



STATE OF CALIFORNIA

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

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MEMBERS

Bill Lockyer, Chairman
State Treasurer
Arnold Schwarzenegger
Governor
John Chiang
State Controller

Sean L. Spear
Executive Director

July 29, 2010

L. Steven Spear
Executive Director
California Housing Finance Agency
1415 L Street, Ste. 650
Sacramento, CA 95814

**RE: RESOLUTION ATTESTING TO THE
TRANSFER OF PRIVATE ACTIVITY BOND ALLOCATION**

Dear Mr. Sweet,

Enclosed is a copy of Resolution No. , adopted by the California Debt Limit Allocation Committee (the "Committee") on July 28, 2010, authorizing the California Housing Finance Agency to use \$11,000,000 of its unused 2008 Housing Act Volume Cap for the Oak Valley Apartments Project.

While your application was for a portion of the 2010 State Ceiling on Qualified Private Activity Bonds, because there was remaining carryforward allocation, the Committee decided to transfer some or all of that allocation to this Project. The Resolution establishes the terms and conditions under which the allocation has been granted. Please read it carefully and keep a copy in your permanent files. You are advised to consult bond counsel regarding the making of a carryforward election pursuant to the rules of the Internal Revenue Service as it pertains to the 2008 Housing Act Volume Cap.

The following is additional information pertaining to the use of the allocation for this Project:

1. Performance Deposit: Pursuant to Section 7 of the Committee's Procedures, the performance deposit certified in support of this project (\$55,000) is to remain on deposit until you receive written authorization from the Committee that it may be released. This written release will be provided once the Committee receives the "Report of Action Taken" form indicating that the allocation transferred was used for the issuance of bonds for the specific Project and the payment of the second installment of the CDLAC filing fee. The full amount of the deposit will be released if at least 80% of the allocation is used for the issuance of bonds. If an amount less than 80% of the allocation is used to issue bonds, a proportionate amount of the deposit will be subject to forfeiture.

2. Reporting of Issuance: Enclosed is a "Report of Action Taken" form to be used to report the issuance of bonds pursuant to Section 9 of the Resolution.

3. IRS Certification: The IRS-required certification will be prepared and sent to bond counsel once the Committee receives the "Report of Action Taken" form.

4. Second Installment of Filing Fee: **Enclosed is an invoice for this Project.** Please note that this is a change from past practice where the Committee's invoice for the second installment of the filing fee was sent with the IRS Certification after the Report of Action Taken. The Committee will no longer forward an invoice with the IRS Certification. The invoice attached herein should be considered final, due and payable upon the issuance of bonds.

5. Certification of Compliance: Enclosed is a Certification of Compliance to be submitted to the Committee annually on March 1st of each year on sponsor letterhead pursuant to Section 13 of the Resolution.

Please consult the Committee's Procedures for a full explanation of the use of allocation. Do not hesitate to contact me should you have questions.

Sincerely,

SEAN L. SPEAR
Executive Director

Enclosures

cc: Jim Morgan, California Housing Finance Agency
Justin Cooper, Esq., Orrick, Herrington & Sutcliffe LLP
Kenji Tamaoki, Prudential Mortgage Capital
Tony Hladek, Oak Valley Apartments, L.P.

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

RESOLUTION NO.

**A RESOLUTION TRANSFERRING A PORTION OF THE 2010 STATE CEILING
ON QUALIFIED PRIVATE ACTIVITY BONDS FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

WHEREAS, the California Debt Limit Allocation Committee ("Committee") has received an application ("Application") from the **California Housing Finance Agency** ("Applicant") for the transfer to the Applicant of a portion of the 2010 State Ceiling on Qualified Private Activity Bonds under Section 146 of the internal Revenue Code of 1986, as amended, for use by the Applicant to issue bonds or other obligations ("Bonds") for a Project as specifically described in Exhibit A ("Project") (capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Procedures of the Committee Implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds); and

WHEREAS, the Project Sponsor has represented and the Applicant has confirmed in the Application certain facts and information concerning the Project; and

WHEREAS, in evaluating the Project and allocating a portion of the State Ceiling on Qualified Private Activity Bonds to the Applicant for the benefit of the Project, the Committee has relied upon the written facts and information represented in the Application by the Project Sponsor and the Applicant; and

WHEREAS, previously the Committee transferred to another Issuer a portion of the 2008 Housing Act Volume Cap for rental projects on a carryforward basis ("Carryforward Allocation"); and

WHEREAS, to fully utilize the remaining Carryforward Allocation, the Committee must approve its transfer to other projects; and

WHEREAS, it is appropriate for the Committee to make a transfer of a portion of the 2010 State Ceiling on Qualified Private Activity Bonds ("Allocation") in order to benefit such Project described in the Application and/or to authorize the transfer of remaining Carryforward Allocation to the Project described in the Application; and

NOW, THEREFORE, the California Debt Limit Allocation Committee resolves as follows:

Section 1. There is hereby transferred to the Applicant authorization to use \$11,000,000 of its remaining 200 Housing Act Volume Cap for the Project. Such Allocation may be used only by the Applicant and only for the issuance of Bonds for the Project, as specifically described in Exhibit A. All of the terms and conditions of Exhibit A are incorporated herein as though set forth in full (this resolution, together with Exhibit A are hereafter referred to collectively as this "Resolution").

