

California Real Estate Risk

- Review of Current Delinquency Statistics for CalHFA's Homeownership Loan Portfolio
 - Overall
 - FHA Insured
 - Conventional
- Concern With Growing State Jobless Rate
- Loss in Home Price Value – Major Factor
 - 52% Decline in Median Price – Lowest Quartile
 - Hot Spots – Largest Drop in Value and Highest Number of CalHFA Loans
- Growing REO Inventory

Resources to Deal With Loan and REO Losses

- Primary Mortgage Insurance
 - Mortgage Insurance Fund – Reserve for Insurance Losses
 - Genworth Reinsurance
 - FHA Insurance
- Gap Insurance
 - Housing Fund – Indemnification of Claims paid by Mortgage Insurance Fund
- HMRB Bond Indenture Equity
 - Loan Loss Reserve
 - Market Value Loss on REO

**RESERVES FOR DELINQUENT LOANS AND
REAL ESTATE OWNED (REO)**

| | Sep-08 | Dec-08 (Estimated) |
|--|--------|-----------------------|
|--|--------|-----------------------|

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|--|-----------------------|-----------------------|
| CaLHFA Insurance Fund Loss Reserves | \$ 18,311,092 | \$ 25,994,566 |
| Genworth Loss Reserves (estimated) | 54,776,652 | 75,999,141 |
| GAP Insurance Loss Reserves | 32,423,521 | 44,546,534 |
| Loan Loss Reserves on Delinquent Loans | 9,349,872 | 10,592,531 |
| REO - Market Value Adjustments | 3,821,645 | 5,577,015 |
| Total Reserves | \$ 118,682,782 | \$ 162,709,787 |

Graphic Showing MI and Gap Relationship

Non-FHA loans

assume 100% LTV 80% LTV

CalHFA MI Fund
provides top
50% coverage

HMRB
retains exposure
for below 50%

