



California Community Reinvestment Corporation

# CCRC 2025 Tax Exempt Loan Portfolio Analysis

David Saltzman

1-12-2026

## CCRC 2025 Tax Exempt Loan (TEL) Portfolio Analysis: Table of Contents

<b>CCRC 2025 Tax Exempt Loan (TEL) Portfolio Analysis, Table of Contents</b> .....	i
<b>Introduction</b> .....	2
<b>Program Changes</b> .....	3
<b>S&amp;P Rating</b> .....	3
<b>1. Characteristics of CCRC’s TEL Portfolio</b> .....	3
1.1. Descriptive Statistics.....	3
Extensions of Forward Commitments.....	5
1.2. Geographic Distribution.....	7
<b>2. Portfolio Risk Factors</b> .....	8
2.1. Risk Metrics.....	8
2.2. Loan Concentrations.....	12
2.3. Risk Ratings.....	13
<b>Exhibit I: 2025 CCRC TEL Exposure by County</b> .....	15
<b>Exhibit II: Criticized and Classified TELs</b> .....	15
<b>Table 1: CCRC Portfolio of Funded TELs</b> .....	4
<b>Table 2: TELs Funded 2020-2025</b> .....	4
<b>Table 3: Book of TEL Forward Commitments</b> .....	5
<b>Table 4: New TEL Loan Approvals</b> .....	6
<b>Table 5: Risk Metrics by Coastal/Inland</b> .....	9
<b>Table 6: DSCR-LTV Matrix</b> .....	12
<b>Table 7: CCRC Exposure to Sponsors (funded TELs and forward commitments)</b> ....	12
<b>Table 8: CCRC Exposure to LIHTC Investors (funded TELs and forward commitments)</b> .....	13
<b>Figure 1: TEL Approvals and Fundings by Fiscal Year Since Program Inception (TEL Program &amp; Barings)</b> .....	2
<b>Figure 2: Geographic Exposure by Region (funded TELs and forward commitments)</b> .....	7
<b>Figure 3: Problem TELs (FYs 2006-2025)</b> .....	14

### Introduction

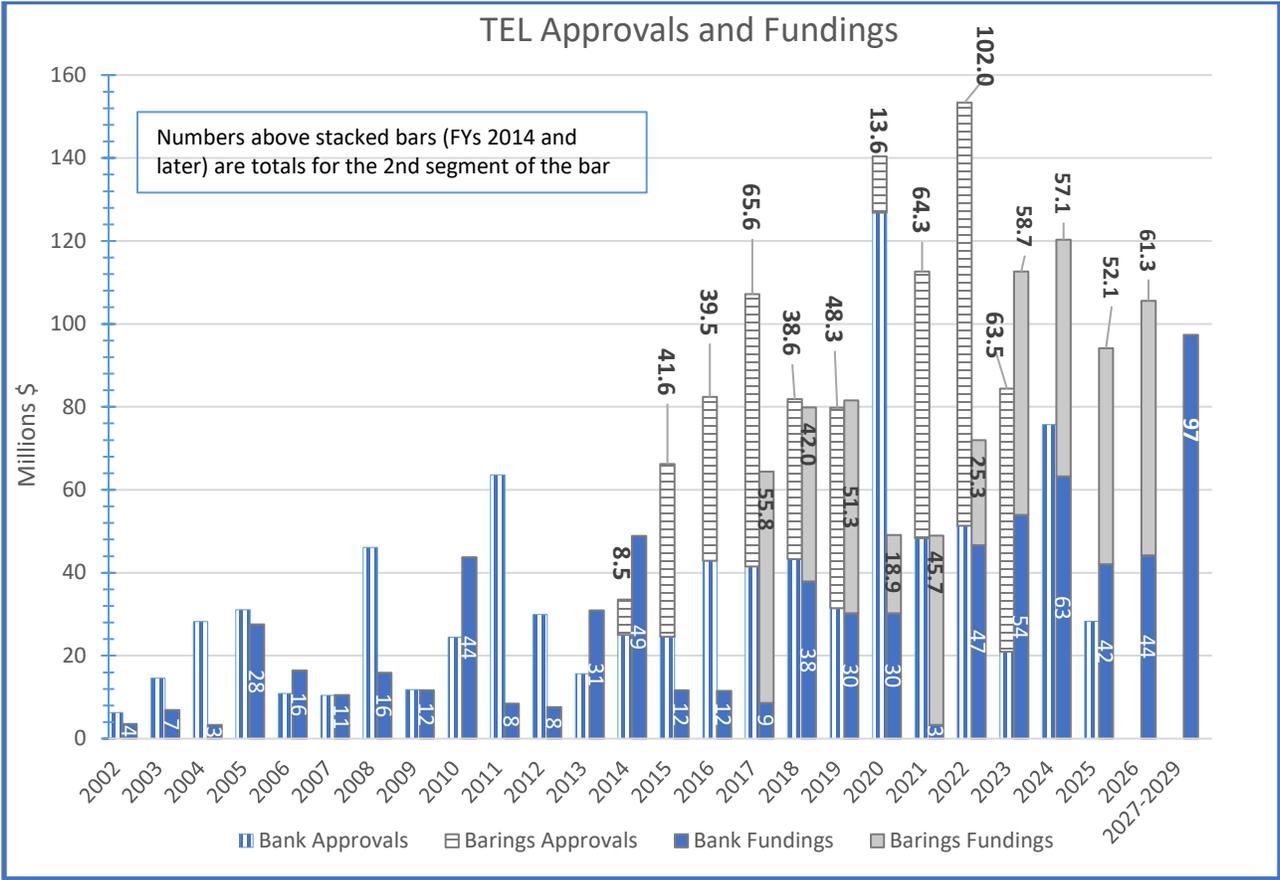
The CCRC 2025 Tax Exempt Loan Portfolio Analysis provides an in-depth review of CCRC’s portfolio of tax-exempt loans (TEs), including forward commitments, managed for a subset of its member banks under the "TEL Program." This report is primarily intended for the banks participating in the TEL Program. Formerly referred to as the "Bond Program," the TEL Program has been renamed to reflect updated financing structures, which are explained in subsequent sections.

