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**KEEP YOUR HOME CALIFORNIA SEES HUGE STRIDES IN PRINCIPAL
REDUCTION PROGRAM**

*Urges Homeowners to Apply Now For As Much As \$100,000 in
Free Mortgage Assistance*

SACRAMENTO – California’s free mortgage-assistance program reported a dramatic increase of homeowners approved last year for its principal reduction program, an effort that helps homeowners reduce their underwater mortgages by as much as \$100,000.

Keep Your Home California approved 1,619 homeowners for the Principal Reduction Program in 2013, according to the final quarterly report for the year. At the end of 2012, there were a total of 940 homeowners who received a principal reduction through Keep Your Home California. With the 1,619 homeowners added in 2013, that cumulative number was up to 2,559, a 272.2 percent increase. In terms of dollars provided, the growth has been even more staggering. The \$158.4 million in total principal reduction funds that were provided by the end of 2013, represented a 384.1 percent increase from the end of 2012.

Thanks to some changes in the program that make it easier for homeowners to apply, 70 percent of the applications for the Principal Reduction Program since its inception in February 2011, were received in 2013. Keep Your Home California officials are encouraging struggling homeowners to apply as soon as possible for the Principal Reduction Program.

“Many California homeowners are continuing to struggle with their mortgage payments and need financial help, despite the much-improved real estate market,” said California Housing Finance Agency Executive Director Claudia Cappio. The state agency oversees Keep Your Home California program, which started in February 2011. “We’ve made some changes during the past year, and it’s certainly paying off with the huge increase of homeowners approved for help and the number of mortgage servicers participating in the program.”

About 120 servicers are enrolled today in the Principal Reduction Program, compared to less than 50 at the end of 2012. And servicers – including Wells Fargo, Bank of America, Chase and Citibank – are approving a larger percentage of homeowners for the program, about 73 percent in January compared to 49 percent in July.



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Homeowners are also being approved faster – about 70 days during the fourth quarter, compared to 110 days since the program started. The average homeowner approved for the program received \$77,000 in principal reduction – and a 23 percent drop in their monthly mortgage payment, saving about \$360 per month.

“The housing market has improved, but there are still regions in the state where many homeowners have underwater mortgages,” Ms. Cappio said.

California’s existing median-home price climbed 22 percent to \$411,000 in January, compared to a year ago – the 23rd-consecutive double-digit year-over-year increase, according to the California Association of Realtors. Despite the double-digit gains, about 15 percent of the state’s homeowners with mortgages are either underwater or are very close to negative equity, according to industry tracker Corelogic.

In November, Keep Your Home California officials announced that homeowners with 140 percent or greater loan-to-value ratios meet the financial hardship criterion for the Principal Reduction Program. This was an important change because all homeowners must demonstrate they have a financial hardship in order to qualify for Keep Your Home California assistance. Other types of qualifying financial hardships include a job loss, decrease in income, a divorce, extraordinary medical expenses, etc.

“We’re always looking at ways to make Keep Your Home California as accessible as possible,” Ms. Cappio said. “We want to reach as many distressed homeowners as we can, and let them know that free mortgage help is available.”

Keep Your Home California – established with \$2 billion through the U.S. Treasury’s Hardest Hit Fund – consists of four programs designed to address different aspects of the mortgage crisis. The goal is to help struggling homeowners prevent avoidable foreclosures.

The federally funded program includes the Unemployment Mortgage Assistance Program, which offers as much as \$3,000 per month for up to 12 months for out-of-work homeowners eligible for unemployment insurance from the Employment Development Department. The Mortgage Reinstatement Assistance Program provides a maximum of \$25,000 to help homeowners “catch up” on their missed mortgage payments. And the Transition Assistance Program gives homeowners with an approved deed-in-lieu of foreclosure or short sale up to \$5,000 in relocation assistance.

Homeowners must also meet county-by-county income limits, which range from \$69,500 to \$126,600, and their mortgage servicer must participate in the program. More than 95 percent of the mortgages in the state are serviced by a company that participates in the program.

More than 38,000 homeowners have been approved for one of the four programs, with some eligible for multiple programs.





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If you have additional questions or would like to apply for the program, call 888-954-KEEP (5337) or visit www.KeepYourHomeCalifornia.org (Spanish speakers should visit www.conservatucasacalifornia.org). The counseling center is open 7 a.m. to 7 p.m. weekdays and 9 a.m. to 3 p.m. Saturdays. Translators are available, so counseling sessions can be conducted in virtually any language.