



P.O. BOX 4034
Sacramento, CA
95812

FOR IMMEDIATE RELEASE

Contact: Steve Gallagher
Phone: 916.326.8612
Fax: 916.322.2345
skgallagher@calhfa.ca.gov
www.KeepYourHomeCalifornia.org

**BANK OF AMERICA BECOMES LARGEST SERVICER TO OFFER
KEEP YOUR HOME CALIFORNIA PRINCIPAL REDUCTION PROGRAM**

SACRAMENTO – The California Housing Finance Agency announced today that Bank of America is participating in Keep Your Home California’s Principal Reduction Program, giving eligible cash-strapped homeowners the opportunity to lower their outstanding mortgage balances and avoid foreclosure.

Keep Your Home California’s Principal Reduction Program is part of a \$2 billion, federally funded effort to help hard-hit families remain in their homes and ease the California foreclosure crisis. Bank of America has been engaged in a pilot of the principal reduction program since February, and is now moving into full participation to provide assistance to more qualified homeowners facing hardship. The bank is one of the largest servicers of single family mortgages in California, serving more than 2.2 million home loans.

“We’re excited to have Bank America on board for one more of the Keep Your Home California Programs,” said Claudia Cappio, Executive Director for the California Housing Finance Agency. “We believe principal reduction can be an appropriate tool for helping qualified homeowners obtain an affordable and sustainable modification. We continue to work with other mortgage servicers to offer this to their customers.”

The Principal Reduction Program assists homeowners at risk of default because of an economic hardship coupled with a severe decline in the home’s value. Principal balances will be reduced in an effort to prevent avoidable foreclosures and promote sustainable homeownership. Homeowners that qualify could be eligible for up to \$50,000 in assistance from the Keep Your Home California program.

Additionally, the Principal Reduction Program requires the mortgage investor to match dollar-for-dollar the amount provided by the Keep Your

Home California program. For example, if the Keep Your Home program is providing \$50,000 in principal reduction, the mortgage investor must match that \$50,000 reduction, for a total principal reduction of \$100,000.

Under the program, borrowers whose loans are serviced by Bank of America may be eligible if they meet program guidelines and the entity or investor that owns the mortgage loan authorizes the servicer to reduce the principal.

Mortgages owned or guaranteed by Fannie Mae or Freddie Mac are among those that are not eligible for the Principal Reduction Program. Borrowers that do not qualify for this program will automatically be evaluated by Bank of America for alternative modification programs, possibly including interest rate reduction, term extension and principal forbearance, to reach an affordable payment.

“California has been particularly hard hit by reductions in property values,” said Rebecca Mairone, national mortgage outreach executive for Bank of America. “By applying government-directed Hardest Hit Funds through the targeted Keep Your Home California program we create another potential solution for homeowners who are severely underwater, struggling to make their mortgage payments and who want to remain in their homes.”

All of the Keep Your Home California programs are designed to help low- and moderate-income homeowners who are facing financial hardships. There are specific programs that provide assistance to homeowners who are unemployed, have fallen behind on their mortgage payments, owe significantly more than the value of their home, and can no longer afford to remain in their homes.

Bank of America is also participating in two other Keep Your Home California programs: the Unemployment Mortgage Assistance and Mortgage Assistance Reinstatement programs.

- The Unemployment Mortgage Assistance Program provides up to \$3,000 per month for six months to cover payment of principal, interest, taxes, insurance and escrowed homeowner association dues. Eligible homeowners must have suffered an involuntary job loss and be collecting unemployment benefits from the California Employment Development Department.
- The Mortgage Reinstatement Assistance Program will pay all or a portion of past due first mortgage loans for homeowners suffering a financial hardship and in danger of losing their homes to foreclosure. Funds are limited to past due payments to a maximum of \$15,000.

Currently, 27 loan servicers participate in at least one of the four Keep Your Home California programs, comprising about 80 percent of mortgages held in California. Seven servicers, including Bank of America, participate in at least three programs.

Keep Your Home California has received almost \$2 billion from the U.S. Treasury Department. After consulting with community leaders statewide, four programs were established to assist low and moderate income homeowners.

Homeowners with questions about the programs may call Keep Your Home California toll free at 888.954.KEEP (5337) or visit www.KeepYourHomeCalifornia.org.