2025

SLAA

State Leadership Accountability Act

CalHFA℠
California Housing Finance Agency

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GOVERNANCE

MISSION & STRATEGIC PLAN

MISSION & VISION

Mission

Investing in diverse communities with financing programs that help more Californians have a place to call home.

Vision

All Californians living in homes they can afford.

STRATEGIC PLAN

CalHFA was established in 1975 with the purpose of using public-private partnerships to provide affordable housing homeownership opportunities for Californians. CalHFA provides access to mortgages for low- and moderate-income homebuyers and financing to developers of affordable rental units. The Agency sets loan interest rates and fees at levels which are in line with market competition.

CalHFA presents its Strategic Plan to the CalHFA Board of Directors annually. The adopted Strategic Plan for the fiscal years 2023-26 outlined four measurable strategic goals (shown below) and the three-year supporting objectives.

GOAL 1: LENDING IMPACT

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

- Maintain and expand culturally competent outreach to Californians ensuring broad access across racial, ethnic, gender, geographic, and affordability demographics.
- Expand Single Family program opportunities.
- Build the Multifamily portfolio through preservation of existing projects and expansion of new lending and subsidy opportunities.

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.

- Evaluate and establish new revenue generating business lines with targeted rates of return.
- Grow the Agency's balance sheet, preserve liquidity, and fund operating and financial risk reserves.
- Achieve and maintain CalHFA Issuer Ratings of "Aa2" rating from Moody's Investors Service and "AA+" rating from S&P Global Ratings.

GOAL 3: TRUSTED ADVISOR

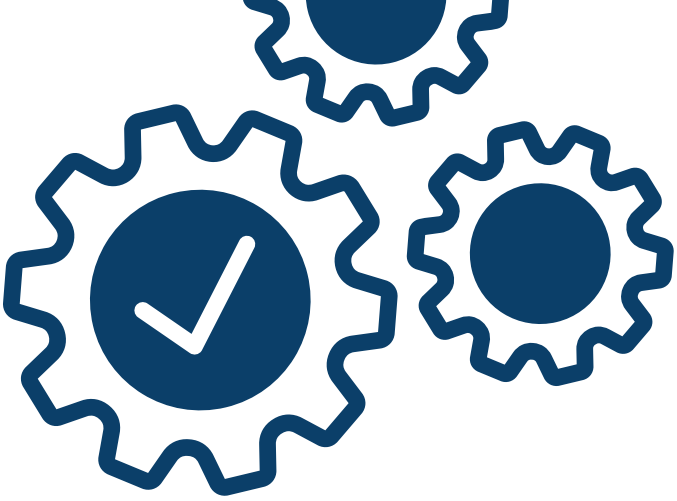
Affirm CalHFA as a trusted housing finance advisor that understands the needs of California's diverse communities.

- Increase our understanding of community needs and systemic biases within our housing finance ecosystems and have findings inform program implementation.
- Increase activities and partnerships to strengthen trust with external partners and general public.

GOAL 4: OPERATIONAL EXCELLENCE

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

- Embed diversity, equity, accessibility, and inclusion practices.
- Attract highly qualified talent.
- Retain highly qualified talent.
- Innovate and streamline business processes to increase operational efficiency and service delivery.



CONTROL ENVIRONMENT

CALHFA IS FOUNDED ON THESE CORE VALUES:

ACCOUNTABLE - We are each responsible for actions, decisions, and quality of work.

IMPACT - We are committed to achieving equitable outcomes and opportunities.

INTEGRITY - We behave with honest and ethical purpose in all decisions we make, and the work we do.

RESPECT - We treat all people with dignity and accept them for who they are.

TEAMWORK - We value the collective and individual contributions of our team and collaboration with our partners.

CalHFA continues to establish, maintain, monitor, and document organizational controls that adhere to State and Federal rules and regulations as well as its own core values and ethical standards. The Agency prevents fraud in a variety of ways through overall information security, and operating standards.