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds. The Project Sponsor and the Applicant, and all their respective successors and assignees, will be bound by such terms and conditions. The Applicant shall monitor the Project for compliance with the terms and conditions of this Resolution. In addition, the Project shall be subject to the monitoring provisions of California Code of Regulations, title 4, section 10337(c) and the Committee's Procedures.

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Section 3. Any modification to the Project made prior to the issuance of the Bonds must be reported to the Executive Director and, if the Executive Director determines such modification to be material in light of the Committee's Procedures, shall require reconsideration by the Committee before the Allocation may be used for the Project. Once the Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by the Committee through an action for specific performance or any other available remedy. The Committee may consent to changes in the terms and conditions set forth in this Resolution as changed circumstances may dictate.

Section 4. Any material changes in the structure of the credit enhancement prior to the issuance of the Bonds and not previously approved by the Committee shall require approval of the Committee Chair or the Executive Director.

Section 5. The transfer of proceeds from the sale of bonds to a project other than the Project subject to this Resolution is allowable only with the prior approval of the Executive Director in consultation with the Chair, except when the Project is unable to utilize any of its allocation and the Applicant is requesting the transfer of the entire Allocation to different project(s). In such case, prior approval of the Committee must be obtained. Any transfer made pursuant to this section may only be made to another project of the same issuer that has been previously approved by the Committee.

Section 6. The Applicant is not authorized to use any Allocation transferred hereby from the 2010 State Ceiling to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer any Allocation or Carryforward Allocation to any governmental unit in the State other than this Committee.

Section 7. The Allocation transferred herein to the Applicant shall automatically revert to this Committee unless the Applicant has issued Bonds for the Project by the close of business on **Month Day, Year**. In case of extreme hardship, the Executive Director may extend this date by up to five (5) business days.

Section 8. Within twenty-four (24) hours of using the Allocation to issue Qualified Private Activity Bonds, the Applicant shall notify the Committee by facsimile communication to the fax number listed in Section 24 of the Procedures that the Allocation has been used. This facsimile notice shall identify the Applicant, the project or program, the date the Allocation and the Carryforward Allocation were used, and the amount of Allocation and Carryforward Allocation used.

Section 9. Within fifteen (15) calendar days of the Bond closing, the Applicant or its counsel shall formally transmit to the Committee information regarding the issuance of the Bonds by submitting a completed Report of Action Taken in a form prescribed by and made available by the Committee.

Section 10. Any differences between the amount of Bonds issued and the amount of the Allocation transferred in Section 1 of this Resolution from the 2010 State Ceiling, if any, shall automatically revert to the Committee. If at any time prior to the expiration date set forth in Section 7 hereof the Applicant determines that part or all of the Allocation will not be used to issue Bonds by that date, the Applicant shall take prompt action by resolution of its governing Board or by action of its authorized officer to return such unused Allocation to the Committee. Any unused amount of the remaining 2008 Housing Volume Cap Allocation authorized in Section 1 of the Resolution shall be retained by the Applicant for the period allowed by Section 146.f.3.A. of the Internal Revenue Code regarding 2008 Housing Volume Cap carryforward elections. Use of any unused Carryforward Allocation shall be in accordance with Section 13 of the Committee's Procedures regarding carryforward elections.

Section 11. The staff of the Committee is authorized and directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain a copy of this Resolution in the Applicant's official records for the term of the Bonds under this Allocation or the term of the income and rental restrictions, whichever is longer. The Committee staff is further directed to retain a copy of this Resolution in the files of the Committee (or any successor thereto) for the same period of time.

RESOLUTION NO.

Section 12. In consideration of the Allocation transferred to, and the Carryforward Allocation authorized for use by the Applicant and the Project Sponsor, the Applicant and the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Further, the Applicant and the Project Sponsor expressly agree that the terms and conditions of this Resolution may be enforced by the Committee through an action for specific performance or any other available remedy, provided however, that the Committee agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of Bondholders. In addition, the Applicant and the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Committee is a third party beneficiary of the terms and conditions set forth in this Resolution.

Section 13. The Project Sponsor or its successor-in-interest shall provide certifications of compliance with the terms and conditions set forth in this Resolution annually on March 1st of each year or when reasonably requested by the Committee.

Section 14. This Resolution shall take effect immediately upon its adoption.

