

1 [2003 Mortgage Revenue Single Family Housing Bonds.]

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3 **Resolution authorizing the issuance, sale and delivery of City and County of San**  
4 **Francisco Single Family Mortgage Revenue Bonds (GNMA and Fannie Mae Mortgage-**  
5 **Backed Securities Program) Series 2003-A in an aggregate principal amount not to**  
6 **exceed \$17,635,000; authorizing the execution and delivery of a Trust Indenture, an**  
7 **Origination, Servicing and Administration Agreement, a 2003 Home Mortgage**  
8 **Assistance Trust Agreement, a Bond Purchase Contract, and an Official Statement;**  
9 **Authorizing the Mayor, in consultation with the City Attorney, to make any necessary or**  
10 **advisable modifications, changes, or additions to any of the bond documents and**  
11 **authorizing the execution and delivery of and approving other related documents and**  
12 **actions in connection therewith.**

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14 WHEREAS, Pursuant to the Charter (the "Charter") of the City and County of San  
15 Francisco, including Section 9.107(3) thereof, and the Residential Mortgage Revenue Bond  
16 Law (Chapter 43 of the City's Administrative Code) enacted pursuant to Ordinance No. 245-  
17 81, adopted by the Board of Supervisors (the "Board") of the City and County of San  
18 Francisco (the "City") on May 13, 1981, as supplemented by Chapters 1-5 of Part 5 of Division  
19 31 of the Health and Safety Code of the State of California (collectively, the "Law"), the City is  
20 authorized to incur indebtedness for the purpose of financing home mortgages authorized by  
21 the Law; and,

22 WHEREAS, The Board has heretofore determined and hereby further declares that it is  
23 necessary, essential and a public purpose for the City to finance homes pursuant to the Law  
24 in order to increase the housing supply in the City for persons and families within the income  
25 limitations established by the Law; and,

1           WHEREAS, The City adopted a Home Mortgage Finance Program (the "Program") for  
2 such purpose, and has from time to time determined to borrow money for such purpose  
3 through the issuance of revenue bonds as authorized by the Law; and,

4           WHEREAS, In order to further the purposes of the Program to offer first-time home  
5 buyers the lowest possible interest rates and favorable loan terms the City now proposes to  
6 issue its mortgage revenue bond issue (defined below as the "2003-A Bonds"); and,

7           WHEREAS, The City has received from the State of California Debt Limit Allocation  
8 Committee ("CDLAC") an allocation of \$8,643,906 to issue qualified mortgage bonds in  
9 accordance with Section 146 of the Internal Revenue Code of 1986, as amended (the "Code")  
10 and Chapter 11.8 of Division 1 of Title 2 of the State of California Government Code; and,

11           WHEREAS, The interest on the 2003 A Bonds may qualify for tax exemption under  
12 Section 103 of the Code, only if the 2003 A Bonds are approved in accordance with Section  
13 147(f) of the Code; and,

14           WHEREAS, The Code requires that prior to issuance, mortgage revenue bonds be  
15 approved by the applicable elected representatives of the governmental unit issuing such  
16 bonds, after a public hearing held following reasonable public notice; and,

17           WHEREAS, There was published on January 14, 2003, not less than fourteen days  
18 prior to the date of the hearing, in the Independent, which is a newspaper of general  
19 circulation in the City, a notice that a public hearing regarding the 2003 A Bonds would be  
20 held by the Mayor's Office of Housing on January 28, 2003; and,

21           WHEREAS, The City determined to conduct a supplemental public hearing in  
22 accordance with Section 147(f) of the Code, in order to accommodate an increase in the  
23 number of 2003 A Bonds that may be issued for the purposes described herein; and,

24           WHEREAS, There was published on March 4, 2003, not less than fourteen days prior  
25 to the date of the hearing, in the Independent, which is a newspaper of general circulation in

1 the City, a notice that a public hearing regarding the 2003 A Bonds would be held by the  
2 Mayor's Office of Housing on March 18, 2003; and,

3 WHEREAS, This Board is the elected legislative body of the City and is the applicable  
4 elective representative required to approve the issuance of the 2003 A Bonds and the  
5 Program; and,

6 WHEREAS, Said public hearings were held before the Mayor's Office of Housing, and  
7 there was an opportunity to present arguments for and against the issuance of the 2003 A  
8 Bonds and the nature and location of the Program; and,

9 WHEREAS, The City has determined to issue its Single Family Mortgage Revenue  
10 Bonds (GNMA and Fannie Mae Mortgage-Backed Securities Program), Series 2003-A (the  
11 "2003 A Bonds") in an aggregate principal amount not to exceed \$17,635,000, for the  
12 purpose, among others, of providing monies to acquire mortgage backed securities backed by  
13 pools of home mortgages and guaranteed by the Government National Mortgage Association  
14 ("GNMA Securities") and the Federal National Mortgage Association ("Fannie Mae  
15 Securities") pursuant to the Program and for such other purposes as set forth in the Indenture  
16 (hereinafter defined); and,