CalHFA has established and continues to ensure adherence to its core values, ethics, codes of conduct and demonstration of integrity. The Agency strives to build a trusting, respectful, and positive workplace culture by promoting transparent communication and reporting ethical concerns.

BOARD OVERSIGHT

CalHFA is governed by a Board of Directors consisting of 13 voting members and three non-voting members, including a chairperson selected by the Governor. Of the 13 voting members, seven are appointed by the Governor, four are ex-officio and two are appointed by the California State Legislature. The term of the appointed members of the Board is six years. The CalHFA Board of Directors oversees an Executive Director, who is an appointee of the Governor and directs the staff and operational decisions of the Agency. The CalHFA Board of Directors meets at least every other month and provides general oversight on all compliance and information security controls, risk assessment and mitigation. Additionally, the Board of Directors monitors the performance of the Executive Director in the execution of the Strategic Plan. Board members are also responsible for approval of multifamily project loans which exceed the Executive Director's delegated approval authority;

review of the Annual Comprehensive Financial Report; authorization of annual financing authority; and approval of the Strategic Plan and Operating Budget.

Additionally, the Board of Directors has established an ongoing Audit and Risk Management Committee to assist in fulfilling its oversight responsibilities in the areas of financial reporting, accounting integrity and enterprise-wide risk management. The Audit and Risk Management Committee meet at least twice per year to conduct meetings with an independent auditor, management and staff that serve as a resource to ensure the committee has a clear understanding of the Agency's financial reporting responsibilities and any significant issues related to financial reporting, accounting policies, and enterprise risks.

OVERSIGHT

The Executive Director of CalHFA is responsible for the operations of the Agency, including the establishment of the mission and vision of the organization, maintaining a positive image and reputation, protection and appropriate use of assets held by CalHFA, and management support.

CalHFA's Division Directors are responsible for establishing and monitoring the internal controls in their respective areas. Internal controls include protecting assets, ensuring that records are accurate, promoting operational efficiency to achieve the organizational mission and goals, and ensuring compliance with policies, rules, regulations, and laws. The Division Directors and staff develop detailed policies, procedures, and practices pertaining to their individual operations; create a structure of segregating essential duties and responsibilities among the team to enhance efficiency while reducing error, misuse, or fraud; establish and communicate the management philosophy and operating style; assign authority; and ensure an ongoing process to monitor activities and report deficiencies.

CalHFA contracts with an independent audit firm, currently CliftonLarsonAllen LLP, to assist in preparing the annual audit report. The annual audit process ensures that the Agency's internal controls, processes, guidelines, and policies are adequate, effective, and compliant with governmental requirements and industry standards. This type of audit also provides reporting mechanisms that can help prevent errors in financial statements. The firm also provides the Board of Directors with periodic training sessions on any new or recurring risks that may significantly impact the risk profile of the Agency.

OPERATIONS

CalHFA is not subject to the State budget appropriation process. However, for sound financial management and oversight purposes, an annual budget is presented to, and approved by, the Board of Directors. Updates to the budget and the business plan are provided to the Board of Directors every quarter.

CalHFA's preliminary budget is initially reviewed by the Executive Director on or before December 1 of each year for the ensuing fiscal year, then transmitted to the Secretary of the Business, Consumer Services and Housing Agency, the Director of the Department of Finance, and the Joint Legislative Budget Committee. This preliminary budget is included in the Governor's January Budget Proposal for informational purposes. The Agency's final budget is reviewed and approved by the CalHFA Board of Directors in May of each year. According to Health and Safety Code §51005 – Housing and Home Finance Section, CalHFA shall submit an annual report of its activities under this

division for the preceding year to the Governor, the Secretary of the Business, Consumer Services and Housing Agency, the Director of Housing and Community Development, the Treasurer, the Joint Legislative Budget Committee, the Legislative Analyst, and the Legislature, by December 31 of each year. The report shall include specific information evaluating the extent to which the programs administered by the Agency have attained the statutory objectives of the Agency.

