CalHFA California Housing Finance Agency

Public Meeting Agenda

California Housing Finance Agency Board of Directors
Thursday, February 19, 2026
10:00 a.m.

Meeting Location:
California Bank & Trust
520 Capitol Mall
Lower Level Conference Room
Sacramento, CA 95814

This meeting is open to the public pursuant to Government Code Sections 11120-11132.

The meeting is available in person, on Zoom, and on YouTube. Public comments may be made in person or through Zoom.

Click here to view on YouTube:
California Housing Finance Agency (CalHFA) - YouTube

Click here to register on Zoom:
https://events.zoom.us/ev/ArT7CvhQ9i9bJfUISxEPO1OjEP_gwy6xfZox1j2RfAwjDBlUiZWX~Apbp43lDUqtKqy1b4vzSF3BNsbx2L-iXtReU_b609qAEOBtTPvsrBt3ajg

1. Roll Call
2. Approval of the January 22, 2026 meeting minutes 1
3. Chairperson/Executive Director comments
4. Board Governance Training (Mandy Merchant, Principal, CliftonLarsonAllen, LLP.)
5. Update on California Dream for All Program (Ellen Martin)
6. Update on Fiscal Year 2025/26 Q2 Operating Budget ending December 31, 2025 (Erwin Tam) 4

7. Informational written reports:

8. Other Board matters

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

10. Adjournment

NOTES:

Parking: 520 Capitol Mall garage (N Street entrance) • $6/hr. • $24 max/day

Refreshments: Available nearby, at Panera and Old Soul Coffee

MINUTES

California Housing Finance Agency (CalHFA)
Board of Directors Meeting
January 22, 2026
Meeting noticed on January 12, 2026

1. Roll Call

The California Housing Finance Agency Board of Directors meeting was called to order at 10:04 a.m. by Chair Cervantes. A quorum of members was present.

MEMBERS PRESENT:	Cabildo, Cervantes, Kergan (for Moss), Hardeman, Henning (for Ma), Muoto, Prince, Feigles (for Sin), Velasquez, White, Williams, Perrault (for Stephenshaw), Fano (for Assefa), Sertich
MEMBERS ARRIVING AFTER ROLL CALL:	None
MEMBERS ABSENT:	Limón, Russell
STAFF PRESENT:	Claire Tauriainen, Rebecca Franklin, Kelly Madsen, Erwin Tam, Courtney Pond
EARLY DEPARTURES:	Cabildo, Henning
GUEST SPEAKERS:	Gina Ferguson, Multifamily Finance – Special Projects Branch Chief, California Department of Housing and Community Development

2. Approval of the meeting minutes – December 11, 2025

On a motion by Henning, the minutes were approved by unanimous consent of all members in attendance.

3. Chairperson/Executive Director comments

Chairperson's comments:

Chair Cervantes welcomed new Board member Martin Muoto, CEO and Founder of Model/Z and SoLa Impact, noting his leadership in affordable housing development in Southern California.

Executive Director comments:

- Executive Director Sertich shared reflections after several months in the role and outlined initial goals for CalHFA in 2026.
- He noted the upcoming creation of the California Housing and Homelessness Agency, with CalHFA as a participant, and emphasized closer coordination with state housing partners.
- He reported that CalHFA's bond rating was upgraded earlier in the year, reflecting financial strength and increased lending capacity for single-family and multifamily programs.
- He provided an update on the Dream For All program, with the application portal opening February 24; demand is expected to be oversubscribed.
- He announced the release of the 2026 Mixed-Income Program term sheet, with applications open through March 2.
- He provided an update on the Governor's proposed state budget, noting no direct impacts to CalHFA but continued developments related to the new Housing and Homelessness Agency.

4. Discussion, recommendation, and possible action to expand the CalAssist Mortgage Fund Program – Resolution No. 26-01

Presented by Kelly Madsen, Director of Enterprise Risk Management and Compliance, and Rebecca Franklin, Chief Deputy Director

On a motion by Prince, the Board approved **Resolution No. 26-01**. The votes were as follows:

AYES:	Cabildo, Cervantes, Kergan (for Moss), Hardeman, Muoto, Prince, Feigles (for Sin), Velasquez, White, Williams
NOES:	Henning (for Ma)
ABSTENTIONS:	None
ABSENT:	Limón, Russell

5. Update on Agency Credit Rating and Capital Markets

Presented by Erwin Tam, Director of Financing

Tam reported that Moody's recently upgraded CalHFA's credit rating to Aa1, reflecting strong financial stability and creditworthiness. He also provided the Board with an update on current trends in the capital markets.

