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Homeownership

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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 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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An ancient backhanded blessing is, “May you live in interesting times,” and it has certainly been an interesting past few months here in California and across the nation. The Dow Jones plummets, then skyrockets. Investment banks fail, and are rescued. Homes stay on the market for 9 months, or three days. Who knows what may be on the horizon?

Despite these mixed blessings, CalHFA continues to press on with its mission of providing a safe, decent and affordable home for low and moderate-income Californians. Most recently, we’ve been working with our lenders and other governmental entities to introduce more programs to help first-time homebuyers. Our latest—the Community Stabilization Home Loan Program—will stabilize neighborhoods by getting first-time homebuyers back into empty homes in the state’s hardest-hit areas that were owned by foreclosure banks.

CalHFA continues to fund multifamily construction throughout the state, ensuring that those who can’t yet afford the move to homeownership still have quality places to live.

In addition, we’re keeping our loan officer network strong, and you’ll read about one of our longest-term loan officers, who has helped hundreds of Californians purchase their first home through good times and bad.

I hope you enjoy this latest issue of Housing Matters. If there’s anything you’d like to see us address in future issues, please drop our Marketing department a line at marketing@calhfa.ca.gov.

I hope the beginning of autumn finds you keeping cool and preparing for the return of longer nights, shorter days, and—most importantly—less interesting times.

Sincerely,



Theresa A. Parker
 Executive Director

30 Years of Responsible Lending

Jeffery Johnson has been helping first-time homebuyers with CalHFA loans for more than 30 years. He works six days a week, 10-12 hours per day, and it shows in his results: In Fiscal Year 2007-2008, Jeff originated the most CalHFA loans under his own name, with a grand total of 41 loans. A few minutes spent with Jeff makes it obvious that making the American Dream come true is his passion.

“I was felling trees in British Columbia, and visited my mother when I had a few days off. She told me that if I stayed down here, she’d pay for me to go to Real Estate school. Well, it was twenty below in Canada at the time, and I saw all these oranges around—the decision wasn’t that hard.”

Jeff made it through school, joined an agency, and started calling and listing. As he tells it, the first person who walked through the front door of his first open house was a woman by the name of Rita; he sold her the house and has never looked back.

After a few years of Real Estate, he switched to mortgage banking, moving from Capital City Mortgage to Erwin, buying the branch in 2000, and then sticking with it through the change from Pinnacle to his current incarnation of Branch Manager at Platinum Mortgage in Citrus Heights.

Jeff attributes his success to a number of things, among them his commitment to his clients. He tells of working with clients for up to fourteen months to clean up credit and get finances in order before even beginning to look for a house. Jeff also attributes much of his success to having a good team. His appraiser has been with him since 1980, and he purposefully overstaffs himself, with two processors dedicated to his loans. “We’re a service, not a product,” says Jeff. “Watching dreams come true makes it all worthwhile.”

Some of his old habits die hard, however. Jeff still wears a pager, not a cell phone. He writes text messages, and would certainly like to upgrade, but he refuses to give up his pager until his provider can transfer his number along with it.

He also makes sure to stay current on what’s happening: “Even though I know the CalHFA products really well, I go to the classes two or three times a year.”



Mr. & Mrs. Jeff Johnson on the road.

In his spare time, aka Sundays, Jeff can be found cruising the highways on his Harley. He’s even found a way to tie that in with helping others, as he is an annual sponsor of the Black Widow Poker Run to benefit the Shriner’s Hospital, once raising more than \$10,000 in one day.

“It doesn’t cost anything to be nice to people. You know, I used to wear a suit and tie every day. Then I decided one day to wear a Hawaiian shirt, and I could tell my clients were more relaxed. After that, the Hawaiian shirt sort of became my trademark.” At last count, he had more than 340 shirts in his collection, one for every workday of the year.

Jeff’s philosophy of service and helpfulness also lasts long after the deal is closed. A client had a heart attack recently, and wasn’t able to work. Falling behind on his payments, he looked to Jeff for help. Working with CalHFA, Jeff and the buyer were able to restructure his payments and income stream, and in five months, the client was once again right-side up on his mortgage.

Jeff’s motto is simple: “It’s always responsible lending.” CalHFA salutes Jeff, as well as our other loan officers who demonstrate their commitment to responsible lending, over and over again.

