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CalHFA Announces *interest only* PLUS Loan Program and HomeOpenersSM, A Mortgage Protection Program

SACRAMENTO, April 1, 2005 – The California Housing Finance Agency today announced two new innovative programs to make homeownership accessible to more Californians.

CalHFA's new *interest only* PLUS loan will reduce mortgage payments by hundreds of dollars per month by allowing borrowers to pay interest only in the first five years of a 35-year, fixed-rate mortgage loan.

Unlike other "interest only" loan programs that have rates that can balloon after the interest-only period, this loan comes with a guaranteed fixed interest rate for the entire 35-year term.

HomeOpenersSM, a Mortgage Protection Program, provides a benefit for borrowers who use CalHFA's mortgage insurance – on *interest only* PLUS and all other CalHFA conventional first mortgage loans.

With HomeOpenersSM, homeowners may be able to have their monthly payments covered for up to six months if they lose their job. The payment protection is included at no additional cost.

"With the increasing cost of real estate, the challenge for Californians to purchase their first home has never been greater," said Theresa Parker, Executive Director of CalHFA. "Together, these programs will help more Californians buy homes and, with HomeOpenersSM, keep their homes – even if they suffer short-term unemployment."

The new programs join CalHFA's lineup of specialized loans that help first-time homebuyers achieve the dream of homeownership.

The CalHFA *interest only* PLUS program offers a fixed interest rate for the entire 35 years of the loan. And the borrower knows exactly what their mortgage payment will be

for the entire loan term, from day one. CalHFA's below-market mortgage rates are available to first-time homebuyers who meet certain requirements, including income and home sales price limits.

"This exciting new program is going to open doors to thousands of California families who may have thought buying their first home was impossible," Parker said.

"Homeowners will be able to lock in a lower mortgage rate, while not having to fear an increase in their interest rate over the term of the loan."

The HomeOpenersSM mortgage protection program will be included – at no extra cost – on all CalHFA conventional first mortgage loans that have CalHFA mortgage insurance.

The insurance may pay the borrower's monthly mortgage for up to six months if they lose their job. The insurance becomes effective 60 days after loan closing.

"Often, people hesitate to purchase their first home because they fear that if they lose their job, they will lose their home as well," Parker said. "HomeOpenersSM offers peace of mind to our borrowers and will make homeownership a reality for Californians."

The HomeOpenersSM will pay as much as \$2,500 each month for up to six months and includes principal, interest, insurance and tax payments. The benefit, which is subject to certain restrictions, will extend for the first five years of the loan.

The *interest only* PLUS loan and HomeOpenersSM Mortgage Protection Program are part of a series new of steps CalHFA is taking as it celebrates its 30th year serving Californians.

"We are continuously looking for new ways to make homeownership more accessible for Californians," Parker said. "In our first 30 years, we've helped more than 130,000 families buy their first homes. With these new initiatives, we are expanding our lending programs for borrowers."

Established in 1975, the California Housing Finance Agency is celebrating 30 years of providing affordable housing in California. CalHFA has invested over \$13 billion in non-taxpayer funds to help more than 130,000 California families live in homes of their own with a mortgage they can afford. For more information on CalHFA's 30 years of success and a complete description of the Agency's Homeownership, Multifamily and Mortgage Insurance Programs, visit www.calhfa.ca.gov or call 1.800.789.2432.

*HomeOpenersSM is a service mark of GE Mortgage Holdings, LLC

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