Frequently Asked Questions

Specific to the "Assist-to-Own" Down Payment Assistance Program

Updated 8/10/22

1. BORROWER ELIGIBILITY – Who is Eligible for the "Assist-to-Own" Program?

To be eligible for the Assist-to-Own Program, at least 1 person that is on the mortgage loan must be employed by a GSFA Member County on the day that the GSFA Participating Lender locks in the mortgage loan through GSFA AND still employed with the County when escrow closes. Temporary, per diem and full-time employees are eligible. Employees are eligible as of their first day of employment with the County. Verification of employment with the County will be required at Loan Lock and at close of escrow.

GSFA does not require that you remain employed by the GSFA Member County for any length of time after escrow closes. Once you close escrow, your Mortgage Loan and down payment assistance Second Mortgage Loan are in place. You do not have to refinance the Loans if you leave employment with the County.

There is no requirement that you be a first-time homebuyer to be eligible for the Program.

The Program is not a 1-time use Program. If an employee wants to use the Program again in the future, they may do so, as long as they still meet the eligibility requirements AND are purchasing or refinancing a residence in California that they will be moving into or living in as their PRIMARY RESIDENCE.

The employee can apply for the Program along with a Co-borrower. A non-occupant co-borrower (someone who will not be living in the property along with the employee), is only allowed with an FHA loan. Please see a GSFA Participating Lender for more information on co-borrowers and co-signers.

2. PROPERTY – What types of Properties are eligible? Where can the Property be located?

Only properties in California qualify. The property must be located in California to qualify. **You do not have to purchase in same County where you are employed.**

Keep in mind the property you purchase or refinance using the Assist-to-Own Program must be an owner-occupied property, one you will be living in as your primary residence. No second homes, vacation homes nor rental properties are eligible for financing through the Program.

The type of property you can purchase, or refinance, varies depending on the type of First Mortgage Loan you acquire. And the associated loan agency (FHA, VA, USDA or Freddie Mac for Conventional Loans) may have specific guidelines concerning that type of property. GSFA would follow these guidelines. It is best to speak with a GSFA Participating Lender to discuss your mortgage loan options in more detail. However, here are the guidelines concerning eligible properties:

FHA, VA and USDA Loans - Eligible Properties:

- Single Family (1 -4 Unit) properties ONLY, as allowed per Agency guidelines.
- Manufactured housing allowed with a minimum of 680 FICO and maximum DTI of 45% (no manual underwriting)
- Approved Condos and Townhomes

Conventional Loans - Eligible Properties:

- 1-unit, Single Family Residences, approved Condos, and Townhomes, as allowed per Agency guidelines.
- No manufactured homes nor co-ops.
- Condominiums allowed for LTVs of 97% with US Bank approval in addition to meeting Freddie Mac guidelines as applicable.
- No condominiums allowed for borrowers above 80% of Area Median Income (AMI).

GSFA does not have any restrictions on how long you remain in the home that was purchased or refinanced through the "Assist-to-Own" Program. Contact your GSFA Participating Lender for any lender guidelines that may apply.

3. DOWN PAYMENT ASSISTANCE (DPA) TERMS – How much assistance is available? Does the assistance have to be repaid?

The "Assist-to-Own" Program provides up to 5.5% in down payment and closing cost (DPA) assistance.

The first 3.5% in DPA assistance (calculated as 3.5% of the Total First Mortgage Loan Amount) is provided as a deferred DPA Second Mortgage Loan. Deferred means it has no monthly payments. It has a zero percent note rate, meaning it does not accrue any interest. It can be repaid early, with no prepayment penalties.

This DPA Second Mortgage Loan must be repaid when the property is sold, refinanced, or at the end of the 30-year term. Refinance of the First Mortgage will trigger repayment of the DPA Second Mortgage Loan, regardless of the refinance interest rates. GSFA has no prepayment penalties if a homeowner chooses to pay back the DPA Second Loan early.

An additional amount of DPA assistance is available, up to 2.00% of the Total First Mortgage Loan Amount. This portion of assistance is provided as Gift funds and does not have to be repaid. However, the interest rate for the First Mortgage with Gift funds will be slightly higher than the interest rates without Gift funds.

The DPA funds can be used towards down payment, closing costs or applied towards the principal on the First Mortgage Loan. There must be no cash back to the borrower from the DPA proceeds.

4. MORTGAGE LOAN – What types of Mortgage Loans does the Program allow? What is the maximum Loan Amount for the "Assist-to-Own" Program?

There are a variety of mortgage loan types available in the Assist-to-Own Program. FHA, VA, USDA and Conventional Loan Financing is available for purchase transactions. Refinances are allowed with Conventional loan financing only. All mortgage loans are 30-year fixed interest rate loans.

It is important to discuss loan types with your mortgage advisor, as they are best suited to help you determine the right mortgage loan type for your situation.

The maximum loan amount for the Assist-to-Own program depends on the mortgage loan type. For VA, USDA and Conventional loans it is $647, 200 for VA, USDA. However, we can go above that for an FHA loan, allowing the up-front mortgage insurance to be financed as well, bringing the maximum loan amount for an FHA loan to $658,526.

Keep in mind that the maximum loan amount is not a purchase price limit. It is simply the maximum First Mortgage Loan amount the Program can finance. There are no purchase price limits.

Borrowers can apply their own funds, gift funds from a relative and/or the down payment assistance through the Program to the purchase price to bring down the loan amount to the maximum allowed for the Program. For more details on other qualifying sources of funds that can be used in conjunction with the DPA from GSFA, contact your GSFA Participating Lenders.

The Program may be able to be combined with other programs. However, it is best to discuss this with your GSFA Participating Lenders, as they can review all program guidelines.

5. INCOME LIMITS – Does the Program have income limits?

GSFA does not impose any income limits for FHA and VA loan financing.

USDA publishes their own income limits on their website here.

GSFA does have income limits for Conventional Loan Financing. However, these income limits are quite high (low-to-moderate) income and based on the County where the Property is located. Only the income used for qualifying purposes on the Mortgage Loan must be within the GSFA Conventional Income Limit.

View the Conventional Income Limits here.

6. PARTICIPATING LENDERS – How do I get started? Who are the GSFA Participating Lenders?

GSFA is not a direct lender. We are a housing finance entity in California. As such we can create homebuyer assistance programs utilizing standard mortgage loan products such as FHA, VA, USDA and

Conventional Loan financing and then wrap a down payment and/or closing cost assistance component to them.

GSFA relies on Mortgage Lenders to take loan applications and do due diligence to ensure that a borrower is qualified for a Mortgage Loan. We therefore approve Lenders to offer our programs. There are currently over 150 Participating GSFA Participating Lenders approved to offer the “Assist-to-Own” Program in California.

As long as you are working with someone employed with one of our GSFA Participating Lenders, you can access the “Assist-to-Own” Program. View the GSFA Participating Lenders here.

Keep in mind that you often do not need to go to a physical office to work with a loan officer. Most lenders take and process loan applications electronically as well as in person.

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