6. **Presentation on Affordable Housing Finance Workgroup**

Presented by Guest Speaker Gina Ferguson

Ferguson presented an update on the Affordable Housing Finance Workgroup, describing its purpose to develop recommendations for a consolidated application and coordinated review process. She shared progress on workgroup membership, goals, and proposed implementation timelines

7. **Informational written reports:**

Chair Cervates asked if there were any questions regarding the informational written reports and there were none.

8. **Other Board matters**

Chair Cervantes asked if there were any additional Board matters for discussion and there were none.

9. **Public comment**

Chair Cervantes invited public comment. No members of the public requested to speak.

10. **Adjournment**

As there was no further business to be conducted, Chair Cervantes adjourned the meeting at 12:23 pm.

MEMORANDUM

To:	Board of Directors	**Date:**	February 19, 2026
From:	Erwin Tam, Director of Financing California Housing Finance Agency		
Subject:	Agenda Item 6 - FY 2025/26 Q2 Operating Budget ending December 31, 2025		

Background

In June 2025, the CalHFA Board of Directors approved the operating budget for fiscal year 2025-26. The purpose of this memorandum is to provide quarterly budget performance, full fiscal year projections, and multi-year trend analysis. Under the California Health and Safety Code, CalHFA's policy is to conduct its operations to be fiscally self-sufficient.

Changes to Quarterly Budget Presentation

As a reminder, starting this fiscal year, changes were made to the categorization of operating revenues to improve transparency and quality of financial metrics presented to the Board of Directors. Two new categories have been added to the existing four categories, which will now be as follows:

Securitization – Revenues derived from the sale of securities for single family programs and the issuance of conduit bonds for multifamily programs.

Lending Fees – Generally, fees paid by a borrower to the Agency

Loan Servicing – Generally, fees earned from servicing of single-family whole loans, plus fees earned from serving Multifamily Mental Health Services Act and Special Needs Housing loans of local partners.

Administration Fees – Generally, fees paid by a third party to the Agency for a mandated program.

Interest – Earnings derived from the spread received between the Agency's loan rate and cost of capital. Typically, these earnings are from lending activities in prior fiscal years.

Other and One-Time – Extraordinary revenue that will not be relied upon in future years. For example, in prior presentations yield maintenance resulting from payoff of existing multifamily loans was reflected in interest.

Quarterly Budget Performance

The following table provides a summary of the Agency's operations including unaudited actuals from October 1, 2025 through December 31, 2025.

	FYTD Ending December 31, 2025			
	Actual	Rev. Budget	Variance ($)	Variance (%)
Single Family Lending Revenue				
Securitization	$ 22,404,390	$ 11,700,000	$ 10,704,390	91.5%
Lending Fees	-	-	-	
Loan Servicing	210,000	195,000	15,000	7.7%
Administration Fees	7,181,497	7,125,000	56,497	0.8%
Interest	2,981,621	3,382,000	(400,379)	-11.8%
Other	-	-	-	
Sub-Total Single Family Revenue	$ 32,777,508	$ 22,402,000	$ 10,375,508	46.3%
Multifamily Lending Revenue				
Securitization	$ 3,179,861	$ 1,737,000	$ 1,442,861	83.1%
Lending Fees	6,538,551	5,663,000	875,551	15.5%
Loan Servicing	772,463	525,000	247,463	47.1%
Administration Fees	513,639	500,000	13,639	2.7%
Interest	6,954,962	7,350,000	(395,038)	-5.4%
Other	84,394	-	84,394	
Sub-Total Multifamily Revenue	$ 18,043,869	$ 15,775,000	$ 2,268,869	14.4%
Total Operating Revenue	$ 50,821,377	$ 38,177,000	$ 12,644,377	33.1%
Operating Expenses				
Personnel Services	$ 15,290,047	$ 16,901,104	$ (1,611,057)	-9.5%
General Expenses	305,091	434,125	(129,034)	-29.7%
Communications	139,965	212,375	(72,410)	-34.1%
Consulting	1,872,096	3,000,188	(1,128,092)	-37.6%
Information Technology	999,930	1,407,838	(407,908)	-29.0%
Facilities Operations	1,422,416	1,403,922	18,494	1.3%
Training	40,472	162,250	(121,778)	-75.1%
Travel	187,604	220,125	(32,521)	-14.8%
Central Admin. Services	1,655,054	1,376,251	278,803	20.3%
Equipment	20,102	135,000	(114,898)	-85.1%
Total Operating Expenses	$ 21,932,778	$ 25,253,178	$ (3,320,400)	-13.1%
Net Operating Revenue	$ 28,888,599	$ 12,923,822	$ 15,964,776	123.5%

Budget Discussion

As stated in the first quarter memorandum, revenue budget numbers have been revised to include expected Dream for All revenues for Single Family programs and delays in closing for certain Multifamily commitments.