How a File Becomes a Loan

Many of our business partners have inquired as to the flow of files once they leave a loan officer's desk and land in Sacramento. The file passes through many hands on its way to becoming a loan that maintains the integrity of our bonds and the safety of our homebuyers.

First off, the file is entered in the CalHFA log and is coded as 9, which means we have received the file. The file is then reviewed by our Mortgage Insurance division, which checks to make sure the borrower meets our credit underwriting requirements.

If the file meets our requirements in the Mortgage Insurance arena, it is then sent across the floor to our Homeownership division. A Homeownership Compliance Reviewer verifies (among other things) that the borrower falls within the income limits, is a qualified citizen or alien, and is a first-time homebuyer. The Compliance Reviewer also confirms the property meets CalHFA property standards, identifies if the property is located in a Federally Designated Targeted Area, and verifies the property is within the Agency's published sales price limits.

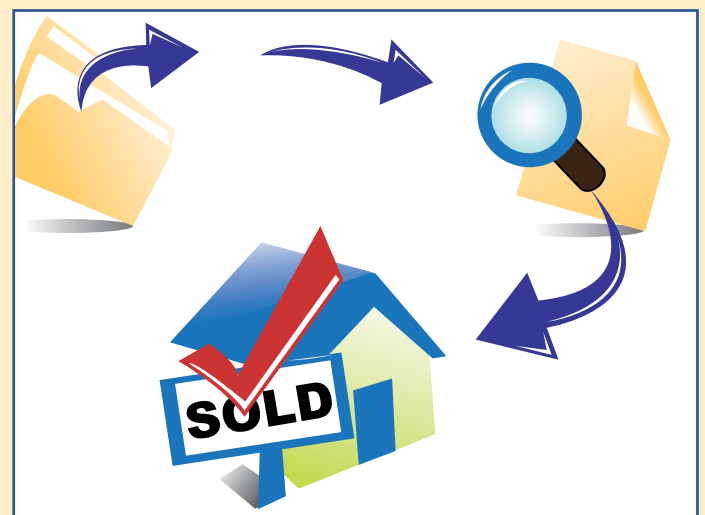
When, at any point in the process, a piece of the file is missing or incomplete, the loan is suspended with a code 17, and the lender's underwriter or processor is notified by fax of all the suspense conditions. Once our staff receives the missing information, the loan is given a Status 20 and 30 and a Conditional Loan Approval and Recapture Notice is faxed to the lender's underwriter or processor.

The next milestone is CalHFA's purchase of the loan after closing. When CalHFA receives the purchase documents from the lender (i.e. original promissory note, deed of trust, HUD settlement statement etc.) the loan receives a Status 40. A Purchase Reviewer then reviews the purchase documents for completeness and validity. If anything is missing or incorrect, the loan is suspended with a Status code 37 and the lender's shipper is notified by fax of all the suspense conditions.

If there is a problem with the original Promissory Note or any other major problem with the documents, the loan is rejected with a Status code 35 and the reservation delivery clock resumes again. Our staff will approve the loan for purchase with code 45 once the corrected or missing information is received, provided the reservation period and 30-day automatic late delivery extension have not expired.

At this point, the Promissory Note is forwarded to our Accounting Department who performs a second review of the note. If acceptable, they purchase the loan using Warehouse funds and the loan achieves Status 50. The loan is then placed in a bond issue, bond funds pay off the warehouse line used to fund the lender, and the loan is booked into our permanent record. Once follow-up documents are received (i.e. original, recorded deed of trust), the loan is given a Status code 65, and the work is done.

The new owners are in their house, the lender has finished their work, and CalHFA has another successful family to add to the more than 150,000 families we've helped purchase their first home.



New Program Helps Communities Get Back on Their Feet

The foreclosure crisis has hit California hard, and some areas are feeling the pain with particular intensity. CalHFA wanted to do our part to help lenders and California families.

One of the biggest challenges with foreclosures is that they often create instability within communities. Homes go vacant, lawns and gardens turn brown, and the property as a whole looks less attractive. In some neighborhoods, a large concentration of empty homes can even invite crime. This makes new buyers less willing to move in to the neighborhood, and as more houses fall into disarray, the existing homeowners are more likely to move out, leaving even more vacant homes. CalHFA found a way to help stabilize these communities.



