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**California Housing Finance Agency  
Comments on S&P Report**

**SACRAMENTO, July 10, 2009** – The California Housing Finance Agency today commented on the announcement by Standard & Poor's Ratings Services that it has placed the Agency's AA-issuer credit rating and the rating of its home mortgage revenue bonds indenture on "CreditWatch with negative implications."

"CalHFA will continue to provide additional information to Standard & Poor's to demonstrate that the Agency has sufficient capital capacity to cover any potential shortfalls on the home mortgage revenue bonds. We believe our reserves will be more than adequate for S&P to affirm our AA-rating."

"While CalHFA operates exclusively in California and faces the unique issues affecting our state's real estate market, the Agency's lending was distinct. CalHFA was not and is not involved in subprime or Alt-A loans. CalHFA continues to apply the highest underwriting standards and full documentation requirements to all of our mortgage lending."

"Over the past three years, CalHFA has taken steps to responsibly manage the Agency's loan portfolio and reduce the impact of home price declines by reducing LTVs, requiring higher FICO scores and enhancing loss mitigation efforts. In addition, the Agency has significantly reduced its exposure to variable rate debt and also has substantial capital and liquidity resources to manage the current dislocation in the variable rate market."

**About CalHFA**

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 150,000 California families live in a home of their own with a mortgage they can afford.

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