Second quarter revenues for Single Family programs exceeded budget by $10.4 million, or 46.3%. The positive variance is due to the higher than projected specified pool pay-up amounts through the sale of mortgage-backed securities and higher volume of loans in the flagship MyHome program. Through the first half, CalHFA has issued 2,628 MyHome loans compared to a full year budget of 4,000 loans.

Second quarter revenues for Multifamily programs exceeded budget by $2.3 million, or 14.4%. The primary factor contributing to this significant positive variance is the delay of certain conduit bond closings from the prior fiscal year.

Total operating expenses are $3.3 million under budget, or 13%. Consulting, training, and equipment are significantly below budgeted amounts for the second quarter.

Budget Projections

Financial projections are presented for the full fiscal year ending June 30, 2026. Projections are based on 1st quarter and 2nd quarter unaudited actuals with historical trends.

	Fiscal Year Ending June 30, 2026			
	Projection	Rev. Budget	Variance ($)	Variance (%)
Single Family Lending Revenue				
Securitization	$ 32,193,016	$ 23,400,000	$ 8,793,016	37.6%
Lending Fees	-	-	-	
Loan Servicing	477,310	390,000	87,310	22.4%
Administration Fees	13,866,851	14,250,000	(383,149)	-2.7%
Interest	5,487,493	6,764,000	(1,276,507)	-18.9%
Other	-	-	-	
Sub-Total Single Family Revenue	$ 52,024,670	$ 44,804,000	$ 7,220,670	16.1%
Multifamily Lending Revenue				
Securitization	$ 5,556,881	$ 3,474,000	$ 2,082,881	60.0%
Lending Fees	11,892,443	11,326,000	566,443	5.0%
Loan Servicing	1,297,463	1,050,000	247,463	23.6%
Administration Fees	924,551	1,000,000	(75,449)	-7.5%
Interest	14,001,774	14,700,000	(698,226)	-4.7%
Other	84,394	-	84,394	
Sub-Total Multifamily Revenue	$ 33,757,506	$ 31,550,000	$ 2,207,506	7.0%
Total Operating Revenue	$ 85,782,176	$ 76,354,000	$ 9,428,176	12.3%
Operating Expenses				
Personnel Services	$ 31,075,630	$ 33,802,208	$ (2,726,578)	-8.1%
General Expenses	619,840	868,250	(248,410)	-28.6%
Communications	264,332	424,750	(160,418)	-37.8%
Consulting	3,678,400	6,000,375	(2,321,975)	-38.7%
Information Technology	2,026,966	2,815,676	(788,710)	-28.0%
Facilities Operations	2,790,742	2,807,844	(17,102)	-0.6%
Training	82,031	324,500	(242,469)	-74.7%
Travel	379,717	440,250	(60,533)	-13.7%
Central Admin. Services	2,752,502	2,752,502	-	0.0%
Equipment	221,844	270,000	(48,156)	-17.8%
Total Operating Expenses	$ 43,892,004	$ 50,506,355	$ (6,614,351)	-13.1%
Net Operating Revenue	$ 41,890,172	$ 25,847,645	$ 16,042,527	62.1%

Multi-year Trends

	2022-23	2023-24	2024-25	2025-26E	YoY Change	3-Year CAGR
Revenue						
Single Family Lending	$ 54,684,065	$ 42,498,278	$ 63,352,619	$ 52,024,670	-17.9%	-1.6%
Multifamily Lending	30,200,893	29,772,157	27,787,378	33,757,504	21.5%	3.8%
Total Revenue	$ 84,884,958	$ 72,270,435	$ 91,139,997	$ 85,782,175	-5.9%	0.4%
Expenses						
Personnel Services	$ 25,231,804	$ 27,613,920	$ 28,140,530	$ 31,075,630	10.4%	7.2%
Consulting & Professional Services	1,787,462	2,604,942	3,334,008	3,678,400	10.3%	27.2%
Facilities Operations	2,850,182	2,530,126	2,736,652	2,790,742	2.0%	-0.7%
Information Technology	1,364,068	1,765,996	2,052,502	2,026,966	-1.2%	14.1%
Central Admin. Services	1,988,976	1,977,484	2,295,321	2,752,502	19.9%	11.4%
Other	1,168,832	1,314,218	1,742,581	1,567,764	-10.0%	10.3%
Total Expenses	$ 34,391,324	$ 37,806,686	$ 40,301,594	$ 43,892,004	8.9%	8.5%
Net Operating Revenue	$ 50,493,634	$ 34,463,749	$ 50,838,403	$ 41,890,170	-17.6%	-6.0%

