



(2023/24 Flood Recovery Allocation)

FREQUENTLY ASKED QUESTIONS

ReCoverCA Homebuyer Assistance (DR-HBA) Program

I. What is the ReCoverCA Homebuyer Assistance (HBA) Program?

The ReCoverCA HBA Program is a statewide recovery initiative created by the California Department of Housing and Community Development (HCD) to support low- and moderate-income households impacted by federally declared disasters. Its purpose is to help residents transition into safe, stable, long-term housing while supporting the recovery and resilience of affected communities.

Current funding, opening for applications on November 10, 2025, is reserved for households impacted by the 2023–2024 California floods in designated Most Impacted and Distressed (MID) Areas. Eligible applicants may receive up to \$300,000 in forgivable loan assistance to help with down payment, closing costs, and prepaids when purchasing a home outside of flood or high fire risk areas, with some case-by-case exceptions.

The program is funded by HUD's Community Development Block Grant – Disaster Recovery (CDBG-DR) and is managed by the Golden State Finance Authority (GSFA). GSFA oversees intake, eligibility review, loan processing, compliance, and outreach, and serves as the liaison between applicants, lenders, and HCD.

II. Who is Eligible to Receive the Homebuyer Assistance?

To qualify for the ReCoverCA HBA Program, applicants must meet all the following criteria:

- ***Disaster Impact***

Applicant must have lived in a MID area at the time of the 2023 or 2024 qualifying flood disaster. For the first 60 days after applications open, priority will be given to households that can demonstrate they were impacted by a flood event.

- ***Income***

Household income must be at or below 80% of Area Median Income (AMI).

- ***Homeownership Status***

Must qualify as a first-time homebuyer (no homeownership in the past 3 years). Some exceptions may be provided to applicants who owned a home in the MID area, were impacted by this disaster and have since sold the home.

- ***Location of New Home***

The property being purchased must be in California, outside a FEMA-designated Special Flood Hazard Area (SFHA) and outside [CalFire High or Very High Fire Severity Zones](#).

Qualifying MID Disaster Areas:

- **2023 Floods**
Hoopa Valley Tribe (ZIP code 95546) in Humboldt County, Monterey, San Benito, Santa Cruz, Tulare, and Tuolumne counties.
- **2024 Floods**
San Diego County.

Note: For the latest funding availability and updates, please visit the GSFA website at www.gsfahome.org/recoverca-hba which is regularly updated.

III. What Qualifies as Demonstrated “Impact”?

For the first 60 days after applications open, priority will be given to households that can demonstrate that they were impacted by a flood event.

Acceptable documentation includes, but is not limited to:

- Proof of a paid FEMA claim
- Proof of a paid renters insurance claim
- County documentation showing the rental property was damaged
- FEMA information from the landlord showing a paid claim

Not acceptable documentation includes:

- Claims that cannot be independently verified
- Claims not related to housing
- FEMA or insurance claims that were denied

IV. How Does the Assistance Work?

The ReCoverCA Homebuyer Assistance (HBA) Program provides a forgivable Second Mortgage Loan, with 0% interest and no monthly payments, to help disaster-impacted residents purchase a home. The assistance can be used to bridge the affordability gap between the maximum First Mortgage Loan amount and the purchase price or appraised value of the home, whichever is lower. Reasonable closing costs and prepaids may also be included, provided the total HBA amount does not exceed the award cap of \$300,000.

Lenders must qualify applicants for the maximum First Mortgage Loan they can afford under standard underwriting guidelines. The HBA award amount is then calculated to cover the remaining gap, up to award cap of \$300,000. The final award amount may be reduced if the applicant has other unused housing assistance (Duplication of Benefits) from other sources, or liquid assets over \$100,000.

The HBA is secured as a Second Mortgage lien, subordinate to the First Mortgage. It carries no interest, requires no monthly payments, and is fully forgiven after five (5) years of continuous occupancy as the homeowner's primary residence. Forgiveness occurs on a pro-rata basis, at 20% per year of owner occupancy. If the homeowner sells, transfers the property, or no longer occupies the home before the five-year period ends, a pro-rated portion of the HBA amount will be recaptured.

- 5-year term; forgivable after 5-years owner occupancy.

- Zero percent interest; no monthly payments
- Recorded as a Second Mortgage lien (subordinate to the First Mortgage)

V. How is the Amount of the HBA Loan Determined?

The First Mortgage Loan amount is the starting point in determining the size of the Homebuyer Assistance (HBA) Loan. The HBA is intended to close the gap between what an applicant can afford with a First Mortgage and the actual cost of purchasing a home, up to a maximum of \$300,000.

To calculate the HBA Loan amount:

1. Begin with the lower of the home's purchase price or appraised value.
2. Subtract the borrower's maximum qualifying First Mortgage Loan amount.
3. Add eligible closing costs and prepaids.
4. Subtract any Duplication of Benefits (DOB), such as other disaster assistance funds already provided for the same purpose.

