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www.calhfa.ca.gov.

It will be kept confidential.

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 916.322.0249, 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

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The new year certainly came in with a roar here in California. Downed trees, crushed cars, and power outages were the order of the day in early January. When the building manager ordered us to close our blinds to minimize the risk of getting hit by glass in case a window shatters, I knew this wasn't any ordinary Sunday breeze.

CalHFA soldiered on through the inclement weather, and we continue to soldier on in this ongoing inclement weather in the mortgage markets. Governor Schwarzenegger has

stepped into the fray to ease the strain on lenders and borrowers, and rumors abound regarding banks, lenders, interest rates, and everything else under the sun.

Despite these interesting times, there are some bright spots to liven up the gray days of winter. CalHFA received an additional \$100 million to fund one of our most popular down payment assistance loans, and we've committed more than \$49 million recently to extend the affordability of units at several apartment complexes across the state.

After a lengthy search for the right candidate, we have brought on a new Director of Multifamily, Bob Deaner. Bob has dozens of years of experience in the commercial lending and affordable housing sectors, and we look forward to using his expertise to build our position in the multifamily affordable housing arena.

Down payment assistance programs continue to be a great value proposition for us, and the citizens of California continue to support these programs with their vote. Proposition 1C and the programs it funds make it possible for CalHFA to help thousands of families each year with down payment, closing costs and other assistance.

Please take a moment to read about these and other highlights of the past few months in this latest issue of Housing Matters. I hope you and those dear to you stay warm and safe as the days grow longer, the nights grow shorter, and we anticipate the coming of spring!

Sincerely,

Theresa A. Parker
Executive Director

Targeted Areas 101

Federally Designated Targeted Areas can be one of the most powerful advantages of a CalHFA loan, yet many people simply do not understand what they are or how to locate them.

What are Targeted Areas?

Targeted Areas are designated by the U.S. Department of Housing & Urban Development and the U.S. Treasury Department to encourage economic growth. Generally, these are areas where the government wants to stimulate development: urban cores, infill and other up-and-coming locations. They are defined by census tract as well as other criteria set by those departments.

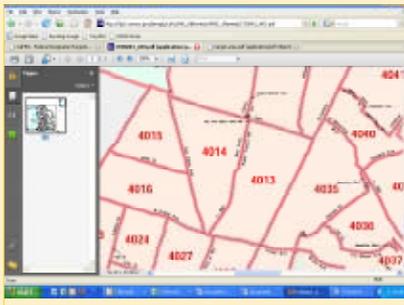
What are the benefits of a Targeted Area?

Borrowers who purchase a home in a Targeted Area are allowed to use higher income and sales price limits. Most importantly, CalHFA borrowers in Targeted Areas do not need to be first-time homebuyers.

How do I find a Targeted Area?

It's very simple:

1. For a county-by-county list of Targeted Areas, visit www.calhfa.ca.gov/homeownership/information/fdta.htm



2. Once you've pulled up the list, click on any census tract number to bring up a map of that particular Targeted Area. The map here shows several tracts in Alameda County.

Alternatively, if you already have an address, you can find out whether it is in a Targeted Area,

1. To enter the address and get a census tract number, or "Tract Code", visit www.ffiec.gov/Geocode/default.aspx.

2. Refer back to our list of Targeted Areas to see if that Tract Code and County are on the list.

For a more complete discussion of Federally Designated Targeted Areas, refer to our web site. Good luck with using this very powerful tool!

CHDAP Continues to Roll

The California Housing Finance Agency has received an additional \$100 million to continue funding the California Homebuyer's Downpayment Assistance Program (CHDAP). The funds are the result of the passage of Proposition 1C by California voters in the fall of 2006. Previously, Proposition 46, which was passed in 2002, funded over \$145 million in these down payment assistance loans, which included about \$30 million in recycled funds and interest payments.

"That's the unique benefit of this program," says Theresa Parker, Executive Director of the California Housing Finance Agency. "The funds continue to be recycled – they come in as payments and go back out as new loans, so we can help even more first-time homebuyers. It truly is a gift that keeps on giving."

