



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 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



\$673 Million in Down Payment Assistance Provided



86,300+ Homebuyers Assisted to-date



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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⁾
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 2017 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 2017'. 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 contains the text 'For more details' next to a QR code with the text 'SCAN ME' and 'SCAN HERE!' below it.

ReCoverCA Homebuyer Assistance

Up to **\$350,000**

Available to qualifying renters or previous homeowners impacted by CA fires in 2017

For more details

SCAN ME

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

- » LMI Households
 - Renters or Homeowners
- » Primary residence was in a High or Very High Fire Hazard Severity Zone
- » No First-time Homebuyer Requirement
- » Must not own any real estate
 - At application through close of escrow
- » Must not be in contract at time of application
- » Eligible Fire-disaster Areas (2017):
 - Sonoma County
 - Ventura County
 - Zip code 95470 – in Mendocino County
 - Zip code 95901 – Predominantly Yuba County
 - Zip code 94558 – Predominantly Napa County
 - Zip code 95422 – Predominantly the City of Clearlake in Lake County
 - Zip code 93108 – City of Montecito, located in Santa Barbara County

How the Program Works

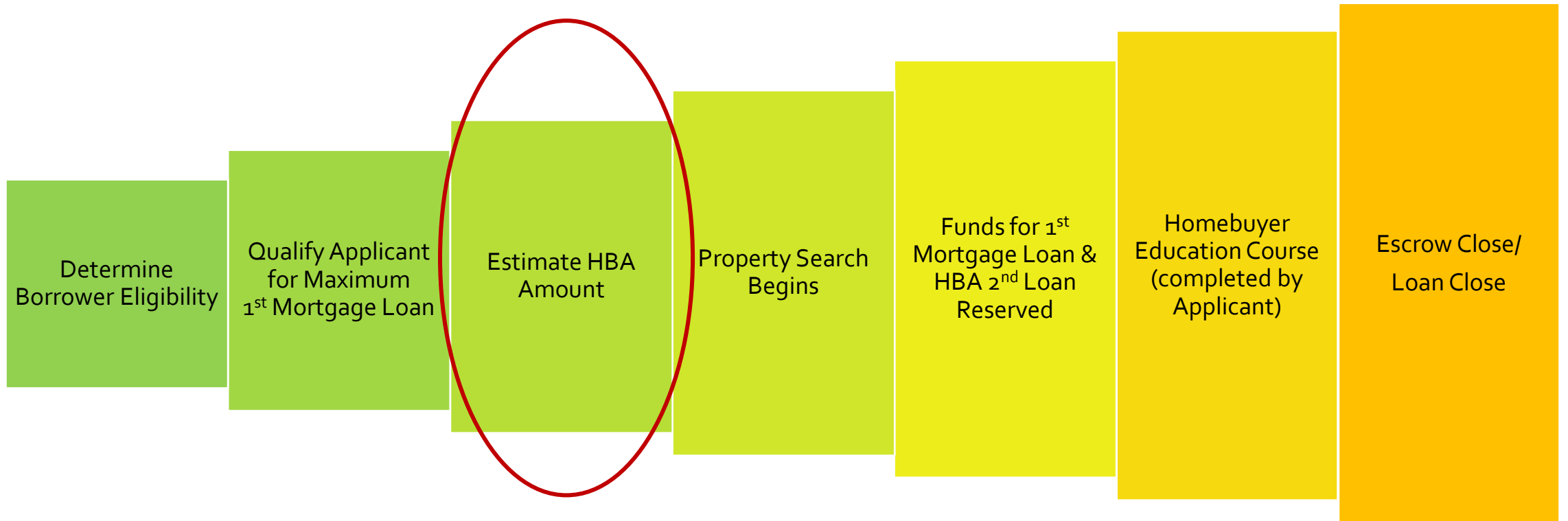


1st Mortgage Guidelines



- » 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
 - $LMI \leq 80\%$ 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

