statement is not to be construed as a contract with the purchasers of the Offered Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact.

APPLICATION OF FUNDS

The proceeds of the Offered Bonds and certain amounts contributed by the Agency are expected to be applied and deposited approximately as follows:

Program Account to finance Loans	$
Costs of Issuance[†]	
Underwriting Compensation[†]	
Bond Reserve Account Deposit[†]	
Total	$

[†] Expected to be paid from available funds of the Agency, not from proceeds of the Offered Bonds.

THE OFFERED BONDS

General

The Offered Bonds will be dated and interest thereon will be payable on the dates, as set forth on the cover page. The Offered Bonds will mature on the dates and in the amounts, and will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) from their dated date to maturity (or prior redemption) at the applicable rates, as set forth on the inside front cover page. The Offered Bonds will be issuable in denominations of $5,000 principal amount or any integral multiple thereof.

The Offered Bonds are being issued only as fully registered bonds without coupons, in book-entry form only, registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Offered Bonds. See "The Offered Bonds — DTC and Book-Entry." U.S. Bank National Association is the Trustee.

Redemption Provisions*

Mandatory Sinking Fund Redemption. The Offered Bonds maturing August 1, 2029 are subject to mandatory redemption in part, by lot, on February 1, 2025 and on each February 1 and August 1 thereafter, to and including February 1, 2029, at a redemption price equal to the

* Preliminary, subject to change.

principal amount thereof, without premium, plus accrued interest to the date fixed for redemption, from moneys in the Bond Account as follows:

Date	Principal Amount	Date	Principal Amount
February 1, 2025	$185,000	August 1, 2027	$215,000
August 1, 2025	195,000	February 1, 2028	225,000
February 1, 2026	195,000	August 1, 2028	225,000
August 1, 2026	205,000	February 1, 2029	235,000
February 1, 2027	210,000		

$245,000 principal amount of such Offered Bonds is scheduled to remain to be paid at maturity.

The Offered Bonds maturing August 1, 2034 are subject to mandatory redemption in part, by lot, on February 1, 2030 and on each February 1 and August 1 thereafter, to and including February 1, 2034, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the date fixed for redemption, from moneys in the Bond Account as follows:

Date	Principal Amount	Date	Principal Amount
February 1, 2030	$250,000	August 1, 2032	$290,000
August 1, 2030	255,000	February 1, 2033	295,000
February 1, 2031	265,000	August 1, 2033	305,000
August 1, 2031	270,000	February 1, 2034	315,000
February 1, 2032	280,000		

$325,000 principal amount of such Offered Bonds is scheduled to remain to be paid at maturity.

The Offered Bonds maturing August 1, 2039 are subject to mandatory redemption in part, by lot, on February 1, 2035 and on each February 1 and August 1 thereafter, to and including February 1, 2039, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the date fixed for redemption, from moneys in the Bond Account as follows:

Date	Principal Amount	Date	Principal Amount
February 1, 2035	$330,000	August 1, 2037	$380,000
August 1, 2035	345,000	February 1, 2038	400,000
February 1, 2036	350,000	August 1, 2038	405,000
August 1, 2036	365,000	February 1, 2039	420,000
February 1, 2037	375,000		

$430,000 principal amount of such Offered Bonds is scheduled to remain to be paid at maturity.

The Offered Bonds maturing August 1, 2044 are subject to mandatory redemption in part, by lot, on February 1, 2040 and on each February 1 and August 1 thereafter, to and including February 1, 2044, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the date fixed for redemption, from moneys in the Bond Account as follows:

Date	Principal Amount	Date	Principal Amount
February 1, 2040	$540,000	August 1, 2042	$610,000
August 1, 2040	555,000	February 1, 2043	620,000
February 1, 2041	565,000	August 1, 2043	640,000
August 1, 2041	580,000	February 1, 2044	655,000
February 1, 2042	595,000		

$675,000 principal amount of such Offered Bonds is scheduled to remain to be paid at maturity.

The Offered Bonds maturing August 1, 2049 are subject to mandatory redemption in part, by lot, on February 1, 2045 and on each February 1 and August 1 thereafter, to and including February 1, 2049, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the date fixed for redemption, from moneys in the Bond Account as follows:

Date	Principal Amount	Date	Principal Amount
February 1, 2045	$685,000	August 1, 2047	$725,000
August 1, 2045	710,000	February 1, 2048	735,000
February 1, 2046	710,000	August 1, 2048	740,000
August 1, 2046	710,000	February 1, 2049	745,000
February 1, 2047	715,000		

$735,000 principal amount of such Offered Bonds is scheduled to remain to be paid at maturity.

The Sinking Fund Installments set forth above that remain with respect to a maturity of the Offered Bonds may be reduced following the redemption or purchase of Offered Bonds of such maturity (other than in satisfaction of Sinking Fund Installments) by the Agency in accordance with the Indenture and in connection with any redemption of Offered Bonds of such maturity as described below.

Optional Redemption. The Offered Bonds maturing on or after August 1, 2024 are subject to redemption, at the option of the Agency, from any source of funds, in whole or in part from such maturities as are determined by the Agency, on any date on or after February 1, 2024,

at 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption.

Special Redemption from Loan Conversion Payments. The 2014 Series A Term Bonds due August 1, 2016 are subject to redemption on any date on or after August 1, 2015, and the 2014 Series A Term Bonds due February 1, 2017 are subject to redemption on any date on or after February 1, 2016, in whole or in part, at a redemption price equal to the principal amount thereof, without premium, from any source of funds, to the extent of amounts representing payments (in addition to amounts constituting Loan Principal Prepayments) received by the Agency in connection with the conversion of a Loan financed with proceeds of the Offered Bonds from the acquisition and/or rehabilitation phase to the permanent phase, as set forth in the related Loan documents ("Loan Conversion Payments").

Special Redemption. The Offered Bonds are subject to special redemption on any date, in whole or in part, from such maturities as are determined by the Agency, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest thereon to the date fixed for redemption, from any source of funds, to the extent of the following amounts: (i) amounts remaining in the applicable subaccount of the Program Account that were deposited to (a) finance Loans and are not applied for such purpose or (b) pay Capitalized Interest, if any, and are not applied for such purpose, (ii) Loan Principal Prepayments (including any Risk Sharing Insurance Payments or payments received pursuant to any other FHA insurance) received from Loans financed with proceeds of the Offered Bonds, (iii) amounts on deposit in the Revenue Account derived from any Series of Bonds and not required by the Indenture to be applied or reserved for other purposes (see in Part 2 of this Official Statement "Security for the Bonds − Loans" and " −Certain Factors Affecting the Loans" and "Summary of Certain Provisions of the Indenture − Establishment and Application of Accounts − Revenue Account") and (iv) amounts credited to the Bond Reserve Account in excess of the sum of all Bond Reserve Requirements for all Series.

Loan Principal Prepayments include amounts received as a result of the sale of a Loan. *However,* the Agency covenants in the Indenture not to redeem Offered Bonds as described under this subheading "Special Redemption" from the proceeds of a voluntary sale of Loans by the Agency, *unless* such Loans are (a) in default, (b) not in compliance with the Agency's Program requirements or (c) sold in order to meet the Agency's tax covenants. Such Loan sale proceeds *(except* from sales of Loans described in clauses (a), (b) or (c) of the immediately preceding sentence) may only be used to redeem the Offered Bonds as described above under "Optional Redemption." Loan Principal Prepayments also include amounts received as a result of the sale or refinancing of a project by its owner, including a sale or refinancing financed with proceeds of the Agency's bonds. *However,* the Agency also covenants in the Indenture not to redeem the Offered Bonds as described under this subheading "Special Redemption" from the proceeds of a sale or refinancing of a Development by its owner using funds provided by the Agency (including but not limited to proceeds of the Agency's bonds), *unless* such Development is (x) in default with respect to the related Loan, (y) not in compliance with the Agency's Program requirements or (z) sold in order to meet the Agency's tax covenants. Such Agency-provided Development sale or refinancing proceeds *(except* from sales or refinancings of Developments described in clauses (x), (y) or (z) of the immediately preceding sentence) may only be used to redeem the Offered Bonds as described above under "Optional Redemption."

See “Security for the Bonds — Loans,” the definition of “Loan Principal Prepayments” under “Summary of Certain Provisions of the Indenture — Certain Defined Terms” and “Summary of Certain Provisions of the Indenture — Loan Principal Prepayments” in Part 2 of this Official Statement. The 2014A Loans permit a voluntary loan prepayment under certain circumstances. See “INTRODUCTION” above.

Selection of Offered Bonds to be Redeemed*

If less than all of the Offered Bonds of like maturity and interest rate and otherwise of like tenor is to be redeemed, the particular Offered Bonds of such maturity, interest rate and tenor or the respective portions thereof to be redeemed shall be selected by lot in such manner as the Trustee in its discretion may deem proper.

Notice of Redemption

When the Trustee shall be required or authorized or shall receive notice from the Agency of its election to redeem Bonds, the Trustee shall, in accordance with the terms and provisions of the Bonds and the Indenture, select the Bonds to be redeemed and shall give notice, in the name of the Agency, of the redemption of the Bonds. Each such notice shall state the date of such notice, the complete official name of the Bonds (including Series designation) to be redeemed, the Issue Date, maturity dates, interest rates and CUSIP numbers (if any) of such Bonds, the date fixed for redemption, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee or the Paying Agent) and, if less than all of the Bonds of any Series are being redeemed, the numbers of the Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall further state that on the date fixed for redemption there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the portion of the principal thereof to be redeemed in the case of a Bond to be redeemed in part only, together with interest accrued to such date, and that from and after such date interest thereon shall cease to accrue and be payable. Each such notice may state that such notice may be rescinded.

Such notice shall be given by mailing a copy of such notice, postage prepaid, in accordance with then-current DTC requirements (currently not less than 20 days prior to the related redemption date) but in any event not less than 15 days nor more than 60 days before such redemption date, (1) by first class mail to the registered owner of any Bond all or a portion of which is to be redeemed, at such owner’s last address, if any, appearing upon the registry books; and (2) by certified mail, return receipt requested, (i) upon written request of any registered owner of $1,000,000 or more in aggregate principal amount of any Series of Bonds, each such request directed to the Trustee, (ii) to two or more Information Services, as defined in the Indenture, (iii) to the Securities Depositories, as defined in the Indenture, and (iv) to each Credit Provider (if any). A second notice shall be given by certified mail, return receipt requested, to any registered owner of Bonds being redeemed if such registered owner has not

* Preliminary, subject to change.

surrendered such Bonds for redemption on or before the date sixty (60) days after the date fixed for redemption.

Failure by the Trustee to give any notice as described above, or the insufficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption.

DTC and Book-Entry

General. The Offered Bonds will be issued as fully-registered bonds registered in the name of Cede & Co., as nominee of DTC, as registered owner of the Offered Bonds. Purchasers of such Bonds will not receive physical delivery of bond certificates. For purposes of this Official Statement, so long as all of the Offered Bonds are immobilized in the custody of DTC, references to holders or owners of the Offered Bonds (except under Part 1 − "Tax Matters") mean DTC or its nominee.

The information in this section concerning DTC and the DTC book-entry system has been obtained from DTC, and neither the Agency nor the Underwriter takes responsibility for the accuracy or completeness thereof.

DTC will act as securities depository for the Offered Bonds. The Offered Bonds will be issued as fully-registered securities registered in the name of Cede & Co., DTC's partnership nominee ("Cede"), or such other name as may be requested by an authorized representative of DTC. One fully-registered Offered Bond certificate will be issued for all Offered Bonds of each particular maturity and interest rate and otherwise of like tenor in the aggregate principal amount of the Offered Bonds of such maturity, interest rate and tenor and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of

AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Offered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Offered Bonds on DTC's records. The ownership interest of each actual purchaser of each Offered Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Offered Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Offered Bonds, except in the event that use of the book-entry system for the Offered Bonds is discontinued.

To facilitate subsequent transfers, all Offered Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede, or such other name as may be requested by an authorized representative of DTC. The deposit of the Offered Bonds with DTC and their registration in the name of Cede or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Offered Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Offered Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Offered Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Offered Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of Offered Bonds may wish to ascertain that the nominee holding the Offered Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Offered Bonds of like maturity and interest rate and otherwise of like tenor is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Offered Bonds of such maturity, interest rate and tenor to be redeemed.

Neither DTC nor Cede (nor any other DTC nominee) will consent or vote with respect to the Offered Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede's consenting or voting rights to those Direct Participants to whose accounts the Offered Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the Offered Bonds will be made to Cede, or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee or the Agency, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. NEITHER THE AGENCY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS, TO THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE OFFERED BONDS, OR TO ANY BENEFICIAL OWNER IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT, THE PAYMENT BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE OFFERED BONDS, ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDOWNERS UNDER THE INDENTURE, THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE OFFERED BONDS OR ANY OTHER ACTION TAKEN BY DTC AS REGISTERED BONDOWNER.

DTC may discontinue providing its services as securities depository with respect to the Offered Bonds at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Offered Bond certificates are required to be printed and delivered as described in the Indenture.

The Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Offered Bond certificates will be required to be printed and delivered as described in the Indenture.

In the event that the book-entry system with respect to the Offered Bonds is discontinued as described above, the following requirements of the Indenture will apply. The Indenture provides for issuance of bond certificates directly to registered owners of the Offered Bonds other than DTC or its nominee at the expense of such registered owners. Interest in respect of the Offered Bonds will be payable on each Interest Payment Date in lawful money of the United States of America to the person whose name appears on the registration books of the Trustee as the registered owner thereof as of the close of business on the fifteenth day preceding each Interest Payment Date (each, a "Record Date"), provided, however, that if such Record Date is not a Business Day, then such Record Date shall be deemed to be the first Business Day following such non-Business Day, such interest to be paid by check mailed on the date such interest is due to the registered owner at its address as it appears on such registration books or at such other address as may have been filed with the Registrar for such purpose. Principal or

Redemption Price of each Offered Bond will be payable to the registered owner thereof upon surrender of such Offered Bond at the office of U.S. Bank National Association, as Trustee, in St. Paul, Minnesota (or at such other place as may be later designated by the Trustee). Notwithstanding the foregoing, upon written request of a registered owner of five million dollars ($5,000,000) or more in aggregate principal amount of any Offered Bonds received on or before the applicable Record Date, payments of the principal of (including Redemption Price) and interest on such Offered Bonds will be made by wire transfer from the Trustee to the registered owner thereof. The Offered Bonds may be transferred or exchanged by the registered owners thereof in person or by duly authorized attorney. Any Offered Bond may be transferred with a written, instrument of transfer, in a form approved by the Trustee, duly executed by the registered owner or his or her duly authorized attorney, at the principal office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of the Offered Bonds to be exchanged or transferred. Upon such exchange or transfer, a new Offered Bond or Bonds, as applicable, of the same or any other authorized denomination or denominations for the same aggregate principal amount, will be issued to the owner or transferee, as the case may be, in exchange therefor. No transfer or exchange of any Offered Bond will be required during the five days next preceding any date established by the Trustee for the selection of such Offered Bonds for redemption, or with respect to an Offered Bond for which notice of redemption has been given.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Offered Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the status of interest on any Offered Bond for any period that such Offered Bond is held by a "substantial user" of the facilities financed or refinanced by the Offered Bonds or by a "related person" within the meaning of Section 147(a) of the Code. In the further opinion of Bond Counsel, interest on the Offered Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is of the opinion that interest on the Offered Bonds is exempt from State of California personal income taxes. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix A to this Part 1.

To the extent the issue price of any maturity of the Offered Bonds is less than the amount to be paid at maturity of such Offered Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Offered Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Offered Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Offered Bonds is the first price at which a substantial amount of such maturity of the Offered Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters,

placement agents or wholesalers). The original issue discount with respect to any maturity of the Offered Bonds accrues daily over the term to maturity of such Offered Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Offered Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Offered Bonds. Beneficial Owners of the Offered Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Offered Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Offered Bonds in the original offering to the public at the first price at which a substantial amount of such Offered Bonds is sold to the public.

Offered Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Offered Bonds. The Agency has made certain representations and has covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Offered Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Offered Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Offered Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Offered Bonds may adversely affect the value of, or the tax status of interest on, the Offered Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Bond Counsel is relying on opinions of counsel to certain eligible borrowers to the effect that each such borrower is not a related party to the respective seller of the respective project under Section 707(b) of the Code. A relationship between a borrower and a seller that would result in a disallowance of losses under Section 707(b) of the Code also would result in interest on the Offered Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Offered Bonds.

Although Bond Counsel is of the opinion that interest on the Offered Bonds is excluded from gross income for federal income tax purposes and that interest on the Offered Bonds is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Offered Bonds may otherwise affect a

Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Offered Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, Representative Dave Camp, Chair of the House Ways and Means Committee, released draft legislation that would subject interest on the Offered Bonds to a federal income tax at an effective rate of 10% or more for individuals, trusts, and estates in the highest tax bracket, and the Obama Administration proposed legislation that would limit the exclusion from gross income of interest on the Offered Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Offered Bonds. Prospective purchasers of the Offered Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Offered Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Agency, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Agency has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Offered Bonds ends with the issuance of the Offered Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Agency, or the Beneficial Owners regarding the tax-exempt status of the Offered Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Agency and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Agency legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Offered Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Offered Bonds, and may cause the Agency or the Beneficial Owners to incur significant expense.

STATE PLEDGE

In accordance with Section 51373 of the Act, the Agency has included the following pledge and agreement of the State in the Indenture:

The State pledges with the Holders of any Bonds issued under the Indenture that the State will not limit or alter the rights vested in the Agency to fulfill the terms of any agreements made with the Holders or in any way impair the rights and remedies of such Holders until such Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and delivery of the Offered Bonds are subject to the approval of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. The proposed form of legal opinion of Bond Counsel to be delivered on the Issue Date is attached as Exhibit A to Part 1 of this Official Statement. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement or other offering material relating to the Offered Bonds and expresses no opinion with respect thereto. Certain legal matters with respect to the Offered Bonds will be passed upon for the Underwriter by its counsel, Hawkins Delafield & Wood LLP.

LITIGATION

There is no pending (with service of process on the Agency completed) litigation of any nature restraining or enjoining or seeking to restrain or enjoin the issuance or delivery of the Offered Bonds or contesting the validity of the Offered Bonds, the Indenture or other proceedings of the Agency taken with respect to the authorization, issuance or sale of the Offered Bonds, or the pledge or application of any money under the Indenture, or the existence or powers of the Agency to implement the Program.

While at any given time, including the present, there are or may be civil actions pending against the Agency, which could, if determined adversely to the Agency, affect the Agency's expenditures and in some cases its revenues, the Agency is of the opinion that no pending actions are likely to have a material adverse effect on the Agency's ability to pay principal of, premium, if any, and interest on the Offered Bonds when due.

LEGALITY FOR INVESTMENT

Under the Act, the Offered Bonds are legal investments for all public officers and public bodies of the State of California or its political subdivisions, all municipalities and municipal subdivisions, all insurance companies or banks, savings and loan associations, building and loan associations, trust companies, savings banks, savings associations and investment companies, and administrators, guardians, conservators, executors, trustees and other fiduciaries, and may be used as security for public deposits.

RATINGS

Moody's has assigned the Offered Bonds a rating of "A1" and S&P has assigned the Offered Bonds a rating of "AA". The Agency has furnished to each rating agency certain

information and materials with respect to the Offered Bonds. Generally, rating agencies based their ratings on such information and materials, and on investigations, studies and assumptions made by the rating agencies. Such ratings assigned to the Offered Bonds reflect only the views of the respective rating agency and an explanation of the significance of such ratings may be obtained from the rating agencies. The Underwriter's obligation to purchase the Offered Bonds is conditioned on Moody's and S&P giving the respective aforementioned ratings to the Offered Bonds. There is no assurance that the ratings which have been assigned to the Offered Bonds will continue for any given period of time or that they will not be revised or withdrawn entirely by such rating agencies, if in the judgment of the rating agencies, circumstances so warrant. A downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Offered Bonds. For additional information about recent ratings actions in respect of the Indenture and the Agency, see Part 2 — "Certain Recent Developments — Recent Ratings Actions."

INDEPENDENT AUDITORS

The financial statements of the California Housing Finance Fund (which is administered by the California Housing Finance Agency), as of June 30, 2013 and 2012 and for the years then ended, included in this Official Statement have been audited by CliftonLarsonAllen LLP, independent auditors (the "Auditor"), as stated in their report dated October 11, 2013, appearing herein.

CONTINUING DISCLOSURE

The Agency has covenanted for the benefit of the Holders and Beneficial Owners of the Offered Bonds to provide certain financial information and operating data relating to the Agency and the General Indenture by not later than 180 days following the end of each of the Agency's Fiscal Years (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The specific nature of the information to be contained in the Annual Report and the notices of such enumerated events is summarized in Appendix B to this Part 1 — "Summary of Certain Provisions of the Continuing Disclosure Agreement." These covenants have been made in order to assist the Underwriter to comply with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"). During the past five years, there have been instances when the Agency has been late in filing required annual financial information and operating data with respect to previous continuing disclosure undertakings under the Rule, both related to the Bonds and related to other bonds issued by the Agency. Such latenesses have generally ranged from one to three days, except on three occasions, when the filings were 13 days, 16 days and 17 days late, respectively. The Agency expects to implement procedures intended to ensure that similar instances do not occur in the future.

UNDERWRITING

Citigroup Global Markets Inc. (the "Underwriter") has agreed, subject to certain conditions, to purchase the Offered Bonds at the respective initial offering prices set forth on the inside front cover page of this Official Statement (including any applicable original issue

premium or discount), plus accrued interest, if any. The Underwriter will be paid a fee of $________ with respect to the Offered Bonds. The Underwriter's obligations are subject to certain conditions precedent, and the Underwriter will be obligated to purchase all the Offered Bonds if any are purchased. The initial public offering prices of the Offered Bonds may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Offered Bonds to certain dealers (including dealers depositing such Offered Bonds into unit investment trusts, certain of which may be sponsored or managed by the Underwriter) and others at prices lower than the initial public offering prices.

Citigroup Global Markets Inc., as underwriter of the Offered Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Offered Bonds.

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MISCELLANEOUS

The agreements of the Agency with the owners of the Offered Bonds are fully set forth in the Indenture, and this Official Statement is not to be construed as a contract with the purchasers of the Offered Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact.

The execution and delivery of this Official Statement have been duly authorized by the Agency.

CALIFORNIA HOUSING FINANCE AGENCY

By: ________________________________
Timothy Hsu
Director of Financing

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APPENDIX A

PROPOSED FORM OF LEGAL OPINION FOR THE OFFERED BONDS

[Closing Date]

California Housing Finance Agency
Sacramento, California

California Housing Finance Agency
Multifamily Housing Revenue Bonds III,
2014 Series A
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the California Housing Finance Agency (the "Agency") in connection with the issuance by the Agency of the California Housing Finance Agency Multifamily Housing Revenue Bonds III, 2014 Series A, in the aggregate principal amount of $___________ (the "2014 Series A Bonds"), issued pursuant to Parts 1 through 4 of Division 31 of the Health and Safety Code of the State of California (the "Act"), and an Indenture, dated as of March 1, 1997, by and between the Agency and U.S. Bank National Association, as trustee (the "Trustee"), as amended and supplemented, including as supplemented by a Series Indenture, dated as of April 1, 2014, by and between the Agency and the Trustee (collectively, the "Indenture"). The 2014 Series A Bonds are issued for the stated purposes of making loans of the proceeds thereof to finance or refinance the construction or development of multifamily rental housing. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

We have relied upon on opinions of counsel to certain eligible borrowers to the effect that each such borrower is not a related party to the respective seller of the respective project under Section 707(b) of the Code. A relationship between a borrower and a seller that would result in a disallowance of losses under Section 707(b) of the Code also would result in interest on the 2014 Series A Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the 2014 Series A Bonds.

In such connection, we have reviewed the Indenture, the proposed forms of regulatory agreements to be executed by each Borrower in connection with the financing of a Loan (each a "Regulatory Agreement"), the tax certificate, dated the date hereof (the "Tax Certificate") executed by the Agency, certificates of the Agency, the Trustee and others and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Agency. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the second and third paragraphs hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Tax Certificate and the Regulatory Agreements, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the 2014 Series A Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the 2014 Series A Bonds, the Indenture, the Tax Certificate, the Regulatory Agreements and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, moratorium, arrangement, fraudulent conveyance and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the 2014 Series A Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The 2014 Series A Bonds constitute the valid and binding obligations of the Agency.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Agency. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the 2014 Series A Bonds, of the Revenues and assets pledged under the Indenture, and any other amounts held by the Trustee in any fund or account established pursuant to the Indenture (except the Rebate Account and the Bond Purchase Account), subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. Principal of and interest on the 2014 Series A Bonds are also payable from any other moneys of the Agency legally available

therefor, subject only to any agreements with the holders of other obligations of the Agency pledging any particular assets, revenues or moneys.

3. The 2014 Series A Bonds are not a lien or charge upon the funds or property of the Agency except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal of or interest on the 2014 Series A Bonds.

4. Interest on the 2014 Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the exclusion from gross income of interest on any 2014 Series A Bond for any period during which such 2014 Series A Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed or refinanced by such 2014 Series A Bond or by a "related person." Interest on the 2014 Series A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating federal or corporate alternative minimum taxable income. Interest on the 2014 Series A Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2014 Series A Bonds.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE CONTINUING DISCLOSURE AGREEMENT

Certain provisions of the Continuing Disclosure Agreement between the Agency and the Trustee not previously discussed in this Official Statement are summarized below. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Disclosure Agreement.

At the time of issuance and delivery of the Offered Bonds, the Agency and the Trustee will enter into a Supplemental Continuing Disclosure Agreement, supplementing the Amended and Restated Master Continuing Disclosure Agreement, dated as of April 1, 2014 (as so amended and supplemented, the "Disclosure Agreement"), for the benefit of the Holders and Beneficial Owners of the Offered Bonds and to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5), as currently in effect.

Certain Definitions

Defined terms used in the Disclosure Agreement and not otherwise defined therein have the meanings set forth in the Indenture.

"Annual Report" means any Annual Report provided by the Agency pursuant to, and as described in, the Disclosure Agreement.

"Beneficial Owner" means any person who has or shares the power, directly or indirectly, to make investment decisions concerning the ownership of, any Subject Bonds, including persons holding such Bonds through nominees, depositories or other intermediaries.

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

"Dissemination Agent" means the Agency, acting in its capacity as Dissemination Agent under the Disclosure Agreement, or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Trustee a written acceptance of such designation.

"Listed Event" means any of the events listed below under the heading "Reporting of Significant Event."

"Major Obligated Borrower" means a Borrower whose Loan or Loans have an aggregate outstanding principal balance which equals or exceeds twenty percent (20%) of the aggregate outstanding principal balance of all the Loans pledged under the Indenture.

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

"Participating Underwriter" means any of the original underwriters of the Subject Bonds required to comply with the Rule in connection with the offering of the Subject Bonds.

"Repository" means the MSRB.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Provision of Annual Reports

The Dissemination Agent will, not later than 180 days after the end of the Agency's Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of the Disclosure Agreement. The audited financial statements of the Agency may be submitted separately from the balance of the Annual Report, and later than the date required for the filing of the Annual Report if not available by that date. If the Agency's fiscal year changes, it will give notice of such change in the same manner as for a Listed Event.

The Dissemination Agent will file a report with the Trustee certifying that the Annual Report has been provided pursuant to the Disclosure Agreement.

Not later than 15 Business Days prior to the date specified above for providing the Annual Report, the Dissemination Agent will provide the Annual Report to the Trustee, in the manner described in the Disclosure Agreement. If by the date specified above for providing the Annual Report to the Repository, the Trustee has not received a copy of the Annual Report, the Trustee is required to contact the Dissemination Agent to determine if the Agency is in compliance with the Disclosure Agreement. If the Trustee is unable to verify that an Annual Report has been provided to the Repository by such date, the Trustee must send, in a timely manner, a notice to the Repository indicating that the Annual Report has not been filed and when the Dissemination Agent anticipates it will file the Annual Report.

Content of Annual Reports

The Agency's Annual Report shall contain or include by reference the following:

(a) the audited financial statements of the Agency for the immediately preceding Fiscal Year, prepared in accordance with generally accepted accounting principles applicable to governmental entities; provided that if the Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to the Disclosure Agreement, the Annual Report shall contain unaudited financial statements in appropriate form;

(b) a description of the Bonds issued by the Agency and outstanding as of the date of such report;

(c) amounts in the Bond Reserve Account and amounts on deposit in any Loan Reserve Accounts relating to the Bonds;

(d) a schedule of Bond redemptions and the sources of funds for such redemptions;

(e) the status of the Agency's Loan portfolio, including the interest rates on the Loans, the principal amounts of Loans to be made, purchased or otherwise acquired, the types of such Loans and the principal amount of the current Loan portfolio;

(f) information with respect to the Agency's Mortgage-Backed Securities portfolio;

(g) information regarding principal prepayments with respect to the Loans;

(h) a summary of Loan delinquencies, including the percentage of loans that are 30 days, 60 days, 90 days or 120 days delinquent or in foreclosure; and

(i) information regarding interest rate swap agreements, liquidity facilities and certain investments, all with respect to the Bonds, and certain information with respect to the bonds of the Agency, in substantially the form set forth in Appendix D of Part 2 of the Official Statement, dated ______, 2014, in respect of the Offered Bonds.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. The Agency shall clearly identify each such other document so included by reference.

Reporting of Significant Event

The Agency will give, or cause to be given, notice to the MSRB of the occurrence of any of the following events with respect to the Offered Bonds, in a timely manner not in excess of ten (10) Business Days after the occurrence of such event:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Offered Bonds, or other material events affecting the tax status of the Offered Bonds;

(7) modifications to rights of Bondholders, if material;

(8) Bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of property securing repayment of the Offered Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Agency;

(13) the consummation of a merger, consolidation, or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Agency in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Agency, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Agency.

Filings with MSRB; Format

Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access ("EMMA") website of the MSRB, currently located at http://emma.msrb.org. Any report or filing with the MSRB pursuant to the Disclosure Agreement shall be in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Major Obligated Borrowers

In the Disclosure Agreement the Agency will also undertake, for the benefit of the Holders and Beneficial Owners of the Offered Bonds, to require that each Borrower provide to the Agency, which will then forward to the Repository, on an annual basis, not later than 180 days after the end of the fiscal year of the related Development or Developments during which

such Borrower is at any time a Major Obligated Borrower, certain financial and operating data concerning such related Development or Developments, including (a) if produced in the usual course of business, audited financial statements for the immediately preceding fiscal year prepared in accordance with Generally Accepted Accounting Principles, or, if not so produced in the usual course of business, unaudited financial statements for the immediately preceding fiscal year prepared in accordance with Generally Accepted Accounting Principles and (b) levels of occupancy (collectively, the "Major Obligated Borrower Annual Disclosure"). If the Agency has not received such Major Obligated Borrower Annual Disclosure by the required date, the Agency (or, at the request of the Agency, the Trustee or Dissemination Agent on behalf of the Agency) shall, in a timely manner, send a notice to the MSRB of the failure of such Major Obligated Borrower to file such information with the Agency.

The Agency will also undertake in the Disclosure Agreement to require that each Major Obligated Borrower will give, or cause to be given, notice to the MSRB of the occurrence with respect to such Major Obligated Borrower of any of the events described in subparagraphs (12) or (13) under "Reporting of Significant Event" above, in a timely manner not in excess of ten (10) Business Days after the occurrence of such event.

Amendment of Disclosure Agreement

The Agency and the Trustee may amend the Disclosure Agreement, and any provision of the Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the date the Annual Report is to be filed, the contents of the Annual Report or the reporting of Listed Events, such amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Offered Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Offered Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and;

(c) The amendment or waiver either (i) is approved by the Holders of the Offered Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Offered Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Agreement, the Agency will describe such amendment in the next Annual Report, and include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Agency. If the amendment relates

to the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made will present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Default

In the event of a failure of the Agency or the Trustee to comply with any provision of the Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any Holder or Beneficial Owner of Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency or Trustee, as the case may be, to comply with its obligations under the Disclosure Agreement. A default under the Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under the Disclosure Agreement in the event of any failure of the Agency or the Trustee to comply with the Disclosure Agreement shall be an action to compel performance.

Termination of Reporting Obligation

The Agency's obligations under the Disclosure Agreement terminate upon legal defeasance under the Indenture, prior redemption or payment in full of all of the Bonds. If such termination occurs before the final maturity of the Offered Bonds, the Agency will give notice of such termination in accordance with the Disclosure Agreement.

CALIFORNIA HOUSING FINANCE AGENCY

OFFICIAL STATEMENT PART 2
Relating to
Multifamily Housing Revenue Bonds III
2014 Series A

This Part 2 of this Official Statement provides certain information concerning the Agency, the Program, the Offered Bonds and the Bonds. It contains only a part of the information to be provided by the Agency in connection with the Offered Bonds. The terms of the Offered Bonds, including the designation, principal amount, authorized denominations, price, maturity, interest rate and time of payment of interest, redemption provisions, and any other terms or information relating thereto are set forth in Part 1 of this Official Statement. Additional information concerning the Agency is contained in Part 1 of this Official Statement. The information contained herein may be supplemented or otherwise modified by Part 1 of this Official Statement and is subject in all respects to the information contained therein.

TABLE OF CONTENTS

	Page (2-)
INTRODUCTION	1
THE AGENCY	1
Powers	1
Management	2
Organization and Staff	3
SECURITY FOR THE BONDS	6
General	6
Loans	7
Certain Factors Affecting the Loans	9
Reserve Accounts	10
Additional Bonds	11
INSURANCE UNDER THE RISK SHARING ACT	12
OTHER FHA INSURANCE	14
SECTION 8 LOANS	15
PROGRAM PROCEDURES AND SERVICING	18
General	18
Loan Processing	19
Lending Program	20
Management of Developments	22
Development Controls, Reserves and Insurance	22
Loan Documents	24
PROGRAMS OF THE AGENCY	26
CERTAIN RECENT DEVELOPMENTS	27
Certain Recent Changes in the Agency's Financial Position	27
Recent Ratings Actions	28
CERTAIN INVESTOR CONSIDERATIONS	28
Agency General Obligation Support	29
Risks Relating to Variable Rate Bonds	29
Risks With Respect to Interest Rate Swaps	30
Unhedged Variable Rate Bonds	32
Risks Relating to the Insurance Fund	32
Risks With Respect to Investment Securities	33
Uncertainties in Financial Markets	33
Uncertainties in Mortgage and Real Estate Markets	33
Risks Relating to Assumptions and Projections	34
Uncertainties With Respect to Additional Bonds or New Programs	34
Uncertainties Relating to Government Action	34
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE	35
Certain Defined Terms	35
Establishment and Application of Accounts	43
Loan Principal Prepayments	49
Investment of Funds	49
Covenants	49
Additional Obligations	50
Amendments	51
Events of Default	53
Remedies	53
Right to Direct Proceedings	55
Defeasance	55
The Trustee	55

	Page (2-)
APPENDIX A – FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012	2-A-1
APPENDIX B – DESCRIPTION OF DEVELOPMENTS AND LOANS EXPECTED TO BE FINANCED BY OR ALLOCABLE TO THE OFFERED BONDS	2-B-1
APPENDIX C – DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY OR EXPECTED TO BE FINANCED BY THE PRIOR SERIES BONDS	2-C-1
APPENDIX D – CERTAIN AGENCY FINANCIAL INFORMATION AND OPERATING DATA	2-D-1

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OFFICIAL STATEMENT PART 2
of the
CALIFORNIA HOUSING FINANCE AGENCY
relating to
Multifamily Housing Revenue Bonds III
2014 Series A

INTRODUCTION

The purpose of this Part 2 of this Official Statement, which includes the cover page and the appendices hereto, is to set forth certain information concerning the Agency, the Program and the Bonds in connection with the issuance of the above-captioned Offered Bonds by the Agency. The Bonds are issued pursuant to the Act and the Indenture. All capitalized terms used in this Part 2 and not otherwise defined shall have the respective meanings ascribed thereto in Part 1 of this Official Statement.

All references in this Official Statement to the Act and the Indenture are qualified in their entirety by reference to each such document, copies of which are available from the Agency, and all references to the Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture and this Official Statement.

THE AGENCY

Powers

The Agency was created in 1975 by the Act as a public instrumentality and a political subdivision of the State of California (the "State") within the Business, Transportation and Housing Agency for the primary purpose of meeting the housing needs of persons and families of low or moderate income. As of July 1, 2013, as part of the Governor's Reorganization Plan of 2012, as amended, the Agency was transferred from the Department of Business, Transportation and Housing (which no longer exists) into the Department of Housing and Community Development, which in turn is within the newly created Business, Consumer Services and Housing Agency. These changes have not, and are not expected to, affect the Agency's statutory independence.

The Agency is authorized to issue its bonds, notes and other obligations for a variety of purposes, including (1) making development loans, construction loans, mortgage loans and property improvement loans to qualified borrowers to finance housing developments and other residential structures; (2) purchasing such loans through qualified mortgage lenders; and (3) making loans to qualified mortgage lenders under terms and conditions requiring the proceeds thereof to be used for certain loans.

The Agency may also provide consulting and technical services in connection with the financing of housing developments and may act as a State representative in receiving and allocating federal housing subsidies.

The Act currently provides the Agency with the authority to have outstanding bonds or notes, at any one time, in the aggregate principal amount of $13,150,000,000, excluding refunding issues and certain taxable securities. As of March 1, 2014, approximately $4,070,831,550 aggregate principal amount of such bonds and notes were outstanding.

Management

The Agency is administered by the Board, which consists of 13 voting members when all positions are filled. The State Treasurer, the Secretary of the Business, Transportation and Housing Agency, the Director of the Department of Housing and Community Development ("HCD"), and the Secretary of Veterans Affairs, or their designees, are voting ex officio members. Seven members are appointed by the Governor and confirmed by the Senate. One member is appointed by the Speaker of the Assembly. One member is appointed by the Senate Rules Committee. All such appointments are for six-year terms. In addition, the Act provides that the Director of the Department of Finance, the Director of the Governor's Office of Planning and Research, and the Executive Director of the Agency shall serve as non-voting ex officio members of the Board. The Chairperson of the Board is selected by the Governor from among his appointees. Members of the Board are:

Name	Term Expires	Principal Occupation
Voting Board Members[†]		
Matthew Jacobs[††]	September 26, 2015	Co-Managing Partner, Bulldog Partners, LLC
Tia Boatman Patterson	March 6, 2015	General Counsel, Sacramento Housing and Redevelopment Agency
Janet Falk	September 26, 2015	Retired; formerly Vice President of Real Estate Development for Mercy Housing
Michael A. Gunning	September 26, 2015	Vice President, Personal Insurance Federation of California
Preston Prince	September 26, 2019	CEO & Executive Director, Fresno Housing Authority
Dalila Sotelo	September 26, 2019	Principal, The Sotelo Group
Jonathan C. Hunter	November 18, 2019	Consultant, JCHunter Consulting

[†] There are currently two vacancies on the Board, which are to be filled by appointment by the Governor and confirmation by the Senate.
[††] Board Chair.

Name	Term Expires	Principal Occupation
Bill Lockyer	*	State Treasurer
Anna Caballero	*	Secretary, Business, Transportation and Housing Agency
Peter J. Gravett	*	Secretary, California Department of Veterans Affairs
Randall Deems	*	Acting Director, Department of Housing and Community Development
Non-Voting Board Members		
Claudia Cappio	*	Executive Director, California Housing Finance Agency
Michael J. Cohen	*	Director, Department of Finance
Ken Alex	*	Director, Governor's Office of Planning and Research

* *ex officio.*

Organization and Staff

The Agency is organized into the following divisions under the Executive Director: Single Family Programs, Multifamily Programs, Financing, Fiscal Services, Office of General Counsel, Legislative, Marketing, Administration, Information Technology, and Asset Management. As a result of the Governor's reorganization plan, certain divisions of the Agency are integrated with, or collaborate closely with, their counterparts at HCD.

The Single Family Division is responsible for directing and administering all of the Agency's single family lending programs, servicing of single family loans, directing and administering the single family loan portfolio, including quality assurance, REO administration, REO sales, loss mitigation, and servicer administration/short sales, and directing and administering mortgage insurance operations.

The Multifamily Programs Division is responsible for underwriting all multifamily direct loans, preparing documentation for loan closings and monitoring the construction of

developments financed by direct loans from the Agency. The staff of the Multifamily Programs Division includes loan underwriters, architects and construction inspectors.

The Financing Division is responsible for all of the Agency's financing activities and the management of risks related thereto, including the supervision of note and bond sales, issuances and redemptions, cash flow analyses of the Agency's obligations and the investment of the Agency's funds.

The Fiscal Services Division is overseen by the Agency's Comptroller and is responsible for accounting activities, fiscal operations, in-house servicing of loans, and preparation of Agency financial statements.

The Office of General Counsel is responsible for all legal matters that affect the Agency, including review of all contracts and legislation and supervision of loan closings for multifamily developments. The Office of General Counsel also provides legal advice to the Agency's Board of Directors. The office is headed by a General Counsel and an Assistant Chief Counsel.

The Legislative Division is integrated with the legislative and policy functions of HCD and is responsible for monitoring, tracking, and lobbying legislation impacting the housing arena, both on the State and Federal level.

The Marketing Division is integrated with the marketing functions of HCD and is responsible for developing and implementing the Agency's marketing programs and for managing all public information activities such as preparation of the annual report and press releases.

The Administration Division is responsible for directing and administering the Agency's personnel, training, and business services, and preparing the annual budget of the Agency.

The Information Technology Division has responsibility for developing, implementing and maintaining the IT infrastructure and application systems supporting the Agency.

The Asset Management Division is responsible for monitoring the financial and physical status of the Agency's multifamily loan portfolio of 401 projects, as well as occupancy compliance for Section 8 and low income units.

The Agency's senior staff are listed below.

Claudia Cappio, *Executive Director* since April 2011. B.A., Ohio Wesleyan University. Previously: Principal at Sparticles LLC, a planning and development consulting firm (December 2008 – March 2011); City of Oakland – Director of Planning, Building, Major Projects and the Oakland Base Reuse Authority (2000-2007); City of Emeryville Planning and Building Director (1995-2000); City of Albany Planning Director (1985-1995); Town of Corte Madera Planner (1980 – March 1985.)

Kenneth H. Giebel, *Director of Marketing* since September 2002. B.S. and M.B.A., University of Santa Clara. Previously: Senior Marketing Manager at the California Lottery

(1996-2002); various marketing positions for private sector corporations and advertising agencies.

Timothy Hsu, *Director of Financing* since July 2012. B.A. Wesleyan University. Previously: Financing Risk Manager (2005-2012). Vice President at a major Wall Street investment bank (2003-2004); Financing Officer (2002); Senior Consultant at a leading quantitative consultancy (1995-2001). He earned the Chartered Financial Analyst designation in 2007, and he earned the Financial Risk Manager designation in 2008.

Victor J. James, *General Counsel* since July 2012. J.D., University of California Hastings College of Law; B.A., University of California at Berkeley. Previously: Acting General Counsel, (2011-2012); deputy general counsel, staff counsel and attorney under contract for CalHFA (2001-2006; 2008-2010), chief of Driver Safety Branch of the California Department of Motor Vehicles (2007); deputy prosecuting attorney at the County of Hawaii Prosecuting Attorney's Office (2001-2002); private legal practice (1988-2001); legal counsel at the California Department of Personnel Administration (1985-1987); and assistant counsel, Department of the Navy, Office of General Counsel (1982-1985).

Rick Okikawa, *Programs Administrator* since March 2013. MBA, California State University, Sacramento, 1990; J.D., University of California at Davis School of Law, 1982; MSW, California State University, Sacramento, 1979; BA, University of California at Davis, 1977. Previously Senior Staff Counsel III (Retired Annuitant), CalHFA (2012-2013); Assistant Counsel, Army Corp of Engineers (2011-2012); Senior Staff Counsel III, CalHFA (1992-2010); Adjunct Professor, Los Rios Community Colleges (1990-1998); Staff Counsel II, California Department of Real Estate (1992); Staff Counsel II, California State Lands Commission (1986-1991); Sole Proprietor, Law Offices of Rick Okikawa (1984-1986); Associate Attorney, Law Offices of Trezza, Ithurburn and Steidlmayer (1983).

Jacklynne M. Riley, *Director of Administration* since January 2014. Previously Acting Director of Administration (Retired Annuitant) since January 2013; Director of Administration (1996-2008); Chief of Administrative Services (1989-1996); various other positions with the Agency (1984-1988); Staff member, Senator Art Torres (1983-1984); other positions within State government (1968-1982).

Diane Richardson, *Director of State Legislation* since January 1999. Previously: Deputy Legislative Secretary for Governor Wilson (1998); Director of Legislation for the California Environmental Protection Agency (1997); Deputy Director for Legislation and other positions, Office of Planning and Research (1983-1996); Legislative Aide, California State Assembly (1981-1983).

Liane W. Morgan, *Chief Information Officer* since July 2012. B.S., California State University, Sacramento. Previously: Acting Chief Information Officer (2010-2012); IT Project Manager (2005-2012), CalHFA; Various programming positions, CalHFA (1987-2005), Systems Engineer, EDS (1984-1987).

Anthony Sertich, *Financing Risk Manager* since February 2013. B.A., University of California, Berkeley. Previously: Financing Officer (2008-2013); Financing Specialist

(2006-2008); Financing Associate (2004-2006); Actuarial Analyst, Watson Wyatt Worldwide (1998-2003).

The position of Chief Deputy Director is currently vacant. This position ultimately must be filled by appointment by the Governor.

The positions of Director of Multifamily Programs and Director of Single Family Lending are currently vacant. The Agency has created a new senior staff position of Programs Administrator, and the incumbent is currently overseeing the Multifamily Programs Division, the Single Family Programs Division and the Asset Management Division.

The position of Comptroller is currently vacant. Lori Hamahashi is currently fulfilling the day-to-day duties of the Comptroller as Deputy Comptroller.

The Agency's principal office is located at 500 Capitol Mall, Suite 1400, Sacramento, California 95814, (916) 322-3991.

SECURITY FOR THE BONDS

General

The Bonds are general obligations of the Agency, payable out of the Revenues and assets pledged under the Indenture and also payable from any other assets, revenues or moneys of the Agency, subject only to any agreements with the holders of other obligations of the Agency pledging any particular assets, revenues or moneys. The Secured Obligations (which include the payment when due of principal of and interest on the Bonds) are secured by a pledge of and first lien on the following specific revenues and assets of the Agency (the "trust estate"):

(1) All of the right, title and interest of the Agency in, to and under the Loans financed pursuant to the Indenture;

(2) All of the Revenues, other than Rebatable Arbitrage (see the definition of Revenues in this Part 2 under "Summary of Certain Provisions of the Indenture — Certain Defined Terms");

(3) All proceeds of the sale of the Bonds;

(4) All Accounts established pursuant to the Indenture (other than the Bond Purchase Account and the Rebate Account) and the moneys and securities therein; and

(5) All property which is by the express provisions of the Indenture required to be subjected to the lien thereof; and any additional property that may, from time to time by delivery or by writing of any kind, be subjected to the lien thereof, by the Agency or by anyone on its behalf;

in each case subject to the provisions of the Indenture permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Indenture.

Under the Indenture, the Agency covenants not to create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a charge and lien on the Revenues or other security for the Secured Obligations, prior to or on a parity with the lien of the Indenture, except for Series of Additional Bonds which may be issued from time to time on a parity with the Offered Bonds and any other Bonds and Secured Obligations previously issued. See "Additional Bonds" below.

The pledge and security interest of the Indenture in the trust estate are subject to the power of the Agency to direct the release of Revenues free and clear of such pledge and security interest if the Agency delivers to the Trustee a certificate complying with the requirements of the Indenture. See "Summary of Certain Provisions of the Indenture — Establishment and Application of Accounts — Revenue Account" in this Part 2.

Upon the occurrence and continuation of an Event of Default under the Indenture, the Trustee has available to it various remedies, including those provided by the Indenture. Such remedies do *not* include declaring all Bonds to be immediately due and payable. See "Summary of Certain Provisions of the Indenture — Remedies" in this Part 2. A failure by the Agency to pay scheduled debt service on its general obligations (other than the Bonds) when due is *not* an Event of Default under the Indenture. See "Summary of Certain Provisions of the Indenture — Events of Default" in Part 2.

THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AGENCY, OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR ANY SUCH POLITICAL SUBDIVISION, OTHER THAN THE AGENCY. THE AGENCY HAS NO TAXING POWER. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS.

See Part 1 – "Ratings" and "Certain Recent Developments – Ratings Actions" in this Part 2 for information regarding the ratings applicable to the Offered Bonds, the Prior Series Bonds and other obligations of the Agency.

Loans

Each Borrower Loan shall, among other things, (1) be evidenced by a Note and secured by a Deed of Trust which shall constitute and create a lien of any priority (subject to permitted encumbrances acceptable to the Agency) on the real property or interest therein of the multifamily rental housing development with respect to which the Loan is made (each, including a 2014A Development, a "Development"); (2) be the subject of a title insurance policy in the full amount of the Loan insuring that the Deed of Trust constitutes and creates a lien of any priority (subject to permitted encumbrances acceptable to the Agency) on the real property or interest therein of such Development; and (3) be made to a Borrower who is eligible under the Act. See "Program Procedures and Servicing — Lending Program" and Appendix B to this Part 2 — "Description of Developments and Loans Expected to be Financed by or Allocable to the Offered Bonds."

Loans are permitted, but are not required, to be insured, including insurance pursuant to the Risk Sharing Act, or to be in the form of a Mortgage-Backed Security. See Appendix B to this Part 2 — "Description of Developments and Loans Expected to be Financed by or Allocable to the Offered Bonds" and Appendix C to this Part 2 — "Description of Developments and Loans Financed by or Expected to be Financed by the Prior Series Bonds" for a list of Developments that have received firm approval for insurance under the Risk Sharing Act and for a list of those Loans that are insured under the Risk Sharing Act or are covered by other FHA insurance. See also "Insurance Under the Risk Sharing Act" and "Other FHA Insurance."

As of December 31, 2013, the Loans held under the Indenture have the credit characteristics set forth in the following table. Substantially all of such Loans are in first-lien priority positions. As of February 28, 2014, none of the Loans were delinquent.

Loan Type	Outstanding Loan Principal Balance	Percentage
Uninsured - Non-Section 8	$389,613,210	55.98%
Uninsured - Section 8	84,598,120	12.15%
Risk-Share - Non-Section 8	181,846,463	26.13%
Risk-Share - Section 8	8,377,313	1.20%
FHA - Section 8	1,584,137	0.23%
MBS	30,003,716	4.31%
Total	$696,022,959	100.00%

The Indenture does not require any restriction on the Borrower's ability to prepay its Loan in whole or in part at any time. Historically, the Agency prohibited voluntary prepayment throughout the life of nearly all the multifamily loans it originated, including most loans for Developments receiving HUD Section 8 rent subsidies (the "Section 8 Developments"). In recent years, however, the Agency has allowed prepayments under certain circumstances. See "Summary of Certain Provisions of the Indenture — Loan Principal Prepayments."

