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 Development (HCD)

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

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 Over 32 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

$677.7 Million in Down Payment Assistance Provided

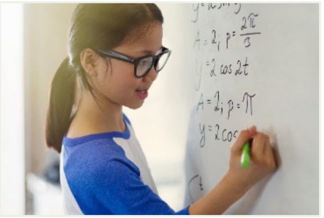
86,600+ Homebuyers Assisted to-date

GOLDEN STATE
Finance Authority®

Disclaimer: 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 GSFA Participating Lenders.

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

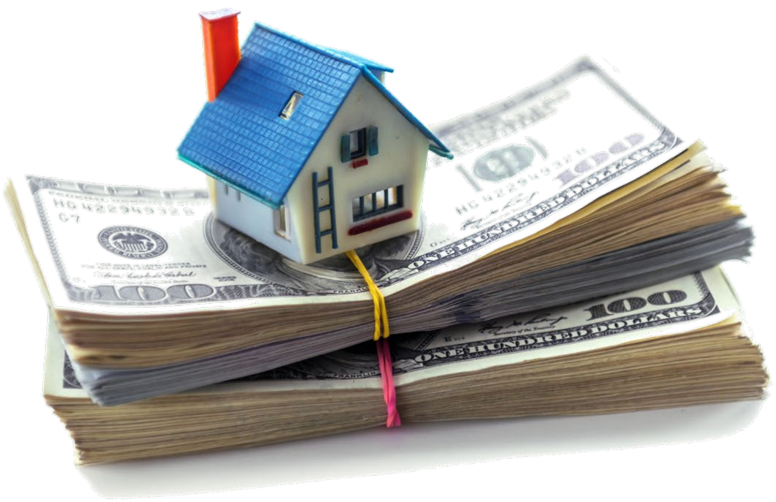
ReCoverCA Homebuyer Assistance (HBA)

- For Low-to-Moderate Income Households Impacted by 2023 and 2024 CA floods
- HBA up to $300,000 per household
- Assist with home purchase in CA outside Special Flood Hazard or High Fire Severity Zones

HBA Structure and Terms

- HBA Amount:
  - Up to $300,000
- 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

Determine Borrower Eligibility

Qualify Applicant for Maximum 1st Mortgage Loan

Estimate HBA Amount

Property Search Begins

Funds for 1st Mortgage Loan & HBA 2nd Loan Reserved

Homebuyer Education Course (completed by Applicant)

Escrow Close/ Loan Close

Applicant Eligibility

- Primary residence was in Qualifying Disaster Area
- Low-to-Moderate Income Households
  - ≤80% AMI (Based on Household Size)
- First-time Homebuyer Requirement
  - No ownership in past 3 years
  - Exception for ownership during disaster but no longer own property
- Must not own any real estate at application through close of escrow
- Must not be in contract at time of application

- 2023 Qualifying Disaster Areas:
  - Hoopa Valley Tribe (ZIP code 95546) in Humboldt County
  - Monterey County
  - San Benito County
  - Santa Cruz County
  - Tulare County
  - Tuolumne County
- 2024 Qualifying Disaster Area:
  - San Diego County

How the Program Works

1. Determine Borrower Eligibility
2. Qualify Applicant for Maximum 1st Mortgage Loan
3. Estimate HBA Amount
4. Property Search Begins
5. Funds for 1st Mortgage Loan & HBA 2nd Loan Reserved
6. Homebuyer Education Course (completed by Applicant)
7. Escrow Close/ Loan Close

1st Mortgage Guidelines

» Eligible Mortgages
- Purchases only
- 30-Year fixed-rate loans
- FHA, VA, USDA and Conventional

» Loan Limit is the Lesser of:
- $806,500, or
- Loan limit for county/loan type

» Household Income Limits
- LMI ≤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

1. Determine Borrower Eligibility
2. Qualify Applicant for Maximum 1st Mortgage Loan
3. Estimate HBA Amount
4. Property Search Begins
5. Funds for 1st Mortgage Loan & HBA 2nd Loan Reserved
6. Homebuyer Education Course (completed by Applicant)
7. Escrow Close/ Loan Close

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 $300,000 per household

- No cash back from HBA proceeds allowed

Lesser of Purchase Price or Appraised Value − Total 1st Mortgage Loan Amount + Closing Costs and Prepaids − Greater of Duplicate Benefits or Liquid Assets over $100K = HBA Loan Amount (Cap of $300K)