The report focuses on the TELs funded by the banks participating in the TEL Program. It excludes (other than in Figure 1 below) TELs funded by Barings (formally the Cornerstone Fund), which CCRC originates and services but for which it does not have credit risk exposure. It also does not include TELs that CCRC services for investors. Unless otherwise noted, loan balances and commitment amounts are as of September 30, 2025.

CCRC launched the TEL Program in 1999, after seeing an opportunity to offer tax-exempt private placement bond financing to its affordable housing developers. CCRC models the TEL Program on its successful mortgage program, which finances a large share of the 9% LIHTC projects in California. Since approving its first TEL project in 2001, the program has grown significantly.

Figure 1 shows TEL financing approvals and fundings since 2001 and projected fundings of current forward commitments through 2029. In 2025, CCRC approved \$28.3 million in new TEL commitments.

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



Funding dates after 2025 are projections reflecting current commitments. 2026 and 2027 figures may be different than figures presented in the 2024 TEL Portfolio Analysis due to revised projected funding dates.

## Program Overview

CCRC's TEL program employs a participation structure that allows participants in the TEL pool to receive tax-exempt interest in proportion to their interest in the pool.

The TEL structure, which is widely used by most banks as well as by Freddie Mac and Fannie Mae, is known as the back-to-back loan structure. Under this structure, a lender enters into a loan agreement with the government issuer, under which the issuer issues a governmental note to the lender. The proceeds from the governmental note provided by the lender are then loaned by the issuer to the project borrower through a Borrower Loan Agreement and Borrower Note, to finance the project development and loan. The issuer's rights under the Borrower Note and Loan are assigned to the lender and are secured by a first deed of trust on the project.

## S&P Rating

In summer 2021, CCRC engaged Standard & Poor's to provide a general obligation issuer credit rating (ICR). S&P's analysis reviewed CCRC's financial strength, business model, portfolio asset quality, and overall management and governance. S&P completed its review in September 2021, assigning an ICR of A+ stable. S&P reaffirmed CCRC's A+ stable rating in May 2025.

## 1. Characteristics of CCRC's TEL Portfolio

CCRC typically approves a TEL before the construction phase of a project. In this report, such approvals are referred to as "commitments" or "forward commitments." These commitments generally have a term of 30 to 36 months, allowing the developer sufficient time to construct the property and lease it to full occupancy.

Once the project is completed and achieves operational stability, CCRC fulfills the forward commitment by funding the TEL in accordance with the terms of the agreement.

### 1.1. Descriptive Statistics

Tables 1 through 4 summarize CCRC's TEL portfolio, book of forward commitments, and TEL origination activity over last six fiscal years.

Table 1 shows that in 2025, the TEL pool balance increased by approximately \$20 million to \$153.24 million. This reflects a continued upward trend over the past four years, following the low pool balance of \$18.45 million in 2022. The low in 2022 was due to the sale of 25 TELs totaling \$95 million to East West Bank (EWB) in August of that year. CCRC continues to service the TELs sold to EWB.

