



ReCoverCA
California



ReCoverCA Homebuyer Assistance Program

Homebuyer Workshop

Presented by
Golden State Finance Authority

Today's Agenda

- » Program Features
- » Eligibility Requirements
- » How to Get Started



Provided by the California Department of Housing and Community



Funded through a Community Development Block Grant - Disaster Recovery (CDBG-DR) grant from HUD. Development (HCD)



GSFA is Program Manager/Administrator



This presentation contains general program information, is not an offer for extension of credit nor a commitment to lend and is subject to change without notice. Complete program policies, eligibility requirements, loan applications, interest rates and annual percentage rates (APRs) are available through ReCoverCA HBA Lenders posted at www.gsfahome.org.

Supporting California Homebuyers for More than 31 Years

- » Public Entity and Agency in California
- » Organized in 1993
- » Affordable Housing Programs
 - Provide a source of financing
 - Network of Lenders to originate loans
 - Ensure borrower ability to pay



FHA, VA, USDA and Conventional Mortgages



\$664.1 Million in Down Payment Assistance Provided



85,700+ Homebuyers Assisted to-date

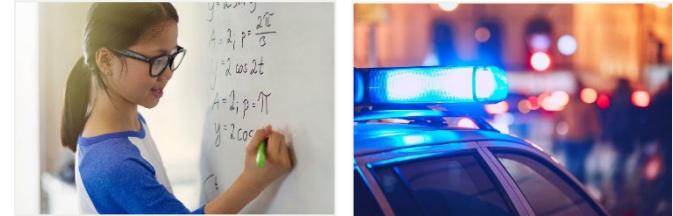


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The Benefits of Homeownership

» Impact on Families/Communities⁽¹⁾

- Improves stability in neighborhoods
- Increases educational achievement
- Increases civic engagement
- Improves physical and psychological health
- Correlates to crime reduction



» Financial Impact on Individuals

- Median Homeowner 38X more net worth

Homeownership Status	Median Net Worth ⁽²⁾
Owns a home	\$396,200
Doesn't own a home	\$10,400

⁽¹⁾ 2016 study by the National Association of Realtors®
⁽²⁾ Federal Reserve 2022 Survey of Consumer Finances

ReCoverCA Homebuyer Assistance (HBA)

- » For Low-to-Moderate Income Households Impacted by 2018/2020 CA wildfires
- » HBA up to \$350,000 per household
- » Assist with home purchase outside High Fire Zone Areas of CA.



HBA Structure and Terms

» HBA Amount:

- Up to \$350,000

» HBA Structure/Terms:

- Forgivable 2nd Mortgage, 5-Year Term
- Note rate 0% percent, deferred
 - No monthly payments, no interest accrual

» HBA Forgiven

- After 5 years of ownership and occupancy
 - 20% forgiven each year, pro-rata
- Default on occupancy will result in recapture