Dale Bonner, Governor Schwarzenegger and Terri Parker announce CSHLP

Working quickly, and with the assistance of the Governor's office, the Business, Transportation & Housing Agency, and several of our partner banks, CalHFA recently launched the Community Stabilization

Home Loan Program, which provides \$200 million of non-taxpayer dollars to help first-time homebuyers purchase foreclosed homes and revitalize hard-hit areas of the state.

The program offers first-time homebuyers in many at-risk areas of the state the opportunity to purchase bank-owned homes at low prices with a low interest rate. Many homes in Contra Costa, Merced, Monterey, Riverside, Sacramento, San Benito, Riverside, San Joaquin and Stanislaus counties, as well as parts of Alameda, Los Angeles and San Bernardino counties are available under this program.

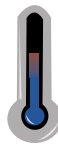
Visit the CalHFA web site for more details on how to get involved in the program. You can find a list of available properties on CalHFA's web site at this address:

http://www.calhfa.ca.gov/homeownership/programs/cshlp_properties.pdf

The list is updated every week as properties become available, offers are accepted and properties are sold. As the program continues, other parts of the state may be added to the list of eligible counties. We hope that the CSHLP will reverse the decline of some areas with large numbers of foreclosures, while helping California families achieve the American Dream of homeownership.

Cool Tips for Keeping Warm This Fall

Although the days are still warm, the nights are getting chilly. The onset of fall means higher heating costs, and the California Department of Energy has some tips to help keep those heating bills manageable. The first few on this list cost nothing to implement, so try them out and see your meter slow down!



1. Set your thermostat to 68 degrees. For every degree you lower your heat in the 60-70 degree range, you'll save up to 5 percent on heating costs.
2. Open your drapes and let the sun heat your home. Close them again at sundown to help keep heat inside.
3. Turn off lights. Unplug that spare refrigerator-it adds 10-25 percent to your electric bill. Turn off kitchen and bath fans – they can blow out a house full of heated air.
4. Take shorter showers. Cutting your showering time in half will reduce your water heating costs by 33 percent.
5. Do only full loads when using your dishwasher and clothes washer. Using cold water reduces your washer's energy use by 75 percent.
6. Replace or clean furnace filters once a month.
7. Consider increasing your insulation to up to R-38 to reduce heating costs by 5 to 25 percent.
8. Caulk leaks around windows and doors. If you find gaps at the point where pipes or vents go through the wall or floor, seal them up.

Feeling Lightheaded

CalHFA employees have always been the kind of people to lend a helping hand. They donate school supplies, books, and goods for the homeless; work with Habitat for Humanity and other charities; and contribute thousands of dollars and gallons of blood every year to various charities.



Kimberly Ogg

May 15, however, brought giving to a whole new level. Homeownership manager Kimberly Ogg was diagnosed with cancer earlier this year, and is undergoing intensive chemotherapy. One of the results of chemotherapy is that one's hair tends to fall out, and not evenly. Many cancer patients shave their heads to keep things simple, so CalHFA held a head-shaving fundraiser to show support for Kim and simultaneously raise money for cancer research.



Terri Parker shows off her new 'do

Turnout was amazing, as 25 people underwent various levels of lock-chopping to the applause and laughter of onlookers. Several women, including CalHFA Director Terri Parker, donated at least 10 inches of hair to Locks of Love, which uses the hair to make wigs for disadvantaged children.

A local salon, Byuti, gave free post-cut touch-ups.

CalHFA employee Evelia Franco's six-year-old daughter donated her waist-length ponytail, and visiting State Capitol employee Mark Stivers joined the festivities after Deputy Director Steve Spears auctioned off clipping rights for \$200. Even our Wall Street partners got in on the action, donating money if not their manes.

Two dozen CalHFA employees saved money on shampoo and kept cool in the triple-digit Sacramento heat. The best news is that in addition to supporting our friend and colleague, CalHFA collected more than \$4,000 in donations for the Susan G. Komen Foundation for breast cancer research.

Thank you to everyone who participated and donated—we're proud that we make a difference in areas beyond housing.



A sampling of those who gave up their locks for charity