**Table 1: CCRC Portfolio of Funded TELs**

Fiscal Year	Loans <sup>1</sup>	Balance	Average	DUs Financed <sup>2</sup>	\$/DU	WAC <sup>3</sup>
2025	29	\$153,244,946	\$5,284,308	1,837	\$83,421	4.36%
2024	25	\$132,939,144	\$5,317,566	1,694	\$78,476	4.14%
2023	18	\$71,350,609	\$3,963,923	1,058	\$67,439	3.77%
2022	6	\$18,450,882	\$3,075,147	377	\$48,941	3.63%
2021	20	\$68,754,678	\$3,437,734	1,471	\$46,740	4.39%
2020	20	\$69,703,529	\$3,485,176	1,478	\$47,161	4.44%

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

As part of our ongoing efforts to recycle TEL pool capital, CCRC conducts a TEL sale about every two to three years. In FY 2015 CCRC sold 21 TELs to Citibank totaling \$73 million, and in FY 2016 we sold 8 TELs totaling \$25.9 million. In 2019, CCRC completed a \$72.3 million TEL sale, selling 31 TELs (on thirty properties) from CCRC’s TEL pool into a securitization pool guaranteed by Freddie Mac.

In November 2023, CCRC closed on a \$100 million credit facility made available through the CDFI Bond Guarantee Program (BGP), which offers a capital recycling alternative to outright sales to third-party investors. Through December 2025, CCRC has drawn \$81.4 million from the BGP credit facility across three advances completed in October 2024, July 2025 and Dec 2025 respectively. In total, CCRC deployed \$40.2 million (\$28.9 million in FY 2025 and \$11.3 million in December 2025) from BGP to acquire eight loans from the TEL pool. This allowed CCRC to pay off the members of the TEL pool and transfer the TELs onto its own balance sheet.

**Table 2: TELs Funded 2020-2025<sup>1</sup>**

Fiscal Year	Loans	Balance	Average	DUs Financed	\$/DU	WAC
2025	7	\$41,847,969	\$5,978,281	451	\$92,789	5.50%
2024	7	\$63,200,326	\$9,028,618	636	\$99,372	4.55%
2023	12	\$53,407,735	\$4,450,645	582	\$91,766	3.82%
2022 <sup>1</sup>	10	\$46,555,043	\$4,655,504	664	\$70,113	3.87%
2021	1	\$3,316,451	\$3,316,451	70	\$47,378	4.49%
2020	7	\$30,257,645	\$4,322,521	452	\$66,942	4.67%

<sup>1</sup> Of the 10 TELs funded in 2022, CCRC sold six in the same fiscal year. These TELs, which were included in the EWB sale, had a combined principal balance of \$29.5 million at the time of sale, and a combined unit count of 437.

<sup>1</sup> Table 2 excludes two TELs totaling \$9.6 million that were originally funded by the TEL Pool. However, the TEL Pool was subsequently repaid using proceeds from the CDFI Bond Guarantee Program and, thereby, added to CCRC’s balance sheet. They were therefore included as fundings in the Loan Portfolio Analysis.

Table 2, which reviews CCRC TEL funding activity for the last six fiscal years, shows that CCRC funded 7 TELs in FY 2025 totaling \$41.8 million.

**Extensions of Forward Commitments**

Over the past six years, CCRC has experienced a significant increase in the number of projects seeking extensions of forward commitments due to delays in meeting funding conditions. These delays can be attributed to several factors, including:

- **Construction Delays:** Supply chain disruptions and labor shortages were among the primary contributors to construction interruptions during the COVID pandemic. Post-COVID, there continue to be delays caused by utility company delays in electrifying buildings and long waiting periods for switchgears. Rain delays impacted properties under construction in 2023 and 2024.
- **Special Needs Properties:** Properties serving homeless or other special needs populations often face slower lease-up periods due to:
  - Targeted outreach and referral requirements.
  - Complex, multi-level tenant screening processes.
  - Dependence on tenant referrals from housing and public health organizations administering local coordinated entry system programs.
- **Subordinated Debt Programs:** The increasing volume of subordinated debt programs and providers has added additional review and approval procedures to the loan conversion process, further contributing to delays.

The number of approved forward commitment extensions over the past six years is as follows<sup>2</sup>:

- **FY 2025:** 20 Extensions involving \$142.3 million in forward commitments.
- **FY 2024:** 12 extensions. involving \$74.4 million in forward commitments.
- **FY 2023:** 19 extensions, involving \$111.9 million in forward commitments.
- **FY 2022:** 16 extensions, involving \$76.4 million in forward commitments.
- **FY 2021:** 31 extensions.
- **FY 2020:** 36 extensions.

**Table 3: Book of TEL Forward Commitments**

Date	Count	Balance	Average	DUs Financed	\$/DU	WAC
2025	19	\$121,358,107	\$6,387,269	1,672	\$72,583	6.28%
2024	23	\$139,215,081	\$6,052,830	1,945	\$71,576	5.87%
2023	22	\$141,112,076	\$6,414,185	1,828	\$77,195	4.90%
2022	34	\$188,832,523	\$5,553,898	2,427	\$77,805	4.01%
2021	33	\$183,157,569	\$5,550,229	2,403	\$76,220	3.78%
2020	31	\$168,277,187	\$5,428,296	2,154	\$78,123	3.85%

Table 3 shows forward commitments CCRC has agreed to fund, subject to loan conversion requirements. Borrowers usually meet these requirements, so most of the forward commitments turn into funded loans. The number of forward commitments decreased from

<sup>2</sup> Extension totals include Loan Pool and Barings programs in addition to the TEL Pool.