Projected full year revenues are $5.4 million or 5.9% lower than the prior fiscal year, while expenses are $3.6 million or 8.9% higher. This results in a year-over-year decrease in net operating revenue of $8.9 million or 17.6%.

The three-year trend mirrors the change, with a compounded annual increase in revenue of 0.4% and a compounded annual growth rate of 8.5% in operating expenses, resulting in CAGR of -6.0%.

MEMORANDUM

To: Board of Directors **Date:** February 19, 2026

From: Erwin Tam, Director of Financing
California Housing Finance Agency

Subject: Agenda Item 7A – Agency Bonds, Interest Rate Swaps and Financing Risk Factors Report

SUMMARY

The purpose of this memorandum is to provide an overview of the Agency's financial obligations, including debt and interest rate swaps. Additionally, we have reviewed the 2022 Swap Termination Initiative and have determined that to date it has saved almost $6.5 million. The Initiative is discussed in Section 2 of this memorandum.

Since our last report, CalHFA has issued an additional $134.7 million in bonds. Five hedges were terminated as part of the Affordable Housing Revenue Bonds 2025 Series B financing.

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

1) Outstanding Bonds
2) Interest Rate Swaps
3) Financing Risk Factors
    a) Termination Risk/Guarantor Risk
    b) Collateral Posting Risk

1) Outstanding Bonds

Below are tables of the Agency's outstanding debt position and credit ratings. The table does not include any pass-thru or conduit financings which make up an additional $7.2 billion. For the purposes of this report, this conduit/pass-thru amount will not be included in the tables or calculations.

BONDS OUTSTANDING	
As of February 1, 2026	
	($ in millions)
Indenture	**Amount Outstanding**
Stand Alone (MF)	$39.2
HOMRB (SF)	129.4
AHRB (MF)	470.4
Total	**$639**

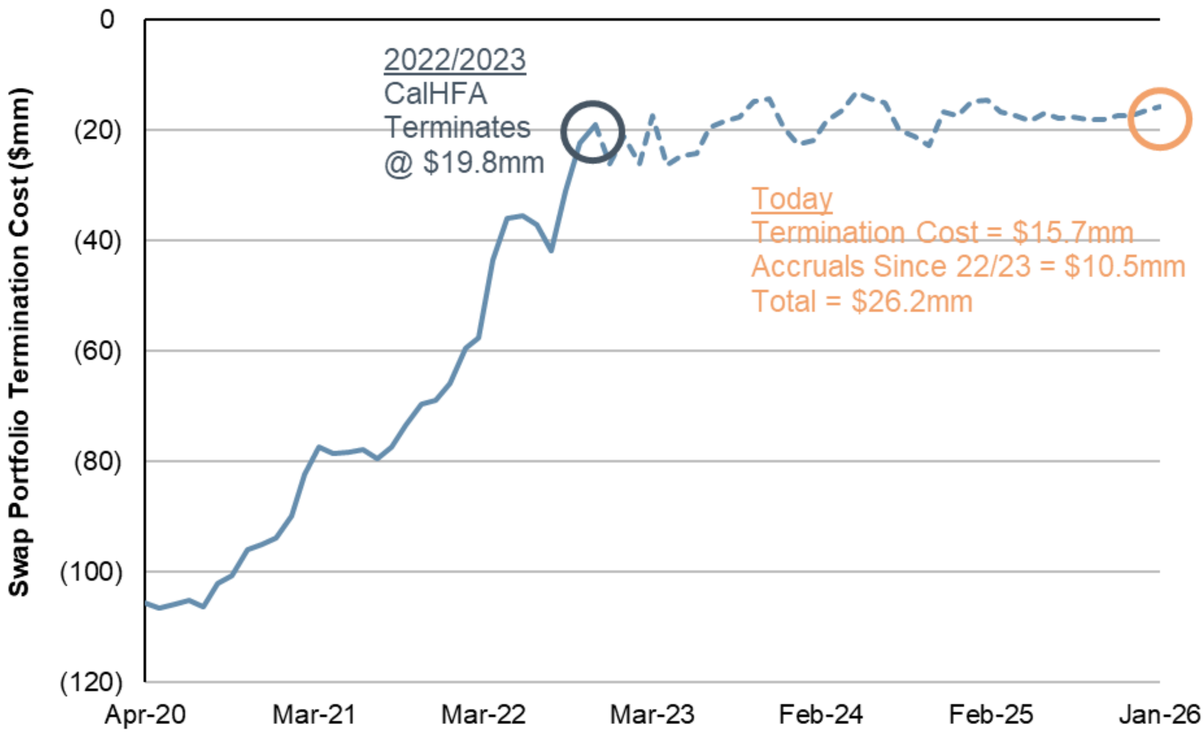
CREDIT RATINGS	
	Moody's/S&P
Issuer Credit Rating	Aa1/AA+
HOMRB (SF)	Aa1/AA+
AHRB (MF)	Aa2/AA