More than 18,000 California families were able to achieve first-time homeownership with assistance from Proposition 46-funded CHDAP loans. Through Proposition 1C, CalHFA has already used about \$9.7 million of the additional \$100 million available, so far helping 1,191 Californians purchase their first homes.

"CHDAP has helped make it possible for thousands of California families to overcome two of the toughest challenges to first-time homebuyers – the down payment and closing costs," says Parker. CHDAP provides down payment assistance to first-time homebuyers, enabling them to take advantage of CalHFA's 100% financing. Payments on this subordinate loan are deferred, meaning the borrower does not need to repay it until the home is sold or refinanced, or the first loan is paid in full.

Proposition 1C invests \$2.85 billion for housing and infrastructure programs to produce an estimated 118,000 housing units, 2,350 homeless shelter spaces, and infrastructure projects that help infill housing development such as water, sewer, parks, and transportation improvements.

This continues the work done under Proposition 46, which had a similarly wide-ranging impact. Take a look at the map on the next page to see how CalHFA's Proposition 46 funds were used in nearly every county in California—we anticipate similar usage of funds from Proposition 1C.

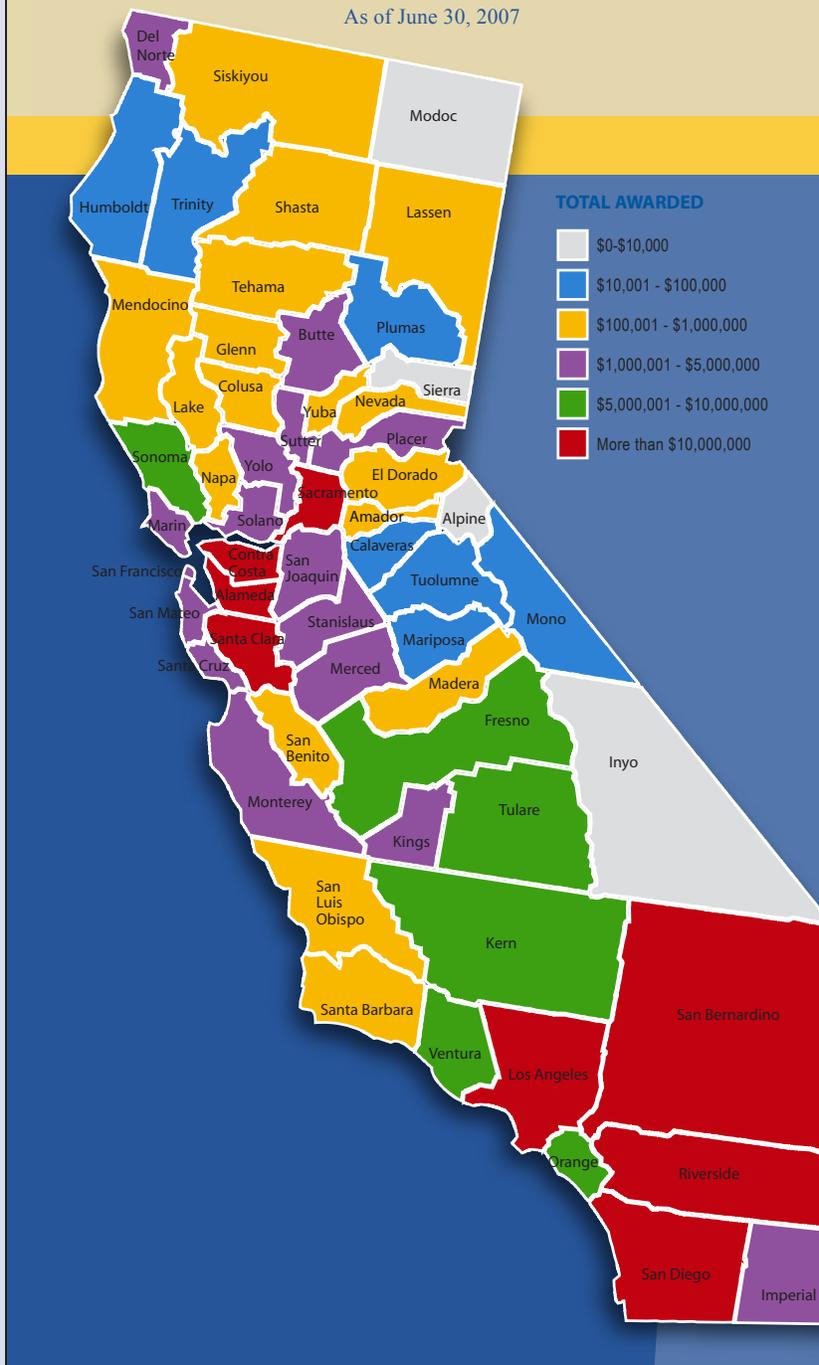
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CalHFA's Proposition 46 Funds

