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CalHFA Housing Matters is published periodically with the goal to provide stakeholders, customers, and clients with updates on affordable housing issues and highlights of CalHFA programs.

Comments or suggestions can be directed to 877.9.CalHFA (877.922.5432), or email marketing@calhfa.ca.gov. Additional information on the full complement of CalHFA programs and newsletters is available at www.calhfa.ca.gov.

Theresa A. Parker, Executive Director
Governor Arnold Schwarzenegger



As summer temperatures creep into the triple digits, there is also increasing talk of a cooling housing market in California. I wish this could also mean that there was a cooling desire for affordable housing, but that is not the case; as I write this, we have purchased over \$1.4 billion in loans for fiscal year 2005/2006, far surpassing our goal of \$1.2 billion. Californians still are in the hunt for a decent house at a decent price, and CalHFA is still doing a very decent job of helping them out.

For a personal take on CalHFA's help, look no further than this issue's featured Homeownership Success Story. After renting for ten years, Glen & Joey Castillo found their first home with a CalHFA loan.

CalHFA has also continued to improve its programs for our Multifamily division; one of the most important recent additions to our portfolio is the innovative 30/15 program, which allows builders to prepay loans, a first for that division.

In our quest to continue hiring only the best and brightest, we would also like to welcome aboard a new member of CalHFA's team, Chuck McManus. Meet the Acting Director of Mortgage Insurance and learn a little about him.

I hope that the summer months find you splashing in a pool, sipping a cold drink by the side of a river, relaxing in some air conditioning, or if you're in San Francisco, bundled up by the fire. No matter where you are, be secure in the knowledge that hot or cool, CalHFA is working to help Californians find safe, decent housing at a price they can afford.

Best wishes,

Theresa A. Parker
Executive Director

CalHFA Gives Homeowners Options for Mortgage a trois

CalHFA was not satisfied with having two first mortgage products on the market; affordability in California was still out of reach for many residents, so it was time to fire up the innovation engine once again and find a third option.

The result of the brainstorming and financial estimates was CalHFA's new 40-Year Fixed Mortgage. The new loan product joins CalHFA's successful 30-Year Fixed Mortgage and its 35-year *interest only PLUS*SM mortgage. All three products are offered at below market, fixed interest rates.

"The low fixed interest rate combined with a longer term on our new 40-Year Fixed Mortgage gives comfort to first-time homebuyers," says Theresa Parker. "Life is full of surprises, but this is one thing a homebuyer can count on with our 40-year product: a mortgage payment that stays exactly the same."



Happy first-time homebuyers enjoy their new house.

Last year, CalHFA expanded its mortgage products by introducing *interest only PLUS*SM. Today, more than a third of CalHFA's loans are fixed rate interest-only loans, which give borrowers five years of interest-only

payments before principal payments begin, and all 35 years stay at the same fixed rate.

"The response to our expanded product offering has been tremendous," Parker said. "While the 40-year mortgage may not be right for everyone, it does offer first-time homebuyers another way to help achieve their goal of homeownership."

As more banks and lenders program their systems to accept a 40-year amortization, CalHFA expects the 40-Year Fixed Mortgage to make up perhaps 5-10% of its loan portfolio.

"Compared to the 30-Year Fixed Mortgage, the 40-Year Fixed Mortgage offers monthly loan payments that would be less than a 30-year mortgage on the same house," Parker says. "Each first-time homebuyer comes to us with unique financial situations. The 40-Year Fixed Mortgage gives them one more option to consider as they try to determine the best and most responsible way to finance their first home."

"Californians face an incredibly difficult market to purchase a first home," she adds. "As the market changes and consumers look for alternative mortgages, we will continue to develop innovative loans and other products that meet those consumer needs."

Lights, Camera...Escrow!

Glen Castillo works as a movie producer in Los Angeles. She is in post-production, adding those little magical effects that make the film really come alive. She didn't think, however, that there was enough magic in the world to help her and her husband find a home of their own.