Loans may also be terminated prior to their respective final maturities as a result of events such as default, condemnation or casualty loss.

Under the General Indenture, any Loan Principal Prepayments may be reinvested in Loans, invested in Investment Obligations or used to redeem Bonds; *provided, however,* that Loan Principal Prepayments may be deposited to a Program Account to make new Loans only if the Agency files with the Trustee a certificate stating that (1) either (a) such deposit will have no material adverse impact on the Agency's ability to pay all Secured Obligations when due or (b) after such deposit, Revenues and other amounts then pledged under the Indenture are projected to be sufficient to pay all Secured Obligations when due and (2) making such deposit is not in violation of any related Series Indenture or, to the extent applicable, the Risk Sharing Act. Applicable federal tax law also imposes restrictions on the Agency's ability to use Loan Principal Prepayments to make new Loans.

The Agency generally expects that Loan Principal Prepayments, as well as amounts on deposit in the Revenue Account and not needed to pay required rebate, certain Program expenses and scheduled debt service on the Bonds and to fund the Bond Reserve Account and the Loan Reserve Account to their respective requirements, will be applied to the redemption of Bonds that are subject to such redemption, including the Offered Bonds. See Part 1 − "The Offered Bonds — Redemption Provisions — Special Redemption" and Part 2 − "Summary of Certain Provisions of the Indenture — Establishment and Application of Accounts — Revenue Account."

The Agency may elect to use proceeds of or allocable to a Series of Bonds to fund a participation in a loan or mortgage-backed security (a "Bond Participation") and may fund the remaining participation or participations (each, a "Non-Bond Participation") with proceeds of tax-exempt or taxable Bonds or other monies pledged under the Indenture, with proceeds of tax-exempt or taxable bonds issued under other indentures of the Agency, or with amounts from other sources, including the Agency's unrestricted available moneys. If a Non-Bond Participation is financed from sources other than proceeds of Bonds or other monies pledged under the Indenture, the Agency is required to file with the Trustee, at the time the Bond Participation is funded, an agreement that specifies the terms of such participation or, if there is no such agreement, a certificate that describes the terms of such participation, including such terms as the allocation of each scheduled principal repayment, interest payment and principal prepayment, if any, and the amounts recovered in the event of a default. (Currently, there are no Non-Bond Participations financed from such sources with respect to Loans under the Indenture.) The terms of such participation may provide for a disproportionate allocation of interest or scheduled principal repayments to the Non-Bond Participation, including allocation of all scheduled principal repayments until the Non-Bond Participation is paid in full.

The Agency does not expect to use proceeds of or allocable to the Series 2014A Bonds to fund any participations.

Certain Factors Affecting the Loans

In estimating the amount of moneys available to pay principal of and interest on the Bonds, a number of assumptions were made, including the assumptions that (1) payments of principal of and interest on the Loans will be available on a timely basis and (2) Loan Principal Prepayments made from casualty insurance or condemnation proceeds or otherwise, which result in the Agency's having to redeem Bonds, will be sufficient to pay the principal amount of Bonds allocable to such Loans. The Agency believes that the above assumptions are reasonable, but no assurance can be given that actual receipts will correspond with estimated revenues.

In the event of the failure of a Borrower to make the required payments under its Loan Documents, the Agency may institute foreclosure or other recovery proceedings. The Agency cannot assure that the amount received in a foreclosure or other recovery proceeding will be sufficient to pay principal of and interest on the allocable portion of the Bonds.

Pursuant to Section 142(d) of the Internal Revenue Code of 1986 (the "Code"), at least 20% (or, at the election of the Agency, 40%) of the units in each Development financed by certain Loans must be occupied, or held available for occupancy, on a continuous basis by

individuals or families whose income does not exceed 50% (or, if the Agency elects to set aside 40% of the units as described above, 60%) of area median income, as adjusted for family size. (Compliance with the income limitations is measured by reference to "very low income," which is determined by HUD and may include adjustments for unusually high or low family income.)

Pursuant to Section 145 of the Code, the Developments financed by certain Loans must either (1) be owned and operated by a qualified nonprofit Borrower under Section 501(c)(3) of the Code (a "501(c)(3) Borrower") so that ownership and operation are not a trade or business unrelated to the charitable purpose of the Borrower or (2) be owned by a governmental entity or instrumentality. In either event, a substantial percentage (more than 20%) of the units in each such Development will be restricted to occupancy by low or very low income individuals or families.

Pursuant to Section 51335 of the Act, at least 20% of the units in each Development financed by a Loan must be available for occupancy on a priority basis by "lower income households." Not less than half of such reserved units must be available for occupancy on a priority basis by "very low income households." Compliance with such income limitations is made by reference to the income limitations established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937.

A default by a Borrower in its obligations under the documents evidencing or securing its Loan, including the obligation to comply with the requirements of the Act or Section 142(d) or Section 145 of the Code, may result in acceleration of the Loan and redemption of a portion of the Bonds. See "Tax Matters" in Part 1.

Reserve Accounts

$1,010,000* will be deposited in the Bond Reserve Account in connection with the issuance of the Offered Bonds. After the issuance of the Offered Bonds, the sum of all Bond Reserve Account Requirements for all Series of Bonds will be $4,180,308* and the balance on deposit in the Bond Reserve Account will be $4,180,310*, of which $3,170,310, consists of a debt service reserve surety bond from National Public Finance Guarantee Corp. (as successor in interest to MBIA Insurance Corporation) providing coverage in such amount. After providing for the payment of required rebate deposits, fees and charges due and payable to the Trustee and any Paying Agent or Credit Provider and amounts required to be on deposit for the payment of principal of and interest on the Bonds, amounts in the Revenue Account are required to be applied to the Bond Reserve Account if and to the extent that the amount on deposit therein is less than the sum of all Bond Reserve Account Requirements established for all Series. The priority of drawings among letters of credit, surety bonds or other sources of moneys in the Bond Reserve Account will be determined by the Agency. It is not a condition to the issuance of a Series of Additional Bonds that the amount credited to the Bond Reserve Account be equal to the sum of all Bond Reserve Account Requirements for all Series. See "Security for the Bonds — Additional Bonds" and "Summary of Certain Provisions of the Indenture — Establishment and

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* Preliminary, subject to change.

Application of Accounts — Bond Reserve Account" in this Part 2. Moneys credited to the Bond Reserve Account may be used only to meet deficiencies in the Bond Account in the event that the amount of such deficiencies is not available in the Revenue Account, the Redemption Account (to the extent of moneys with respect to which notice of redemption has not been given), the Program Account (to the extent designated by the Agency) or the Loan Reserve Account; except that any amounts in excess of the sum of all Series Bond Reserve Account Requirements may, upon request of the Agency, be transferred to the Revenue Account or the Redemption Account and that under certain circumstances, amounts in the Bond Reserve Account may be applied to the purchase or redemption of all Bonds then Outstanding.

After providing for the payment of required rebate deposits, fees and charges due and payable to the Trustee and any Paying Agent or Credit Provider, amounts required to be on deposit for the payment of principal of and interest on the Bonds and amounts required so that the amount on deposit in the Bond Reserve Account is at least equal to the sum of all Bond Reserve Account Requirements established for all Series, amounts in the Revenue Account are required to be applied to the Loan Reserve Account if and to the extent that the amount on deposit therein is less than the sum of all Loan Reserve Account Requirements established for all Series. There is no Loan Reserve Account Requirement with respect to the Offered Bonds nor with respect to any other Series currently Outstanding. It is not a condition to the issuance of a Series of Additional Bonds that the amount credited to the Loan Reserve Account be equal to the sum of all Loan Reserve Account Requirements for all Series. See "Additional Bonds" below and "Summary of Certain Provisions of the Indenture — Establishment and Application of Accounts — Loan Reserve Account" in this Part 2.

Additional Bonds

Under the Indenture, the Agency covenants not to create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a charge and lien on the Revenues, the Property or other security for the Bonds, prior to or on a parity with the lien of the Indenture, except that any Series of Additional Bonds may be issued from time to time pursuant to a Series Indenture, subsequent to the issuance of the Offered Bonds, on a parity with the Offered Bonds and any other Bonds previously issued, and secured by an equal charge and lien on the Revenues or other security for the Bonds and payable equally and ratably from the Accounts established and created pursuant to the Indenture. Additionally, the Agency may enter into any Hedging Instrument or any agreements with a Credit Provider pursuant to which payments from the Agency (but only for Secured Obligations) may be secured on a parity with the Bonds.

No Series of Additional Bonds shall be issued subsequent to the issuance of the Offered Bonds unless:

(1) the Principal Amount of the Additional Bonds then to be issued, together with the Principal Amount of the Bonds and other obligations of the Agency theretofore issued, will not exceed in aggregate Principal Amount any limitation thereon imposed by law;

(2) at the time of the issuance and delivery of the Series of Additional Bonds, other than Bonds issued and delivered in accordance with the Indenture to refund any Outstanding Bonds of one or more Series or to refund any other obligations of the Agency or any other entity designated by the Agency ("Refunding Bonds"), and the application of the proceeds thereof, there shall be no deficiency in the Bond Account;

(3) upon the issuance of such Bonds, Revenues and other amounts then pledged under the Indenture are projected to be sufficient to pay all Secured Obligations when due; and

(4) the issuance of such Bonds will not result in the reduction, suspension or withdrawal of the Unenhanced Rating then assigned to any of the Series by each Rating Agency for such Series.

In the Indenture, the Agency expressly reserves the right to adopt one or more general or special bond resolutions or to enter into one or more other indentures for any of its corporate purposes and reserves the right to issue other obligations so long as the same are not a charge or lien prohibited as described in the first paragraph under this caption "Additional Bonds." The Agency expressly reserves the right to authorize and issue bonds, notes, warrants, certificates or other obligations or evidences of indebtedness which as to principal or interest, or both, (1) are payable from Revenues after and subordinate to the payment from Revenues of the Secured Obligations, or (2) are payable from moneys which are not Revenues as such term is defined in the Indenture. See Appendix D to this Part 2 — "Certain Agency Financial Information and Operating Data."

INSURANCE UNDER THE RISK SHARING ACT

Pursuant to the Risk Sharing Agreement by and between the Agency and HUD dated April 26, 1994 (the "Risk Sharing Agreement"), HUD (through FHA) has agreed to insure any Loans reviewed and approved for that purpose by the Agency. HUD regulations implementing the Risk Sharing Act currently require that the Agency must use proceeds of insurance under the Act to redeem Bonds of the related Series. In the event of a loan default, the Risk Sharing Agreement requires the Agency to share with HUD in any loss arising as a consequence of the loan default. The following summary is qualified in its entirety by reference to the mentioned regulations, the Risk Sharing Act and sections of the National Housing Act, as amended (12 U.S.C. §1701 et seq.) (the "National Housing Act").

Subsection 542(c) of the Risk Sharing Act authorizes the HUD Secretary to enter into risk-sharing agreements with qualified state or local housing finance agencies ("HFAs"). The program allows HFAs to carry out certain HUD functions under the program, including the assumption of loan management and property disposition responsibilities for defaulted loans. The program is designed to increase the supply of affordable multifamily units by allowing HFAs to originate and service mortgage loans that are fully insured by FHA. Under the program participating HFAs are required to reimburse FHA for a portion of losses that may be incurred as a consequence of any loan defaults. The Risk Sharing Agreement provides that HUD will fully insure any Loans selected for that purpose by the Agency, and for reimbursement to HUD by the Agency for a portion of any losses incurred on such insured Loans. The Agency is qualified to

elect a range of percentages of the risk of loss related to any defaulted insured Loans. The Agency has historically elected and currently intends to elect a 50% risk of loss, but may elect 60%, 70%, 80% or 90%.

Under the Risk Sharing Act and the Risk Sharing Agreement, in the event that the rating on any general obligation of the Agency falls below "A", the Agency will be required to immediately establish and maintain a reserve account (at a minimum level of $500,000) that may only be drawn upon by HUD to satisfy any of the Agency's obligations under the Risk Sharing Agreement. The actual amount of such required reserve may be in excess of the minimum level.

HUD Regulations under the Risk Sharing Act define an event of default under a mortgage insured pursuant to the Risk Sharing Act as failure to make any payment due under the mortgage, or failure to perform any other mortgage covenant (which includes covenants in the related regulatory agreement) if the mortgagee, because of such failure to perform such other mortgage covenant, has accelerated the debt. In the event of a payment default continuing for a period of 30 days, the Agency must, in order to preserve its right to insurance benefits, give notice to the Federal Housing Commissioner of the default and of its intention to file an insurance claim. Within 75 calendar days from the date of default (unless an extension is granted by HUD), the Agency must file an application for initial claim payment. Pursuant to the Series Indenture, the Agency has covenanted to take all necessary actions to realize the benefit of any insurance in the event an insured Loan becomes a defaulted Loan.

In the event of a default on an insured Loan and the filing of a claim for FHA insurance, FHA will pay mortgage insurance benefits in cash in an amount equal to the sum of (a) the unpaid principal amount of the defaulted insured Loan computed as of the date of default and (b) interest on the insurance proceeds from the date of default to the date of initial claim payment at the defaulted insured Loan rate, less any delinquent mortgage insurance premiums and late charges and interest attributable to such delinquent mortgage insurance premiums.

When FHA pays a claim related to an insured Loan, the Risk Sharing Agreement provides that the Agency will issue a debenture (each, a "Debenture") to HUD for the full amount of the claim, which shall be supported by the full faith and credit of the Agency. Each Debenture will have a term of five years, will bear interest at HUD's published debenture rate, and interest will be payable annually. The Risk Sharing Act contemplates that during the five-year term of each Debenture, the Agency would work toward curing the default, foreclosure or resale of the related project. Not later than the due date of each Debenture, the total loss to be shared by the Agency and HUD shall be computed pursuant to the Risk Sharing Agreement.

The Indenture permits, but does not require, that Loans made with proceeds of Bonds be insured, including insurance by FHA under any of its insurance programs, or be in the form of a Mortgage-Backed Security. The Agency expects that all of the 2014A Loans will be insured by FHA under the Risk Sharing Act. See Appendix C to this Part 2 – "Description of Developments and Loans Financed by or Expected to be Financed by the Prior Series Bonds."

FHA insurance with respect to Loans insured under the Risk Sharing Act may be terminated upon the occurrence of certain events, including the following: (i) the mortgage is paid in full; (ii) the Agency acquires the mortgaged property and notifies the Commissioner that

it will not file an insurance claim; (iii) a party other than the Agency acquires the property at a foreclosure sale; (iv) the Agency notifies the Commissioner of a voluntary termination; (v) the Agency or its successors commit fraud or make a material misrepresentation to the Commissioner with respect to certain information; (vi) the receipt by the Commissioner of an application for final claims settlement by the Agency; or (vii) the Agency acquires the mortgaged property and fails to make an initial claim.

OTHER FHA INSURANCE

Certain Loans not insured under the Risk Sharing Act are insured by FHA under programs established under Sections 221(d)(3) and 221(d)(4) of the National Housing Act. See Appendix C to this Part 2 — "Description of Developments and Loans Financed by or Expected to be Financed by the Prior Series Bonds" for a list of such Loans.

Under the terms of these insurance programs, the Agency is entitled to claim insurance benefits upon the failure of the Borrower to make a Loan payment (or to perform any other obligation under the mortgage if, because of such failure, the Agency accelerates the debt), if such default continues for 30 days. After the continuation of a default for 30 days, the Agency is entitled to receive the benefits of the insurance. To perfect its claim for payment, the Agency is required either to assign the Loan to FHA or to tender to it good and marketable title to the property covered by the insured Loan. Upon assignment of the Loan to FHA, the mortgagee may request that the insurance be paid in cash or debentures. Current HUD policies for such programs provide that settlement payments will be made in cash unless the Agency elects to have payments made in debentures.

The amount of insurance benefits generally paid by FHA is equal to the unpaid principal amount of the Loan adjusted to reimburse the Agency for certain tax, insurance, and similar payments made by it, foreclosure costs, or costs of acquiring the property paid by the Agency, and to deduct certain amounts received or retained by the Agency after default. When entitlement to insurance benefits results from assignment of the Loan to HUD, the insurance payment includes the unpaid principal balance of the Loan at the time of assignment plus, among other things, accrued and unpaid interest on the claim from the date of default at the debenture interest rate. HUD debentures issued in satisfaction of FHA insurance claims generally bear interest from the date of issue, payable semiannually on the first day of January and the first day of July of each year at the HUD debenture interest rate in effect under HUD regulations as of the day the commitment was issued, or as of the date the mortgage was initially endorsed for insurance, whichever rate is higher.

Upon the assignment of a defaulted mortgage to FHA, FHA will also deduct 1% of the outstanding principal balance of the Loan as of the date of default from the amount of insurance benefits paid to the Agency. However, FHA may waive all or part of this 1% if the Agency assigns the mortgage in lieu of foreclosure proceedings at the request of FHA. Because of the manner in which FHA calculates the insurance claim payment, FHA's claim payment will not include one month's interest on the Loan.

When any property to be conveyed to HUD or subject to a mortgage to be assigned to HUD has been damaged by fire, earthquake, flood, or tornado, or the property has suffered

damage because of the Agency's failure to take required action, the damage is required to be repaired prior to such conveyance or assignment, except in certain circumstances as provided for in the HUD regulations.

SECTION 8 LOANS

Certain Developments financed with Loans financed with or allocable to Prior Series Bonds have, and the Agency expects that one of the developments to be financed with a 2014A Loan will have, a HAP Contract (defined below) in effect. See Appendix B to this Part 2 — "Description of Developments and Loans Expected to be Financed by or Allocable to the Offered Bonds" and Appendix C to this Part 2 – "Description of Developments and Loans Financed by or Expected to be Financed by the Prior Series Bonds." Such contracts may not be co-terminus with the related mortgage. Such Section 8 Developments currently receive, or are expected to receive, rent subsidies pursuant to Section 8 of the United States Housing Act of 1937, as amended ("Section 8"), which provides for the payment by HUD of a federal housing subsidy ("HAP Payments") for the benefit of low-income families (defined generally as families whose annual income does not exceed 80% of the median income for the area as determined by HUD) and very low-income families (defined generally as families whose annual income does not exceed 50% of the median income for the area as determined by HUD). HAP Payments may be made to or for the account of the owner of dwelling units occupied by low-income and very low-income families. Provision is made under the National Housing Act and HUD regulations under the Series Indenture for administration of the Section 8 program through performance-based contract administrators or state housing finance agencies, including the Agency. Under this arrangement, the state housing finance agency enters into a Housing Assistance Payments Contract ("HAP Contract"), pursuant to which it agrees to pay the subsidy to or for the account of the owner and concurrently enters into an Annual Contributions Contract ("ACC") with HUD for the receipt of a corresponding subsidy payment from HUD. Certain of the Agency's Section 8 projects' HAP Contracts are administered by performance-based contract administrators, and others by the Agency. The subsidy is generally equal to the difference between the "contract rent" (as established by HUD) and 30% of the income of the qualifying tenant. The contract rent and, consequently, the amount of the subsidy, are subject to annual adjustment. There can be no assurance that increases in contract rents, if any, will result in revenues sufficient to compensate for increased operating expenses of the Section 8 Developments.

Until 1997, there was substantial uncertainty as to what would happen to Section 8 developments upon the expiration of their HAP Contracts at the end of their terms. HUD's Fiscal Year 1998 Appropriations Act, Pub. L. 105-65, signed into law on October 27, 1997, included within it the "Multifamily Assisted Housing Reform and Affordability Act of 1997" (the "1997 Act"), which has been further amended since. The 1997 Act implemented a new "Mark-to-Market" program by which many FHA-insured Section 8 projects with expiring HAP Contracts and above-market rents are eligible for restructuring plans, and, upon restructuring, will receive continuing Section 8 assistance. These restructuring plans may include refinancing and/or partial prepayment of mortgage debt intended to reduce Section 8 rent levels to those of comparable market rate properties or to the minimum level necessary to support proper operations and maintenance, and in many cases is designed to result in a change from "project-based" to "tenant-based" Section 8 payments. The 1997 Act provides, however, that no

restructuring or renewal of HAP Contracts will occur if the owner of a project has engaged in material adverse financial or managerial actions with respect to that project or other federally assisted projects, or if the poor condition of the project cannot be remedied in a cost effective manner.

Although the primary focus of the Mark-to-Market Program is developments that have FHA-insured mortgages with terms ranging from 30 to 40 years and which have HAP Contracts with substantially shorter terms, the 1997 Act contains distinct mortgage restructuring and HAP Contract renewal and contract rent determination standards for Section 8 developments for which the primary financing or mortgage insurance was provided by a State or local government or a unit or instrumentality of such government. Except as noted below, such developments are, under the 1997 Act, excluded from restructuring and instead are eligible for renewals at the least of (i) existing rents, adjusted by an operating cost adjustment factor established by HUD, (ii) a budget-based rent, or (iii) in the case of certain "moderate rehabilitation" Section 8 assistance contracts, the least of (x) existing rents, adjusted by an operating cost adjustment factor established by HUD, (y) existing fair market rents (less any amounts allowed for tenant purchased utilities), or (z) comparable market rents for the market area.

Congress passed the "Preserving Affordable Housing for Senior Citizens and Families in the 21st Century Act" as part of HUD's Fiscal Year 2000 Appropriations Act (the "1999 Act"), which amended portions of the 1997 Act. Under the 1999 Act, Section 8 developments with FHA-insured mortgages for which the primary financing was provided by a unit of state or local government are subject to the Mark-to-Market program unless the implementation of a mortgage restructuring plan is in conflict with applicable law or agreements governing such financing. To the extent any such State and local government financed Section 8 developments with FHA-insured mortgages are determined not to qualify for the Mark-to-Market program, such developments would be treated in the same manner as other Section 8 developments, as discussed above, that do not have FHA-insured mortgages. To the extent any such Section 8 developments are determined to be eligible for the Mark-to-Market program, all or a portion of the debt for such developments may be prepaid as part of a restructuring agreement. The 1999 Act also provides for a new program for the preservation of Section 8 developments that allows increases in the Section 8 rent levels for certain Section 8 developments that have below-market rents, to market- or near market-rate levels. Contract rents under the 1997 Act, as amended, may be significantly lower than the current Section 8 contract rents in the Section 8 Developments, and the corresponding reduction in HAP Payments for such Developments would materially adversely affect the ability of the owners of such Developments to pay debt service on the related Loans. Any termination or expiration of HAP Contracts without renewal or replacement with other project-based assistance (whether due to enactment of additional legislation, material adverse financial or managerial actions by a Borrower, poor condition of the project or other causes) could also have a material adverse impact on the ability of the related Section 8 Developments to generate revenues sufficient to pay debt service on the related Loans.

For FHA-insured projects, a reduction in Section 8 contract rents or the termination or expiration of the HAP Contract (without renewal or replacement with other project-based assistance), as described in the previous paragraphs, could thus result in a default under the related Loan and claims for insurance benefits. The restructuring plans established by the 1997 Act, as a general matter, contemplate restructuring FHA-insured mortgage loans on certain

Section 8 projects through a nondefault partial or full prepayment of such loans. Nondefault prepayment or similar forgiveness or write-down of mortgage debt pursuant to a restructuring of some or all of the Loans on the Section 8 Developments may result in the redemption of an allocable portion of the allocable Bonds at any time with the proceeds the Agency receives from any such prepayment, forgiveness or write-down.

In addition to possible restructuring of Loans on the Section 8 Developments as discussed above, the related loan documents may or may not include a prohibition against voluntary loan prepayments without the express written consent of the Agency. See Appendix B to this Part 2 — "Description of Developments and Loans Expected to be Financed by or Allocable to the Offered Bonds" for certain information regarding the Section 8 Developments.

Certain of the Section 8 Developments have a Mortgage that is not covered by FHA or other mortgage insurance and also have a HAP Contract that expires prior to the maturity of such Mortgage. Following expiration, each such HAP Contract can be renewed for an additional term of between one and five years (20 years in the case of certain projects). Funding of these renewal HAP contracts (like funding of all renewal contracts under the Mark-to-Market Program) is subject to annual appropriation by Congress. For certain such Projects, in the event that the HAP Contract for a Section 8 Development were not to be renewed at the end of its term, or Congress did not appropriate funds for the renewal of HAP contracts generally, a Transition Operating Reserve is required, and would be available to cover any operating deficits during the project's expected transition from the Section 8 subsidy. See Appendix B to this Part 2 — "Description of Developments and Loans Expected to be Financed by or Allocable to the Offered Bonds" and Appendix C – "Description of Developments and Loans Financed By or Expected to be Financed By the Prior Series Bonds."

PROGRAM PROCEDURES AND SERVICING

The following describes the Program as it currently is in effect and pursuant to which the 2014A Loans will be made and certain information relating to other Loans. Features of the Program are subject to change by the Agency. In addition, to the extent that the description of the Program set forth below reflects the current requirements of the Program, the Act, the Loans or HUD, these requirements are subject to change. Other Bonds issued pursuant to the General Indenture may be issued in accordance with the Program as it is in effect at the time such other Bonds are issued.

General

Under the Program, Loans are financed and serviced directly by the Agency as described below. The Loans may provide acquisition, rehabilitation and permanent financing for developments intended for occupancy by persons and families of low or moderate income. Under the Program as currently in effect (although not required by the Indenture), Borrower Loans are required to be in first-lien priority positions over other non-Agency project financing, subject to certain encumbrances, and are required to carry Risk Sharing Insurance. See Appendix B to this Part 2 — "Description of Developments and Loans Expected to be Financed by or Allocable to the Offered Bonds."

Developments are required to meet criteria established by the Agency, including the requirement that the Developments will not discriminate against possible tenants with Section 8 vouchers. Such criteria may provide for the direct financing by the Agency for the permanent financing of Developments in which at least 20% or 40% of the units, as the case may be, with respect to a particular Development, are to be occupied by persons or families whose income is generally not greater than 50% or 60%, respectively, as applicable, of the area median income adjusted for family size. (Compliance with the income limitation is measured by reference to "very low income," which income standards are determined by HUD.) The Agency requires these units to be rented at rents which, when added to the Agency approved utility expense allowance, do not exceed thirty percent (30%) of the income of a household earning fifty percent (50%) or sixty percent (60%), as applicable, of the area median income, adjusted for household size based on an assumed number of occupants depending on the number of bedrooms per unit. State law generally defines low income households as households whose income does not exceed eighty percent (80%) of the median income and very low income households as households whose income does not exceed fifty percent (50%) of median income. In some areas, the low and very low income household limits may be greater than or less than 80% (or 50%, as appropriate) of median income due to adjustments made by HUD to reflect unusually high or low construction costs or income in such areas. The Agency or other government entities may provide, for certain Developments intended for occupancy in whole or in part by low and very low income households, deferred payment loans secured by junior liens and other forms of financial assistance to finance a portion of the costs of such Developments. Appendix B of this Part 2 sets forth information about the Developments which are expected to be financed with proceeds of the Offered Bonds or which will be allocated to the Offered Bonds.

The Indenture permits, but does not require, that Loans made with the proceeds of Bonds be insured, including insurance by FHA under any of its insurance programs, or be in the form of

a Mortgage-Backed Security. The Agency expects that all of the 2014A Loans will be insured by FHA under the Risk Sharing Act.

Loan Processing

General. Each proposal for financing from a housing sponsor is subject to a review and evaluation procedure which, if successfully completed, results in a commitment for financing by the Agency. Additional processing involving the Agency, HUD, if applicable, the developer and the locality, if applicable, culminates in a loan closing and, if applicable, the commencement of the rehabilitation. The Agency has established various requirements and procedures intended to ensure the timely completion of the rehabilitation. After completion and occupancy, the Agency monitors the Development to ensure that the management of the Development complies with the applicable regulatory agreement and sound management practices.

Review and Commitment Procedures. The following review and commitment procedures are those currently being used by the Agency. The Agency anticipates using these or similar procedures in selecting the 2014A Developments, but, at its option, may adopt substantially different procedures.

The Agency review process generally begins with the submission by a developer of an application accompanied by supporting materials and exhibits, including, but not limited to, an income loan analysis prepared by the developer or its consultant, providing an estimate of anticipated income generated from rents that can be substantiated in the market area where the proposed units will be built, acquired or rehabilitated; area and zoning maps together with applicable evidence of zoning compliance; a market study, which for developments with more than 20 units must be prepared by an independent third party; evidence of site control; information concerning the previous experience of each member of the development team; and a site plan.

Members of the Agency's staff review the suitability of the site for acquisition and/or rehabilitation, if applicable, environmental considerations, the extent of need for rental housing in the community and the experience of the prospective developer with rental Developments. This evaluation includes an inspection of site characteristics, surrounding land uses, availability of public transportation and utility systems, access to supporting public facilities and employment opportunities within the region, and the proximity of the site to recreation, health care, social amenities, shopping and educational facilities. Local planning requirements are reviewed to establish the extent of compliance of the proposed rehabilitation with existing zoning regulations. The Agency reviews current rent levels, vacancy rates and the extent of waiting lists for other comparable rental properties within the market area. Subsequently, based upon this evaluation, the staff of the Agency determines the suitability of the project concept. A concept meeting is then conducted among the developer, the development team and the Agency to discuss the economic, management and physical characteristics of the project and the Agency's processing and technical requirements.

Based upon the site evaluation, the loan application and the concept meeting, the staff of the Agency determines the suitability and feasibility of the project concept.

If the Agency and the developer agree to proceed with processing, the developer is required to supplement the application package with additional specific information pertinent to the Development. The acquisition and/or rehabilitation loan application package generally includes a site survey, management plan, marketing plan, marketing expense budget, operating expense budget, affirmative action plan and environmental site assessment.

At the time Agency staff determines that (i) the operating expense projections have been refined, (ii) development costs have been reviewed, (iii) the appraisal supports project value, and (iv) there is a commitment of other lender financing, if applicable, the project is brought before the Board of Directors or Agency Senior Staff (depending upon the dollar amount of the Loan) for authorization to issue a final commitment (the "Final Commitment"). Upon approval by the Board, the Agency evidences its Final Commitment in a letter to the developer setting forth the terms of the Final Commitment, including, as applicable, loan term, fees, construction loan amount, acquisition cost, rehabilitation cost, permanent loan amount, loan closing requirements, cash equity requirements and affirmative marketing plan requests. Upon all conditions of the Final Commitment being satisfied, the loan is closed.

Lending Program

The Agency expects to make Loans for Developments for which acquisition and/or rehabilitation financing is provided by the Agency. The Agency's construction inspectors will visit a Development site while construction is in progress. Loans may be provided with proceeds of taxable or tax-exempt bonds, or other Agency monies.

Preservation Loan Program. The Agency's Preservation Loan Program (also referred to herein as the Acquisition/Rehabilitation Loan Program) funds the acquisition and/or rehabilitation of the Development using its "as is" value. The scope of work is agreed upon between the Borrower and the Agency based on a third party report referred to as a "physical needs assessment." The acquisition and/or rehabilitation Loan may convert to a permanent Loan with the Agency at the same amount or an amount that is lower than the original Loan.

Projects eligible for this program are those that are subject to State prevailing wage requirements even without Agency financing, and that generally are approved by the Agency for permanent financing. Projects are eligible for Agency acquisition and/or rehabilitation financing up to a maximum of 80% of rehabilitation cost, or 90% of restricted value (*i.e.*, the projected value of the Project after completion of planned rehabilitation, taking into account rent and occupancy restrictions), whichever is less.

The acquisition and rehabilitation Loan maturities will be up to 24 months, as determined by the Agency, depending primarily on the project's construction and rent-up schedules. The interest rate for acquisition and rehabilitation loans will be a fixed interest rate. Payments will be monthly, interest-only and may be capitalized and paid from reserves through the Rehabilitation Loan term, paid from cash flow or a combination of both. One six-month extension of an acquisition and/or rehabilitation loan is permitted, if necessary, with a charge of 0.25% of the loan. The fixed interest rate for such loan does not change during the extension period.

Acquisition and Rehabilitation Loans will generally be recourse to the Borrower, (typically an entity whose only asset is the related Development) during the Rehabilitation period, and all such loans are required to be secured by a first-lien deed of trust. Generally, non-Agency loans, leases, development and regulatory agreements must be subordinate to the Agency's Rehabilitation Loan documents. Additional security will be required in the form of a payment and completion guarantee, typically by the developer entity or the sponsor of the development, if different, in the amount of 100% of the Loan amount, accrued interest and any related payments due. Upon completion of rehabilitation but no later than permanent loan closing, the payment and completion guarantee will be released. The required amount of "additional security" may be decreased or increased in the Agency's sole discretion. The Agency may, in its sole discretion, require a letter of credit or cash deposit in the amount of 10% of the construction contract amount in lieu of the payment and completion guarantee. Assignment of rights under non-Agency financing or tax credit equity commitments, or both, will be required. The Agency must approve the selected contractor, based on the contractor's qualifications, experience and credit, and payment and performance bonds will be required at 100% of the contract price.

Loan Closing Procedures — Permanent Loan Closing. Upon completion of rehabilitation, a certificate of completion will be issued and the developer will submit a cost certification, which must be approved by the Agency. The relevant loan closing documents, which generally include a promissory note, deed of trust, financing statement and regulatory agreement, give the Agency a first-lien priority security interest in the real property, or an interest therein, and the construction in place. They also provide the Agency with the power to take possession of the Development upon default and foreclose and sell it if necessary. The Borrower is required to maintain adequate insurance and establish escrows for taxes and insurance. The Borrower is also required to provide a title insurance policy acceptable to the Agency and certifications from its architect and an opinion from its attorney that the Development conforms to all applicable laws, rules, regulations and codes. The Permanent Loan will be a fixed interest rate, and may be fully amortizing for up to 40 years or amortized over a 35 year period and due in 17 to 20 years. Additionally, the Permanent Loan may be prepaid after the later of (a) the fifteenth (15th) anniversary of the conversion of the Rehabilitation Loan to the Permanent Loan; or (b) the expiration of the tax credit compliance period (as defined in the Section 42(i)(1) of the Internal Revenue Code of 1986), as amended from time to time.

Loan Closing Procedures – Acquisition and/or Rehabilitation Loan Closing. Upon approval by the Agency of the plans and specifications of the Development and/or the Development manual, along with the construction line item budget, construction contracts with the general contractor, the architect and the engineer(s) (as appropriate to each Loan), financial sources and uses statements, zoning and title status and posting of appropriate payment and performance bonds, along with any other conditions precedent which the Agency deems as necessary, the Agency closes the acquisition and/or rehabilitation loan. The relevant loan closing documents are the promissory note (which typically but not always specifies new terms and amounts upon conversion from a acquisition and/or rehabilitation loan to a Permanent Loan), a deed of trust, financing statement, regulatory agreement and a Rehabilitation Loan Agreement. In general, the Acquisition/Rehabilitation Loan Agreement specifies requirements associated with conditions necessary for the funding of the Permanent Loan.

Management of Developments

The following management criteria are those currently required by the Agency:

Prior to Final Commitment, the Agency generally reviews the qualifications of the management agent proposed by the developer, including its management experience, its financial statements and references.

Initial Operating Budget. As soon as the number of units and gross rents have been established, and prior to Final Commitment, the developer and management agent prepare and submit a detailed operating budget projecting a typical 12 month operating expense period. This operating budget must be approved by the Agency and is the basis for the various reserves and impound accounts to be funded by the Borrower.

Development Financial Management and Financial Reporting Requirements. Before a Loan is funded, Agency staff reviews and evaluates the existing and/or projected occupancy levels for the related Development. Progress toward achieving a sustaining level of occupancy is a factor in determining the amount of required project reserves.

Commencing with the permanent funding of a Loan, the Agency requires monthly financial reports, audited financial statements and an annual operating budget. Annual physical inspections are made and occupancy compliance is reviewed. The Agency also sends monthly statements to Borrowers itemizing loan principal and interest, hazard insurance premiums, real property taxes, and replacement reserve payments.

Development Controls, Reserves and Insurance

Major areas of control exercised by the Agency as part of its supervision are described below. In appropriate cases, the Agency may waive or modify these controls. Certain of these controls may be applicable only to Developments which receive Section 8 assistance, and others may be applicable only, or potentially applicable only, to Developments financed with certain Bonds issued hereafter.

Equity Requirement. Under the Act as presently enacted, the maximum Loan to limited dividend Borrowers cannot be greater than ninety five percent (95%) of the total Development Costs, and the maximum Loan to public housing authorities and nonprofit Borrowers cannot be greater than one hundred percent (100%) of the total development costs authorized by law and approved by the Agency as reasonable and necessary ("Development Costs"). The Agency's current policy is to limit the loan to value ratio of Loans to the lesser of ninety percent (90%) of the replacement cost or eighty percent (80%) of the economic value of the related Development.

Return on Equity. Generally, the Agency will not limit the return on equity to Borrowers.

Title Insurance. A title insurance policy is required in the full amount of the Loan insuring title to, and the validity and enforceability of the lien of any priority on, the real property, or an interest therein securing such Loan. No title insurance is required for Lender Loans.

Lien. The Loan is required to be secured by a lien of any priority (subject to permitted encumbrances acceptable to the Agency) on the Development. Generally, such liens will be first liens. Lender Loans are not secured by a lien of any priority.

Insurance. Insurance policies on the Developments are required covering fire and other hazards, builder's risk, comprehensive liability and workers' compensation coverage. Certain Loans are required to be covered by earthquake insurance. The Agency currently has in force and intends to maintain, subject to the commercially reasonable availability of such insurance, for its multifamily housing developments (including the Developments), a $55 million earthquake and flood insurance policy subject to a deductible of five percent (5%) of the total insured value of each Development at the time of loss. The policy also includes rental interruption insurance covering a term of one year. The current policy expires November 9, 2014.

Rehabilitation Account. A reserve may be required by the Agency with respect to the rehabilitation of a Development to provide funds, subject to Agency approval, to be used, if necessary, to pay for the rehabilitation construction after all disbursements of Loan funds have been approved by the Agency and drawn by the Borrower. If there remains any excess funds in the Rehabilitation Account after rehabilitation has been completed and fully funded, then the use of such excess funds shall be determined by Agency in its sole and absolute discretion.

Vacancy Factor. In determining the economic feasibility of Developments, the Agency generally allows for a vacancy factor of between three and five percent or a rate that reflects an appropriate vacancy for the Development.

Debt Service Coverage. The Agency may establish a minimum debt service coverage ratio. "Debt service coverage ratio" is defined as the ratio of net income to debt service payments. "Net income" is defined as monthly payments to be made by tenants for the rental of the units located in a Development (excluding utilities) and any miscellaneous revenues and receipts from a Development, including drawdowns from any reserves or escrows provided by the Borrower to cover excesses of operating costs over gross rental income, less the required vacancy allowance (currently three percent to five percent) and operating expenses. "Debt service payments" is defined as total principal and interest payments on the Loan.

Rent Up Reserve. A reserve may be required by the Agency with respect to multi unit developments to supplement income during the initial rent-up period. The Agency will specify the maximum number of months of projected gross rental income of the Development that may be necessary. Monthly disbursements from the rent up account will be applied first to principal and interest payments on the Loan and then to required impounds. If funds remain in the rent up account after the number, specified by the Agency, of consecutive months in which gross rental income equals or exceeds operating expenses, such funds will be disbursed to the Borrower.

Operating Expense Reserve. The Agency may require that a separately funded operating expense reserve be established for each Development, to pay operating expenses not covered by gross rental income, the rent up account and the projected operating expense escrow, if any. Any such operating expense reserve would be funded by the Borrower from sources other than Development income in the form of cash or cash equivalents in an amount equal to a percentage

of the projected initial gross rental income per annum. The operating expense reserve may be required by the Agency to be maintained until two consecutive years have elapsed during which gross rental income is sufficient to meet all operating expenses, debt service payments and reserve requirements.

Replacement Reserve. After the completion of the Development, the Borrower is required to establish a replacement reserve by depositing amounts monthly with the Agency from sources other than proceeds of the Loan. Disbursements from the replacement reserve, which may be made only upon the approval or at the discretion of the Agency, are to be made for the purpose of replacing structural elements or equipment of the Development or for any other purpose consistent with maintaining the financial and physical integrity of the Development.

Impounds. The Borrower is required to pay to the Agency, each month on the day upon which monthly installments of interest and/or principal are due under the Loan, such amounts as the Agency estimates are necessary to create and maintain a fund from which to pay before the same become due, the next maturing taxes, assessments, levies, charges and insurance premiums with respect to the Development.

Fiscal Control. All rents and other revenues from a Development will be placed in a federally insured account and paid out only for specified purposes. The Agency will control all moneys in the various reserves and impounds required for the Development.

Loan Documents

Each Borrower Loan is evidenced by certain documents, including a promissory note (the "Promissory Note"), and secured by a deed of trust with assignment of rents (the "Deed of Trust") and a regulatory agreement (the "Regulatory Agreement"). Acquisition/Rehabilitation Loans have a Rehabilitation Loan Agreement which dictates the specific terms regarding disbursements of Loan Proceeds. In addition, for Loans related to Section 8 Developments, under a related Pledge Agreement, the Borrower assigns to the Agency all rights that the Borrower may have or acquire to the payments under the HAP Contract. These documents are collectively referred to as the "Loan Documents."

Promissory Note. The Promissory Note, payable to the order of the Agency, contains a provision which exculpates the Borrower or, if the Borrower is a partnership, any partner from personal liability on the Promissory Note, except during the rehabilitation period.

Deed of Trust. The Deed of Trust secures the Promissory Note and any additional indebtedness of the Borrower to the Agency and performance by the Borrower of all of the terms, covenants and conditions of the Promissory Note and the other Loan Documents. The Deed of Trust constitutes a lien of any priority (generally a first lien subject only to permitted encumbrances acceptable to the Agency) on the real property for the Development and contains an assignment by the Borrower of all rents, issues and profits of the mortgaged property. The Deed of Trust requires that the Borrower maintain certain types of insurance at such levels as the Agency specifies, and provides that the Agency may require that funds be deposited into escrow for payment of taxes, insurance premiums and other charges against the Development. Upon

default, the Agency has the power to take possession of and operate, and to foreclose upon and sell, the Development.

In the event that a Borrower defaults in the payments on a Loan and the Agency institutes foreclosure or other recovery proceedings, there are certain time periods which must expire before subsequent action may be taken. These delays may derive from the procedures applicable to insurance, as well as those required under California law for the enforcement of creditors' rights. California law is such that the Agency's rights (including its rights under a Promissory Note to payment of principal and interest) secured by a Deed of Trust may, under certain circumstances, only be enforceable by foreclosure on the Development. Thus, the Agency may not be able to sue the Borrower upon the Promissory Note without at the same time and in the same action foreclosing on the Development, and may not be able to sue for payments as they come due. The extent to which these restrictions apply to enforcement of rights other than to the payment of indebtedness, such as to actions to enforce other covenants of the Borrower, has not been definitely determined by California courts. However, the Agency may sue a Borrower to enforce regulatory covenants of the Borrower without in the same action foreclosing on the Development.

In order to obtain title to and possession of the property upon foreclosure, the Agency will normally pursue its rights under the power of sale contained in the Deed of Trust, subject to the constraints imposed by applicable California law. These constraints require that a period of approximately four months elapse between the filing of a formal notice of default and the exercise of the power of sale. During this period, the Borrower will be entitled to reinstate the Loan by making overdue payments. Since there may be a delay of several months after the initial default on a Loan before the notice of default is filed, the period for realizing upon a Deed of Trust could be in excess of seven months after the initial default. Shorter periods of time are possible, however, if the Borrower is willing to execute a deed in lieu of foreclosure or if the property has been abandoned and more rapid foreclosure is required to protect the property, provided such actions are in the best interest of the Agency. Additionally, California law imposes certain other procedural requirements which must be fully complied with if the Agency is to enforce its security interest in the Development. Under the terms of some Loan Documents, the Agency might have no personal recourse against a Borrower.

Regulatory Agreement. The Regulatory Agreement requires the Borrower to operate the Development in conformity with applicable laws, regulations and Program requirements. The Regulatory Agreement requires that each Borrower take such actions as are necessary to ensure that the required percentage of units occupied by very low income households is maintained. The Regulatory Agreement requires that the Borrower obtain a signed management contract with the management agent for the property prior to the loan closing. The management contract must include a provision allowing the Agency to require the Borrower to remove the management agent, with or without cause, upon 30 days' advance written notice (or immediately, at the option of the Agency, in case of a default by the Borrower). It must detail the management agent's responsibilities, including provisions as to maintenance, proof of insurance, collection of rents, enforcement of leases, funding of reserves and accounting. The management agent must furnish, at its own expense, a fidelity bond equal to one month's gross rent for the Development. The Regulatory Agreement also requires the Borrower to establish with the Agency various reserve funds. (See "Program Procedures and Servicing — Development Controls, Reserves and

Insurance.") In the event the Borrower violates any of the provisions of the Regulatory Agreement, and if such violation is not corrected to the satisfaction of the Agency within 30 days after mailing of notice by the Agency, the Agency may declare a default under the Regulatory Agreement. In the event of such a declaration of default, the Agency may declare all amounts evidenced by the Promissory Note to be immediately due and payable, take possession of and operate the Development on behalf of the Borrower, appoint a receiver to take over and operate the Development pursuant to the terms of the Regulatory Agreement or seek any other relief the Agency deems necessary.

PROGRAMS OF THE AGENCY

The Agency is currently operating the financing programs described below. For certain information regarding the indentures of the Agency, including the Indenture, see the financial statements attached as Appendix A to this Part 2.

Homeownership Programs. The Agency has issued bonds pursuant to its Home Mortgage Revenue Bonds indenture to provide funds for the Agency to purchase eligible mortgage loans, and mortgage-backed securities backed by such mortgage loans, secured by first mortgage liens on newly constructed or existing single family homes, condominiums, planned unit developments and manufactured housing permanently attached to the land and originated and serviced by qualified lenders. Mortgage loans purchased under this program (other than certain of such mortgage loans underlying mortgage-backed securities) will be insured either by FHA, the California Housing Loan Insurance Fund, the VA or a private mortgage guaranty insurance policy covering a loss of up to 50% of the outstanding principal amount of the mortgage loans.

Multifamily Housing Revenue Bond III Program. The Multifamily Housing Revenue Bond III Program provides for the construction and/or permanent financing of uninsured loans, loans insured by FHA or loans that underlie a mortgage-backed security for multifamily housing developments through the issuance of Multifamily Housing Revenue Bonds III. The Multifamily Housing Revenue Bonds III are general obligations of the Agency.

Residential Mortgage Revenue Bonds Indentures (Single Family Programs). The Agency developed two indentures in connection with the New Issue Bond Program of the Housing Finance Agency Initiative (the "HFA Initiative") announced by the United States Department of the Treasury on October 19, 2009 (the "New Issue Bond Program"). Proceeds of bonds previously issued under these indentures are applied to purchase mortgage-backed securities or, in the case of one such indenture, mortgage loans, secured by mortgage liens on newly constructed or existing single family homes, condominiums, planned unit developments, and manufactured housing permanently attached to the land. The Residential Mortgage Revenue Bonds under each such indenture are limited obligations of the Agency.

Affordable Multifamily Housing Revenue Bonds Indenture. The Agency developed this indenture in connection with the New Issue Bond Program. Proceeds of bonds issued under this indenture are applied to finance and refinance affordable multifamily housing developments. The Affordable Multifamily Housing Revenue Bonds are limited obligations of the Agency.

Conduit Financing for Affordable Multifamily Housing. The Agency has issued bonds to finance and refinance a number of affordable multifamily housing developments on a conduit basis, meaning that the bonds issued are special, limited obligations of the Agency, typically issued under a single stand-alone indenture for each development, payable only from revenues of the subject developments. The Agency takes no real estate or other credit risk with respect to such financings.

CERTAIN RECENT DEVELOPMENTS

The following provides a brief overview of certain recent developments concerning the Agency and the Program. The information set forth herein does not purport to be a complete description of all developments affecting the Agency or the security for the Offered Bonds. Additional information is set forth in "Certain Investor Considerations," below in this Part 2. For additional information pertaining to financial and operating information of the Agency, see Appendix A to this Part 2 – "Financial Statements of the Agency for the Fiscal Years Ended June 30, 2013 and 2012," and Appendix D to this Part 2 — "Certain Agency Financial Information and Operating Data."

Certain Recent Changes in the Agency's Financial Position

The Agency has in recent years executed various strategies to improve its financial position and the financial position of the Indenture. These efforts have yielded the following results, among others:

1. The outstanding principal balance of variable rate demand obligations under the Indenture that are supported by the Temporary Credit and Liquidity Program ("TCLP") sponsored by Fannie Mae, Freddie Mac, the Federal Housing Finance Agency and Treasury as part of the HFA Initiative, has steadily decreased from $717.4 million as of June 30, 2009 to $240.7 million as of March 1, 2014.

2. Total net swap payments for all of the Agency's fixed-payer interest rate swaps have steadily declined from $67 million for the six-month period from August 1, 2009 to January 31, 2010 to $34 million for the six-month period from August 1, 2013 to January 31, 2014. The total notional amount of the Agency's fixed-payer interest rate swaps declined from $3.6 billion as of August 1, 2009 to $1.5 billion as of February 1, 2014.

3. The use of generally available funds of the Agency to pay net interest rate swap payments made in respect of the Agency's Home Mortgage Revenue Bonds has steadily declined from $54.9 million for the six-month period from August 1, 2009 to January 31, 2010 to $23.7 million for the six-month period from August 1, 2013 to January 31, 2014. See "Certain Investor Considerations ─ Agency General Obligation Support" below.

4. 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 February 6, 2014 and March 13, 2014, the Agency's collateral posting requirements have at all times remained below $51 million.

5. Equity held under the Indenture has steadily increased from $72 million as of June 30, 2009 to $151 million as of June 30, 2013. The ratio of assets to liabilities under the Indenture has increased from 106% to 123% over the same period. [1]

The Agency has pursued a number of strategies in furtherance of the results described above, including bond refundings, securitizations of whole loans, and use of prepayments of whole loans and excess revenues and income to redeem variable rate bonds. The Agency expects in the coming years to continue pursuing these and other strategies with the objective of improving its overall financial position in general, and in particular reducing the outstanding balance of its variable rate debt obligations and reducing its reliance on TCLP. No assurance can be given that such strategies will fully achieve their intended results.