Proposition 46

California Housing Finance Agency
Total Amount Awarded by County

As of June 30, 2007



County	Units	Dollars Awarded
ALMEDA	1,496	\$20,066,524
ALPINE	-	\$-
AMADOR	32	\$128,374
BUTTE	289	\$1,443,481
CALAVERAS	11	\$79,855
COLUSA	17	\$107,191
CONTRA COSTA	1,350	\$14,773,433
DEL NORTE	148	\$1,813,410
EI DORADO	25	\$198,989
FRESNO	1,457	\$7,309,902
GLENN	77	\$266,404
HUMBOLDT	11	\$77,801
IMPERIAL	434	\$2,050,727
INYO	-	\$-
KERN	1,597	\$7,049,523
KINGS	262	\$1,113,531
LAKE	47	\$242,241
LASSEN	57	\$223,267
LOS ANGELES	2,847	\$25,477,074
MADERA	153	\$989,430
MARIN	444	\$3,313,795
MARIPOSA	5	\$34,257
MENDOCINO	19	\$128,020
MERCED	207	\$1,138,349
MODOC	2	\$4,470
MONO	2	\$14,580
MONTEREY	471	\$3,067,024
NAPA	98	\$855,322
NEVADA	16	\$102,880
ORANGE	860	\$8,273,545
PLACER	204	\$1,543,998
PLUMAS	3	\$25,521
RIVERSIDE	1,654	\$10,393,480
SACRAMENTO	1,428	\$13,555,897
SAN BENITO	14	\$184,215
SAN BERNADINO	1,615	\$10,862,048
SAN DIEGO	2,271	\$19,403,837
SAN FRANCISCO	147	\$1,553,002
SAN JOAQUIN	410	\$3,084,660
SAN LUIS OBISPO	100	\$630,938
SAN MATEO	276	4,494,241
SANTA BARBARA	103	\$824,922
SANTA CLARA	2,241	\$29,757,267
SANTA CRUZ	211	\$1,567,497
SHASTA	173	\$775,702
SIERRA	1	\$4,260
SISKIYOU	33	\$133,116
SOLANO	337	\$3,097,185
SONOMA	728	\$7,287,614
STANISLAUS	225	\$1,665,455
SUTTER	233	\$1,614,786
TEHAMA	108	\$365,521
TRINITY	3	\$18,543
TULARE	1,320	\$5,861,771
TUOLUMNE	12	\$89,685
VENTURA	500	\$5,159,232
YOLO	163	\$1,192,015
TUBA	166	\$995,766
TOTAL	21,113	\$226,485,573

Version 09-07

CALHFA PROGRAMS FUNDED BY PROPOSITION 46

California Homebuyer's Downpayment Assistance Program (CHDAP)

Offers a deferred payment junior loan of an amount up to 3% of the purchase price or appraised value of the home, whichever is less.

Extra Credit Teacher Home Purchase Program (ECTP)

Offers a reduced interest rate CalHFA first loan, together with a forgivable interest CalHFA junior loan to assist eligible teachers, administrators, staff members and classified employees with the purchase of their first home.

School Facility Fee Down Payment Assistance Program (SFF)

A conditional grant program that provides financial assistance to buyers of newly constructed homes throughout California.

Mortgage Insurance

Funds are used to help provide affordable mortgage insurance to CalHFA first-time homebuyers.