\$139.21 million in 2024 to \$121.36 million in 2025, while the weighted average coupon (WAC) rose by 41 basis points to 6.28%.

**Table 4: New TEL Loan Approvals**

Date	Loans	Balance	Average	DUs Financed	\$/DU	WAC
2025	6	\$28,309,516	\$4,718,253	416	\$68,052	6.05%
2024	10	\$75,763,055	\$7,576,306	979	\$77,388	6.51%
2023	4	\$20,914,536	\$5,228,634	361	\$57,935	5.81%
2022	11	\$51,346,003	\$4,667,818	688	\$74,631	4.44%
2021	7	\$48,336,982	\$6,905,283	604	\$80,028	3.98%
2020	20	\$126,801,587	\$6,340,079	1,353	\$93,719	3.48%

As Table 4 shows, CCRC approved six TELs totaling \$28.31 million in FY 2025 with a WAC of 6.05%.

1.2. Geographic Distribution

Figure 2 compares the 2025 and 2024 geographic distributions of CCRC loans. Distributions, which include funded TELs and forward commitments, remain similar to 2024.

**Figure 2: Geographic Exposure by Region (funded TELs and forward commitments)**

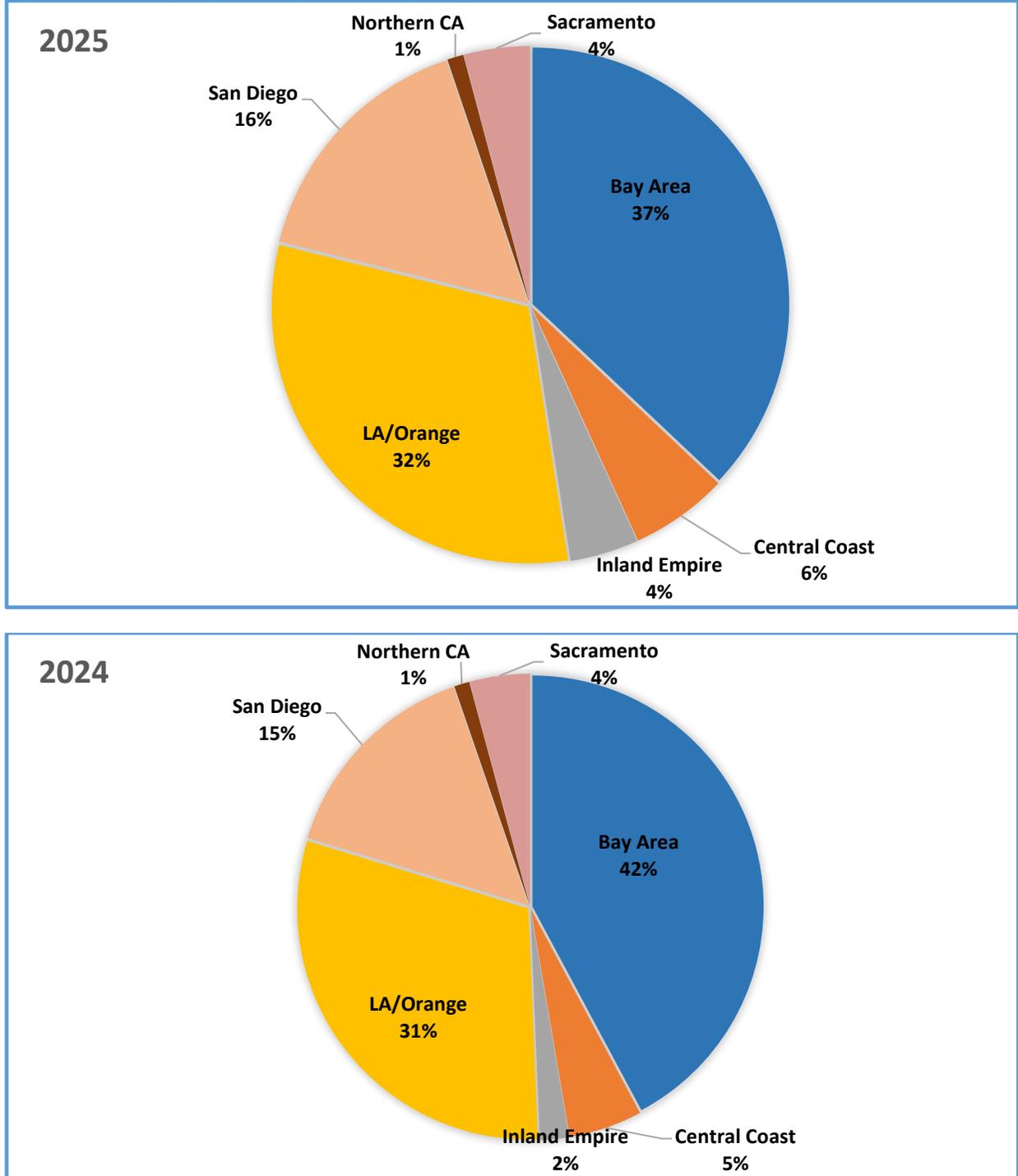


Exhibit I (at the end of this report) shows CCRC TEL exposure by California County.