Recent Ratings Actions

On December 19, 2013, S&P confirmed the Agency's issuer credit (i.e., general obligation) rating at A- and moved its rating outlook from negative to stable. At the same time, S&P provided a rating of "AA" with stable outlook for Multifamily Housing Revenue Bonds III. Previously, S&P's rating of Multifamily Housing Revenue Bonds III was based upon and equal to the Agency's issuer credit rating. On February 28, 2014, Moody's affirmed the Agency's issuer rating at "A3", and revised the outlook on the issuer rating from negative to stable. On March 27, 2014, Moody's upgraded its Multifamily Housing Revenue Bonds III credit rating from "A3" to "A1" with stable outlook. Previously, Moody's rating of Multifamily Housing Revenue Bonds III was based upon and equal to the Agency's issuer rating.

CERTAIN INVESTOR CONSIDERATIONS

This section of this Official Statement describes certain factors and considerations that may affect the security for the Bonds, including the Offered Bonds, and the general credit of the Agency, including matters relating to the Agency's Home Mortgage Revenue Bond Indenture, variable rate bonds, interest rate swaps, the Insurance Fund, the Agency's other program commitments, economic conditions and government action, as discussed below. Potential investors should consider, among other matters, these factors and considerations in connection with any purchase of the Offered Bonds. The following discussion is not meant to present an exhaustive list of the risks associated with the purchase of any Offered Bonds (and other considerations that may be relevant to particular investors) and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors and considerations, along with all other information contained or incorporated by

[1] Equity and asset to liability ratio figures are derived from the Agency's audited financial statements and do not reflect the impact of Government Accounting Standards Board Statement No. 53 ("GASB 53"), which generally requires certain derivative investments to be reported at fair market value for periods beginning after June 15, 2009.

reference in this Official Statement, in evaluating whether to purchase the Offered Bonds. For additional information pertaining to financial and operating information of the Agency, see Appendix A to this Part 2 – "Financial Statements of the Agency for the Fiscal Years Ended June 30, 2013 and 2012" and Appendix D to this Part 2 — "Certain Agency Financial Information and Operating Data."

Agency General Obligation Support

The Agency has made certain discrete and limited financial commitments to the Agency's Home Mortgage Revenue Bond program that are payable from certain moneys of the Agency available in the California Housing Finance Fund (which is administered by the Agency) (the "Housing Finance Fund"). For example, the Agency makes net payments on certain interest rate swap agreements in respect of Home Mortgage Revenue Bonds ("Designated Hedges"), including payments, if any, owed upon termination of such Designated Hedges. Accordingly, as the Bonds are general obligations of the Agency, such commitments may, in certain circumstances, affect the financial condition of the Housing Finance Fund and, therefore, the security for the Bonds.

Risks Relating to Variable Rate Bonds

General. As of March 1, 2014, approximately $342.8 million principal amount of the Outstanding Bonds were variable rate obligations. Approximately $102.0 million principal amount of such variable rate obligation Bonds bore interest at an auction rate or indexed rate or were otherwise not supported by a liquidity facility, including approximately $76.8 million principal amount of Bonds whose rates were intended to be determined by periodic auctions ("ARSs"). In addition, as of March 1, 2014, approximately $1.3 billion principal amount of the Agency's Home Mortgage Revenue Bonds were variable rate obligations, including approximately $515.8 million principal amount of bonds that bore interest at an indexed rate or that were otherwise not supported by a liquidity facility. None of the Agency's Home Mortgage Revenue Bonds are ARSs. Successful auctions with respect to ARSs generally have not been held since 2008, and such bonds currently bear interest at a calculated rate based on a multiple of the highest of certain financial indices. Any increase in such underlying indices in the absence of successful auctions would disproportionately increase the interest due on such bonds. Except for bonds that bear interest at an indexed rate or that are otherwise not supported by a liquidity facility (such as ARSs), all of the Agency's variable rate bonds, including certain of the Bonds, are currently supported by a credit and liquidity facility provided by Fannie Mae and Freddie Mac (the "GSE Credit and Liquidity Facility") under TCLP. Participation in the TCLP requires the Agency to make certain programmatic covenants, applicable while the GSE Credit and Liquidity Facility remains in place, under a Reimbursement Agreement with Fannie Mae and Freddie Mac, including limitations on release of cash and assets from the lien of the Indenture that are more restrictive those in the Indenture. The GSE Credit and Liquidity Facility expires as of December 23, 2015.

Failure of Remarketings. Liquidity facility bonds that are not remarketed upon optional or mandatory tender, including mandatory tender upon expiration of a liquidity facility that has not been renewed or replaced, are purchased by the applicable liquidity provider and become "Bank Bonds." The Agency has not experienced any failed remarketings with respect to

liquidity facility bonds since the GSE Credit and Liquidity Facility was put in place in December 2009.

Principal Payment Requirements for Bank Bonds. Under the terms of certain types of liquidity facilities, including the GSE Credit and Liquidity Facility, a failure to successfully remarket certain Bank Bonds for a period of time will trigger "term out" provisions requiring such Bank Bonds to be redeemed in installments over periods varying from two to ten years, depending on the Liquidity Facility terms. The GSE Credit and Liquidity Facility has a ten-year term-out period without required installments, but requires all Bank Bonds to have been retired by December 2022 (*i.e.,* by the end of tenth year following the original expiration of the GSE Credit and Liquidity Facility). However, in all cases, including with respect to the GSE Credit and Liquidity Facility, the obligation to redeem Bank Bonds subject to such term-out provisions is payable solely from amounts available under the Indenture for scheduled Principal Installments of the related Series and certain redemptions of Bonds of the related Series from Recoveries of Principal and excess Revenues and Income. Excess revenues generally cannot be released from the lien of the Indenture at any time when Bank Bonds are outstanding. The Agency has not structured the maturities and Sinking Fund Installments with respect to liquidity facility bonds assuming that such Bonds would become Bank Bonds and be subject to such mandatory redemption.

Rollover Risk with Respect to Liquidity Facilities. When Liquidity Facilities, including the GSE Credit and Liquidity Facility, expire, the Agency may not be able to replace such facilities, or may only be able to replace them by paying significantly higher periodic liquidity facility fees. In the alternative, if no replacement facility is available, the related variable rate Bonds are subject to mandatory tender and the Agency may elect to cause such bonds to bear interest at an auction rate, a fixed interest rate or an indexed rate. If one of those alternatives is not implemented, the liquidity facility bonds are purchased by the applicable liquidity provider and become "Bank Bonds," which, if not successfully remarketed for a period of time, become subject to redemption as described above under "Principal Payment Requirements for Bank Bonds." Bank Bonds generally bear interest at higher rates than variable rate bonds that have been successfully remarketed. Bank Bonds under the GSE Credit and Liquidity Facility will bear interest at a rate not less than the prime rate of JPMorgan Chase Bank, National Association, plus 2.0%. In addition, the periodic fee for the GSE Credit and Liquidity Facility and levels currently being quoted for replacement liquidity facilities are substantially higher than was assumed in the original cash flow statements for each series of bonds, which cash flow statements may also not have assumed Bond interest rates at Bank Bond levels. The GSE Credit and Liquidity Facility is scheduled to expire on December 23, 2015. The Agency may not be able to renew or replace such facility, or may only be able to renew or replace such facility by paying significantly higher periodic liquidity facility fees than originally anticipated.

Risks With Respect to Interest Rate Swaps

The Agency has entered into interest rate swap agreements relating to a portion of its variable rate bonds, in each case with one or more counterparties.

"Basis" Risk. The purpose of the Agency's swap agreements is to place the aggregate net obligation of the Agency with respect to the portion of the related program financed by such

bonds on an approximately fixed-rate basis. Generally, the Agency's payments to the counterparty are determined on a fixed rate basis and the counterparty's payments to the Agency are determined on the basis of a variable index designed to match as closely as practicable the variable rates to be paid from time to time by the Agency on the related bonds. For a number of possible reasons, at any time the actual variable rate paid by the Agency on a series of bonds may be higher than the variable index determining the Agency's receipts under the related swap agreement. The risk of such a mismatch is commonly known as "basis risk." The reasons for basis risk include, but are not limited to, general market disruptions, unexpected or unusual changes in the relationship between taxable and tax-exempt rates, and financial problems encountered by the providers of Credit Facilities and Liquidity Facilities relating to such bonds (including credit rating downgrades) and other rating actions related to bonds. The original cash flow statements for variable rate bonds generally have assumed that the variable index with respect to a swap agreement would equal the actual variable rate paid on the related bonds and have not assumed any basis risk.

Termination Risk. "Termination Risk" is the risk that an interest rate swap must be terminated prior to its scheduled amortization under circumstances that would require a termination payment by one of the counterparties. The Agency's swap agreements provide for a number of termination "events," i.e., circumstances under which the swaps may or must be terminated early. Such events include, for example, a bankruptcy or payment default or a reduction in a counterparty's credit ratings with a failure of such counterparty to post sufficient collateral to offset its rating downgrade. If a termination is required, the swap valuation may determine both the amount of the termination payment and the counterparty required to make the termination payment. Termination payments, if any, made to the counterparties by the Agency under the swap agreements will be paid from other available funds of the Agency and not from Revenues pledged under the Indenture (except to the extent that any such Revenues are released to the Agency in accordance with the Indenture). Termination payments, if any, received by the Agency under the swap agreements related to the Bonds are pledged under the Indenture.

Posting of Collateral. Most of the Agency's swap agreements require that the parties to the agreements post collateral to secure their payment obligations under the agreements under certain circumstances. Each party is typically required periodically to post eligible collateral in favor of the other party (the "Secured Party") in the event that the termination payment that would be owed to the Secured Party if the agreement were terminated on the date of measurement exceeds a certain threshold established under the contract. These thresholds, which constitute the maximum uncollateralized exposure of either party to the other party, are scaled to be higher for higher-rated parties and lower for lower-rated parties. If collateral is required to be posted, the swap valuation may determine both the amount of the collateral to be posted and the counterparty required to post the collateral. Reductions in the Agency's general obligation rating (currently A3 and A- from Moody's and S&P, respectively) could result in the Agency being required to post substantial amounts of collateral under its swap agreements, which could impair the liquidity of the Housing Finance Fund. The Agency cannot offer any assurances regarding future actions by the Rating Agencies or any collateral posting requirements that might result from such actions. See Part 1 – "RATINGS" for information specific to the ratings applicable to the Offered Bonds.

Principal Amount/Notional Amount Mismatch Risk. Variable rate bonds are generally subject to redemption with recoveries of principal and certain excess revenues and income. The notional amounts of the interest rate swaps relating to such bonds generally decline over time based on assumptions about the receipt of recoveries of principal on the mortgage loans relating to such bonds. Some, but not all, of the swaps also provide that the Agency may reduce the notional amount of such interest rate swaps without making any termination payment. The Agency has generally designed various features of each series of related bonds so that the principal amount of the variable rate bonds of a series equals the notional amount of the related interest rate swap over a range of actual mortgage loan prepayments. From time to time prepayments on the mortgage loans related to a swap are outside that range, resulting either in unhedged variable rate bonds or in the notional amount of the swap exceeding the principal amount of the related bonds.

Unhedged Variable Rate Bonds

As of March 1, 2014, approximately $1.6 billion of the Agency's outstanding bonds are variable rate obligations, including approximately $342.8 million of variable rate Bonds under the Indenture. In addition, the Agency's total notional amount of fixed-payer swaps outstanding is approximately $1.5 billion as of such date, including approximately $492.3 million total notional amount outstanding in respect of Bonds under the Indenture. The interest rates on such bonds may vary substantially, depending on market conditions, the credit quality of credit and liquidity providers and the success of the remarketing agent in remarketing bonds that are tendered for purchase. The original cash flow statements for Series with variable rate bonds may not have assumed interest rates as high as those actually experienced from time to time.

Risks Relating to the Insurance Fund

The Insurance Fund, a separate statutory fund administered by the Agency, provides mortgage insurance coverage for certain of the single-family mortgage loans held under the Home Mortgage Revenue Bonds Indenture (the "HMRB Indenture"). The Insurance Fund is the primary mortgage insurance provider for a substantial portion of the loans held under the HMRB Indenture. The Insurance Fund also provides supplemental coverage, as required by the HMRB Indenture, for the difference between the amount of any primary mortgage insurance for any mortgage loan and 50% of the outstanding principal balance of such Mortgage Loan.

The Agency previously provided, by way of contractual arrangement, support of the Insurance Fund's supplemental coverage obligations with respect to the HMRB Indenture. Such support is no longer in effect, and no further HMRB Indenture supplemental coverage indemnification payments are expected to be made by the Agency to the Insurance Fund.

On or about September 8, 2011, the Insurance Fund first depleted its funds available to pay claims and expenses. Subsequently, the Insurance Fund has applied its share of premiums received from policies still in force, together with any other available funds received, toward payment of the Insurance Fund's obligations on a "first-in, first-out" basis. The inability of the Insurance Fund to make timely payments of claims for primary mortgage insurance or supplemental coverage has led, and is expected to continue in the future to lead, to unreimbursed losses with respect to single-family mortgage loans.

Risks With Respect to Investment Securities

Funds and accounts under the Indenture are permitted to be invested in Investment Obligations. See "Summary of Certain Provisions of the General Indenture — Investment of Funds." If the obligor on an Investment Security should encounter financial problems, payments could be delayed or losses could occur.

As of December 31, 2013, approximately $19 million held in funds and accounts under the Indenture (approximately 29% of all moneys held in funds and accounts under the Indenture) were invested in investment agreements with providers rated "A" or better by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), and "Baa" or better by Moody's Investors Service, Inc. As of December 31, 2013, approximately $1.4 million held in funds and accounts under the Indenture (approximately 2% of all moneys held in funds and accounts under the Indenture) were invested in the U.S. Bank Open Commercial Paper account managed by U.S. Bank National Association. As of December 31, 2013, approximately $15.7 million held in funds and accounts under the Indenture (approximately 23% of all moneys held in funds and accounts under the Indenture) were invested in the Surplus Money Investment Fund ("SMIF"), a portion of the California Pooled Money Investment Account ("PMIA") managed by the Treasurer of the State of California. For more information regarding the investment guidelines governing PMIA, contact the Trustee. As of December 31, 2013, approximately $31.2 million held in funds and accounts under the Indenture (approximately 46% of all moneys held in funds and accounts under the Indenture) were invested in FNMA mortgage-backed securities.

Uncertainties in Financial Markets

Uncertainties, disruptions or volatility in the financial markets, including but not limited to, credit or liquidity provider credit rating downgrades, swap provider credit rating downgrades, defaults under swap agreements, substantial fund flows into or out of the market for variable rate bonds, government monetary and fiscal policy and other factors affect market rates for variable rate bonds and the rates on the Agency's variable rate bonds. Moreover, although the Agency, in the course of administering its programs, has established (including by means of provisions of the related indenture) a number of criteria that depend on the credit rating of a counterparty with whom the Agency may be dealing, such ratings reflect only the views of the respective rating agency and a high credit rating is not a guarantee of performance by such a counterparty.

Uncertainties in Mortgage and Real Estate Markets

The mortgage and residential real estate markets periodically face uncertainties that create risk for market participants, including the Agency. General market uncertainties that exist from time to time include interest rate volatility, changes in tolerance for credit risk, unavailability of certain mortgage products, decline or instability in residential real estate values, concerns about the financial health and market participation of Fannie Mae and Freddie Mac and other secondary mortgage market participants, changes in legislative requirements relating to mortgage lending disclosure and the exercise of mortgage remedies, the health of various financial institutions, insurance companies and other market participants and the health of the residential construction industry. Many sectors of the California residential real estate market

have experienced, to varying degrees, increasing mortgage loan delinquency and foreclosure rates and declines in the market value of residences.

Risks Relating to Assumptions and Projections

Certain information in this Official Statement is based upon projections and assumptions about, among other things, the rate of prepayment of Mortgage Loans, the level of Mortgage Loan defaults, the interest rates on variable rate bonds, and the effectiveness of the Agency's hedging strategies with respect to variable rate bonds. In addition, the structuring of each series of bonds and the preparation of cash flow statements, as applicable, involves the making of similar projections and assumptions. These projections and assumptions are subject to risks and uncertainties, including risks and uncertainties outside the control of the Agency. The accuracy of such projections and assumptions is subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from such projections and assumptions. Differences in actual results from projections may be difficult to recognize in a timely manner for purposes such as the adjustment of requirements relating to single-family mortgage loans. Material differences could result in a variety of unpredictable consequences which could adversely affect the ability of the Agency to pay debt service on the Bonds.

Uncertainties With Respect to Additional Bonds or New Programs

Additional bonds of the Agency could be structured in ways that create additional risks. In addition, the Agency has reserved the right to implement new programs, by means of a new indenture, under which could be issued new bonds that are separately secured from bonds issued under existing indentures. Implementing such a new program may result in reduced flexibility to correct any cash flow problems that might materialize under the Indenture. Even without the creation and implementation of such new programs, a similar reduction in flexibility could result if issuances under the Indenture or other indentures of the Agency ceased.

Uncertainties Relating to Government Action

Possible Federal or State Legislation Relating to the Rights of Mortgagors. Congress and the State Legislature have enacted and could enact further legislation that adversely affect the timing and amount of the Agency's recoveries from mortgage loans and thereby adversely affect the financial condition of the Housing Finance Fund and, in certain circumstances, the security for the Agency's bonds.

While the Due Process Clause of the United States Constitution protects against certain contract impairments by the federal government, the Due Process Clause may not adequately protect owners of bonds against adverse effects of federal legislation or action. The provisions of the United States Constitution discussed below under "Possible State Amendment of the Act," affording protection to the Owners of the Bonds against contract impairments by State action, do not apply to the federal government.

Possible State Amendment of the Act. The Act and the General Indenture include a pledge by the State that the State will not limit or alter the rights vested in the Agency to fulfill the terms of any agreements made with the Bondholders or in any way impair the rights and

remedies of such holders until such Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully met and discharged. This provision of the Act affords limited but not complete protection for the owners of Bonds against amendment of the Act. Owners of the Bonds are entitled to the benefit of the prohibitions in Article I, Section 10, of the Constitution of the United States (the "Contract Clause") against a state's impairment of the obligation of contracts. The prohibition, although not absolute, is particularly strong when applied to the State's attempt to evade its own obligations. Similar protections are afforded by Article I, Section 9, of the State Constitution.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following statements are brief summaries, which do not purport to be comprehensive, of certain provisions of the Indenture.

Certain Defined Terms

"*Account*" means an account or fund created by or pursuant to the Indenture.

"*Accreted Value*" means, on any particular date of calculation with respect to any particular Bond the interest on which is not payable at least semiannually (except for an initial period not to exceed one year), an amount equal to the original reoffering price of such Bond compounded on each Interest Payment Date or Principal Installment Date for Bonds of the same Series at the Original Issue Yield for such Bond, less interest paid, as of the Interest Payment Date or Principal Installment Date next preceding such date of calculation.

"*Acquired Development*" means a Development constructed, owned, operated or administered by the Agency by reason of the Agency's obtaining possession thereof when the Borrower Loan with respect thereto is a Defaulted Loan.

"*Acquired Development Expense Requirement*" means such amount of money as may, from time to time, be determined by an Officer's Certificate to be necessary for the payment or as a reserve for the payment of any costs and expenses incurred in connection with all Acquired Developments.

"*Acquired Development Receipts*" means all moneys received by the Agency in connection with Acquired Developments.

"*Bond*" means any bond or bonds, as the case may be, authorized under, secured by, and issued pursuant to, the General Indenture.

"*Bond Reserve Account Requirement*" means, as of any particular date of calculation with respect to any particular Series, the amount specified for such date of calculation in the related Series Indenture; which Requirement, as to any Series, may be satisfied by a letter of credit, surety bond or other source of moneys if so provided in the related Series Indenture.

"*Borrower*" means the owner of a Development and the direct or indirect obligor on a Borrower Loan.

"*Borrower Loan*" means a loan made, purchased or otherwise acquired with the proceeds of Bonds, with the proceeds of a Lender Loan or through a Mortgage-Backed Security for the construction or permanent financing of one or more Developments, and for which the obligation to repay is evidenced by a Note and secured by one or more Deeds of Trust, or a participation in such a Loan.

"*Business Day*" means any day other than (i) a Saturday, a Sunday or another day on which banking institutions in the State of California are authorized or obligated by law or executive order to be closed, (ii) a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed and (iii) with respect to any Series, a day upon which commercial banks are authorized or obligated by law or executive order to be closed in the city in which demands for payment are to be presented to any Credit Provider of such Series.

"*Capitalized Interest*" means interest to be paid or reserved from the proceeds of the issuance of Bonds or other amounts deposited by the Agency in the Program Account.

"*Costs of Issuance*" means items of expense payable or reimbursable directly or indirectly by the Agency and related to the authorization, sale and issuance of Bonds.

"*Counsel's Opinion*" means a written opinion, including supplemental opinions thereto, addressed to the Agency and signed by an attorney or firm of attorneys (who may be counsel for the Agency) acceptable to the Agency and the Trustee.

"*Credit Facility*" means any supplemental credit support or supplemental liquidity support for a Series.

"*Credit Provider*" means any person, firm or entity designated in a Series Indenture or Supplemental Indenture as providing supplemental credit support or liquidity support for a Series of Bonds.

"*Deed of Trust*" means a deed of trust or other instrument which constitutes a lien on real property and improvements thereon and secures the obligation to repay a Borrower Loan.

"*Defaulted Loan*" means any Loan described in an Officer's Certificate and stated to be in default in accordance with its terms.

"*Development*" means any residential structure, housing development, multifamily rental housing or mobile home park, financed by one or more Loans made, purchased or otherwise acquired with the proceeds of Bonds.

"*Escrow Payments*" means any payments made with respect to any Borrower Loan in order to obtain or maintain loan insurance, any subsidy and any fire or other hazard insurance and any payments required to be made with respect to any Borrower Loan for reserves or escrows for operating expenses or replacements or for taxes or other governmental charges or similar charges to be paid by a Borrower and required to be escrowed pending their application.

"*Fiduciaries*" means the Trustee and any Paying Agents and any other person identified as such by a Series Indenture.

"*Hedging Instrument*" means any interest rate, currency or cash-flow swap agreement, interest rate cap, floor or option agreement, forward payment conversion agreement, put, call or other agreement or instrument to hedge payment, interest rate, spread or similar exposure, which meets the requirements of the Indenture and which in each case is a general obligation of a counterparty whose general obligations at the time of execution of the Hedging Instrument are rated "A" or equivalent or better by each Rating Agency and is designated as a Hedging Instrument related to the Bonds.

"*HUD*" means the United States Department of Housing and Urban Development or its successor.

"*Interest Requirement*" means, as of any particular date of calculation, with respect to any particular Series Outstanding on such date of calculation, an amount equal to the sum of

(1) any previously unpaid interest then due on Outstanding Bonds of such Series (including any amount required to be reimbursed to any Credit Provider for payment of such interest), plus

(2) an amount equal to the interest accrued and unpaid on Outstanding Bonds of such Series as of such date of calculation, but not including the interest portion of the Accreted Value. For purposes of this definition as applied to Bonds bearing interest at a variable rate, any assumptions made in the calculation of interest in connection with the issuance of such Bonds shall be as set forth in the related Series Indenture, and any assumptions made in the calculation of interest in connection with the other matters arising under the Indenture shall be as set forth in the related Series Indenture or as set forth in an Officer's Certificate consistent with the related Series Indenture.

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

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

(2) bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by Federal Land Banks or Federal Intermediate Credit Banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and Banks for Cooperatives established under the Farm Credit Act of 1933, as amended, bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, stock, bonds, debentures and other obligations of Fannie Mae or of the Government National Mortgage Association, established under the National Housing Act, as amended, bonds of any Federal Home Loan Bank established under said act, bonds, debentures and other obligations of the Federal Home Loan Mortgage

Corporation guaranteeing timely payment of principal and interest, bonds, notes, and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended, except, in each case, securities evidencing ownership interests in specific portions of the interest on or principal of such obligations;

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

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

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

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

(7) investment agreements with corporations, financial institutions or national associations within the United States the general obligations of which (or, if payment of such investment agreement is guaranteed, the general obligations of the guarantor) are rated within the highest three Rating Categories by each Rating Agency;

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

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

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

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

"*Lender*" means a financial institution which borrows money from the Agency in order to make, purchase or otherwise acquire a Borrower Loan.

"*Lender Loan*" means a loan made by the Agency to a Lender to finance one or more Borrower Loans, or a participation in such a loan made to a Lender.

"*Liquidity Facility*" means any Credit Facility, or that portion of any Credit Facility, under which amounts may be drawn or otherwise made available to provide moneys with which to purchase Bonds tendered pursuant to their terms by Bondholders prior to their respective maturity dates or dates fixed for redemption.

"*Liquidity Provider*" means any person, firm or entity designated in a Series Indenture or Supplemental Indenture as providing a Liquidity Facility.

"*Loan*" means a Borrower Loan or a Lender Loan or a Mortgage-Backed Security.

"*Loan Expenses*" means the cost of real estate taxes, appraisal fees, insurance fees, legal fees and any other expenses which may be required to maintain any priority of the Agency's lien, to protect or enforce the Agency's rights, or to maintain in full force and effect or realize the benefits of any insurance or guarantee, on or with respect to any Loan.

"*Loan Principal Prepayments*" means any amounts, other than Risk Sharing Reimbursements, received by the Agency or the Trustee representing recovery of the Principal Balance of a Loan (exclusive of amounts representing regularly scheduled principal payments) as a result of

(1) any voluntary prepayment of all or part of the Principal Balance of a Loan, including any prepayment, fee, premium or other such additional charge;

(2) the sale, assignment or other disposition of a Loan (including assignment of a Loan to collect upon mortgage insurance, if any);

(3) the acceleration of a Loan (for default or any other cause) or the foreclosure or sale under a Deed of Trust or other proceedings taken in the event of default of such Loan; and

(4) compensation for losses incurred with respect to such Loan from the proceeds of condemnation, title insurance or hazard insurance.

"*Loan Reserve Account Requirement*" means, as of any particular date of calculation with respect to any particular Series, the amount specified for such date in the related Series Indenture, which Requirement, as to any Series, may be satisfied by a letter of credit, surety bond or other facility if so provided in the related Series Indenture.

"*Mortgage-Backed Security*" means a pass-through certificate, mortgage participation certificate or other mortgage-backed security issued by or in the name of, and guaranteed as to timely payment of principal and interest by, the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association or the Government National Mortgage Association or, in each case, any successor federally-sponsored association or agency, registered or recorded in book-entry form in the name of the Trustee or the Agency, and backed by or representing an undivided interest in one or more Borrower Loans, or a participation interest in any of the foregoing types of securities.

"*Original Issue Yield*" means, with respect to any particular Bond, the original issue yield to maturity of such Bond from the initial date of delivery of such Bond, calculated on the basis of semiannual compounding on the Interest Payment Dates and Principal Installment Dates for Bonds of the same Series.

"*Principal Amount*" means, as of any particular date of calculation with respect to any particular Bonds, the sum of (a) the principal amount as of such date of calculation of such Bonds not having an Accreted Value, plus (b) the Accreted Value as of such date of calculation of such Bonds having an Accreted Value.

"*Principal Balance*" means, with respect to each Loan, the unpaid principal balance

thereof.

"*Principal Installment*" means, as of any particular date of calculation and with respect to any particular Series Outstanding on such date of calculation and with respect to any particular future date, an amount of money equal to the sum of (1) the Principal Amount of Outstanding Bonds of such Series which mature on such future date, reduced by the aggregate Principal Amount of such Outstanding Bonds of such Series which would at or before such future date cease to be Outstanding by reason of the application of Sinking Fund Installments at or before said future date, and (2) the amount of any Sinking Fund Installment payable on such Series on such future date.

"*Principal Installment Date*" means, with respect to any particular Series of Bonds, any date on which a Principal Installment with respect to such Series is required to be made.

"*Principal Requirement*" means, as of any particular date of calculation, with respect to any particular Series Outstanding on such date of calculation, an amount equal to the sum of (1) any previously unpaid Principal Installment of such Series then due (including any amount required to be reimbursed to any Credit Provider for payment of such Principal Installment) and (2) the portion of each Principal Installment for such Series that is to have been transferred to the Bond Account assuming ratable transfer (in proportion to the number of months elapsed) over the Principal Payment Period for such Bonds ending on the date such Principal Installment is due.

"*Rating Agency*" means, at any particular time with respect to any particular Series, any nationally recognized credit rating service designated by the Agency for such Series, if and to the extent such service has at the time one or more outstanding ratings of such Series. The Agency

shall at all times have designated for each Series at least one such service as a Rating Agency for the Series.

"*Rating Category*" means one of the general rating categories of a Rating Agency (in the case of long-term securities only, without regard to any refinement or graduation of such category by numerical or symbolic modifier or otherwise).

"*Revenues*" means amounts received by the Agency or the Trustee

(1) as or representing payment or recovery of the principal of or interest on any Loan, including, without limiting the generality of the foregoing, scheduled payments of principal and interest on any Loan and paid from any source (including both timely and delinquent payments and any late charges) and Loan Principal Prepayments,

(2) any fees paid with respect to any Loan and expressly designated for deposit under the Indenture,

(3) amounts paid under any Deed of Trust or other Loan document as damages or reimbursement of expenses or otherwise,

(4) all Acquired Development Receipts,

(5) all amounts so designated by any Supplemental Indenture and required by such Supplemental Indenture to be deposited in the Revenue Account,

(6) all interest, profits or other income derived from the investment of amounts in any Account, and

(7) amounts received by the Agency or the Trustee under any Hedging Instrument;

but "Revenues" shall not include

(a) Escrow Payments,

(b) any amounts representing reimbursement to the Agency of advances of principal of or interest or expenses incurred by the Agency in connection with the collection or recovery of principal, or interest on, or other amounts due under, any Loan,

(c) the proceeds of hazard insurance to the extent used to repair or rebuild a damaged Development,

(d) servicing fees, insurance premiums, closing fees, finance charges, administrative fees, commitment fees or other similar fees, premiums or charges imposed by the Agency,

(e) amounts deposited in an Agency Payment Account, or

(f) amounts derived from any Credit Facility.

"*Risk Sharing Insurance Payments*" means amounts paid by HUD under the Risk Sharing Act representing initial claim payments (less any delinquent mortgage insurance premiums, late charges and interest or other amounts as may be assessed by HUD) in connection with an insurance claim with respect to a Loan.

"*Risk Sharing Reimbursement*" means moneys which, under the regulations applicable to the loan insurance provided pursuant to the Risk Sharing Act, are required to be paid to HUD following HUD's payment of an insurance claim with respect to a Loan, including but not limited to:

(a) that portion of an initial claim payment by HUD in excess of the amount necessary to retire Bonds which financed or are deemed by the Agency to have financed the related Loan;

(b) Loan payments by a Borrower after payment of an insurance claim by HUD with respect to such Loan, up to an amount equal to that amount due to HUD; and

(c) that portion of the proceeds from the foreclosure of the related Loan equal to the amount due HUD.

"*Secured Obligations*" means

(1) the obligation of the Agency to pay the principal of, and the interest and premium, if any, on, all Bonds according to their tenor, and the performance and observance of all the Agency's covenants and conditions in the Bonds and the Indenture;

(2) each obligation of the Agency to reimburse-a Credit Provider for amounts drawn on or paid pursuant to a Credit Facility for the payment of obligations described in clause (1) of this definition, and the performance and observance of all the Agency's covenants and conditions in any documents executed by the Agency in connection with a Credit Facility; and

(3) the payment and performance of all obligations of the Agency pursuant to any Hedging Instrument entered into with respect to all or any portion of the Bonds and specified as such in any Series Indenture;

but "Secured Obligations" shall not include any obligation of the Agency to purchase Bonds tendered prior to their maturity date or redemption date or to reimburse any Liquidity Provider for amounts drawn on or made available pursuant to a Liquidity Facility for the payment of any such purchase obligation.

"*Series*" or "*Series of Bonds*" means all Bonds of like designation authenticated and delivered on original issuance at the same time pursuant to a Series Indenture and any Bond or Bonds thereafter delivered in lieu of or as substitution for any of such Bonds pursuant to the General Indenture.

"*Series Indenture*" means any Supplemental Indenture authorizing the issuance of a Series and entered into between the Agency and the Trustee in accordance with the General Indenture.

"*Sinking Fund Installment*" means the amount of money required by or pursuant to the Indenture to be paid by the Agency on any single date toward the retirement of any particular Term Bonds of any particular Series on or prior to their respective stated maturities.

"*State*" means the State of California.

"*Supplemental Indenture*" means any indenture entered into between the Agency and the Trustee amending or supplementing the General Indenture in accordance with the provisions of the General Indenture.

"*Tax Certificate*" means each Tax Certificate, if any, dated the date of issuance and delivery of a Tax-Exempt Series, executed and delivered by the Agency, as amended, supplemented or otherwise modified from time to time.

"*Unenhanced Rating*" means with respect to any particular Bonds, the Agency's unsecured general obligation bond rating assigned by each Rating Agency for such Bonds or, if the Agency does not have an unsecured general obligation bond rating, the long term credit rating, if any, assigned to such Bonds by each Rating Agency for such Bonds assuming that there were no Credit Facility for such Bonds.

Establishment and Application of Accounts

The General Indenture creates and establishes the Program Account, Revenue Account, Bond Account, Bond Reserve Account, Loan Reserve Account, Redemption Account, Acquired Development Account, Rebate Account, Agency Payment Account and Bond Purchase Account. In addition, other Accounts may be established by a Series Indenture for each Series of Bonds.

Revenue Account. All Revenues shall be deposited in the Revenue Account upon receipt, except that Loan Principal Prepayments shall be credited to the Redemption Account or under certain circumstances to the Program Account; income earned on amounts in the Bond Reserve Account and the Program Account will be deposited as herein described; Acquired Development Receipts shall be deposited in the Acquired Development Account; an amount of interest received with respect to an Investment Obligation equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Obligation shall be credited to the Account from which such accrued interest was paid; and amounts received in respect of any Hedging Instrument shall be credited as specified by the Agency in a Supplemental Indenture or an Officer's Certificate. Notwithstanding the preceding sentence, the Agency may transfer Revenues directly to any investment agreement provided for credit to an Investment Obligation held in the name of the Agency and the Trustee or otherwise use such Revenues to purchase any other Investment Obligation to be held in trust for the benefit of the holders of all Secured Obligations. On or before each Interest Payment Date, the Trustee shall, out of the moneys then held in the Revenue Account, credit the following Accounts or make the following payments, in the following order of priority, the requirements of each such Account or party (including the making up of any deficiencies in any such Account or payment resulting from lack of Revenues

sufficient to make any earlier required deposit) at the time of credit or payment to be satisfied, and the results of such satisfaction being taken into account, before any credit or payment is made subsequent in priority:

(1) To pay any Trustee, Paying Agent and Credit Provider fees and charges

then due and payable, together with any fees and expenses of any tender agent, remarketing agent or other fiduciary for the Bonds, and, as directed by an Officer's Certificate, to make each required rebate deposit, if any.

(2) To the Bond Account, to the extent necessary to increase the balance thereof so that it equals the sum on such day of (a) the Interest Requirements for all Series (when added to amounts to be charged to the Program Account to pay Capitalized Interest) and (b) the Principal Requirements for all Series.

(3) To the Bond Reserve Account, to the extent necessary to increase the amount therein to the sum of the Bond Reserve Account Requirements for all Series, if any.

(4) To the Loan Reserve Account, to the extent necessary to increase the amount therein to the sum of the Loan Reserve Account Requirements for all Series.

(5) To the Redemption Account or the Program Account, such amount as may be requested by an Officer's Certificate.

(6) To the Agency, free and clear of the lien of the Indenture, such amount as may be requested by an Officer's Certificate stating that after such transfer

(a) the sum of the amounts in

(i) the Program Account (including the aggregate Principal Balance of all Loans but excluding amounts reserved to pay Costs of Issuance and Capitalized Interest),

(ii) the Bond Reserve Account (not including the amounts of any surety

(iii) the Loan Reserve Account (not including the amounts of any surety bonds),

(iv) the Bond Account (to the extent to be used to pay Principal Installments),

(v) the Redemption Account (not including any amounts being held to pay Bonds that are to be paid but are no longer deemed Outstanding),

(vi) any supplementary reserve account created by a Supplemental Indenture (but only to the extent provided by such Supplemental Indenture), and

(vii) the Revenue Account (not including any amounts necessary to pay interest or Principal Installments on the Bonds on the next Interest Payment Date),

plus the present value (discounted on a semiannual basis at the composite yield of the then Outstanding related Bonds) of any additional Revenues pledged by the Agency under the Indenture, is equal to or greater than an amount equal to the Principal Amount of all then Outstanding Bonds; and

(b) Revenues pledged under the Indenture are projected to be sufficient to pay all Secured Obligations when due.

Notwithstanding the foregoing, the Trustee shall pay from the Revenue Account to the counterparty of any Hedging Instrument such amount as shall be due from the Agency or the Trustee thereunder, as specified in the related Series Indenture or Officer's Certificate consistent with the related Series Indenture, in such order of priority with respect to clauses (2) through (6) above as may be specified in such Series Indenture or Officer's Certificate.

Pursuant to a Supplemental Indenture, dated as of December 1, 2003, Revenues, upon receipt thereof, may be invested in Investment Obligations in the name of the Agency and held in trust for the benefit of the holders of all Secured Obligations.

Bond Account. The Trustee shall charge the Bond Account, on or prior to each Interest Payment Date, an amount equal to the unpaid Principal Installments and interest due on the Bonds on such Interest Payment Date, and shall cause the same to be applied to the payment of such interest and Principal Installments when due or to reimburse any Credit Provider which has advanced moneys to pay such interest and/or Principal Installments. The Trustee is authorized to withdraw funds from the Bond Account and transmit funds to the Paying Agents in order to make such payments.

When the amount in the Bond Account is greater than the balance required to be maintained therein, such excess amounts shall either be retained in such Account or, upon request of the Agency in an Officer's Certificate, credited to the Revenue Account.

In the event that the amount credited to the Bond Account is insufficient to pay interest when due or a Principal Installment on the Bonds when due, the Trustee shall immediately notify the Agency of such insufficiency and give the Agency the option to immediately transfer moneys to the Bond Account (from sources other than Revenues and other assets pledged under the Indenture) equal to all or any portion of the amount of such insufficiency. If all or any portion of the insufficiency remains after such notification, the Trustee shall credit to the Bond Account the amount of the insufficiency, after the Revenue Account charges described above, by charging the following Accounts in the following order of priority:

(1) the Revenue Account;

(2) the Redemption Account, except that no such charge shall be made from moneys to be used to effect a redemption for which notice of redemption has been provided;

(3) the Program Account if and to the extent requested by the Agency;

(4) the Loan Reserve Account, to the extent provided in the Indenture; and

(5) the Bond Reserve Account, to the extent provided in the Indenture.

Agency Payment Account. If, following transfers described above under "Revenue Account" and the last paragraph under "Bond Account," there are not sufficient moneys to pay all interest and Principal Installments due and payable on any one or more Series, the Trustee shall again immediately notify the Agency in writing of the amount of such insufficiency and shall request from the Agency an immediate deposit of legally available moneys equal to the aggregate such insufficiency. The Agency shall pay to the Trustee (from the Agency's other moneys legally available therefor, subject only to any agreements with the holders of other obligations of the Agency pledging any particular assets, revenues or moneys), for deposit in the Agency Payment Account the amount of the insufficiency. If the aggregate amount provided by the Agency is less than the aggregate amount of such insufficiency, any shortfall shall be allocated pro rata among the holders of the Bonds in proportion to the amounts then due and payable on such Bonds.

Amounts deposited with the Trustee by the Agency as described in the immediately preceding paragraph shall be deposited into the Agency Payment Account. Amounts in such Account shall only be used to pay interest or Principal Installments due and payable on the Bonds. When the amount in the Agency Payment Account is greater than the amount required therein, any excess amount shall either be retained in such Account or, upon the request of the Agency in an Officer's Certificate, be paid to the Agency.

Bond Reserve Account. If at any time there shall not be a sufficient amount in the Bond Account to pay interest or Principal Installments then coming due on the Bonds, and in the event that any amounts credited from the Revenue Account, the Redemption Account (to the extent of moneys with respect to which notice of redemption has not been given), the Program Account (if and to the extent requested by the Agency) and the Loan Reserve Account (to the extent provided in the Indenture) are insufficient to make up such deficiency, the Trustee shall charge the Bond Reserve Account and credit the Bond Account the amount of the deficiency then remaining. The Trustee shall immediately notify the Agency in writing of any such charge of the Bond Reserve Account.

The income realized from the investment or deposit of moneys attributable to the Bond Reserve Account shall be credited to the Revenue Account, subject to the provisions of the Act in effect at the time. When the balance of the Bond Reserve Account is greater than the sum of the Bond Reserve Account Requirements for all Series, such excess shall either be retained in such Account or, upon the request of the Agency in an Officer's Certificate, credited to the Redemption Account or the Revenue Account. Revenues deposited in the Bond Reserve Account may be used to reimburse draws on letters of credit, surety bonds or other facilities in the Bond Reserve Account if and to the extent that such reimbursement results in a commensurate increase in the amount of available coverage provided under the respective letter of credit, surety bond or other facility.

The amount of available coverage provided under any letter of credit, surety bond or other facility attributable to the Bond Reserve Account shall be included in calculating the amount credited to such Account, except for purposes as described in clause (6) above under "Summary of Certain Provisions of the Indenture — Establishment and Application of Accounts — Revenue Account."

Loan Reserve Account. If at any time there shall not be a sufficient amount credited to the Bond Account to pay interest or Principal Installments then becoming due on the Bonds, and in the event that the amount credited from other Accounts is not sufficient to make up such deficiency, the Trustee shall charge the Loan Reserve Account and credit the Bond Account the amount of the deficiency then remaining. Revenues deposited in the Loan Reserve Account may be used to reimburse draws on letters of credit, surety bonds or other facility in the Loan Reserve Account if and to the extent that such reimbursement results in a commensurate increase in the amount of available coverage provided under such letter of credit, surety bond or other facility.

The amount of coverage provided under any letter of credit, surety bond or other facility attributable to the Loan Reserve Account shall be included in calculating the amount credited to such Account, except for purposes as described in clause (6) above under "Summary of Certain Provisions of the Indenture — Establishment and Application of Accounts — Revenue Account."

Redemption Account. Bonds are required to be purchased or redeemed by the Trustee with moneys credited to the Redemption Account upon instructions from the Agency (which must be delivered within ten days after receipt by the Agency of any moneys representing Risk Sharing Insurance Payments, or such longer or shorter period as may be appropriate in order for the Agency to comply with the Risk Sharing Act) determining or certifying the following:

(1) The Series to be purchased or redeemed;

(2) The maturities and tenors within such Series from which Bonds are to be purchased or redeemed;

(3) The Principal Amount of Bonds within such maturities and tenors to be purchased or redeemed;

(4) If any of the Bonds to be purchased or redeemed are Term Bonds, the years in which related Sinking Fund Installments are to be reduced and the amount by which the Sinking Fund Installments so determined are to be reduced, provided that the aggregate amount of such reductions in Sinking Fund Installments shall equal the aggregate Principal Amount of Term Bonds to be purchased or redeemed;

(5) That upon purchase or redemption of Bonds pursuant to the determinations made under the provisions of clauses (1) through (4) above (other than pursuant to Sinking Fund Installments), there shall be either no material adverse effect on the ability of the Agency to pay all Secured Obligations when due or after such purchase or redemption Revenues and other amounts then pledged under the Indenture are projected to be sufficient to pay the Secured Obligations when due; and

(6) The amount and source of funding for any Risk Sharing Reimbursement that may be required to be repaid to HUD.

Notwithstanding the preceding paragraph, any Loan Principal Prepayments that have been credited to the Redemption Account for a period exceeding six months shall be applied by the Trustee to purchase or redeem Bonds of the related Series.

Acquired Development Account. Upon receipt of an Officer's Certificate in the form required by the Indenture, the Trustee shall charge the Acquired Development Account and pay the costs or expenses incurred in connection with an Acquired Development as specified in such certificate. Payments from the Acquired Development Account shall be made upon a request of the Agency in an Officer's Certificate which states, with respect to each payment, that the amount of such payment, added to the amount of all previous payments made with respect to the specified Acquired Development during the current period for which an Acquired Development Expense Requirement has been established by the Agency for that Acquired Development, does not exceed such Acquired Development Expense Requirement.

When the balance of the Acquired Development Account is greater than the Acquired Development Expense Requirement, the excess amount shall be credited to the Revenue Account.

Bond Purchase Account. A Series Indenture may create one or more subaccounts within the Bond Purchase Account for the purpose of holding amounts to be used to purchase related Bonds tendered by Bondholders pursuant to the terms of such Series Indenture. Such subaccounts shall be held in trust by the Fiduciary designated by such Series Indenture for the purposes specified by such Series Indenture. Amounts in the Bond Purchase Account are not pledged by the Indenture as security for the payment of Secured Obligations; and the term "Secured Obligations" shall not include any obligation of the Agency to purchase Bonds tendered prior to their maturity date or redemption date or to reimburse any Liquidity Provider for amounts drawn on or made available pursuant to a Liquidity Facility for the payment of any such purchase obligation.

Program Account. Each Series Indenture authorizing the issuance of a Series of Bonds, excepting Bonds which are issued as Refunding Bonds, shall establish a separate subaccount in the Program Account and specify the amount of Bond proceeds to be deposited therein. Except as otherwise provided in the Indenture, moneys in a subaccount of the Program Account shall be used solely for the financing of Loans (including accrued interest thereon), redemption of Bonds by operation of the Redemption Account, payment of Costs of Issuance, and payment of Capitalized Interest. The income realized from the investment or deposit of moneys attributable to a subaccount of the Program Account shall be credited to the Revenue Account unless retained in any such subaccount at the request of the Agency in an Officer's Certificate or unless so provided in the related Series Indenture.

In the event that there are amounts remaining in a subaccount of the Program Account derived from Bond proceeds three years after the issuance of the related Series, or such earlier or later date as may be provided in the Indenture or the related Series Indenture, such amounts (excluding amounts continuing to be reserved for the financing of Loans and for the payment of

Capitalized Interest and Costs of Issuance) shall be transferred to the Redemption Account; *provided, however,* that such transfer may be to a different Account or subaccount specified by an Officer's Certificate or such date of transfer may be extended under certain circumstances as provided in the Indenture.

Pursuant to a supplemental indenture, dated as of September 1, 2002, between the Agency and the Trustee, the Agency may take possession of any subaccount of the Program Account, upon request of the Agency; provided that the Agency shall administer and invest the funds on deposit in such subaccount and otherwise take all actions, as may be necessary for the Trustee to comply with its responsibilities under the Indenture.

Loan Principal Prepayments

Loan Principal Prepayments shall be credited to the Redemption Account, unless the Agency files with the Trustee an Officer's Certificate directing the Trustee to credit all or any portion of such Loan Principal Prepayments to another Account or subaccount and stating that

(1) either

(a) such crediting will have no material adverse impact on the Agency's ability to pay all Secured Obligations when due, or

(b) after such crediting, Revenues and other amounts then pledged under the Indenture are projected to be sufficient to pay all Secured Obligations when due, and

(2) such crediting is not in violation of any related Series Indenture or, to the extent applicable, the Risk Sharing Act.

Investment of Funds

Moneys attributable to the Accounts, on instructions confirmed in writing by the Agency, shall be invested by the Trustee in Investment Obligations; *provided, however,* that moneys attributable to the Revenue Account and the Program Account may be invested in Investment Obligations in the name of the Agency and held in trust for the benefit of the holders of all Secured Obligations.

Covenants

Under the Indenture the Agency covenants, among other things, as provided below:

The Agency shall not cause any Bonds to be purchased or redeemed other than pursuant to Sinking Fund Installments unless either

(1) such purchase or redemption has no material adverse effect on the ability of the Agency to pay all Secured Obligations when due or

(2) after such purchase or redemption, Revenues and other amounts then pledged under the Indenture are projected to be sufficient to pay the Secured Obligations when due.

The Agency may consent to a modification of, or modify, the rate or rates of interest on, or the amount or time of payment of any installment of principal of or interest on, any Loan or the security for or any terms or provisions of any Note or Deed of Trust unless such modification materially adversely affects the ability of the Agency to pay all Secured Obligations when due or to realize the benefits of any applicable insurance.

In the event that a Loan becomes a Defaulted Loan, the Agency shall promptly identify such Loan to the Trustee and state the principal amount then due on the Loan and any other information reasonably requested by the Trustee, all as more fully described in the Indenture. The Agency shall take all steps, actions and proceedings reasonably necessary to recover the balance due and to become due on a Defaulted Loan or to realize the benefit of any insurance of such Loan or guarantee thereof, including but not limited to the prompt filing of notices of default, claims payment and extensions for filing claims with HUD pursuant to the Risk Sharing Act.

The Agency may not sell or otherwise transfer a Loan unless either

(A) such sale or transfer has no material adverse impact on the ability of the Agency to pay all Secured Obligations when due or

(B) after such sale or transfer Revenues and other amounts then pledged under the Indenture are projected to be sufficient to pay all Secured Obligations when due.

The Agency may exchange any Borrower Loan for a Mortgage-Backed Security relating to such Loan.

Upon the occurrence of an Event of Default under the Indenture and upon written request of the Trustee or the Holders of not less than twenty-five percent (25%) in Principal Amount of the Outstanding Bonds, the Agency shall assign any or all of the Loans held by the Agency to the Trustee; provided, however, if the Trustee and the Bondholders are restored to their positions in accordance with the Indenture, the Trustee shall assign such Loans back to the Agency.

The Agency has covenanted to keep and maintain proper books of record and account in which complete and accurate entries will be made of all its transactions relating to the Bonds, the Loans and the Accounts. The Indenture requires that such books be open for inspection at reasonable times by the Trustee, any Credit Provider and any Holders of not less than five percent (5%) in Principal Amount of Bonds then Outstanding.

Additional Obligations

No obligation of the Agency shall be created or issued by the Agency which is secured by a charge or lien prior to or on a parity with the lien of the Indenture on the Revenues or other security for the Bonds other than additional parity Bonds under the Indenture, except that the Agency may enter into any Hedging Instrument with respect to all or any portion of the Bonds or

any agreements with a Credit Provider pursuant to which payments from the Agency may be secured on a parity with the Bonds.

No additional Series of Bonds shall be issued subsequent to the issuance of the initial Series of Bonds under the Indenture unless, among other things, the conditions described above under "Security for the Bonds — Additional Bonds" are satisfied.