2) Interest Rate Swaps

At the end of 2022 and early 2023, the Agency terminated and cash-settled its legacy interest rate swap portfolio of 43 different transactions between 9 different swap dealers. The total upfront payments made to counterparties was about $19.8 million. While the history of this portfolio dates to pre-financial crisis, the cost to terminate was more than $200 million in 2012 and higher than $100 million as recent as 2020.

CalHFA executed this Swap Termination Initiative to achieve multiple goals, including financial savings as well as the return of Agency assets within required collateral posting accounts.

The graph below shows the historical termination cost of the portfolio since April 2020. The blue circle highlights the timing and approximate cost of when CalHFA effectuated the termination. The data on the portfolio shown with the dotted line after the blue circle shows the hypothetical amounts it would have cost to terminate if it remained outstanding. Importantly, these amounts do not include the ongoing cost of negative monthly accruals the Agency would have suffered. For example, if CalHFA waited and terminated the portfolio on January 29, 2026 (the orange circle), then the cost would have been approximately $15.7mm, but it would have experienced about 40 additional months of negative accruals equaling another $10.5mm – the combined cost totaling $26.2mm.



CalHFA's current hedging strategy includes new cash settled interest rate swaps to hedge multifamily loan commitments. Cash settled fixed-payer swaps involve one payment on the settlement date, at which time the swap then terminates. It is expected that the cash settlement would occur on the permanent loan conversion date, approximately 36 to 42 months after construction closing. As of the date of this report, CalHFA has 21 interest rate swaps under this strategy. The table below provides a summary of our swap notional amounts.

SWAPS	
	($ in millions)
Purpose	**Current Notional**
MF Loan Commitments	$270.7
Total	**$270.7**

3) Financing Risk Factors

A) Termination Risk / Guarantor Risk

Termination risk is the risk that CalHFA's interest rate swaps must be terminated prior to their scheduled maturity. CalHFA's swaps have a market value that is determined based on current interest rates. When current fixed rates are lower than the fixed rate of the swap, CalHFA's swaps have a negative mark-to-market, and termination would result in a payment from us to our counterparty. Conversely, when current fixed rates are higher than the fixed rate of the swap, CalHFA's swaps have a positive value to us, and termination would result in a payment from the provider of the swap to us.

It should be noted that, in a termination event, the market determines the amount of the termination payment and who owes it to whom. Depending on the market, it may be that the party who has caused the termination is owed the termination payment.

On a historical basis, the highest negative mark-to-market value of CalHFA's swaps was $380 million in January 2012. Since September 30, 2022, CalHFA would be a net recipient of funds if it terminated all its interest rate swaps.

Per the Agency's Financial Risk Management Policy, all swaps are qualified hedges for the purposes of the issuance of tax-exempt bonds. Since September 30, 2022, CalHFA has successfully terminated swaps to receive $37.9 million in proceeds. The swap proceeds were used to reduce the principal amount of bonds issued and therefore increase future interest earnings for CalHFA.

Below is the current termination value of CalHFA's swaps. The table has been updated from the last report to include the new swaps hedging our multifamily commitments.

TERMINATION VALUE	
	Termination Value
Date	$ in millions
06/30/2022	(24.2)
06/30/2023	26.3
06/30/2024	47.5
06/30/2025	33.2
01/31/2026	29.2

Additionally, the following table provides information on how much each counterparty would owe CalHFA in the event of a swap termination.