The organizational structure of the Agency clearly defines key areas of authority and responsibility and establishes appropriate lines of reporting. The Agency's Administration Division produces monthly organizational charts to provide a clear picture of the functional sub-units of each division and the relationships between them. The organizational charts are published on the internal website Insider to allow all employees access to view how the Agency is structured. Pursuant to Title 25, California code of regulation sections §10002 and §13302 (c), the Executive Director of the Agency has established Delegation of Authority to sign contracts, debt obligations, or other documents and instruments on their behalf when the Director is unavailable. The Office of General Counsel maintains an updated list of signature delegations.

The Agency's Workforce Plan was developed to align with CalHFA's Strategic Plan and is intended to help ensure that there are systems in place to recruit, develop, and retain staff to support CalHFA business goals and operational needs. To create this Workforce Plan, CalHFA identified workforce challenges (gaps) and prioritized workforce planning initiatives (goals) to address those gaps over the next three to five years. The Workforce Plan outlines the current state of CalHFA's workforce, identifies workforce challenges and environmental factors affecting business needs, and discusses the plan for mitigating these concerns.

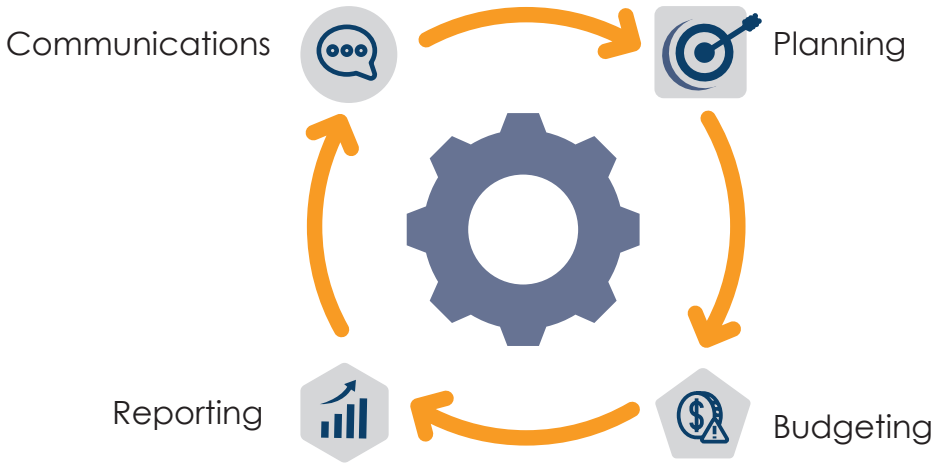
CalHFA's Administration Division uses an onboarding process for all new hires which includes a structured guide to assist managers/supervisors in welcoming, integrating, and acclimating new employees to CalHFA. The process maps out the key onboarding phases to help orient and engage new employees with the CalHFA environment. It was also designed to ensure that managers/supervisors give each new employee consistent and comprehensive onboarding experience.

Performance appraisals, goals, and objectives are a routine annual process throughout the Agency. To facilitate this annual process, CalHFA uses Inspire, an online software that helps build stronger relationships between leaders and their staff through transparency and accountability. The software blends leadership methods with goal management, continuous performance assessments, and proven engagement tactics. The supervisory and management staff are responsible

for meeting with their respective employees and evaluating their work performance. In addition, the meetings are used to communicate an expectation of competence in the relevant knowledge, skills, and abilities required for each position. Management has a responsibility to hold personnel accountable through performance appraisals and disciplinary actions. Moreover, the Administration Division provides oversight and ensures compliance through verifying the qualifications of job candidates and hiring or promoting only those with required knowledge and skills. CalHFA demonstrates its commitment to competence by ensuring that staff receive training and supervision to perform job duties. All employees are required to complete regularly scheduled training on the ethics and anti-fraud policies of the organization. Each Division Director is responsible for planning and preparing for succession by developing contingency plans and cross-training to re-assign duties when employees change positions or leave the Agency.