Amendments

A Series Indenture or Supplemental Indenture may be entered into by the Agency and the Trustee without the consent of any Credit Provider or the owners of the Bonds to:

(1) Provide for the issuance of a Series and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed which are not contrary to or inconsistent with the Indenture;

(2) Close the Indenture against, or provide limitations and restrictions in addition to those contained in the Indenture on, the issuance of future Bonds or of other notes, bonds, obligations or evidences of indebtedness;

(3) Add to the covenants or agreements contained in the Indenture to be observed by the Agency, which are not materially adverse to the interests of the Bondholders or any of the Credit Providers;

(4) Add to the limitations or restrictions contained in the Indenture or surrender any right, power or privilege reserved to or conferred upon the Agency, provided that such actions are not inconsistent with the provisions of the Indenture;

(5) Surrender any right, power or privilege reserved to or conferred upon the Agency in the General Indenture, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Agency contained in the Indenture;

(6) Confirm any pledge under and the subjection to any lien or pledge created or to be created by the Indenture of Revenues or any other moneys, securities or funds;

(7) Appoint a successor Fiduciary;

(8) Cure any ambiguity, supply any omission, or cure any defect or inconsistent provision in the Indenture;

(9) Insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not materially adverse to the interests of the Bondholders or any Credit Provider;

(10) Provide for the issuance of bearer Bonds or coupon Bonds, registrable as to principal, subject to any applicable requirements of law;

(11) Provide for the issuance of book-entry form Bonds or to modify the provisions with respect thereto;

(12) Modify, amend or supplement the Indenture or any Supplemental Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute in effect or under any state securities registration or "blue sky" law;

(13) Make any other change which does not materially adversely affect the interests of the Bondholders or any Credit Providers; or

(14) Make any other change in the Indenture, including any change otherwise requiring the consent of the Bondholders under the Indenture, if such change affects only Bonds which are subject to mandatory or optional tender for purchase and if

> (i) with respect to Bonds subject to mandatory tender, such change is effective as of a date for such mandatory tender, and
>
> (ii) with respect to Bonds subject to tender at the option of the holders thereof, notice of such change is given to such holders at least thirty days before the effective date thereof.

Any other modification or amendment of the Indenture and of the rights and obligations of the Agency and of the Holders of the Bonds, in any particular, may be made by a Supplemental Indenture with the written consent of each- Credit Provider and the Holders of at least fifty percent (50%) in Principal Amount of the Bonds Outstanding at the time such consent is given; *provided, however,* that (i) if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series, maturity and tenor remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds for amendment purposes under the Indenture and (ii) if so provided by the related Series Indenture, the consent of the Credit Provider for a Series shall be deemed to be the consent of the holders of one-hundred percent (100%) in Principal Amount of the Bonds Outstanding of such Series; and *provided, further,* that no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds or of any installment of interest thereon or a reduction in the Principal Amount or the Redemption Price thereof or the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages of Bonds the consent of the Holder of which is required to effect any such modification or amendment, or permit the creation of a lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien of the Indenture, or deprive the holders of the Bonds of the lien created by the Indenture upon such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Holders of all Bonds then Outstanding. Nothing under this subheading shall be interpreted as prohibiting the Agency from modifying or amending the terms of any Bond with the consent of the Holder of such Bond if such modification or amendment has no material adverse effect on the interests of any Credit Provider or of any other Bondholder.

Events of Default

Each of the following shall constitute an Event of Default under the Indenture:

(i) if interest on any of the Bonds shall not be paid when due, or any Principal Installment or redemption premium, if any, of any of the Bonds shall become due on any date, and shall not be paid when due, whether at maturity or upon call for redemption; or

(ii) if a default shall be made in the observance or performance of any covenant, contract or other provision contained in the Bonds or the Indenture and such default shall continue for a period of ninety (90) days after written notice to the Agency from the Holders of at least five percent (5%) of the Principal Amount of the Bonds Outstanding at such time or from the Trustee specifying such default and requiring the same to be remedied; or

(iii) if there shall have been entered an order or decree, by a court having jurisdiction in the premises, for relief against the Agency in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Agency or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and such order or decree shall have continued unstayed and in effect for a period of sixty (60) consecutive days; or

(iv) if there shall have been instituted or commenced by the Agency a voluntary case under any applicable bankruptcy, insolvency, receivership or other similar law now or hereafter in effect, or the Agency shall have consented to the entry of an order for relief against it in any involuntary case under any such law, or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Agency or of any substantial part of its property, or the Agency shall have made an assignment for the benefit of creditors, or failed generally to pay its debts as they become due, or admitted in writing such failure, or shall have taken any action in the furtherance of any such action; or

(v) if the State has limited or altered the rights of the Agency pursuant to the Act, as amended to the date of the Indenture, to fulfill the terms of any agreements made with the Holders of Bonds or in any way impaired the rights and remedies of Holders of Bonds prior to the time such Bonds, together with the interest thereon and with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully met and discharged.

Remedies

Upon the occurrence and continuation of any Event of Default under the Indenture, the Trustee shall give notice of such Event of Default to each Credit Provider. After notice to the Agency, the Trustee may, and upon the written request of any Credit Provider or of the Holders of not less than twenty-five percent (25%) in Principal Amount of the Bonds then Outstanding

the Trustee must, proceed to protect and enforce any rights of the Trustee and, to the full extent that the Holders of such Bonds themselves might do, the rights of such Bondholders under the laws of the State or under the Indenture by such of the following remedies as the Trustee shall deem most effectual to protect and enforce such rights:

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Holders of Bonds, including the right to require the Agency to receive and collect Revenues adequate to carry out the pledge, the assignments in trust and the covenants and agreements made in the Indenture, and to require the Agency to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(2) by bringing suit upon the Bonds;

(3) by action or suit in equity, to require the Agency to account as if it were the trustee of an express trust for the Holders of Bonds;

(4) by realizing or causing to be realized through sale or otherwise upon the security pledged under the Indenture; and

(5) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of Bonds.

No Holder of any Bond shall have the right to institute any proceedings for any remedy under the Indenture unless:

(i) following the occurrence of an Event of Default the Trustee, after being requested in writing to institute such proceedings by any Credit Provider or by the Holders of not less than twenty-five percent (25%) in Principal Amount of the Bonds then Outstanding, and after having been offered satisfactory indemnity, shall have refused or neglected to comply with such request within a reasonable time or

(ii) such Holder obtains the previous consent of the Trustee and such proceeding is brought for the ratable benefit of all Holders of all Bonds.

Subject to the terms of the Indenture, in the event that at any time the moneys credited to the Bond Account and any other funds held by the Agency or Fiduciaries available for the payment of interest or principal or Redemption Price then due with respect to Bonds shall be insufficient for such payment, such moneys and funds (other than funds held for the payment or redemption of particular Bonds as provided in the Indenture) shall be applied as follows:

First: To the payment of the fees, costs and expenses of the Trustee (including the fees and expenses of counsel) in declaring such event of Default and pursuing remedies;

Second: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the

amounts due on such installment, to the persons entitled thereto, without any discrimination or preference, or to reimburse any Credit Provider for amounts advanced for payment thereof; and

Third: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order in which they become due and payable, and, if the amount available shall not be sufficient to pay in full all the Bonds so due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference, or to reimburse any Credit Provider for amounts advanced for payment thereof.

Right to Direct Proceedings

Upon the occurrence of an Event of Default under the Indenture, the Holders of a majority in Principal Amount of the Bonds then Outstanding, subject to the limitations described in the first paragraph under "Remedies" above, by an instrument in writing executed and delivered to the Trustee, shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee; *provided, however,* that such direction shall not be otherwise than in accordance with the provisions of law and shall not involve the Trustee in personal liability or be unjustly prejudicial to Bondholders not parties to such direction.

Defeasance

Bonds for the payment or redemption of which

(i) moneys or specified securities of the United States Government, any federal agency or the State have been deposited with the Trustee in an amount together with interest paid thereon sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, or

(ii) the Credit Provider for such Bonds shall have consented to such redemption and shall have agreed to advance amounts sufficient to provide the amount described in the preceding clause (i)

shall be deemed to have been paid, provided that, if any of such Bonds are to be redeemed prior to the maturity thereof, provision satisfactory to the Trustee shall have been made for giving notice of such redemption.

The Trustee

U.S. Bank National Association is appointed as Trustee under the Indenture for the purpose of receiving all moneys which the Agency is required to deposit with the Trustee, to hold in trust, allocate, use and apply the same as provided in the Indenture and otherwise to hold all the offices and to perform all the functions and duties provided in the Indenture to be held and performed by the Trustee.

The Agency may remove the Trustee upon 30 days' prior written notice at any time, unless an Event of Default shall have occurred and be continuing under the Indenture, and shall remove the Trustee if requested to do so by an instrument in writing signed by the Holders of not less than a majority in aggregate Principal Amount of the Bonds then Outstanding or if the Trustee becomes ineligible under the Indenture. The Trustee may at any time resign, as provided in the Indenture, and upon such resignation the Agency shall appoint a successor Trustee. Any removal or resignation of the Trustee and appointment of a successor Trustee shall not become effective until acceptance of appointment by the successor Trustee and each Credit Provider has been transferred to such successor Trustee. Any Trustee shall be a bank or trust company, having trust powers, doing business and having an office in California, having capital and surplus aggregating at least seventy-five million dollars ($75,000,000) and subject to supervision or examination by federal or state authority.

APPENDIX A

FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

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Table of Contents

CALIFORNIA HOUSING FINANCE AGENCY
(A Component Unit of the State of California)

California Housing Finance Fund	**Page**
Independent Auditors' Report	1
Management Discussion and Analysis	4
Financial Statements:	
Statements of Net Position	15
Statements of Revenues, Expenses and Changes in Net Position	16
Statements of Cash Flows	17
Notes to Financial Statements	18
Supplemental Combining Program Information:	
Homeownership Programs, Multifamily Rental Housing Programs and Other Programs and Accounts with combining totals	
Combining Statements of Net Position	45
Combining Statements of Revenues, Expenses and Changes in Net Position	46
Combining Statements of Cash Flows	47
Homeownership Programs with combining totals	
Statements of Net Position	48
Statements of Revenues, Expenses and Changes in Net Position	50
Statements of Cash Flows	52
Multifamily Rental Housing Programs with combining totals	
Statements of Net Position	54
Statements of Revenues, Expenses and Changes in Net Position	56
Statements of Cash Flows	58
Other Programs and Accounts with combining totals	
Statements of Net Position	60
Statements of Revenues, Expenses and Changes in Net Position	62
Statements of Cash Flows	64

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CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
California Housing Finance Fund
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the California Housing Finance Fund (the Fund), which is administered by the California Housing Finance Agency (the Agency), a component unit of the State of California which comprise the statements of net position as of June 30, 2013 and 2012, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2013 and 2012, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the Agency as of June 30, 2013 and 2012, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The combining program information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining program information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining program information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The combining program information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2013, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
October 11, 2013

CALIFORNIA HOUSING FINANCE FUND
Management Discussion and Analysis
of Financial Position and Results of Operations
As of and for the fiscal years ended June 2013 and 2012

Introduction – The California Housing Finance Agency

The California Housing Finance Agency ("Agency") was created in 1975 by an act of the California Legislature and commenced operations in 1976. The Agency is a component unit of the State of California ("State") and is included in the State's Comprehensive Annual Financial Report. The Agency is authorized to administer the activities of the California Housing Finance Fund ("Fund"), the California Housing Loan Insurance Fund ("Mortgage Insurance Fund") and two state general obligation bond funds. The Agency is governed by a Board of Directors which consists of 11 voting members and three non-voting members. Of the 11 voting members, six are appointed by the Governor, three are ex-officio and two are appointed by the Legislature. The statutory role of the Board is to: 1) enact the annual financing resolutions that permit the issuance of bonds and 2) enact the Agency's operating budget and business plan. Subject to the supervision of the Board, the Agency's day-to-day operational authority statutorily resides with the Agency's Executive Director. The annual audited financial statements of both the Fund and the Mortgage Insurance Fund are available on the Agency's website - www.calhfa.ca.gov.

The CalHFA Mortgage Assistance Corporation ("CalHFA MAC") is a nonprofit public benefit corporation organized under the laws and rules of the state of California and within the meaning of Section 501(c)(3) of the Internal Revenue Code. CalHFA MAC is organized as an entity separate from CalHFA and its purposes, amongst other things are 1) to "develop and administer programs permitted under the Emergency Economic Stabilization Relief Act of 2008 (EESA) and to act as an institution eligible to receive funds under EESA's Troubled Asset Relief Program", and 2) to "lessen the burdens of government by assisting CalHFA prevent or mitigate the impact of foreclosures on low and moderate income persons within the State of California". Although CalHFA grants CalHFA MAC a license to use "CalHFA" in its name, both acknowledge they are separate entities. Both are created under different provisions of law; the sources of funding for each are different; the funds are maintained separately; each maintains its own set of books and records separately; operational decisions of CalHFA MAC are not under the direction or control of Agency's Executive Director or the Agency's Governing Board. CalHFA MAC is solely responsible for its contractual and other obligations incident to running the Keep Your Home California ("KYHC") program. The annual audited financial statements of CalHFA MAC are available on the Keep Your Home California website - www.keepyourhomecalifornia.org.

The following Management Discussion and Analysis applies only to the activities of the California Housing Finance Fund and should be read in conjunction with the Fund's financial statements and the notes to the financial statements. Operations of the Fund include the issuance of Agency bonds and notes to fund loans to qualified borrowers for single family houses and multifamily developments. The Agency is entirely self-funded and does not draw upon the general taxing authority of the State.

The financial statements present the totals of the Fund. The supplemental combining information of the Fund is organized by the following major categories: Homeownership Programs, Multifamily Rental Housing Programs, and Other Programs and Accounts. This information and information for specific programs and accounts is reported after the Notes to the financial statements.

The Homeownership Programs provide low cost mortgage capital to a network of approved lenders from whom the Fund purchases previously funded and closed loans secured by single family homes purchased by individual borrowers. The Multifamily Rental Housing Programs are typically used to directly fund loans to developers and housing sponsors for the construction or acquisition of multifamily rental housing developments. Interest rates on the Fund loans are generally below market rate; however, the programs are operated to be self-supporting. The Agency issues its own bonds and uses other available monies to provide the funding for these loan programs. Interest paid to bondholders is generally exempt from both state and federal tax; however, the Agency also issues federally-taxable bonds.

The Other Programs and Accounts category includes the Agency's Housing Assistance Trust ("HAT"), funded periodically from a portion of the Fund's operating income before transfers. The HAT provides a source of funding for low or very low income multifamily developments and other special purpose loans. Loans for these purposes generally would not produce sufficient revenues to support payments to bondholders. These loans typically accrue simple interest with repayment of principal and interest deferred for the term of the loan or until certain events occur, such as a sale of the property. Also included in this category are certain State-funded programs, which the Agency has been asked to administer for the State on a contract basis. Operating expenses of the Agency's loan and bond programs are paid from an Operating Account that is replenished from the Fund's operating income before transfers. Other accounts maintained by the Agency provide security for the issuance of bonds, emergency contingencies, loan servicing operations and loan warehousing activities.

Summary of Financial Results 2013-2012

- Operating loss before transfers was $70 million for fiscal year 2013 compared to an operating loss of $105.4 million for fiscal year 2012. The operating results for fiscal year 2013 improved by $35.4 million, or 33.6%, when compared to fiscal year 2012.

- In July 2012, the Agency refunded $466.1 million of variable rate bonds issued under the HMRB indenture. The Agency continued to actively manage and reduce the Fund's interest expense and exposures within the debt portfolio and redeemed $1.72 billion of bonds during fiscal year 2013.

- The Fund's mortgage loan delinquencies declined slightly as the California housing market slowly improved over the last fiscal year. The Fund's single family loan portfolio consists of 45.2% federally guaranteed loans and 54.8% conventional loans. The overall delinquency ratio of the Fund's single family loan portfolio was 13% or 2,411 delinquent loans as of June 30, 2013. By comparison, the delinquency ratio for the Agency's single family portfolio was 13.6% or 2,901 loans as of June 30, 2012. Overall, the total number of delinquent loans declined by16.9% or 490 loans.

- Under the Home Mortgage Revenue Bonds ("HMRB") indenture, there was a total of $56.7 million of loans written-off during fiscal year 2013 due to the sale of foreclosed properties (net of insurance payment received) and on short sales (net of insurance payment received), of $33.2 million and $23.5 million, respectively. The remaining HMRB foreclosed properties were written down by $6.2 million to reflect anticipated losses, net of anticipated insurance payment, upon sale of the foreclosed properties.

- The net total allowance for loan loss reserve under the HMRB indenture decreased by $7.9 million changing from $117 million in fiscal year 2012 to $109.1 million in fiscal year 2013.

- The Fund had $162.1 million in new loans receivable during fiscal year 2013. Total program loans receivable decreased by close to $672.3 million at June 30, 2013. Decreases in program loans receivable for the homeownership loan portfolio were primarily due to the loan prepayments. Loan prepayments include all unscheduled principal payments applied to the unpaid principal balance of a loan such as principal received in loan payoff transactions, short sale and foreclosure transactions, and mortgage insurance claims, etc.

- Other revenues were $39.3 million for fiscal year 2013 compared to $18.6 million in fiscal year 2012. The increase was primarily due to the increase in the fair value of the investment swaps and increase in the multifamily prepayment penalties fees offset by the decrease in administrative fees revenue for fiscal year 2013.

- During fiscal year 2013, $38.6 million was transferred into the Fund by the State pursuant to the Housing and Emergency Shelter Trust Fund Acts of 2002 and 2006 and for other loan and grant programs administered by the Agency. The funds were used to make loans and grants to borrowers and homeowners through programs administered by the Agency on a contract basis.

Condensed Financial Information:

Condensed Schedule of Assets, Liabilities, and Net Position

The following table presents condensed Schedule of Assets, Liabilities, and Net Position for the Fund as of June 30, 2013 and 2012 and the change from the prior year (dollars in millions):

Condensed Statement of Net Position

	2013	2012	Change
Assets			
Cash and investments	$ 1,901	$ 2,789	$ (888)
Program loans receivable-net	4,786	5,459	(673)
Other	97	500	(403)
Total Assets	6,784	8,748	(1,964)
Deferred Outflows of Resources	127	-	127
Liabilities			
Bonds payable	4,816	6,503	(1,687)
Unamortized premium/Deferred gain	3	6	(3)
Notes payable	81	88	(7)
Other	592	701	(109)
Total Liabilities	5,492	7,298	(1,806)
Deferred Inflows of Resources	-	-	-
Net Position			
Invested in capital assets	1	1	-
Restricted net position	1,418	1,449	(31)
Total Net Position	$ 1,419	$ 1,450	$ (31)

Assets

Of the Fund's assets, 98.6% is represented by cash and investments and program loans receivable. The Fund does not have a significant investment in capital assets, holding $1.0 million in furniture and equipment.

Total assets decreased by $1.96 billion during fiscal year 2013. The Fund's cash and investments were $1.9 billion as of June 30, 2013, a decrease of $888.7 million from June 30, 2012. The cash and investments balance decrease is primarily due to the increase in bond redemption activity in Homeownership and Multifamily Programs.

Of the Fund's assets, 28.0% is in the form of cash and investments at fiscal year end. Of the Fund's investment balance, 5.6% is in investment agreements. The amount of funds invested in investment agreements during the 2013 fiscal year decreased by $106.2 million. Additionally, $1.24 billion of the Fund's investments are held in the State's Surplus Money Investment Fund ("SMIF") and earn a variable rate of interest. The amount of funds invested in SMIF during fiscal year 2013 decreased by $74 million.

The composition of cash and investments as of June 30, 2013 and 2012 and the changes from the prior year are shown in the table below (dollars in millions):

Cash and Investments

	2013	2012	Change
Investment agreements	$ 106	$ 212	$ (106)
SMIF	1,238	1,312	(74)
Commercial Paper	32	-	32
Securities	490	705	(215)
Cash	35	560	(525)
Total Cash and Investments	$ 1,901	$ 2,789	$ (888)

Program loans receivable decreased by $672.3 million during fiscal year 2013 compared to fiscal year 2012. This decrease is primarily due to loan prepayments along with loan write-offs of $56.7 million in fiscal year 2013. Loan prepayments decreased to $575.5 million during fiscal year 2013 compared to $637.8 million received in fiscal year 2012. Real estate owned ("REO") properties decreased $66.1 million to $20.1 million during fiscal year 2013 compared to $86.2 million in fiscal year 2012.

As of June 30, 2013 and June 30, 2012, the fair values of interest rate swaps were in the negative position of $217.7 million and $324.2 million, respectively.

Other Assets decreased by $402.5 million during fiscal year 2013 when compared to fiscal year 2012. The decrease is primarily due to the recording of the deferred outflow of resources related to interest rate swaps, decrease in the number of REO properties and decrease in cash collateral held by the swap counterparties.

Liabilities

The Fund's liabilities were $5.49 billion as of June 30, 2013, a decrease of $1.81 billion from June 30, 2012. Of the Fund's liabilities, 87.7% is in the form of bond indebtedness. The Fund's bonds payable at June 30, 2013 decreased by $1.69 billion from the prior year mainly due to the scheduled principal payments, $1.72 billion in bond redemptions offset by the $136.6 million of bonds issued. The Agency's governing statutes impose a cap of $13.15 billion for bonds and notes issued and outstanding within the Fund for the year ended June 30, 2013 and 2012.

All of the bonds issued by the Agency are reported within the Fund and also includes the reporting of conduit bond obligations as liabilities in the accompanying financial statements along with the related assets. The bonds are limited obligations of the Agency, payable solely from the revenues and other funds and money pledged and assigned under the applicable indenture, series indenture, or master pledge and assignment (see Note 7).

The Agency issues both tax-exempt and federally taxable bonds. During the 2013 fiscal year, federally taxable bonds outstanding decreased by $290.0 million and as of June 30, 2013 represent 22.4% of all bonds outstanding, while tax-exempt bonds outstanding decreased by $1.40 billion and as of June 30, 2013 represent 77.6% of all bonds outstanding. The use of federally taxable bonds allows the Agency to leverage its allocation of the Private Activity Bond volume cap for the Homeownership Programs. This limitation is imposed by the federal government to regulate the issuance of tax-exempt bonds for private purposes. During fiscal year 2013, the Agency issued $2.8 million in tax-exempt bonds and $133.8 million in taxable bonds.

Shown below are the amounts of variable and fixed rate indebtedness, by tax status, as of June 30, 2013 and 2012 and the changes from the prior year (dollars in millions):

Bonds Payable

	2013	2012	Change
Tax-Exempt Bonds			
*Variable Rate	$ 1,526	$ 2,496	$ (970)
Fixed Rate	2,211	2,638	(427)
Total Tax-Exempt Bonds	3,737	5,134	(1,397)
Federally Taxable Bonds			
*Variable Rate	660	1,025	(365)
Fixed Rate	419	344	75
Total Federally Taxable Bonds	1,079	1,369	(290)
Total Bonds Outstanding	$ 4,816	$ 6,503	$ (1,687)

* Certain variable rate bonds have been swapped to a fixed rate (see Note 7 to the Financial Statements).

All other liabilities decreased by $109 million during fiscal year 2013. The decrease was mainly due to the decrease in Derivative SWAP liability.

Net Position

All of the Fund's net position is restricted pursuant to trust agreements with bondholders and the Agency's enabling legislation or net investment in capital assets. The total net position of the Fund decreased by $31.2 million primarily as a result of transfers to the Fund in the amount of $38.6 million offset by the $70 million of operating losses for fiscal year 2013.

Revenues, Expenses, and Changes in Net Position

The following table presents condensed schedules of revenues, expenses, and changes in net position for the Fund for the fiscal years ended June 30, 2013 and June 30, 2012 and the changes from the prior year (dollars in millions):

Condensed Schedules of Revenues, Expenses, and Changes in Net Position

	2013	2012	Change
Operating Revenues:			
Interest income program loans – net	$ 256	$ 289	$ (33)
Interest income investments – net	31	34	(3)
Increase (Decrease) in fair value of investments	(25)	42	(67)
Other loan and commitment fees	32	30	2
Other revenues	39	19	20
Total Operating Revenues	333	414	(81)
Operating Expenses:			
Interest	172	191	(19)
Mortgage servicing fees	10	12	(2)
Salaries & general expenses	40	41	(1)
Other expenses	181	275	(94)
Total Operating Expenses	403	519	(116)
Operating Loss before transfers	$ (70)	$ (105)	$ 35

Operating Revenues

Total operating revenues of the Fund were $332.7 million during fiscal year 2013 compared to $413.9 million during fiscal year 2012, a decrease of $81.2 million or 19.6%.

Interest income on program loans was $256.3 million during fiscal year 2013 compared to $289.4 million during fiscal year 2012, a decrease of $33.2 million. The decrease in interest income on program loans is primarily the result of a decrease in interest income on program loans and a decrease in the yield reduction liability for the Fund's homeownership and multifamily loan portfolios. Overall, program loans receivable decreased $672.3 million or 12.3% at June 30, 2013 compared to June 30, 2012.

Interest income from investments decreased 8.8% to $31.3 million in fiscal year 2013 from $34.3 million in fiscal year 2012. The decrease is primarily due to the decrease in interest income from mortgage backed securities. Investment Agreements decreased $106.2 million from $211.9 million at June 30, 2012 to $105.6 million as of June 30, 2013, while SMIF decreased $74 million from $1.31 billion to $1.24 billion.

The total fair value of investments was negative $25.5 million in fiscal year 2013, a net decrease of $67.1 million from fiscal year 2012, which had a positive fair value of investments of $41.6 million. The increase in the Treasury rates during fiscal year 2013 caused the value of the Fund's mortgage-backed securities to decline. There was no gain or loss on the sale of securities in the fiscal year ending June 30, 2013.

Other loan and commitment fees increased $1.4 million to $31.4 million in fiscal year 2013 compared to $30 million for fiscal year 2012. The increase was primarily due to the increase in prepayment penalty fees. The prepayment penalty fees were $23.4 million and $1.3 million as of June 30, 2013 and June 30, 2012, respectively.

Other revenues increased by $20.7 million to $39.3 million during fiscal year 2013 compared to $18.6 million in fiscal year 2012. The increase was primarily due to the change in the fair value of investment swap revenue.

Operating Expenses

Total operating expenses of the Fund were $402.5 million during fiscal year 2013 compared to $519.3 million during fiscal year 2012, a decrease of $116.8 million or 22.5%. The decrease is a combination of the decrease in bond interest expenses, REO expenses, administrative fees expense, and swap expenses.

Bonds payable at June 30, 2013 decreased by $1.69 billion from June 30, 2012 and bond interest and swap expense, which represents 42.7% of the Fund's total operating expenses, decreased by $19.5 million or 10.1% compared to fiscal year 2012. The decrease in bond interest and swap expense is attributed to the increased bond redemption activity and the Agency's participation in the Temporary Credit and Liquidity Program ("TCLP") which provides replacement credit and facilities for existing variable rate debt for State and local Housing Finance Agencies.

Salaries and general expenses slightly decreased from $41.3 million during fiscal year 2012 to $40.2 million during fiscal year 2013 (as shown in the condensed statements of revenues, expenses and changes in net position).

Operating Loss before Transfers

Operating loss before transfers for fiscal year 2013 was $70 million compared to an operating loss of $105.4 million for fiscal year 2012. The $35.4 million decrease in operating loss before transfers is reflective of the activities mentioned above.

Economic Factors

Since the Agency is self-supporting, it does not draw upon the general taxing authority of the State. As the State of California's affordable housing lender, however, the Agency's operations can be directly impacted by several market/economic factors as follows:

- Trends in single family home prices – Beginning in FY 2010, the Agency sustained significant losses from the disposition of non-performing single family loans. Over the past fiscal year, however, the losses were lower due to a strong rebound in California home sale prices. A continued upward trend in single family home prices will have a positive impact on the Agency's profitability.

- Success of the lending programs - The Agency's multifamily lending program was reinstated in April 2013 and the Agency's single family lending program was reinstated in August 2013. Successful lending programs will improve the Agency's short-term and potentially long-term profitability.

- Trends in interest rates – The Agency has a significant interest-rate swap portfolio and fluctuations in interest rates impact the Agency's collateral posting requirements. In general, higher interest rates will reduce the collateral posting requirements and improve the Agency's liquidity profile, and lower interest rates will increase the collateral posting requirements and limit the Agency's liquidity profile.

- Trends in the Agency's credit ratings - The Agency has primarily two credit ratings that materially impact its financial results: i) CalHFA's issuer credit rating (S&P A-/Moody's A3); ii) Home Mortgage Revenue Bonds (S&P BBB/Moody's Baa2). FY 2013 was the first time since 2009 in which the rating agency's annual credit reviews did not result in a rating downgrade. A positive trend in these two ratings would improve the Agency's prospects in its continued efforts to restructure the Agency's legacy capital structure.

Request for Information

Questions concerning any of the information presented in this financial report or requests for additional information should be addressed to:

CalHFA Financing Division
500 Capitol Mall, Suite 1400
Sacramento, CA 95814
Phone: 916.326.8650
Fax: 916.322.1464
financing@calhfa.ca.gov

Summary of Financial Results 2012-2011

- Operating loss before transfers was $105.4 million for fiscal year 2012 compared to an operating loss of $116.9 million for fiscal year 2011. The Agency has been primarily focused on loss mitigation while continuing to provide loan availability and down-payment assistance for qualified first time homebuyers.

- Other revenues were $18.6 million for fiscal year 2012 compared to $99.8 million in fiscal year 2011. The decrease was primarily due to the changes in the gain on early debt extinguishment and decrease in fair value of the investment swaps. The Agency recorded a $35.5 million gain on sale of early debt extinguishment in fiscal year 2011 compared to $0 in fiscal year 2012 and the fair value of investment swaps declined by $41.4 million in fiscal year 2012.

- The Fund's mortgage loan delinquencies have declined over the past year. The Fund's single family loan portfolio consists of 44.7% Federally guaranteed and 55.3% conventional loans. The overall delinquency ratio of the Fund's single family loan portfolio was 13.6% or 2,901 delinquent loans as of June 30, 2012. By comparison, the delinquency ratio for the Agency's single family portfolio was 14.7% or 3,546 loans as of June 30, 2011. Overall, the total number of delinquent loans declined by 18.2% or 645 loans.

- The Fund had $188.2 million in new loans receivable during fiscal year 2012. Total program loans receivable decreased by close to $862.3 million at fiscal year end. Decreases in program loans receivable for the homeownership loan portfolio were primarily due to the loan prepayments. Loan prepayments include all unscheduled principal payments applied to the unpaid principal balance of a loan such as principal received in loan payoff transactions, short sale and foreclosure transactions, and mortgage insurance claims, etc.

- Under the Home Mortgage Revenue Bonds ("HMRB") indenture, there was a total of $105.8 million of loans written-off during fiscal year 2012 due to the sale of foreclosed properties (net of insurance payment received) and on short sales (net of insurance payment received), $89.9 million and $15.9 million, respectively. The remaining HMRB foreclosed properties were written down by $27.2 million to reflect anticipated losses, net of anticipated insurance payment, upon sale of the foreclosed properties.

- The net total allowance for loan loss reserve under the HMRB indenture decreased by $5.3 million changing from $122.3 million in fiscal year 2011 to $117.0 million in fiscal year 2012.

- The Agency continued to actively manage and reduce the Fund's interest expense and exposures within the debt portfolio and redeemed $1.24 billion of bonds during fiscal year 2012.

- In June 2012, the Agency closed a bond issuance and converted $466.1 million of temporary rate bonds to permanent fixed rate bonds under the Federal Government's HFA Initiative Program – New Issue Bond Program ("NIBP") for the purpose of refunding variable rate bonds issued under the HMRB indenture. The refunding is scheduled to occur in July 2012.

- During fiscal year 2012, $75.1 million was transferred into the Fund by the State pursuant to the Housing and Emergency Shelter Trust Fund Act of 2002. The funds were used to make loans and grants to borrowers and homeowners through programs administered by the Agency on a contract basis.

- As part of the Governor's Reorganization Plan (GRP) for California government in 2012, both the Agency and Department of Housing and Community Development are scheduled to move into the newly formulated Business, Consumer Services and Housing Agency ("BCSHA") while the Business, Transportation and Housing Agency ("BT&H") is dissolved. An excerpt from the GRP No. 2 states that: " (12) Existing law establishes the California Housing Finance Agency within the Business, Transportation and Housing Agency, and authorizes the California Housing Agency to carry out various powers and duties relating to meeting the housing needs of persons and families of low or moderate income. This plan would instead provide that the California Housing Finance Agency is within the Department of Housing and Community Development and make various conforming changes."

- In April/May 2012, the Little Hoover Commission, an independent state oversight agency, reviewed the GRP and approved a reorganization that keeps both entities intact. The Agency would retain its board structure and independence to manage financial risks and its bond debt. The Project Initiation Document ("PID") is due to the Governor's Office in late 2012 and it is expected that the major areas of the collaboration/consolidation model are in place by July 1, 2013.

- The Agency's Standard and Poor's issuer credit and HMRB ratings, along with the Agency's ratings from Moody's, remained unchanged during fiscal year 2012.

Condensed Financial Information:

Condensed Schedule of Assets, Liabilities, and Net position

The following table presents condensed Schedule of Assets, Liabilities, and Net Position for the Fund as of June 30, 2012 and 2011 and the change from the prior year (dollars in millions):

Condensed Statement of Net Assets

	2012	2011	Change
Assets			
Cash and investments	$ 2,789	$ 3,336	$ (547)
Program loans receivable-net	5,459	6,321	(862)
Other	500	562	(62)
Total Assets	8,748	10,219	(1,471)
Liabilities			
Bonds payable	6,503	7,843	(1,340)
Unamortized premium/Deferred gain	6	8	(2)
Notes payable	88	91	(3)
Other	701	797	(96)
Total Liabilities	7,298	8,739	(1,441)
Net Position			
Invested in capital assets	1	1	-
Restricted net position	1,449	1,479	(30)
Total Net Position	$ 1,450	$ 1,480	$ (30)
Total Liabilities and Net Position	$ 8,748	$ 10,219	$ (1,471)

Assets

Of the Fund's assets, 94.3% is represented by cash and investments and program loans receivable. The Fund does not have a significant investment in capital assets, holding $1.1 million in furniture and equipment.

Total assets decreased by $1.47 billion during fiscal year 2012. The Fund's cash and investments were $2.79 billion as of June 30, 2012, a decrease of $546.6 million from June 30, 2011. The cash and investments balance decrease is primarily due to the increased in bond redemption activity in Homeownership and Multifamily Programs.

Of the Fund's assets, 31.9% is in the form of cash and investments at fiscal year end. Of the Fund's investment balance, 9.5% is in investment agreements. The amount of funds invested in investment agreements during the 2012 fiscal year decreased by $25.4 million. Additionally, $1.31 billion of the Fund's investments are held in the State's Surplus Money Investment Fund ("SMIF") and earn a variable rate of interest. The amount of funds invested in SMIF during fiscal year 2012 decreased by $199.5 million.

The composition of cash and investments as of June 30, 2012 and 2011 and the changes from the prior year are shown in the table below (dollars in millions):

Cash and Investments

	2012	2011	Change
Investment agreements	$ 212	$ 237	$ (25)
SMIF	1,312	1,512	(200)
Securities	705	456	249
Cash	560	1,131	(571)
Total Cash and Investments	$ 2,789	$ 3,336	$ (547)

Program loans receivable decreased by $862.3 million during fiscal year 2012 compared to fiscal year 2011. This decrease is primarily due to an increase in loan prepayments along with an increase in loan write-offs in fiscal year 2012. Loan prepayments decreased to $637.8 million during fiscal year 2012 compared to $776.9 million received in fiscal year 2011. Real estate owned ("REO") properties decreased $106.3 million to $86.2 million during fiscal year 2012 compared to $192.5 million in fiscal year 2011.

As of June 30, 2012 and June 30, 2011, the fair values of interest rate swaps were in the negative position of $324.4 million and $252.4 million, respectively.

Other Assets decreased by $61.8 million during fiscal year 2012 when compared to fiscal year 2011. The decrease is primarily due to the recording of the deferred outflow of resources related to interest rate swaps, and a decrease in REO properties offset by the increase in cash collateral held by the swap counterparties.

Liabilities

The Fund's liabilities were $7.30 billion as of June 30, 2012, a decrease of $1.44 billion from June 30, 2011. Of the Fund's liabilities, 89.2% is in the form of bond indebtedness. The Fund's bonds payable at June 30, 2012 decreased by $1.34 billion from the prior year mainly due to the scheduled principal payments and $1.24 billion in bond redemptions. The Agency's governing statutes impose a cap of $13.15 billion for bonds and notes issued and outstanding within the Fund for the year ended June 30, 2012 and 2011.

All of the bonds issued by the Agency are reported within the Fund and also includes the reporting of conduit bond obligations as liabilities in the accompanying financial statements along with the related assets. The bonds are limited obligations of the Agency, payable solely from the revenues and other funds and money pledged and assigned under the applicable indenture, series indenture, or master pledge and assignment (see Note 7).

The Agency issues both tax-exempt and federally taxable bonds. During the 2012 fiscal year, federally taxable bonds outstanding decreased by $1,002.8 million and as of June 30, 2012 represent 21.1% of all bonds outstanding, while tax-exempt bonds outstanding decreased by $337.3 million and as of June 30, 2012 represent 78.9% of all bonds outstanding. The use of federally taxable bonds allows the Agency to leverage its allocation of the Private Activity Bond volume cap for the Homeownership Programs. This limitation is imposed by the federal government to regulate the issuance of tax-exempt bonds for private purposes. During fiscal year 2012, the Agency did not issue any taxable bonds.

Shown below are the amounts of variable and fixed rate indebtedness, by tax status, as of June 30, 2012 and 2011 and the changes from the prior year (dollars in millions):

Bonds Payable

	2012	2011	Change
Tax-Exempt Bonds			
*Variable Rate	$ 2,496	$ 3,226	$ (730)
Fixed Rate	2,638	2,245	393
Total Tax-Exempt Bonds	5,134	5,471	(337)
Federally Taxable Bonds			
*Variable Rate	1,025	2,014	(989)
Fixed Rate	344	358	(14)
Total Federally Taxable Bonds	1,369	2,372	(1,003)
Total Bonds Outstanding	$ 6,503	$ 7,843	$ (1,340)

* Certain variable rate bonds have been swapped to a fixed rate (see Note 7 to the Financial Statements).

All other liabilities decreased by $95.9 million during fiscal year 2012. The decrease was a combination of reclassification of gap loan loss reserve and mortgage insurance loan loss reserve to allowance for loan loss against the loan receivables, swap liability increase, and decrease in Pooled Money Investment Account (PMIA) loan payable. As of June 30, 2012, there was no outstanding balance for PMIA.

Net position

All of the Fund's net position is restricted pursuant to trust agreements with bondholders and the Agency's enabling legislation or invested in capital assets. Total net position of the Fund decreased by $30.3 million primarily as a result of transfers to the Fund in the amount of $75.1 million pursuant to the Housing and Emergency Shelter Trust Fund Acts of 2002 and 2006 and was offset by operating losses of the Fund in the amount of $105.4 million.

Revenues, Expenses, and Changes in Net position

The following table presents condensed schedules of revenues, expenses, and changes in net position for the Fund for the fiscal years ended June 30, 2012 and June 30, 2011 and the changes from the prior year (dollars in millions):

Condensed Schedules of Revenues, Expenses, and Changes in Net position

	2012	2011	Change
Operating Revenues:			
Interest income program loans – net	$ 289	$ 346	$ (57)
Interest income investments – net	34	32	2
Increase (Decrease) in fair value of investments	42	(5)	47
Other loan and commitment fees	30	31	(1)
Other revenues	19	100	(81)
Total Operating Revenues	414	504	(90)
Operating Expenses:			
Interest	191	249	(58)
Mortgage servicing fees	12	14	(2)
Salaries & general expenses	41	43	(2)
Other expenses	275	315	(40)
Total Operating Expenses	519	621	(102)
Operating Loss before transfers	$ (105)	$ (117)	$ 12

Operating Revenues

Total operating revenues of the Fund were $413.9 million during fiscal year 2012 compared to $504.2 million during fiscal year 2011, a decrease of $90.3 million or 17.9%.

Interest income on program loans was $289.4 million during fiscal year 2012 compared to $346.4 million during fiscal year 2011, a decrease of $57 million. The decrease in interest income on program loans is primarily the result of a decrease in interest income on program loans and a net increase in the yield reduction liability for the Fund's homeownership and multifamily loan portfolios. Overall, program loans receivable decreased $862.2 million or 13.6% at June 30, 2012 compared to June 30, 2011.

Interest income from investments increased 8.6% to $34.3 million in fiscal year 2012 from $31.6 million in fiscal year 2011. The increase is primarily due to the increase in interest income from mortgage backed securities. Investment Agreements decreased $25.4 million from $237.3 million at June 30, 2011 to $211.9 million as of June 30, 2012, while SMIF decreased $200 million from $1.51 billion to $1.31 billion.

The increase in the total fair value of investments was $41.6 million in fiscal year 2012, a net increase of $46.5 million from fiscal year 2011, which had a decrease of $4.9 million in the fair value of investments. There was no gain on sale of securities in fiscal year ending June 30, 2012.

Other loan and commitment fees decreased $1.3 million to $30 million in fiscal year 2012 compared to $31.3 million for fiscal year 2011. The decrease was primarily due to the lower amount of loan servicing fees and the application fees received by the Fund.

Other revenues decreased by $81.2 million to $18.6 million during fiscal year 2012 compared to $99.8 million in fiscal year 2011. The decrease was primarily due to the decrease in the gain on debt extinguishment and the decrease in fair value of investment swap revenue.

Operating Expenses

Total operating expenses of the Fund were $519.3 million during fiscal year 2012 compared to $621.1 million during fiscal year 2011, a decrease of $101.8 million or 16.4%. The decrease is primarily due to the decrease in bond interest expenses and swap expenses.

Bonds payable at June 30, 2012 decreased by $1.34 billion from June 30, 2011 and bond interest and swap expense, which represents 36.8% of the Fund's total operating expenses, decreased by $58.0 million or 23.3% compared to fiscal year 2011. The decrease in bond interest and swap expense is attributed to the increased bond redemption activity and the Agency's participation in the Temporary Credit and Liquidity Program ("TCLP") which provides replacement credit and facilities for existing variable rate debt for State and local Housing Finance Agencies.

Salaries and general expenses slightly decreased from $42.7 million during fiscal year 2011 to $41.3 million during fiscal year 2012 (as shown in the condensed statements of revenues, expenses and changes in net position).

Operating Loss before Transfers

Operating loss before transfers for fiscal year 2012 was $105.4 million compared to an operating loss of $116.9 million for fiscal year 2011. The $11.5 million decrease in operating loss before transfers is reflective of the activities mentioned above.

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF NET POSITION
June 30, 2013 and June 30, 2012
(Dollars in Thousands)

	2013 Totals	2012 Totals
ASSETS		
Current assets:		
Cash and cash equivalents	$ 35,025	$ 559,865
Investments	1,375,758	1,652,102
Current portion - program loans receivable, net of allowance	155,133	163,801
Interest receivable:		
Program loans, net	30,974	29,018
Investments	4,461	6,506
Accounts receivable	18,909	24,894
Other assets	3,576	85,536
Total current assets	1,623,836	2,521,722
Noncurrent assets:		
Investments	489,991	577,505
Program loans receivable, net of allowance	4,631,407	5,295,050
Deferred financing costs	17,728	23,860
Other assets	21,504	329,867
Total noncurrent assets	5,160,630	6,226,282
Total assets	6,784,466	8,748,004
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated increase in fair value of hedging derivatives	126,717	-
LIABILITIES		
Current liabilities:		
Bonds payable	105,988	107,273
Notes payable	2,888	-
Interest payable	70,690	84,955
Due to other government entities, net	898	570
Compensated absences	4,263	4,254
Deposits and other liabilities	248,196	230,370
Total current liabilities	432,923	427,422
Noncurrent liabilities:		
Bonds payable	4,712,924	6,402,243
Notes payable	78,170	87,929
Due to other government entities, net	28,888	32,805
Other liabilities	217,718	324,224
Unearned revenues	21,915	23,569
Total noncurrent liabilities	5,059,615	6,870,770
Total liabilities	5,492,538	7,298,192
Commitments and contingencies (see notes 11 and 13)		
DEFERRED INFLOWS OF RESOURCES		
Accumulated increase in fair value of hedging derivatives	-	-
NET POSITION		
Net investment in capital assets	962	1,119
Restricted by indenture	347,318	323,271
Restricted by statute	1,070,365	1,125,422
Total Net position	$ 1,418,645	$ 1,449,812

See notes to financial statements.

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2013 and June 30, 2012
(Dollars in Thousands)

	2013 Totals	2012 Totals
OPERATING REVENUES		
Interest income:		
Program loans, net	$ 256,268	$ 289,433
Investments, net	31,302	34,332
(Decrease) Increase in fair value of investments	(25,492)	41,577
Loan commitment fees	2,090	2,577
Other loan fees	29,292	27,378
Other revenues	39,275	18,595
Total operating revenues	332,735	413,892
SALARIES AND GENERAL EXPENSES		
Interest	171,835	191,265
Amortization of bond discount and bond premium	(944)	(1,024)
Mortgage servicing expenses	9,942	11,688
Provision for program loan losses	68,613	105,833
Salaries and general expenses	40,199	41,303
Other expenses	112,881	170,232
Total salaries and general expenses	402,526	519,297
Operating loss before transfers	(69,791)	(105,405)
Transfers in	38,624	75,142
Decrease in net position	(31,167)	(30,263)
Accumulated increase in fair value of hedging derivatives	1,449,812	1,480,075
Net position at end of year	$ 1,418,645	$ 1,449,812

See notes to financial statements.

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2013 and June 30, 2012
(Dollars in Thousands)

	2013 Totals	**2012 Totals**
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 254,311	$ 298,527
Payments to suppliers	(21,591)	(23,828)
Payments to employees	(29,758)	(30,357)
Other receipts	736,143	626,860
Net cash provided by operating activities	939,105	871,202
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Due from other government entities	4,845	(18,836)
Net cash used for noncapital financing activities	4,845	(18,836)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sales of bonds	136,573	32,862
Payment of bond principal	(106,808)	(139,387)
Early bond redemptions	(1,723,776)	(1,236,983)
Interest paid on debt	(186,098)	(206,990)
Interfund transfers	38,624	75,142
Changes in deferred costs	983	(47)
Net cash used for by capital and related financing activities	(1,840,502)	(1,475,403)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturity and sale of investments	3,368,452	4,149,265
Purchase of investments	(3,030,086)	(4,132,174)
Interest on investments, net	33,346	34,834
Net cash provided by (used for) investing activities	371,712	51,925
Net decrease in cash and cash equivalents	(524,840)	(571,112)
Cash and cash equivalents at beginning of year	559,865	1,130,977
Cash and cash equivalents at end of year	$ 35,025	$ 559,865
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating loss	$ (69,791)	$ (105,405)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Interest expense on debt	171,835	191,265
Interest on investments	(31,302)	(34,332)
Changes in fair value of investments	25,491	(41,577)
Accretion of capital appreciation bonds	-	453
Amortization of bond discount	173	78
Amortization of deferred losses on refundings of debt	(1,531)	335
Amortization of bond issuance costs	5,149	4,875
Amortization of bond premium	(2,105)	(1,916)
Amortization of deferred revenue	(2,090)	(2,577)
Depreciation	284	277
Provision for program loan losses	68,613	105,833
Provision for yield reduction payments	(8,038)	(3,092)
Provision for nonmortgage investment excess	(396)	(737)
Effect of changes in operating assets and liabilities:		
Purchase of program loans-net	(230,764)	(171,765)
Collection of principal from program loans, net	900,521	919,276
Interest receivable	(1,957)	9,096
Accounts receivable	9,024	919
Other assets	194,225	(60,116)
Compensated absences	9	(111)
Deposits and other liabilities	17,825	(1,167)
Other liabilities	(106,070)	61,590
Net cash provided by operating activities	$ 939,105	$ 871,202
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Noncash transfer of program loan to REO	$ 86,662	$ 115,948

See notes to financial statements.

CALIFORNIA HOUSING FINANCE FUND
NOTES TO FINANCIAL STATEMENTS
Fiscal Years Ended June 30, 2013 and 2012

Note 1 – AUTHORIZING LEGISLATION AND ORGANIZATION

The California Housing Finance Fund ("Fund") is one of two continuously appropriated funds administered by the California Housing Finance Agency ("Agency"). The Agency was created by the Zenovich-Moscone-Chacon Housing and Home Finance Act ("Act"), as amended, as a public instrumentality, a political subdivision and a component unit of the State of California ("State"), and administers the activities of the Fund and the California Housing Loan Insurance Fund ("Mortgage Insurance Fund"). These funds allow the Agency to carry out its purpose of financing the housing needs of persons and families of low and moderate income within the State. The Agency is authorized to issue its bonds, notes and other obligations to fund loans to qualified borrowers for single family houses and multifamily developments. The Agency has no taxing power and is exempt from federal income taxes and state franchise taxes. Funding of loan programs on an on-going basis is derived principally from bond proceeds and interest earned on loans and investments.

The Agency is governed by a Board of Directors which consists of 11voting members and three non-voting members. Of the 11 voting members, six are appointed by the Governor, three are ex-officio and two are appointed by the Legislature. The statutory role of the Board is to: 1) enact the annual financing resolutions that permit the issuance of bonds and 2) enact the Agency's operating budget and business plan. Subject to the supervision of the Board, the Agency's day-to-day operational authority statutorily resides with the Agency's Executive Director.

The Agency may also provide administrative, consulting and technical services in connection with the financing of housing developments; act as a State representative in receiving and allocating federal housing subsidies; and make grants, under certain circumstances, to housing sponsors (providing that grants may not be made with proceeds from the sale of bonds or notes).

The Agency is the administrator of the Home Purchase Assistance Fund, established by Section 51341 of the Health and Safety Code *et seq*. which is a state general obligation bond program, the funds of which are neither generated nor held within the Fund, and therefore, not included in the accompanying financial statements.

The accompanying financial statements are the financial statements of the Fund and do not include the financial position or the results of operations of the Mortgage Insurance Fund which insures loans owned by the Agency and others to finance the acquisition, new construction or rehabilitation of residential structures in California. As of December 31, 2012, the Mortgage Insurance Fund had total assets of $1.2 million and deficit of $111.2 million (not covered by this Independent Auditors' Report).