SWAP COUNTERPARTIES	
	Mark-To-Market
Counterparty	$ in millions
Bank of New York Mellon	4.4
PNC	1.1
Bank of America, N.A.	23.7
Total*	**29.2**

Guarantor risk is a type of termination risk where the Agency's swap guarantor defaults or has a significant decline in its credit rating that would cause the termination of the swap. This is in part mitigated by having a diversified group of swap guarantors

The following table shows the diversification of our fixed payer swaps among the 3 firms acting as our swap guarantors.

SWAP GUARANTORS				
	Credit Ratings		Notional	Number
Swap Guarantor	**Moody**	**S&P**	**$ in millions**	**of Swaps**
Bank of America, N.A.	Aa1	A+	223.8	18
Bank of New York Mellon	Aa2	AA-	26.5	1
PNC	A2	A	20.4	2
Total*			**270.7**	**21**

B) Collateral Posting Risk

Some swap agreements have collateral posting requirements. Collateral posting requirements are a function of the mark-to-market, ratings, threshold amounts, independent amounts and any collateral already posted. Our swaps are valued weekly, and our collateral position is adjusted weekly based on those valuations. Failure to post the required collateral can result in a termination event. At its peak, CalHFA was required to post $132 million of collateral at the end of January 2012. Since February 2023, CalHFA has not held any swaps that require collateral posting.

M E M O R A N D U M

To: Board of Directors **Date:** February 19, 2026

From: Erwin Tam, Director of Financing California Housing Finance Agency

Subject: Agenda Item 7B - Annual Investment Report

In 2022, the Board adopted an amended and restated Investment and Debt Management Policy (the "Policy"). Section XXIII of the Policy requires an annual report prepared by the Financing Division to the Board of Directors on the Agency's investments.

Attached for your information is an investment report as of June 30, 2025, the end date for the most recent fiscal year audit. 68% of the Agency's funds are invested in the Surplus Money Investment Fund, held in the Pooled Money Investment Account administered by the State Treasurer. 20% of the Agency's funds are invested in Mortgage-backed securities insured by either the Federal National Mortgage Association (FNMA) or the Government National Mortgage Association (GNMA). The remaining 12% of the funds are invested in commercial paper, money market funds, or in a collateralized account. These investments are eligible investments in the Policy (Sections XI and XII). This report and its supporting tables details how CalHFA moneys continue to be invested in accordance with the Policy.

ANNUAL INVESTMENT REPORT
June 30, 2025

Summary

As of June 30, 2025, CalHFA had $2.44 billion of cash, cash equivalents, and investments (together "investments"), see Table 1 on page 3. These assets include restricted investments, such as CalHFA's emergency reserve fund, CalHFA's hedge reserve account, mortgage impound accounts, assets pledged to secure bondholders through CalHFA's bond indentures, and funds administered by CalHFA for state mandated programs.

The portfolio is still heavily concentrated in the State Investment Pool (68% of the total), which means the investment earnings are likely to remain stable (Table 1). The State Investment Pool's year-to-date yield at June 30, 2025 was 4.411%.

State Investment Pool (Surplus Money Investment Fund "SMIF")

As shown in the Table 1 on page 3, we have $1.66 billion invested in the State Investment Pool, also referred to as Surplus Money Investment Fund ("SMIF"), which, over time, has provided security, liquidity, and administrative simplicity.

As stated in the Policy, we invest most of the non-bond indenture moneys (funds invested under our Housing Assistance Trust, Contract Administration Programs, money received from HUD for the Section 8 projects, servicing impound account moneys, funds held in the Agency's operating account and general reserves of the Agency), in SMIF (Table 1).

The State's treasury operations are managed in compliance with the California government code and according to a statement of investment policy which sets forth permitted investment vehicles, liquidity parameters and maximum maturity of investments. The Pooled Money Investment Account (PMIA) operates with the oversight of the Pooled Money Investment Board (consisting of the State Treasurer, the State Controller, and Director of Finance).

Securities

Tables 2, 3, and 4 provides additional information about the $446.4 million (fair market value) of securities held by the Agency, which are Fannie Mae and Ginnie Mae securities backed by loans originated for our single family and multifamily programs.

