California Community Reinvestment Corporation

CCRC 2020 Bond Portfolio Analysis

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CCRC 2020 Bond Portfolio Analysis, Table of Contents

Introduction

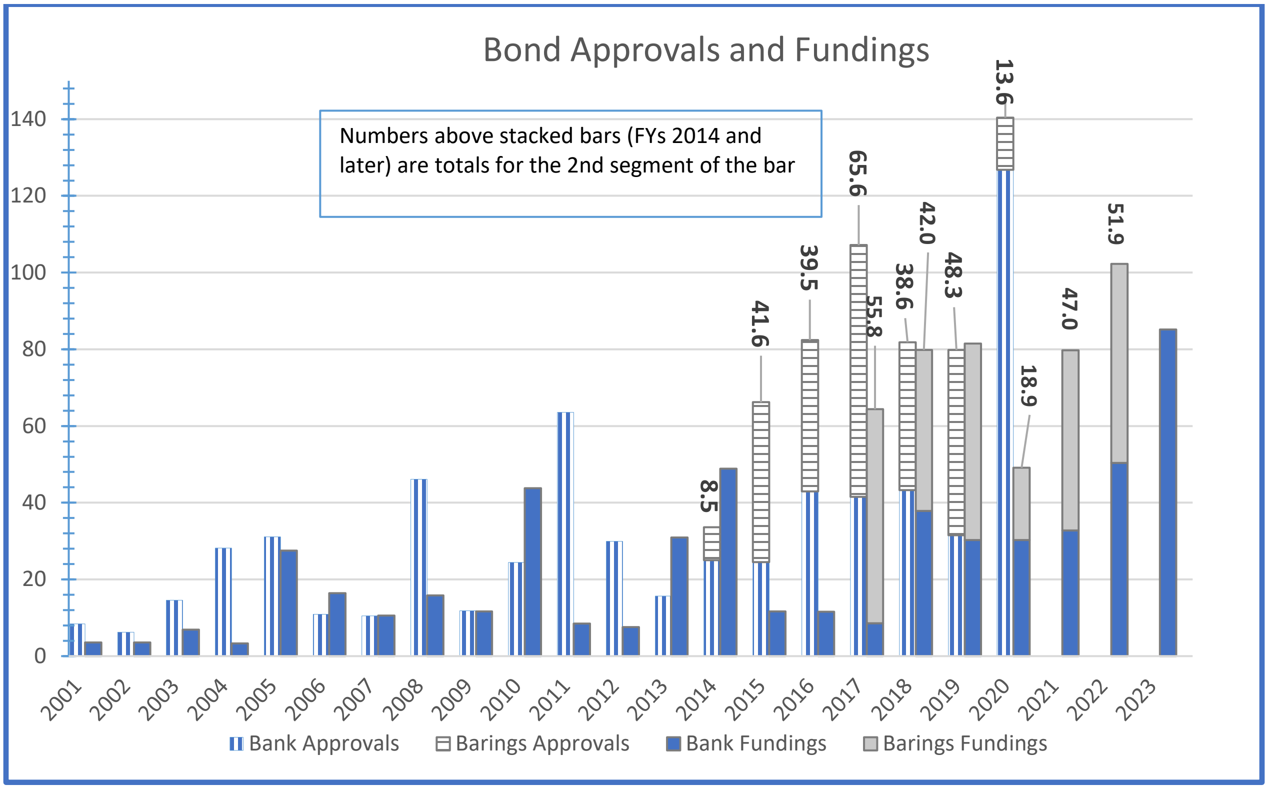
The CCRC 2020 Bond Portfolio Analysis describes CCRC's portfolio of tax-exempt bonds, including forward commitments that CCRC manages for a subset of its member banks (CCRC's "Bond Program"). The primary audience for this report is the banks participating in the Bond Program.

The Bond Portfolio Analysis does not cover (other than in Figure 1 below) bonds funded by Barings (formally known as the Cornerstone Fund). CCRC originates, closes and services these bonds but otherwise has no credit risk with them as they are 100% owned by a non-affiliated third party. This report also excludes tax-exempt bonds that CCRC services for individual bank investors. Unless otherwise noted, loan balances and commitment amounts are as of September 30, 2020.

CCRC started the Bond Program 19 years ago after identifying an opportunity to offer tax-exempt private placement bond financing to its affordable housing developers. CCRC models the Bond Program on its successful mortgage program, which provides permanent mortgages for a large portion of the 9% LIHTC projects in California. CCRC approved its first bond project in 2001.

