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FIRST LADY OF FINANCE

Michele Dillingham

State agency program helps people keep homes

Unfortunately, very few people in California don't have someone they either are related to, know or work with who isn't having a problem with the economy and their mortgage.

Now the California Housing Finance Agency may have a program to help some of these people.

CalHFA is most often associated with its programs that help low- to moderate-income homebuyers purchase a home. Now it's also helping homeowners keep their homes.

In June, CalHFA received permission to develop four programs to help prevent foreclosures as part of the U.S. Treasury Department's Hardest Hit Fund. California has received nearly \$2 billion for these programs.

The four programs cover different areas of housing problems created by the current economic crisis. The programs are the Unemployment Mortgage Assistance, the Mortgage Reinstatement Assistance Program, the Principal Reduction Program and the Transition Assistance Program.

Each offers a slightly different type

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of assistance. Three are in the form of mortgage assistance and the fourth is a transition program to help homeowners who have either done a short sale or a deed in lieu of transition.

The unemployment assistance program is designed to help qualifying unemployed homeowners. The tempo-

rary assistance provides as much as six months' worth of benefits — as much as \$3,000 a month or 100 percent of the total monthly payment, whichever is less.

There's a benefit maximum cap of \$50,000 per household, less any other money received from any of the Keep Your Home California programs.

The reinstatement program is specifically for qualified homeowners who have fallen behind on their monthly mortgage payments. The program can provide as much as \$15,000 per household toward the total amount of arrears, including the homeowners association dues, or 50 percent of that total amount, whichever is less.

The principal-reduction program is for homeowners who are severely upside down in their property — the value of the home is less than the amount owed on the mortgage.

The assistance is in the form of a temporary reduction of the loan balance up to a maximum household limit of \$50,000 — again, minus any

Finance

FROM PAGE 2

money previously received from any of the Keep Your Home California programs.

The transition program is to help homeowners who have chosen to do a short sale or a deed in lieu of foreclosure and now need assistance to transition to stable, affordable housing. The program provides a one-time single payment of as much as \$5,000 per household to assist with moving, rent and deposits.

Programs have common eligibility requirements. Homeowners must own their properties as primary residences and meet the income limits of 120 percent of the area mean income, which is a total household income of \$87,700 for Sacramento, Placer and El Dorado counties, \$87,000 for Yolo.

Homeowners must sign a hardship affidavit and document the reasons for their hardship. Homeowners can't own any other real estate.

Regarding requirements for property eligibility, the first lien on the property must have been originated on or before Jan. 1, 2009. Homes must be within California and cannot be vacant, abandoned or condemned.

Homebuyers cannot have done a cashout refinance on their homes, although a previous refinance to lower the interest rate only is

permitted. A line of credit or a home equity loan also is considered to be a cashout loan, but junior liens that were used solely in the purchase of the home are permissible.

In addition, each of the four programs has certain requirements particular to that program.

The servicer of a loan must participate in the programs. GMAC, Guild Mortgage, California Housing Finance Agency and the California Department of Veterans Affairs participate in all four.

Bank of America, JP Morgan Chase, CitiMortgage and Wells Fargo participate in some of the programs. The list is expanding, and more servicers are signing on.

The assistance for the programs is in the form of a nonrecourse, non-interest-bearing loan, forgiven if the borrower remains in good standing for three years. The programs are administered by California Housing Finance Agency Mortgage Assistance Corp.

To obtain more information about the programs, servicers and program eligibility, go online at www.keeppyourhomecalifornia.org or call (888) 954-5337.

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SEE FINANCE, PAGE 3