» Use of HBA Funds

- Down payment
- Closing costs (including prepaids)
- Homebuyer education fees

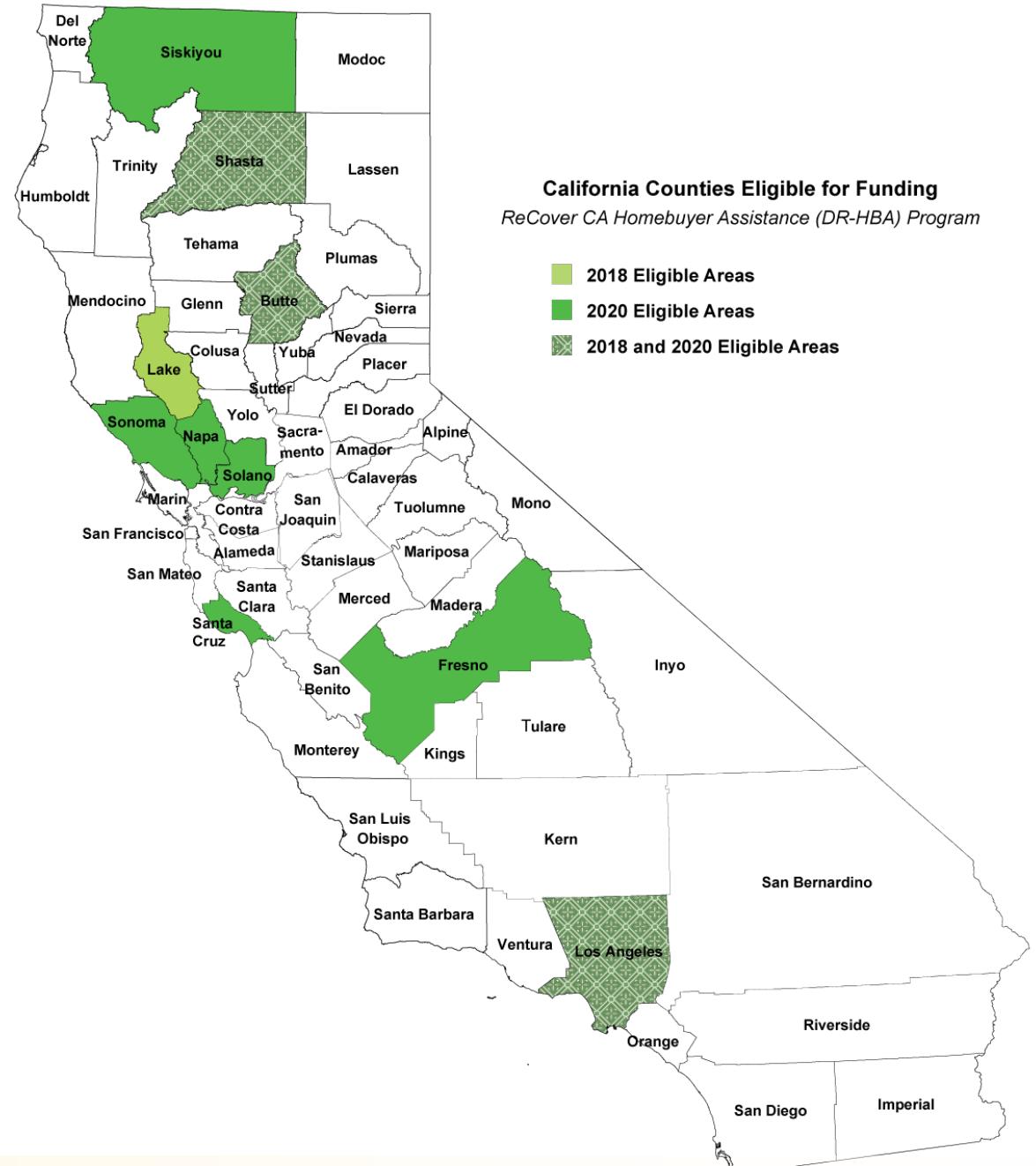


How the Program Works



Applicant Eligibility

- » Renters or Homeowners
 - Low-to-moderate Income
 - $\leq 80\%$ AMI
 - Based on Household Size
- » Primary residence was in a High or Very High Fire Hazard Severity Zone
 - During eligible fire-disasters
- » Eligible Fire-disaster Areas:
 - 2018: Butte, Lake, Los Angeles, and Shasta Counties
 - 2020: Butte, Fresno, Los Angeles, Napa, Santa Cruz, Shasta, Siskiyou, Solano, and Sonoma Counties



How the Program Works



1st Mortgage Guidelines



» Eligible Mortgages

- Purchases only
- 30-Year fixed-rate loans
- FHA, VA, USDA and Conventional Freddie Mac HFA Advantage

» Loan Limit is the Lesser of:

- \$766,550, or
- Loan limit for county/loan type

» Minimum FICO = 640

- Except:
Manufactured Homes under FHA/VA/USDA = 660 FICO

» Debt-to-Income (DTI) Ratios

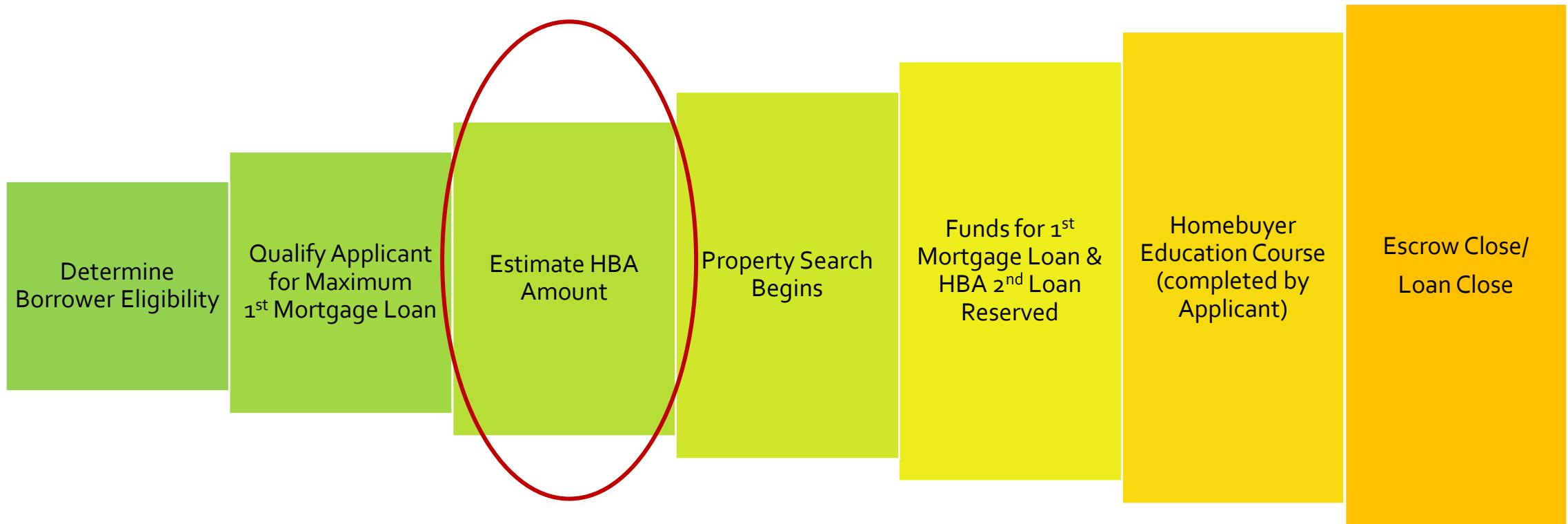
- Minimum DTI = 42%
- Maximum DTI = 45%

1st Mortgage Guidelines



- » Eligible Mortgages
 - Purchases only
 - 30-Year fixed-rate loans
 - FHA, VA, USDA and Conventional
- » Loan Limit is the Lesser of:
 - \$766,550, or
 - Loan limit for county/loan type
- » Household Income Limits
 - LMI \leq 80% AMI ([Defined by HUD](#))
 - Household income
 - County of property being purchased
- » Minimum FICO = 640
 - Manufactured Homes 660 FICO
- » Debt-to-Income (DTI) Ratios
 - Minimum DTI = 42%
 - Maximum DTI = 45%
- » [Homebuyer Education](#)
 - At least 1 borrower to complete
 - 8-hr online course + 1:1 consult

How the Program Works



Calculation of HBA Amount



- » Based on:
 - Maximum qualifying 1st Mortgage Loan amount
 - Purchase price or appraised value (whichever is less)
 - Analysis of duplication of benefits and liquid assets over \$100K
- » Not to exceed \$350,000 per household
 - No cash back from HBA proceeds allowed

