



FREQUENTLY ASKED QUESTIONS

ReCoverCA Homebuyer Assistance (DR-HBA) Program

1. What is the purpose of the Program?

ReCoverCA Homebuyer Assistance (DR-HBA) Program was developed by the California Department of Housing and Community Development (HCD) in response to the devastating wildfires and other declared disasters that impacted the State in 2018 and 2020.

With the DR-HBA Program, HCD aims to provide an option to enable low- and moderate-income (LMI) residents of the Most Impacted and Distressed (MID) California counties (homeowners or renters) to relocate outside of high fire zone areas. The Program provides homeownership assistance in the form of a forgivable loan, up to \$350,000. The Homebuyer Assistance (HBA) is designed to cover the funding gap between the First Mortgage Loan amount and the purchase price of a home.

2. How much homebuyer assistance can I qualify for?

The Program provides homeownership assistance in the form of a forgivable loan, up to \$350,000. The Homebuyer Assistance (HBA) is designed to cover the funding gap between the First Mortgage Loan amount and the purchase price of a home.

The HBA Amount is calculated as follows: The First Mortgage Loan amount is subtracted from the purchase price or the appraised value of the home, whichever is less. Then the cash required for closing is added. The HBA amount is reduced by the Duplication of Benefit (DOB), which is the assistance received by the Applicant from other sources for the same purpose. The maximum HBA amount is capped at \$350,000.

3. What can the homebuyer assistance be used for?

The homebuyer assistance (HBA) can be used to cover the Applicant's down payment, closing costs and prepaids up to a cap of \$350,000.

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

No, the homebuyer does not have to repay the Homebuyer Assistance (HBA) provided through the Program if they maintain ownership and occupancy in the property for five (5) years.

The HBA is provided in the form of a forgivable deferred Second Mortgage Loan with a zero percent note rate. There is no monthly payment on the HBA Loan and it is completely forgiven after five (5) years maintaining ownership and occupancy. A portion equal to 20% of the HBA Loan amount is forgiven each year on a pro-rata basis, up to 5 years, when all of it is forgiven.

Default on ownership and/or occupancy during the initial 5-year ownership and occupancy period will result in recapture of HBA Loan funds on a pro-rated basis.

5. Who is eligible to receive the homebuyer assistance?

Program eligibility is limited to LMI homeowners and renters whose primary residence, at the time of the qualifying disasters in 2018 or 2020, was located in high or very high fire severity zones. The following California counties eligible for 2018 funds are as follows:

- Butte
- Lake
- Los Angeles
- Shasta

The following California counties eligible for 2020 funds are as follows:

- Butte
- Fresno
- Los Angeles
- Napa
- Santa Cruz
- Shasta
- Siskiyou
- Solano
- Sonoma

6. Are there income limits for the Program?

Yes, the Program is limited to low-to-moderate income households, as defined by HUD as Area Median Income of 80% and below. The income limit is based on household income, household size and the County in which the property being purchased is located. Limits are published on the [HUD website](#).

7. What type of property can be purchased through the Program?

Eligible property types include Single family homes, townhomes, agency approved condominiums & planned unit developments (PUD) and manufactured housing.

Number of bedrooms allowed is dependent on the household size. The Program follows 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 # of Bedrooms	Maximum # of Bedrooms
1	1	2
2	2	3
3	2	3
4	3	4
5	4	5

8. Where can a home be purchased through the Program?

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: <https://calfire-forestry.maps.arcgis.com/apps/webappviewer/index.html?id=988d431a42b242b29d89597ab693d008>.

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.

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

No. The Program is for the purchase of an owner-occupied primary residence only.

10. Is homebuyer education required?

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

Housing counseling services are vital to positive outcomes in federally funded housing programs and a key resource to developing long-term affordability. Therefore, 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 and a one-on-one (1:1) counseling follow-up session. The cost for the homeownership counseling class can be paid from the HBA Loan.

11. How does someone apply for ReCoverCA Homebuyer Assistance?

Applicants must work with Approved Lenders (aka ReCoverCA Participating Lenders) for pre-qualification and reservation of funds for both a First Mortgage Loan and the homebuyer assistance. The Lender will determine eligibility and the HBA Amount for which the Applicant qualifies. Lenders also provide interest rates and annual percentage rates (APRs) and process the mortgage loan.

ReCoverCA Participating Lenders are published on the GSFA website www.gsfahome.org.

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