Homeownership In Revitalization Areas Program (HIRAP)

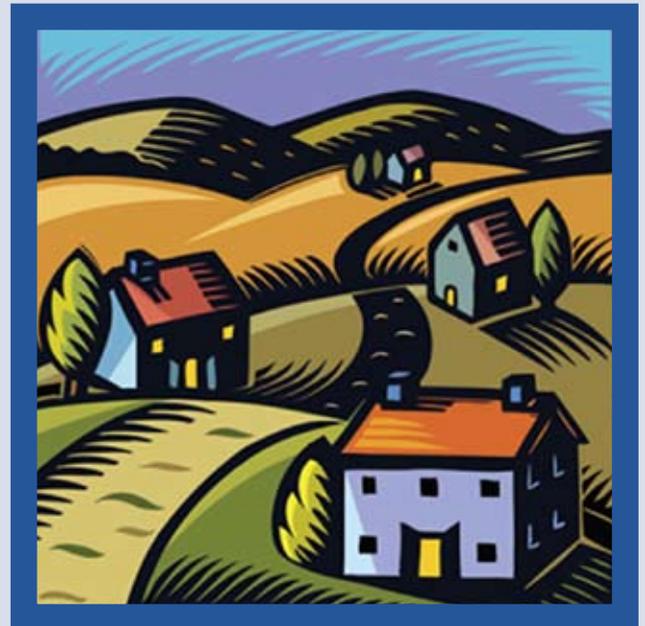
Provides a deferred payment, simple interest rate junior loan of an amount not to exceed 6% of the home sales price. The junior loan can be used for down payment or closing costs and combined with a CalHFA or non-CalHFA conventional or government first mortgage loan. (This program is on hiatus as of 11/07)

Residential Development Loan Program (RDLP)

Project-specific funding that provides a 3% interest rate loan with a maximum term of 5 years to local government agencies for site development, predevelopment and construction costs attributed to affordable infill, owner-occupied housing developments. Also directly links RDLP-financed developments to CalHFA's CHDAP to provide subordinate loans, as necessary, to first-time homebuyers.

Preservation Opportunity Program (POP)

Funds are used for preservation of affordable multifamily housing across the state.



Governor Joins Fight Against Foreclosures

Governor Arnold Schwarzenegger, joined by U.S. Treasury Secretary Henry Paulson Jr. and Stockton community leaders, including Mayor Edward Chavez, held a town hall in December to discuss ways to help homeowners in Stockton and across the state avoid foreclosure. According to recent data from RealtyTrac, Stockton had one foreclosure filing for every 31 households during the last quarter, the highest foreclosure rate among the nation's 100 largest metro areas.

"No other state is more affected by the subprime mortgage crisis than California. We need to continue to find solutions to this critical problem because foreclosures don't just hurt homeowners, they have an effect on all Californians through the economy and our state budget," said Governor Schwarzenegger. "The most important thing is borrowers must be proactive and communicate with lenders before foreclosure. By working together, we can keep more Californians in their homes, keep our economy strong and help reduce pressure on the state budget."

"We want, when possible, to minimize the housing market downturn's impact on the national economy, California's economy and cities like Stockton," said U.S. Treasury Secretary Paulson Jr. "A spike in home foreclosures can pose costs for whole neighborhoods, causing property values to decline and crime to increase. This can undermine the financial stability of neighboring families and communities."

Earlier in December, Governor Schwarzenegger joined the OneCalifornia Foundation to announce a bridge loan fund for homeowners facing foreclosure in Oakland, which has the tenth highest foreclosure rate

in the nation. The Governor also highlighted the role that other foundations, nonprofits and banks statewide can play in preserving homeownership across the state.

The OneCalifornia Foundation Bridge Loan Fund is designed to assist homeowners who don't qualify for other assistance, such as Governor Schwarzenegger's agreement with loan servicers from Countrywide, GMAC, Litton and HomEq or President George W. Bush's nationwide arrangement with subprime lenders.

Seven of the top 16 metropolitan areas with the highest rates of foreclosures in the nation are in California, according to the latest data from RealtyTrac. Although these statistics may seem disheartening, CalHFA is committed to working with other state and local agencies to help ease the burden placed on California homeowners.