17 WHEREAS, Fannie Mae, as purchaser of the 2003 A Bonds (the "Purchaser"), has  
18 agreed to purchase the 2003 A Bonds upon the proposed terms and conditions set forth in the  
19 Bond Purchase Contract (the "Purchase Contract") to be accepted and approved by the City;  
20 and,

21 WHEREAS, The 2003 A Bonds will be issued under provisions of Trust Indenture (as  
22 described below) pursuant to which the City will assign to the Trustee named thereunder, for  
23 the benefit of the owners of the 2003 A Bonds, the revenues and receipts to be derived from  
24 any investment agreement, the 2003 A Bonds and other money and securities held by the  
25 Trustees under the terms of the Indenture; and,

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WHEREAS, All conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the 2003 A Bonds and the implementation of the Program as contemplated by this Resolution exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Law; now therefore, be it

RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as follows:

1. Pursuant to the Law and the Indenture (hereinafter defined), revenue bonds of the City, designated as "City and County of San Francisco Single Family Mortgage Revenue Bonds (GNMA and Fannie Mae Mortgage-Backed Securities Program), Series 2003 (the "2003-A Bonds") in an aggregate principal amount not to exceed \$17,635,000 are hereby authorized to be issued. The 2003-A Bonds shall be executed by the manual or facsimile signature of the Mayor of the City (the "Mayor") and by the manual or facsimile countersignature of the Clerk of the Board of Supervisors, in the form set forth in and otherwise in accordance with the Indenture described in Section 2 hereof. The seal of the City may be impressed or reproduced by facsimile on the 2003-A Bonds.

2. The Trust Indenture, dated as of April 1, 2003 (the "Indenture"), by and between the City and the trustee (herein the "Trustee") to be appointed by the Mayor or the Mayor's Office of Housing, in substantially the form presented to the Board, copies of which are on file with the Clerk of the Board of Supervisors and incorporated into this Resolution by reference, is hereby approved. The Mayor and the Clerk of the Board of Supervisors are authorized and directed, for and in the name and on behalf of the City, to execute and attest, respectively, and deliver said Indenture in substantially said form, with such additions thereto or changes that hereafter become necessary in the interest of the City and which are approved by the City

1 Attorney (provided that such additions or changes shall not authorize an aggregate principal  
2 amount of 2003 A Bonds in excess of \$17,635,000 or a final maturity date of the 2003 A  
3 Bonds later than December 1, 2036 or result in an interest rate on any of the 2003 A Bonds in  
4 excess or 12% per annum), the approval of such officers to be conclusively evidenced by the  
5 execution and delivery of such Indenture. The date, maturity dates, interest rate or rates,  
6 interest payment dates, denominations, form, registration privileges, manner of execution,  
7 place of payment, terms of redemption and other terms of the 2003 A Bonds shall be as  
8 provided in said Indenture as finally executed.

9 3. The Origination, Servicing and Administration Agreement, dated as of April 1,  
10 2003, in connection with the 2003 A Bonds, in substantially the form presented to the Board,  
11 copies of which are on file with the Clerk of the Board of Supervisors and incorporated into  
12 this Resolution by reference, is hereby approved. The Mayor is hereby authorized and  
13 directed, for and in the name and on behalf of the City, to execute and deliver said  
14 Origination, Servicing and Administration Agreement in substantially said form, with such  
15 additions thereto or changes that hereafter become necessary in the interest of the City and  
16 which are approved by the City Attorney, the approval of such officers to be conclusively  
17 evidenced by the execution and delivery of such agreement. The Mayor or the Mayor's Office  
18 of Housing is hereby authorized and directed, for and on behalf of the City, to appoint a the  
19 master servicer/administrator (the "Master Servicer") under said Origination, Servicing and  
20 Administration Agreement, said Master Servicer to be compensated in such amounts and at  
21 such times provided in such Origination, Servicing and Administration Agreement, and such  
22 selection to be evidenced by said Origination, Servicing and Administration Agreement as  
23 finally executed.

24 4. The Official Statement for the 2003 A Bonds or any such modified document in  
25 the form of a placement memorandum if the 2003 A Bonds are sold to Federal National

1 Mortgage Association (any such document being herein referred to as the "Official  
2 Statement"), in substantially the form presented to the Board, copies of which are on file with  
3 the Clerk of the Board of Supervisors and incorporated into this Resolution by reference, is  
4 hereby approved. The Mayor is hereby authorized and directed, for and in the name and on  
5 behalf of the City, to execute said Official Statement in substantially said form, with such  
6 additions thereto or changes therein as hereafter become necessary in the interest of the City  
7 and which are approved by the City Attorney, the approval of such officers to be conclusively  
8 evidenced by the execution and delivery of such Official Statement.