In the event of a disaster, the Agency's Business Continuity Program provides guidance to managers and employees on how to carry out the critical business processes during and after a disruption. The Business Continuity Plan outlines the Agency's policies, disaster readiness training and awareness for CalHFA staff, and procedures for managing a disaster while ensuring the safety of staff and CalHFA assets. This plan also includes a Business Impact Analysis that identifies what products and services are most critical to the Agency and must be recovered in a disaster. The Business Continuity Program and the Agency's other written policies and procedures are published on the internal website Insider to allow all employees to understand their roles and responsibilities.

INFORMATION & COMMUNICATION



The Strategic Plan outlines the strategies the Agency takes to achieve the mission and vision of CalHFA. Annually, the Agency's Leadership team attends a series of business planning sessions to review the organization's performance against the current year's business plan and uses that discussion to develop the proposed business plan for the upcoming fiscal year. Directly following the business planning sessions, each Division Director is tasked with creating a budget that supports the achievement of the goals and strategic initiatives outlined in the Agency's proposed business plan. In March, CalHFA presents a detailed report to the Board of Directors featuring a mid-year business plan update and a policy workshop that demonstrates the actual Agency activities through mid-year (December 31), shows projections for the remainder of the current fiscal year and provides the CalHFA Board of Directors with information regarding possible initiatives. Each May, the Agency presents the final proposed Strategic Plan and Operating Budget to CalHFA's Board of Directors for the upcoming fiscal year.

The Leadership Team consisting of the Division Directors and upper-level managers was created to carry out the vision of CalHFA through a culture of effective communication and collaboration. The main goal of the Leadership Team is to facilitate and enforce the same standards and values that are evident throughout the Agency. The team is responsible for communicating the core values and codes of conduct to the front-line staff, including updates related to current programs' status, implementation of new initiatives, legislative changes, and updates and policy discussions. The Agency's new initiatives and special announcements are also communicated to the Agency's staff by the internal website Insider and

various all-staff communications such as emails, videos and townhall meetings throughout the year.

CalHFA communicates externally via multiple platforms, and the communications are reviewed prior to release. Our public website at www.calhfa.ca.gov, audience-specific email announcements, and various social media services are each leveraged to give CalHFA the broadest reach for getting messages out. The Agency also issues periodic press releases through Business Wire, does interviews and places op-ed pieces to reach traditional news media. Additionally, face-to-face and in-person communications with business partners and potential homebuyers are critical, including a dedicated Single Family Lending outreach team for in-person training seminars. The Executive Director, other Division Directors and Single Family and Multifamily staff attend and speak at multiple housing fairs, conferences, expositions, and other events throughout the year.

CalHFA supports the California State Auditor's Office efforts to protect employees who report the improper activities of state agencies and employees under the California Whistleblower Protection Act. Annually, the Director of Administration communicates to all staff their responsibility as a government employee to report any fraud, waste, or abuse – which ultimately protects scarce state resources – and the protections that ensure freedom from retaliation when doing so.

The Agency uses data from its accounting/financial system to make informed decisions and evaluate program performance. Internal reports of agency activities are logged and assessed against the Agency's goals and strategies. If a risk is detected that would hinder the accomplishment of the Agency's goals, the Enterprise Risk Management and Special Initiatives (ERMSI) Division along with the Leadership Team will meet to develop a plan for mitigation.

Management looks to the Information Technology Division for critical operating data and supports efforts to improve the systems as technology advances. The information systems used by the Agency are a combination of in-house built programs and third-party software.

MONITORING

The information included here discusses the entity-wide, continuous process to ensure internal control systems are working as intended. The role of the executive monitoring sponsor includes facilitating and verifying that the California Housing Finance Agency monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Rebecca Franklin, Chief Deputy Director; Anthony Sertich, Executive Director.

MONITORING ACTIVITIES

Management plays a crucial role in assuring that a high standard of business and ethical practices permeates the activities surrounding the custody and use of the Agency's resources.

