

**RECOVERCA HOMEBUYER ASSISTANCE (DR-HBA) PROGRAM
LENDER TERM SHEET – CONVENTIONAL LOANS**

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 2018 and 2020 wildfires to purchase a home outside of High or Very High Fire Hazard Severity Zones of California.
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. <i>The DR-HBA Lender Profile and DR-HBA Program Lender Agreement are available for download from the DR-HBA Lender Participation Guide at www.gsfahome.org.</i>
FIRST MORTGAGE LOAN TYPES AND TERMS	<p>Loan Types:</p> <ul style="list-style-type: none"> • Freddie Mac HFA Advantage Conventional financing, in accordance with Freddie Mac guidelines and Primary Mortgage Insurer guidelines. <p>Loan Term:</p> <ul style="list-style-type: none"> • 30-year fixed term with full amortization. <p>Maximum Loan Amount:</p> <ul style="list-style-type: none"> • Conforming limit of \$766,550. <p>Max LTV/CLTV:</p> <ul style="list-style-type: none"> • 97%/105%. <p><i>For FHA, VA, USDA financing options, please see the “DR-HBA_GOVT_Loans_TermSheet” available for download from the DR-HBA Lender Participation Guide at www.gsfahome.org.</i></p>
MORTGAGE LOAN INTEREST RATES:	<p>GSFA shall publish the Mortgage Rate on its Reservation Portal at https://nhfresportal.nhffloan.org/login.aspx on behalf of GSFA.</p> <ul style="list-style-type: none"> • 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.
DOWN PAYMENT AND CLOSING COST ASSISTANCE (DPA)	<p>DPA is available for Purchase transactions as outlined below:</p> <p>DPA Amount:</p> <ul style="list-style-type: none"> • The DPA provided by the Program is capped at \$350,000 per household. • The DPA Amount is calculated as follows: <ul style="list-style-type: none"> ○ 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.

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<p>DOWN PAYMENT AND CLOSING COST ASSISTANCE (DPA) CONTINUED</p>	<p>DPA Usage:</p> <ul style="list-style-type: none"> • Down payment. • Closing Costs (customary/reasonable) and prepaids. • Homebuyer education counseling fees. • No cash back allowed. <p>DPA Form:</p> <p>The HBA 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.</p> <p>DPA General Terms:</p> <p>There must be no cash back to the borrower from the DPA proceeds.</p> <p>DPA Second Mortgage Loan Terms:</p> <ul style="list-style-type: none"> • 5-year Term; forgivable after 5-years owner occupancy. <ul style="list-style-type: none"> ○ 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. <p>Lender must conform to federal RESPA and Truth-in-lending laws in disclosing the terms of the Second Mortgage.</p>
<p>OTHER ASSISTANCE PROGRAMS</p>	<p>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.</p>
<p>DPA DOCUMENTATION</p>	<p>The DPA Funding Commitment Notice, Second Mortgage Loan documents and DR-HBA Program documents will be provided on the Reservation Portal at https://nhfresportal.nhfloan.org/login.aspx on behalf of GSFA and Servicer.</p> <p>DPA Second Mortgage Loan Documents (Required):</p> <ul style="list-style-type: none"> • Promissory Note <ul style="list-style-type: none"> ○ Deed of Trust ○ Funding Commitment Notice ○ Partial Exemption Disclosure • 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.

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<p>DPA DOCUMENTATION CONTINUED</p>	<p>DR-HBA Program Documents (Required):</p> <ul style="list-style-type: none"> • 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
<p>BORROWER ELIGIBILITY</p>	<p>Income Limits:</p> <ul style="list-style-type: none"> • 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 <p>Applicant Eligibility</p> <ul style="list-style-type: none"> • Applicant whose primary residence (renter or homeowner) at the time of the qualifying disasters in 2018 and 2020 was located in high or very high fire severity zones. • 2018 Qualifying Disaster Areas: <ul style="list-style-type: none"> ○ Butte, Lake, Los Angeles and Shasta Counties. • 2020 Qualifying Disaster Areas: <ul style="list-style-type: none"> ○ Butte, Fresno, Los Angeles, Napa, Santa Cruz, Shasta, Siskiyou, Solano, and Sonoma Counties. • No 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.