Money Market and Bank Deposits

The Agency invests funds under its Bond and Non-Bond accounts in Government Obligation and U.S. Treasury Money Market Funds. The funds in the Bond accounts are held by the Bond Trustee, and for the Non-Bond Accounts the funds are held by U.S Bank Trust. The total amount held as of June 30, 2025, in MMF is $197.6 million (Table 1). The agency also holds Non-Bond funds at U.S Bank N.A in deposit in its collateralized accounts.

CalHFA Investments Summary

Table 1: Amount Invested ($ in millions)				
Investment Type	**Bond Indentures**	**CalHFA G-O**	**Admin**	**Total**
State Investment Pool	153.6	858.5	643.0	1655.1
Securities (market value)	56.9	389.5	0.0	446.4
U.S. Bank Open CP	0.0	0.0	0.0	0.0
Money Market Funds	197.6	0.0	0.0	197.6
Cash	0.5	125.1	14.6	140.2
Totals	$ 408.6	$ 1,373.1	$ 657.6	$ 2,439.3

Table 2: Investments in Securities by Type
6/30/2025

Type of Investment	Par Value Program	Par Value Reserve	Par Value Unencumbered	Par Value Total	Book Value	Market Value
GNMA Securities	$ 36,323,753	$ 2,248,130	$ 217,879,243	$ 256,451,126	$ 256,451,126	$ 241,051,444
FNMA Securities	$ 13,814,486	$ 2,832,909	$ 190,087,916	$ 206,735,311	$ 206,735,311	$ 205,356,956
Totals	$ 50,138,239	$ 5,081,039	$ 407,967,159	$ 463,186,437	$ 463,186,437	$ 446,408,400

Table 3: Securities Detail by Type
6/30/2025

Type of Investment	Par Value	Market Value	Yearly Interest	Dollar Days	Weighted Avg Coupon	Weighted Avg Remaning Mat
GNMA Securities	$ 256,451,126	$ 241,051,444	$ 11,232,559	$ 190,824,266	4.38%	318.07
FNMA Securities	$ 206,735,311	$ 205,356,956	$ 11,143,033	$ 189,339,649	5.39%	306.50
Totals	$ 463,186,437	$ 446,408,400	$ 22,375,592	$ 380,163,915		

Table 4: Investments in Securities by Account
6/30/2025

Indenture or Account Description	Par Value Program Account Assets	Par Value Reserve Account Assets	Par Value Unencumbered Assets	Total Par Value	Market Value
Homeowner Mortage Revenue Bonds	$ 50,138,238	$ -	$ -	$ 50,138,238	$ 52,162,131
Affordable Housing Revenue Bonds	$ -	$ 5,081,040	$ -	$ 5,081,040	$ 4,782,047
Housing Assistance Trust	$ -	$ -	$ 141,566,893	$ 141,566,893	$ 142,700,404
Federal Home Loan Bank	$ -	$ -	$ 257,068,836	$ 257,068,836	$ 238,056,836
Emergency Reserve Account	$ -	$ -	$ 9,331,429	$ 9,331,429	$ 8,706,981
Totals	$ 50,138,238	$ 5,081,040	$ 407,967,158	$ 463,186,436	$ 446,408,399

MEMORANDUM

To: Board of Directors

Date: February 19, 2026

From: Kelly Madsen, Director of Enterprise Risk Management and Special Initiatives
California Housing Finance Agency

Subject: Agenda Item 7C - Fiscal Year 2025/26 Q2 Strategic Plan Update

Background

In May 2023, the Board of Directors adopted a three-year CalHFA Strategic Plan for fiscal years 2023-24 through 2025-26. The plan defines CalHFA's goals, measures, and objectives. Annually, the CalHFA executive team develops key initiatives to help achieve the Strategic Goals set by the Board. The plan was formed in alignment with CalHFA's mission and vision and serves to amplify the Agency's commitment and continuous efforts to serve the diverse communities of California.

With CalHFA's mission of **investing in diverse communities with financing programs that help more Californians have a place to call home**, CalHFA focused its strategies and business decisions on these four goals:

1. **Lending Impact** - Focus lending activities on broadening access to affordable housing opportunities for a diverse population.
2. **Financial Sustainability** - Leverage opportunities and create innovative products that ensure financial sustainability and continue to serve the affordable housing market.
3. **Trusted Advisor** - Affirm CalHFA as a trusted housing finance advisor that understands the needs of California's diverse communities.
4. **Operational Excellence** - Invest in continuous improvement and cultivate an inclusive and highly qualified workforce.