Established internal control policies and procedures guide employees in their stewardship role of achieving the Agency's goals and objectives. The Director of each division is responsible for ensuring that internal controls are established, properly documented, maintained and adhered to in each unit within their division and monitoring employee compliance with internal controls. Control activities include approvals, authorizations, verifications, reconciliations, reviews of performance, security of assets, segregation of duties, and controls over information systems. Staff are empowered to identify risks and develop mitigation efforts to control the various risks. The ERMSI group is tasked with independent evaluations of program controls to identify and mitigate risk across the Agency. The ERMSI Division meets with all divisions and program areas annually to conduct its risk assessment. ERMSI routinely reviews and monitors

The Agency undertakes activities to raise organizational awareness and foster a culture that enhances risk assessment and communication throughout its divisions.

the Agency's activities to ensure compliance with policies and identify any possible risks. These discussions assist in establishing ERMSI's priorities for the year, particularly its focus on the highest and most critical risks in the Agency.

The Agency undertakes activities to raise organizational awareness and foster a culture that enhances risk assessment and communication throughout its divisions. Division Directors meet regularly to share current activities, and these meetings include discussions of previously identified potential risks and the development of plans to mitigate them. Reconciliation of the Agency's financial statements is conducted daily, monthly, and quarterly. Operating payments are regularly verified for accuracy and compliance with contract terms or agreements. The Loan Administration Unit reviews monthly reports from outside loan servicers and compares them to internal reports for accuracy. Additionally, the Single Family Division established a Quality Control group that monitors the compliance and accuracy of the Agency's single family loan documentation.

CalHFA's Senior Loan Committee (SLC) provides advice and recommendations to the Executive Director and Chief Deputy Director on the approval of lending activities related to Multifamily Programs. The SLC is also entrusted with the task of reviewing and monitoring both

the Financing and Multifamily Programs divisions' policies and procedures related to pricing and underwriting, asset management guidelines and standards, loan modifications and workouts, and credit risk guidelines to ensure that they are in alignment with CalHFA's Strategic Plan, California Health and Safety Code §50952, and CalHFA's mission.

CalHFA's Information Technology Division continuously monitors activity and takes security measures in technical support, application support, and information security. The Information Technology Division completely revised the Information Security Policy Manual, which promotes effective management and oversight of information security programs by formulating and documenting the security level of the Agency's information system. The manual is used as a foundation for appropriate security measures and controls to provide for the confidentiality, integrity, and availability of information, regardless of its form (electronic, optical, oral, print, or other media). These measures and controls are critical for ensuring business continuity and protection of informational assets against unauthorized access, use, disclosure, disruption, modification, or destruction.

The Agency established the Information Security Governance Council, which is comprised of the Chief Deputy Director, General Counsel, Director of Enterprise Risk Management and Compliance, Director of Financing, Comptroller, Chief Information Officer, Deputy Chief Information Officer, Director of Administration, Multifamily Programs Chief, Single Family Programs Chief, and Chief Information Security Officer. The Council is responsible for the oversight and delivery of all information technology decisions, including the overall strategic direction of the division. The purpose of the Information Security Governance Council is to ensure that CalHFA Information Security Program is effective in meeting the requirements of the appropriate state and federal laws, regulations and directives while ensuring the Agency can conduct its business in support of its core mission and goals. The Information Security Governance Council serves as a decision-making body for Agency-wide information security initiatives.

The independently contracted accounting firm CliftonLarsonAllen, LLP, assists the Fiscal Services Division with fiscal risk management and oversight and provides the certification that the Agency's financial statement is accurate and prepared according to the Generally Accepted Accounting Principles. The Board of Directors oversees the Agency's risk management process, while the executive team determines the risk strategies and oversees the implementation of various loan programs and products, new initiatives, investments, hedging activities, counterparty relationships, and services. During the Board meetings, the Agency's staff presents quarterly reports on production, delinquency, and progress toward attaining strategic milestones.

If any inadequacies are discovered, the Agency takes the appropriate measures to remedy the issues.

RISK ASSESSMENT PROCESS

The following **personnel** were involved in the California Housing Finance Agency risk assessment process: executive management, middle management, and front line management.

The following **methods** were used to identify risks: brainstorming meetings, ongoing monitoring activities, audit/review results, external stakeholders, questionnaires, and consideration of potential fraud.

