



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](http://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<sup>(1)</sup>

- 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 <sup>(2)</sup>
Owens 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.

The graphic features a light blue background with a white cloud pattern at the bottom. At the top, a red rounded rectangle contains the text 'ReCoverCA Homebuyer Assistance'. Below this, the text 'Up to \$350,000' is displayed, with '\$350,000' in a large, bold, green font. Underneath, it says 'Available to qualifying renters or previous homeowners impacted by CA fires in 2018 and 2020'. A horizontal sequence of three circular images is shown: a wildfire, a small green plant growing from ash, and a smiling couple in front of a house with a 'FOR SALE' sign. At the bottom right, a red rounded rectangle says 'For more details' next to a QR code with the text 'SCAN HERE!' below it.

ReCoverCA Homebuyer Assistance

Up to **\$350,000**

Available to qualifying renters or previous homeowners impacted by CA fires in 2018 and 2020

For more details

SCAN HERE!

# 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

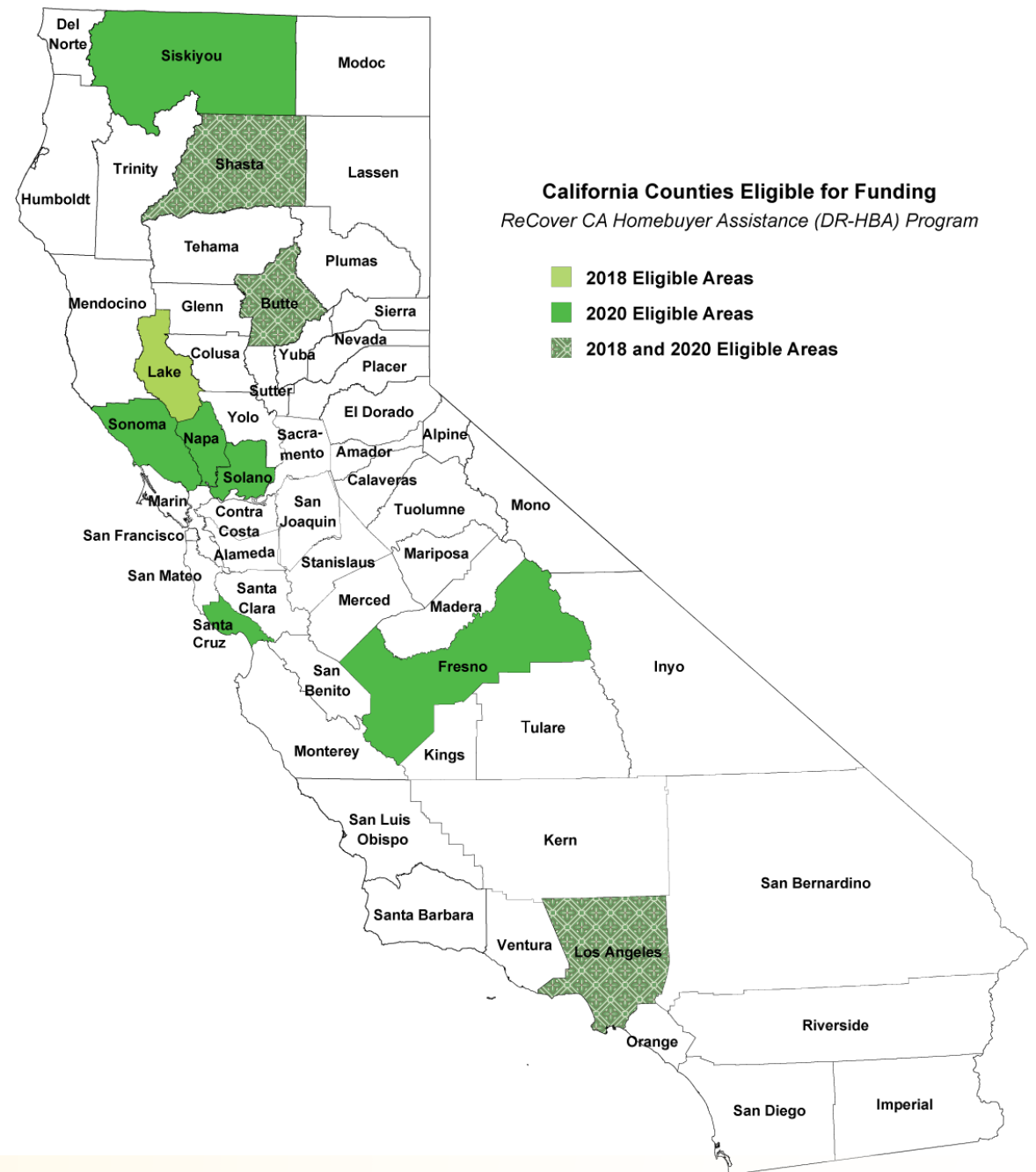


# How the Program Works



# 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

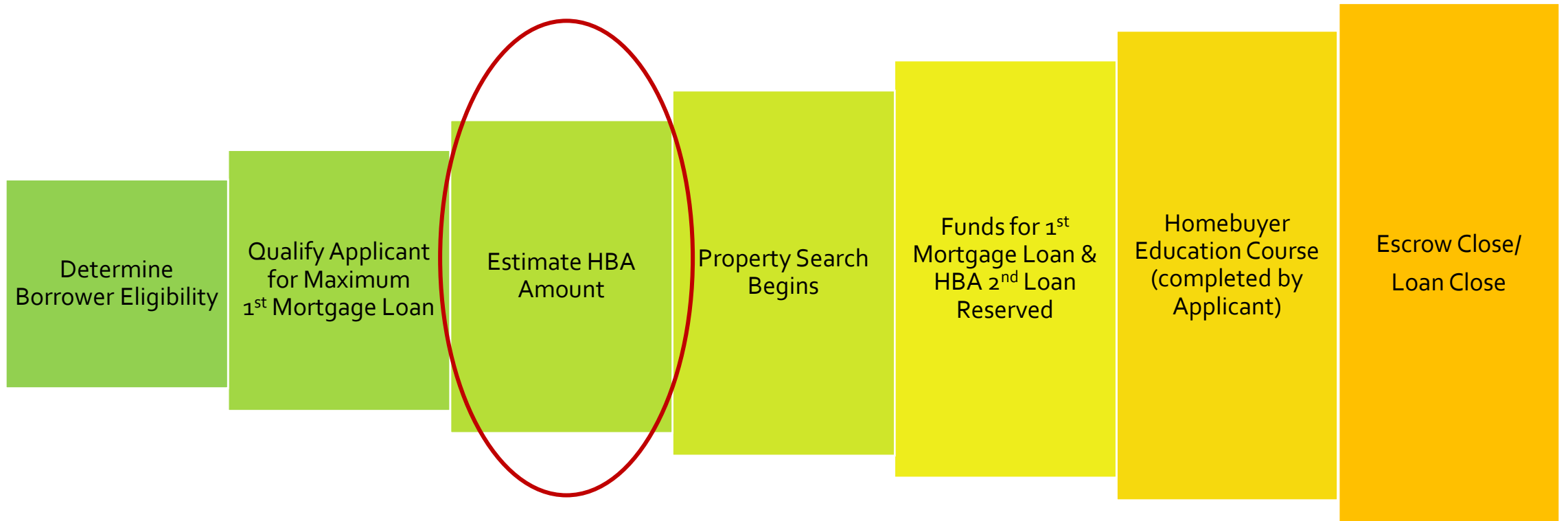
- Minimum DTI = 42%
- Maximum DTI = 45%

# 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

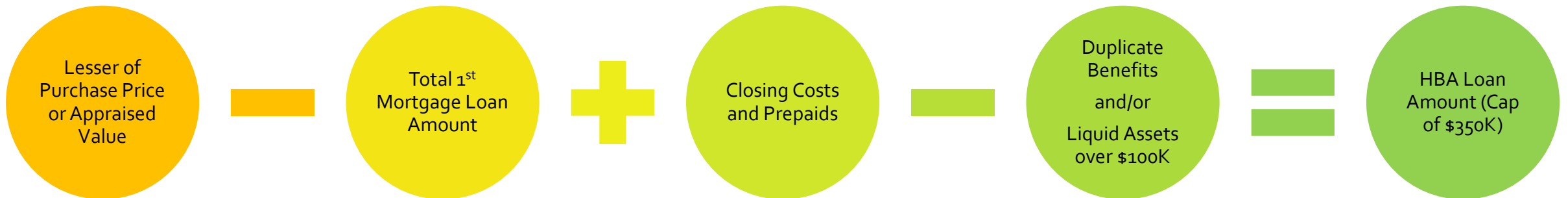
# How the Program Works



# 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

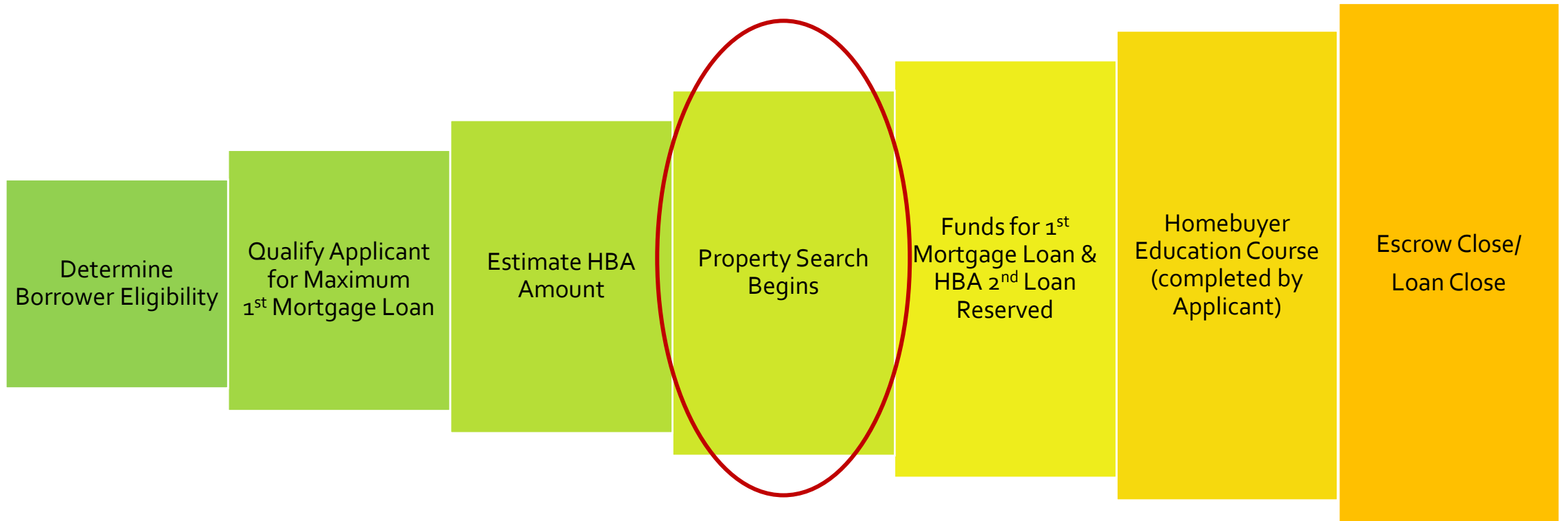


# Examples

*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
<b>Amount of HBA Loan</b>		<b>\$215,000</b>	<b>\$330,000</b>	<b>\$350,000</b>