The following additional resources are available for homeowners:

- The "HOPE Hotline" (888.995.HOPE or www.995hope.org) provides free mortgage counseling 24 hours a day, seven days a week.
- The web site www.yourhome.ca.gov has helpful information for prospective first-time homebuyers, as well as homeowners who are experiencing difficulty in keeping payments current. The Spanish language version can be found at: www.sucasa.ca.gov.

If you have any worries about your mortgage, please call the above number, or contact your lender to help keep you on track.

Bob Deaner Joins Multifamily

This issue's employee profile features Bob Deaner, who in November was sworn in as the new Director of Multifamily for CalHFA. Bob comes to CalHFA from the



private sector. His extensive experience in banking dates back to when he was 17 years old and working as a bank teller to put himself through Western Michigan University. As Bob

tells it, "I'd always have to schedule late classes since I was working in the day, and I never had time to change out of my bank clothes into casual. I was quite possibly the best-dressed student at Western Michigan!"

Bob spent 10 years cutting his banking teeth at a Fannie Mae shop in Washington, DC, where he learned the ins and outs of affordable housing. He moved to Sacramento after he found a house while on vacation. His house became his office as he represented Key Bank and US Bank on their commercial lending sides, with a focus on market rate bonds.

He was first attracted to CalHFA after two friends from DC independently recommended him for the job. A few visits to the office convinced Bob and CalHFA that the fit was good. "The more I met people and saw some of the synergies, the more I thought this would be a great move."

Although Bob has been on the job officially for less than three months, he's already implemented some positive changes at CalHFA: revising Architectural Guidelines into Architectural Recommendations, and changing pricing and fee structures. These changes are in pursuit of a concrete goal: in the next three

months, Bob says CalHFA "should be in the top three affordable housing lenders in the state."

Bob also is committed to making sure his division is a good place to work. "I'm a high-energy guy, and I like to work in a manner that we all have fun. You gotta like your job, because then you're productive." This approach must be paying off—the Multifamily team took first place in the CalHFA holiday trivia contest.

Working for the state definitely presents different challenges than the private side. "Some of it is just figuring out the state processes as they compare with the private sector. Some of it is figuring out how and where it is, exactly, that we compete with the private lenders. Some of it is making sure we're aligned with the marketplace. But what's amazing to me is how we have eight different units [in CalHFA], and everybody gets along. We have flexibility to promote programs and make decisions that will benefit our mission."

Bob sums up his business philosophy very simply: "I like to make deals happen." CalHFA welcomes Bob, and looks forward to watching his energy and business acumen continue CalHFA's leadership in the multifamily affordable housing financing arena.



Terri Parker, Bob & Christine Deaner, Steve Spears

More than \$49 Million Committed to Preserve 822 Affordable Units

Over the past five months, CalHFA approved more than \$49 million in long term loans to extend the affordability of 822 units of rental housing at eight properties throughout California. In each case, the Multifamily Division worked with property owners and stakeholders to maintain affordability for developments that were at risk of converting to market rate rents. More importantly, 596 low- and fixed-income seniors, 10 special needs persons and 216 struggling families will rest easy knowing that they will be able to afford their rent for many more years to come.

- Alexis Apartments, in Downtown San Francisco, will receive \$9.6 million to protect rental affordability for 206 low-income seniors.
- Ridgewood Apartments and La Loma Apartments, located in Sacramento County, will receive \$4.325 million to protect rental affordability for 75 low-income families.



La Loma Apartments

- Casa de las Hermanitas, in the Boyle Heights neighborhood of Los Angeles, will receive \$5.525 million to preserve rental affordability for 88 low-income seniors.
- La Vista Apartments, in Concord, will receive \$5.545 million in order to preserve affordable housing for 75 low-income families.

- Rubicon Homes, in the City of Richmond, will receive \$1.2 million to preserve 10-units of affordable, special needs housing for low-income families with at least one adult member with a disability.
- Villa Springs Apartments, in Hayward, will receive \$3.6 million to protect affordable rental housing for 66 low-income families.



Villa Springs Apartments

- Grand Plaza Apartments, located in central Los Angeles, will receive \$19.9 million to preserve affordable housing for 302 low-income seniors.

As 2008 moves ahead, CalHFA will continue its mission to provide even more financing for affordable housing to help California families across the state.