The following **criteria** were used to rank risks: likelihood of occurrence, potential impact to mission/goals/objectives, timing of potential event, and tolerance level for the type of risk.

The ERMSI team plays a leading role in managing the Agency's risks and identifying potential vulnerabilities. ERMSI instills risk awareness throughout the Agency, enhances its transparency, and assists with collecting, mitigation, monitoring, and reporting the various enterprise risks. The ERMSI team's goal is to focus management's attention on the organization's most significant risks and improve its ability to meet its mission, goals, and objectives. The Agency strives to identify the number of risks it is willing to accept and use a consistent approach to assess risks. Division Directors set internal expectations and requirements regarding risk within their own divisions through the established standards of conduct, oversight structure, organizational structure, and expectation memos as part of the control environment.

At its annual meetings with each division, the ERMSI Division works to identify new risks, reassess the top risks identified in the prior year, and develop an action plan on how to mitigate these risks. Bi-annually, the senior leaders respond to the enterprise risk survey to identify the current and emerging internal and external risks. Cross-functional groups identify the controls and mitigations across the Agency on an ongoing basis.

The identified risks are evaluated and ranked on the likelihood that the risk will occur and the impact of the risk if it occurs. Important factors included in the ranking process are operational risk, systematic risk, financial risk, environmental risk, risk to the sustainability of the Agency, and conformity to regulatory compliance requirements.

RISKS AND CONTROLS

RISK: ECONOMIC VOLATILITY

FUNCTIONAL OBJECTIVE: Sustain CalHFA's competitive position while advancing solutions that meet the housing needs of Californians.

RISK STATEMENT: Changing market conditions could reduce program participation and CalHFA's impact on housing needs.

CalHFA provides access to low-interest and deferred payment down payment and closing cost assistance loans paired with first mortgage financing for low- and moderate-income homebuyers as well as financing for the acquisition, rehabilitation, and preservation or new construction of affordable rental housing.

In recent years, California's housing market has faced continued challenges driven by rising costs, limited supply, and shifting economic conditions. To remain effective and responsive to the housing needs of Californians, the Agency continues to evaluate its practices and pursue innovative strategies that expand access, promote affordability, and advance its mission to create stable and equitable housing opportunities across the state.

Control: Product Diversification to Meet Current Market Demands

CalHFA continuously performs internal evaluations of our programs and policies to ensure it remains relevant in addressing Californians' most current needs.

CalHFA continues to adapt its programs to changing housing and economic conditions through flexible product design and responsive governance. Recent initiatives, including MyAccess and new refinance products, demonstrate the

Agency's ability to adjust offerings based on market signals. Despite persistent challenges — such as rising home prices and insurance costs, limited housing supply, escalating development expenses, and labor shortages — CalHFA remains focused on expanding access to affordable housing and supporting first-time homebuyers within its program limits.

Control: Financial Impact Analysis

As part of its fiduciary responsibility, CalHFA's Financing Division collaborates across the Agency to analyze market demand and determine the key program features needed to ensure financial viability before launching any new financing products. These evaluations assess the potential impact of external economic forces on CalHFA's financial stability and ensure that new offerings are sustainable.

Control: Establishing and Maintaining Key Partnerships

CalHFA recognizes that collaboration and strong strategic partnerships are essential to its business success, and its ability to stay informed of current market factors. The Agency regularly communicates and engages with our key partners such as the private lenders, housing advocacy groups, federal, state, and local government partners, nonprofit and for-profit housing developers, and other housing stakeholders. These collaborations are beneficial as financial partnerships and as vehicles for gathering knowledge and insight, which is why it is so important to seek out new partners and enhance existing collaborations. With the goal of continuing to strengthen and understand the common and shared affordable housing initiatives with HFAs across the country, CalHFA sends its executive team and mid-level management to attend seminars and conferences annually.

Control: Enhanced and Focused Outreach

CalHFA continuously evaluates the effectiveness of its programs in relation to the dynamic housing market, with a particular focus on underserved communities.

