



## OneCalifornia ▶ In the News

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by Mavis Scanlon

### ▶ Founders of OneCalifornia Bank start foreclosure-prevention fund

The founders of a new community-development bank in Oakland have created a fund to bring relief to homeowners struggling with rising mortgage payments.

Tom Steyer and Kat Taylor, the founders of **OneCalifornia Bank** of Oakland and the associated **OneCalifornia Foundation**, have donated \$1 million to create a fund that will help Oakland homeowners facing higher payments on adjustable rate-mortgages that are resetting upward.

Through the Community Homeownership Fund, homeowners who are able to make the current payments but who may not be able to afford the higher payments can access a flexible line of credit to cover the gap. The program, offered in conjunction with The Unity Council's Homeownership Center, includes mandatory financial-literacy education and free banking services.

The fund's organizers consider it a pilot program that could be expanded across the Bay Area. Some details have yet to be worked out, but the \$1 million could initially provide bridge loans to between 20 and 50 families, Taylor said at a press conference Friday morning at The Unity Council offices in Fruitvale Village.

In the context of the foreclosure issues facing California, \$1 million is a drop in the bucket, Steyer said at the conference, which was attended by Gov. Arnold Schwarzenegger; Oakland Mayor Ron Dellums; Oakland City Councilman Ignacia De La Fuente; The Unity Council's executive director, Gilda Gonzalez; Sheri Powers, manager of the council's homeownership center; OneCalifornia Bank CEO Jeffrey Cheung; and OneCalifornia Foundation's executive director, Salvador Menjivar.

"Our real goal is not to stop with this," Steyer added.

The deferred-interest loans will not have to be repaid for 10 years, unless the homeowner moves or refinances. The interest rates will likely be close to prime, Taylor said. The foundation will also work with lenders to try and restructure the homeowner's first mortgage to keep it affordable.

To qualify for the program, a family must be living in their home, making their current monthly payments on time, and prove that a reset to a higher mortgage payment is unaffordable. The announcement follows other initiatives at the state and federal level to help troubled homeowners. Oakland rates 10th among large metropolitan areas for the number of foreclosures it is seeing.

On Thursday, President George Bush announced a plan through which the lending industry will help thousands who are having trouble paying their subprime mortgages but who are still up to date with payments. Under the program, loan-servicing companies have voluntarily agreed to freeze mortgages at their low introductory rates for some homeowners, while for others, servicers or credit counselors will help mortgage holders through the refinancing process. In November Gov. Schwarzenegger forged a deal with loan servicers from Countrywide Financial Corp., GMAC, Litton and HomeEq to streamline "fast-track" procedures to help keep more subprime borrowers in their homes, and began a \$1.2 million public awareness campaign. ▶

Menjivar, the new foundation's executive director, said he hopes the fund will grow as large as \$25 million with donations from other foundations and organizations.

Taylor and Steyer contributed a total of \$22 million to capitalize OneCalifornia Bank, which opened this summer and has several initiatives under way to bring better banking services to Oakland's low-income neighborhoods.

The San Francisco couple donated 100 percent of the non-voting shares of **OneCalifornia Bancorp Inc.**, the bank's parent, along with 49 percent of the voting shares, to the foundation, which works in tandem with the bank and is focusing on financial literacy programs.

Taylor, a Harvard cum laude grad who went on to obtain a joint juris doctor and master in business administration degree from **Stanford University**, early in her career went through Wells Fargo & Co's credit training program and worked as a lender there. The granddaughter of Paul Hoover, the chairman and CEO of **Crocker National Bank**, which was bought by Wells Fargo & Co. in 1986, Taylor has been active in Bay Area philanthropic organizations for two decades. Steyer, also a Harvard alum with an MBA from Stanford, is the founder and senior managing member of the money-management firm **Farallon Capital Management**, and a partner in Hellman & Friedman LLC, a San Francisco private equity firm.

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