Second Quarter Update

This item provides the Board of Directors with an update on the strategic progress in the second quarter of Fiscal Year 2025-26. Overall, all measures and objectives are currently on track, reflecting steady progress toward the Agency’s strategic goals. A dashboard is included to provide an overview of the performance, an update on the Single Family and Multifamily production, a high-level budget update, and a few notable highlights.

Goal 1: Lending Impact

Focus lending activities on broadening access to affordable housing opportunities for California's diverse population.

STRATEGIC MEASURES	TOLERANCES	Q1	Q2	Q3	Q4	Comments
Increase Single Family first mortgage dollar lending volume and number of loans 5% by 2026.	**Volume** ≥ $1.575B $1.54B -1.574B ≤ $1.53B					
	Loan Counts ≥ 4,035 loan 3,954 – 4,034 loans ≤ 3,953 loans					
Increase Multifamily dollar lending volume, unit production, and conduit issuer volume 5% by 2026.	**Conduit Issuer Volume** ≥ $1.213B $1.190B - $1.212B ≤ $1.189B					
	Volume ≥ $535M $524M – $534M ≤ $523M					
	Units ≥ 4,887 units 4,790 – 4,886 units ≤ 4,789 units					

Goal 2: Financial Sustainability

Leverage opportunities and create innovative products that ensure CalHFA's financial sustainability and continued ability to serve the affordable housing market.

STRATEGIC MEASURES	TOLERANCES	Q1	Q2	Q3	Q4	Comments
Maintain risk-adjusted rate of return on restricted assets.	≥ 5.3% 4.5% – 5.2% ≤ 4.4%					
Identify and implement new revenue generating strategies.	Yes No None Planned					
Grow the Agency's balance sheet, increasing total assets by 5% by 2026.	≥ $2.835B $2.834B - $2.79B ≤ $2.78B					
Maintain financial liquidity with a minimum of 20% of net assets as short-term investments	Yes No					

STRATEGIC MEASURES – Q2

Goal 3: Trusted Advisor

Affirm CalHFA as a trusted housing finance advisor that understands the needs of California's diverse communities.

STRATEGIC MEASURES	TOLERANCES	Q1	Q2	Q3	Q4	Comments
Increase public presence and publications 10% by 2026.	■ ≥ 70 appearances ■ 61 – 69 appearances ■ ≤ 60 appearances					
Partner, fund, and/or participate in housing finance data analytics reports.	■ Yes ■ No ■ None Planned					
Receive industry recognition and/or awards for CalHFA specific programs.	■ 3 awards ■ 2 award ■ 1 award					

Goal 4: Operational Excellence

Invest in continuous improvement and cultivate an inclusive and highly qualified workforce.

STRATEGIC MEASURES	TOLERANCES	Q1	Q2	Q3	Q4	Comments
Implement informed decision-making tools and processes.	■ Tools being used for >50% ■ Tools being used for 25-50% ■ Tools being used <25%					
Increase Great Place to Work certification score 5% by 2026.	■ ≥ 73% ■ 72% ■ ≤ 71%					
Fill 80% of all key positions.	■ ≥ 80% ■ 75% – 79% ■ ≤ 74%					

OVERALL OBJECTIVES PERFORMANCE STATUS

12 Strategic Objectives

100%	**12** On-Target
0%	**0** At-Risk
0%	**0** Off-Target

SINGLE FAMILY PRODUCTION UPDATE

3,325 Homebuyers Assisted

$25.7M Revenue Generated

$1.61B Lending Volume Activity

MULTIFAMILY PRODUCTION UPDATE

3,781 Affordable Housing Units Financed

$7.20M Revenue Generated

$1.75B Lending Volume Activity

Operating Expenditures

OPERATING REVENUE

$50.8M

Single Family & Multifamily revenues

OPERATING EXPENSES

$21.9M

Net Operating Revenue

$28.9M

12 Months Projections

Revenues	$85.8M
Expenses	($43.9M)
Net	**$41.9M**

Highlights

CalAssist MORTGAGE FUND

CalHFA hosted a press event in October announcing expanded income limits and sharing success stories from the CalAssist Mortgage Fund, which provides grants to homeowners who saw their homes destroyed or severely damaged in a recent disaster.

50TH ANNIVERSARY Cal HFA

In December, CalHFA concluded a year-long 50th anniversary celebration with an all-staff event where the agency recognized 37 employees who have worked at CalHFA for 20 years or more, including 12 that have worked at the agency for 25 years or more.

Just before the end of the year, the CalHFA Board of Directors appointed Katherine Klein McFadden as the agency's new Director of Multifamily Programs.