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**BORROWER
ELIGIBILITY
CONTINUED**

Property Eligibility:

- Eligible properties must be located outside of 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 [Fire Hazard Severity Zone Viewer \(arcgis.com\)](http://arcgis.com).
 - 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 per Loan Agency guidelines (maximum 95% LTV/TLTV ratios).
- 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:

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

Minimum Credit Score:

- 640.
- 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%
- For manually underwritten loans, please follow the GSE and insurer guidelines.

Homebuyer Education:

- At least one borrower will be required to complete the approved 8-hour online homeownership counseling class that will include intake, preparing a client budget, and conducting a financial and affordability analysis provided through eHome America.
 - gsfa.ehomeamerica.org

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UNDERWRITING	<p>Freddie Mac “HFA Advantage” available through LPA “Accept” finding.</p> <p><i>For more information, please visit Freddie Mac’s HFA Advantage website: http://www.freddiemac.com/singlefamily/hfa.html.</i></p> <p>Follow Freddie Mac and Servicer guidelines for manual underwriting.</p>
RESERVATIONS	<p>Lender shall register Qualifying Mortgage Loans (“QML”) using the Reservation Portal at https://nhfresportal.nhfloan.org/login.aspx.</p> <ul style="list-style-type: none"> • The Reservation Portal may be accessed Monday through Friday between 9:00 AM and 4:00 PM PST/PDT, National Holidays excluded. • In order to access the Reservation Portal, user shall obtain a “User ID” from the Lender’s “Password Management Contact”. <p>Reservations:</p> <ul style="list-style-type: none"> • The Reservation Portal will identify whether a loan registration initially qualifies as a QML based on Income and Credit Score Limits provided by the Lender. • Lender reserves DPA at the time of First Mortgage Loan registration via the Reservation Portal. • Upon completion of the reservation, the Reservation Portal will provide Lender with an electronic “Reservation Confirmation” and “DPA Funding Commitment Notice”. • The Reservation Confirmation is valid for 60 days. Loan must be purchase by the Master Servicer prior to expiration date. • The Reservation will automatically be cancelled upon expiration unless the lender requests an extension. • The Reservation Confirmation and DPA Funding Commitment Notice must be submitted with the Mortgage Loan File to Servicer for purchase. • Both the First Mortgage Loan and the DPA Second Mortgage Loan (if applicable) must be purchased by Servicer within 60 days of reservation. • Modifications to a reservation will require approval from GSFA. • 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. • Extension: For loans not yet delivered to the Master Servicer, an extension to a reservation will require approval from the Program Manager. The Program Manager will invoice the lender for the extension fee. 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. Loans extended by the Master Servicer will be netted at loan purchase. <ul style="list-style-type: none"> ○ Two extensions are available for (15) days each. ○ The cost of an extension is 0.25% of the total First Loan amount.

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<p>FEES AND POINTS</p>	<p>Participating Lender should refer to Servicer Website for guidelines here.</p> <p>Fees and Points Lender may charge to Borrower:</p> <ul style="list-style-type: none"> • Origination Fee: Up to 3.00% of the First Mortgage. • Discount Points: 0.00% <ul style="list-style-type: none"> ○ This Program does not allow Discount Points to be charged to the Borrower. • Fees charged on the DPA Second Loan cannot exceed 1% of the DPA Second Loan amount (recording fees and transfer taxes are not included in the 1% maximum). • Participating Lender may charge customary and reasonable closing costs and fees with full disclosure in accordance with Freddie Mac and federal, state, and local laws and regulations. <p>Fees to Servicer from Lender (Servicer nets at purchase):</p> <ul style="list-style-type: none"> • Funding Fee: \$400. • Tax Service Fee: \$84. <p>Funds to Lender from Servicer at Loan Purchase:</p> <ul style="list-style-type: none"> • 100% of the outstanding principal amount of the First Mortgage Loan. • Servicing Release Premium (based on First Mortgage): <ul style="list-style-type: none"> ○ 0.50%.
<p>LOAN DELIVERY AND PURCHASE</p>	<ul style="list-style-type: none"> • 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.