## 2. Portfolio Risk Factors

This section of the TEL Portfolio Analysis evaluates TEL portfolio risk factors. As in previous years, there were no loan delinquencies in FY 2025 (except for occasional borrower oversights). Therefore, we do not discuss delinquencies in our analysis.

### 2.1. Risk Metrics

Table 5 presents common risk metrics for funded TELs and forward commitments, with further stratification of funded TELs by geography. CCRC TEL proceeds typically cover a small fraction of a project's 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 impressive performance of CCRC loans. LIHTC investors also play a key role in making CCRC loans safe investments. These investors have the money and motivation to support struggling projects and have reliably stood behind properties on those rare occasions when general partners fail to provide needed support.

With a weighted average age of 21 months, most of the funded TELs in the portfolio are new. Among the 29 TELs in the pool, CCRC funded seven in 2025, seven in 2024 and a total of 26 between 2022 and 2025. There is only one "old" TEL, which we funded in 2003, with a remaining balance of \$290,000 at the close of FY2025. For four of the newer TELs, performance data reflect stabilized underwriting projections rather than actual results.

Funded TELs are \$32 million more than TEL forward commitments, with balances of \$153 million and \$121 million, respectively. However, the WAC of forward commitments is notably higher, at 6.28%, compared to 4.36% for funded TELs—a difference of 192 basis points.

The weighted average DSCR saw a sharp rebound from 1.13 in 2024 to 1.43 in 2025, reversing a 4-year-downward trend.

Three out of five underperforming loans (DSCR < 1.00) in FY 2024 showed year-over-year improvement, with an average DSCR increase of 0.17. Performance gains were even higher among well-performing loans: eleven out of seventeen loans with FY 2024 DSCRs above 1.00 reported higher DSCR in FY 2025, with an average increase of 0.49. Taken together, these results point to a broad-based improvement in portfolio performance rather than gains driven by a small number of outliers.



**Table 5: Risk Metrics by Coastal/Inland**

Risk Parameter	Coastal	Inland	Total	Forward Commitments
1. Count	21	8	29	19
2. Balance	\$130,949,188	\$22,295,759	\$153,244,946	\$121,358,107
3. \$/DU	\$92,872	\$52,215	\$83,421	\$72,583
4. WAC	4.37%	4.34%	4.36%	6.28%
5. DSCR	1.47	1.16	1.43	1.21
6. LTV	54%	46%	53%	50.3%
7. Occupancy	96%	93%	95%	N/A
8. Maturity	210	239	214	N/A
9. Age	19	28	21	N/A
10. Risk Rating	6.01	6.21	6.04	N/A
11. Loans >30 Yr Amort	11	3	14	12
\$ >30 Yr Amort	100,336,750	11,305,038	111,641,788	88,190,107
% \$ >30 Yr Amort	77%	51%	73%	73%
12. Loans <30 Yr Amort	9	4	13	5
\$ <30 Yr Amort	25,800,036	28,549,865	54,349,901	15,649,000
% \$ <30 Yr Amort	20%	128%	35%	13%
13. Loans =30 Yr Amort	1	1	2	2
\$ =30 Yr Amort	1,355,830	1,355,830	2,711,660	17,519,000
% \$ =30 Yr Amort	1%	6%	2%	14%

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 TELs. The

matrix shows that the greatest vulnerabilities in the CCRC TEL portfolio involve low DSCRs. However, none of the properties have both low DSCR and high LTV.

In FY 2025, based on 2024 audits, six properties—representing \$10.8 million in combined loan balances—had DSCRs below 1.00. This accounted for 7.06% of the portfolio, a significant decrease from \$20.45 million in 2024, when seven properties comprising 20.45% of the portfolio had DSCRs below 1.00.

Among the six loans with DSCRs of less than 1.00, only one had an LTV greater than 70%, with the remaining five loans having LTVs of less than 50%. These low LTVs serve as a key risk mitigant. However, it is worth noting that these LTVs are based on original appraisals, which may not fully reflect current market values.