# 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 \(arcgis.com\)](https://arcgis.com)

## » Homeowner Insurance Policy

- » California Fair Plan policies not acceptable





# Eligible Properties – Number of Bedrooms

## Number of Bedrooms based on Household Size

### » Minimum:

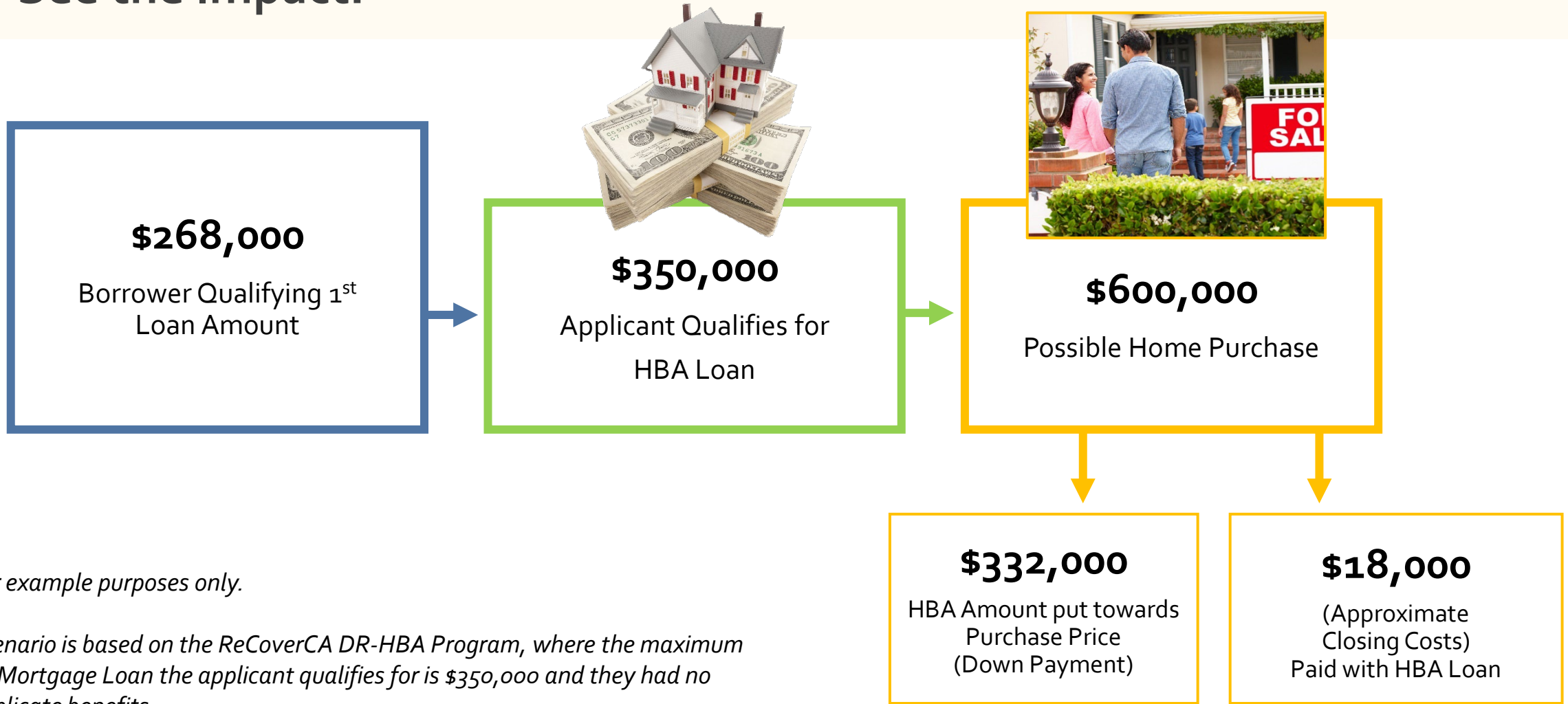
- Federal standard of 1.5 persons per bedroom

### » 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!



*For example purposes only.*

*Scenario is based on the ReCoverCA DR-HBA Program, where the maximum 1<sup>st</sup> Mortgage Loan the applicant qualifies for is \$350,000 and they had no duplicate benefits.*

# How to Get Started – How to Apply



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

## Work with a GSFA ReCoverCA Lender!

- » Approved by GSFA ([www.gsfahome.org](http://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

## Golden State Finance Authority

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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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