| PROGRAM SPONSOR | California Department of Housing and Community Development (HCD) | | | |
|---|--|--|--|--|
| PROGRAM MANAGER | Golden State Finance Authority (GSFA) | | | |
| SERVICER | US Bank | | | |
| DESCRIPTION | ReCoverCA Homebuyer Assistance (DR-HBA) Program is designed to help low-to-moderate (LMI) households impacted by the 2023 and 2024 floods to purchase a home outside of Flood and High or Very High Fire Hazard Severity Zones of California. During the first 60 days of the application period (November 10, 2025 - January 12, 2026), priority will be given to households that can demonstrate they were impacted by a flood event. | | | |
| PARTICIPATING LENDERS | Lenders interested in participating in this Program must complete a GSFA Lender Profile, execute a GSFA Program Lender Agreement, and be an Approved Correspondent Lender with the Servicer. | | | |
| | The DR-HBA Lender Profile and DR-HBA Program Lender Agreement are available download from the DR-HBA Lender Participation Guide at www.gsfahome.org . | | | |
| FIRST MORTGAGE LOAN TYPES AND TERMS | Loan Types: FHA: 203(b), 203(b)(2), and 234(c); in accordance with FHA guidelines. Cooperative housing (co-op) is not eligible. VA: In accordance with VA guidelines under 1810 and 181A.not USDA RD: In accordance with USDA guidelines. Section 184: In accordance with Section 184 guidelines. Loan Term: 30-year fixed term with full amortization. Maximum Loan Amount: \$806,500. Escrow Account Required Max LTV/CLTV: Follow loan agency guidelines. For Conventional Loan options, please see the "DR-HBA_CONV_Loans_TermSheet" available for download from the DR-HBA Lender Participation Guide at www.gsfahome.org . | | | |
| MORTGAGE LOAN INTEREST RATES: | GSFA shall publish the Mortgage Rate on its Reservation Portal at https://nhfresportal.nhfloan.org/login.aspx on behalf of GSFA. • The Reservation Portal may be accessed Monday through Friday between 9:00 AM and 4:00 PM PST/PDT, National Holidays excluded. • The published Mortgage Rates are subject to change at any time. | | | |

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| DOWN PAYMENT AND CLOSING COST | DPA Amount: | | |
| Assistance (DPA) | | | |
| , | The DPA provided by the Program is capped at \$300,000 per household | | |
| | The DPA Amount is calculated as follows: | | |
| | The maximum qualifying First Mortgage Loan amount is subtracted from the purchase price or the appraised value of the home, whichever is less. | | |
| | Cash required for closing is then added. | | |
| | The DPA is then reduced by the Duplication of Benefit (DOB), which is the assistance received by the Applicant from other sources for the same purpose. | | |
| | The DPA will also be reduced by any liquid assets in excess of \$100,000. | | |
| | DPA Usage: | | |
| | Down payment. | | |
| | Closing Costs (customary/reasonable) and prepaids. | | |
| | Homebuyer education counseling fees. | | |
| | No cash back allowed. | | |
| | DPA Form: | | |
| | DPA is provided in the form of a deferred Second Mortgage Loan with a zero percent note rate, forgivable after 5-year ownership and occupancy requirement has been met. | | |
| | DPA General Terms: | | |
| | There must be no cash back to the borrower from the DPA proceeds. | | |
| | DPA Second Mortgage Loan Terms: | | |
| | 5-year Term; forgivable after 5-years owner occupancy. | | |
| | o Forgiven on a pro-rata basis of 20% for each 12 months of owner occupancy. | | |
| | Note Rate of the Deferred Second Mortgage is 0%, with no monthly payments. | | |
| | Forgivable Second Mortgage must be in second lien position. | | |
| | Subordination allowed if completing a rate and term refinance through the Master Servicer. No other subordination allowed. | | |
| | Lender must conform to federal RESPA and Truth-in-lending laws in disclosing the terms of the Second Mortgage. | | |
| OTHER ASSISTANCE PROGRAMS | US Bank prior approval required. Subject to Agency and investor requirements, program may be combined with other down payment sources, including Mortgage Credit Certificates. In all cases, the most conservative guidelines for each program will apply. Third Liens not allowed. | | |
| DPA DOCUMENTATION | The DPA Funding Commitment Notice, Second Mortgage Loan documents and DR-HB. Program documents will be provided on the Reservation Portal a | | |

https://nhfresportal.nhfloan.org/login.aspx on behalf of GSFA and Servicer.

