

Per California Code of Regulations, title 2, section 548.5, the following information will be posted to CalHR's Career Executive Assignment Action Proposals website for 30 calendar days when departments propose new CEA concepts or major revisions to existing CEA concepts. Presence of the department-submitted CEA Action Proposal information on CalHR's website does not indicate CalHR support for the proposal.

**A. GENERAL INFORMATION**

1. Date

August 2, 2016

2. Department

California Housing Finance Agency

3. Organizational Placement (Division/Branch/Office Name)

Multifamily Programs Division

4. CEA Position Title

Multifamily Credit Officer

5. Summary of proposed position description and how it relates to the program's mission or purpose. (2-3 sentences)

Under the administrative direction of the Director of Multifamily Programs, the Multifamily Credit Officer is responsible for reviewing multifamily loan underwriting, ensuring compliance with multifamily lending policies and procedures, and supporting new program development. The CEA is not a member of the Executive Management Team, however this position interacts regularly with the Executive Management team, Board members and Senior Loan Committee; has significant influence on all Multifamily Program underwriting proposals; and is responsible for all aspects of policy development, implementation, monitoring and oversight.

6. Reports to: (Class Title/Level)

Director, Multifamily Programs Division

7. Relationship with Department Director (Select one)

- Member of department's Executive Management Team, and has frequent contact with director on a wide range of department-wide issues.
- Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

(Explain): Provides Executive Team, Senior Loan Committee, and Board Members with recommendations on all Multifamily Program loans. Is responsible for the development and implementation of policy related to Multifamily lending.

8. Organizational Level (Select one)

- 1st
- 2nd
- 3rd
- 4th
- 5th (mega departments only - 17,001+ allocated positions)

**B. SUMMARY OF REQUEST**

9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

The Multifamily Programs Division is responsible for managing the Agency's multifamily financing and subsidy programs, including acquisition, rehabilitation, permanent, and subsidy loans. Under the administrative direction of the Director of Multifamily Programs Division, the Multifamily Credit Officer is responsible for the development, and/or revision of policies and procedures and the implementation of Multifamily loan products. This CEA position will work independently to oversee all multifamily loan proposals prepared by loan officers, reviews multifamily loan underwriting, ensuring compliance with multifamily lending policies and procedures, and supporting new program development.

The Multifamily Credit Officer works independently providing critical review of multifamily loans before they are approved by the senior loan committee and CalHFA's Board ensuring that they meet Agency standards, including program term sheets, underwriting standards, and program policies. Reviews financial analysis completed by multifamily loan officers.

Develops policies and procedures for the Multifamily Lending Section to use in underwriting, loan review, and document preparation. Updates policies, procedures, and underwriting guidelines as necessary. Produces checklists for use by loan officers and specialists for various stages of the underwriting process, including financial analysis, third party report reviews, and loan document preparation. Serves as a resource for loan officers on underwriting processes and Agency procedures.

Assists the Director of Multifamily Programs and the Multifamily Lending Chief in the development of new Agency multifamily lending programs. Uses knowledge and understanding of affordable multifamily development in collaborating both internally with other divisions and with other State agencies. Remains current on affordable multifamily housing policies and trends through training and literature review. Collaborates with other State agencies to ensure that programs are aligned to meet state policy goals and operate efficiently.

**B. SUMMARY OF REQUEST (continued)**

10. How critical is the program's mission or purpose to the department's mission as a whole? Include a description of the degree to which the program is critical to the department's mission.

- Program is directly related to department's primary mission and is critical to achieving the department's goals.
- Program is indirectly related to department's primary mission.
- Program plays a supporting role in achieving department's mission (i.e., budget, personnel, other admin functions).

Description: The mission of CalHFA is to create and finance progressive housing solutions so more Californians have a place to call home. Established in 1975, CalHFA was chartered as the State's affordable housing bank to make low interest rate loans through the sale of tax-exempt bonds. CalHFA supports these needs by providing financing and programs for individuals within specified income ranges. The Agency is completely self-supporting, and bonds are repaid by revenues generated through mortgage loans, not taxpayer dollars.

The Multifamily Programs Division provides loans that facilitate the development, rehabilitation and preservation of affordable housing projects by partnering with localities as well as for-profit and nonprofit developers. The Multifamily Programs Division also leverages, or increases the purchasing power of, other funding sources, including funds from other state agencies, tax-exemption bond allocations from the California Debt Limit Allocation Committee and Low-Income Housing tax credits allocated by the California Tax Credit Allocation Committee.