The Agency recognizes that historical housing discrimination continues to impact access to housing and homeownership opportunities, and Fair Housing priorities remain central to its work. CalHFA's Underserved Communities Committee, established as a result of a strategic initiative in the FY 2023–2026 Strategic Business Plan, plays a key role in advising and monitoring outreach strategies. The committee's focus on approaching and building relationships with underserved communities ensures that CalHFA's program options are known and accessible to those who need them most.

Control: Disciplined Underwriting and Lending Requirements

CalHFA applies well-defined underwriting standards across both Single Family and Multifamily programs to ensure long-term financial sustainability. For homeowners, lending criteria are designed to account for potential increases in costs like insurance, helping borrowers remain secure even in uncertain economic conditions. Multifamily projects undergo thorough reviews to ensure they can withstand interest rate shifts and cost escalations without jeopardizing project viability.

These practices help maintain the integrity of CalHFA's portfolio and ensure that borrowers and developments are positioned to succeed despite market fluctuations. By prioritizing financial resilience at the front end, CalHFA supports continued program participation and minimizes exposure to economic disruptions.

RISK: WORKFORCE DEVELOPMENT AND TALENT ACQUISITION

FUNCTIONAL OBJECTIVE: To attract, develop, and retain highly skilled knowledgeable and qualified workforce.

RISK STATEMENT: Challenges in attracting, developing, and retaining key personnel to meet the Agency's goals and objectives effectively.

CalHFA is a relatively small organization with fewer than 250 employees. Like other departments throughout the State, CalHFA has identified succession planning as a critical organizational risk. CalHFA faces potential challenges in achieving its operational goals due to difficulties in recruitment and erosion of institutional knowledge stemming from employee turnover. For continuous improvement and to address the organization's sustainability, CalHFA aims to align skilled personnel in key roles and equip them with the necessary training to support the Agency's goals and fulfill its mission.

To mitigate this risk, CalHFA developed strategies for hiring and retaining employees, providing ongoing job shadowing, structure mentoring, and ensuring that procedure manuals are in place and updated regularly. The CalHFA Workforce Plan and Strategic Plan support business continuity and processes to identify and supply a qualified and motivated workforce.

Control: Onboarding, Training and Development

CalHFA's buddy system, which onboards new employees has continuously provided new hires with an immediate personal connection allowing for quicker acclimatation to the organization.

To maintain and enhance a knowledgeable workforce, CalHFA continues to promote knowledge transfer and job shadowing for all employees. These knowledge transfer efforts also provide an opportunity for staff to cross-train and obtain new knowledge.

Additionally, each division has continued to develop and maintain desk procedures to ensure consistent compliance with laws and regulations while establishing consistent standards and practices throughout the Agency.

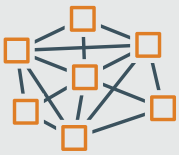
CalHFA has consistently conducted annual Employee Engagement Surveys as part of its ongoing commitment to fostering a supportive and inclusive workplace. These surveys provide valuable insights into what motivates employees and how engaged they feel in their roles. Beyond a data collection tool, the surveys offer a platform for staff to share their perspectives, voice concerns, and feel heard and valued. Over time, the feedback gathered has helped the Agency identify key performance indicators and implement targeted improvements to strengthen employee satisfaction and organizational effectiveness. CalHFA further invested in employee satisfaction by working with two Executive Coaching Experts to help with developing growth strategies for positive and sustainable outcomes. Members of the CalHFA leadership team have routine meetings with the Executive Coaching Experts to develop effective communication and explore how to leverage employee passion, experience and expertise to achieve CalHFA's mission and vision. This activity has also helped the Agency accomplish the important goal of ensuring that CalHFA's executives and senior leadership are aligned and communicate with a single voice.

Control: Recruitment and Selection

To strengthen its recruitment strategy and build a diversified, knowledgeable, and qualified workforce, CalHFA has expanded outreach efforts through participation in both virtual and in-person job fairs, as well as partnerships with universities and industry associations. Additionally, CalHFA leverages networking opportunities and social media platforms to connect with a broad and diverse pool of talented candidates.