The accompanying financial statements are the financial statements of the Fund and do not include the financial position or the results of operations of CalHFA Mortgage Assistance Corporation ("CalHFA MAC") which is a nonprofit public benefit corporation and organized as an entity separate from CalHFA. As of September 30, 2012, CalHFA MAC had total assets of $278.3 million and net position of $26 thousand (not covered by this Independent Auditors' Report).

As a fund of a component unit of the State, the financial information of the Fund is included in the State's Comprehensive Annual Financial Report.

Programs and accounts are as follows:

Home Mortgage Revenue Bonds: The Home Mortgage Revenue Bonds provide financing for the Agency's Home Mortgage Program which purchases eligible mortgage loans, secured by trust deeds on newly constructed or existing single family homes, condominiums, planned unit developments and manufactured housing permanently attached to the land and originated and serviced by qualified lending institutions. All mortgage loans purchased under this program will be insured either by the Federal Housing Administration ("FHA"), the Mortgage Insurance Fund, the Department of Veterans Affairs ("VA"), a private mortgage guaranty insurance policy, or a combination thereof, covering a loss of up to fifty percent (50%), one hundred percent (100%) in the case of a FHA insured loan, of the outstanding principal amount of the mortgage loans.

Housing Program Bonds: The Housing Program Bonds Indenture was created to provide a vehicle for issuing debt to finance either multifamily or single family programs of the Agency. Bonds issued under this indenture are backed by the Agency's general obligation. As of June 30, 2013, the Agency has three series of bonds issued and outstanding under this indenture. These bonds were issued to finance deferred payment, simple interest loans originated under certain of the Agency's down payment assistance programs, as well as to finance certain multifamily loans.

Residential Mortgage Revenue Bonds: The Residential Mortgage Revenue Bonds are issued by the Agency pursuant to a national initiative of the United States Treasury to assist state and local housing finance authorities by the Federal Program. The Bonds, issued as escrow bonds pursuant to the Indenture, are to be converted to long-term fixed-rate bonds. The Treasury has agreed, through government-sponsored agencies, to purchase certain mortgage revenue bonds at rates lower than the prevailing market intended to reduce the costs of funds to issuers to the making or financing of mortgage loans.

Multifamily Loan Purchase Bonds: On July 26, 2000, the Agency purchased 278 Department of Housing and Urban Development ("HUD") Section 236 loans with an aggregate unpaid principal balance of approximately $270 million. The purpose of this transaction was to enhance the ability of the Agency to assist affordable housing sponsors to refinance their projects and extend the period during which the units are offered at affordable rents to very-low-income and lower-income tenants. The Agency expects to provide the financing for many of these transactions.

Multifamily Housing Revenue Bonds II: The Multifamily Housing Revenue Bonds II are fixed rate bonds collateralized by the GNMA mortgage-backed securities and/or FHA insured loans. The bonds were issued to provide financing for multi-unit rental housing developments which are utilized for occupancy by persons and families of low and moderate income. The loans may provide acquisition, construction (both for new construction and rehabilitation) and permanent financing for developments.

Multifamily Housing Revenue Bonds III: The Multifamily Housing Revenue Bonds III are fixed or variable rate bonds collateralized by GNMA mortgage-backed securities and/or FHA insured loans and/or uninsured loans. The bonds provide financing for multi-unit rental housing developments which are utilized for occupancy by persons and families of low and moderate income. The loans may provide acquisition, construction (both for new construction and rehabilitation), and permanent financing for developments.

Variable Rate Demand Limited Obligation Multifamily Housing Revenue Bonds (Mission Gardens Apartments Project): This Bond is issued pursuant to and in compliance with the Zenovich Moscone Chacon Housing and Home Finance Act, consisting of Parts 1 through 4 of Division 31 of the California Health and Safety Code, and a resolution of the Issuer. The Bonds are special, limited obligations of the Issuer payable solely from and secured by the Trust Estate pledged therefore pursuant to the Indenture. The Bonds are issued to provide funds to finance a multifamily housing project located in the City of Santa Cruz, California, owned by Mission Gardens Affordable, L.P., a California limited partnership.

Variable Rate Demand Limited Obligation Multifamily Housing Revenue Bonds (Montecito Village Apartments Project): This Bond is issued pursuant to and in compliance with the Zenovich Moscone Chacon Housing and Home Finance Act, consisting of Parts 1 through 4 of Division 31 of the California Health and Safety Code, and a resolution of the Issuer. The Bonds are special, limited obligations of the Issuer payable solely from and secured by the Trust Estate pledged therefore pursuant to the Indenture. The Bonds are issued to provide funds to finance a multifamily housing project located in the City of Ramona, California, owned by Montecito Village Affordable, L.P., a California limited partnership.

Limited Obligation Multifamily Housing Revenue Bonds (Fairmont Apartments Project): The bonds were issued to finance a loan to the borrower for acquisition, rehabilitation and development of a 31-unit multifamily rental housing project located in the City of Oakland, California, and known as Fairmont Apartments.

Limited Obligation Multifamily Housing Revenue Bonds (Belovida Apartment Project): The bonds were issued pursuant to a Trust Indenture dated as of August 1, 2010 between the Agency and U.S. Bank National Association, as Trustee. The proceeds of the Bonds are used by the Agency to finance a mortgage loan, to Belovida at Newbury Park, L.P., for the purpose of financing a portion of the cost of the acquisition, construction and development of a multifamily rental housing development located in the city of San Jose, California. As of February 15, 2013, the bonds were fully redeemed.

Limited Obligation Multifamily Housing Revenue Bonds (Highlands Point Apartments): The bonds were issued pursuant to the Act and this Indenture to finance the acquisition, construction and development of an approximately 293-unit multifamily rental housing development located within the City of San Ramon, California to be known as Highlands Point Apartments for persons and families of low or moderate income.

Limited Obligation Multifamily Housing Revenue Bonds (South Pace Apartments): The bonds were issued pursuant to the Act for the purpose of funding a loan to finance the borrower's acquisition, rehabilitation, and development of a 93-unit multifamily rental housing project located in the City of Fairfield, California and known as South Pace apartments. The loan is secured by certain Construction Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing.

Limited Obligation Multifamily Housing Revenue Bonds (GNMA Collateralized Mortgage Loan - One Santa Fe Apartments): The bonds were issued to acquire fully modified mortgage-backed securities, Ginnie Mae Certificates, issued by PNC Bank, N.A. backed by a mortgage loan to 1SF-R, LP, which mortgage loan is insured by the Secretary of Housing and Urban Development. The Mortgage Loan is made to the borrower to provide for the financing of a multifamily rental housing development located in Los Angeles, California and to be known as One Santa Fe Apartment.

Limited Obligation Multifamily Housing Revenue Bonds (Woolf House Apartments): The bonds were issued for the purpose of making a loan to Woolf House Partners LP, to finance a portion of the costs of acquiring, rehabilitating equipping and otherwise improving an existing 182-unit residential rental apartment complex.

Limited Obligation Multifamily Housing Revenue Bonds (Willow Wood Denny Place Apartment Project): The Bonds are issued pursuant to the Trust Indenture, dated as of March 1, 2013, between the Agency and U.S. Bank National Association, as Trustee. The

bonds were issued to finance a loan to the borrower for the acquisition, rehabilitation and development of a 36-unit multifamily rental housing project located in the City of North Hollywood, California.

Affordable Multifamily Housing Revenue Bonds: The Affordable Multifamily Housing Revenue Bonds are issued under the Indenture in connection with the New Issue Bond Program of the HFA Initiative pursuant to the Memorandum of Understanding dated October 19, 2009 among Treasury, the Federal Housing Finance Agency, Fannie Mae and Freddie Mac to facilitate financing for various state and local housing finance agencies to serve homebuyers and low and moderate income renter.

Housing Assistance Trust: The Housing Assistance Trust ("HAT") is comprised of Agency investments in special purpose mortgage loans promoting both rental housing and homeownership, remaining investments in mortgage loans from fully redeemed bond indentures, and funds to assist in the development of single and multifamily projects through various low-interest loan and technical assistance programs. Also, included within HAT are funds held in trust representing Earned Surplus and Financial Adjustment Factor ("FAF") Savings from HUD Section 8 projects. Earned Surplus is to be used in lowering the rents for persons and families of low or moderate income in accordance with state law. FAF Savings are to be used in providing decent, safe, and sanitary housing, which is available for very-low income families and persons qualifying in accordance with federal law.

Contract Administration Programs: The Agency administers loan and grant programs for the Rental Housing Construction Program, the School Facilities Fee Assistance Program, the California Homebuyer's Down payment Assistance Program, National Foreclosure Mitigation Counseling Program, Mental Health Services Act Housing Program, and programs offered pursuant to the Housing and Emergency Shelter Trust Fund Act of 2002 and 2006. Funding of these programs was appropriated by the legislature or provided by voter authorized State bond programs to other departments and agencies within the State that have contracted with the Agency for this purpose. All monies transferred in accordance with the agreements and for the purposes of the program are considered assets of the Fund. The Fund had cash and non-cash transfers in the amount of $38.6 million and $75.1 million for fiscal year 2013 and 2012, respectively.

Supplementary Bond Security Account: This account was established exclusively to secure issuances of bonds. This security may be accomplished by creating supplementary reserve accounts to provide for payment of the principal, interest, redemption premiums or sinking fund payments on bonds, or by insuring mortgage loans made with the proceeds of bond issues or to indemnify the Mortgage Insurance Fund for losses.

Emergency Reserve Account: This account was established by the Agency to meet its obligations and liabilities incurred in connection with its housing loan programs. This reserve is maintained at approximately one percent (1%) of the aggregate amount of the Agency's net program loans receivable.

Loan Servicing: The Agency services nearly all multifamily program loans, approximately 37.1% of the Agency's homeownership program loans in first lien position (as of June 30, 2013), and all junior or subordinate lien homeownership program loans and certain other loans for the California State Teachers' Retirement System and Fannie Mae. Loan servicing agreements require that the Agency hold and maintain escrow and reserve accounts, on behalf of borrowers, that are reported as "Deposits and Other Liabilities".

Loan Warehousing: Homeownership loans are typically warehoused as they are purchased from originating lenders and subsequently transferred to individual bond financings on a monthly basis. The Agency did not borrow any funds from the State's Pooled Money Investment Account ("PMIA") for the purpose of short-term warehousing of Agency loans in FY 2013.

Citigroup Global Markets: The Loan Agreements were made and entered into by and between the Agency and Citibank, N.A., as lender, under the Zenovich-Moscone-Chacon Housing and Home Finance Act. Pursuant to the Loan Agreements, the proceeds of the Agency Loans will be used to retire certain indebtedness of the Agency including to refund and redeem all or a portion of certain Multifamily Rental Housing Bonds of the Agency that were originally issued to finance the Projects, and for other valid purposes of the Agency under the Act.

Operating Account: The Operating Account was established for purposes of depositing funds available to the Agency for payment of operating and administrative expenses of the Agency and financing expenditures not associated with specific bond funds.

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting: The Fund is accounted for as an enterprise fund. Accordingly, the accompanying financial statements have been prepared using the accrual method of accounting and on the basis of accounting principles generally accepted in the United States of America (hereinafter referred to as "Generally Accepted Accounting Principles").

Recently Adopted Accounting Pronouncements: The Agency recently adopted GASB 62 and 63 for the period ending June 30, 2013. In December, 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective for periods beginning after December 15, 2011, with earlier application

encouraged. The objective of GASB Statement No. 62 is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is include in the FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for period beginning after December 15, 2011, with earlier application encouraged. GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. For fiscal year 2013, both GASB 62 and 63 had no effect on the financial statements of the Fund.

New Accounting Pronouncements: In March 2012, the GASB issued Statement No. 65, Items *Previously Reported as Assets and Liabilities*, effective for period beginning after December 15, 2012, with earlier application encouraged. GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflow of resources, certain items that were previously reported as assets and liabilities. The Agency will apply GASB No. 65 for the fiscal year beginning July 1, 2013.

Use of Estimates: The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates are used in determining the fair values of the interest rate swaps. The fair values of the swaps are based on factors such as future interest rates and a discount rate. Actual results could differ materially from those estimates.

Cash and Cash Equivalents: The Agency considers cash on hand, cash on deposit with financial institutions and cash held in money market funds to be cash and cash equivalents.

Investments: All investments are reported at fair value as determined by financial services providers or financial publications, except for certain non-participating fixed interest investment contracts which are valued using cost based measures. The net increase (decrease) in the fair value of investments includes both realized and unrealized gains and losses.

Interest Rate Swap Agreements: The Agency enters into interest rate swap agreements with swap counterparties to manage variable interest rate risk exposure resulting from the issuance of variable rate bonds. The interest rate swap agreements provide synthetic fixed rates of interest on the underlying bonds and are accounted for as matched swaps in accordance with settlement accounting. An interest rate swap is considered to be a matched swap if it is linked through designation with an asset or liability that is on the statements of net position, provided that it has the opposite interest characteristics of such Statements of net position item. Under settlement accounting, periodic net cash settlements under the swap agreements are treated as an increase or decrease in interest expense of the related bond liability over the lives of the agreements. While these swap contracts hedge floating rate bonds issued within the HMRB indenture, hedging expenses are a general obligation of the Agency that is often reimbursed with excess revenue transfers from the HMRB indenture. The interest rate swap agreements allow the Agency to manage the interest rate risk associated with variable rate debt.

Program Loans Receivable, net: Loans receivables are carried at their outstanding principal balances, less an allowance for loan losses.

Allowance for Program Loan Losses: The Agency's policy is to charge expenses for estimated probable losses which are established as an allowance for loan losses. The allowance is an amount that management believes will be adequate to absorb losses inherent in existing loans based on evaluations of collectability and prior loss experience. The evaluations take into consideration such factors as changes in the nature and volume of the portfolio, overall portfolio quality, loan concentrations, specific problem loans, delinquencies, and anticipated economic and other conditions that may affect the borrowers' ability to repay the loans. While management uses the best information available to evaluate the adequacy of its allowance, future adjustments to the allowance may be necessary if actual experience differs from the factors used in making the evaluations.

Other Real Estate Owned ("REO"): Property acquired by the Agency through foreclosure is recorded at the lower of estimated fair value less estimated selling costs (fair value) or the carrying value of the related loan at the date of foreclosure and is included in "Other Assets" on the accompanying financial statements. At the time the property is acquired, if the fair value is less than the loan amounts outstanding, any difference is charged against the allowance for loan losses. After acquisition, valuations are periodically performed and, if the carrying value of the property exceeds the current fair value, a valuation allowance is established by a charge to operations. Subsequent increases in the fair value may reduce or eliminate the allowance. Operating costs on foreclosed real estate are expensed as incurred. Costs incurred for physical improvements to foreclosed real estate are capitalized if the value is recoverable through future sale.

Bonds Payable and Notes Payable, net: Bonds Payable and Notes Payable are carried at their outstanding principal balances, plus unamortized bond premiums, less unamortized bond discounts, unamortized underwriters discounts and deferred losses on refundings.

Bond Premium, Discount and Deferred Financing Costs: Premium, discount and financing costs on bonds are deferred and amortized over the life of the related bond issue using the straight line method of amortization.

Capital Appreciation Bonds: Capital appreciation bonds are payable upon redemption or at maturity in an amount equal to the initial principal amount of such bond plus an amount of interest which, based on semi-annual compounding from the original issuance date, will

produce a given yield to the stated maturity. This "Accreted Value" is accrued as bond interest, thereby increasing the original issuance amount of the capital appreciation bond which is not paid until redemption or maturity.

Compensated Absences: Agency employees accrue vacation or annual leave in varying amounts for each monthly period worked. Employees may accumulate leave time, subject to certain limitations, and upon retirement, termination, or death may be compensated for certain accumulated amounts at their then current rates of pay. The Agency records an expense for all accumulated leave that the Agency would be required to pay if all employees terminated their employment.

Unearned Revenue: Unearned revenue represents the receipt of certain loan commitment fees and other fees from lenders and borrowers, which is generally recognized as revenue over the life of the associated loans. Also included in unearned revenue is the cumulative amount by which pass-through revenues exceed expenses and allowable costs of issuance of certain programs.

Net Position: Net Position is equal to assets plus deferred outflows of resources less the sum of liabilities plus deferred inflows of resources. Net position is classified as net investment in capital assets or restricted net position. Net investment in capital assets represents investments in office equipment and furniture net of depreciation. Restricted net position represent net position balances under the lien of bond indentures that are therefore pledged to bondholders. State statutes further restrict other net position of the Fund solely for purposes of the Agency and provide for a continuing appropriation of such assets for the benefit of bondholders.

Extinguishment of Debt: The Agency accounts for gains and losses associated with debt refundings by deferring such gains or losses and recognizing them as revenues or expenses over the shorter of the term of the bonds extinguished or the term of the refunding bonds. Gains or losses associated with debt redemptions and maturing principal, other than refundings, are recognized as income or expense at the date of the extinguishment.

Operating Revenues and Expenses: The Fund's primary operating revenue is derived from the investment of bond proceeds in the loan programs and investment securities. The primary expense is interest expense on bonds outstanding. Net interest income is an important measure of performance for the Fund. "Interest income program loans" and "interest income investments-net" are shown as operating revenues in the statements of Revenue, Expenses and Changes in Net Position.

Other Operating Revenues and Expenses: The Agency administers certain Section 8 contracts under the HUD guidelines of New Construction and Substantial Rehabilitation. Included in most contracts is an administrative fee earned by the Agency which totaled $1.7 million for both years ended June 30, 2013 and 2012. The Agency also administers National Foreclosure Mitigation Counseling Program ("FMC"). The HUD and FMC pass-through payments aggregated $66.6 million and $73.4 million for the years ended June 30, 2013 and 2012, respectively, and are reported as other operating revenues and expenses within Other Programs and Accounts.

Note 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The Fund utilizes a cash and investment pool maintained by the State Treasurer's office. Each program and account's portion of this pool is included in investments on the statements of net position. In addition, other types of investments are separately held by most of the programs and accounts.

Cash and Cash Equivalents: At June 30, 2013 and 2012, all cash and cash equivalents, totaling $35 million and $559.9 billion, respectively, were covered by federal depository insurance or by collateral held by the Agency's agent in the Agency's name.

Investments: Investment of funds is restricted by the Act and the various bond resolutions and indentures of the Agency, generally, to certain types of investment securities, including direct obligations of the U.S. Government and its agencies, the State Treasurer's Pooled Money Investment Account, long term investment agreements which are issued by institutions rated within the top two ratings of a nationally recognized rating service, and other financial instruments.

In December 2010, the Agency entered into a U. S. Bank National Association Open Repurchase agreement with U.S. Bank through its Money Center for most of the programs except HMRB. In March 2013, U.S. Bank discontinued the Open Repurchase Investment. The Agency entered into an U.S. Bank National Association Daily Liquid (open-ended) Commercial Paper (Open CP) agreement with U.S. Bank in March, 2013, as an alternative to the Open Repurchase investment. The Open CP agreements are unsecured promissory notes issued by U.S. Bank National Association. The Open CP is not insured by Federal Deposit Insurance Corporation ("FDIC") or guaranteed by any governmental agency or authority, or by U.S. Bank. As of June 30, 2013, the par value and market value of Open CP agreements was $32 million.

The Agency is required to post collateral based on the Agency's current Long Term Debt Ratings assigned by either Standard and Poor's Rating Group or Moody's Investor Service, Inc., as set forth in each International Swap Dealers Association, Inc. ("ISDA") Master Agreement (see Note 7). The total cash and fair market value of investment securities posted as collateral at June 30, 2013 and 2012 was $61.9 million and $120.3 million, respectively.

Investments at June 30, 2013 and 2012 are as follows (dollars in thousands):

	Fair Value June, 30 2013	Fair Value June, 30 2012
U.S. Agency Securities --- GNMA's	$ 250,223	$ 423,058
Federal Agency Securities	239,768	154,447
Investment Agreements --- Financial Institutions (at cost)	61,381	141,624
Total		
Other Investments:		
Surplus Money Investment Fund --- State of California	1,238,133	1,312,147
'US Bank NA Open CP/Open Repo	32,011	128,102
Other Investment Agreements (at cost)	44,233	70,229
Total Investments	$ 1,865,749	$ 2,229,607
Current portion	1,375,758	1,652,102
Noncurrent portion	489,991	577,505
Total	$ 1,865,749	$ 2,229,607

Note 4 – INVESTMENT RISK FACTORS

Investments by type at June 30, 2013 and 2012 are consists of the following (dollars in thousands):

	2013 Totals	2012 Totals
U.S. Agency Securities --- GNMA's	$ 250,223	$ 423,058
Federal Agency Securities	239,768	154,447
Investment Agreements --- Financial Institutions (at cost)	105,614	211,853
US Bank NA Open CP/Open Repo	32,011	128,102
Surplus Money Investment Fund --- State of California	1,238,133	1,312,147
Total Investments	$ 1,865,749	$ 2,229,607

There are many factors that can affect the value of investments. Some, such as credit risk, custodial credit risk, and concentration of credit risk and interest rate risk, may affect both equity and fixed income securities. Equity and debt securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates. It is the investment policy of the Agency to invest substantially all of its funds in fixed income securities, which limits the Agency's exposure to most types of risk.

Credit Risk: Fixed income securities are subject to credit risk, which is the chance that an issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. Certain fixed income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government are not considered to have credit risk.

The credit risk profile for fixed income securities at June 30, 2013 and 2012 are as follows (dollars in thousands):

	2013 Totals	2012 Totals
Fixed income securities:		
U.S. government guaranteed	$ 489,991	$ 577,505
Guaranteed interest contracts:		
Rated Aaa/AA+	-	116
Rated Aaa/NR	6,059	12,716
Rated Aa1/AA+	10	-
Rated Aa2/AA	-	12,399
Rated Aa2/AA-	6,675	-
Rated Aa3/A+	-	128,102
Rated A1+/P1	32,011	-
Rated A1/AA+	6,078	8,845
Rated A1/AA-	32,893	53,011
Rated A2/A	53,899	110,208
Rated A3/NR	-	14,558
Total fixed income securities	$ 627,616	$ 917,460

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be returned. At June 30, 2013, the Agency did not have any investments exposed to custodial credit. All investments are held by the State of California or by pledging financial institutions in the name of the Agency.

Concentration of Credit Risk: Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the Agency to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. Investments issued or guaranteed by the U.S. government and investments in external investment pools, such as the commingled funds managed by the Agency are not considered subject to concentration of credit risk. At June 30, 2013, no investments in any one issuer exceed 5% of the net position, except for securities issued by the U.S. government or its agencies.

Interest Rate Risk: Interest rate risk is the risk that the value of fixed income securities will decline due to decreasing interest rates. The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. At June 30, 2013, the Agency does not have any debt investments that are highly sensitive to changes in interest rates.

Effective duration is the approximate change in price of a security resulting from a 100 basis points (1 percentage point) change in the level of interest rates. It is not a measure of time. The guaranteed interest contracts are valued at par and therefore not subject to interest rate risk. The effective duration for U.S. government guaranteed fixed income securities at June 30, 2013 and 2012 are as follows:

	2013	2012
Fixed income securities:		
U.S. government guaranteed	16.00	16.31

Note 5 – PROGRAM LOANS RECEIVABLE

Changes in program loans receivable for the years ended June 30, 2013 and 2012 are as follows (dollars in thousands):

	2013 Totals	2012 Totals
Beginning of year balance	$ 5,458,851	$ 6,932,903
Loans purchased/funded	248,712	304,167
Noncash transfers - REO	(86,662)	(115,948)
Amortized principal repayments	(238,313)	(178,580)
Prepayments	(575,547)	(637,826)
Principal Reduction Program	(18,094)	(1,491)
Chargeoffs	(55,365)	(115,626)
Unamortized Mortgage Discount	146	(3,101)
Transfer to mortgage-backed securities	-	(439,685)
Transfer to REO- net of write-down	66,059	(86,186)
Allowance for loan loss	(13,247)	(199,776)
	$ 4,786,540	$ 5,458,851
Current portion	$ 155,133	$ 163,801
Noncurrent portion	4,631,407	5,295,050
Total	$ 4,786,540	$ 5,458,851

Note 6 – ALLOWANCE FOR PROGRAM LOAN LOSSES

Changes in the allowance for program loan losses for the year ended June 30, 2013 and 2012 are as follows (dollars in thousands):

	2013 Totals	2012 Totals
Beginning of year balance	$ 199,776	$ 94,326
Provisions for program loan losses	68,612	105,833
Noncash transfer of Gap and CalHLIF reserve to Allowance for loan loss	-	115,243
Chargeoffs	(55,365)	(115,626)
End of year balance	$ 213,023	$ 199,776

Note 7 – BONDS AND NOTES PAYABLE AND ASSOCIATED INTEREST RATE SWAPS

The Act empowers the Agency, on behalf of the Fund, to issue both federally taxable and tax exempt bonds and notes. Bonds and notes issued by the Agency are not debts of the State but are special and general obligations of the Agency payable solely from and collateralized by the revenues and other assets pledged under the respective indentures. The Act provides the Agency with the authority to have outstanding bonds or notes, at any one time, in the aggregate principal amount of $13.15 billion excluding refunding issues and certain taxable securities.

The Agency, on behalf of the Fund, as part of its interest rate risk management program, has entered into interest rate swap agreements with various counterparties wherein the Agency has agreed to pay fixed or variable rates of interest and receive floating rate payments.

Bonds payable and the terms and outstanding notional amounts and fair value of associated interest rate swaps as of June 30, 2013 are as follows (dollars in thousands):

	Bonds					
Bond Issue	Type of Bond	Interest Rate Range	Final Maturity Date	Outstanding Fixed	Outstanding Variable	Total
Home Mortgage Revenue Bonds:						
2000 Series H	Taxable	0.410%	2017		$ 16,255	$ 16,255
2000 Series J	Tax-Exempt					
2000 Series N	Tax-Exempt	0.130%	2031		15,930	15,930
2000 Series V	Taxable	0.580%	2032		11,185	11,185
2000 Series V	Taxable	0.580%	2032		15,490	15,490
2000 Series X-2	Tax-Exempt	0.130%	2031		4,805	4,805
2000 Series Z	Taxable	0.470%	2031		30,840	30,840
2001 Series D	Taxable	0.550%	2022		39,135	39,135
2001 Series G	Taxable	0.490%	2029		32,375	32,375
2001 Series J	Tax-Exempt	0.130%	2032		18,485	18,485
2001 Series K	Taxable	0.530%	2032		39,815	39,815
2001 Series N	Tax-Exempt					
2001 Series O	Taxable	0.560%	2032		42,745	42,745
2001 Series S	Taxable	0.600%	2023		28,585	28,585
2001 Series U	Tax-Exempt	0.130%	2032		27,945	27,945
2001 Series V	Taxable	0.420%	2031		13,600	13,600
2002 Series B	Tax-Exempt	0.130%	2033		23,875	23,875
2002 Series C	Taxable	0.540%	2033		22,665	22,665
2002 Series D	Taxable	0.460%	2030		21,375	21,375
2002 Series F	Tax-Exempt					
2002 Series H	Taxable	0.540%	2022		17,650	17,650
2002 Series J	Tax-Exempt	0.130%	2033		45,940	45,940
2002 Series L	Taxable	0.540%	2024		17,940	17,940
2002 Series M	Tax-Exempt	0.540%	2025		28,920	28,920
2002 Series O	Taxable	0.510%	2033		13,715	13,715
2002 Series P	Tax-Exempt					
2002 Series Q	Tax-Exempt					
2002 Series U	Tax-Exempt	0.130%	2031		20,350	20,350
2003 Series D	Tax-Exempt	0.130%	2022		21,940	21,940
2003 Series F	Tax-Exempt	0.130%	2034		7,535	7,535
2003 Series G	Taxable	0.440%	2034		12,695	12,695
2003 Series H	Tax-Exempt	0.130%	2032		28,285	28,285
2003 Series I	Taxable	0.470%	2033		27,415	27,415

Swaps

Type	Fixed Rate Paid By Agency	Floating Rate Received By Agency	Effective Date	Termination Date	Outstanding Notional/Applicable Amount	Fair Value
Fixed payer	4.9000%	LIBOR @ 65%	5/25/00	8/1/30	$ 18,105	$ (4,273)
Fixed payer	4.5275%	LIBOR @ 65%	10/5/00	8/1/15	12,860	(594)
Fixed payer	7.0960%	6 mo LIBOR	10/5/00	8/1/14	7,410	(269)
Fixed payer	4.5100%	LIBOR @ 65%	12/13/00	8/1/31	21,400	(4,354)
Fixed payer	6.8430%	3 mo LIBOR	12/13/00	8/1/16	13,170	(1,118)
Fixed payer	6.2150%	3 mo LIBOR+.26%	1/25/01	8/1/19	27,710	(3,567)
Fixed payer	6.0100%	3 mo LIBOR+.20%	4/5/01	2/1/16	13,000	(1,038)
Fixed payer	4.1430%	LIBOR @ 65%	5/31/01	8/1/24	26,710	(2,815)
Fixed payer	3.9910%	LIBOR @ 65%	7/26/01	8/1/18	4,885	(416)
Fixed payer	6.3600%	3 mo LIBOR+.27%	7/26/01	8/1/20	31,370	(4,551)
Fixed payer	5.5300%	3 mo LIBOR+.31%	10/10/01	8/1/18	18,610	(1,681)
Fixed payer	4.1300%	SIFMA less .15%	12/6/01	8/1/32	36,580	(4,618)
Fixed payer	3.8880%	LIBOR @ 65%	4/18/02	8/1/27	32,770	(5,411)
Fixed payer	3.9940%	LIBOR @ 65%	6/6/02	2/1/24	29,165	(3,784)
Fixed payer	3.8630%	LIBOR @ 65%	8/8/02	8/1/32	50,970	(5,298)
Fixed payer	3.7280%	LIBOR @ 65%	10/17/02	8/1/22	39,815	(4,091)
Fixed payer	3.1480%	LIBOR @ 65%	12/12/02	8/1/22	47,885	(4,422)
Fixed payer	3.8200%	LIBOR @ 65%	12/12/02	8/1/32	10,635	(230)
Fixed payer	2.6750%	LIBOR @ 60%+.26%	8/7/03	8/1/30	32,565	(68)

Bond Issue	Type of Bond	Interest Rate Range	Final Maturity Date	Outstanding Fixed	Outstanding Variable	Total
		Bonds				
2003 Series K	Tax-Exempt	0.120%	2033		37,810	37,810
2003 Series L	Taxable	0.470%	2034		20,850	20,850
2003 Series M	Tax-Exempt	0.130%	2024		28,010	28,010
2003 Series M	Tax-Exempt	0.130%	2034		40,705	40,705
2003 Series N	Taxable	0.500%	2034		20,660	20,660
2004 Series A	Tax-Exempt					
2004 Series E	Tax-Exempt	0.120%	2035		28,305	28,305
2004 Series E	Tax-Exempt	0.120%	2035		43,845	43,845
2004 Series F	Taxable	0.480%	2035		33,675	33,675
2004 Series G	Tax-Exempt					
2004 Series G	Tax-Exempt					
2004 Series I	Tax-Exempt					
2005 Series A	Tax-Exempt	0.130%	2035		85,760	85,760
2005 Series B	Tax-Exempt	0.130%	2016		2,795	2,795
2005 Series B	Tax-Exempt	0.120%	2035		82,790	82,790
2005 Series D	Tax-Exempt	0.130%	2038		42,930	42,930
2005 Series F	Tax-Exempt	0.120%	2037		40,915	40,915
2005 Series F	Tax-Exempt	0.120%	2038		61,830	61,830
2005 Series H	Tax-Exempt	0.130%	2036		29,545	29,545
2006 Series C	Tax-Exempt	0.130%	2037		28,490	28,490
2006 Series C	Tax-Exempt	0.130%	2037		71,120	71,120
2006 Series D	Tax-Exempt	4.250% - 4.400%	2017	20,000		20,000
2006 Series E	Tax-Exempt	4.600% - 5.000%	2026	38,830		38,830
2006 Series F	Tax-Exempt					
2006 Series F	Tax-Exempt	0.100%	2041		44,020	44,020
2006 Series G	Tax-Exempt	3.700% - 3.875%	2016	18,165		18,165
2006 Series H	Tax-Exempt	5.750%	2030	14,195		14,195
2006 Series I	Tax-Exempt	4.600% - 4.875%	2041	62,760		62,760
2006 Series J	Tax-Exempt	4.100% - 4.150%	2016	12,710		12,710
2006 Series K	Tax-Exempt	4.550% - 5.500%	2042	130,660		130,660
2006 Series L	Tax-Exempt	4.050% - 4.150%	2016	18,880		18,880
2006 Series M	Tax-Exempt	4.550% - 5.000%	2042	94,940		94,940
2007 Series A	Taxable	5.720%	2032	88,340		88,340
2007 Series B	Taxable	0.470%	2042		40,000	40,000
2007 Series C	Taxable	0.470%	2042		20,000	20,000
2007 Series D	Tax-Exempt	4.150% - 4.400%	2018	39,315		39,315
2007 Series E	Tax-Exempt	4.650% - 5.000%	2042	98,415		98,415
2007 Series F	Tax-Exempt	4.500% - 4.700%	2017	25,370		25,370
2007 Series G	Tax-Exempt	4.950% - 5.050%	2029	65,615		65,615
2007 Series G	Tax-Exempt	5.500%	2042	36,505		36,505
2007 Series H	Tax-Exempt	0.100%	2033		9,415	9,415
2007 Series H	Tax-Exempt	0.100%	2042		50,000	50,000
2007 Series I	Tax-Exempt	4.100% - 4.350%	2017	9,780		9,780
2007 Series J	Tax-Exempt	5.750%	2047	15,210		15,210
2007 Series K	Tax-Exempt	0.100%	2037		10,540	10,540
2007 Series K	Tax-Exempt	0.100%	2038		25,000	25,000
2007 Series M	Taxable	5.835%	2032	77,610		77,610
2007 Series N	Taxable	0.470%	2043		60,000	60,000
2008 Series A	Tax-Exempt	3.900% - 4.500%	2020	28,180		28,180
2008 Series B	Tax-Exempt	4.800% - 5.000%	2028	11,710		11,710
2008 Series C	Tax-Exempt	0.100%	2041		2,225	2,225
2008 Series C	Tax-Exempt	0.100%	2041		3,420	3,420
2008 Series C	Tax-Exempt	0.100%	2041		5,485	5,485
2008 Series C	Tax-Exempt	0.100%	2041		7,760	7,760
2008 Series C	Tax-Exempt	0.100%	2041		3,680	3,680

Swaps

Type	Fixed Rate Paid By Agency	Floating Rate Received By Agency	Effective Date	Termination Date	Outstanding Notional/Applicable Amount	Fair Value
Fixed payer	3.2700%	LIBOR @ 60%+.26%	8/1/04	2/1/18	38,865	(103)
Fixed payer	3.0875%	LIBOR @ 60%+.26%	8/1/04	8/1/30	23,250	(1,605)
Fixed payer	3.5400%	LIBOR @ 60%+.26%	4/1/05	8/1/20	37,050	(645)
Fixed payer	4.1330%	LIBOR @ 60%+.26%	4/1/05	2/1/35	43,845	(966)
Fixed payer	3.6100%	LIBOR @ 60%+.26%	2/1/05	2/1/34	43,115	(4,635)
Fixed payer	4.0821%	LIBOR @ 60%+.26%	8/1/04	2/1/35	3,465	(101)
Fixed payer	3.5600%	LIBOR @ 60%+.26%	8/4/04	2/1/33	13,605	(1,404)
Fixed payer	3.8040%	LIBOR @ 60%+.26%	4/5/05	8/1/35	85,760	(10,836)
Fixed payer	3.0490%	LIBOR @ 60%+.26%	7/1/05	2/1/16	18,225	(610)
Fixed payer	3.7260%	LIBOR @ 60%+.26%	7/1/05	2/1/35	10,200	(336)
Fixed payer	3.1580%	LIBOR @ 60%+.26%	5/19/05	2/1/36	43,970	(1,505)
Fixed payer	3.3860%	LIBOR @ 60%+.26%	7/28/05	2/1/38	46,775	(1,913)
Fixed payer	3.8570%	LIBOR @ 62%+.25%	12/15/05	2/1/36	37,290	(1,851)
Fixed payer	4.0590%	LIBOR @ 62%+.25%	4/19/06	2/1/37	71,120	(4,886)
Fixed payer	4.2550%	LIBOR @ 62%+.25%	7/27/06	8/1/40	50,000	(2,803)
Fixed payer	4.1360%	LIBOR @ 62%+.25%	7/27/06	2/1/41	60,000	(5,769)
Fixed payer	4.0480%	LIBOR @ 62%+.25%	8/8/07	2/1/31	50,000	(5,217)
Fixed payer	4.2360%	LIBOR @ 62%+.25%	8/8/07	2/1//38	50,000	(6,000)
Fixed payer	3.9870%	LIBOR @ 63%+.24%	11/7/07	8/1/32	25,000	(1,974)
Fixed payer	4.0400%	LIBOR @ 63%+.24%	11/7/07	2/1/38	25,000	(1,974)
Fixed payer	4.8000%	LIBOR @ 65%	4/6/00	2/1/23	2,225	(585)
Fixed payer	4.1430%	LIBOR @ 65%	5/31/01	8/1/24	10,075	(2,013)
Fixed payer	3.9940%	LIBOR @ 65%	6/6/02	2/1/24	7,005	(1,423)
Fixed payer	3.8630%	LIBOR @ 65%	8/8/02	8/1/32	7,760	(1,748)

Bond Issue	Type of Bond	Interest Rate Range	Final Maturity Date	Outstanding Fixed	Outstanding Variable	Total
			Bonds			
2008 Series D	Tax-Exempt	0.100%	2043		1,680	1,680
2008 Series D	Tax-Exempt	0.100%	2043		2,595	2,595
2008 Series D	Tax-Exempt	0.100%	2043		1,355	1,355
2008 Series D	Tax-Exempt	0.100%	2043		3,865	3,865
2008 Series D	Tax-Exempt	0.100%	2031		10,020	10,020
2008 Series D	Tax-Exempt	0.100%	2031		16,330	16,330
2008 Series D	Tax-Exempt	0.100%	2043		4,210	4,210
2008 Series E	Tax-Exempt	0.100%	2032		3,395	3,395
2008 Series F	Tax-Exempt	0.100%	2032		14,305	14,305
2008 Series G	Taxable	6.000%	2025	50,000		50,000
2008 Series H	Taxable	4.950%	2020	69,235		69,235
2008 Series I	Taxable					
2008 Series I	Taxable					
2008 Series I	Taxable	1.770%	2042		37,235	37,235
2008 Series J	Tax-Exempt	4.500% - 5.125%	2018	45,525		45,525
2008 Series K	Tax-Exempt	5.300% - 5.550%	2033	89,710		89,710
2008 Series L	Tax-Exempt	5.200% - 5.550%	2038	130,995		130,995
Housing Program Bonds:						
2004 Series A	Tax-Exempt	0.130%	2036		26,835	26,835
2006 Series A	Tax-Exempt	4.750% - 4.950%	2036	42,890		42,890
Residential Mortgage Revenue Bonds:						
2009 Series A-5	Tax-Exempt	3.160%	2041	408,160		408,160
2009 Series A-6	Tax-Exempt	3.270%	2030	69,950		69,950
2010 Series A	Tax-Exempt	1.400% - 4.625%	2027	20,855		20,855
2011 Series A	Tax-Exempt	1.200% - 4.750%	2028	63,600		63,600
2013 Series A	Taxable	2.900%	2042	97,891		97,891
2013 Series B	Taxable	2.900%	2042	33,273		33,273
Multifamily Loan Purchase Bonds:						
2000 Series A	Taxable	Variable	2017		9,087	9,087
Multifamily Housing Revenue Bonds III:						
1997 Series A	Tax-Exempt	5.850% - 6.000%	2038	55,275		55,275
1998 Series A	Tax-Exempt	5.400% - 5.500%	2038	24,785		24,785
1998 Series B	Tax-Exempt	5.400% - 5.500%	2039	60,085		60,085
1998 Series C	Tax-Exempt	5.200% - 5.300%	2022	6,365		6,365
1999 Series A	Tax-Exempt	5.200% - 5.375%	2036	28,210		28,210
2000 Series B	Tax-Exempt					
2000 Series D	Tax-Exempt					
2001 Series D	Tax-Exempt	0.110%	2021		565	565
2001 Series E	Tax-Exempt	0.130%	2036		31,235	31,235
2001 Series F	Tax-Exempt	0.130%	2032		11,365	11,365
2001 Series G	Tax-Exempt	0.130%	2025		3,085	3,085
2001 Series G	Tax-Exempt	0.130%	2036		34,925	34,925
2001 Series G	Tax-Exempt	0.130%	2036		8,700	8,700
2001 Series H	Taxable	0.148%	2036		14,715	14,715
2002 Series A	Tax-Exempt	0.130%	2037		8,635	8,635
2002 Series A	Tax-Exempt	0.130%	2037		6,590	6,590

Swaps

Type	Fixed Rate Paid By Agency	Floating Rate Received By Agency	Effective Date	Termination Date	Outstanding Notional/Applicable Amount	Fair Value
Fixed payer	4.9000%	LIBOR @ 65%	5/25/00	8/1/30	1,680	(609)
Fixed payer	4.1430%	LIBOR @ 65%	5/31/01	8/1/24	2,595	(477)
Fixed payer	3.9910%	LIBOR @ 65%	7/26/01	8/1/18	1,355	(200)
Fixed payer	4.1300%	SIFMA less .15%	12/6/01	8/1/32	3,865	(794)
Fixed payer	4.8500%	LIBOR @ 65%	11/18/08	2/1/17	17,100	(1,044)
Fixed payer	4.8000%	LIBOR @ 65%	4/6/00	2/1/23	9,700	(1,227)
Fixed payer	4.8000%	LIBOR @ 65%	11/18/00	2/1/17	4,210	(622)
Fixed payer	4.6600%	LIBOR @ 65%	11/18/08	2/1/16	6,660	(373)
Fixed payer	3.8700%	LIBOR @ 65%	11/18/08	8/1/17	15,720	(1,047)
Fixed payer	6.1950%	LIBOR	8/1/02	8/1/14	5,080	(123)
Fixed payer	7.1100%	LIBOR	11/18/08	8/1/22	30,315	(7,180)
Fixed payer	4.5850%	LIBOR @ 64%	7/12/00	2/1/31	1,130	(186)
Fixed payer	4.3950%	LIBOR @ 64%	11/18/08	2/1/31	12,545	(2,759)
Fixed payer	4.4520%	SIFMA less .20%	6/28/01	8/1/22	2,050	(316)
Fixed payer	4.7120%	SIFMA less .15%	6/28/01	2/1/36	44,045	(10,338)
Fixed payer	4.0290%	SIFMA less .20%	2/1/02	2/1/32	12,800	(1,797)
Fixed payer	4.2050%	SIFMA less .15%	2/1/02	8/1/36	3,100	(494)
Fixed payer	4.2050%	SIFMA less .15%	2/1/02	8/1/36	36,400	(6,641)
Fixed payer	4.5950%	SIFMA less .15%	2/1/04	2/1/34	8,700	(1,940)
Fixed payer	4.5000%	SIFMA less .15%	8/1/02	8/1/32	15,400	(3,032)
Fixed payer	4.8900%	SIFMA less .15%	2/2/04	2/1/37	10,660	(2,851)

	Bonds					
Bond Issue	**Type of Bond**	**Interest Rate Range**	**Final Maturity Date**	**Outstanding Fixed**	**Outstanding Variable**	**Total**
2002 Series B	Tax-Exempt	0.110%	2031		16,470	16,470
2002 Series C	Tax-Exempt	0.126%	2037		5,835	5,835
2002 Series C	Tax-Exempt	0.126%	2037		14,760	14,760
2002 Series D	Tax-Exempt	0.130%	2033		3,920	3,920
2002 Series E	Tax-Exempt	0.130%	2037		9,255	9,255
2002 Series E	Tax-Exempt	0.130%	2037		37,785	37,785
2003 Series C	Tax-Exempt	0.512%	2038		8,790	8,790
2003 Series C	Tax-Exempt	0.512%	2038		12,720	12,720
2003 Series C	Tax-Exempt	0.512%	2038		8,680	8,680
2004 Series A	Tax-Exempt					
2004 Series B	Tax-Exempt	1.784%	2036		1,695	1,695
2004 Series B	Tax-Exempt	1.784%	2036		5,680	5,680
2004 Series B	Tax-Exempt	1.784%	2036		4,990	4,990
2004 Series B	Tax-Exempt	1.784%	2036		12,590	12,590
2004 Series B	Tax-Exempt	1.784%	2036		1,535	1,535
2004 Series C	Tax-Exempt	0.441%	2037		5	5
2004 Series C	Tax-Exempt	0.441%	2037		7,045	7,045
2004 Series D	Tax-Exempt	0.440%	2039		42,380	42,380
2005 Series A	Tax-Exempt	0.110%	2035		2,155	2,155
2005 Series B	Tax-Exempt	0.156%	2038		2,310	2,310
2005 Series B	Tax-Exempt	0.156%	2038		2,180	2,180
2005 Series B	Tax-Exempt	0.156%	2038		3,085	3,085
2005 Series C	Tax-Exempt	3.900% - 4.900%	2036	8,020		8,020
2005 Series D	Tax-Exempt	0.126%	2038		16,220	16,220
2005 Series E	Tax-Exempt	4.350% - 5.125%	2038	19,385		19,385
2006 Series A	Tax-Exempt	0.126%	2041		1,070	1,070
2006 Series A	Tax-Exempt	0.126%	2041		1,360	1,360
2006 Series A	Tax-Exempt	0.126%	2041		3,595	3,595
2007 Series A	Tax-Exempt	4.400% - 4.750%	2034	1,425		1,425
2007 Series B	Tax-Exempt	0.076%	2040		790	790
2007 Series B	Tax-Exempt	0.076%	2040		1,470	1,470
2007 Series C	Tax-Exempt	0.076%	2042		5,165	5,165
2007 Series C	Tax-Exempt	0.076%	2040		4,625	4,625
2008 Series A	Tax-Exempt	0.110%	2040		7,695	7,695
2008 Series B	Tax-Exempt	0.131%	2036		17,985	17,985
2008 Series B	Tax-Exempt	0.131%	2038		9,515	9,515
2008 Series C	Tax-Exempt	0.187%	2038		5,335	5,335
2008 Series C	Tax-Exempt	0.187%	2036		13,080	13,080
2008 Series C	Tax-Exempt	0.187%	2038		740	740
Affordable Multifamily Housing Revenue Bonds:						
2009 Series A-1	Tax-Exempt	4.090%	2043	12,500		12,500
2009 Series A-2	Tax-Exempt	3.210%	2042	4,810		4,810
2009 Series A-3	Tax-Exempt	3.210%	2042	5,710		5,710
2009 Series A-4	Tax-Exempt	3.210%	2042	5,060		5,060
2009 Series A-5	Tax-Exempt	3.210%	2042	4,630		4,630
2009 Series A-6	Tax-Exempt	3.010%	2044	5,100		5,100
2009 Series A-7	Tax-Exempt	3.010%	2051	13,710		13,710
2009 Series A-8	Tax-Exempt	3.010%	2051	12,820		12,820
2009 Series A-9	Tax-Exempt	3.010%	2044	10,850		10,850
2009 Series A-10	Tax-Exempt	3.010%	2044	48,660		48,660
2009 Series A-11	Tax-Exempt	3.010%	2040	9,580		9,580
2009 Series A-12	Tax-Exempt	3.010%	2041	6,400		6,400
2009 Series A-13	Tax-Exempt	3.010%	2041	5,690		5,690
2009 Series A-14	Tax-Exempt	3.010%	2044	10,370		10,370

Swaps

Type	Fixed Rate Paid By Agency	Floating Rate Received By Agency	Effective Date	Termination Date	Outstanding Notional/Applicable Amount	Fair Value
Fixed payer	4.0370%	SIFMA less .20%	2/1/03	2/1/35	22,030	(3,629)
Fixed payer	4.4050%	SIFMA less .15%	2/1/04	2/1/37	12,770	(2,779)
Fixed payer	4.6380%	SIFMA less .15%	8/1/05	8/1/37	14,985	(3,573)
Fixed payer	4.0850%	SIFMA less .20%	2/3/03	2/1/35	10,745	(1,954)
Fixed payer	4.1510%	SIFMA less .15%	2/3/03	2/1/35	14,175	(2,638)
Fixed payer	4.5710%	SIFMA less .15%	11/1/04	8/1/37	37,785	(9,287)
Fixed payer	3.5560%	LIBOR @ 60%+.26%	2/1/04	8/1/35	12,580	(60)
Fixed payer	4.0260%	LIBOR @ 60%+.26%	8/1/05	8/1/35	13,370	(45)
Fixed payer	4.1770%	LIBOR @ 60%+.26%	2/1/06	8/1/38	15,595	(54)
Fixed payer	3.0590%	LIBOR @ 60%+.21%	8/1/04	8/1/34	18,120	(1,750)
Fixed payer	3.6920%	LIBOR @ 60%+.26%	8/1/06	8/1/36	11,590	(1,472)
Fixed payer	3.3860%	LIBOR @ 60%+.26%	8/1/04	8/1/34	5,700	(15)
Fixed payer	3.3300%	LIBOR @ 60%+.26%	8/1/04	8/1/34	4,860	(423)
Fixed payer	4.9783%	SIFMA less .15%	8/1/06	2/1/39	12,585	(2,383)
Fixed payer	4.5390%	SIFMA less .15%	8/1/04	8/1/34	2,290	(364)
Fixed payer	3.4350%	LIBOR @ 60%+.21%	2/1/05	8/1/25	7,170	(830)
Fixed payer	3.5640%	SIFMA less .20%	7/1/05	8/1/35	2,155	(279)
Fixed payer	3.9540%	SIFMA less .15%	6/15/05	8/1/35	2,470	(314)
Fixed payer	4.0790%	SIFMA less .15%	2/1/07	2/1/37	22,960	(3,310)
Fixed payer	3.9570%	SIFMA less .15%	8/1/07	2/1/38	3,720	(475)
Fixed payer	3.7010%	LIBOR @ 60%+.26%	2/1/06	2/1/38	28,410	(4,546)
Fixed payer	4.042% * HR	97% SIFMA & HR	6/15/06	8/1/27	6,195	(808)
Fixed payer	4.381% * HR	97% SIFMA & HR	6/15/06	8/1/39	8,780	(1,326)
Fixed payer	4.492% * HR	97% SIFMA & HR	6/15/06	2/1/41	4,005	(623)
Fixed payer	3.9370%	LIBOR @ 64%+.25%	7/12/07	2/1/22	2,110	(233)
Fixed payer	4.2220%	LIBOR @ 64%+.25%	8/1/09	2/1/40	5,745	(1,057)
Fixed payer	3.7280%	LIBOR @ 63%+.30%	2/1/08	8/1/42	6,000	(678)
Fixed payer	3.9190%	LIBOR @ 63%+.30%	11/1/09	8/1/40	13,495	(2,171)
Fixed payer	3.2950%	LIBOR @ 61%+.24%	11/1/09	8/1/40	10,105	(1,459)
Fixed payer	3.3850%	SIFMA less .15%	8/1/03	8/1/36	21,475	(2,204)
Fixed payer	4.2950%	SIFMA less .15%	8/1/05	2/1/38	26,415	(3,245)
Fixed payer	3.8830%	LIBOR @ 60%+.26%	12/1/04	8/1/38	8,255	(1,687)
Fixed payer	3.9680%	LIBOR @ 60%+.26%	7/1/05	2/1/36	13,080	(2,582)
Fixed payer	4.0600%	LIBOR @ 60%+.26%	2/1/06	8/1/38	8,580	(1,915)

Bond Issue	Type of Bond	Interest Rate Range	Final Maturity Date	Bonds Outstanding Fixed	Outstanding Variable	Total
2009 Series A-16	Tax-Exempt	3.550%	2044	4,250		4,250
2009 Series A-17-1	Tax-Exempt	3.550%	2044	12,870		12,870
2009 Series A-18	Tax-Exempt	3.550%	2044	9,460		9,460
2009 Series A-19	Tax-Exempt	2.320%	2051	77,830		77,830
2009 Series A-20	Tax-Exempt	2.330%	2051	16,500		16,500
2009 Series A-21	Tax-Exempt	2.320%	2046	54,880		54,880
2009 Series A-22	Tax-Exempt	2.320%	2039	35,870		35,870
Variable Rate Demand Limited Obligation Multifamily Housing Revenue Bonds (Mission Gardens Apartments)						
2009 Series A	Tax-Exempt	0.060%	2041		4,620	4,620
Variable Rate Demand Limited Obligation Multifamily Housing Revenue Bonds (Montecito Village Apartments)						
2009 Series B	Tax-Exempt	0.060%	2043		6,325	6,325
Limited Obligation Multifamily Housing Revenue Bonds (Fairmont Apartments)						
2009 Series C	Tax-Exempt	7.000%	2026	424		424
Subordinate Limited Obligation Multifamily Housing Revenue Bonds (Highlands Point Apartments)						
2010 Series B	Taxable	6.000%	2044	2,350		2,350
Limited Obligation Multifamily Housing Revenue Bonds (South Pace Apartments)						
2010 Series C	Tax-Exempt	4.500%	2012	2,151		2,151
Limited Obligation Multifamily Housing Revenue Bonds (One Santa Fe Apartments)						
2011 Series A	Tax-Exempt	2.500% - 3.350%	2021	8,370		8,370
Limited Obligation Multifamily Housing Revenue Bonds (Woolf House Apartments)						
2011 Series B	Tax-Exempt	1.050%	2014	16,700		16,700
Limited Obligation Multifamily Housing Revenue Bonds (Willow Wood & Denny Place Apartments)						
2013 Series A	Tax-Exempt	3.010%	2045		2,637	2,637
				2,630,369	2,185,889	4,816,258
Unamortized discount						(141)
Unamortized premium						7,693
Unamortized deferred losses on refundings						(4,898)
						$ 4,818,912

Swaps						
Type	Fixed Rate Paid By Agency	Floating Rate Received By Agency	Effective Date	Termination Date	Outstanding Notional/Applicable Amount	Fair Value
					$ 1,934,630	$ (217,718)

Note Payable: The Agency entered into a loan agreement with Citibank N.A. on March 1, 2010. The Agency received funds to use for special bond redemptions in exchange for a total note payable of $95.1 million. The loan is collateralized by the Multifamily loan receivables. The Agency collects and remits the mortgage payments less servicing fees to Citibank on 31 Multifamily loans. The Citibank loans note payable balance is $81.1 million and $87.9 million at June 30, 2013 and 2012, respectively, as included in Notes Payable in the combined statements of net position. The outstanding maturity dates of the note payable are various and ranges from July 1, 2013 to January 1, 2046. The range of the interest rates for the note payable is from 5.25% to 9.15%. The table below provides a summary of the note payment requirements for the next five years and in five year increments thereafter (dollars in thousands).