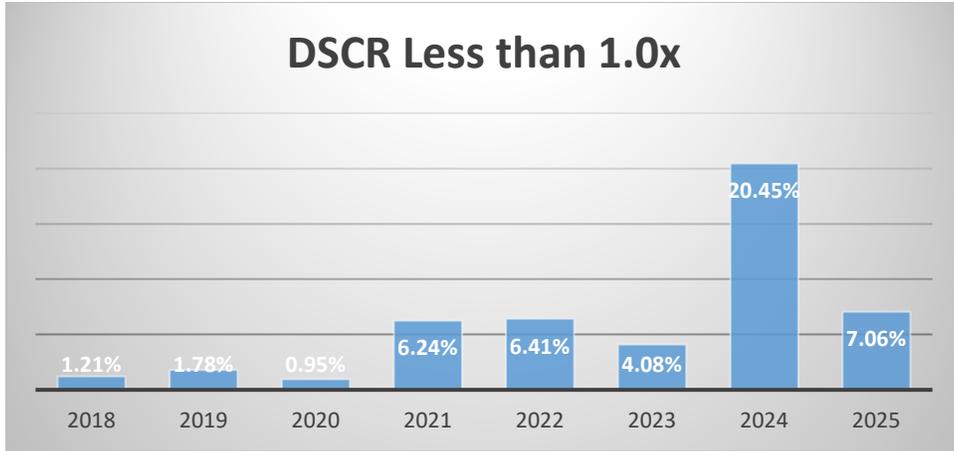
The graph below illustrates changes in the percentage of the portfolio with DSCRs below 1.0x since 2018. A notable decline in underperforming loans is observed in 2025. As discussed previously, several loans that were below the 1.0x threshold experienced DSCR improvement over the past year, lifting them above 1.0x. By comparison, CCRCs balance sheet portfolio, as reported in the Loan Portfolio Analysis, also recorded a reduction in sub-1.0x loans, though the change was more modest, declining from 19% to 17%.

This volatility is attributable in part to the relative newness of the TEL pool and its higher rate of churn. It is also a smaller portfolio, which means that changes in the performance of one or two loans can have a material impact in overall portfolio metrics. These characteristics make the TEL portfolio's performance metrics more susceptible to variability, or "lumpiness," compared to the larger more established and stable loan portfolio.

The performance data detailed in this table runs counter to the broader national trend. According to the Cohn Reznick 2025 Affordable Housing Credit Study, operating expenses for LIHTC properties increased by 6.9% between 2023 and 2024, and 23.4% of the national LIHTC portfolio operated below breakeven in 2024.

Although higher rents driven by rising AMIs have offset some of the inflation-driven expense increases, soaring insurance costs have overwhelmed property owners' ability to manage these challenges by boosting rents.

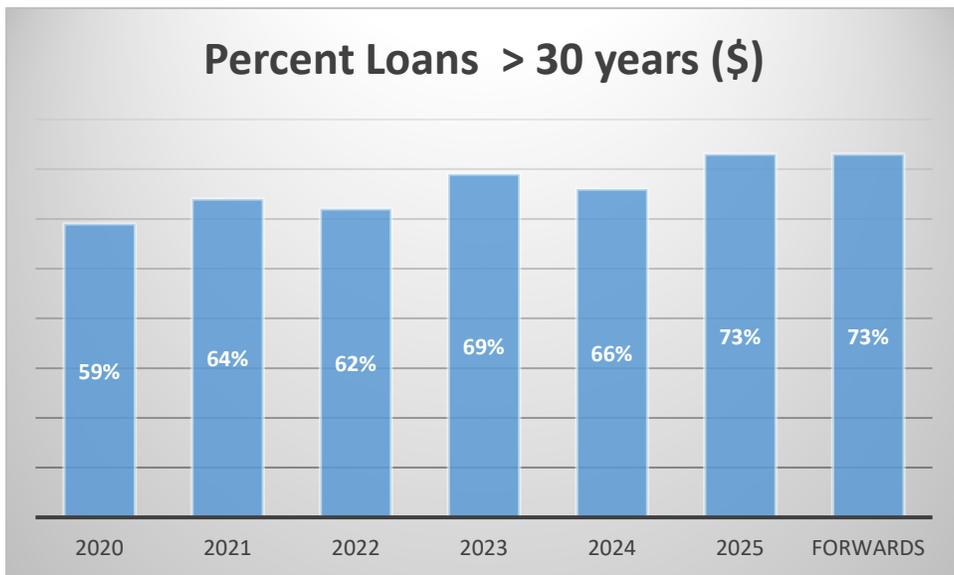
CCRC has conducted a comprehensive analysis of the factors driving current operating challenges at our properties. This analysis is summarized in the attached Portfolio Variance Report. The analysis, which reviews CCRC's entire \$1.3 billion servicing portfolio, includes a detailed review of income and operating expenses, as well as other key variables such as tenant demographics and property locations.