| DPA DOCUMENTATION | DPA Second Mortgage Loan Documents (Required): | | | | |
|-------------------|--|--|--|--|--|
| CONTINUED | Promissory Note | | | | |
| | Deed of Trust | | | | |
| | Funding Commitment Notice | | | | |
| | Partial Exemption Disclosure 2nd CD/LE if applicable (when origination fee on second mortgage is 1%). | | | | |
| | | | | | |
| | GSFA must serve as the Lender and beneficiary for the Second Note and Security Instrument. | | | | |
| | Lender is responsible for recording the Second Mortgage Loan Security Instrument. | | | | |
| | Lender is required to reflect GSFA's EIN on HUD's FHA Loan Underwriting and Transmittal Summary in conjunction with secondary financing assistance to the borrower when the borrower is receiving an FHA First Mortgage. GSFA's EIN is 68- 0322272. | | | | |
| | DR-HBA Program Documents (Required): | | | | |
| | DR-HBA001 - Checklist - Lender Pre-Screen DR-HBA002 - Application and Affidavit DR-HBA003 - Addendum to Loan Application DR-HBA004 - Checklist - Initial Compliance DR-HBA005 - Tax Return Affidavit (if needed) DR-HBA006 - Certification of No Income (if needed) DR-HBA007 - Environmental Review DR-HBA008 - Data Sharing Agreement DR-HBA009 - Recapture Notice DR-HBA010 - Assignment Agreement DR-HBA011 - Checklist - Underwriting Compliance DR-HBA012 - Checklist - Final Compliance DR-HBA013 - Annual Compliance Monitoring Notice DR-HBA014 - Checklist - Post Funding DR-HBA015 - Lender's Closing Certificate DR-HBA016 - Borrower's Closing Affidavit | | | | |
| | DR-HBA017 – Checklist Annual Monitoring DR-HBA018 – Conflict of Interest Affidavit | | | | |
| BORROWER | Income Limits: | | | | |
| ELIGIBILITY | Household Income Limit of 80% Area Median Income (AMI) and below, based on household size. | | | | |
| | Income Limit based on County of Subject Property being purchased. | | | | |
| | Link to HUD's Income Limit Lookup Tool located at: https://www.huduser.gov/portal/datasets/il.html | | | | |

BORROWER ELIGIBILITY CONTINUED

Applicant Eligibility:

- Applicant whose rental households was impacted by the 2023 and 2024 California floods.
- 2023 Qualifying Disaster Areas:
 - 95546 (Hoopa Valley), Monterey, San Benito, Santa Cruz, Tulare and Tuolumne Counties.
- 2024 Qualifying Disaster Areas:
 - San Diego County
- First-time homebuyer requirement.
- Non-occupant co-signors and non-occupant co-borrowers are not allowed.
- Applicant cannot own any real estate property at the time of application to closing.
- Only one award will be available per Household. Household members cannot submit separate Applications to purchase more than one property if that member resided in the same Household.

Property Eligibility:

- Purchase contract cannot be executed prior to issuance of Pre-Qualification letter by GSFA.
- HBA funds cannot be used to pay for purchase contract extensions.
- Tenant-occupied properties must be vacant on the date of purchase contract.
- Eligible properties must be located outside of Flood and High or Very High Fire Hazard Severity Zones.
 - Verification that a property is not located in a local, state or federal High Fire Hazard Severity Zone, is available through CalFire's <u>Fire Hazard Severity</u> Zone Viewer (arcgis.com).
 - Verification that a property is not located in a Special Hazard Flood Area (SHFA) as identified by FEMA.
 - Homeowner policy for insurance coverage must be from traditional insurance providers and cannot be from California Fair Plan neither as a carrier or as a companion policy.
- Property purchased must be an owner-occupied primary residence.
- Eligible property types include:
 - Single family homes (1-unit).
 - ADU acceptable
 - Agency approved condominiums, townhomes, and planned unit developments (PUDs).
 - Manufactured housing (660 FICO Score required).
- Number of bedrooms allowed is dependent on the household size. The Program will
 follow the federal standard of 1.5 persons per bedroom for the minimum bedrooms
 allowed, along with the following occupancy standards which sets the maximum
 bedrooms allowed:

| Dannessen | Number of | Minimum Number of | Maximum Number of | | |
|-----------------------|--|--|---|--|--|
| BORROWER ELIGIBILITY | Persons | Bedrooms | Bedrooms | | |
| CONTINUED | 1 | 1 | 2 | | |
| CONTINOLD | 2 | 2 | 3 | | |
| | 3 | 2 | 3 | | |
| | 4 | 3 | 4 | | |
| | 5 | 4 | 5 | | |
| | Minimum Credit Scor | e: | _ | | |
| | | | | | |
| | 640 (660 for Section 184 loans) Each borrower must have a minimum of one credit score. | | | | |
| | | | | | |
| | Debt-to-Income (DTI): | | | | |
| | Lenders must qualify the applicant with the maximum First Mortgage Loan that the borrower can afford with a Debt-to-Income (DTI) ratio of not below 42%. | | | | |
| | Maximum Back-End DTI with AUS approval: 45% (43% for Section 184 loans) | | | | |
| | Homebuyer Education: | | | | |
| | At least one borrower will be required to complete the approved 8-hour homeownership counseling class that will include intake, preparing a client be and conducting a financial and affordability analysis provided through e America. | | | | |
| | o <u>gsfa.e</u> l | homeamerica.org | | | |
| Underwriting | Follow Loan Agency and Servicer guidelines for manual underwriting. | | | | |
| MORTGAGE INSURANCE | Follow Loan Agency guidelines. | | | | |
| RESERVATIONS | Lender shall register Qualifying Mortgage Loans ("QML") using the Reservation Portal at https://nhfresportal.nhfloan.org/login.aspx . | | | | |
| | | on Portal may be accessed M PST/PDT, National Holidays ex | onday through Friday between 9:00 AM coluded. | | |
| | | cess the Reservation Portal, sword Management Contact". | user shall obtain a "User ID" from the | | |
| | Reservations: | | | | |
| | | on Portal will identify whether Income and Credit Score Lim | a loan registration initially qualifies as a its provided by the Lender. | | |
| | Lender reserv Reservation Policy | | st Mortgage Loan registration via the | | |
| | | | servation Portal will provide Lender with I "DPA Funding Commitment Notice". | | |
| | The Reservation | on Confirmation is valid for 60 | days. Both the First Mortgage Loan and le) must be purchased by Servicer prior | | |
| | The Reservation requests an expression of the region | | elled upon expiration unless the lender | | |
| | | ion Confirmation and DPA the Mortgage Loan File to Se | Funding Commitment Notice must be rvicer for purchase. | | |

| _ | M. P.C. B. A. D. M. D. M | | | |
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| RESERVATIONS | Modifications to a reservation will require approval from the Program Manager. | | | |
| CONTINUED | Lender may cancel the reservation via the Reservation Portal, which will provide electronic confirmation of cancellation to Lenders. A cancellation fee of \$400 will apply to each cancelled reservation. | | | |
| | If a Lender cancels a reservation, lenders may re-register, only after 30 calendar days from cancellation date, via the Reservation Portal. | | | |
| | Extensions: | | | |
| | For loans not yet delivered to the Master Servicer, an extension to a reservation will require approval from the Program Manager. | | | |
| | For loans delivered to the Master Servicer, an expired loan will be extended automatically to allow for review and purchase, until the maximum extensions have been reached. | | | |
| | Two extensions are available for (15) days each. Extension fee(s) will be netted at loan purchase by the Master Servicer. The cost of an extension is 0.25% of the total First Loan amount. | | | |
| FEES AND POINTS | Participating Lender should refer to Servicer Website for guidelines here. | | | |
| | Fees and Points Lender may charge to Borrower: | | | |
| | Origination Fee: Up to 3% of the total first loan amount or up to 2% of the total first loan amount and up to 1% of the second loan amount. No other fees allowed on the second (recording fees and transfer taxes excepted). | | | |
| | If origination fee on second is 1%, a separate CD and LE will be required for the second. | | | |
| | Discount Points: 0.00%. | | | |
| | o This Program does not allow Discount Points to be charged to the Borrower. | | | |
| | No fees allowed on the Second (recording fees and transfer taxes excepted). | | | |
| | Participating Lender may charge customary and reasonable closing costs and fees with full disclosure in accordance with loan agency and federal, state and local laws and regulations. | | | |
| | Fees to Servicer from Lender (Servicer nets at purchase): | | | |
| | • Funding Fee: \$475. | | | |
| | Tax Service Fee: \$84. | | | |
| | Funds to Lender from Servicer at Loan Purchase: | | | |
| | 100% of the outstanding principal amount of the First Mortgage Loan. | | | |
| | Servicing Release Premium (based on First Mortgage): 0.50%. | | | |
| LOAN DELIVERY AND PURCHASE | Lender should refer to Servicer Website US Bank for loan delivery and purchase guidelines. | | | |
| | The GSFA DPA Funding Commitment Notice must be submitted with the mortgage loan file. Servicer shall not purchase a Mortgage Loan without these documents. | | | |