The resulting figure is the applicant's HBA Loan amount, not to exceed \$300,000.

Scenario Table (For example purposes only)

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	\$250,000	\$315,000	\$150,000
C	Required Down payment (a-b)	\$350,000	\$285,000	\$450,000
D	(+) Closing Cost	\$15,000	\$15,000	\$9,000
E	Cash required for closing (c+ d)	\$365,000	\$300,000	\$459,000
F	(-) Greater of DOB or required liquid asset contribution	(\$35,000)	\$0	(\$40,000)
G	Assistance Amount required (e- f)	\$330,000	\$300,000	\$419,000
H	Maximum Assistance Amount Allowed (Lesser of line G or \$300K)	\$300,000	\$300,000	\$300,000
I	Required Borrower Contribution (e-h)	\$65,000	\$0	\$159,000
Amount of HBA Loan		\$300,000	\$300,000	\$300,000

Note: A *Duplication of Benefit (DOB)* occurs when financial assistance is received from another source for the same purpose as these program funds. Applicants with liquid assets exceeding \$100,000 are required to contribute those funds toward the purchase of the new home.

If total closing costs are greater than the combined amount of the First Mortgage Loan and the maximum allowable assistance, the applicant must cover the shortfall using personal funds or other approved sources. (See Scenarios 1 and 3 in the table above for reference.)

VI. What are the Program Eligibility Guidelines?

As a condition of funding, the applicant must meet the Program requirements outlined in the Program Term Sheet available on the GSFA website. Below is an overview of the most frequently asked eligibility questions.

a. Eligible Properties

The following guidelines apply to the eligibility of the property being purchased through the Program:

1. The Program requires that homes purchased with HBA assistance be located **outside both:**
 - FEMA-designated **SFHA**, and
 - CalFire **High or Very High Fire Hazard Severity Zones**.

This requirement ensures families are relocating to safer areas, reducing long-term risks, and avoiding repeated disaster-related housing insecurity. The Program does **not** involve property buyouts or acquisitions of damaged homes. Instead, it focuses on helping impacted residents move forward by purchasing homes in safer, more sustainable locations.
2. Homeowners must maintain insurance coverage through a traditional insurance provider. Policies issued under the California FAIR Plan, whether primary or companion, are not eligible.
3. Eligible property types include single-family homes (1-unit only), townhomes, agency-approved condominiums, planned unit developments (PUDs), and manufactured housing on a permanent foundation.
3. The Program applies the federal standard of 1.5 persons per bedroom to determine the minimum requirement, and also sets the following limits for maximum bedrooms:

Number of Persons	Minimum # of Bedrooms	Maximum # of Bedrooms
1	1	2
2	2	3
3	2	3
4	3	4
5	4	5
6 or more	4	5

b. Household Income Limit

The applicant must meet the income limit for LMI households, defined by HUD as 80% or below of the Area Median Income. The income limit is determined by factors such as household income, household size, and the county where the property is located. These limits are published on the GSFA website.

c. First Mortgage Guidelines

The applicant must meet the underwriting and loan approval requirements for the First Mortgage, as well as any other qualifying criteria outlined in the Program Term Sheet, which is available on the GSFA website. These requirements include, but are not limited to:

- **Minimum Debt-to-Income (DTI) ratio of 42%.**
Lenders must qualify the applicant with the maximum First Mortgage Loan that the borrower can afford, with a DTI ratio of not below 42%.
- **Maximum DTI ratio of 45%.**
Applicant's Principal, Interest, Taxes, and Insurance (PITI) payment on the home, plus all other monthly debt payments, must not exceed 45% of the household's verified gross income.
- **Minimum Credit Score 640.**
- **Applicants cannot own any real estate property at the time of application through closing.**

d. Required Homeownership Counseling

Housing counseling services play a crucial role in achieving positive outcomes in federally funded housing programs and are essential for promoting long-term affordability. As such, at least one borrower must complete an approved 8-hour online homeownership counseling course. This course will cover topics such as intake, budgeting, and conducting a financial and affordability analysis. The minimal cost of the course can be covered using the HBA Loan funds.

e. Ownership and Occupancy Requirement

Applicants must live in the home as their primary residence and maintain ownership for five (5) years after closing in order for the HBA Loan to be fully forgiven. The loan is forgiven gradually, with 20% of the balance forgiven for each 12 months of owner occupancy.

VII. How Does a Household Apply for the Program?

Applicants must apply through GSFA Approved Participating Lenders (also known as ReCoverCA HBA Lenders) who will pre-qualify applicants, provide interest rates, annual percentage rates (APRs), reserve program funds, and process both the First Mortgage Loan and the HBA Loan.

A list of ReCoverCA HBA Lenders is available at: www.gsfahome.org/recoverca-hba.

VIII. Where Can More Information be Found?

This fact sheet 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.

For more information or to subscribe for program updates:

 Call GSFA at **(855) 740-8422**

 Visit www.gsfahome.org/recoverca-hba