Figure 1 shows bond financing approvals and fundings since Bond Program inception through fiscal year end ("FYE") 2020, and projected fundings of current forward commitments for 2021 through 2023. In 2020, CCRC approved $140.4 million in new bond commitments. Of this total, we approved $126.8 million through the bank Bond Program and $13.6 million through Barings. Barings is currently reviewing two Bond Program forward commitments, with a combined commitment balance of $18.2 million, for possible assignment to Barings. Assigning these larger bonds to Barings allows us to better manage and preserve Bond Program capital availability.

Figure 1: Bond Approvals and Fundings by Fiscal Year Since Program Inception (Bond Program & Barings)



Funding dates after 2020 are projections reflecting current commitments. 2021 and 2022 figures may be different than figures presented in the 2019 Bond Portfolio Analysis due to revised projected funding dates.

COVID-19 Impacts

The impacts of COVID-19 on CCRC as an organization have been ubiquitous, yet events and consequences have unfolded in unexpected ways.

In March, CCRC shut down its Glendale office and furnished all staff with remote access to our computer server. Due to it being cloud-based, no special action was required with respect to our loan servicing system. The transition from office to working at home was seamless. As hopes of a summertime return to the office faded, staff became increasingly proficient at working from home. Not only did we complete a complex loan sale on schedule, we also achieved a near-record year of originations and loan fundings . . . all from our remote desktops.

Portfolio Impacts

At the portfolio level--with respect to the metrics that we typically review in this annual Portfolio Analysis--the impacts have, thus far, been indiscernible. In part, that is because much of the data that we use to evaluate portfolio performance come from yearend audited financial statements, and the 2019 yearend audits were stronger than ever, revealing no hints of a the looming pandemic. Over the course of each year, we also prepare at least one loan review report on every loan that we service. In addition to audits, loan reviews also incorporate data from interim financial statements and other sources. Here, over the year's course, we began to discern COVID-related impacts in the form of delinquent rents, but the data have neither been alarming nor, as of yet, prompted risk rating downgrades.

Owing to eviction moratoriums (government imposed and self-imposed by our borrowers), occupancy levels remain as high as ever, so tenant delinquencies are probably the best measure of impact. As part of its loan review process, CCRC reviews delinquency reports; however, CCRC's asset management data base does not currently store this information, so at this time there is no way for us to report this out and analyze it. We can say, though, based on an anecdotal survey of our loan reviews (which incorporate commentary from borrowers), that, while delinquencies and bad-debt charge-offs are up, portfolio performance has exceeded our best expectations.

Industry-level reporting provides another point of reference. Reporting provided by John Stewart Company, one of California's premier affordable housing property management firms, indicates that in November, the company collected an average of 91.7% of potential tenant rent at the properties it manages in California. In April 2020, its collection rate was 96.5%, and between May and October, collection rates ranged between 93.2% and 94.7%. The National Multifamily Housing Council's Rent Payment Tracker, which surveys rent collections at market rate properties nationwide, reported a November collection rate of 90.3%, compared to 91.9% in November 2019. Finally, in its October Multifamily Securitization Forbearance Report, Freddie Mac reported that 4.8% (total includes student and senior housing) of its securitized loans were in forbearance (1,215 loans totaling $7.6 billion). The forbearance rate among Q-series deals, the loan sale program used by CCRC for the sale of its conventional loans, was 3.4%.

Forbearance Program

In anticipation of a wave of forbearance requests, CCRC's Board approved a forbearance policy in April 2020. We modeled our policy, and the attendant forbearance agreement, on Freddie Mac's COVID-19 forbearance program, which quickly became a nationwide financial industry standard, a standard that would allow servicers to present multifamily borrowers with a relatively consistent set of forbearance policies irrespective of investor.

As we formulated our forbearance program, we also conducted a portfolio stress test that examined the impact of COVID-related rental income disruptions. The analysis assumed a 15% reduction in gross rents on projects with fewer than 70% HAP units. In March 2020, the bank- and

CCRC-funded portfolios held a combined total of 74 loans with an outstanding principal balance of $177.5 million and paying nearly $1.18 million in monthly P&I. Our analysis concluded that with a 15% decline in rent collections, 37 properties would drop below breakeven. We also determined that, overall, project operating reserves were intact and untapped, with balances on average equal to 21 months of debt service. Not surprisingly though, projects with a history of operating shortfalls where the ones most likely to have depleted their operating reserves.

To date, we have received three forbearance requests and approved two. In truth, we did not know what to expect, but we anticipated that we would have to process far more requests than we have encountered to date. Of the two forbearances we approved, one is a bank funded loan, and the other was a bond that we sold to an investor. Both have since exited forbearance, and are currently in their respective repayment periods. Notably, the forbearance requests that we reviewed were presented to us in May and June, and the anticipated surge in requests that many feared would happen after the expiration of enhanced unemployment benefits in August has yet to materialize.