CERTIFICATION

I, SEAN L. SPEAR, Executive Director of the California Debt Limit Allocation Committee, hereby certify that the above is a full, true, and correct copy of the Resolution adopted at a meeting of the Committee held in the Jesse Unruh Building, 915 Capitol Mall, Room 587, Sacramento, California 95814, on July 28, 2010 at 0:00 p.m. with the following votes recorded:

AYES: for State Treasurer Bill Lockyer
 for Governor Arnold Schwarzenegger
 for State Controller John Chiang

NOES: None
ABSTENTIONS: None
ABSENCES: None

SEAN L. SPEAR, Executive Director

Date: July 29, 2010

RESOLUTION NO.
(QUALIFIED RESIDENTIAL RENTAL PROJECT)
EXHIBIT A

1. Applicant: California Housing Finance Agency
2. Application No.: 10-052
3. Project Sponsor: Oak Valley Apartments, L.P. (Oak Valley Apartments, LLC and Western Community Housing, Inc.)
4. Project Name: Oak Valley Apartments
5. Type of Project: Acquisition and Rehabilitation/Family
6. Location: North Highlands, CA
7. Private Placement Purchaser: Prudential Affordable Mortgage Company/ Freddie Mac
8. The Private Placement Purchaser at the time of issuance will be the same as represented in the application.
Applicable
9. Total Number of Units: **141**
10. Total Number of Restricted Rental Units: **141**
11. The term of the income and rental restrictions for the Project will be at least **55** years.
12. The Project will utilize Gross Rents as defined in Section 2 of the Committee's Procedures.
Applicable
13. Income and Rental Restrictions:
For the entire term of the income and rental restrictions, the Project will have:

At least **29** Qualified Residential units rented or held vacant for rental for persons or families whose income is at 50% or below of the Area Median Income.

At least **112** Qualified Residential units rented or held vacant for rental for persons or families whose income is at 60% or below of the Area Median Income.
14. For acquisition and rehabilitation projects, a minimum of \$10,000 in hard construction costs will be expended for each Project unit. **Applicable**
15. A minimum of \$0,000 of public funds will be expended for the Project. **Not Applicable**

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Exhibit A

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16. At a minimum, the financing for the Project shall include a Taxable Tail in the amount of \$0,000. Taxable debt may only be utilized for Project related expenses, not for the cost of issuance, for which the Project Sponsor could otherwise have used tax-exempt financing. **Not Applicable**
17. If the Project received points for having large family units, for the entire term of the income and rental restrictions, the Project will have at least three-bedroom or larger units. **Not Applicable**
18. For a period of ten (10) years after the Project is placed in use, the Project will provide to Project residents high-speed Internet service in each Project unit. **Not Applicable**
19. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents an after school program of an ongoing nature on-site or there must be an after school program available to Project residents within 1/4 mile of the Project. **Applicable**
20. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents educational classes on-site or there must be educational classes available to Project residents within 1/4 mile of the Project. **Applicable**
21. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents 20 hours or more per week of licensed childcare on-site or there must be 20 hours or more per week of licensed childcare available to Project residents within 1/4 mile of the Project **Not Applicable**
22. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents contracts for services on-site or such service must be available to the Project residents within 1/4 mile of the Project. **Not Applicable**
23. All projects that receive points for being a Federally Assisted At-Risk Project will renew all Section 8 HAP Contracts or equivalent Project-based subsidies for their full term, and will seek additional renewals, if available, throughout the Project's useful life. **Not Applicable**
24. All projects that receive points for being a Federally Assisted At-Risk Project based on an expiring Low Income Housing Tax Credit Regulatory Agreement or Tax-Exempt Bond Regulatory Agreement shall have a plan in place to re-certify the incomes of the existing tenants and shall not cause involuntary displacement of any tenant whose income may exceed the Project's income limits. **Not Applicable**
25. The project is a Rehabilitation Project reducing energy use on a per square foot basis by 25% as calculated using a methodology approved by the California Energy Commission. **Applicable**

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Exhibit A

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26. The Project will incorporate the following energy efficient items:

