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CalHFA Celebrates National Homeownership Month

SACRAMENTO, June 1, 2007 – A home is more than a roof and four walls. It is a home to call your own; a place to raise your children, build your family and enhance your community; a way to provide financial security for the future. A home is a source of pride.

Homeownership is the cornerstone of the American Dream.

As America celebrates National Homeownership Month this June, the California Housing Finance Agency (CalHFA), the state's affordable housing bank, is helping Californians fulfill that dream by expanding its portfolio of products to make first-time homeownership more accessible than ever.

"We continue to seek out new, responsible options for first-time homebuyers," said Theresa Parker, Executive Director of CalHFA. "The challenge today for people trying to buy their first home in California is considerable. As we celebrate Homeownership Month, we encourage people to examine all the opportunities available to make the homeownership dream a reality."

Thanks to California's voters, CalHFA is receiving an additional \$200 million as its share of Proposition 1C. These funds will ensure that the agency can continue to help make the dream of homeownership come true for California families for years to come.

"In celebration of National Homeownership Month, the Department of Housing and Community Development is proud to say that through the largest housing bond in California's history - Proposition 1C – there will be more affordable homes for Californians than ever before in the state's history," said Director Lynn L. Jacobs. "The \$2.8 billion in funding will generate over 118,000 affordable homeownership and rental opportunities for our hard working families and neediest residents."

CalHFA has an amazing portfolio of loan products designed to help Californians afford their first home. In addition to a traditional 30-year fixed mortgage, CalHFA offers *interest only PLUS*SM, which reduces mortgage payments by hundreds of dollars per month, allowing borrowers to pay interest only for the first five years of a 35-year loan – and that low interest rate is fixed for the entire 35-year term. The unchanging interest rate means there are no surprises for CalHFA borrowers.

Another benefit is HomeOpeners[®], a Mortgage Protection Program. The program provides a benefit for borrowers who use CalHFA's mortgage insurance on any of CalHFA's first mortgage loans. Borrowers have their monthly mortgage payments covered for up to six months if they lose their job. The payment protection is automatically included with most CalHFA-insured loans and does not add cost to the borrower's mortgage insurance.

Last year, CalHFA introduced a 40-year, fixed-rate loan product. The low interest rate combined with the longer term gives first-time buyers a realistic chance of buying their first homes.

Loans from CalHFA are available to low and moderate income first-time homebuyers who meet CalHFA income limits and who are purchasing homes that fall at or below CalHFA sales price limits. Sales price and income limits vary by county.

In Los Angeles County, for example, homes with sales prices as high as \$591,272 may be purchased using CalHFA loans and the limit on household income reaches \$103,600 for a family of three or more. Purchasing a home in a designated "Targeted Area" allows for an even higher sales price limit, which rises to \$722,665 in certain areas of Los Angeles County. Targeted Area home purchases also eliminate the need to be a first-time homebuyer. (Targeted Areas throughout California can be located on CalHFA's web site, www.calhfa.ca.gov.)

In addition, CalHFA offers seven different down payment assistance programs which provide the first-time borrower with a second loan to be used for a down payment, but payments on this loan are deferred, meaning there's no need to repay it until the home is sold, refinanced, or paid in full.

Two innovative down payment programs are the Extra Credit Teacher Program (ECTP) and the School Facility Fee Program (SFF). The ECTP helps high priority schools attract and retain education professionals by offering an incentive in the form of down payment assistance for the purchase of a home anywhere in California. Interest on this second loan is forgiven entirely if the borrower stays in a high priority school for three years.

SFF assistance comes in the form of a grant, not a loan, which can be used to purchase newly constructed homes throughout California. The average grant is about \$3,600 and it can be applied toward a down payment, upgrades, closing costs or any costs associated with the purchase of the home.

CalHFA services only the prime market for mortgages and continues to be a safe, responsible option for first-time homebuyers. That means CalHFA provides high-quality mortgages that meet the standards set by Fannie Mae and Freddie Mac. Prime mortgage loans have low default risk and are made to borrowers with good credit and a monthly income that's approximately two and a half times their monthly housing expenses (mortgage payments plus taxes and other debt payments).

"Even in the best of circumstances, buying a home is a scary undertaking, but with a little extra research, first-time homebuyers can find resources to help them meet the challenge," Parker said. "Even when National Homeownership Month ends, state and

local programs will continue to do everything they can to make sure the dream of homeownership stays alive for all Californians.”

National Homeownership Month was initiated in 1997 as an effort to increase the number of homeowners throughout the United States.

Created in 1975 as the state’s affordable housing bank, the California Housing Finance Agency has invested over \$14 billion in non-taxpayer funds to help more than 146,000 California families live in a home of their own with a mortgage they can afford. For more information and a complete description of CalHFA’s Homeownership, Multifamily, and Mortgage Insurance programs, visit www.calhfa.ca.gov or call toll free 877.9.CalHFA (877.922.5432).

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* “HomeOpeners” is a registered trademark of Genworth Mortgage Holdings, LLC.