



FREQUENTLY ASKED QUESTIONS

ReCoverCA Homebuyer Assistance (DR-HBA) Program

1. What is the purpose of the Program?

The ReCoverCA Homebuyer Assistance (HBA) Program was created by the California Department of Housing and Community Development (HCD) to help residents affected by recent wildfires and other disasters in California. This Program provides financial support to low- and moderate-income residents in the state's Most Impacted and Distressed areas, helping them relocate outside of high fire-risk zones. Assistance is provided in the form of a forgivable loan, up to \$350,000, to cover the gap between the First Mortgage Loan and the purchase price or appraised value of a home.

2. How much homebuyer assistance can I qualify for?

The Program provides homebuyer assistance of up to \$350,000 per household through a forgivable Second Mortgage Loan (HBA Loan). The amount you qualify for is calculated by subtracting the First Mortgage Loan from the lower of the home's purchase price or appraised value. Closing costs are then added, and the assistance is adjusted for any duplicate benefits or liquid assets over \$100,000. The maximum homebuyer assistance amount is \$350,000.

3. What can the homebuyer assistance be used for?

The homebuyer assistance can be used for the down payment, closing costs (including fees like loan origination, appraisal, and title insurance), and prepaids (like property taxes and homeowner's insurance). The total amount of assistance provided cannot exceed \$350,000, which includes all expenses.

4. Does the homebuyer assistance provided by the Program have to be repaid?

The HBA Loan is forgiven after five years of continued ownership and occupancy. Each year, 20% of the loan is forgiven. If the borrower does not meet the ownership or occupancy requirements during this period, the loan will need to be repaid on a pro-rata basis, based on the time the requirements were not met.

5. Who is eligible to receive the homebuyer assistance?

To be eligible, applicants must have owned or rented a primary residence in a [High or Very High Fire Severity Zone](#) within the qualifying areas during the designated time period for which funding is available.

For the 2017 funding, starting on March 17, 2025, qualifying areas include counties like Sonoma and Ventura, as well as specific zip codes in Mendocino, Yuba, Napa, Lake, and Santa Barbara counties.

Note: For the most current funding availability and updates, please visit the GSFA website, which is regularly updated.

6. Are there income limits to qualify?

Yes, applicants must meet income limits for low- and moderate-income (LMI) households, typically set at 80% of the area median income. The exact limit depends on factors such as household size and the county where the applicant plans to purchase a home through the Program. These limits are available on the GSFA website.

7. What are the First Mortgage qualifying guidelines?

Applicants must meet First Mortgage Loan approval requirements, which include:

- A minimum debt-to-income (DTI) ratio of 42%.
- A maximum DTI ratio of 45% (including monthly debts and PITI).
- A minimum credit score of 640.
- Applicants cannot own any other real estate at the time of application.

8. What type of property can be purchased and where?

Eligible properties must be located outside of High or Very High Fire Hazard Severity Zones in California. You can check a property's fire risk using CalFire's [Fire Hazard Severity Zone Viewer \(arcgis.com\)](https://arcgis.com).

Eligible property types include:

- Single-family homes
- Townhomes
- Agency-approved condominiums
- Planned Unit Developments (PUDs)
- Manufactured housing

Maximum bedroom limits are based on household size as follows:

- 1 person: 1 to 2 bedrooms
- 2 people: 2 to 3 bedrooms
- 3 people: 2 to 3 bedrooms
- 4 people: 3 to 4 bedrooms
- 5 people: 4 to 5 bedrooms
- 6 or more people: 5 to 6 bedrooms

9. Can the Program be used to purchase a second home or vacation home?

No, the Program is only for purchasing a primary residence.

10. Why does the Program only allow for home purchases outside High or Very High Fire Severity Zones?

The Program encourages home purchases outside [High or Very High Fire Severity Zones](#) because homeownership in these areas is often unaffordable due to high rebuilding, fire mitigation, and insurance costs. The Program focuses on helping residents relocate to safer, more sustainable areas. It does not support buying damaged properties, as they typically only cover the land value and would not help residents purchase new homes without additional support.

For more information on other programs provided by HCD that address reconstruction or mitigation needs, visit the ReCoverCA website at <https://www.hcd.ca.gov/grants-and-funding/recoverca>.

11. Is homebuyer education required?

Yes, homebuyer education is required to participate in the Program.

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.

12. Who provides the funding for the Program?

The Program is funded through a Community Development Block Grant - Disaster Recovery from HUD, as part of California's Disaster Recovery Action Plan.

Golden State Finance Authority (GSFA) serves as the Program Manager, overseeing the Program's full range of responsibilities, including intake, application processing, eligibility and affordability determination, monitoring, quality control, compliance review, and marketing and outreach efforts.

13. How does someone apply for ReCoverCA Homebuyer Assistance?

Applicants must work with an Approved Lender (ReCoverCA HBA Lender) to get pre-qualified and reserve funds for both the First Mortgage Loan and homebuyer assistance. The lender will assess eligibility, determine the loan amount, provide interest rates and APRs and handle the mortgage loan processing. A list of ReCoverCA HBA Lenders can be found on the GSFA website www.gsfahome.org.

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