At this point, we can, for the most part, only speculate about why this catastrophic pandemic has not inflicted more harm on CCRC's portfolio. Certainly the CARES act and local rent support programs have been important sources of support. But here are some other explanations as well:

- 2019 was a very strong year for the portfolio. Projects earned substantial surplus cash, providing an operating cushion though 2020.
- 2020 followed 10 years of steady economic growth, which led to increases in AMIs and FMRs throughout most of the state.
- Strong, experienced sponsors and property managers, with excellent financials and a deep commitment to affordable housing. This is probably the most import factor contributing to the stability of our portfolio. Moreover, the roles of ownership and management extend beyond organizational financial resiliency to include extensive tenant support, such as aiding households obtain services and financial support.
- Almost all of our projects have rents that are deeply discounted to market. As such, the projects really don't experience any competition. Or, stated differently: tenants, faced with a scarcity of alternative housing options, have been tenacious in their efforts to hold on to their homes.

1. Characteristics of CCRC's Bond Portfolio

CCRC typically approves a bond loan before a project starts construction. (In this report, we refer to this approval as a "commitment" or "forward commitment".) CCRC maintains a forward commitment for a stated period of time, normally 24 to 30 months, during which time the developer constructs the property and rents it to full occupancy. When a completed project becomes operationally stable, CCRC funds the bond loan in accordance with the terms of the forward commitment agreements.

1.1. Descriptive Statistics

Tables 1 through 4 summarize CCRC's bond portfolio, book of forward commitments and bond origination activity over last six fiscal years. After reaching a peak of $86.47 million in 2014, the bond portfolio balance fell in 2015 and 2016 because of bond loan sales to a unit of Citibank in FY 2015 and 2016. On March 31, 2019, prior to the 2019 bond sale, the bond portfolio balance reached $83 million. Immediately after the sale, the Bond Program portfolio consisted of just 5 funded bonds totaling $11 million. By FYE 2020, the portfolio grew to 20 funded bonds totaling $69.7 million.

Table 1: CCRC Portfolio of Funded Bonds

Fiscal Year	Loans[1]	Balance	Average	DUs Financed[2]	$/DU	WAC[3]
2020	20	$69,703,529	$3,485,176	1,478	$47,161	4.44%
2019	13	$40,529,382	$3,117,645	1,026	$39,502	4.26%
2018	28	$64,145,079	$2,290,896	1,891	$33,921	4.65%
2017	15	$26,980,619	$1,798,708	903	$29,879	5.27%
2016	10	$18,908,085	$1,890,809	671	$28,179	5.59%
2015	13	$33,908,087	$2,608,314	935	$36,265	5.38%

[1]Projects with multiple loans are counted as having a single loan with a balance equal to the total balance of the combined tranches. [2]Dwelling Unit. [3]Weighted Average Coupon.

In FY 2015 CCRC sold 21 bonds to Citibank totaling $73 million, and in FY 2016 we sold 8 bonds totaling $25.9 million. In 2019, CCRC completed a $72.3 million tax-exempt bond sale, selling 31 bonds (on 30 properties) from CCRC's bond pool into securitization pool guaranteed by Freddie Mac. Each of the three sales involved more than half of the FYE bond portfolio balance of the preceding year and so are responsible for most of the changes in exposure concentrations and other metrics between FY 2014 and FY 2019. We did not conduct bond sales in 2017, 2018 and 2020.

Table 2: Bonds Funded During FYs 2015-2020

Fiscal Year	Loans	Balance	Average	DUs Financed	$/DU	WAC
2020	7	$30,257,645	$4,322,521	452	$66,942	4.67%
2019	15	$49,574,446	$3,304,963	1,133	$43,755	4.27%
2018	13	$37,868,539	$2,912,965	988	$38,328	4.27%
2017	5	$8,605,097	$1,721,019	289	$29,775	4.58%
2016[1]	5	$11,552,257	$2,310,451	378	$30,562	4.93%
2015	3	$11,615,114	$3,871,705	244	$47,603	5.62%

[1] Of the 15 bonds funded in 2019, CCRC sold 4 in the same fiscal year. These bonds, which were included in the Freddie Mac securitization, had a combined principal balance $12,454,063 at the time of sale, and a combined unit count of 240. Of the 5 bonds funded in 2016, CCRC sold 2 within the same fiscal year. These bonds, which were included in the FY 2016 sale to Citibank, had a combined outstanding principal balance of $4,876,643 at the time of the sale, and a combined unit count of 160 units. Except for the 2016 WAC calculation, the 2019 and 2016 figures include the sold bonds.