9           5.       The proposed form of the 2003 Home Mortgage Assistance Trust Agreement,  
10 dated as of April 1, 2003, in connection with the 2003 A Bonds (the "2003 Agreement"), in  
11 substantially the form presented to the Board, copies of which are on file with the Clerk of the  
12 Board of Supervisors and incorporated into this Resolution by reference, is hereby approved.  
13 The Mayor is hereby authorized and directed, for and in the name and on behalf of the city, to  
14 execute the 2003 Agreement in substantially said form, with such parties named thereon and  
15 with such additions thereto or changes that hereafter become necessary in the interest of the  
16 City and which are approved by the City Attorney, the approval of such officers to be  
17 conclusively evidenced by the execution and delivery of the 2003 Agreement. The Mayor or  
18 the Mayor's Office of Housing is hereby authorized and directed, for and on behalf of the City,  
19 to select the trustee under the 2003 Agreement, such selection to be evidenced by said 2003  
20 Agreement as finally executed.

21           6.       The Rules and Regulations Establishing Eligibility Criteria for Lenders and the  
22 Rules and Regulations Establishing Eligibility Criteria for Mortgages and Home Mortgages,  
23 copies of which are on file with the Clerk of the Board of Supervisors and incorporated into  
24 this Resolution by reference, are hereby approved and adopted.

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1           7.       The Director of the Mayor's Office of Housing is hereby authorized to disburse  
2 from the Home Ownership Assistance Loan Fund established pursuant to Section 10.100-108  
3 of the San Francisco Administrative Code (the "Fund") the following amounts for costs and  
4 expenses in connection with the 2003 A Bonds and the Program:

5           a.       Not to exceed \$1,250,000 to fund Home Mortgage Assistance Contracts  
6                     for eligible first-time homebuyers under the terms of the 2003 Agreement;  
7                     and

8           b.       Not to exceed \$225,000 to pay costs of issuance of the 2003 A Bonds.

9           8.       The 2003 A Bonds, when executed, shall be delivered to the Trustees for  
10 authentication. The Trustees are hereby required and directed to authenticate the 2003 A  
11 Bonds by executing the Trustee's certificate of authentication and registration appearing  
12 thereon, and to deliver the 2003 A Bonds, when duly executed and authenticated, to the  
13 Purchasers in accordance with written instructions executed on behalf of the City by the  
14 Mayor, which instructions the Mayor is hereby authorized and directed, for and in the name  
15 and on behalf of the City, to execute and deliver to the Trustee. Such instructions shall  
16 provide for the delivery of the 2003 A Bonds to the Purchaser in accordance with the  
17 Purchase Contract, upon payment of the purchase price thereof.

18           9.       The Mayor's Office of Housing is hereby appointed and directed to administer  
19 the Program on behalf of the City. Allocation of bond revenues designated by the Mayor's  
20 Office of Housing for administrative costs are subject to the budget and fiscal provisions of the  
21 Charter.

22           10.      The officers of the City authorized and directed to perform on behalf of the City  
23 the actions authorized hereby shall perform such actions in such manner as will promote, to  
24 the extent consistent with sound financial planning, the public purposes of the Program,  
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1 including producing new housing stock for persons and families of low or moderate income  
2 and making financing available to first time home buyers.

3 11. The Mayor or other appropriate officer is hereby further authorized and directed,  
4 for and on behalf of the City, to effect the sale of the 2003 A Bonds to the Federal National  
5 Mortgage Association and to execute a Bond Purchase Contract in substantially the form  
6 presented to the Board and on file with the Clerk of the Board of Supervisors and incorporated  
7 into this Resolution by reference, with such changes therein as the City Attorney shall  
8 approve, such approval to be conclusively evidenced by the execution and delivery thereof.

9 12. As the applicable elected representative of the City, this Board hereby approves  
10 the issuance of the 2003 A Bonds, pursuant to Section 147(f) of the Internal Revenue Code of  
11 1986, as amended.

12 13. All actions heretofore taken by the officers and agents of the City with respect to  
13 the establishment of the Program and the sale and issuance of the 2003 A Bonds are hereby  
14 approved, confirmed and ratified. The proper officers of the City are hereby authorized and  
15 directed, for and in the name and on behalf of the City, to do any and all things and take any  
16 and all actions and execute and deliver any and all certificates, agreements and other  
17 documents, including but not limited to those described in the Indenture, any bond purchase  
18 contract, any investment agreement (provided that the provider thereof shall have a credit  
19 rating in not less than one of the two highest rating categories of a nationally recognized rating  
20 agency), any warehousing agreement or any other documents herein approved, which they,  
21 or any of them, may deem necessary or advisable in order to consummate the lawful issuance  
22 and delivery of the 2003 A Bonds in accordance with this Resolution and resolutions  
23 heretofore adopted by the City and in order to carry out the Program.

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

APPROVED AS TO FORM:

DENNIS J. HERRERA  
City Attorney

By \_\_\_\_\_  
MARK BLAKE  
Deputy City Attorney