Looking again at Table 5, metric number 10 is the weighted average loan risk rating. Loan risk ratings, which CCRC assigns as prescribed in its Credit Policies and Procedures Manual, range from 6 (Pass) to 9 (Doubtful), with watch-rated loans assigned a 6.5 (or 6W). The FY 2025 aggregate risk rating was nearly identical to last year’s rating of 6.06. One loan received a rating of “7”, one received a rating of “8”, and two had ratings of “6W”.

Metric 11 in Table 5 reveals that 26 TELs—comprising 14 funded loans and 12 forward commitments—had amortization periods exceeding 30 years. The share of funded TELs with amortization periods exceeding 30 years increased modestly from 66% to 73%. This trend reflects the competitive landscape among affordable housing lenders, who are increasingly offering longer amortization periods to meet market demands.

At the same time, 18 TELs—13 funded loans and 5 forward commitments—had amortization periods of less than 30 years.



**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%	9,364,348	-	26,040,017	5,803,988	10,638,867	10,350,771	<b>62,197,992</b>
50%-59.x%	-	-	26,041,119	-	9,101,776	7,959,312	<b>43,102,208</b>
60%-69.x	-	-	7,802,320	-	17,305,967	5,692,512	<b>30,800,799</b>
70%-79.x%	1,452,157	-	15,691,790	-	-	-	<b>17,143,947</b>
<b>Total</b>	<b>10,816,506</b>	<b>-</b>	<b>75,575,246</b>	<b>5,803,988</b>	<b>37,046,611</b>	<b>24,002,596</b>	<b>153,244,946</b>
	7.06%	0.00%	49.32%	3.79%	24.17%	15.66%	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 almost 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 real estate security.

Table 7 shows CCRC’s exposure to the top five sponsors--this year and last--as measured by loan balances and forward commitments. This year’s top-five list features the same sponsors as the 2024 list. CCRC’s total exposure to the top five sponsors was 47%, nearly identical to the 2024 level 45%.

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

2025 Rank	Sponsor	2025 Exposure	% of Total Exposure	Number of Projects	2024 Exposure	2024 Rank
1	XXXXXXXXXXXXXXXXXX	37,528,967	14%	3	32,893,731	1
2	XXXXXXXXXXXXXXXXXX	26,568,866	10%	4	26,920,072	2
3	XXXXXXXXXXXXXXXXXX	22,534,853	8%	3	17,964,874	5
4	XXXXXXXXXXXXXXXXXX	21,654,243	8%	1	21,927,180	3
5	XXXXXXXXXXXXXXXXXX	20,436,949	7%	3	20,586,007	4
		128,723,878	47%			45%

<sup>1</sup>2024 percentage of total exposure is based on 2024'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 2025, the top five investors accounted for 87% of CCRC’s total LIHTC investor exposure, up from 86% in 2024.

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

2025 Rank	Tax Credit Investor	2025 Exposure	% of Total Exposure	2024 Exposure	2024 Rank
1	Wells Fargo	126,575,430	46%	134,037,839	1
2	National Equity Fund	35,294,717	13%	28,221,899	4
3	U.S. Bank	32,829,546	12%	38,436,863	2
4	Bank of America	32,283,592	12%	23,969,410	3
5	Hudson Arrowhead	11,600,000	4%	n/a	n/a
		<b>238,583,284</b>	<b>87%</b>		<b>86%</b>

<sup>1</sup> 2024 percentage of total exposure is based on 2024's top five tax credit investors.