CalHFA has consistently been recognized as an exceptional workplace, maintaining the Great Place to Work Certification for four consecutive years (2022-2025). This prestigious designation celebrates organizations worldwide that foster outstanding work environments, as validated directly by their employees.

CalHFA continues to prioritize filling key vacancies within divisions and establishing entry-level training that led to potential promotions within the Agency.



RISK: COMPLEX AND DYNAMIC NATURE OF LAWS AND REGULATIONS

FUNCTIONAL OBJECTIVE: Ensure early identification, interpretation, and response to legislative and policy changes impacting CalHFA's operations and strategic objectives.

RISK STATEMENT: Frequent and evolving legislative actions and policy shifts at the state and federal level may create uncertainty that impact CalHFA's operations and strategic objectives.

Due to the nature of CalHFA's mission and business, CalHFA operates in an environment where state and federal legislative actions and policy shifts can directly influence program priorities, funding availability, and operational decisions. Frequent changes in the state legislature and misalignment between different levels of government create uncertainty affect CalHFA's ability to execute its mission efficiently.

In recent years, state-level attention towards California's housing market has intensified, with a growing focus on streamlining development, increasing housing supply, and addressing affordability. This heightened legislative and public interest has introduced a more complex policy landscape requiring CalHFA to remain agile and responsive to ensure alignment with evolving priorities.

Control: Tenured and Resilient Legal Function

The Office of the General Counsel (OGC) provides a critical foundation for navigating complex legal and regulatory challenges. The team's long-standing institutional knowledge, combined with low turnover and deep subject matter expertise, enables the agency to interpret legislative and regulatory changes with speed and accuracy. OGC's extensive familiarity with CalHFA's operational landscape allows for efficient legal reviews, minimizes risk of misinterpretation, and ensures that compliance decisions are grounded in historical context and precedent. Their ability to respond quickly to emerging legal questions helps maintain continuity in program delivery despite external uncertainty.

Control: Proactive Legislative Liaison and Stakeholder Engagement

CalHFA's Director of Legislation plays a key role in maintaining open lines of communication with policymakers and industry partners. These relationships allow CalHFA to receive early insights into proposed legislation, enabling the agency to assess potential impacts before bills advance. This proactive engagement has created opportunities to escalate concerns when proposed policies pose operational risks. The Director of Legislation's presence in policy discussions helps ensure that CalHFA's perspective is considered in the development of housing-related legislation, reducing the likelihood of unintended consequences.

As part of this engagement strategy, the Director of Legislation leads ongoing outreach efforts to build trust with policymakers. Regularly briefing stakeholders and partners on CalHFA's mission, capabilities, and constraints ensures that the Agency's operational realities are understood and considered in legislative discussions.

In addition, the Director of Legislation uses a systematic approach to monitoring legislative activity, tracking bill portfolios to identify proposals with potential operational or compliance impacts. This process allows CalHFA to assess risks early, coordinate internal responses, and avoid last minute surprises, ensuring that subject matter experts are engaged at the right time.

Control: Collaboration with Partner Entities and Alignment with Regulations

While CalHFA is not subject to extensive direct regulation, many of its partners in government and private sectors operate within complex and evolving regulatory frameworks. CalHFA has maintained structured collaboration with these partners to ensure alignment where appropriate. This coordination supports CalHFA's ability to stay informed about relevant regulatory developments, understand partner constraints, and maintain consistency in program implementation.

Through regular communication and shared planning, CalHFA can anticipate compliance considerations and adapt its operations to remain aligned with broader housing policy objectives.

CONCLUSION

The California Housing Finance Agency strives to reduce the risks inherent in our work and accepts the responsibility to continuously improve by addressing newly recognized risks and revising risk mitigation strategies as appropriate. I certify our internal control and monitoring systems are adequate to identify and address current and potential risks facing the organization.

ANTHONY SERTICH
Executive Director

CC: California Legislature [Senate, Assembly]
California State Auditor
California State Library
California State Controller
Director of California Department of Finance
Secretary of California Government Operations Agency