How the Program Works

Determine Borrower Eligibility

Qualify Applicant for Maximum 1st Mortgage Loan

Estimate HBA Amount

Property Search Begins

Funds for 1st Mortgage Loan & HBA 2nd Loan Reserved

Homebuyer Education Course (completed by Applicant)

Escrow Close/
Loan Close

Eligible Properties

» Owner Occupied Residences Only
- Single-family residences
  - ADUs
- Agency approved condos
- Townhomes and PUDs
- Manufactured homes

» Properties NOT Allowed
- NO 2-4 unit
- NO co-ops
- NO investment properties, recreation or second homes

» Must be Located Outside:
1. FEMA-designated Special Flood Hazard Areas
2. High or Very High Fire Hazard Zones

» Homeowner Insurance Policy
- » California Fair Plan policies not acceptable

Eligible Properties – Number of Bedrooms

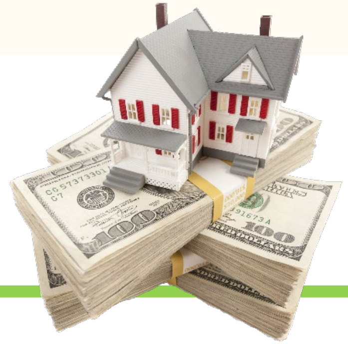
Number of Bedrooms based on Household Size

» 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
6 or more	4	5

See the Impact!



$315,000

Borrower Qualifying 1st Loan Amount

$300,000

Applicant Qualifies for HBA Loan

$600,000

Possible Home Purchase

$285,000

HBA Amount put towards Purchase Price (Down Payment)

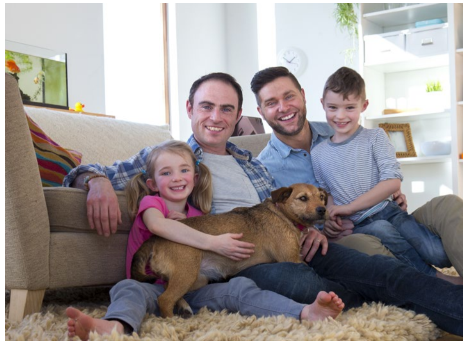
$15,000

(Approximate Closing Costs) Paid with HBA Loan

For example purposes only.

Scenario is based on the ReCoverCA DR-HBA Program, where the maximum 1st Mortgage Loan the applicant qualifies for is $315,000 and they had no duplicate benefits.

How to Get Started – How to Apply

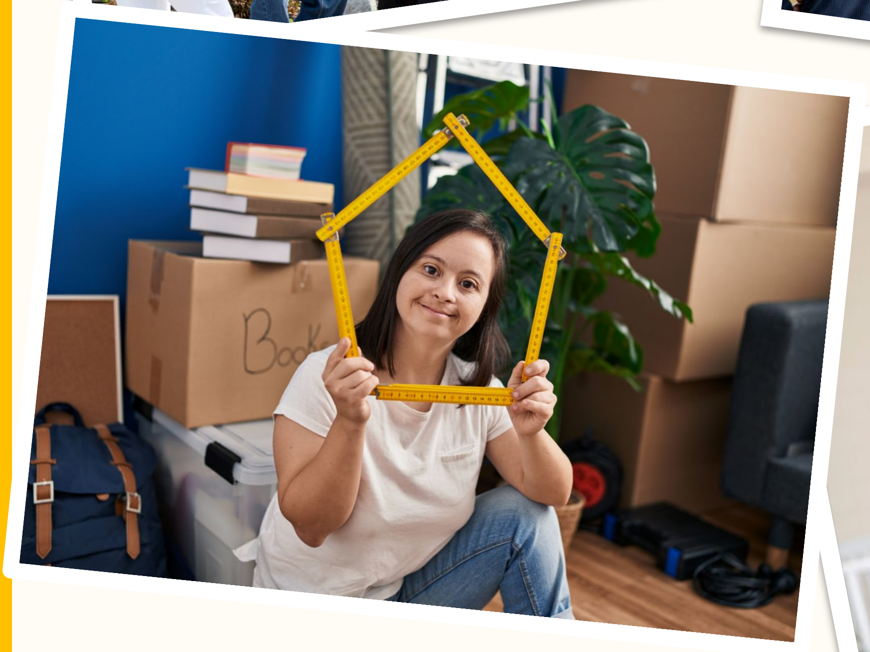


Take Your First Step Toward Homeownership – Connect today!