For over 30 years, CalHFA has supported the needs of renters and first-time homebuyers by providing financing and programs that create safe, decent and affordable housing opportunities for individuals within specified income ranges.

**B. SUMMARY OF REQUEST (continued)**

11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

The Agency's lending business has continued to increase since 2013. As it has increased, the need for more focused oversight of its programs has become critical.

In Multifamily Programs Division, outreach and development of new products remains a constant priority in order to remain competitive and relevant. Equally important is the need for more tailored, flexible and streamlined processes supported by forward thinking policies in order to make doing business with CalHFA efficient and seamless.

The position of credit officer provides the appropriate balance and segregation of duties between Marketing/Sales activities of the department and the Credit/Risk analysis function. The need for a Credit Officer position within the Multifamily Programs Division results from an in-depth review of CalHFA's processes by an outside consultant. Specifically, the review identified the need for a Credit Officer and/or Underwriters to support the Loan Officers and Specialists. The Multifamily Credit Officer reports to the Division Director and will oversee the multifamily loan proposals. The Multifamily Credit Officer will provide another professional perspective who can look at the risks in a deal proposal in an uninfluenced and holistic fashion. This role will provide the Division and Agency an in-depth due diligence analysis, risk assessment, and identification of potential mitigants and conditions of approval.

Since the Multifamily Lending programs are growing, it is important to fill this role in the Division and Agency.

### C. ROLE IN POLICY INFLUENCE

12. Provide 3-5 specific examples of policy areas over which the CEA position will be the principle policy maker. Each example should cite a policy that would have an identifiable impact. Include a description of the statewide impact of the assigned program.

The Multifamily Credit Officer will focus on the development and enforcement of policies, procedures and guidelines on multifamily lending programs to assist Loan Officers with loan proposals in support of the CalHFA mission and goal of creating and financing progressive housing solutions. Multifamily Lending Programs include the following.

1. Acquisition Rehabilitation Program - This program provides acquisition/rehabilitation and permanent loan financing in order to preserve and/or increase the affordability of existing multifamily housing developments in need of rehabilitation or recapitalization utilizing tax credits and in need of short term financing.
2. Permanent Loan Program - This program provides permanent loan financing in order to preserve and/or increase the affordability of existing multifamily housing developments in need of substantial rehabilitation or recapitalization utilizing tax credits, but already have short term financing. CalHFA must be used as a Conduit Issuer on 4% tax credit developments.
3. Permanent Take-out loan - This program provides competitive financing through its partnership with HUD and the U.S. Treasury for the refinance of affordable housing developments that do not need substantial rehabilitation or only minor (non-substantial) rehabilitation. Owners/Borrowers must agree to preserve and/or increase the affordability restrictions.
4. Small Loan Program - This program provides acquisition/rehabilitation and permanent loan financing in order to preserve and/or increase the affordability of existing, smaller multifamily housing developments.

Specific policies needed include the following:

Equity Out - What requirements should be placed on projects that are taking cash out upon refinancing?

Affordability - What income restrictions should be placed on projects?

Exception Protocol - Who can authorize waivers to policies and procedures governing CalHFA's underwriting of loans? Credit Officer, Director of Programs, Executive Director, Board?

**C. ROLE IN POLICY INFLUENCE (continued)**

13. What is the CEA position's scope and nature of decision-making authority?

The Credit Officer will review all CalHFA loans for compliance with CalHFA's underwriting standards and policies. The Credit Officer will have authority to grant exceptions to these standards and policies. The Credit Officer has significant input on all projects, attends all meetings of CalHFA's Senior Loan Committee and responds to questions. While all loans still must be approved by CalHFA's Senior Loan Committee and/or Board, management will weigh the Credit Officer's review heavily. The Credit Officer will also control the development and approval of any changes to CalHFA's underwriting and loan closing processes.

14. Will the CEA position be developing and implementing new policy, or interpreting and implementing existing policy? How?

Yes. As noted in # 20 and # 26 above, there is an immediate need to develop specific policies for the Multifamily Lending Programs Division. The Credit Officer will review all Multifamily Lending loan proposals and provide a recommendation to the Senior Loan Committee, Board Members and Executive Team. The Multifamily Credit Officer will also develop and implement all multifamily loan policies.