- a. Energy Star rated ceiling fans in all bedrooms and living rooms; or use of a whole house fan; or use of an economizer cycle on mechanically cooled HVAC systems. **Applicable**
- b. At least one of the following recycled materials at the designated levels: a) cast-in-place concrete (20% flyash); b) carpet (25%); c) road base, fill or landscape amendments (30%). **Applicable**
- c. Either a) or b) as follows: a) flow restrictors on kitchen faucets (2 gallons per minute or less) and bathroom faucets (1.5 gallons per minute or less) or b) at least one High Efficiency Toilet (1.3 gallons per flush) or dual flush toilets per unit. **Not Applicable**
- d. For rehabilitation projects not subject to Title 24 requirements, use of fluorescent light fixtures for at least 75% of light fixtures or comparable energy saving lighting for the project's total lighting (including community rooms and any common space) throughout the compliance period. **Not Applicable**
- e. Either a) or b) as follows: a) no VOC interior paint (5 grams per liter or less), Carpet/Rug Institute Green-label, low-VOC carpeting and pad and low-VOC adhesives 25 grams per liter or less), or b) bathroom fans in all bathrooms that exhaust to the outdoors and are equipped with a humidistat sensor or timer. **Not Applicable**
- f. Either a) or b) as follows: a) material for all cabinets, countertops and shelving that is free of added formaldehyde or fully sealed on all six sides by laminates and/or a low-VOC primer or sealant (150 gram per liter or less); or b) formaldehyde-free insulation. **Not Applicable**
- g. Design the project to retain, infiltrate and/or treat on-site the first one-half inch of rainfall in a 24-hour period. **Not Applicable**
- h. Include in the Project specifications a Construction Indoor Air Quality Management plan that requires the following: a) protection of construction materials from water damage during construction; b) capping of ducts during construction; c) cleaning of ducts upon completion of construction; and d) for rehabilitation projects, implementation of a dust control plan that prevents particulates from migrating into occupied areas. **Not Applicable**
- i. Project design incorporates the principles of Universal Design in at least half of the project's units by including: accessible routs of travel to the dwelling units with accessible 34" minimum clear-opening-width entry and interior doors with lever hardware and 42" minimum width hallways; accessible full bathroom on primary floor with 30"x 60" clearance parallel to the entry to 60" wide accessible showers with grab bars, anti-scald valves and lever faucet/shower handles, and reinforcement applied to walls around toilet for future grab bar installation; accessible kitchen with 30"x 48" clearance parallel to and centered on front of all major fixtures and appliances. **Not Applicable**
- j. Project will contain nonsmoking buildings or sections of buildings. Nonsmoking sections must consist of at least half the units within the building, and those units must be contiguous. **Applicable**

The following certification must be submitted by the Project Sponsor (on Project Sponsor letterhead) to the Applicant (Issuer) who will then forward it to the California Debt Limit Allocation Committee annually on March 1st (or at such other time as requested by the Committee).

CERTIFICATION OF COMPLIANCE

Project Name: Oak Valley Apartments
Name of Bond Issuer: California Housing Finance Agency
CDLAC Application No.: 10-052

Pursuant to Section 13 of Resolution No. (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on July 28, 2010, I, _____, an Officer of the Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution shall be enforceable by the Committee through an action for specific performance or any other available remedy.

Please check or write N/A to the items list below :

_____ The project is currently in the Construction or Rehabilitation phase.

_____ The project received points for exceeding Title 24 by 10% or reducing energy use by 25% (Acquisition and Rehabilitation Projects). I have attached an Energy Performance Certificate approved by the Energy Commission with my first Annual Certification of Compliance.

Signature of Officer

Date

Printed Name of Officer

Title of Officer

STATE OF CALIFORNIA
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
ACCOUNTING SERVICES
915 Capitol Mall, Room 311
Sacramento, CA 95814
(916) 653-3255

FILING FEE INVOICE

PAYMENT IS DUE WITHIN 30 DAYS OF BOND CLOSING

Date: July 29, 2010

Invoice No.: FY 10-
Application No.: 10-052
Analyst Initials: CA

To: Jim Morgan
Housing Finance Officer
California Housing Finance Agency
1415 L Street, Ste. 650
Sacramento, CA 95814

2nd Installment of fee levied pursuant to Section 8869.90 of the California Government Code:

NAME OF ISSUER: California Housing Finance Agency

NAME OF PROJECT OR PROGRAM: Oak Valley Apartments

ALLOCATION AWARD DATE: July 28, 2010

ALLOCATION AWARD AMOUNT: \$11,000,000

<u>AMOUNT DUE:</u>	Allocation award x .00035	=	\$	3,850.00
	Less initial application fee	=	-\$	600.00
	Amount Due	=	\$	3,250.00

Issuer or Bond Trustee to complete the following (please use ink):

BOND ISSUANCE DATE:

PRINCIPAL AMOUNT OF BOND ISSUE: \$

AMOUNT OF BOND ALLOCATION USED: \$

The application fee is based on the amount of allocation used to issue bonds. Please complete the following *only if* the amount of allocation used is less than the amount of allocation awarded, and remit the *revised* amount due.

<u>REVISED AMOUNT DUE:</u>	Allocation award x .00035	=	\$	
	Less initial application fee	=	-\$	600.00
	Revised Amount Due	=	\$	

**PLEASE WRITE APPLICATION NUMBER ON YOUR CHECK, OR
RETURN A COPY OF THIS INVOICE WITH YOUR PAYMENT.**