Table 2 reviews CCRC bond funding activity over the past six fiscal years (loan balances reflect fiscal year-end balances and, due to amortization, are slightly less than the combined original principal balances of the loans funded over the course of the indicated year). Bond fundings between 2015 and 2017 were roughly a quarter of the funding level CCRC achieved in 2014. 2018 and 2019 bond fundings totaled $38 million and $49.6 million respectively, up from $8.6 million in 2017. We can trace the decline in funding between 2015-2017 to corresponding declines in new bond approvals between 2012 and 2015. During this period CCRC curbed Bond Program originations because of capital availability constraints. The bond sales in 2015 and 2016 allowed CCRC to restore its origination capacity, resulting in 70% more approvals in 2017 and 2018 combined compared to 2014 and 2015 combined. The increase in approvals led, in turn, to the 2018-2020 funding increases.

Table 3: Book of Bond Forward Commitments

Fiscal Year	Count	Balance	Average	DUs Financed	$/DU	WAC
2020	31	$168,277,187	$5,428,296	2,154	$78,123	3.85%
2019	19	$72,925,552	$3,838,187	1,333	$54,708	4.83%
2018	28	$88,815,377	$3,171,978	2,060	$43,114	4.44%
2017	29	$83,724,475	$2,887,051	2,177	$38,459	4.21%
2016	19	$51,672,022	$2,719,580	1,401	$36,882	4.15%
2015	15	$41,070,800	$2,738,053	1,086	$37,818	4.86%

Table 3 presents CCRC's book of forward commitments. As noted, CCRC agrees to fund forward commitments if and when the borrower satisfies loan conversion requirements. Accordingly, the vast majority of forward commitments become funded loans. Forward commitments increased from $72.9 million in 2019 to $168.3 million at FYE 2020, a more the twofold increase, while average loan amount and loan amount per unit increased by 42%.

Because of the recession-induced decline in interest rates, WAC fell nearly 100 basis points to 3.85%. After accounting for the assignment to Barings of the two bonds noted above, the WAC increases to 3.9%. CCRC benchmarks bond and loan pricing on the 10-year treasury. Following the sharp drop in treasury rates in March 2020, CCRC set a floor on pricing based on a 10-year treasury rate of 1.3% plus our typical spreads. As of this writing, the floor continues to be in place.

As detailed in Table 4, a surge in new approvals in FY 2020 drove the increase in forward commitments; spurred in large part, we believe, by a decline in bank tax-exempt bond lending. Earlier this year, CCRC's Board approved a staff proposal to expand CCRC's bond forward commitment authority; a move that, along with the 2019 bond sale, has enabled us to meet the rising demand for bond credit. Prior to the policy change, CCRC could not extend new commitments if the making of a new commitment would have caused the sum of funded bonds plus outstanding bond commitments to exceed total Bond Program participation commitments. Under this policy, CCRC had to sell bonds (or cease bond lending) if this sum exceeded $170 million. And, depending on the ratio of forwards to funded bonds, the policy typically obligated CCRC to sell bonds before outstanding bond balances exceeded $80 million. Although it is generally not our intent to fund bonds with Loan Program proceeds (or if we do, we would do so selectively by choosing bonds with higher interest rates), the new policy provides CCRC with more flexibility by allowing us to offset bond commitments against excess capital availability in the Loan Program. The policy will also allow CCRC to aggregate larger pools for sale, which will improve bond sale transactional feasibility.

Table 4: New Bond Loan Approvals

Fiscal Year	Count	Balance	Average	DUs Financed	$/DU	WAC
2020	20	$126,801,587	$6,340,079	1,353	$93,719	3.48%
2019	6	$31,491,800	$5,248,633	406	$77,566	5.04%
2018	12	$43,299,162	$3,608,264	951	$45,530	4.57%
2017	15	$41,515,123	$2,767,675	1,008	$41,186	4.38%
2016	14	$42,919,422	$3,065,673	1,058	$40,567	3.97%
2015	9	$24,555,000	$2,728,333	659	$37,261	4.74%

As Table 4 shows, in FY 2020, CCRC approved 20 bond loans totaling $126.8 million, doubling CCRC's previous record of $63.6 million, which it recorded in 2011, and $95 million above

2019 approvals. In addition to the factors sighted above, the 2019 bond sale was a critical factor contributing to this increase in approvals, but other factors boosted growth as well. These factors include statewide increases in the number of bond transactions and our ability to offer competitive bond financing terms with 30-year and 35-year fully amortizing loan structures and attractive interest rates. We have also continued to earn repeat business with established customers. Finally, our construction lender partners value the Bond Program because it allows them to avoid substantial user issues when they also serve as LIHTC limited partner investors.