"I was looking on the City Services web site for information about preschools for our daughter," says Glen. After looking through the site, she decided to attend a seminar about homebuying in downtown Los Angeles. Little did she know that this was a decision that would change her life.



Glen and Joey Castillo with daughter in their new house.

At the seminar, there was a brief presentation on affordable housing given by Matt Callahan of Civic Center Home Loans and Realty. Matt talked about some of the assistance available to first-time homebuyers; among the programs was CalHFA. Glen spoke with Matt after the seminar, and let him know what she and her husband wanted to do.

"Glen and Joey were very well-informed homebuyers," says Matt. "They had good credit, and they had saved up some money for a down payment. I do a lot of CalHFA loans through the Affordable Housing Partnership Program, but the great thing about CalHFA is how it can also work with middle-income families who just need that extra boost."

"We were living in Los Angeles, and had been renting for ten years," remembers Glen. "We had saved a bit already for a down payment, but the market kept going up. We thought we possibly wouldn't qualify with just a single income."

Working together, though, Glen, Joey and Matt found a lovely two-bedroom house in a historic neighborhood in Alhambra. The house was well-preserved and has a big backyard for the family. It looked like it was perfect.

"Glen and Joey planned to stay in the house for a long time. They went with the 30-Year Fixed Mortgage—it's the safest, best loan for first-time homebuyers," Matt states. "CalHFA has made some huge strides forward in the past three years, and this loan was particularly easy."

Glen concurs, "Working with Matt was excellent, since he was pretty knowledgeable about the programs. I learned a lot!"

Glen and Joey Castillo love their first home, and Matt Callahan truly believes in the strength of the CalHFA programs. With dedicated partnerships like this, magic isn't confined to the silver screen—it happens in real life.

New Multifamily Program Gives Builders More Options

The California Housing Finance Agency's Multifamily division has invested more than \$2 billion into affordable housing over its 30 years of existence. Apartments, assisted living facilities, and other projects have helped nearly 85,000 Californians by providing a decent place to live.

Although the type of project has changed with every blueprint, one thing has stayed essentially the same since the 1970's. After CalHFA loaned the developers money to build the project, the developers were locked into the loan for 30 years. No matter what the market conditions, or where interest rates were going, there was no way to prepay.

In a bid to help out our developers as well as our residents, CalHFA is proud to announce our newest Multifamily innovation, the 30/15 Permanent Financing Program. Now, if developers would prefer to pay off their loans early, they can do so after 15 years have passed. With this increased flexibility in financial planning, CalHFA hopes to encourage nonprofit and for-profit developers to build more affordable housing projects.

"CalHFA Multifamily is taking the lead once again with creative new programs to meet the growing needs of affordable housing," said Theresa Parker, CalHFA Executive Director. "The 30/15 will give builders and developers more flexibility with their loans – and encourage them to create more affordable housing."

The 30/15 Permanent Financing Program is available to developers now—to find out more about it and CalHFA's other innovative products, call toll free at 877.9.CalHFA.

\$840 Million Buck Chuck



Our featured new employee is Acting Director of Mortgage Insurance, Charles "Chuck" McManus. Chuck has 30 years experience in the mortgage insurance industry, having worked in Denver, Houston, Milwaukee and points in between. Chuck has both an undergraduate degree and an

MBA from Harvard, and in 1994 wrote the mortgage guaranty statute for the state of Israel. He and his department have a high bar to reach, as Mortgage Insurance's goal is to write \$840 million worth of insurance for CalHFA this year, going above and beyond the \$800 million written last year.

Despite his impressive credentials in the private sector, Chuck felt it was time to turn to the public arena. "[Mortgage insurance] is something I've done for a long time, and it was a very friendly and capable executive team that interviewed me. CalHFA also looked like a really fun place to work," says Chuck.

"Our market is insulated," he explains. "We have some good economics protecting demand for the homes we lend on. Nevertheless, we have to underwrite well, review our work and give good customer service. We want to be the lender of choice."

CalHFA is excited to have Chuck join its executive team, and looks forward to seeing Mortgage Insurance continue and improve upon its already impressive performance.