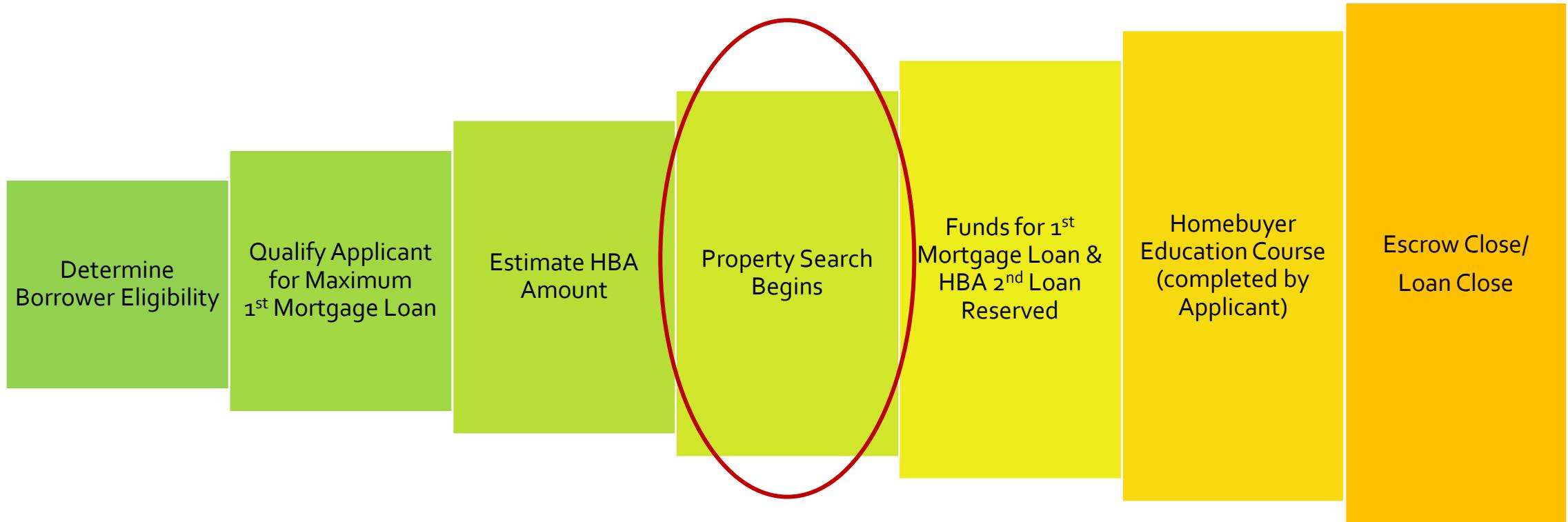


Examples

Duplication of Benefit (DOB) represents total amount of assistance received for the same purpose as HBA funds from other assistance.

Calculation Steps		Scenario 1	Scenario 2	Scenario 3
A	Purchase Price or Appraised Value (whichever is less)	\$600,000	\$600,000	\$600,000
B	(-) Maximum First Mortgage Loan Amount	\$400,000	\$250,000	150,000
C	Required Down Payment (a-b)	\$200,000	\$350,000	450,000
D	(+) Closing Cost	\$15,000	\$15,000	9,000
E	Cash Required for Closing (c+ d)	\$215,000	\$365,000	459,000
F	(-) Duplication of Benefit (DOB)	0	\$35,000	40,000
G	Assistance Amount Required (e- f)	\$215,000	\$330,000	419,000
H	Maximum Assistance Amount Allowed (Lesser of line G or \$350K)	\$215,000	\$330,000	350,000
I	Required Borrower Contribution (e-h)	\$0	\$35,000	\$109,000
Amount of HBA Loan		\$215,000	\$330,000	\$350,000

How the Program Works



Eligible Properties

- » Owner Occupied Residences Only
 - Single-family residences
 - Agency approved condos
 - Townhomes and PUDs
 - Manufactured homes
 - ADU's
- » Properties NOT Allowed
 - NO 2-4 unit
 - NO co-ops
 - NO investment properties, recreation or second homes

- » Must be Located Outside High or Very High Fire Hazard Zones
 - [Fire Hazard Severity Zone Viewer \(arcgis.com\)](http://arcgis.com)
- » Homeowner Insurance Policy
 - » California Fair Plan policies not acceptable



Eligible Properties – Number of Bedrooms

Number of Bedrooms based on Household Size

» Minimum:

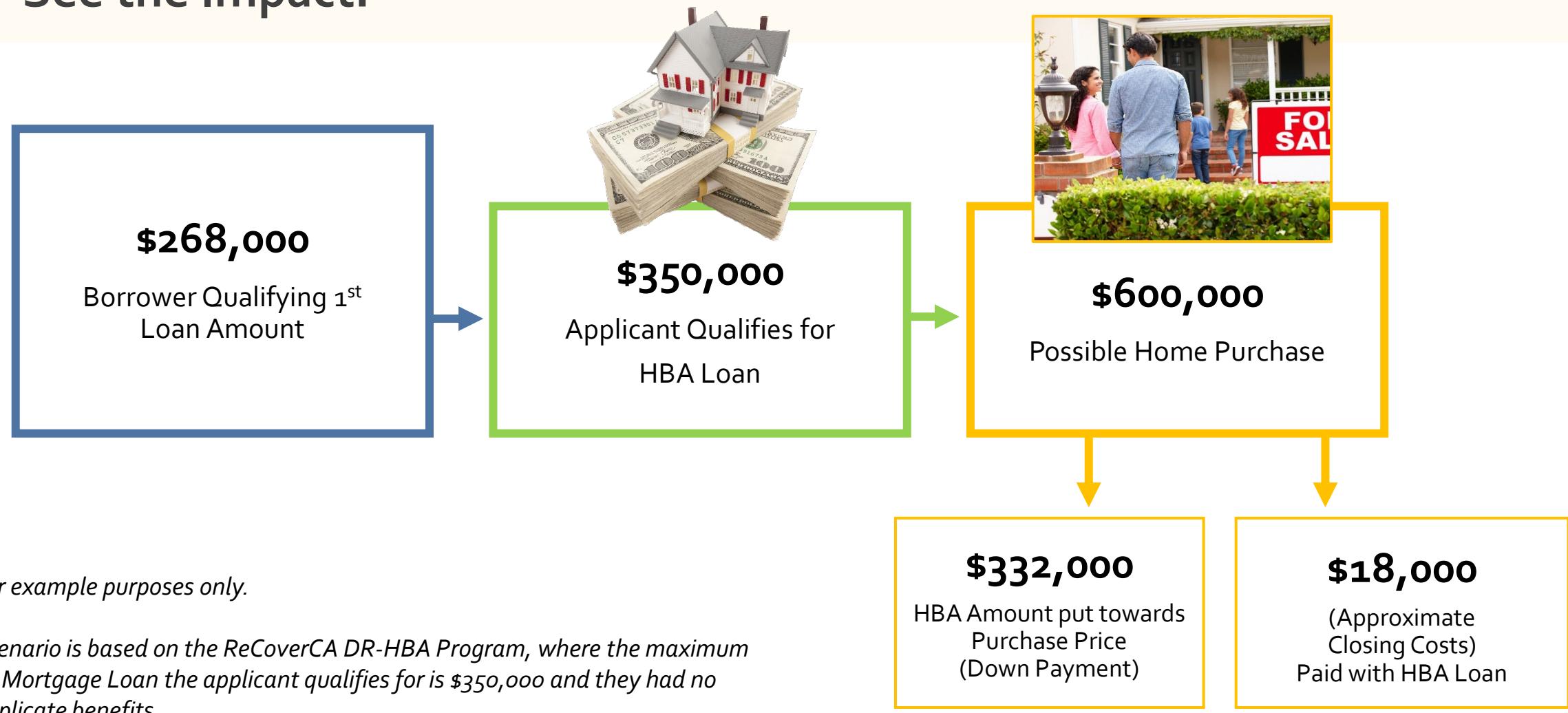
- Federal standard of 1.5 persons per bedroom

» Maximum:

- Refer to chart provided

Number of Persons	Minimum Number of Bedrooms	Maximum Number of Bedrooms
1	1	2
2	2	3
3	2	3
4	3	4
5	4	5

See the Impact!



How to Get Started – How to Apply



For More Info
(855) 740-8422
M-F 8am – 5pm PST
info@gsfahome.org

Work with a GSFA ReCoverCA Lender!

- » Approved by GSFA (www.gsfahome.org)
- » Understand the ReCoverCA HBA Program
- » Furnish complete program policies and eligibility requirements, interest rates and APRs
- » Will calculate the HBA amount applicant qualifies for
- » Processes application and mortgage loan

Establish Long-Term Housing Outside High Fire Zone Areas



Start Building Financial Security



Thank You for Attending

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June 10, 2024

HBA09



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The ReCoverCA Homebuyer Assistance (DR-HBA) Program is provided by the California Department of Housing and Community Development (HCD) in collaboration with Golden State Finance Authority (GSFA) as Program Manager. Funding for the Program is made possible through a Community Development Block Grant - Disaster Recovery (CDBG-DR) grant from HUD. GSFA is a duly constituted public entity and agency.

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