In FY 2020, the average bond amount increased from $5.2 million to $6.3 million, a 21% increase, and 75% higher than the 2018 average. Loan amount per unit also increased 21%, from $77,566 to $93,719, which is more than twice the 2018 level. As noted in past reports, statewide AMI growth and an increase in the number of projects with project-based rent subsidies have spurred increases in per-unit rental income and a corresponding increase in per-unit loan proceeds and project loan amounts. The growth in the number of loans with 35-year amortizations has also been a factor in these increases.

1.2. Geographic Distribution

Figure 2 compares the 2019 and 2020 geographic distributions of CCRC loans.

Figure 2: Geographic Exposure by Region (funded bonds and forward Commitments)

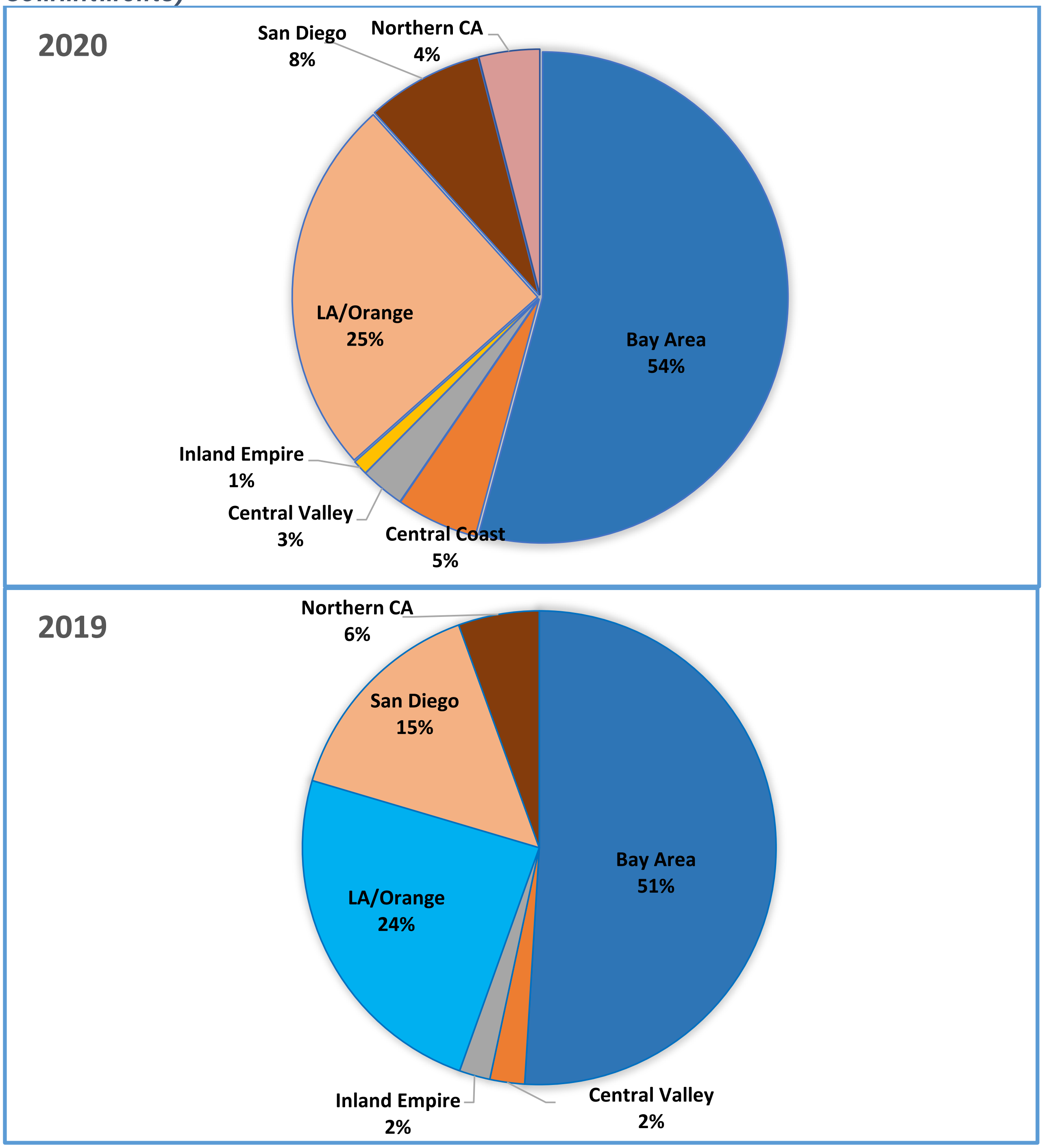


Exhibit I (at the end of this report) shows CCRC bond exposure by California County.

