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CALHFA EXPANDS \$200 MILLION PROGRAM TO HELP SACRAMENTO COUNTY COMMUNITIES HARD-HIT BY FORECLOSURES

SACRAMENTO, August 21, 2008 – The California Housing Finance Agency (CalHFA), the state's provider of affordable loans for first-time homebuyers, has expanded to Sacramento County its special program to help first-time homebuyers purchase homes in communities hardest hit by the foreclosure crisis.

The expansion builds on the effort announced last month by Governor Schwarzenegger. Under the program, first-time homebuyers will be eligible for below market rate loans to purchase foreclosed homes in ZIP codes with some of the state's highest foreclosure rates.

Several lenders have agreed to partner in the program and offer sales prices on foreclosed properties in those ZIP codes of at least 12 percent below the estimated value.

"The CalHFA Community Stabilization Home Loan Program benefits first-time homebuyers and neighborhoods affected by these foreclosures," said Theresa Parker, Executive Director of CalHFA. "Loans for these properties will be at fixed, below market interest rates and the reduced prices on the properties will make them attractive and affordable for first-time homebuyers."

This program is available in areas identified as among the most impacted by foreclosures in the state.

In Sacramento County, there are initially about 18 bank-owned homes that qualify for the program. That number is expected to increase as lenders add homes to the list of eligible properties.

CalHFA estimates that the program will finance loans for between 800 and 1,000 first-time homebuyers. The homes must fall at or under CalHFA's sales price limits, and families must meet income requirements.

In Sacramento County, for example, families of three or more can earn up to \$99,400 and still be eligible for the program. The limit on the home sales price in Sacramento is \$580,000.

“While this program will not solve the crisis, it is an important step in addressing some of the negative impacts of foreclosure on communities and also helping people who have long been priced out of homeownership achieve their dream of buying their first home,” Parker said.

The program involves properties owned by lenders who have opted to partner with CalHFA on this program and offer reduced prices. Importantly, Parker said, each of the homes will be purchased by people who will live in the homes.

“This program will put homeowners into these houses, not speculators or investors,” Parker said.

“Creative solutions like the Community Stabilization Home Loan Program are exactly what is needed to turn foreclosed homes into first-time homes for California families. Fannie Mae commends Governor Schwarzenegger and CalHFA for their leadership,” said Jeffery Hayward, Senior Vice President, Community Lending and Development of Fannie Mae. “Fannie Mae is also actively purchasing jumbo-conforming loans in California, which the governor has made a priority. We’re buying more jumbo-conforming loans in California than any other state.”

The program began July 21, 2008 and will be offered until the \$200 million in financing is allocated. The program is funded using tax-exempt bonds, without any cost to California taxpayers. All or parts of the following counties are also included in the program: Alameda, Contra Costa, Los Angeles, Merced, Monterey, Riverside, San Benito, San Bernardino, San Joaquin and Stanislaus.

For a list of foreclosed properties eligible for this program, sales price limits and income eligibility requirements please visit www.calhfa.ca.gov.

CalHFA has been playing a key role in helping Californians purchase their first homes since it was created by the legislature in 1975 to offer safe, fixed rate financing for first-time homebuyers. The agency has invested more than \$18 billion in non-taxpayer funds to help more than 150,000 California families live in a home of their own, with mortgages they can afford.

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