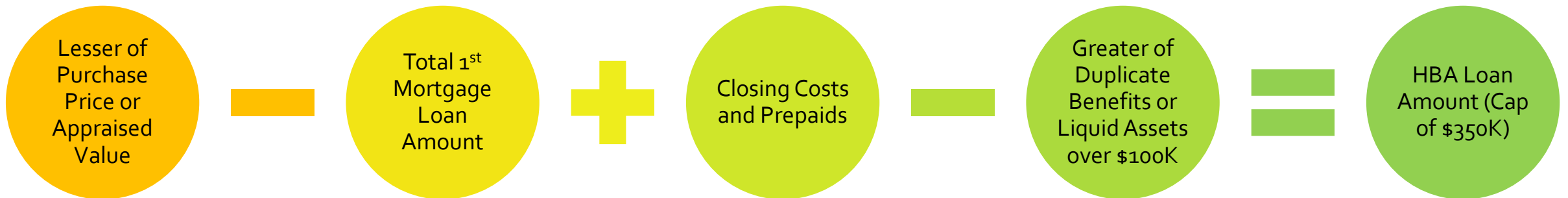
How the Program Works



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

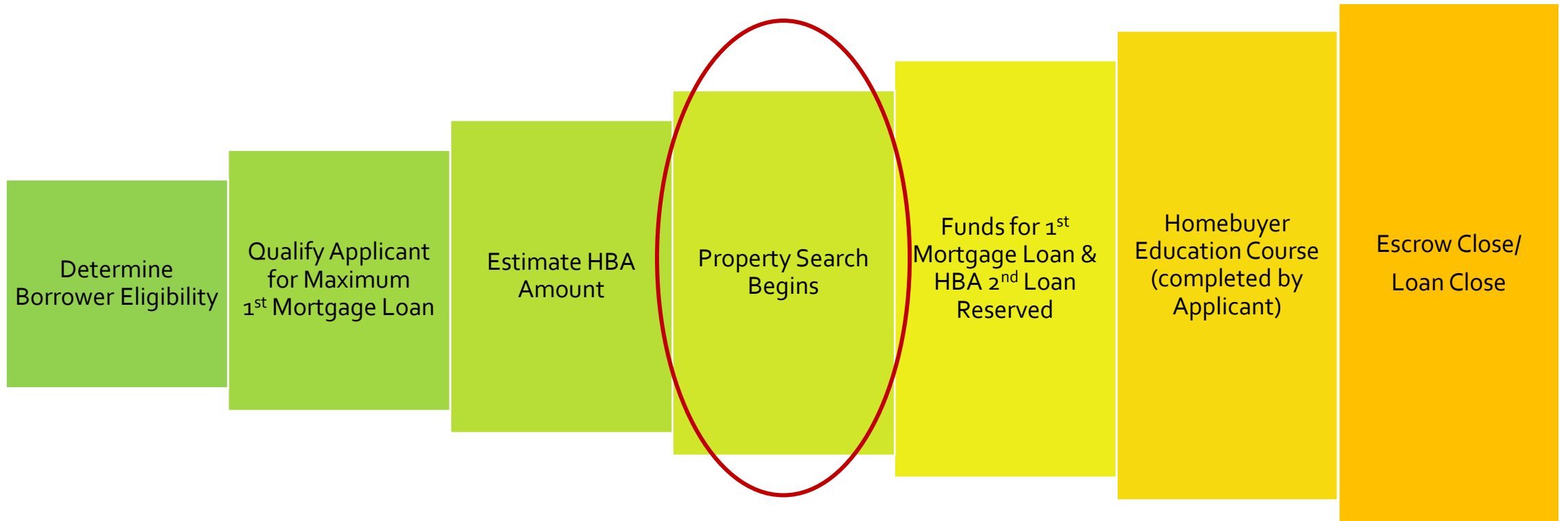


Examples

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
Amount of HBA Loan		\$215,000	\$330,000	\$350,000

How the Program Works



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 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:

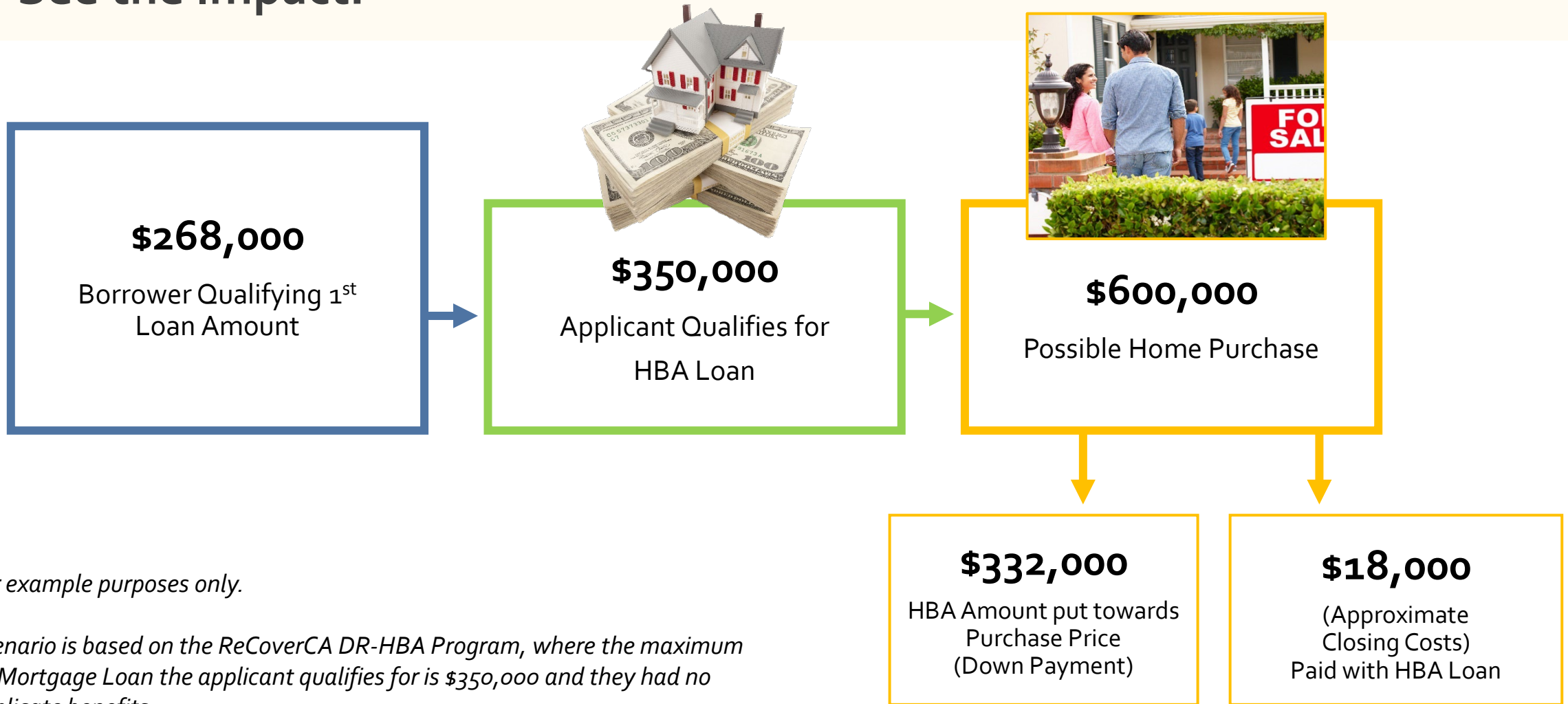
- Federal standard of 1.5 persons per bedroom

» 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 1st 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

Work with a GSFA ReCoverCA Lender!

- » Approved by GSFA (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



<https://qrco.de/bfAPP1>

Establish Long-Term Housing Outside High Fire Zone Areas






Start Building Financial Security

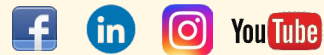
Thank You for Attending

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