2. Portfolio Risk Factors

This section of the Bond Portfolio Analysis provides an assessment of bond portfolio risk factors. As has been the case historically, there were no loan delinquencies in FY 2020 (except for occasional borrower oversights). Accordingly, our analysis does not include a discussion of delinquencies.

2.1. Risk Metrics

Table 5 below shows common risk metrics for funded bonds and forward commitments and further stratifies funded bonds by geography. With few exceptions, CCRC bond proceeds per unit ($/DU) covers a small fraction of a project's per-unit total development cost. In our experience, LIHTC equity investors and subordinate lenders typically supply about 80%-90% of the funding required to develop a project. This is a key reason for the strong performance of CCRC loans. LIHTC investors also serve an important role in making CCRC loans safe investments. They have the financial resources and economic incentives necessary to support struggling projects and have reliably stood behind properties on those rare occasions when a general partners fail to provide needed support.

Properties that consistently struggle with low DSCRs and that also have high LTV ratios pose the greatest risk of loss to CCRC. They are more likely to default, and in the event of a foreclosure, CCRC will be less likely to recover total principal and accrued interest on its loan. Table 5 suggests that few, if any, properties in the CCRC portfolio are likely to exhibit both symptoms of distress. In aggregate, the portfolio has a healthy weighted average DSCR of 1.47 (compared to 1.27 in FY 2019) and a weighted average LTV ratio of 56% (compared to 54% in 2019), well below the maximum LTV under CCRC's policy, which caps loans at 75% to 85% of the applicable appraised value. With a weighted average age of 13 months (compared to 18 months in 2019 and 35 months in 2018), the portfolio is dominated by new loans.

Table 5: Risk Metrics by Costal / Inland

	Risk Parameter	Coastal	Inland	Total	Forward Commitments
1.	Count	18	2	20	31
2.	Balance	$64,750,413	$4,953,116	$69,703,529	$168,277,187
3.	$/DU	$48,285	$36,154	$47,161	$78,123
4.	WAC	4.37%	5.25%	4.44%	3.85%
5.	DSCR	1.48	1.44	1.47	1.19
6.	LTV	55%	69%	56%	63%
7.	Occupancy	99%	98%	99%	N/A
8.	Maturity	239	194	236	N/A
9.	Age	13	101	20	N/A
10.	Risk Rating	6.01	6.00	6.01	N/A
11.	Loans >30 Yr Amort	7	1	8	16
12.	$ >30 Yr Amort	38,705,900	2,366,116	41,072,016	79,243,387
13.	% $ >30 Yr Amort	60%	48%	59%	47%
14.	Loans <30 Yr Amort	9	0	9	13
15.	$ <30 Yr Amort	15,466,329	0	15,466,329	76,169,000
16.	% $ <30 Yr Amort	24%	0%	22%	45%
17.	Loans =30 Yr Amort	2	1	3	2
18.	$ =30 Yr Amort	10,578,184	2,587,000	13,165,184	12,864,800
19.	% $ =30 Yr Amort	16%	52%	19%	8%

As averages, the indicators presented in Table 5 can conceal variances within the portfolio, masking risks that a more granular view of the portfolio can expose. Table 6 (an LTV-DSCR matrix) provides additional insights into the LTV and DSCR characteristics of CCRC bond loans. The LTV-DSCR matrix shows that the greatest vulnerabilities in the CCRC bond portfolio involve low DSCRs, and that no property has both a low DCR and a high LTV. In FY 2020, one property, with a principal balance of $661,000 (.95% of the bond portfolio), had a DSCR of less than 1.00 (based on 2019 audit). The LTV ratio for this property is 44%, and the highest LTV ratio in the bond portfolio is 82%. This analysis underscores a common feature of affordable housing underwriting: debt coverage is the primary constraint on lending, capping loan amounts far below LTV policy limits.

In Table 5, metric number 10 is the weighted average loan risk rating. Loan risk ratings, which CCRC assign as prescribed in its Loan Policy and Procedures Manual, range from 6 (Pass) to 9 (Doubtful), with watch-rated loans assigned a 6.5. The FY 2020 aggregate risk rating of 6.01 is slightly less than last year's rating of 6.04.

Table 5 shows that most of CCRC's funded bond exposure is in Coastal areas. Coastal debt service coverage, risk ratings and vacancy rates tend to be superior to those on Inland projects while $/DU tend to be higher. Due to the 2019 bond sale, however, Inland-versus-Coastal differences are not evident in the Risk Metrics table.