GSFA ReCoverCA Lender

1. Connect with a GSFA ReCoverCA Lender
2. Learn the Program
   - Review ReCoverCA HBA policies, eligibility, interest rates, and APRs with your Lender
3. Determine Your Assistance
   - Lender calculates your potential HBA amount
4. Submit Your Application
   - Lender processes both the HBA application and mortgage loan

Establish Long-Term Housing Outside High Risk Areas



Start Building Financial Security

Start Your Journey Today

Golden State Finance Authority

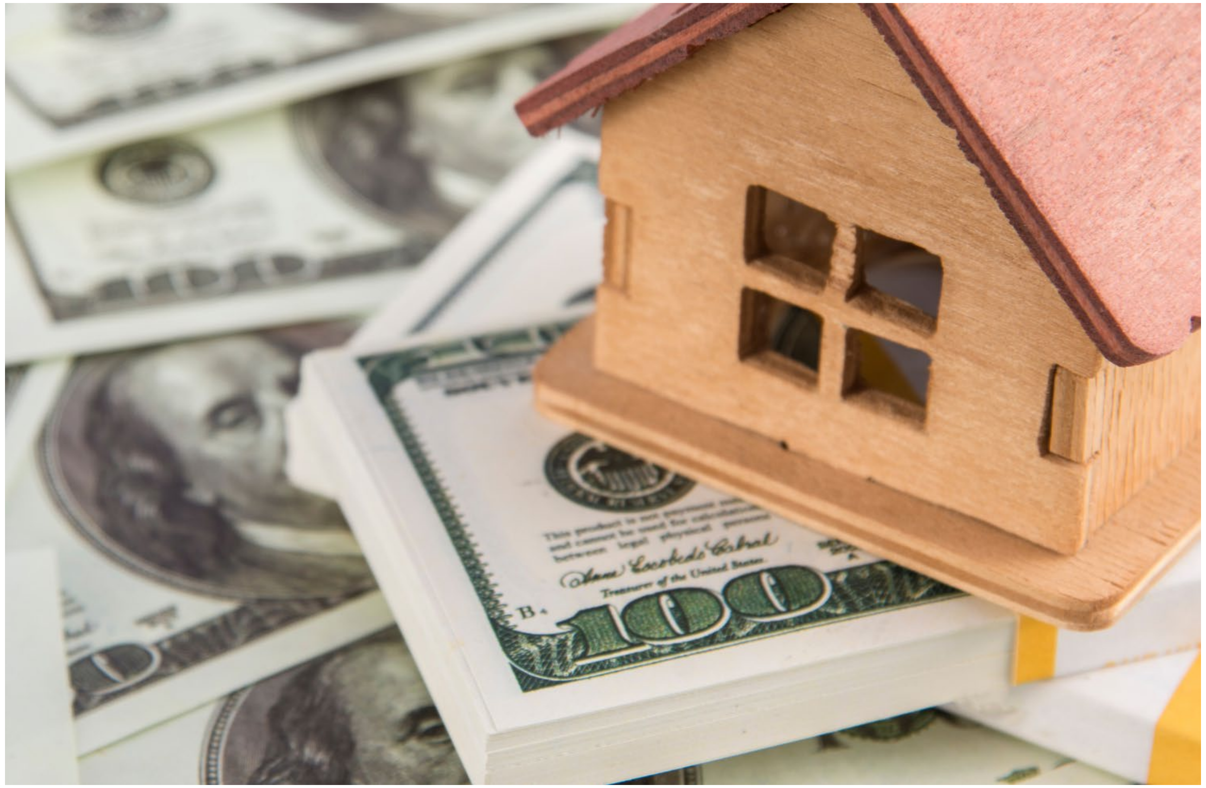
1215 K Street, Suite 1650

Sacramento, CA 95814

(855) 740-8422

info@gsfahome.org

www.gsfahome.org



This document 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 GSFA ReCoverCA HBA Lenders.

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.