Fiscal Year Ending June 30	Principal	Interest	Total
2014	$ 2,888	$ 4,376	$ 7,264
2015	3,070	4,198	7,268
2016	3,212	4,013	7,225
2017	3,319	3,842	7,161
2018	3,523	3,651	7,174
2019-2023	20,829	14,953	35,782
2024-2028	21,525	8,908	30,433
2029-2033	14,014	4,138	18,152
2034-2038	5,559	1,355	6,914
2039-2043	1,913	569	2,482
2044-2046	1,206	84	1,290
Total	$ 81,058	$ 50,087	$ 131,145

Conduit Bond Obligations: Beginning in 2009, the Agency has issued conduit housing revenue bonds to provide financial assistance for the acquisition, construction, and development of multifamily rental housing. The bonds are limited obligations of the Agency, payable solely from the revenues and other funds and money pledged and assigned under the applicable indenture, series indenture, or master pledge and assignment. However, the bonds are reported as liabilities in the accompanying financial statements along with the related assets.

The Agency had twenty-seven series of conduit debt obligations aggregating $320.4 million as of June 30, 2013 and twenty-nine series of conduit debt obligations aggregating $341.6 million as of June 30, 2012.

For the years ended June 30, 2013 and June 30, 2012, all the authorized conduit bonds were issued.

For the year ended June 30, 2013, the Agency initially issued $2.5 million in conduit draw-down bonds. For the year ended June 30, 2012, the Agency issued $25.1 million in conduit bonds and converted $94.3 million of New Issue Bond Program escrow funds to conduit bonds.

The Agency may collect amounts from borrowers for application processing, issuance fees, administration fees, special issuer fees, unearned revenue-prepaid administration fees, and California Debt Limit Allocation Committee (CDLAC) performance fees. If the conduit bonds are issued, the CDLAC performance fees are returned. For the year ended June 30, 2013, the Agency collected $0.2 million in issuance fees, $1.9 million in administration fees, $0.3 million in special issuer fees, and $0.3 million in unearned revenue-prepaid administration fees. For the year ended June 30, 2012, the Agency collected $5 thousand in application fees, $0.9 million in issuance fees, $0.9 million in administration fees, $0.3 million in special issuer fees, and $0.4 million in unearned revenue-prepaid administration fees. The collected amounts are used to pay the Agency’s operating expenses.

Reconciliation of Bonds Payable: Changes in bonds payable for the year ended June 30, 2013 and 2012 are as follows (dollars in thousands):

	2013 Totals	2012 Totals
Beginning of year balance	$ 6,509,516	$ 7,851,024
New bonds issued	136,573	32,862
Scheduled maturities	(99,938)	(136,337)
Redemptions	(1,723,776)	(1,236,983)
Bond accretions		453
Amortized discount	173	78
Amortized premium	(2,105)	(1,916)
Amortized deferred loss	988	335
Additions to deferred loss	(2,519)	
End of year balance	$ 4,818,912	$ 6,509,516
Current portion	$ 105,988	$ 107,273
Noncurrent portion	4,712,924	6,402,243
Total	$ 4,818,912	$ 6,509,516

Variable Rate Debt and Debt Service Requirements: The Agency's variable rate debt is typically related to remarketed rates or common indices such as the Securities Industry and Financial Markets Association ("SIFMA") or the London Inter-Bank Offered Rate ("LIBOR") and resets periodically. The interest calculations shown in the table below are based on the variable rate in effect at June 30, 2013, and may not be indicative of the actual interest expense that will be incurred by the Fund. As rates vary, variable rate bond interest payments and net swap payments will vary. The table below provides a summary of debt service requirements and net swap payments for the next five years and in five year increments thereafter (dollars in thousands).

Fiscal Year	Fixed/Variable Unswapped		Variable Swapped		Interest Rate	
Ending June 30	Principal	Interest	Principal	Interest	Swaps, Net	Total
2014	$ 93,195	$113,706	$ 12,790	$ 2,092	$ 73,613	$ 295,396
2015	114,200	109,625	12,865	1,696	67,626	306,012
2016	136,400	104,444	16,120	1,669	62,054	320,687
2017	106,215	100,060	17,740	1,638	56,964	282,617
2018	115,437	95,341	26,060	1,579	52,535	290,952
2019-2023	594,165	420,090	210,145	6,674	209,288	1,440,362
2024-2028	611,524	308,051	193,420	4,583	148,200	1,265,778
2029-2033	648,610	202,941	402,770	2,448	89,895	1,346,664
2034-2038	537,360	124,830	318,200	559	30,461	1,011,410
2039-2043	424,005	65,700	53,760	50	2,028	545,543
2044-2048	152,777	6,963	-	-	-	159,740
2049-2052	18,500	498				18,998
Total	$ 3,552,388	$ 1,652,249	$ 1,263,870	$ 22,988	$ 792,664	$ 7,284,159

For the year ended June 30, 2013, the difference between the gross bonds payable and the net bonds payable was $2.7 million. This represented the aggregate of the unamortized deferred loss, bond premium, and bond discount.

Objective of the Interest Rate Swaps*:* In order to protect against rising rates, the Agency primarily entered into swaps to establish synthetic fixed rates for a like amount of the Agency's variable rate bond obligations. The majority of the Agency's interest rate swap transactions are structured for the Agency to pay a fixed interest rate while receiving a variable interest rate (fixed payer swaps) and exceptions are listed under Basis Risk Associated with Interest Rate Swaps. Synthetic fixed rates provide the Agency with a significantly lower fixed cost of funds compared to issuing fixed-rate bonds; however, the increased risks related to the synthetic fixed rates have the effect of increasing costs to the Agency.

Terms, Fair Value and Credit Risk*:* The terms and fair values of the outstanding fixed payer swaps as of June 30, 2013 are summarized in the table at the beginning of Note 7. The terms and fair values of the outstanding basis swaps are summarized in the table under Basis Risk Associated with Interest Rate Swaps.

The fair value of the swaps is reported as “Derivative swap asset” within “Other assets” or as “Derivative swap liability” within “Other liabilities” in the statements of net position. The accumulated decrease or increase in the fair value of the effective swaps is reported as “Accumulated decrease in fair value of hedging derivatives” within “Deferred outflow of resources” or “Accumulated increase in fair value of hedging derivatives” within “Deferred inflow of resources” in the statements of net position. Alternatively, the gain or loss on the fair value of the ineffective swaps is reported as “Investment swap revenues” within “Other revenues” in the statements of revenues, expenses and changes in net position. The Agency did not pay or receive any cash when the swap transactions were initiated except for in-substance assignments. The following table summarizes the swap fair value activity in the statements of net position as of June 30, 2013 and 2012 and the statements of revenues, expenses, and changes in net position for the years ended June 30, 2013 and 2012 (dollars in thousands):

	2013	2012
Statements of Net Position:		
Derivative swap asset	$ 137	$ 376
Accumulated decrease in fair value of hedging derivatives	126,717	239,108
Derivative swap liability	217,718	324,224
Statements of Revenues, Expenses, and Changes in Net Position:		
Investment swap revenues	$ (6,124)	$ (44,741)

Except as discussed under rollover risk, the Agency’s swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated “bonds payable” category.

As of June 30, 2013, the Agency executes interest rate swap transactions with 11 swap counterparties. All of the Agency’s interest rate swap agreements require the Agency to post collateral if its general obligation credit ratings, as issued by Moody’s and Standard and Poor’s fall below a certain level or if the fair value of the swaps breach a certain threshold. The collateral can be posted in several forms in the amount of the fair value of the interest rate swaps. If the Agency does not post collateral, the interest rate swap can be terminated by the counterparty. As of June 30, 2013, the Agency had total cash and fair value of mortgage-backed securities posted as collateral with swap counterparties in the amount of $3.1 million and $58.7 million, respectively, as included in “Other assets” and “Investments” in the statements of net position. As of June 30, 2012, the Agency had total cash and fair value of mortgage-backed securities posted as collateral in the amount of $85.0 million and $35.3 million, respectively

Because interest rates are generally lower than the rates in effect at inception of the swap agreements, the Agency’s fixed payer swap agreements had an aggregate negative fair value of $217.7 million as of June 30, 2013 and $324.2 million as of June 30, 2012. Fair values are as reported by the Agency’s dealer counterparties and are estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

As of June 30, 2013, the Agency’s swap portfolio had an aggregate asset position of $0.1 million. This represents the maximum loss that would be reported at the reporting date if all counterparties failed to perform as contracted. However, this maximum exposure is eliminated by the applicable counterparty swap liabilities included in the $217.7 million total. Therefore, the Agency has no net exposure to credit risk.

The table below shows the number of fixed payer swaps and outstanding notional amounts by the counterparties’ respective credit ratings as of June 30, 2013 (dollars in thousands).

Moody's	Standard & Poors	Outstanding Notional Amount	Number of Swap Transactions
Aa1	AA-	$ 25,000	1
Aa2	AAA	209,210	7
Aa3	AAA	576,930	34
Aa3	A+	409,720	16
A2	A+	217,390	12
A2	A	12,800	1
Baa1	A-	283,885	9
Baa2	A-	189,590	7
Baa2	BBB	10,105	1
		$ 1,934,630	88

Interest Rate Risk: The Agency is exposed to interest rate risk on its fixed payer swaps. As the LIBOR or the SIFMA swap index decreases, the Agency's net payments on the swaps increase.

Basis Risk: All of the Agency's interest rate swaps contain an element of 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 floating rates paid by swap counterparties are based on indices, which consist of market-wide averages, while interest paid on the Agency's variable rate bonds is specific to individual bond issues.

Historically, the Agency's variable rate tax-exempt bonds trade at a slight discount to the SIFMA index. For those swaps associated with tax-exempt bonds for which the Agency receives a variable rate payment based on a percentage of LIBOR, the Agency is exposed to basis risk should the relationship between SIFMA and LIBOR converge.

Multiple swap formulas have been used by the Agency. As of June 30, 2013, the formulas for the swap portfolio utilized the SIFMA, the 1 month LIBOR, the 3 month LIBOR, and the 6 month LIBOR rates. As of June 30, 2013, rates for the SIFMA, the 1 month LIBOR, the 3 month LIBOR, and the 6 month LIBOR were 0.06%, 0.19%, 0.27%, and 0.41% respectively. The swap formulas will continue to be monitored for its effectiveness in case the Agency chooses to enter into any future interest rate swaps. In addition, the Agency holds 8 basis swaps as a means to change the variable rate formula received for $190.4 million of swap notional amount. These basis swaps changed the variable rate formula received from counterparties from 65% of LIBOR to those described in the following table as of June 30, 2013 (dollars in thousands):

Bond Issue	Variable Rate Paid By Agency	Floating Rate Received By Agency */**	Effective Date	Termination Date	Outstanding Notional/Applicable Amount	Fair Value
Home Mortgage Revenue Bonds:						
2000 Series C	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	2/1/17	$ 21,310	$ 16
2000 Series J	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/30	19,785	7
2000 Series U	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/15	12,860	5
2000 Series X-2	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/31	21,400	11
2001 Series N	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/18	6,240	8
2002 Series B	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/27	32,770	2
2002 Series F	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	2/1/24	36,170	39
2002 Series M	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/22	39,815	49
					$ 190,350	$ 137

* The notional amount and the amortization of these swaps mirror the initial 65% of LIBOR swaps, basically overlaying the swaps so that the effective rate received from the counterparties are the rates shown in the table above.

**The variable interest rate received by the counterparties is dependent on the LIBOR interest rate at the time of settlement. The rate shown in the table is the effective rate at June 30, 2013.

Termination Risk: Counterparties to the Agency's interest rate swap agreements have ordinary termination rights that require settlement payments by the Agency or the counterparty based on the fair value of the swap at the date of termination.

Rollover Risk: The Agency is exposed to rollover risk on interest rate swaps that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these swaps terminate, the Agency will be re-exposed to the risks being hedged by the swaps. The fixed payer interest rate swaps' termination dates and associated debts' maturities are listed in the previous bonds payable and interest rate swap table.

Over Hedged Bonds: All notional amounts (or "applicable amounts") of the fixed payer swaps match the principal amounts of the associated debt with the following exceptions as of June 30, 2013 (dollars in thousands):

Bond Issue	Bonds Outstanding	Swap Notional Amount	Unmatched Swap	Fair Value
Home Mortgage Revenue Bonds				
2000 Series J *		$ 18,105	$ 18,105	$ (4,266)
2000 Series U *	$ 11,185	12,860	1,675	(72)
2000 Series X2 *	4,805	21,400	16,595	(3,368)
2001 Series J	18,485	26,710	8,225	(867)
2001 Series N *		4,885	4,885	(408)
2001 Series U	27,945	36,580	8,635	(1,090)
2002 Series B *	23,875	32,770	8,895	(1,468)
2002 Series F *		29,165	29,165	(3,745)
2002 Series J	45,940	50,970	5,030	(523)
2002 Series M *	28,920	39,815	10,895	(1,107)
2002 Series P		47,885	47,885	(4,422)
2002 Series Q		10,635	10,635	(230)
2003 Series H	28,285	32,565	4,280	(9)
2003 Series K	37,810	38,865	1,055	(3)
2004 Series A		23,250	23,250	(1,605)
2004 Series E	28,305	37,050	8,745	(152)
2004 Series G		43,115	43,115	(4,635)
2004 Series G		3,465	3,465	(100)
2004 Series I		13,605	13,605	(1,404)
2005 Series B	2,795	18,225	15,430	(516)
2005 Series D	42,930	43,970	1,040	(36)
2005 Series H	29,545	37,290	7,745	(384)
2006 Series F		50,000	50,000	(2,803)
2006 Series F	44,020	60,000	15,980	(1,537)
2007 Series H	9,415	50,000	40,585	(4,234)
2007 Series K	10,540	25,000	14,460	(1,142)
2008 Series C	3,420	10,075	6,655	(1,329)
2008 Series C	5,485	7,005	1,520	(309)
2008 Series D	10,020	17,100	7,080	(432)
2008 Series E	3,395	6,660	3,265	(183)
2008 Series F	14,305	15,720	1,415	(94)
2008 Series I		5,080	5,080	(123)
2008 Series I		30,315	30,315	(7,180)
Multifamily Housing Revenue Bonds III				
2000 Series B		1,130	1,130	(187)
2000 Series D		12,545	12,545	(2,759)
2001 Series D	565	2,050	1,485	(229)
2001 Series E	31,235	44,045	12,810	(3,007)
2001 Series F	11,365	12,800	1,435	(201)
2001 Series G	3,085	3,100	15	(2)
2001 Series G	34,925	36,400	1,475	(269)
2002 Series A	8,635	15,400	6,765	(1,332)
2002 Series A	6,590	10,660	4,070	(1,088)
2002 Series B	16,470	22,030	5,560	(916)
2002 Series C	5,835	12,770	6,935	(1,509)
2002 Series C	14,760	14,985	225	(54)
2002 Series D	3,920	10,745	6,825	(1,241)
2002 Series E	9,255	14,175	4,920	(916)
2003 Series C	8,790	12,580	3,790	(18)
2003 Series C	12,720	13,370	650	(2)
2003 Series C	8,680	15,595	6,915	(24)
2004 Series A		18,120	18,120	(1,750)
2004 Series B	1,695	11,590	9,895	(1,256)
2004 Series B	5,680	5,700	20	(1)
2004 Series B	1,535	2,290	755	(120)
2004 Series C	7,045	7,170	125	(15)
2005 Series B	2,310	2,470	160	(20)
2005 Series B	2,180	22,960	20,780	(2,996)
2005 Series B	3,085	3,720	635	(81)
2005 Series D	16,220	28,410	12,190	(1,951)
2006 Series A	1,070	6,195	5,125	(668)
2006 Series A	1,360	8,780	7,420	(1,120)
2006 Series A	3,595	4,005	410	(64)
2007 Series B	1,470	5,745	4,275	(787)
2007 Series B	790	2,110	1,320	(146)

Bond Issue	Bonds Outstanding	Swap Notional Amount	Unmatched Swap	Fair Value
Multifamily Housing Revenue Bonds III (continued)				
2007 Series C	4,625	13,495	8,870	(1,427)
2007 Series C	5,165	6,000	835	(94)
2008 Series A	7,695	10,105	2,410	(348)
2008 Series B	17,985	21,475	3,490	(358)
2008 Series B	9,515	26,415	16,900	(2,076)
2008 Series C	5,335	8,255	2,920	(597)
2008 Series C	740	8,580	7,840	(1,750)
Total	$ 707,350	$ 1,378,105	$ 670,755	$ (81,155)

*Includes Basis Swap.

Note 8 – NONMORTGAGE INVESTMENT AND MORTGAGE YIELD

In accordance with Federal law, the Agency is required to rebate to the Internal Revenue Service ("IRS") the excess of the amount actually earned on all nonmortgage investments (derived from investing the bond proceeds) over the amount that would have been earned had those investments borne a rate equal to the yield on the bond issue, plus any income attributable to such excess. As of June 30, 2013 and 2012, the Fund had liabilities to the IRS totaling $1.2 million and $1.6 million respectively reported in the statements of net position as "Due to IRS" within "Due to other government entities." For the years ended June 30, 2013 and 2012, the net effects of changes in the liability account have been recorded as increases in "Interest income: Investments" in the statements of revenues, expenses and changes in net position.

Additionally, the Agency has identified all the bond series that were issued as variable rate plans of finance and subject to review and monitoring of mortgage yield excess. As of June 30, 2013 and 2012, the Fund had liabilities to the IRS totaling $9.8 million and $17.8 million respectively reported in the statements of net position as "Due to IRS" within "Due to other government entities." For the years ended June 30, 2013 and 2012, the net effects of changes in the liability account have been recorded as increases in "Interest income: Program loans" in the statements of revenues, expenses and changes in net position. The Agency will continue to monitor the status of mortgage yield compliance to mitigate further liability.

Note 9 – EXTINGUISHMENT OF DEBT

On June 7, 2012, the Agency converted New Issue Bond Program escrow funds into Residential Mortgage Revenue Bonds 2009 Series A-5 and the proceeds were used to refund prior Home Mortgage Revenue Bonds on July 4, 2012. Additionally on April 30, 2013, the Agency issued Residential Mortgage Revenue Bonds 2013 Series AB and the proceeds were used to refund prior Residential Mortgage Revenue Bonds on May 1, 2013. The losses from the debt refundings were deferred and will be amortized as a component of interest expense over the shorter of the term of the bonds extinguished or the term of the refunding bonds. Both instances were applicable in the debt refundings. A summary of the losses from the extinguishment of Homeownership Programs' debt for the year ended June 30, 2013 is as follows (dollars in thousands):

Unmatured principal	$ 599,875
Unamortized bond issuance costs	(747)
Unamortized underwriter's fees	(1,772)
Net obligation refunded	597,356
Less proceeds disbursed	599,875
Deferred loss on refunding	$ (2,519)

The refundings will decrease the debt service cash flow for Homeownership Programs by approximately $19.6 million. The refundings may also provide for an economic gain (present value of the difference between new and old debt service requirements) for Home Ownership Programs, which is estimated to be $13.5 million.

Note 10 – PENSION PLAN AND OTHER EMPLOYEE BENEFITS

The Fund contributes to the Public Employees' Retirement Fund ("PERF") as part of the State of California, the primary government. The PERF is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employment Retirement System ("CalPERS"). CalPERS provides retirement, death, disability and post retirement health care benefits to members as established by state statute. CalPERS issues a publicly available Comprehensive Annual Financial Report ("CAFR") that includes financial statements and required supplementary information for the Public Employees' Retirement Fund. A copy of that report may be obtained from CalPERS, Central Supply, P.O. Box 942715, Sacramento, CA 95229-2715 or via the internet at www.calpers.ca.gov.

For the CalPERS fiscal year ended June 30, 2013 the employer contribution rates were 20.503% – 20.457% for the period from July 2012 to June 2013. The employer contribution rates were 18.175% - 17.025% for July 2011 – June 2012.

The Fund's contributions to the PERF for the years ended June 30, 2013 and 2012 were $8 million and $7.1 million, respectively, equal to the required contributions for each fiscal year.

Required contributions are determined by actuarial valuation using the individual entry age normal actuarial cost method. The most recent actuarial valuation available is as of June 30, 2011 which actuarial assumptions included (a) 7.5% investment rate of return compounded annually, (b) projected salary increases that vary based on duration of service, and (c) overall payroll growth factor of 3.00% annually. Both (a) and (c) included an inflation component of 2.75% compounded annually and a .25% per annum productivity increase assumption.

The most recent actuarial valuation of the PERF indicated that there was an unfunded actuarial accrued liability. The amount of the underfunded liability applicable to each agency or department cannot be determined. For trend information, which presents CalPERS progress in accumulating sufficient assets to pay benefits when due, please see the June 30, 2012 CalPERS CAFR.

The Other Postemployment Benefits ("OPEB") is a cost-sharing multiple-employer defined benefit healthcare plan administered by CalPERS. The State of California is required to include the information in its financial reports. State Controller's Office sets the employer contribution rate based on the annual required contribution ("ARC") of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Agency's estimated unfunded OPEB costs were $17.9 million and $13.4 million for the year ended June 30, 2013 and June 30, 2012. This liability was added to personal services at the end of fiscal year. As of June 30, 2013, the allocated contribution of OPEB from the Fund was $2.5 million, compared to $1.8 million for the year ended June 30, 2012. CalPERS issues a publicly available CAFR that includes financial statements and required supplementary information for the OPEB.

Note 11 – COMMITMENTS

As of June 30, 2013, the Agency had no outstanding commitments and conditionally approved loan reservation to fund Homeownership Program and Multifamily Program loans. As of June 30, 2013, the Agency had proceeds available from bonds issued to fund $1.3 million of Homeownership Program loans and $94.4 million of Multifamily Program loans.

Note 12 – LEASES

The Agency has three office locations in California and has entered into three separate lease agreements for office space. The Base Rent Schedules are as follows (dollar in thousands):

Fiscal years ended June 30	500 Capitol Mall Tower, LLC (Sacramento Office) Lease ends 7/31/23	Harsch Investment Properties, LLC (West Sacramento Office) Lease ends 5/31/16	Slauson Investors, LLC (Culver City Office) Lease ends 2/28/19	Total
2013	$2,235	$347	$313	$2,895
2014	2,280	358	122	2,760
2015	2,325	302	235	2,862
2016	2,372	310	242	2,924
2017	2,419	-	249	2,668
2018 - 2022	12,842	-	411	13,253
2023 - 2024	2,952	-	-	2,952
Total	$27,425	$1,317	$1,572	$30,314

Note 13 – ARRANGEMENTS WITH THE MORTGAGE INSURANCE FUND

All operating and administrative expenses of the Agency are initially paid from the Fund including certain operating and administrative expenses in support of mortgage guarantee insurance programs which are reported in the Mortgage Insurance Fund. Monthly, the Fund charges the Mortgage Insurance Fund for these expenses.

The Agency Board of Directors approved Resolution 03-19 on March 20, 2003 authorizing the Agency to utilize the resources of the fund to support the mortgage guaranty insurance programs of the Agency in the following two ways: 1) the Executive Director of the Agency is authorized to create one or more supplementary reserve accounts within the Supplementary Bond Security Account ("SBSA")of the Fund to indemnify the Mortgage Insurance Fund for losses incurred or to pay claims against the Mortgage Insurance Fund in connection with loans financed by the Agency, and 2) the Executive Director of the Agency may establish an inter-fund credit agreement by which the Mortgage Insurance Fund may borrow such sums from the Fund as may be required to maintain the claims paying rating of any credit rating service.

Subsequently, the Agency Executive Director established an inter-fund credit agreement in the amount of $10 million in which the Mortgage Insurance Fund may borrow from the Fund as needed for the purpose of paying claims arising out of policies of mortgage guarantee insurance and costs and expenses related to the payment of such claims. Interest rate(s) and repayment terms are determined upon receipt of a request to draw on this credit facility. The Mortgage Insurance Fund had not requested a draw on this credit through June 30, 2013.

Resolution 03-19 authorized the Executive Director of the Agency to create one or more supplementary reserve accounts within the SBSA of the California Housing Finance Fund to indemnify the Mortgage Insurance Fund for losses incurred or to pay claims. The amendment places a limitation on the indemnity obligation to an aggregate amount not to exceed $135 million. In August 2011, the cap was reached and the aggregate total of $135 million in gap claim payments was paid from May 2008 to August 2011 As of June 30, 2013, the allowance for loan loss reserve established under the HMRB indenture decreased $7.9 million from $117 million to $109.1 million.

Effective March 1, 2003, the Mortgage Insurance Fund entered into a reinsurance treaty and administrative services agreement with Genworth Mortgage Insurance Corporation ("Genworth"). This agreement cedes to Genworth a 75% quota share of the insurance risk for most loans insured by the Mortgage Insurance Fund and provides for certain administrative services to be performed by Genworth. Prior to February 2011, Genworth was paying the full amount of the loss (100%) to the insured and was billing the Mortgage Insurance Fund for its portion of the loss (25%) each month. Effective February 1, 2011, Genworth is paying for their portion of the loss (75%) directly to the insured and the Mortgage Insurance Fund is paying for its portion of the loss (25%) directly to the insured. As of June 30, 2013, there is no cash or investments remaining in the Mortgage Insurance Fund to pay outstanding claims. The California Housing Finance Fund has already established a reserve to cover the anticipated shortfall for the loans insured by the Mortgage Insurance Fund. As of June 30, 2013, the reserve amount established under the HMRB indenture was $59.3 million.

Note 14 – LITIGATION

Certain lawsuits and claims arising in the ordinary course of business have been filed or are pending against the Agency. Based upon information available to the Agency, its review of such lawsuits and claims and consultation with counsel, the Agency believes the liability relating to these actions, if any, would not have a material adverse effect on the Fund's financial statements.

Note 15 – RELATED PARTY TRANSACTIONS

CalHFA MAC entered into an administrative agreement with CalHFA for support services, which include an allocation of CalHFA staff to provide program oversight, administrative and legal support, and direct reimbursement for goods and services of outside vendors. Due to its status as a state governmental agency, CalHFA enjoys the benefit of discounts for goods and services with strategic business partners. The administrative agreement enables CalHFA MAC to leverage these discounts by providing for CalHFA to purchase goods and services during program implementation and ongoing operations. CalHFA MAC reimburses CalHFA for these items at the actual cost expended. CalHFA MAC had liabilities to CalHFA of $93,000 and $0.53 million for the fiscal year ended June 30, 2013 and June 30, 2012, respectively. These amounts were comprised of accounts payable and accrued expenses resulting from unbilled vendor invoices for materials and services. Additionally, actual cash reimbursements paid to CalHFA totaled $1.1 million and $1.3 million for the fiscal year ended June 30, 2013 and June 30, 2012, respectively.

CalHFA MAC also leases office space from the CalHFA under an operation lease with a term of four years and five months that expires April 30, 2015.

Note 16 – SUBSEQUENT EVENTS

Effective July 1, 2013, pursuant to the Governor's Reorganization Plan 2, the California Housing Finance Agency/Organization Code 2260 was moved from being in the Business, Transportation and Housing Agency to being in the Department of Housing and Community Development/Organization Code 2240, and the California Housing Finance Agency was given a new Level 2 Organization Code of 2245. The Department of Housing and Community Development has no administrative authority over the California Housing Finance Fund. Pursuant to Health and Safety Code section 51000, expenditures from the California Housing Finance Fund are administered by the California Housing Finance Agency and are not subject to the supervision or approval of any other officer or division of state government. Further, pursuant to Health and Safety Code section 51000.1, no officer or division of state government has the authority to transfer any sums of money from any fund or account of the California Housing Finance Agency, except as authorized by the executive director of the California Housing Finance Agency or a designated trustee pertaining to bonds issued by the California Housing Finance Agency.

Effective January 1, 2014, per Assembly Bill 984, CalHFA's Board structure will change from a 14-member to a 16-member Board of Directors by adding the following two voting members: 1) the Secretary of Veterans Affairs and 2) one member appointed by the Governor who has specific knowledge of bonds and related financial instruments, interest rate swaps, and risk management. As a result of this change, the Board of Directors will consist of 16 members (13 voting members and three non-voting members). Of the 13 voting members, seven are appointed by the Governor, four are ex-officio and two are appointed by the Legislature.

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CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF NET POSITION
WITH ADDITIONAL COMBINING INFORMATION
June 30, 2013
(Dollars in Thousands)

	HOMEOWNERSHIP PROGRAMS	MULTIFAMILY RENTAL HOUSING PROGRAMS	OTHER PROGRAMS AND ACCOUNTS	COMBINED TOTALS
ASSETS				
Current assets:				
Cash and cash equivalents	$ 9,761	$ 766	$ 24,498	$ 35,025
Investments	505,167	48,923	821,668	1,375,758
Current portion - program loans receivable	79,844	33,939	41,350	155,133
Interest receivable - Program loans	14,103	5,629	11,242	30,974
Interest receivable - Investments	3,032	552	877	4,461
Accounts receivable	14,826	-	4,083	18,909
Due (to) from other funds	(8,945)	-	8,945	-
Other assets	61	327	3,188	3,576
Total current assets	617,849	90,136	915,851	1,623,836
Noncurrent assets:				
Investments	336,846	70,852	82,293	489,991
Program loans receivable	2,955,099	1,154,537	521,771	4,631,407
Deferred financing costs	14,903	2,823	2	17,728
Other assets	20,493	-	1,011	21,504
Total Noncurrent assets	3,327,341	1,228,212	605,077	5,160,630
Total Assets	3,945,190	1,318,348	1,520,928	6,784,466
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated increase in fair value of hedging derivatives	-	59,057	67,660	126,717
LIABILITIES				
Current liabilities:				
Bonds payable	64,725	41,263	-	105,988
Notess payable	-	-	2,888	2,888
Interest payable	33,847	14,464	22,379	70,690
Due (from) to other government entities	(86)	-	984	898
Compensated absences	-	-	4,263	4,263
Deposits and other liabilities	4,719	435	243,042	248,196
Total current liabilities	103,205	56,162	273,556	432,923
Noncurrent liabilities:				
Bonds payable	3,650,249	1,062,675	-	4,712,924
Notess payable	-	-	78,170	78,170
Due to other government entities	2,146	8,808	17,934	28,888
Other liablities	-	90,522	127,196	217,718
Unearned revenues	1,497	13	20,405	21,915
Total noncurrent liabilities	3,653,892	1,162,018	243,705	5,059,615
Total Liabilities	3,757,097	1,218,180	517,261	5,492,538
DEFERRED INFLOWS OF RESOURCES				
Accumulated increase in fair value of hedging derivatives	-	-	-	-
NET POSITION				
Net investment in capital assets	-	-	962	962
Restricted by indenture	188,093	159,225	-	347,318
Restricted by statute	-	-	1,070,365	1,070,365
Total Net position	$ 188,093	$ 159,225	$ 1,071,327	$ 1,418,645

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
WITH ADDITIONAL COMBINING INFORMATION
Year Ended June 30, 2013
(Dollars in Thousands)

	HOMEOWNERSHIP PROGRAMS	MULTIFAMILY RENTAL HOUSING PROGRAMS	OTHER PROGRAMS AND ACCOUNTS	COMBINED TOTALS
OPERATING REVENUES				
Interest income:				
Program loans and loan agreements -- net	$ 181,365	$ 58,427	$ 16,476	$ 256,268
Interest income - Investments -- net	20,808	5,221	5,273	31,302
Decrease in fair value of investments	(17,647)	(4,224)	(3,621)	(25,492)
Loan commitment fees	161	-	1,929	2,090
Other loan fees	-	22,882	6,410	29,292
Other revenues	212	(2,369)	41,432	39,275
Total Operating revenues	184,899	79,937	67,899	332,735
SALARIES AND GENERAL EXPENSES				
Interest	100,346	33,889	37,600	171,835
Amortization of bond discount and bond premium	(1,382)	438	-	(944)
Mortgage servicing fees	9,935	5	2	9,942
Provision (reversal) for estimated loan losses	36,248	(15,813)	48,178	68,613
Salaries and general expenses	-	-	40,199	40,199
Other expenses	18,560	8,774	85,547	112,881
Total salaries and general expenses	163,707	27,293	211,526	402,526
Operating (loss) income before transfers	21,192	52,644	(143,627)	(69,791)
Transfers in	-	-	38,624	38,624
Transfers intrafund	(55,521)	5,732	49,789	-
(Decrease) Increase in net position	(34,329)	58,376	(55,214)	(31,167)
Net postion at beginning of year	222,422	100,849	1,126,541	1,449,812
Net position at end of year	$ 188,093	$ 159,225	$ 1,071,327	$ 1,418,645

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF CASH FLOWS
WITH ADDITIONAL COMBINING INFORMATION
Year Ended June 30, 2013
(Dollars in Thousands)

	HOMEOWNERSHIP PROGRAMS	MULTIFAMILY RENTAL HOUSING PROGRAMS	OTHER PROGRAMS AND ACCOUNTS	COMBINED TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 183,599	$ 58,576	$ 12,136	$ 254,311
Payments to suppliers	(10,579)	(182)	(10,830)	(21,591)
Payments to employees	-	-	(29,758)	(29,758)
Other receipts (payments)	631,655	80,984	23,504	736,143
Net cash provided by (used for) operating activities	804,675	139,378	(4,948)	939,105
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intrafund transfers	(55,521)	5,732	49,789	-
Changes in due from other government entities	(19)	-	4,864	4,845
Net cash (used for) provided by noncapital financing activities	(55,540)	5,732	54,653	4,845
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sales of bonds	133,760	2,813	-	136,573
Payment of bond principal	(66,965)	(32,973)	(6,870)	(106,808)
Early bond redemptions	(1,478,741)	(245,035)	-	(1,723,776)
Interbond transfers	(69,950)	69,950	-	-
Interest paid on debt	(108,427)	(35,008)	(42,663)	(186,098)
Interfund transfers	-	-	38,624	38,624
Decrease (Increase) in deferred financing costs	1,493	(185)	(325)	983
Net cash used for capital and related financing activities	(1,588,830)	(240,438)	(11,234)	(1,840,502)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturity and sale of investments	2,232,263	508,327	627,862	3,368,452
Purchase of investments	(1,933,422)	(419,009)	(677,655)	(3,030,086)
Interest on investments	22,316	5,738	5,292	33,346
Net cash provided by investing activities	321,157	95,056	(44,501)	371,712
Net decrease in cash and cash equivalents	(518,538)	(272)	(6,030)	(524,840)
Cash and cash equivalents at beginning of year	528,299	1,038	30,528	559,865
Cash and cash equivalents at end of year	$ 9,761	$ 766	$ 24,498	$ 35,025
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	$ 21,192	$ 52,644	$ (143,627)	$ (69,791)
Adjustments to reconcile operating (loss) income to net cash provided by (used for) operating activities:				
Interest expense on debt	100,346	33,889	37,600	171,835
Interest on investments	(20,808)	(5,221)	(5,273)	(31,302)
Changes in fair value of investments	17,647	4,223	3,621	25,491
Accretion of capital appreciation bonds	-	-	-	-
Amortization of bond discount	32	141	-	173
Amortization of deferred losses	(1,828)	297	-	(1,531)
Amortization of bond issuance costs	3,902	919	328	5,149
Amortization of bond premium	(2,105)	-	-	(2,105)
Amortization of deferred revenue	(161)	-	(1,929)	(2,090)
Depreciation	-	-	284	284
Provision (reversal) for estimated loan losses	36,248	(15,813)	48,178	68,613
Provision for yield reduction payments	338	(8,376)	-	(8,038)
Provision for nonmortgage investment excess	303	(699)	-	(396)
Effect of changes in operating assets and liabilities:				
Purchase of program loans-net	(71,444)	(32,450)	(126,870)	(230,764)
Collection of principal from program loans - net	729,410	113,281	57,830	900,521
Interest receivable	2,234	150	(4,341)	(1,957)
Accounts receivable	7,567	-	1,457	9,024
Due (from) to other funds	(19,280)	959	18,321	-
Other assets	9	39,180	155,036	194,225
Compensated absences	-	-	9	9
Deposits and other liab	1,073	400	16,352	17,825
Other liabilities	-	(44,146)	(61,924)	(106,070)
Net cash provided by (used for) operating activities	$ 804,675	$ 139,378	$ (4,948)	$ 939,105
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Noncash transfer of program loan to REO	$ 86,662	$ -	$ -	$ 86,662

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF NET POSITION
HOMEOWNERSHIP PROGRAMS
June 30, 2013
(Dollars in Thousands)

	HOME MORTGAGE REVENUE BONDS	SINGLE FAMILY HOUSING PROGRAM BONDS	RESIDENTIAL MORTGAGE REVENUE BONDS
ASSETS			
Current assets:			
Cash and cash equivalents	$ 9,026	$ 43	$ 594
Investments	447,942	3,311	46,934
Current portion - program loans receivable	73,744	-	3,753
Interest receivable - Program loans	12,265	259	1,331
Interest receivable - Investments	2,282	2	723
Accounts receivable	14,037	-	665
Due (to) from other funds	(9,614)	383	(599)
Other assets	41	-	20
Total current assets	549,723	3,998	53,421
Noncurrent assets:			
Investments	99,767	-	229,864
Program loans receivable	2,534,670	38,284	347,943
Deferred financing costs	13,369	415	1,119
Other assets	18,977	-	1,469
Total Noncurrent assets	2,666,783	38,699	580,395
Total Assets	3,216,506	42,697	633,816
DEFERRED OUTFLOWS OF RESOURCES			
Accumulated increase in fair value of hedging derivatives	-	-	-
LIABILITIES			
Current liabilities:			
Bonds payable	50,596	-	14,129
Notess payable	-	-	-
Interest payable	29,141	879	3,827
Due from other government entities	(86)	-	-
Deposits and other liabilities	4,540	34	137
Total current liabilities	84,191	913	18,093
Noncurrent liabilities:			
Bonds payable	2,973,077	69,725	607,447
Notess payable	-	-	-
Due to other government entities	2,146	-	-
Other liablities	-	-	-
Unearned revenues	1,418	-	-
Total noncurrent liabilities	2,976,641	69,725	607,447
Total Liabilities	3,060,832	70,638	625,540
DEFERRED INFLOWS OF RESOURCES			
Accumulated increase in fair value of hedging derivatives	-	-	-
NET POSITION			
Net investment in capital assets	-	-	-
Restricted by indenture	155,674	(27,941)	8,276
Restricted by statute	-	-	-
Total Net position	$ 155,674	$ (27,941)	$ 8,276

RESIDENTIAL MORTGAGE REVENUE BONDS OVERCOLLATERALIZATION	TOTAL HOMEOWNERSHIP PROGRAMS
$ 98	$ 9,761
6,980	505,167
2,347	79,844
248	14,103
25	3,032
124	14,826
885	(8,945)
-	61
10,707	617,849
7,215	336,846
34,202	2,955,099
-	14,903
47	20,493
41,464	3,327,341
52,171	3,945,190
-	-
-	64,725
-	-
-	33,847
-	(86)
8	4,719
8	103,205
-	3,650,249
-	-
-	2,146
-	-
79	1,497
79	3,653,892
87	3,757,097
-	-
-	-
52,084	188,093
-	-
$ 52,084	$ 188,093

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
HOMEOWNERSHIP PROGRAM
Year Ended June 30, 2013
(Dollars in Thousands)

	HOME MORTGAGE REVENUE BONDS	SINGLE FAMILY HOUSING PROGRAM BONDS	RESIDENTIAL MORTGAGE REVENUE BONDS
OPERATING REVENUES			
Interest income:			
Program loans and loan agreements -- net	$ 160,211	$ 1,534	$ 16,844
Interest income - Investments -- net	10,552	6	9,973
(Decrease) Increase in fair value of investments	(5,368)	-	(12,005)
Loan commitment fees	149	-	-
Other loan fees	-	-	-
Other revenues	196	-	16
Total Operating revenues	165,740	1,540	14,828
SALARIES AND GENERAL EXPENSES			
Interest	77,054	2,134	21,158
Amortization of bond discount and bond premium	(1,698)	-	316
Mortgage servicing fees	8,785	-	1,067
Provision (reversal) for estimated loan losses	28,066	1,133	7,311
Salaries and general expenses	-	-	-
Other expenses	16,854	426	1,280
Total salaries and general expenses	129,061	3,693	31,132
Operating income (loss) before transfers	36,679	(2,153)	(16,304)
Transfers in	-	-	-
Transfers intrafund	(65,046)	7,826	3,320
(Decrease) Increase in net position	(28,367)	5,673	(12,984)
Net position at beginning of year	184,041	(33,614)	21,260
Net position at end of year	$ 155,674	$ (27,941)	$ 8,276

RESIDENTIAL MORTGAGE REVENUE BONDS OVERCOLLATERALIZATION	TOTAL HOMEOWNERSHIP PROGRAMS
$ 2,776	$ 181,365
277	20,808
(274)	(17,647)
12	161
-	-
-	212
2,791	184,899
-	100,346
-	(1,382)
83	9,935
(262)	36,248
-	-
-	18,560
(179)	163,707
2,970	21,192
-	-
(1,621)	(55,521)
1,349	(34,329)
50,735	222,422
$ 52,084	$ 188,093

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF CASH FLOWS - HOMEOWNERSHIP PROGRAMS
Year Ended June 30, 2013
(Dollars in Thousands)

	HOME MORTGAGE REVENUE BONDS	SINGLE FAMILY HOUSING PROGRAM BONDS	RESIDENTIAL MORTGAGE REVENUE BONDS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 163,833	$ 1,474	$ 15,515
Payments to suppliers	(9,449)	(10)	(1,036)
Payments to employees	-	-	-
Other receipts (payments)	989,982	2,182	(364,291)
Net cash provided by operating activities	1,144,366	3,646	(349,812)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intrafund transfers	(65,046)	7,826	3,321
Changes in due from other government entities	(19)	-	-
Net cash (used for) provided by noncapital financing activities	(65,065)	7,826	3,321
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sales of bonds	-	-	133,760
Payment of bond principal	(57,125)	-	(9,840)
Early bond redemptions	(1,187,475)	(7,820)	(283,446)
Interbond transfers	-	-	(69,950)
Interest paid on debt	(84,637)	(2,140)	(21,650)
Interfund transfers	-	-	-
Increase in deferred financing costs	1,799	-	(306)
Net cash (used for) capital and related financing activities	(1,327,438)	(9,960)	(251,432)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturity and sale of investments	1,775,293	4,041	449,618
Purchase of investments	(1,541,814)	(5,518)	(377,747)
Interest on investments	11,952	6	10,083
Net cash provided by (used for) investing activities	245,431	(1,471)	81,954
Net decrease in cash and cash equivalents	(2,706)	41	(515,969)
Cash and cash equivalents at beginning of year	11,732	2	516,563
Cash and cash equivalents at end of year	$ 9,026	$ 43	$ 594
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating (loss) income	$ 36,679	$ (2,153)	$ (16,304)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Interest expense on debt	77,054	2,134	21,158
Interest on investments	(10,552)	(6)	(9,972)
Changes in fair value of investments	5,368	-	12,005
Accretion of capital appreciation bonds	-	-	-
Amortization of bond discount	32	-	-
Amortization of deferred losses	375	-	(2,203)
Amortization of bond issuance costs	3,650	60	192
Amortization of bond premium	(2,105)	-	-
Amortization of deferred revenue	(149)	-	-
Provision for estimated loan losses	28,066	1,133	7,311
Provision for yield reduction payments	338	-	-
Provision for nonmortgage investment excess	303	-	-
Effect of changes in operating assets and liabilities:			
Purchase of program loans-net	364,344	-	(435,835)
Collection of principal from program loans - net	645,760	3,610	75,359
Interest receivable	3,623	(60)	(1,331)
Accounts receivable	8,293	-	(665)
Due from (to) other funds	(17,629)	(1,104)	360
Other assets	8	-	(19)
Compensated absences	-	-	-
Deposits and other liab	908	32	132
Other liabilities	-	-	-
Net cash provided (used for) by operating activities	$ 1,144,366	$ 3,646	$ (349,812)
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Noncash transfer of program loan to REO	$ 88,552	$ -	$ (1,843)

RESIDENTIAL MORTGAGE REVENUE BONDS OVERCOLLATERALIZATION	TOTAL HOMEOWNERSHIP PROGRAMS
$ 2,777	$ 183,599
(84)	(10,579)
-	-
3,782	631,655
6,475	804,675
(1,622)	(55,521)
-	(19)
(1,622)	(55,540)
-	133,760
-	(66,965)
-	(1,478,741)
-	(69,950)
-	(108,427)
-	-
-	1,493
-	(1,588,830)
3,311	2,232,263
(8,343)	(1,933,422)
275	22,316
(4,757)	321,157
96	(518,538)
2	528,299
$ 98	$ 9,761
$ 2,970	$ 21,192
-	100,346
(278)	(20,808)
274	17,647
-	-
-	32
-	(1,828)
-	3,902
-	(2,105)
(12)	(161)
(262)	36,248
-	338
-	303
47	(71,444)
4,681	729,410
2	2,234
(61)	7,567
(907)	(19,280)
20	9
-	-
1	1,073
-	-
$ 6,475	$ 804,675
$ (47)	$ 86,662

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF NET POSITION
MULTIFAMILY RENTAL HOUSING PROGRAMS
June 30, 2013
(Dollars in Thousands)

	MULTIFAMILY LOAN PURCHASE BONDS	MULTIFAMILY HOUSING REVENUE BONDS II	MULTIFAMILY HOUSING REVENUE BONDS III	MULTIFAMILY HOUSING PROGRAM BONDS
ASSETS				
Current assets:				
Cash and cash equivalents	$ -	$ -	$ 463	$ 9
Investments	489	-	37,876	2,107
Current portion - program loans receivable	6,800	-	24,548	1,678
Interest receivable - Program loans	-	-	3,532	1,526
Interest receivable - Investments	-	1	426	1
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Other assets	-	-	278	-
Total current assets	7,289	1	67,123	5,321
Noncurrent assets:				
Investments	-	-	32,367	-
Program loans receivable	1,846	-	686,532	24,815
Deferred financing costs	-	-	2,502	-
Other assets	-	-	-	-
Total Noncurrent assets	1,846	-	721,401	24,815
Total Assets	9,135	1	788,524	30,136
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated increase in fair value of hedging derivatives	-	-	59,057	-
LIABILITIES				
Current liabilities:				
Bonds payable	-	-	20,173	-
Notess payable	-	-	-	-
Interest payable	50	-	13,657	-
Deposits and other liabilities	1	-	432	-
Total current liabilities	51	-	34,262	-
Noncurrent liabilities:				
Bonds payable	9,087	-	594,042	-
Notess payable	-	-	-	-
Due to other government entities	-	-	8,808	-
Other liablities	-	-	90,522	-
Unearned revenues	-	-	13	-
Total noncurrent liabilities	9,087	-	693,385	-
Total Liabilities	9,138	-	727,647	-
DEFERRED INFLOWS OF RESOURCES				
Accumulated increase in fair value of hedging derivatives	-	-	-	-
NET POSITION				
Net investment in capital assets	-	-	-	-
Restricted by indenture	(3)	1	119,934	30,136
Restricted by statute	-	-	-	-
Total Net position	$ (3)	$ 1	$ 119,934	$ 30,136