Metric number 11 of Table 5 shows that 24 bonds, 8 funded and 16 forward commitments, have amortization periods of over 30 years. CCRC's forward commitments and new deal pipeline contains a higher proportion of projects with 35-year amortization periods. CCRC's move toward offering bonds with longer amortization periods reflects competitive trends among affordable housing lenders. But, as noted in Loan Portfolio Analysis, a counter-trend has emerged over the past few years: an upturn in the number of bonds with amortization periods of *less than 30 years*. Table 5 to presents data detailing this trend. Among forward commitments, 13 bonds, with a dollar value equal to 45% of all outstanding commitments, had amortization periods of less than 30 years. There appear to be two chief causes underlying this trend: (1) 15 or 20-year HAP contracts without satisfactory renewal provisions, and (2) permanent supportive housing projects with sub-30-year HAP contracts and/or supportive services agreements.

Table 6: DSCR-LTV Matrix

LTV	Less than 1.0x	1.00-1.14	1.15--1.29	1.30-1.49	1.50 to 1.79	Greater than 1.79	Total
0%--49.x%	-	-	11,640,058	-	-	7,179,346	21,339,367
50%-59.x%	661,000	6,206,255	3,721,700	-	8,564,723	-	19,153,678
60%-69.x	-		13,132,058	5,616,242	2,591,067	-	21,339,367
70%-79.x%	-	-	4,371,929	-	-	3,653,035	8,024,964
80%-89.x%	-	-	2,366,116	-	-	-	2,366,116
Total	**661,000**	**6,206,255**	**35,231,861**	**5,616,242**	**11,155,790**	**10,832,381**	**69,703,529**
	0.95%	8.90%	50.55%	8.06%	16.00%	15.54%	100.00%

2.2. Loan Concentrations

CCRC monitors its exposure to "sponsors" and LIHTC investors. These concentration levels are less critical for CCRC than they are for the assessment of traditional lending portfolios because nearly all CCRC borrowers are stand-alone, single-asset entities that cannot provide cross-support to other properties. In addition, usually 90% of a LIHTC investor's equity has been funded before a CCRC loan closes, and loans are non-recourse beyond the real estate security.

Table 7 shows CCRC's exposure to the top 5 sponsors--this year and last--as measured by loan balances and commitments. This year's top-5 list features 2 new members, XXXX and XXXXX, while XXXXX and the XXXXX, dropped off the list. Between FY 2019 and FY 2020, CCRC's total exposure to the top 5 sponsors fell from 56% to 41%.

Table 7: CCRC Exposure to Sponsors (funded bonds and forward commitments)

2020 Rank	Sponsor	2020 Exposure	% of Total Exposure	Number of Projects	2019 Exposure	2019 Rank
1	XXXXX	26,714,400	11%	7	20,233,305	1
2	XXXXX	19,970,000	8%	1	0	N/A
3	XXXXX	16,834,332	7%	5	4,191,614	2
4	XXXXX	16,587,046	7%	2	10,689,238	4
5	XXXXX	16,569,242	7%	2	5,690,000	8
		96,675,020	41%			56%[1]

[1]2019 percentage of total exposure is based on 2019's top five sponsors.

Table 8 summarizes CCRC's exposure to LIHTC investors, affiliates of which serve as investor limited partners of CCRC borrowers. In FY 2020, the top 5 investors accounted for 78% of CCRC's total LIHTC investor exposure, up from 73% in FY 2019.

Table 8: CCRC Exposure to LIHTC Investors (funded bonds and forward commitments)

2020 Rank	Tax Credit Investor	2020 Exposure	% of Total Exposure	2019 Exposure	2019 Rank
1	Wells Fargo	151,429,965	44.94%	28,315,957	2
2	Bank of America	43,946,955	13.04%	14,605,849	3
3	National Equity Fund	31,181,619	9.25%	30,016,726	1
4	Boston Capital	20,887,046	6.20%	12,272,800	4
5	Raymond James	15,573,000	4.62%	5,465,000	7
		263,018,585	**78%**		**73%[1]**

[1] 2019 percentage of total exposure is based on 2019's top 5 tax credit investors.

2.3. Risk Ratings

Figure 3 shows changes in the ratio of problems loans (rated 7 and over) to total funded loans. At FYE 2020, there was one problem loan, a 7-rated, and the same loan that received an 8-rating in 2019. The ratio of problem loans to total loans was .95%, compared to 2% at FYE 2019 and 4% in 2018. Exhibit II provides additional detail on CCRC's problem loans.