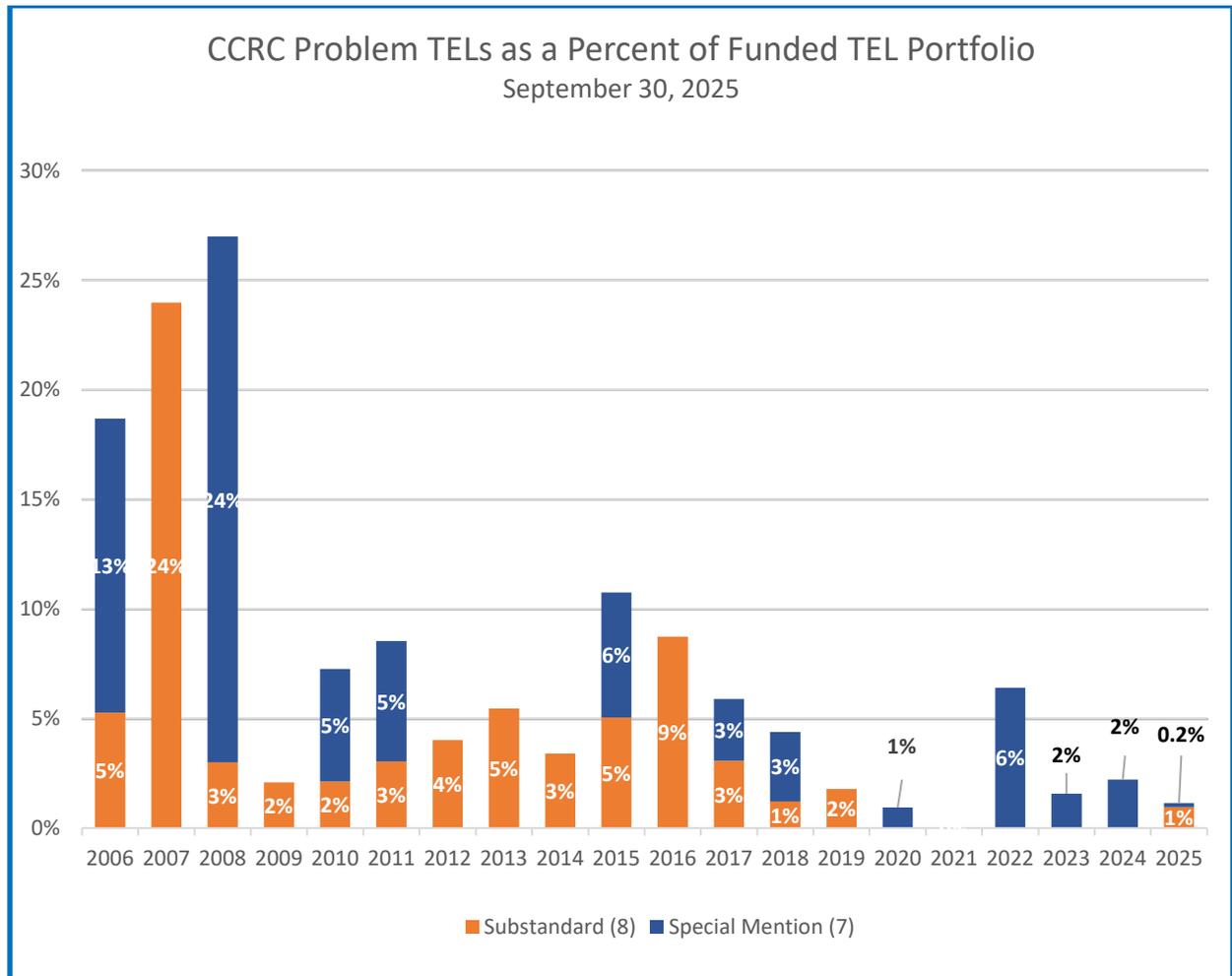
### 2.3. Risk Ratings

Figure 3 shows changes in the ratio of problem TELs (rated "7" and over) to total funded TELs. In 2024 there was three TEL with a rating of "7", no "8"-rated TELs and three loans on the watchlist. In 2025, the number of 7-rated loans decreased to one. There was one 8-rated loan, and two loans were on the watchlist. Although the problem loan ratio decreased from 2.22% to 1.20%, it is not particularly surprising given dominance of newly funded loans in the portfolio (See discussion in Section 2.1 Risk Metrics). Exhibit II provides additional details on CCRC's problem loans.

The prevalence of new loans also explains why some loans are rated as 6W, or "watchlist," rather than 7. According to our credit policies, the watchlist classification is typically applied for no more than 12 months. After this period, a property is either downgraded to a 7 rating if conditions have not improved or upgraded to a 6-pass rating if performance has stabilized.

For newly funded loans in their first or second year of stabilized operations, a subpar loan will often start with a 6W rating. If performance issues persist beyond the watchlist period, the loan will typically be downgraded to a 7 rating in the subsequent year.

**Figure 3: Problem TELs (FYs 2006-2025)**



**Exhibit I: 2025 CCRC TEL Exposure by County**

(Funded Loans and Forward Commitments)

<b>County</b>	<b>CCRC Exposure</b>	<b>% of CCRC Exposure</b>
Los Angeles	86,095,363	31.35%
San Diego	42,330,335	15.42%
San Francisco	31,308,875	11.40%
Alameda	29,745,856	10.83%
San Mateo	15,305,000	5.57%
Santa Clara	12,601,000	4.59%
Riverside	11,869,004	4.32%
Sacramento	11,396,877	4.15%
Ventura	9,377,249	3.41%
Solano	5,462,863	1.99%
Santa Cruz	4,812,402	1.75%
Sonoma	4,589,215	1.67%
Santa Barbara	2,729,000	0.99%
Napa	2,703,478	0.98%
Nevada	1,468,550	0.53%
Imperial	1,452,157	0.53%
Placer	1,355,830	0.49%
<b>Grand Total</b>	<b>274,603,053</b>	<b>100.00%</b>

**Exhibit II: Criticized and Classified TEL Loans**

<b>Bond Loan Name</b>	<b>9/30/2025 Balance</b>	<b>Loan Class</b>
XXXXXXXXXXXXXXXXXX	290,000	7
XXXXXXXXXXXXXXXXXX	1,468,550	8
Total	2,953,159	