MULTIFAMILY CONDUITS	AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS	MULTIFAMILY RESIDENTIAL MORTGAGE REVENUE BONDS	TOTAL MULTIFAMILY RENTAL HOUSING PROGRAMS
$ 293	$ -	$ 1	$ 766
-	5,442	3,009	48,923
149	956	(192)	33,939
26	234	311	5,629
-	123	1	552
-	-	-	-
-	-	-	-
-	49	-	327
468	6,804	3,130	90,136
-	38,485	-	70,852
43,134	330,419	67,791	1,154,537
-	146	175	2,823
-	-	-	-
43,134	369,050	67,966	1,228,212
43,602	375,854	71,096	1,318,348
-	-	-	59,057
18,850	2,240	-	41,263
-	-	-	-
26	350	381	14,464
-	1	1	435
18,876	2,591	382	56,162
24,726	364,870	69,950	1,062,675
-	-	-	-
-	-	-	8,808
-	-	-	90,522
-	-	-	13
24,726	364,870	69,950	1,162,018
43,602	367,461	70,332	1,218,180
-	-	-	-
-	-	-	-
-	8,393	764	159,225
-	-	-	-
$ -	$ 8,393	$ 764	$ 159,225

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
MULTIFAMILY PROGRAM
Year Ended June 30, 2013
(Dollars in Thousands)

	MULTIFAMILY LOAN PURCHASE BONDS	MULTIFAMILY HOUSING REVENUE BONDS II	MULTIFAMILY HOUSING REVENUE BONDS III	MULTIFAMILY HOUSING PROGRAM BONDS
OPERATING REVENUES				
Interest income:				
Program loans and loan agreements -- net	$ 775	$ 1,685	$ 49,083	$ 1,876
Interest income - Investments -- net	-	12	3,690	26
Increase in fair value of investments	-	-	(1,622)	(2)
Loan commitment fees	-	-	-	-
Other loan fees	-	807	21,804	271
Other revenues	-	-	(2,369)	-
Total Operating revenues	775	2,504	70,586	2,171
SALARIES AND GENERAL EXPENSES				
Interest	772	1,496	28,397	31
Amortization of bond discount and bond premium	-	141	273	-
Mortgage servicing fees	-	-	5	-
Provision (reversal) for estimated loan losses	-	(93)	(16,763)	(551)
Salaries and general expenses	-	-	-	-
Other expenses	3	112	7,222	341
Total salaries and general expenses	775	1,656	19,134	(179)
Operating income (loss) before transfers	-	848	51,452	2,350
Transfers in	-	-	-	-
Transfers intrafund	-	(3,772)	(6,330)	13,630
(Decrease) Increase in net position	-	(2,924)	45,122	15,980
Net position at beginning of year	(3)	2,925	74,812	14,156
Net position at end of year	$ (3)	$ 1	$ 119,934	$ 30,136

MULTIFAMILY CONDUITS	AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS	MULITIFAMILY RESIDENTIAL MORTGAGE REVENUE BONDS	TOTAL MULTIFAMILY RENTAL HOUSING PROGRAMS
$ -	$ 3,020	$ 1,988	$ 58,427
-	1,490	3	5,221
-	(2,600)	-	(4,224)
-	-	-	-
-	-	-	22,882
-	-	-	(2,369)
-	1,910	1,991	79,937
-	2,122	1,071	33,889
-	24	-	438
-	-	-	5
-	(756)	2,350	(15,813)
-	-	-	-
-	1,086	10	8,774
-	2,476	3,431	27,293
-	(566)	(1,440)	52,644
-	-	-	-
-	-	2,204	5,732
-	(566)	764	58,376
-	8,959	-	100,849
$ -	$ 8,393	$ 764	$ 159,225

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF CASH FLOWS -
MULTIFAMILY RENTAL HOUSING PROGRAMS
Year Ended June 30, 2013
(Dollars in Thousands)

	MULTIFAMILY LOAN PURCHASE BONDS	MULTIFAMILY HOUSING REVENUE BONDS II	MULTIFAMILY HOUSING REVENUE BONDS III	MULTIFAMILY HOUSING PROGRAM BONDS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 775	$ 1,871	$ 49,562	$ 1,668
Payments to suppliers	(2)	(9)	(164)	(3)
Other receipts (payments)	6,824	32,312	83,310	7,244
Net cash provided by (used for) operating activities	7,597	34,174	132,708	8,909
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intrafund transfers	-	(3,772)	(6,330)	13,630
Net cash (used for) provided by noncapital financing activities	-	(3,772)	(6,330)	13,630
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sales of bonds	-	-	-	-
Payment of bond principal	(7,013)	(500)	(23,290)	-
Early bond redemptions	-	(31,645)	(163,930)	(25,995)
Interbond transfers	-	-	-	-
Interest paid on debt	(812)	(2,311)	(29,018)	(48)
Increase (decrease) in deferred financing costs	-	-	-	-
Net cash (used for) provided by capital and related financing activities	(7,825)	(34,456)	(216,238)	(26,043)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturity and sale of investments	7,893	42,771	397,989	40,922
Purchase of investments	(7,665)	(38,731)	(312,723)	(37,466)
Interest on investments	-	14	4,192	38
Net cash provided by (used for) investing activities	228	4,054	89,458	3,494
Net (decrease) increase in cash and cash equivalents	-	-	(402)	(10)
Cash and cash equivalents at beginning of year	-	-	865	19
Cash and cash equivalents at end of year	$ -	$ -	$ 463	$ 9
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	$ -	$ 848	$ 51,452	$ 2,350
Adjustments to reconcile operating (loss) income to net cash provided by (used for) operating activities:				
Interest expense on debt	771	1,496	28,398	31
Interest on investments	-	(12)	(3,690)	(26)
Changes in fair value of investments	-	-	1,622	1
Amortization of bond discount	-	141	-	-
Amortization of deferred losses	-	-	272	-
Amortization of bond issuance costs	-	33	754	116
Provision (reversal) for estimated loan losses	-	(93)	(16,763)	(551)
Provision for yield reduction payments	-	-	(8,376)	-
Provision for nonmortgage investment excess	-	-	(699)	-
Effect of changes in operating assets and liabilities:				
Sale (Purchase) of program loans-net	-	25,723	(6,000)	-
Collection of principal from program loans - net	6,826	5,823	89,855	6,238
Interest receivable	-	186	480	(208)
Accounts receivable	-	-	-	-
Due (from) to other funds	-	-	-	959
Other assets	-	31	39,148	-
Deposits and other liab	-	(2)	401	(1)
Other liabilities	-	-	(44,146)	-
Net cash provided by (used for) operating activities	$ 7,597	$ 34,174	$ 132,708	$ 8,909
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Noncash transfer of program loan to REO	$ -	$ -	$ -	$ -

MULTIFAMILY CONDUITS	AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS	MULITIFAMILY RESIDENTIAL MORTGAGE REVENUE BONDS	TOTAL MULTIFAMILY RENTAL HOUSING PROGRAMS
$ -	$ 3,023	$ 1,677	$ 58,576
-	(3)	(1)	(182)
12,202	9,042	(69,950)	80,984
12,202	12,062	(68,274)	139,378
-	-	2,204	5,732
-	-	2,204	5,732
2,813	-	-	2,813
-	(2,170)	-	(32,973)
(14,876)	(8,589)	-	(245,035)
-	-	69,950	69,950
-	(2,129)	(690)	(35,008)
-	(3)	(182)	(185)
(12,063)	(12,891)	69,078	(240,438)
-	16,712	2,040	508,327
-	(17,375)	(5,049)	(419,009)
-	1,492	2	5,738
-	829	(3,007)	95,056
139	-	1	(272)
154	-	-	1,038
$ 293	$ -	$ 1	$ 766
$ -	$ (566)	$ (1,440)	$ 52,644
-	2,122	1,071	33,889
-	(1,490)	(3)	(5,221)
-	2,600	-	4,223
-	-	-	141
-	25	-	297
-	9	7	919
-	(757)	2,351	(15,813)
-	-	-	(8,376)
-	-	-	(699)
8,577	9,200	(69,950)	(32,450)
3,625	914	-	113,281
-	3	(311)	150
-	-	-	-
-	-	-	959
-	1	-	39,180
-	1	1	400
-	-	-	(44,146)
$ 12,202	$ 12,062	$ (68,274)	$ 139,378
$ -	$ -	$ -	$ -

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF NET POSITION
OTHER PROGRAMS AND ACCOUNTS
June 30, 2013
(Dollars in Thousands)

	HOUSING ASSISTANCE TRUST	CONTRACT ADMINISTRATION PROGRAMS	SUPPLEMENTAL BOND SECURITY ACCOUNT	EMERGENCY RESERVE ACCOUNT
ASSETS				
Current assets:				
Cash and cash equivalents	$ 4	$ 1,186	$ 1	$ 1
Investments	236,923	298,421	13,256	32,076
Current portion - program loans receivable	22,910	15,601	-	-
Interest receivable - Program loans	1,213	9,643	-	-
Interest receivable - Investments	513	185	8	19
Accounts receivable	678	-	-	110
Due (to) from other funds	(8,549)	278	12,740	-
Other assets	3,141	-	-	-
Total current assets	256,833	325,314	26,005	32,206
Noncurrent assets:				
Investments	82,293	-	-	-
Program loans receivable	139,354	304,359	-	-
Deferred financing costs	-	-	-	-
Other assets	50	-	-	-
Total Noncurrent assets	221,697	304,359	-	-
Total Assets	478,530	629,673	26,005	32,206
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated increase in fair value of hedging derivatives	67,660	-	-	-
LIABILITIES				
Current liabilities:				
Bonds payable	-	-	-	-
Notess payable	-	-	-	-
Interest payable	21,941	-	-	-
Due to other government entities	-	684	-	-
Compensated absences	-	-	-	-
Deposits and other liabilities	3	2,787	-	-
Total current liabilities	21,944	3,471	-	-
Noncurrent liabilities:				
Bonds payable	-	-	-	-
Notess payable	-	-	-	-
Due to other government entities	-	-	-	-
Other liablities	127,196	-	-	-
Unearned revenues	-	-	-	-
Total noncurrent liabilities	127,196	-	-	-
Total Liabilities	149,140	3,471	-	-
DEFERRED INFLOWS OF RESOURCES				
Accumulated increase in fair value of hedging derivatives	-	-	-	-
NET POSITION				
Net investment in capital assets	-	-	-	-
Restricted by indenture	-	-	-	-
Restricted by statute	397,050	626,202	26,005	32,206
Total Net position	$ 397,050	$ 626,202	$ 26,005	$ 32,206

LOAN SERVICING	LOAN WAREHOUSING	CITIGROUP GLOBAL MARKETS	OPERATING ACCOUNT	TOTAL OTHER PROGRAMS AND ACCOUNTS
$ 22,807	$ -	$ 98	$ 401	$ 24,498
225,067	-	-	15,925	821,668
-	-	2,839	-	41,350
-	-	386	-	11,242
139	-	-	13	877
2,723	-	-	572	4,083
(5,747)	-	-	10,223	8,945
-	-	-	47	3,188
244,989	-	3,323	27,181	915,851
-	-	-	-	82,293
-	-	78,058	-	521,771
-	-	-	2	2
-	-	-	961	1,011
-	-	78,058	963	605,077
244,989	-	81,381	28,144	1,520,928
-	-	-	-	67,660
-	-	-	-	-
-	-	2,888	-	2,888
-	-	438	-	22,379
-	-	-	300	984
-	-	-	4,263	4,263
238,904	-	-	1,348	243,042
238,904	-	3,326	5,911	273,556
-	-	-	-	-
-	-	78,170	-	78,170
-	-	-	17,934	17,934
-	-	-	-	127,196
-	-	-	20,405	20,405
-	-	78,170	38,339	243,705
238,904	-	81,496	44,250	517,261
-	-	-	-	-
-	-	-	962	962
-	-	-	-	-
6,085	-	(115)	(17,068)	1,070,365
$ 6,085	$ -	$ (115)	$ (16,106)	$ 1,071,327

CALIFORNIA HOUSING FINANCE FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
OTHER PROGRAMS AND ACCOUNTS
Year Ended June 30, 2013
(Dollars in Thousands)

	HOUSING ASSISTANCE TRUST	CONTRACT ADMINISTRATION PROGRAMS	SUPPLEMENTAL BOND SECURITY ACCOUNT	EMERGENCY RESERVE ACCOUNT
OPERATING REVENUES				
Interest income:				
Program loans and loan agreements -- net	$ 10,684	$ 5,792	$ -	$ -
Interest income - Investments -- net	4,075	956	77	93
Increase (decrease) in fair value of investments	(3,621)	-	-	-
Loan commitment fees	-	-	-	-
Other loan fees	474	-	-	-
Other revenues	(26,740)	2,502	-	-
Total Operating revenues	(15,128)	9,250	77	93
SALARIES AND GENERAL EXPENSES				
Interest	37,600	-	-	-
Mortgage servicing fees	2	-	-	-
(Reversal) provision for estimated loan losses	(3,125)	53,471	-	-
Salaries and general expenses	-	-	-	-
Other expenses	180	18,543	-	-
Total salaries and general expenses	34,657	72,014	-	-
Operating income (loss) before transfers	(49,785) -	(62,764)	77	93 -
Transfers in	-	38,624	-	-
Transfers intrafund	(6,934)	-	-	-
(Decrease) Increase in net assets	(56,719)	(24,140)	77	93
Net position at beginning of year	453,769	650,342	25,928	32,113
Net position at end of year	$ 397,050	$ 626,202	$ 26,005	$ 32,206

LOAN SERVICING	LOAN WAREHOUSING	CITIGROUP GLOBAL MARKETS	OPERATING ACCOUNT	TOTAL OTHER PROGRAMS AND ACCOUNTS
$ -	$ -	$ -	$ -	$ 16,476
1	-	-	71	5,273
-	-	-	-	(3,621)
-	-	-	1,929	1,929
4,597	-	-	1,339	6,410
64,679	-	-	991	41,432
69,277	-	-	4,330	67,899
-	-	-	-	37,600
-	-	-	-	2
-	-	(2,168)	-	48,178
-	-	-	40,199	40,199
66,086	-	-	738	85,547
66,086	-	(2,168)	40,937	211,526
3,191	-	2,168	(36,607)	(143,627)
-	-	-	-	38,624
(6,013)	(3,397)	-	66,133	49,789
(2,822)	(3,397)	2,168	29,526	(55,214)
8,907	3,397	(2,283)	(45,632)	1,126,541
$ 6,085	$ -	$ (115)	$ (16,106)	$ 1,071,327

CALIFORNIA HOUSING FINANCE FUND
SUPPLEMENTAL STATEMENTS OF CASH FLOWS -
OTHER PROGRAMS AND ACCOUNTS
Year Ended June 30, 2013
(Dollars in Thousands)

	HOUSING ASSISTANCE TRUST	CONTRACT ADMINISTRATION PROGRAMS	SUPPLEMENTAL BOND SECURITY ACCOUNT	EMERGENCY RESERVE ACCOUNT
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 10,222	$ 1,872	$ -	$ -
Payments to suppliers	(3)	-	-	-
Payments to employees	-	-	-	-
Other receipts (payments)	106,583	(110,301)	4,995	30
Net cash provided (used for) by operating activities	116,802	(108,429)	4,995	30
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intrafund transfers	(6,934)	-	-	-
Due (from) to other government entities	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(6,934)	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payment of bond principal	-	-	-	-
Interest paid on debt	(15,658)	-	-	-
Interfund transfers	-	38,624	-	-
Increase in deferred financing costs	(159)	-	-	-
Net cash provided by (used for) capital and related financing activities	(15,817)	38,624	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturity and sale of investments	381,650	128,821	-	3,866
Purchase of investments	(481,771)	(67,461)	(5,071)	(3,997)
Interest on investments - net	3,882	1,097	77	102
Net cash (used for) provided by investing activities	(96,239)	62,457	(4,994)	(29)
Net increase (decrease) in cash and cash equivalents	(2,188)	(7,348)	1	1
Cash and cash equivalents at beginning of year	2,192	8,534	-	-
Cash and cash equivalents at end of year	$ 4	$ 1,186	$ 1	$ 1
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	$ (49,785)	$ (62,764)	$ 77	$ 93
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Interest expense on debt	37,600	-	-	-
Interest on investments	(4,076)	(956)	(77)	(93)
Changes in fair value of investments	3,621	-	-	-
Amortization of bond issuance costs	159	-	-	-
Amortization of bond premium	-	-	-	-
Amortization of deferred revenue	-	-	-	-
Depreciation	-	-	-	-
(Reversal) provision for estimated loan losses	(3,125)	53,471	-	-
Provision for nonmortgage investment excess	-	-	-	-
Effect of changes in operating assets and liabilities:				
Sale (Purchase) of program loans-net	(95,596)	(101,180)	-	-
Collection of principal from program loans - net	104,622	13,032	-	-
Interest receivable	(462)	(3,920)	-	-
Accounts receivable	766	-	-	29
Due (from) to ther funds	(18,345)	(574)	4,995	1
Other assets and deferred outflow	14,229	-	-	-
Compensated absences	-	-	-	-
Deposits and other liab	(2)	(5,538)	-	-
Other liabilities and deferred inflow	127,196	-	-	-
Net cash provided by (used for) operating activities	$ 116,802	$ (108,429)	$ 4,995	$ 30
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Noncash transfer of program loan to REO	$ -	$ -	$ -	$ -

LOAN SERVICING	LOAN WAREHOUSING	CITIGROUP GLOBAL MARKETS	OPERATING ACCOUNT	TOTAL OTHER PROGRAMS AND ACCOUNTS
$ -	$ 32	$ 10	$ -	$ 12,136
-	-	-	(10,827)	(10,830)
-	-	-	(29,758)	(29,758)
28,104	3,265	6,833	(16,005)	23,504
28,104	3,297	6,843	(56,590)	(4,948)
(6,013)	(3,397)	-	66,133	49,789
-	-	-	4,864	4,864
(6,013)	(3,397)	-	70,997	54,653
-	-	(6,870)	-	(6,870)
-	-	(38)	(26,967)	(42,663)
-	-	-	-	38,624
-	-	-	(166)	(325)
-	-	(6,908)	(27,133)	(11,234)
75,642	101	-	37,782	627,862
(94,043)	(3)	-	(25,309)	(677,655)
46	1	-	87	5,292
(18,355)	99	-	12,560	(44,501)
3,736	(1)	(65)	(166)	(6,030)
19,071	1	163	567	30,528
$ 22,807	$ -	$ 98	$ 401	$ 24,498
$ 3,191	$ -	$ 2,168	$ (36,607)	$ (143,627)
				-
				-
-	-	-	-	37,600
(1)	-	-	(70)	(5,273)
-	-	-	-	3,621
-	-	-	169	328
-	-	-	-	-
-	-	-	(1,929)	(1,929)
-	-	-	284	284
-	-	(2,168)	-	48,178
-	-	-	-	-
			-	
-	69,906	-	-	(126,870)
-	(66,657)	6,833	-	57,830
-	31	10	-	(4,341)
521	-	-	141	1,457
2,108	17	-	30,119	18,321
-	-	-	140,807	155,036
-	-	-	9	9
22,285	-	-	(393)	16,352
-	-	-	(189,120)	(61,924)
$ 28,104	$ 3,297	$ 6,843	$ (56,590)	$ (4,948)
$ -	$ -	$ -	$ -	$ -

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APPENDIX B

DESCRIPTION OF DEVELOPMENTS AND LOANS EXPECTED TO BE FINANCED BY OR ALLOCABLE TO THE OFFERED BONDS[1]

Developments Under Construction or Awaiting Permanent Loan Origination

Name of Development	Location (City and County)	Name of Borrower	Percentage of Construction and Rehabilitation Completed	Expected Permanent Loan Origination Date	Expected Permanent Loan Amount	Actual/Expected Construction Loan Origination Date	Actual/Expected Acquisition/Rehab Loan Amount	Actual/Expected Total Development Cost	Actual/Expected Permanent Loan Interest Rate	Actual/Projected Permanent Loan Term	Actual/Projected Construction Loan Interest Rate and Term	Number of Units	Status of FHA Risk-Sharing	HAP Contract Expiration Date
Mountain Breeze (2)	Highland, San Bernardino	Mountain Breeze Villas, L.P.	0% Acquisition/ Rehab	September, 2015	$7,250,000	January, 2014	$12,000,000	$19,881,000	5.85%	40 years	4.15% 18 months	168	yes	N/A
Regency Court (3)	Monrovia, Los Angeles	Monrovia 612, L.P.	0% Acquisition/ Rehab	April, 2016	5,530,000	February, 2014	6,700,000	$12,301,324	5.95%	40 years	4.85% 24 months	115	yes	N/A
Villa San Pedro	San Jose, Santa Clara	Bendorf Drive, LP	5% Acquisition/ Rehab	June, 2015	11,710,000	December, 2013	20,215,000	$41,242,244	5.75%	30 years	4.00% 18 months	100	yes	January, 2034
				Total	$24,490,000		$38,915,000	$73,424,568				383		

(1) These projects have received final loan commitments from the Agency.

(2) The Agency is expected to fund a subordinate-lien loan, in the amount of $840,000, with the Agency's available monies.

(3) The Agency is expected to fund a subordinate-lien loan, in the amount of $670,000, with the Agency's available monies.

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APPENDIX C

DESCRIPTION OF DEVELOPMENTS AND LOANS FINANCED BY OR EXPECTED TO BE FINANCED BY THE PRIOR SERIES BONDS

Name of Development	Location (City and County)	Total Development Cost	Original Tax-Exempt Loan Amount	Original Loan Amount Not Tax-Exempt	Number of Units	Outstanding Loan Balance as of December 31, 2013		Existing Loan Interest Rate	Subsidizing Loan Interest Rate(1)	Existing Loan Term	Permanent Loan Maturity Date	HAP Contract Expiration Date	Replacement Reserve Balance December 31, 2013	FHA Insurance	Occupancy Rate	DCR	Audit Year
Developments Financed by the 1997 Series A Bonds:																	
Arbor Terraces	San Jose, Santa Clara	$ 8,773,267	$ 4,450,000	N.A.	86	$ 3,272,102		6.75%	N.A	30 Years	January, 2029	N.A.	$ 214,908	Risk-Share	96%	2.23	2012
Ashwood Village Apts.	Modesto, Stanislaus	9,047,029	5,040,000	N.A.	120	4,151,144		6.75%	N.A	35 Years	April, 2034	N.A.	167,781	Risk-Share	98%	1.77	2012
Cordova Village	Chula Vista, San Diego	4,354,083	2,174,800	N.A.	40	1,784,374		6.75%	N.A	35 Years	February, 2034	N.A.	156,016	Risk-Share	99%	1.08	2012
Lark Ellen	West Covina,	13,870,580	5,600,000	N.A.	122	4,884,067		6.75%	N.A	40 Years	November, 2038	N.A.	167,580	Risk-Share	99%	1.35	2012
	Los Angeles		130,000			0		6.75%	N.A	1 Year							
Panas Place	Santa Rosa,	9,864,710	3,316,000	N.A.	66	2,942,273		6.75%	N.A	40 Years	January, 2040	N.A.	226,764	Risk-Share	97%	1.34	2012
	Sonoma		1,360,000			0		6.75%	N.A	6 Years							
Parkside Glen	San Jose, Santa Clara	24,074,558	14,200,000	N.A.	180	10,540,308		6.75%	N.A	30 Years	April, 2029	N.A.	158,765	Risk-Share	87%	1.26	2012
Pecan Court	Napa,	3,538,477	1,070,000	N.A.	25	952,716		6.75%	N.A	40 Years	April, 2040	N.A.	131,838	Risk-Share	95%	1.07	2012
	Napa		515,000			0		6.75%	N.A	4 Years							
Renwick Square	Elk Grove, Sacramento	9,871,471	6,000,000	N.A.	150	4,913,219		6.75%	N.A	35 Years	January, 2034	N.A.	193,414	Risk-Share	97%	1.67	2011
Schoolhouse Court	Napa,	2,840,530	770,000	N.A.	14	683,218		6.75%	N.A	40 Years	January, 2040	N.A.	77,868	Risk-Share	97%	1.20	2012
	Napa		500,000			0		6.75%	N.A	4 Years							
Stonegate Apts.	San Jose, Santa Clara	17,404,276	10,225,000	N.A.	120	7,841,095		6.75%	N.A	30 Years	March, 2030	N.A.	111,804	Risk-Share	98%	1.47	2012
Villa Savannah (2)	San Jose, Santa Clara	19,901,082	6,784,200	N.A.	140	5,202,498	(2)	6.75%	N.A	30 Years	March, 2030	N.A.	50,330	Risk-Share	99%	1.51	2012
Subtotals		$123,540,063	$ 62,135,000	$0	1063	$ 47,167,013							$ 1,657,070				
Developments Financed by the 1998 Series A Bonds:																	
Bermuda Gardens	San Leandro, Alameda	$ 6,238,630	$ 2,985,000	N.A.	80	$ 2,217,299		6.45%	N.A	30 Years	August, 2029	N.A.	$ 83,632	Risk-Share	92%	1.13	2012
Britton Street (3)	San Francisco,	17,690,213	2,810,000	N.A.	92	535,019	(3)	6.00%	N.A	15 Years	December, 2015	N.A.	216,375	Risk-Share	99%	1.05	2012
	San Francisco		3,150,000			0		6.00%	N.A	1 Year							
Center Pointe Villas (4)	Norwalk, Los Angeles	18,606,940	780,000	N.A.	240	678,857	(4)	6.05%	N.A	35 Years	December, 2037	N.A.	601,108	None	99%	2.13	2012
Hookston Manor	Pleasant Hill, Contra Costa	8,517,261	4,250,000	N.A.	101	3,176,131		5.90%	N.A	30 Years	May, 2030	N.A.	220,085	Risk-Share	98%	1.18	2012
Owl's Landing	Livermore,	14,942,706	4,800,000	N.A.	72	4,056,751		6.35%	N.A	35 Years	January, 2036	N.A.	111,161	Risk-Share	99%	1.23	2012
	Alameda		2,230,000	N.A.		0		6.35%	N.A	5 Years							
Park Place Apts.	Van Nuys,	9,543,406	4,600,000	N.A.	142	3,568,129		5.90%	N.A	30 Years	June, 2031	N.A.	147,503	None	98%	1.79	2012
	Los Angeles		200,000	N.A.		0		6.20%	N.A	8 Years							
Rancho Carrillo Family Apts.	Carlsbad, San Diego	15,121,294	7,060,000	N.A.	116	5,913,131		6.05%	N.A	35 Years	January, 2036	N.A.	190,683	Risk-Share	100%	1.63	2012
Tahoe Valley Townhomes	S. Lake Tahoe, El Dorado	6,527,497	2,610,000	N.A.	70	1,949,587		6.20%	N.A	30 Years	January, 2030	N.A.	137,051	Risk-Share	92%	0.85	2012

Name of Development	Location (City and County)	Total Development Cost	Original Tax-Exempt Loan Amount	Original Loan Amount Not Tax-Exempt	Number of Units	Outstanding Loan Balance as of December 31, 2013		Existing Loan Interest Rate	Subsidizing Loan Interest Rate(1)	Existing Loan Term	Permanent Loan Maturity Date	HAP Contract Expiration Date	Replacement Reserve Balance December 31, 2013	FHA Insurance	Occupancy Rate	DCR	Audit Year
West Oaks Apts.	Santa Rosa,	7,599,096	2,925,000	N.A.	53	2,578,603		6.50%	N.A	40 Years	January, 2040	N.A.	41,434	Risk-Share	96%	1.48	2012
	Sonoma		830,000			0		6.50%	N.A	5 Years							
Windmere II	Davis,	5,898,754	2,075,000	N.A.	58	1,716,100		6.35%	N.A	35 Years	January, 2035	N.A.	41,639	Risk-Share	98%	1.14	2012
	Yolo		795,000			0		6.35%	N.A	3 Years							
	Subtotals	$ 110,685,797	$ 42,100,000	$0	1024	$ 26,389,606							$ 1,790,670				
Developments Financed by the 1998 Series B Bonds:																	
The Arbors	Hercules,	$ 8,669,332	$ 3,397,600	N.A.	60	$ 2,135,625		5.90%	N.A	25 Years	March, 2025	N.A.	$ 274,234	Risk-Share	100%	1.21	2012
	Contra Costa		805,000			0		5.90%	N.A	6 Years							
Brannan Court	Sacramento, Sacramento	2,400,000	1,980,000	N.A.	40	794,140		9.95%	N.A	30 Years	November, 2018	N.A.	164,405	None	92%	1.38	2013
CCBA Senior Garden	San Diego,	4,499,370	1,950,000	N.A.	45	1,596,830		6.05%	N.A	35 Years	January, 2035	N.A.	236,720	Risk-Share	97%	1.4	2012
	San Diego		320,000			0		6.05%	N.A	1 Year							
Center Pointe Villas (4)	Norwalk, Los Angeles	(4)	11,200,000	N.A.	(4)	9,747,697	(4)	6.05%	N.A	35 Years	December, 2037	N.A.	(4)	None	99%	2.13	2012
Farley Place	Belvedere, Marin	1,250,772	636,000	N.A.	11	451,243		7.50%	N.A	30 Years	August, 2028	N.A.	18,425	None	98%	1.10	2013
Gravenstein North Apts.	Sebastopol, Sonoma	1,951,890	1,715,000	N.A.	42	616,051		7.50%	N.A	30 Years	August, 2018	N.A.	189,482	None	99%	1.75	2012
The Lakes	Selma, Fresno	2,524,137	1,800,000	N.A.	39	1,178,675		7.25%	N.A	30 Years	December, 2025	N.A.	75,212	Risk-Share	95%	1.41	2012
Lincoln Gardens	Woodland, Yolo	2,199,580	1,500,000	N.A.	66	1,033,768		7.50%	N.A	30 Years	February, 2028	N.A.	36,600	None	92%	2.0	2012
Meadow Glen Apts.	Pittsburg, Contra Costa	1,965,300	1,088,000	N.A.	32	794,956		7.50%	N.A	30 Years	July, 2030	N.A.	164,159	None	87%	2.97	2012
Mercy Village Folsom	Folsom,	5,461,078	2,350,000	N.A.	81	1,555,703		3.50%	6.20%	30 Years	January, 2030	N.A.	192,455	Risk-Share	99%	1.20	2012
	Sacramento		164,500			0		3.50%	6.20%	5 Years							
Montebello Senior Villas	Montebello, Los Angeles	14,717,780	4,000,000	N.A.	160	3,051,269		5.90%	N.A	30 Years	December, 2030	N.A.	380,747	Risk-Share	99%	2.59	2012
Montevista Apts.	Milpitas, Santa Clara	41,758,802	22,698,100	$ 4,500,000	306	20,074,011		6.75%	N.A	40 Years	October, 2039	N.A.	734,539	Risk-Share	97%	1.47	2012
Northstar Apts.	Davis,	4,359,629	1,010,000	N.A.	36	761,170		6.75%	N.A	30 Years	September, 2029	N.A.	88,666	Risk-Share	96%	1.34	2012
	Yolo		855,000			0		6.75%	N.A	3 Years							
Ridgeview Commons	Pleasanton, Alameda	17,040,442	9,360,000	N.A.	200	6,151,053		5.50%	N.A	30 Years	October, 2029	N.A.	607,604	None	100%	1.18	2012
Stone Pine Meadow	Tracy,	9,112,831	2,335,000	N.A.	72	2,083,806		6.75%	N.A	40 Years	June, 2040	N.A.	32,052	Risk-Share	95%	0.56	2012
	San Joaquin		1,937,000			0		6.75%	N.A	4 Years							
Storke Ranch	Isla Vista,	3,126,221	1,462,000	N.A.	36	1,237,325		6.75%	N.A	35 Years	July, 2035	N.A.	115,259	Risk-Share	100%	1.20	2012
	Santa Barbara		59,000			0		6.75%	N.A	2 Years							
Swan's Market	Oakland,	3,396,589	1,015,000	N.A.	18	693,957		6.75%	N.A	40 Years	October, 2040	N.A.	158,553	Risk-Share	99%	1.24	2012
	Alameda		240,000			240,000		3.00%	N.A	40 Years							
			730,000			0		6.75%	N.A	4 Years							
Villa Maria Apts.	San Diego,	5,018,917	2,265,000	N.A.	37	1,900,274		6.75%	N.A	35 Years	February, 2035	N.A.	165,231	None	96%	2.09	2012
	San Diego		415,000			0		6.75%	N.A	1 Year							
Villa Savannah (2)	San Jose,	(2)	5,170,800	N.A.	(2)	3,965,254	(2)	6.75%	N.A	30 Years	March, 2030	N.A.	(2)	Risk-	99%	1.51	2012

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	Santa Clara												Share			
Village Place	San Diego, San Diego	1,774,875	1,200,000	N.A.	47	810,212	6.00%	N.A	30 Years	October, 2027	N.A.	159,926	Risk-Share	96%	1.33	2012
Villaggio I	Carson,	13,821,217	4,915,000	N.A.	84	4,391,209	6.75%	N.A	40 Years	July, 2040	N.A.	118,113	Risk-Share	99%	1.20	2012
	Los Angeles		1,720,000			0	6.75%	N.A	4 Years							
Villaggio II	Carson,	10,242,139	3,951,000	N.A.	65	3,529,942	6.75%	N.A	40 Years	July, 2040	N.A.	102,398	Risk-Share	99%	1.17	2012
	Los Angeles		990,000			0	6.75%	N.A	4 Years							
	Subtotals	$ 155,290,901	$ 95,234,000	$ 4,500,000	1477	$ 68,794,169						$ 4,014,779				
Developments Financed by the 1998 Series C Bonds:																
Corinthian House (5)	Campbell, Santa Clara	$ 3,812,420	$ 2,426,500	N.A.	104	$ 1,067,790 (5)	7.25%	N.A	40 Years	May, 2021	April, 2021	$ 321,243	Yes	86%	1.10	2013
Morse Court	Sunnyvale, Santa Clara	1,991,213	1,767,200	N.A.	35	1,396,844	5.40%	N.A	40 Years	September, 2023	N.A.	44,376	Risk-Share	100%	2.53	2013
Ocean Park Villas (6)	Santa Monica, Los Angeles	1,730,007	1,557,000	N.A.	24	1,028,162	9.05% (6)	N.A	40 Years	November, 2023	August, 2014	29,259	None	99%	2.63	2013
Sycamore Square (7)	Hayward, Alameda	2,693,421	1,576,864	N.A.	26	1,235,525 (7)	5.70%	N.A	30 Years	December, 2031	December, 2028	192,608	None	96%	1.94	2012
Villa Jardin	Sacramento, Sacramento	692,000	692,000	N.A.	43	427,048	6.20%	N.A	25 Years	September, 2024	N.A.	26,378	Risk-Share	86%	0.45	2012
	Subtotals	$ 10,919,061	$ 8,019,564	$0	232	$ 5,155,370						$ 613,864				
Developments Financed by the 1999 Series A Bonds:																
Breezewood Village (8)	La Mirada,	$ 14,869,199	$ 4,153,000	N.A.	122	$ 3,620,049 (8)	6.05%	N.A	35 Years	January, 2038	N.A.	$ 223,196	None	99%	1.70	2012
	Los Angeles		3,400,000			0	6.05%	N.A	1 Year							
Britton Street (3)	San Francisco, San Francisco	(3)	1,331,600	N.A.	(3)	253,534 (3)	6.00%	N.A	15 Years	December, 2015	N.A.	(3)	Risk-Share	99%	1.05	2012
Canyon Run Apts.	Healdsburg,	$ 8,896,201	3,000,000	N.A.	51	2,556,813	6.05%	N.A	35 Years	November, 2036	N.A.	182,172	Risk-Share	96%	1.13	2012
	Sonoma		1,070,000			0	6.05%	N.A	5 Years							
Detroit Street	West Hollywood,	8,896,201	270,000	N.A.	10	216,617	5.90%	N.A	30 Years	July, 2032	N.A.	28,939	Risk-Share	100%	0.83	2012
	Los Angeles		680,000			0	5.90%	N.A	1 Year							
Light Tree Apts.	East Palo Alto, San Mateo	10,399,099	5,888,400	$ 586,600	94	4,504,603	5.90%	N.A	30 Years	January, 2031	N.A.	107,456	None	98%	1.51	2012
Maplewood Apts.	Lakeside, San Diego	5,718,118	3,050,000	N.A.	79	2,333,212	5.90%	N.A	30 Years	January, 2031	N.A.	78,113	None	90%	1.28	2012
Sierra Meadows	Fresno, Fresno	9,751,540	8,200,000	N.A.	220	6,631,585	7.50%	N.A	35 Years	April, 2031	N.A.	198,271	None	96%	1.63	2012
	Subtotals	$ 58,530,358	$ 31,043,000	$ 586,600	576	$ 20,116,412						$ 818,147				
Developments Financed by the 2001 Series D Bonds:																
Corinthian House (5)	Campbell, Santa Clara	(5)	1,173,000	N.A.	(5)	$ 516,346 (5)	7.25%	N.A	40 Years	May, 2021	April, 2021	(5)	Yes	87%	1.10	2013
Developments Financed by the 2001 Series E Bonds:																
Cottonwood Grove Apts.	Clovis, Fresno	9,213,223	7,960,262	N.A.	150	$ 6,650,500	6.50%	N.A	30 Years	May, 2033	N.A.	$ 171,978	None	94%	1.28	2012
Grayson Creek	Pleasant Hill,	18,793,575	5,625,000	N.A.	70	4,587,754	5.25%	N.A	30 Years	October, 2033	N.A.	253,292	None	99%	1.32	2012
	Contra Costa		3,375,000			0	5.25%	N.A	3 Years							
Marina Towers Annex (9)	Vallejo,	4,671,174	1,000,000	275,000	57	784,933 (9)	5.70%	N.A	30 Years	February, 2032	November, 2021	210,847	None	98%	1.48	2012
	Solano		1,225,000			343,308	5.70%	N.A	15 Years	February, 2017						
Monticelli Apts.	Gilroy, Santa Clara	9,986,388	2,990,000	N.A.	52	2,397,213	5.25%	N.A	30 Years	March, 2033	N.A.	79,520	None	98%	1.26	2012

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Parlier Parkwood Apts.	Parlier, Fresno	2,967,182	1,562,800	N.A.	70	914,164		6.50%	N.A	30 Years	November, 2023	N.A.	93,929	None	98%	2.54	2012
Riverwood Grove Apts.	Santa Clara, Santa Clara	17,194,077	4,500,000	N.A.	71	3,634,803		5.25%	N.A	30 Years	June, 2033	N.A.	153,838	None	99%	1.30	2012
Rohit Villas (10)	Los Angeles, Los Angeles	1,594,922	531,900	N.A.	16	338,453	(10)	8.50%	N.A	30 Years	May, 2024	N.A.	27,093	None	87%	0.40	2012
Singing Wood (11)	El Monte, Los Angeles	10,757,094	123,896	N.A.	110	102,949	(11)	5.25%	N.A	30 Years	June, 2034	N.A.	294,346	None	100%	1.59	2012
Skyline Village	Los Angeles, Los Angeles	13,248,902	3,750,000	N.A.	73	3,461,332		5.35%	N.A	40 Years	June, 2045	N.A.	131,686	None	100%	1.64	2012
Stanley Avenue	Oakland, Alameda	5,833,562	415,000 1,100,000	N.A.	24	278,664 0		3.00% 3.00%	5.25% 5.25%	25 Years 3 Years	July, 2028	N.A.	72,806	None	96%	1.30	2012
Torrey Del Mar Apts.	San Diego, San Diego	18,681,974	4,080,000 5,310,000	N.A.	112	3,311,673 0		5.25% 5.25%	N.A N.A	30 Years 3 Years	August, 2033	N.A.	304,955	None	96%	1.79	2012
Villa del Rey	Farmsville, Tulare	1,244,321	990,000	N.A.	34	487,822		8.109%	N.A	30 Years	August, 2021	N.A.	10,864	None	94%	1.03	2012
Vista Las Flores (12)	Carlsbad, San Diego	5,464,593	295,000	N.A.	28	254,332	(12)	6.05%	N.A	35 Years	June, 2037	N.A.	61,206	None	99%	1.77	2012
Willowbrook Apts.	Merced, Merced	3,358,823	3,080,000	N.A.	80	1,879,006		8.60%	N.A	30 Years	September, 2024	N.A.	133,204	None	93%	0.90	2011
	Subtotals	$ 123,009,810	$ 47,913,858	$ 275,000	947	$ 29,426,906							$ 1,999,565				
Developments Financed by the 2001 Series F Bonds:																	
Country Hills Apts. (13)	San Jose, Santa Clara	$ 10,253,500	$ 6,150,000	N.A.	152	$ 4,320,487	(13)	6.00%	N.A	30 Years	February, 2033	N.A.	$ 161,059	None	99%	1.38	2013
Longfellow Apts.	Chico, Butte	1,570,500	773,500	N.A.	24	539,960		3.00%	5.70%	30 Years	October, 2031	N.A.	44,974	None	98%	1.55	2011
Northgate Apts.	Victorville, San Bernardino	7,391,802	6,650,000	N.A.	140	4,766,390		6.00%	N.A	30 Years	October, 2034	N.A.	158,086	None	90%	0.42	2012
Oak Manor Townhouses (14)	Palo Alto, Santa Clara	4,700,000	2,220,000	N.A.	33	1,280,314	(14)	6.50%	N.A	30 Years	October, 2023	N.A.	183,396	None	95%	2.0	2012
Sycamore Square (7)	Hayward, Alameda	(7)	623,136 290,000	N.A.	(7)	486,760 0	(7)	5.70% 5.70%	N.A N.A	30 Years 10 Years	December, 2031 December, 2011	December, 2028	(7)	None	96%	1.94	2012
	Subtotals	$ 23,915,802	$ 16,706,636	$0	349	$ 11,393,910							$ 547,514				
Developments Financed by the 2001 Series G Bonds:																	
Child's Avenue Apts.	Merced, Merced	$ 2,203,280	$ 1,575,000	N.A.	27	$ 1,359,872		6.50%	N.A	40 Years	August, 2043	N.A.	$ 43,939	None	85%	1.10	2012
Murphy Ranch Apts.	Morgan Hill, Santa Clara	15,285,789	4,355,000	N.A.	62	3,646,927		5.70%	N.A	30 Years	April, 2034	N.A.	125,294	None	99%	1.26	2012
Oak Circle (formerly Roberts Avenue)	San Jose, Santa Clara	8,256,465	3,640,000 3,628,535	N.A.	100	2,982,918 0		5.25% 5.25%	N.A N.A	30 Years 3 Years	December, 2033	N.A.	197,632	None	99%	1.08	2012
Oak Haven Seniors Apts.	Oakdale, Stanislaus	5,900,389	2,140,000	N.A.	80	1,669,593		6.50%	N.A	30 Years	March, 2033	N.A.	193,894	None	88%	1.73	2012
Oak Manor Townhouses (14)	Palo Alto, Santa Clara	(14)	180,000	N.A.	(14)	102,647	(14)	6.50%	N.A	30 Years	October, 2023	N.A.	(14)	None	95%	2.0	2012
Old Grove Apts.	Oceanside, San Diego	9,992,402	980,000	N.A.	56	814,309		5.25%	N.A	30 Years	June, 2034	N.A.	77,078	None	99%	2.77	2012
Papillon Apts.	Fresno, Fresno	7,569,218	6,200,000	N.A.	132	4,697,486		6.50%	N.A	30 Years	April, 2033	N.A.	95,264	Risk-Share	95%	1.71	2012
Ridgeview	Coalinga, Fresno	2,259,193	1,265,000	N.A.	42	961,361		6.50%	N.A	30 Years	May, 2033	N.A.	19,801	None	93%	2.23	2012
Rohit Villas (10)	Los Angeles,	(10)	106,100	N.A.	(10)	67,512	(10)	8.50%	N.A	30 Years	May, 2024	N.A.	(10)	None	87%	0.40	2012

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	Los Angeles															
Sequoia Knolls	Fresno, Fresno	4,415,067	3,760,000	N.A.	100	3,257,252	6.50%	N.A	30 Years	June, 2033	N.A.	44,473	None	92%	0.93	2012
Shasta Villa Apts.	Farmersville, Tulare	1,422,829	640,000	N.A.	20	412,378	7.15%	N.A	30 Years	January, 2026	N.A.	41,937	None	100%	1.39	2012
Singing Wood (11)	El Monte, Los Angeles	(11)	1,961,465	N.A.	(11)	1,629,835 (11)	5.25%	N.A	30 Years	June, 2034	N.A.	(11)	None	100%	1.59	2012
South Gate Senior Villas	Southgate, Los Angeles	9,283,162	2,300,000	N.A.	75	2,089,414	6.20%	N.A	40 Years	October, 2042	N.A.	69,286	None	99%	1.53	2012
Subtotals		$ 66,587,794	$ 32,731,100	$ -	694	$ 23,691,503						$ 908,598				
Developments Financed by the 2001 Series H Bonds: (15)																
Homestead Park (16)	Sunnyvale, Santa Clara	$ 23,289,740	N.A	$ 4,371,000	222	$ 3,442,332 (16)	6.50%	N.A	30 Years	April, 2031	March, 2021	$ 560,015	None	98%	1.36	2012
Mandela Gateway	West Oakland,	$ 42,740,000	N.A	1,634,944	168	1,260,972	6.50%	N.A	15 Years	November, 2020	N.A.	670,815	None	93%	1.31	2012
	Alameda		N.A	961,121		423,720	6.50%	N.A	10 Years	November, 2015						
Marina Towers Annex (9)	Vallejo, Solano	(9)	N.A	174,145	(9)	82,045 (9)	7.00%	N.A	16 Years	February, 2017	November, 2021	(9)	None	98%	1.48	2012
MORH I Apts.	Oakland,	16,917,847	N.A	4,725,000	124	3,940,124	7.50%	N.A	30 Years	March, 2032	December, 2032	232,089	None	99%	2.0	2012
	Alameda		N.A	1,310,000		0	7.25%	N.A	11 Years							
Oak Center I Apts.	Oakland,	8,014,044	N.A	2,424,000	77	1,983,518	7.50%	N.A	30 Years	July, 2031	September, 2032	135,056	None	99%	2.04	2012
	Alameda		N.A	555,246		0	7.25%	N.A	11 Years	January, 2012						
Parkside Apts.	Huron, Fresno	2,313,400	N.A	63,000	50	63,000	3.00%	N.A	18 Years	March, 2020	July, 2019	-	None	95%	1.18	2011
Runnymede Gardens (16)	E. Palo Alto, San Mateo	6,931,720	N.A	1,380,000	78	1,079,286 (16)	6.45%	N.A	30 Years	February, 2031	August, 2021	211,115	None	98%	1.19	2012
Santa Ana Towers (16)	Santa Ana, Orange	14,964,050	N.A	900,000	200	774,710 (16)	6.35%	N.A	35 Years	December, 2036	N.A.	284,366	None	100%	1.69	2012
Subtotals		$ 115,170,801	$0	$ 18,498,455	919	$ 13,049,707						$ 2,093,456				
Developments Financed by the 2002 Series A Bonds:																
Altadena Vistas	Altadena, Los Angeles	$ 1,501,687	$ 750,000	N.A.	22	$ 370,415	4.00%	N.A	40 Years	October, 2039	N.A.	$ 25,546	None	96%	2.30	2012
Altamont Apartments	Rohnert Park, Sonoma	11,503,070	10,000,000	N.A.	230	5,196,599	6.50%	N.A	30 Years	July, 2022	N.A.	155,851	None	97%	1.73	2012
Carillo Place	Santa Rosa,	11,621,514	2,475,000	N.A.	68	2,056,546	5.25%	N.A	30 Years	June, 2034	N.A.	94,338	None	96%	1.36	2012
	Sonoma		3,200,000				5.25%	N.A	1 Year							
Far East Building	Los Angeles, Los Angeles	3,343,080	160,000	N.A.	16	12,222	3.00%	5.70%	10 Years	August, 2014	N.A.	17,413	None	98%	3.12	2012
Singing Wood (11)	El Monte,	(11)	2,479,639	N.A.	(11)	2,060,401 (11)	5.25%	N.A	30 Years	June, 2034	N.A.	(11)	None	100%	1.59	2012
	Los Angeles		1,350,000			0	5.25%	N.A	2 Years							
Villa Ramona (formerly Baldwin Park Family)	Baldwin Park, Los Angeles	13,092,505	3,660,000	N.A.	71	3,350,752	5.25%	N.A	40 Years	December, 2044	N.A.	203,037	None	99%	1.23	2012
The Village at Beechwood	Lancaster,	8,068,697	890,000	N.A.	100	576,492	5.25%	N.A	20 Years	May, 2024	N.A.	196,981	None	92%	1.18	2012
	Los Angeles		469,000			0	5.25%	N.A	6 Years	September, 2010	N.A.		None			
Winter Creek Village	Windsor,	7,483,061	1,620,000	N.A.	41	1,339,977	5.25%	N.A	30 Years	April, 2034	N.A.	73,488	None	99%	1.58	2012
	Sonoma		2,400,000			0	5.25%	N.A	1 Year							
Subtotals		$ 56,613,614	$ 29,453,639	$0	548	$ 14,963,403						$ 766,654				
Developments Financed by the 2002 Series B Bonds:																
Hillside Villa	Los Angeles, Los Angeles	$ 10,940,498	$ 4,974,553	N.A.	124	$ 2,815,982	6.50% (5.75%- (17)	N.A	30 Years	March, 2024	N.A.	$84,667	None	97%	1.51	2012