Figure 3: Problem Bond Loans (FYs 2006-2020)

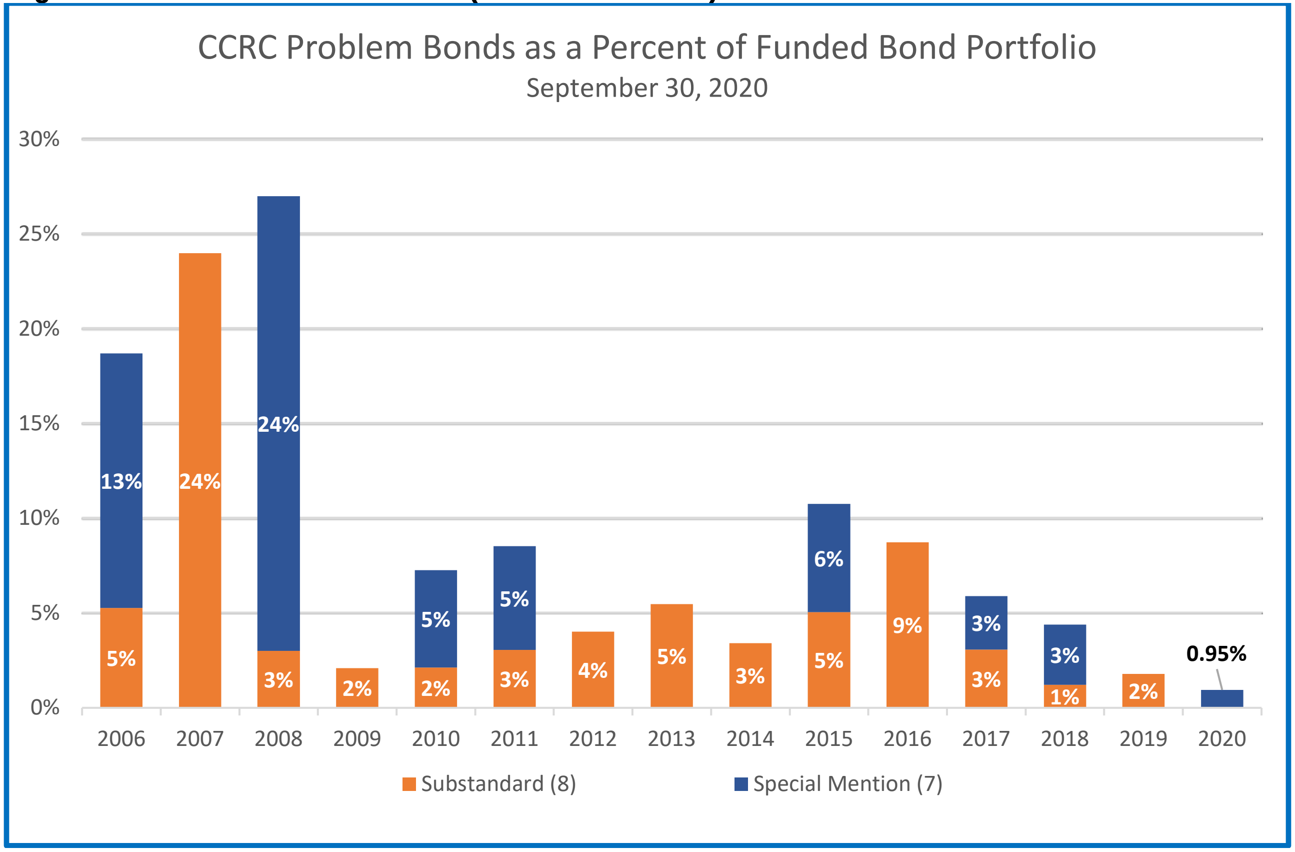


Exhibit I: 2020 CCRC Bond Exposure by County

(Funded Loans and Forward Commitments)

County	CCRC Exposure	% of CCRC Exposure
Alameda	54,527,203	22.91%
Los Angeles	53,442,863	22.46%
San Francisco	30,625,808	12.87%
Santa Clara	23,606,400	9.92%
San Diego	16,785,093	7.05%
Sonoma	12,102,000	5.09%
Napa	7,447,929	3.13%
Ventura	7,352,049	3.09%
Fresno	6,887,000	2.89%
Contra Costa	6,206,255	2.61%
Orange	5,760,000	2.42%
Santa Barbara	5,400,000	2.27%
San Bernardino	2,366,116	0.99%
Nevada	1,707,000	0.72%
Placer	1,600,000	0.67%
Imperial	1,504,000	0.63%
Solano	661,000	0.28%
Grand Total	237,980,716	100.00%

Exhibit II: Criticized and Classified Bond Loans

Bond Loan Name	9/30/2020 Balance	Loan Class
XXXXX	661,000	7
Total	**661,000**	