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								7.0%)										
Huntington Square	Citrus Height, Sacramento	13,195,808	10,289,487	N.A.	225	5,965,324		6.50%		N.A	30 Years	March, 2024	N.A.	133,326	None	98%	1.44	2012
Regency Manor	Los Angeles, Los Angeles	7,619,626	5,906,464	N.A.	120	3,293,304		7.00% (4.25%- 7.0%)	(17)	N.A	30 Years	March, 2024	N.A.	139,501	None	99%	1.44	2012
Somersett Hills	Roseville, Placer	8,018,326	5,419,654	N.A.	124	3,154,036		7.13% (6.63%- 7.13%)	(17)	N.A	30 Years	March, 2024	N.A.	94,853	None	95%	1.70	2012
Southlake Tower	Oakland,	8,613,000	6,500,000	$ 1,010,000	130	0		5.50%		N.A	30 Years	August, 2034	November, 2025	-	None	98%	1.21	2011
	Alameda		820,000			405,409		6.50%		N.A	15 Years	August, 2019						
	Subtotals	$ 48,387,258	$ 33,910,158	$ 1,010,000	723	$ 15,634,055								$ 452,346				
Developments Financed by the 2002 Series C Bonds:																		
Artist Colony (18)	Burbank, Los Angeles	$ 20,675,911	$ 14,970,000	N.A.	141	$ 13,897,925	(18)	5.28%		N.A	40 Years	January, 2046	N.A.	$339,816	None	79%	1.19	2012
Victoria Green	Hercules,	27,427,379	9,455,000	N.A.	132	7,927,004		5.25%		N.A	30 Years	October, 2034	N.A.	284,504	None	97%	1.22	2012
	Contra Costa		4,985,000			-		5.25%		N.A	3 Years							
	Subtotals	$ 48,103,290	$ 29,410,000	$0	273	$ 21,824,929								$ 624,320				
Developments Financed by the 2002 Series D Bonds:																		
Country Hills (13)	San Jose, Santa Clara	(13)	$ 4,120,375	N.A.	(13)	$ 3,371,834	(13)	6.00%		N.A	30 Years	February, 2033	N.A.	(13)	None	99%	1.38	2013
Countrywood Apts.	Linda,	$ 2,276,610	580,000	$ 50,000	65	405,393		5.00%		N.A	20 Years	September, 2023	April, 2021	$53,923	Risk-Share	95%	1.69	2012
	Yuba		170,000			34,532		5.00%		N.A	10 Years	September, 2013						
	Subtotals	$ 2,276,610	$ 4,870,375	$50,000	65	$ 3,811,760								$ 53,923				
Developments Financed by the 2002 Series E Bonds:																		
Artist Colony (18)	Burbank, Los Angeles	(18)	$ 1,045,000	N.A.	(18)	$ 970,162	(18)	5.28%		N.A	40 Years	January, 2046	N.A.	(18)	None	79%	1.19	2012
Casa Del Rio	Antioch, Contra Costa	$ 7,384,217	600,000	N.A.	82	381,957		7.80%		N.A	30 Years	December, 2024	N.A.	$ 221,367	None	85%	0.40	2012
Cedar Park	Grass Valley,	10,864,648	5,600,000	N.A.	81	5,198,965		5.95%		N.A	40 Years	January, 2045	N.A.	56,621	None	96%	1.16	2012
	Nevada		200,000			0		5.95%		N.A	1 Year							
Fremont Oaks Gardens	Fremont, Alameda	11,206,109	2,700,000	N.A.	51	2,203,867		3.00%		5.75%	30 Years	January, 2036	N.A.	131,094	None	96%	1.06	2012
Gateway Santa Clara	Santa Clara, Santa Clara	10,000,598	1,815,000	N.A.	42	1,578,691		5.75%		N.A	30 Years	November, 2035	N.A.	94,586	None	97%	1.51	2012
The Grove Apts.	Bakersfield, Kern	8,613,478	7,500,000	N.A.	140	5,647,868		6.50%		N.A	30 Years	March, 2033	N.A	147,861	None	99%	1.98	2012
Sierra Vista Apts. (19)	Sierra Madre, Los Angeles	5,294,999	17,461	N.A.	46	16,354	(19)	5.35%		N.A	35 Years	May, 2043	N.A.	50,553	None	100%	0.71	2012
White Rock Village (20)	El Dorado Hills,	27,204,570	10,000,000	N.A.	180	9,289,425	(20)	5.60%		N.A	40 Years	August, 2045	N.A.	182,853	None	95%	0.97	2012
	El Dorado		3,375,000			0		5.60%		N.A	1 Year							
Willowbrook II	Merced, Merced	4,524,496	3,840,000	N.A.	96	2,252,182		6.27%		N.A	30 Years	April, 2024	N.A	153,680	None	74%	0.47	2011
	Subtotals	$ 85,093,115	$ 36,692,461	$0	718	$ 27,539,471								$ 1,038,615				
Developments Financed by the 2003 Series C Bonds:																		
The Breakers at Bayport	Alameda, Alameda	$ 12,311,045	$ 2,100,000	N.A.	77	$ 1,849,148		5.25%		N.A	30 Years	October, 2036	N.A.	$ 135,731	None	98%	2.28	2012
Coyote Run	Palm Springs, Riverside	11,920,315	2,000,000	N.A.	66	1,778,701		5.25%		N.A	30 Years	March, 2037	N.A.	134,304	None	98%	1.38	2012
Lorenzo Creek	Castro Valley,	10,574,328	640,000	N.A.	28	466,519		1.00%		5.25%	25 Years	July, 2031	June, 2016	108,836	None	100%	1.34	2012
	Alameda		1,430,000			383,218		1.00%		5.25%	10 Years	July, 2016						

Name of Development	Location (City and County)	Total Development Cost	Original Tax-Exempt Loan Amount	Original Loan Amount Not Tax-Exempt	Number of Units	Outstanding Loan Balance as of December 31, 2013		Existing Loan Interest Rate		Subsidizing Loan Interest Rate(1)	Existing Loan Term	Permanent Loan Maturity Date	HAP Contract Expiration Date	Replacement Reserve Balance December 31, 2013	FHA Insurance	Occupancy Rate	DCR	Audit Year
Manhattan Village	Manhattan Beach, Los Angeles	8,150,570	6,400,000	N.A.	104	4,458,086		6.85%		N.A	30 Years	August, 2027	N.A.	334,342	Risk-Share	99%	1.47	2012
Moulton Plaza (21)	Sunnyvale, Santa Clara	16,965,841	5,985,000	N.A.	66	5,480,570	(21)	5.25%		N.A	35 Years	December, 2041	N.A.	84,713	None	99%	1.04	2012
			2,890,000			-		4.00%		N.A	1 Year							
Ocean View Gardens	Berkeley, Alameda	5,879,695	3,160,000	N.A.	62	2,638,224		5.75%		N.A	30 Years	March, 2034	October, 2013	95,254	None	99%	1.35	2012
Palos Verdes Villas	Palm Springs, Riverside	7,867,733	5,172,018	N.A.	98	4,273,515		6.85%	(17)	N.A	40 Years	July, 2035	N.A.	74,436	None	93%	1.09	2012
								4.5% - 8.5%										
Regency Court	Monrovia, Los Angeles	9,003,230	4,540,000	N.A.	115	2,902,339		6.85%		N.A	30 Years	November, 2025	N.A	148,090	None	99%	1.13	2012
Timothy Commons	Santa Rosa, Sonoma	6,760,111	640,000	N.A.	32	561,408		5.25%		N.A	30 Years	August, 2036	N.A.	118,934	None	99%	1.90	2012
Villa Amador	Brentwood, Contra Costa	23,234,691	4,425,000	N.A.	96	4,243,520		5.35%		N.A	40 Years	December, 2048	N.A	265,213	None	95%	1.25	2012
Villa Victoria	Oxnard, Ventura	12,983,312	4,110,000	N.A.	54	3,746,775		5.30%		N.A	30 Years	May, 2038	N.A.	152,481	None	100%	1.47	2012
			400,000			202,619		5.25%		N.A	10 Years	May, 2018						
Subtotals		$ 125,650,871	$ 43,892,018	$0	798	$ 32,984,642								$ 1,652,334				
Developments Financed by the 2004 Series B Bonds:																		
Citrus Grove	Fontana, San Bernardino	$ 7,480,591	$ 890,000	N.A.	50	$ 781,780		5.50%		N.A	30 Years	July, 2036	December, 2014	$ 120,727	None	100%	1.21	2012
			1,500,000			182,354		5.50%		N.A	9.5 Years	December, 2014						
			1,400,000			0		4.00%		N.A	2 Years							
Las Brisas	Cudahy, Los Angeles	3,531,432	2,725,000	$ 559,200	100	2,263,430		5.40%		N.A	30 Years	April, 2034	N.A.	248,280	None	92%	2.87	2012
Linden Manor (22)	Riverside, Riverside	5,480,927	3,985,000	260,000	192	3,310,006	(22)	5.40%		N.A	30 Years	April, 2034	N.A.	447,473	None	95%	1.93	2011
			940,000			0		5.40%		N.A	7 Years	June, 2012						
Murphy Ranch II	Morgan Hill, Santa Clara	11,944,609	4,400,000	N.A.	38	3,805,893		5.50%		N.A	30 Years	October, 2035	N.A.	32,753	None	99%	1.31	2012
Oak Village (22)	Oakland, Alameda	12,270,324	5,727,000	1,140,000	117	5,030,624	(22)	5.50%		N.A	32 Years	June, 2036	N.A.	132,246	None	96%	1.51	2012
			460,200			0		5.50%		N.A	8.5 Years	July, 2012						
Springs Village	Aqua Caliente, Sonoma	19,322,319	1,985,000	N.A.	80	1,753,381		5.50%		N.A	30 Years	September, 2036	N.A.	147,783	None	99%	2.65	2012
St. Vincent's Housing	Santa Barbara, Santa Barbara		3,460,000	N.A.	75	3,204,357		5.50%		N.A	30 Years	January, 2039	N.A.	93,603	None	99%	1.20	2012
			2,390,000			1,231,005		5.50%			10 Years	January, 2018	N.A					
			7,450,000			0		4.00%			5 Years	January, 2013	N.A					
Vista Point at Pacific Grove	Pacific Grove, Monterey	9,848,050	1,670,000	N.A.	49	1,480,541		5.50%		N.A	30 Years	November, 2036	N.A.	76,193	None	98%	1.00	2012
Willowbrook Green	Willowbrook,Los Angeles	3,624,261	2,579,768	N.A.	48	1,861,230		5.00%		N.A	42 Years	July, 2034	N.A.	54,824	None	93%	1.11	2011
Subtotals		$ 73,502,513	$ 41,561,968	$ 1,959,200	749	$ 24,904,602								$ 1,353,881				
Developments Financed by the 2004 Series C Bonds:																		
Cambridge	Davis, Yolo	$ 5,625,994	$ 4,531,304	N.A.	125	$ 2,716,968		6.00%		N.A	30 Years	October, 2034	N.A.	$ 67,706	None	94%	2.19	2012
Laurel Court	Los Angeles, Los Angeles	963,563	542,049	N.A.	15	386,706		5.25%		N.A	40 Years	October, 2034	N.A.	67,506	None	97%	1.86	2012
Sheffield Greens	Fairfield, Solano	6,529,361	5,186,092	N.A.	132	3,109,580		6.00%		N.A	30 Years	October, 2034	N.A.	70,229	None	94%	2.03	2012
Subtotals		$ 13,118,918	$ 10,259,445	$0	272	$ 6,213,254								$ 205,441				
Developments Financed by the 2004 Series D Bonds:																		
Camino de las Flores	Los Angeles,	$ 9,308,156	$ 155,000	N.A.	25	$ 102,017		3.00%		5.70%	15 Years	January, 2023	N.A.	$ 59,980	None	95%	1.11	2012

Name of Development	Location (City and County)	Total Development Cost	Original Tax-Exempt Loan Amount	Original Loan Amount Not Tax-Exempt	Number of Units	Outstanding Loan Balance as of December 31, 2013	Existing Loan Interest Rate	Subsidizing Loan Interest Rate(1)	Existing Loan Term	Permanent Loan Maturity Date	HAP Contract Expiration Date	Replacement Reserve Balance December 31, 2013	FHA Insurance	Occupancy Rate	DCR	Audit Year
	Los Angeles		450,000			0	3.00%	5.70%	5 Years	January, 2013	N.A.					
			1,595,000			0	3.00%	5.70%	3 Years	January, 2011	N.A.					
Casitas Del Valle	Moreno, Riverside	$ 8,282,602	$ 930,000	N.A.	40	736,728	5.50%	N.A	20 Years	August, 2027	N.A.	34,459	None	98%	1.26	2012
Central Plaza	Santa Maria, Santa Barbara	12,508,740	5,605,000	N.A.	112	4,988,401	5.70%	N.A	30 Years	November, 2036	N.A.	177,366	None	97%	1.57	2012
			940,000	N.A.		261,900	5.70%	N.A	10 Years	September, 2016						
College View	Linda, Yuba	5,565,906	500,000	$ 850,000	88	436,916	5.70%	N.A	30 Years	February, 2036	October, 2021	261,932	None	99%	1.11	2012
			2,730,000			1,623,468	5.70%	N.A	17 Years	February, 2022	N.A.					
			450,000			0	5.70%	N.A	1 Year		N.A.					
Corde Terra Family	San Jose, Santa Clara	45,455,711	24,235,000	N.A.	300	23,142,285	5.70%	N.A	40 Years	February, 2048	N.A.	618,039	None	99%	1.99	2012
Douglas Park	Compton, Los Angeles	5,565,906	3,450,000	N.A.	115	2,929,979	5.50%	N.A	30 Years	January, 2035	May, 2016	224,258	None	94%	1.86	2012
Dublin Transit Center	Dublin, Alameda	34,144,574	5,860,000	N.A.	112	5,313,854	5.70%	N.A	30 Years	October, 2037	N.A.	143,823	None	98%	1.34	2012
Encore Hall	Los Angeles, Los Angeles	18,738,000	2,560,000	N.A.	104	2,148,837	3.00%	5.70%	25 Years	June, 2033	N.A.	261,452	None	97%	0.93	2012
Manhattan Place	Los Angeles, Los Angeles	3,873,071	2,658,734	N.A.	60	1,984,083	5.00%	N.A	40 Years	October, 2034	N.A.	322,927	None	95%	2.64	2012
Sierra Vista Apts. (19)	Sierra Madre, Los Angeles	(19)	825,000	N.A.	(19)	772,703 (19)	5.35%	N.A	35 Years	May, 2043	N.A.	(19)	None	100%	0.71	2012
			585,000			0	4.00%	N.A	1 Year	May, 2009						
Sobrato Apts.	Gilroy, Santa Clara	16,901,971	1,070,000	N.A.	60	297,217	2.00%	N.A	10 Years	July, 2016	N.A.	97,125	None	96%	1.21	2012
			4,500,000			0	2.00%	N.A		July, 2009						
White Rock Village (20)	El Dorado, El Dorado	(20)	1,500,000	N.A.	(20)	311,575 (20)	5.60%	N.A	10 Years	August, 2015	N.A.	(20)	None	95%	0.97	2012
			295,000	N.A.		0	5.60%	N.A	1 Year	November, 2006	N.A.					
Subtotals		$ 160,344,637	$ 60,893,734	$ 850,000	1016	$ 45,049,963						$ 2,201,361				
Developments Financed by the 2005 Series C Bonds																
Plaza de las Flores	Sunnyvale, San Mateo	$ 16,730,209	$ 9,025,000	N.A.	101	$ 7,971,920	5.50%	N.A	30 Years	September, 2036	November, 2023	$ 1,322,338	Risk-Share	99%	1.52	2012
Developments Financed by the 2005 Series D/E Bonds																
Gish Apartments	San Jose, Santa Clara	$ 11,054,850	$ 2,685,000	N.A.	35	$ 2,311,208	3.00%	5.40%	30 Years	October, 2037	N.A.	$ 22,991	None	99%	1.25	2012
Hemet Estates	Hemet, Riverside	6,497,575	3,500,000	N.A.	80	3,178,795	5.30%	N.A	30 Years	April, 2038	February, 2033	83,268	None	99%	1.20	2012
			1,000,000			50,652	5.30%	N.A	8 Years	May, 2014						
Kalmia Courtyards	Fallbrook, San Diego	1,970,198	951,000	N.A.	28	678,725	7.25%	N.A	30 Years	October, 2027	N.A.	46,857	Risk-Share	100%	1.28	2012
Dana Strand	Wilmington, Los Angeles	27,176,715	1,900,000	N.A.	116	1,700,326	5.50%	N.A	25 Years	January, 2034	N.A.	122,652	None	99%	2.44	2013
Plaza Del Sol	San Jose, Santa Clara	8,248,844	4,545,000	N.A.	80	4,033,014	7.25%	N.A	40 Years	August, 2037	N.A.	57,056	Risk-Share	96%	2.43	2012
Promenade I	Pleasanton, Alameda	8,104,839	3,399,603	N.A.	68	3,023,704	7.25%	N.A	40 Years	December, 2037	N.A.	220,148	Risk-Share	99%	2.06	2012
Promenade II	Pleasanton, Alameda	7,693,874	6,500,000	N.A.	78	5,781,286	7.25%	N.A	40 Years	December, 2037	N.A.	114,915	Risk-Share	95%	1.76	2012
Regency Court Senior	Salinas, Monterey	7,025,655	4,901,750	N.A.	120	3,372,231	6.00%	N.A	30 Years	June, 2027	N.A.	107,840	Risk-Share	98%	1.96	2012
Sterling Village	San Bernardino, San Bernardino	6,351,048	4,075,000	N.A.	80	3,700,994	5.30%	N.A	30 Years	April, 2038	April, 2033	144,706	None	99%	1.23	2012
			80,000	$ 420,000		4,190	6.25%	N.A	8 Years	May, 2014						
Villa Montgomery	Redwood City, San Mateo	16,260,235	4,760,000	N.A.	58	4,351,383	5.90%	N.A	30 Years	January, 2038	N.A.	53,199	None	97%	1.14	2012
Vista Valle Townhomes	Claremont, Los Angeles	4,264,899	2,200,000	N.A.	48	1,488,544	7.50%	N.A	30 Years	May, 2026	N.A.	48,479	Risk-Share	97%	1.12	2012
Sunset Heights	Rancho	16,859,072	1,500,000	N.A.	117	1,355,884	5.30%	N.A	30 Years	January, 2038	September,	374,998	None	98%	1.73	2012

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												2023					
	Cucamonga, San Bernardino		3,000,000			1,909,864		5.20%	N.A	17 Years	January, 2023						
	Subtotals	$ 121,507,804	$ 44,997,353	$ 420,000	908	$ 36,940,800							$ 1,397,108				
Developments Financed by the 2007 Series C Bonds																	
Lion Creek Crossings II	Oakland,	$ 47,554,045	$ 4,040,000	N.A.	146	$ 3,857,490		5.90%	N.A	40 Years	November, 2047	October, 2017	$ 253,051	None	94%	1.09	2012
	Alameda		620,000			282,043		5.25%	N.A	10 Years	November, 2017						
Ridgewood/La Loma	Sacramento,	4,056,975	3,165,000	N.A.	75	2,969,949		5.20%	N.A	30 Years	January, 2040	May, 2020	162,372	None	99%	1.62	2012
	Sacramento		1,160,000			763,185		5.20%	N.A	14 Years	January, 2022						
Yosemite Manor	Madera,	7,158,685	950,000	N.A.	76	889,528		5.30%	N.A	30 Years	November, 2039	January, 2020	193,594	None	99%	1.36	2012
	Madera		810,000			580,174		5.30%	N.A	15 Years	June, 2023						
	Subtotals	$ 58,769,705	$ 10,745,000	$0	297	$ 9,342,368							$ 609,018				
Developments Financed by the 2008 Series A Bonds																	
Alexis Apts.	San Francisco,	$ 10,312,358	$ 7,575,044	N.A.	206	$ 7,092,514		5.00%	N.A	30 Years	December, 2039	August, 2027	$ 634,616	None	99%	3.07	2012
	San Francisco		1,070,000			0		5.20%	N.A	6 Years	September, 2013						
	Subtotals	$ 10,312,358	$ 8,645,044	$0	206	$ 7,092,514							$ 634,616				
Developments Financed by the 2008 Series B Bonds:																	
Bay Avenue Sr. Apts.	Capitola, Santa Cruz	$ 25,454,000	$ 7,200,000	N.A.	109	$ 6,970,438		3.00%	5.00%	35 Years	January, 2047	N.A.	$190,709	None	98%	1.38	2012
Kennedy Meadows (23)	Jackson, Amador	9,019,102	1,407,461	N.A.	56	1,243,063	(23)	5.40%	N.A	30 Years	October, 2036	N.A.	18,782	None	88%	0.80	2012
Noble Towers	Oakland, Alameda	30,365,805	14,555,000	N.A.	195	8,694,296		5.25%	N.A	17 Years	January, 2022	January, 2022	-	None	100%	1.30	2012
Sierra Vista Apts. (19)	Sierra Madre,	(19)	1,437,539	N.A.	(19)	1,346,413	(19)	5.35%	N.A	35 Years	May, 2043	N.A.	(19)	None	100%	0.71	2012
	Los Angeles		660,000			-		4.00%	N.A	1 Year	May, 2009						
Villa Springs Apts.	Hayward, Alameda	8,924,232	3,100,000	N.A.	66	2,902,789		5.00%	N.A	30 Years	December, 2039	N.A	81,232	None	99%	1.04	2012
Willow Glen Senior	San Jose, Santa Clara	22,426,855	8,825,000	N.A.	133	7,195,541		5.95%	N.A	30 Years	January, 2033	N.A	176,993	None	96%	1.28	2012
	Subtotals	$ 96,189,994	$ 37,185,000	$0	559	$ 28,352,540							$ 467,715				
Developments Financed by the 2008 Series C Bonds:																	
Baywood Apts.	Oakland, Alameda	$ 8,440,134	$ 4,035,000	N.A.	77	$ 3,484,294		5.25%	N.A	30 Years	December, 2035	N.A	$115,769	Risk-Share	99%	2.20	2012
Glenbrook Apts.	Grass Valley,	10,599,093	3,820,000	N.A.	52	3,560,017		5.45%	N.A	40 Years	February, 2046	N.A.	29,766	None	98%	1.13	2012
	Nevada		1,870,000			0		4.00%	N.A	1 Year							
Kennedy Meadows (23)	Jackson,	(23)	2,113,539	N.A.	(23)	1,865,785	(23)	5.40%	N.A	30 Years	October, 2036	N.A.	(23)	None	88%	0.80	2012
	Amador		1,695,000			-		4.00%	N.A	1 Year							
Moore Village at Wildhorse	Davis,	9,547,890	3,100,000	N.A.	59	2,671,498		5.25%	N.A	30 Years	November, 2035	N.A.	198,649	None	97%	1.23	2012
	Yolo		1,945,000			-		4.00%	N.A	2 Years							
Moulton Plaza (21)	Sunnyvale, Santa Clara	(21)	455,000	N.A.	(21)	416,652	(21)	5.25%	N.A	35 Years	December, 2041	N.A.	(21)	None	99%	1.04	2012
Oak Court Apts.	Palo Alto, Santa Clara	15,198,073	1,590,000	N.A.	53	1,367,434		5.25%	N.A	30 Years	November, 2035	N.A.	144,555	None	100%	1.73	2012
Point Reyes Affordable Homes	Point Reyes, Marin	7,122,735	720,000	N.A.	27	227,756		5.25%	N.A	9 Years	May, 2016	N.A.	69,235	None	99%	1.40	2012
Tremont Green	Davis,	6,943,527	1,600,000	N.A.	36	1,376,035		5.25%	N.A	30 Years	November, 2035	N.A.	89,690	None	97%	1.26	2012
	Yolo		1,650,000			-		4.00%	N.A	2 Years							
Union Court	Manteca, San Joaquin	8,496,015	1,295,000	N.A.	68	1,069,173		5.75%	N.A	30 Years	September, 2033	N.A	84,510	None	98%	1.06	2012
West Covina Senior Villas	West Covina, Los Angeles	7,028,500	2,800,000	N.A.	85	2,378,177		5.25%	N.A	30 Years	April, 2035	N.A	203,156	None	99%	2.52	2012
	Subtotals	$ 73,375,967	$ 28,688,539	$0	457	$ 18,416,820							$ 935,330				

Name of Development	Location (City and County)	Total Development Cost	Original Tax-Exempt Loan Amount	Original Loan Amount Not Tax-Exempt	Number of Units	Outstanding Loan Balance as of December 31, 2013	Existing Loan Interest Rate	Subsidizing Loan Interest Rate(1)	Existing Loan Term	Permanent Loan Maturity Date	HAP Contract Expiration Date	Replacement Reserve Balance December 31, 2013	FHA Insurance	Occupancy Rate	DCR	Audit Year
Developments Financed by the General Program Account:																
The ARC Apts.	San Francisco, San Francisco	$ 2,548,002	$ 1,065,000	N.A.	9	$ 679,732	1.00%	5.90%	30 Years	January, 2032	N.A.	$ 42,185	Risk- Share	100%	1.53	2012
Arlington Farms	Davis, Yolo	9,858,818	7,800,000	N.A.	138	2,968,171	9.25% (17) (6.50%- 9.25%)	N.A	30 Years	December, 2018	N.A.	124,980	None	98%	1.69	2012
Arroyo Vista Apts.	Mission Viejo, Orange	19,347,138	7,000,000	N.A.	156	6,234,715	9.00%	N.A	40 Years	May, 2036	N.A.	271,679	Risk- Share	99%	1.47	2012
Breezewood Village (8)	La Mirada, Los Angeles	(8)	1,100,000	N.A.	(8)	958,838 (8)	6.05%	N.A	35 Years	January, 2038	N.A.	(8)	None	99%	1.70	2012
Britton Street (3)	San Francisco, San Francisco	(3)	1,033,400	N.A.	(3)	196,756 (3)	6.00%	N.A	15 Years	December, 2015	N.A.	(3)	Risk- Share	99%	1.05	2012
Cesar Chavez	Davis, Yolo	7,075,788	765,000 3,000,000	N.A.	53	640,065 0	3.00% 3.00%	N.A	25 Years 3 Years	May, 2033 May, 2011	N.A.	274,698	None	96%	2.39	2012
Chelsea Gardens	Santa Rosa, Sonoma	7,206,463	3,855,000	600,000	120	2,845,875	5.90%	N.A	30 Years	January, 2030	N.A.	176,199	Risk- Share	96%	1.54	2012
Countrywood	Linda, Yuba	2,215,441	N.A	170,000	65	34,948	5.00%	N.A	20 Years	August, 2025	N.A.	0	Risk- Share	95%	1.69	2012
Coy de Estes	Upland, San Bernardino	8,021,866	N.A	2,150,000	130	1,937,816	8.50%	N.A	40 Years	January, 2038	N.A.	266,584	Risk- Share	100%	2.91	2012
Creekside Apts.	Albany, Alameda	3,141,466	878,000	N.A.	16	790,952	6.35%	N.A	40 Years	November, 2041	N.A.	95,531	Risk- Share	100%	1.07	2012
Crescent Terrace	Sunnyvale, Santa Clara	3,496,445	1,469,224	N.A.	48	1,131,591	6.00%	N.A	40 Years	July, 2035	N.A.	257,461	None	100%	0.97	2012
Dalton Arms	Los Angeles, Los Angeles	321,512	98,300	N.A.	5	53,889	8.00%	N.A	35 Years	January, 2021	N.A.	8,689	None	100%	-0.01	2012
Diamond Aisle Apts.	Anaheim, Orange	5,639,000	770,000	N.A.	25	477,558	1.00%	5.20%	10 Years	January, 2020	N.A.	36,267	None	93%	1.36	2012
El Rancho Verde Apts.	San Jose, Santa Clara	115,413,256	N.A	6,000,000	700	6,000,000	1.00%	N.A	30 Years	April, 2033	N.A.	0	None			
Eleanor Roosevelt	Davis, Yolo	10,797,192	550,000 2,400,000	N.A. N.A.	60	500,618 -	5.90% 4.50%	N.A N.A	30 Years 3 Years	October, 2037 October, 2010	N.A.	300,644	None	97%	1.18	2012
Emerson Arms	Martinez, Contra Costa	3,874,303	2,480,000	N.A.	32	2,119,706	5.25%	N.A	30 Years	October, 2035	March, 2029	277,187	None	99%	2.07	2012
Eureka Family Housing	Eureka, Humboldt	3,542,848	940,000 1,150,000	N.A.	50	876,132 752,078	5.30% 5.30%	N.A N.A	30 Years 14 Years	August, 2039 December, 2021	June, 2021	249,229	None	98%	3.25	2012
Fireside Apartments	Mill Valley, Marin Marin	18,863,670	1,600,000 4,450,000	N.A.	50	1,398,463 1,527,389	1.00% 3.00%	5.30%	30 Years 3 Years	March, 2031 March, 2014	N.A.	71,398	None	97%	2.02	2012
Grand Plaza	Los Angeles, Los Angeles	16,813,733	7,986,965	N.A.	302	7,047,857	9.25%	N.A	40 Years	April, 2035	N.A.	463,717	Risk- Share	92%	1.67	2012
Grizzly Hollow	Galt, Sacramento	15,182,446	950,000	N.A.	54	743,572	5.70%	N.A	20 Years	April, 2027	N.A.	90,023	None	91%	1.55	2012
Heritage Park	Anaheim, Orange	3,833,568	1,805,090	N.A.	94	1,267,739	8.00%	N.A	42 Years	December, 2028	N.A.	111,486	None	96%	3.31	2012
Homestead Park (16)	Sunnyvale, Santa Clara	(16)	9,710,000 1,815,883	N.A.	(16)	7,646,999 (16) 257,589	6.50% 6.20%	N.A N.A	30 Years 5 Years	April, 2031	March, 2021	(16)	None	98%	1.36	2012
Huntcliff	Fair Oaks, Sacramento	4,323,109	3,405,300	N.A.	78	2,671,633	6.00%	N.A	37 Years	July, 2024	N.A.	78,852	None	89%	1.77	2012
Larkfield Oaks	Santa Rosa, Sonoma	14,192,944	1,830,000	N.A.	56	1,651,269	5.90%	N.A	30 Years	May, 2037	N.A.	230,623	None	98%	1.49	2012
Linden Manor (22)	Riverside, Riverside	(22)	N.A	260,000	(22)	222,191 (22)	6.50%	N.A	30 Years	April, 2034	N.A.	(22)	None	95%	1.93	2011
Lion Creek Crossings III	Oakland,	40,467,774	4,080,000	N.A.	106	3,932,241	5.70%	N.A	40 Years	February, 2049	N.A.	193,015	None	93%	1.16	2012

Name of Development	Location (City and County)	Total Development Cost	Original Tax-Exempt Loan Amount	Original Loan Amount Not Tax-Exempt	Number of Units	Outstanding Loan Balance as of December 31, 2013		Existing Loan Interest Rate	Subsidizing Loan Interest Rate(1)	Existing Loan Term	Permanent Loan Maturity Date	HAP Contract Expiration Date	Replacement Reserve Balance December 31, 2013	FHA Insurance	Occupancy Rate	DCR	Audit Year
	Alameda																
	Alameda		475,000			277,661		5.50%		10 Years	February, 2019						
Northside Flat	Long Beach, Los Angeles	1,500,000	1,500,000	N.A.	47	1,107,344		5.90%	N.A	30 Years	January, 2030	N.A.	180,767	None	89%	1.59	2010
O'Farrell Tower Apts.	San Francisco, San Francisco	11,910,000	4,240,000	N.A.	101	3,242,233		6.20%	N.A	30 Years	September, 2030	N.A.	642,186	None	100%	1.77	2012
			2,274,000			385,846		6.20%	N.A	15 Years	September, 2015						
			1,100,000			0		7.00%	N.A	5 Years							
Oak Village (22)	Oakland, Alameda	(22)	N.A	1,140,000	(22)	1,001,381	(22)	5.50%	N.A	30 Years	June, 2036	N.A.	(22)	None	96%	1.51	2012
Oceanview Apts.	Pacifica, San Mateo	12,050,731	9,425,000	N.A.	100	7,087,163		5.75%	N.A	30 Years	September, 2030	N.A.	32,969	None	98%	1.31	2012
Olive Court	Davis, Yolo	1,366,279	960,000	N.A.	24	493,274		6.00%	N.A	40 Years	January, 2028	N.A.	138,375	None	99%	0.96	2012
Playa Del Alameda	Alameda, Alameda	5,188,644	3,080,000	95,000	40	2,368,493		6.20%	N.A	30 Years	November, 2030	N.A.	78,213	None	98%	1.66	2012
Quail Terrace	Fairfield, Solano	6,912,788	4,405,000	N.A.	136	2,813,472		8.30%	N.A	40 Years	February, 2025	N.A.	93,863	None	93%	1.68	2012
Rubicon Homes	Richmond, Contra Costa	1,334,179	N.A	1,049,886	10	898,399		1.50%	N.A	20 Years	January, 2029	N.A.	92,048	None	100%	1.17	2013
Runnymede Gardens (16)	E. Palo Alto, San Mateo	(16)	3,910,000	N.A.	(16)	3,057,979	(16)	6.45%	N.A	30 Years	February, 2031	February, 2022	(16)	None	98%	1.19	2012
Salandini Villa Apts.	Parlier, Fresno	10,112,391	3,500,000	N.A.	148	3,190,698		9.25%	N.A	40 Years	October, 2037	N.A.	51,728	Risk-Share	98%	1.72	2012
Santa Ana Towers (16)	Santa Ana, Orange	(16)	9,600,000	N.A.	(16)	8,263,566	(16)	6.35%	N.A	35 Years	December, 2036	N.A.	(16)	None	100%	1.69	2012
Saratoga Senior Apts.	Vacaville, Solano	10,846,907	5,730,000	N.A.	120	4,626,890		6.20%	N.A	30 Years	June, 2032	N.A.	270,321	None	99%	1.89	2012
Seacliff Highlands	Aptos, Santa Cruz	11,789,952	1,385,000	N.A.	39	1,239,056		5.70%	N.A	30 Years	February, 2037	N.A.	57,320	None	99%	1.92	2012
Seven Directions	Oakland, Alameda	9,479,600	1,150,000	N.A.	36	742,655		5.25%	N.A	10 Years	October, 2019	N.A.	107,459	None	97%	1.47	2012
Seventeenth St. Commons	Sacramento, Sacramento	1,379,529	N.A	1,419,000	29	1,154,565		5.25%	N.A	30 Years	September, 2033	N.A.	82,045	None	92%	1.54	2013
Stevens Creek/Tantau Apts	Cupertino, Santa Clara	3,329,900	1,768,900	N.A.	40	1,528,214		7.25%	N.A	40 Years	May, 2037	N.A.	155,033	Risk-Share	98%	1.93	2013
The Surf	San Leandro, Alameda	2,815,854	2,825,000	N.A.	46	2,482,319		5.60%	N.A	30 Years	April, 2035	N.A.	232,088	Risk-Share	97%	1.3	2012
Tice Oaks	Walnut Creek, Contra Costa	9,495,784	2,475,000	N.A.	91	1,944,882		6.20%	N.A	30 Years	July, 2031	February, 2031	302,196	None	100%	4.1	2012
			2,540,000			-		6.20%	N.A	11 Years	July, 2011						
Valle de las Brisas	Madera, Madera	4,113,813	1,350,000	126,500	81	1,234,215		9.50%	N.A	40 Years	August, 2037	N.A.	186,593	Risk-Share	98%	1.63	2012
Vista Las Flores (12)	Carlsbad, San Diego	(12)	1,020,000	N.A.	(12)	879,385	(12)	6.05%	N.A	35 Years	June, 2037	N.A.	(12)	None	99%	1.77	2012
			1,075,000			0		6.05%	N.A	5 Years							
Vista Sunrise Apts.	Palm Springs, Riverside	9,470,528	450,000	N.A.	85	204,332		1.00%	5.90%	10 Years	May, 2018	N.A.	139,129	None	88%	0.87	2012
West Avenue	Santa Rosa, Sonoma	2,051,112	1,025,500	N.A.	40	699,637		6.50%	N.A	30 Years	July, 2030	N.A.	120,863	None	97%	1.94	2012
	Sonoma		N.A.	71,855		32,731		6.50%	N.A	15 Years	December, 2016	N.A.					
West Capitol Courtyard	W. Sacramento, Yolo	11,179,012	1,873,600	N.A.	75	1,399,521		6.20%	N.A	30 Years	January, 2030	N.A.	134,000	Risk-Share	95%	0.94	2012
Winters Apartments	Winters, Yolo	3,303,353	1,365,000	N.A.	44	1,091,161		5.40%	N.A	30 Years	January, 2032	N.A.	8,488	None	99%	-0.41	2013
Woodglen Vista	Santee, San Diego	11,694,760	9,150,000	N.A.	188	7,653,336		5.90%	N.A	30 Years	February, 2034		250,496	None	99%	1.68	2012
			1,300,000			608,471		5.90%	N.A	16 Years	August, 2019	August, 2019					

Name of Development	Location (City and County)	Total Development Cost	Original Tax-Exempt Loan Amount	Original Loan Amount Not Tax-Exempt	Number of Units	Outstanding Loan Balance as of December 31, 2013	Existing Loan Interest Rate	Subsidizing Loan Interest Rate(1)	Existing Loan Term	Permanent Loan Maturity Date	HAP Contract Expiration Date	Replacement Reserve Balance December 31, 2013	FHA Insurance	Occupancy Rate	DCR	Audit Year
	Subtotals	$ 457,501,898	$ 154,939,162	$ 13,082,241	3867	$ 119,275,260						$ 6,976,626				
	Total	$ 2,235,129,143	$ 922,225,055	$ 41,231,496	18,833	$ 666,019,242						$ 35,135,284				

(1) The Agency is currently subsidizing the interest rate on these permanent loans. The source of funds for this interest rate subsidy comes from the Agency's share of McKinney Act savings from certain FAF projects. When an interest rate is listed under "Subsidizing Loan Interest Rate," the Loan bears interest at such rate and the Agency is providing the Borrower a subsidy equal to the difference between interest at such rate and interest at the lower rate listed under "Existing Loan Interest Rate."
(2) This loan is financed by the 1997 Series A and 1998 Series B Bonds.
(3) This loan is financed by the 1998 Series A, 1999 Series A Bonds and the General Program account.
(4) This loan is financed by the 1998 Series A and 1998 Series B Bonds.
(5) This loan is financed by the 1998 Series C and 2001 Series D Bonds.
(6) This project is a FAF project for which the original loan interest rate of 12.00% is still in force. The difference between the principal and interest payment at 12.00% and the payment at 9.05% is treated as McKinney Act savings and shared equally by the Agency and HUD.
(7) This loan is financed by the 1998 Series C and 2001 Series F Bonds.
(8) This loan is financed by the 1999 Series A and the General Program account.
(9) This loan is financed by 2001 Series E and 2001 Series H Bonds.
(10) This loan is financed by 2001 Series E and 2001 Series G Bonds.
(11) This loan is financed by 2001 Series E, 2001 Series G and 2002 Series A.
(12) This loan is financed by 2001 Series E Bonds and the General Program account.
(13) This loan is financed by the 2001 Series F and 2002 Series D Bonds.
(14) This loan is financed by 2001 Series F and 2001 Series G Bonds.
(15) These Bonds are taxable. The loan information listed for these projects is for non-tax-exempt loans.
(16) These loans are financed by 2001 Series H Bonds and the General Program account.
(17) Indicates range of interest rates for stepped-rate loans.
(18) This loan is financed by 2002 Series C and 2002 Series E Bonds.
(19) This loan is financed by 2002 Series E, 2004 Series D and 2008 Series B Bonds.
(20) This loan is financed by 2002 Series E and 2004 Series D Bonds.
(21) This loan is financed by 2003 Series C and 2008 Series C Bonds.
(22) These loans are financed by 2004 Series B Bonds and the General Program account.
(23) This loan is financed by 2008 Series B and 2008 Series C Bonds.

DESCRIPTION OF MULTIFAMILY MORTGAGE BACKED SECURITIES FINANCED BY MULTIFAMILY HOUSING REVENUE BONDS III

Project Name	Purchased Amount	MBS Type	Pool #	CUSIP #	Interest Rate	Issuance Date	Maturity Date	December 31, 2013 Par Amount	December 31, 2013 Fair market Value
Mortgage Backed Securities Financed by the 1999 Series A Bonds:									
North Hills	$ 9,850,000.00	FNMA	381707	31377NAG4	5.55%	29-May-99	1-May-29	$ 7,262,910.41	$ 7,609,847.81
Citrus Trees	3,450,000.00	FNMA	381709	31377NAJ8	5.55%	29-May-99	1-May-29	2,543,862.08	2,665,123.83
	$ 13,300,000.00							$ 9,806,772.49	$ 10,274,971.64
Mortgage Backed Securities Financed by the 2002 Series A Bonds:									
Parkwood Apts (*)	$ 1,286,909.84	FNMA	470076	31381TFR6	4.63%	1-Dec-11	1-Sep-35	$ 1,233,064.57	$ 1,313,435.74
Mortgage Backed Securities Financed by the 2002 Series E Bonds:									
Dove Canyon	$ 6,870,119.89	FNMA	470086	31381TF39	4.47%	1-Dec-11	1-Jan-40	$ 6,665,146.45	$ 6,970,543.47
Laguna Canyon	8,015,669.19	FNMA	470085	31381TF21	4.37%	1-Dec-11	1-Nov-41	7,802,109.63	7,901,274.45
Parkwood Apts (*)	4,525,363.80	FNMA	470076	31381TFR6	4.63%	1-Dec-11	1-Sep-35	4,336,017.92	4,618,639.58
	$ 19,411,152.88							$ 18,803,274.00	$ 19,490,457.50
Mortgage Backed Securities Financed by the 2004 Series B Bonds:									
Parkwood Apts (*)	$ 167,618.18	FNMA	470076	31381TFR6	4.63%	1-Dec-11	1-Sep-35	$ 160,604.74	$ 171,072.97
Grand Total	$ 34,165,680.90							$ 30,003,715.80	$ 31,249,937.85

(*) This loan is financed by the 2002 Series A, the 2002 Series E and the 2004 Series B Bonds.

APPENDIX D

CERTAIN AGENCY FINANCIAL INFORMATION AND OPERATING DATA

The following tables set forth certain information regarding interest rate swap agreements, liquidity facilities and certain investments, all with respect to the Prior Series Bonds, and certain information with respect to the bonds of the Agency.

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Swap Agreements

Relating to Multifamily Housing Revenue Bonds III

as of March 1, 2014

Multifamily Housing Revenue Bonds III	Initial Notional Amount	Outstanding Notional Amount +	Effective Date	Fixed Rate Paid by Agency	Floating Rate Received by Agency	Maturity Date	Par Termination Date
2001 Series D	$ 3,265,000	$ 1,895,000	28-Jun-01	4.452%	100% of SIFMA - 0.20%	Aug. 2022	
2001 Series E	55,870,000	42,775,000	28-Jun-01	4.712%	100% of SIFMA - 0.15%	Feb. 2036	
2001 Series F	19,040,000	12,100,000	1-Feb-02	4.029%	100% of SIFMA - 0.20%	Feb. 2032	
2001 Series G	47,660,000	38,075,000	1-Feb-02	4.205%	100% of SIFMA - 0.15%	Aug. 2036	
2001 Series G	10,655,000	8,430,000	1-Feb-04	4.595%	100% of SIFMA - 0.15%	Feb. 2034	
2002 Series A	19,575,000	14,775,000	1-Aug-02	4.500%	100% of SIFMA - 0.15%	Aug. 2032	
2002 Series A	13,275,000	10,375,000	2-Feb-04	4.890%	100% of SIFMA - 0.15%	Feb. 2037	
2002 Series B	25,875,000	21,080,000	18-Nov-08	4.037%	100% of SIFMA - 0.20%	Feb. 2035	
2002 Series C	13,980,000	12,465,000	18-Nov-08	4.405%	100% of SIFMA - 0.15%	Feb. 2037	
2002 Series C	16,500,000	14,605,000	18-Nov-08	4.638%	100% of SIFMA - 0.15%	Aug. 2037	
2002 Series D	12,655,000	10,460,000	3-Feb-03	4.085%	100% of SIFMA - 0.20%	Feb. 2035	
2002 Series E	16,470,000	13,845,000	3-Feb-03	4.151%	100% of SIFMA - 0.15%	Feb. 2035	
2002 Series E	42,025,000	37,120,000	1-Nov-04	4.571%	100% of SIFMA - 0.15%	Aug. 2037	
2004 Series B	12,950,000	11,340,000	1-Aug-06	3.692%	60% of 1 mo. LIBOR + 0.26%	Aug-36	1-Aug-21
2004 Series B	5,680,000	4,740,000	1-Aug-04	3.330%	60% of 1 mo. LIBOR + 0.26%	Aug-34	1-Aug-19
2004 Series B	3,060,000	2,245,000	1-Aug-04	4.539%	100% of SIFMA - 0.15%	Aug-34	1-Aug-19
2004 Series B	16,890,000	11,755,000	1-Aug-06	4.978%	100% of SIFMA - 0.15%	Feb-39	1-Aug-21
2004 Series C	9,720,000	6,750,000	1-Feb-05	3.435%	60% of 1 mo. LIBOR + 0.21%	Aug-25	
2005 Series D	33,870,000	27,420,000	1-Feb-06	3.701%	60% of 1 mo. LIBOR + 0.26%	Feb-38	
2007 Series C	14,125,000	13,260,000	1-Nov-09	3.728%	63% of 1 mo. LIBOR + 0.30%	Aug-40	1-Nov-24
2007 Series C	11,345,000	5,620,000	1-Feb-08	3.919%	63% of 1 mo. LIBOR + 0.30%	Aug-42	1-Aug-22
2008 Series A	11,180,000	9,755,000	1-Nov-09	3.295%	61.00% of 1 mo. LIBOR + 24.00 bps	Aug-40	
2008 Series B	26,300,000	20,285,000	18-Nov-08	3.385%	100.00% of SIFMA - 15.00 bps	Aug-36	
2008 Series B	28,800,000	25,820,000	18-Nov-08	4.295%	100.00% of SIFMA - 15.00 bps	Feb-38	1-Aug-18
2008 Series C	8,995,000	12,625,000	1-Jul-05	3.968%	60.00% of 3 mo. LIBOR + 26.00 bps	Feb-36	
2008 Series C	15,035,000	8,085,000	1-Dec-04	3.883%	60.00% of 3 mo. LIBOR + 26.00 bps	Aug-38	
2008 Series C	9,360,000	8,395,000	1-Feb-06	4.060%	60.00% of 3 mo. LIBOR + 26.00 bps	Aug-38	

Multifamily Housing Revenue Bonds III	Initial Notional Amount	Outstanding Notional Amount +	Effective Date	Fixed Rate Paid by Agency	Floating Rate Received by Agency	Maturity Date	Par Termination Date
MHRBIII Indenture	9,200,000	1,015,000	12-Jul-00	4.585%	64.00% of 1 mo. LIBOR	Feb-31	
MHRBIII Indenture	15,160,000	11,890,000	18-Nov-08	4.395%	64.00% of 1 mo. LIBOR	Feb-31	
MHRBIII Indenture	23,900,000	17,230,000	1-Aug-04	3.059%	60.00% of 1 mo. LIBOR + 21.00 bps	Aug-34	
MHRBIII Indenture	2,360,000	2,105,000	1-Jul-05	3.564%	100.00% of SIFMA - 20.00 bps	Aug-35	
MHRBIII Indenture	2,695,000	2,410,000	15-Jun-05	3.954%	100.00% of SIFMA - 15.00 bps	Aug-35	1-Feb-22
MHRBIII Indenture	25,840,000	22,215,000	1-Feb-07	4.079%	100.00% of SIFMA - 15.00 bps	Feb-37	1-Feb-23
MHRBIII Indenture	4,030,000	3,630,000	1-Aug-07	3.957%	100.00% of SIFMA - 15.00 bps	Feb-38	1-Feb-38
MHRBIII Indenture	8,300,000	5,720,000	15-Jun-06	4.042%	97.00% of SIFMA	Aug-27	
MHRBIII Indenture	9,445,000	8,595,000	15-Jun-06	4.381%	97.00% of SIFMA	Aug-39	1-Nov-21
MHRBIII Indenture	4,290,000	3,925,000	15-Jun-06	4.492%	97.00% of SIFMA	Feb-41	1-May-23
MHRBIII Indenture	6,220,000	5,585,000	1-Aug-09	4.222%	64.00% of 1 mo. LIBOR + 25.00 bps	Feb-40	1-Nov-24
MHRBIII Indenture	2,980,000	1,910,000	12-Jul-07	3.937%	64.00% of 1 mo. LIBOR + 25.00 bps	Feb-22	
Total	$ 618,575,000	$ 492,325,000					

+ The notional amount of each interest rate swap agreement will be adjusted from time to time in accordance with the terms of such agreement.

As of March 1, 20014, the following were the counterparties to the interest rate swap agreements reflected above, in the following respective approximate outstanding notional amounts:

Counterparty	Approximate Aggregate Outstanding Notional Amount
Merrill Lynch Derivative Products	$213,220,000
Deutsche Bank AG	80,325,000
Goldman Sachs Mitsui Marine Derivative Products, L.P.	71,370,000
JPMorgan Chase Bank of New York	71,385,000
AIG Financial Products, Corp.	34,170,000
UBS AG	12,100,000
Dexia Credit Local New York Agency	9,755,000
Total	$492,325,000

Multifamily Housing Revenue Bonds III Indenture
Liquidity Providers+
as of March 1, 2014

Provider		Current Amount of Liquidity Provided as of March 1, 2014++
Federal National Mortgage Association	$	120,382,500
Federal Home Loan Mortgage Corporation	$	120,382,500
Total	$	240,765,000

+ The liquidity agreements with the providers set forth above have scheduled terms of three to seven years. The Agency actively monitors these agreements and the availability of liquidity and seeks to extend contracts where feasible and replace contracts as necessary.

++ Does not include interest component

Multifamily Housing Revenue Bonds III
Funds Deposited in Investment Agreements
as of December 31, 2013

Provider - Ratings as of March 6, 2014 (Moody's/S&P)		Type of Funds: Program	Reserve	Revenue Account	Total Amount Invested
Societe Generale, New York Branch	A2 / A	$ -	$ -	$ 4,174,991	$ 4,174,991
Transamerica Life Insurance Company	A1 / AA-	-	-	5,930,597	5,930,597
Bayerishe Landesbank Girozentrale	Baa / NR	-	-	9,253,260	9,253,260
Totals in Investment Agreements		$ -	$ -	$ 19,358,848	$ 19,358,848
Investment in SMIF		5,445,432		10,225,568	15,671,000
Investment in U.S. Bank Open CP		1,098		1,384,092	1,385,190
Total Funds Invested		$ 5,446,530	$ -	$ 30,968,508	$ 36,415,038

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