Disaster Rebuilding Assistance Program
Construction Loan Loss Guarantee Term Sheet

Program Goal	The Disaster Rebuilding Assistance Construction Loan Loss Guarantee program provides a construction loan loss guarantee fund to facilitate access to construction and renovation loans for eligible California homeowners whose homes are destroyed or damaged due to a disaster that received a State of Emergency proclamation by the Governor, or a Major Disaster Declaration approved by the President from January 1, 2023, through January 8, 2025. With the Construction Loan Loss Guarantee Fund, lenders are provided with coverage on eligible losses on construction or renovation loans within the qualified disaster area.
Program Funding	A total of $53.2 million has been allocated to establish a loan loss reserve to support issuance of up to $500 million in loan loss guarantees on a revolving basis. The program will initially make $15 million available for these program purposes and will issue up to $150 million in loan loss guarantees on a revolving basis. Remaining program funds will be released subject to an evaluation of initial program performance to ensure funds are reserved for borrowers with the greatest need for and ability to use the assistance. All realized loan losses are conditionally guaranteed, and payment of claims are subject to the availability of program funds. Claims will be processed on a first come first served basis. Amendments to the program may be made at any time without prior notice.
Qualified Disaster	A disaster that received a State of Emergency proclamation by the Governor, or a Major Disaster Declaration approved by the President, from January 1, 2023, through January 8, 2025.
Targeted Homeowners	The program will assist California homeowners that meet the program's income and property eligibility requirements.
Eligible Homeowners	• Homeowner must currently own an "Eligible Property," and have occupied it as their primary residence as of the date of the disaster. • Homeowner must meet the "Income Eligibility Requirements." • Homeowner must intend to owner-occupy the property as their primary residence within 60 days of construction completion. • Homeowners may be eligible even if they have previously received other forms of government assistance, including, but not limited to, CalAssist Mortgage Fund assistance, FEMA disaster assistance, and disaster loans authorized under Section 7(b) of the Small Business Act. However, borrowers may only be on one qualifying loan enrolled in Construction Loan Loss Program and remain responsible for ensuring compliance with other programs' duplication of benefits requirements.

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Income Eligibility Requirements	The combined total credit qualifying income of all persons named on the construction loan and/or deed of trust must not exceed the program income limits for the county in which the property is located. The income limits are based on 200% of the Area Median Income (AMI) using a household size of eight as presented in the Department of Housing and Community Development's California's State Income Limits, as updated annually. Lenders are required to calculate income to qualify borrower(s) for loan approval using investor guidelines and prudent underwriting standards. Lender shall not exclude or reduce borrower income or remove a borrower to meet the program's income limit requirements. Disaster Rebuilding Assistance Program Income Limits
Eligible Legal Ownership Structures	• Properties must be owned by a "natural person" (i.e., LLP, LP or LLCs are not eligible) • Properties may be eligible if the homeowner has transferred their ownership interest into a Living Trust, provided the homeowner remains a beneficiary of such trust and occupies the home as their primary residence.
Eligible Properties	Residential properties in California that are currently destroyed or damaged due to a Qualified Disaster: • Single Family Properties • Planned Unit Developments • Individual Condominium Units • 1-4 Unit Properties • Accessory Dwelling Units • Manufactured homes that are permanently affixed to real property and land owned by borrower.

Eligible Lenders	• Lenders will be required to execute a Lender Participation Agreement and comply with all applicable requirements established in the Lender Program Manual.
	• Lenders must meet the following minimum requirements:
	    o Properly and currently licensed
	    o Fannie Mae, Freddie Mac, or FHA approved
	    o Been in business for at least 24 consecutive months within the past 5 years
	    o An adjusted minimum net worth $2.5 million
	    o Fidelity Bond and E&O insurance
	    o Have Construction/Renovation department
	    o Lenders must maintain a minimum average of at least 20 construction or renovation loans per year over preceding 24 months.

	• Eligible lenders may also include Community Development Financial Institutions certified by the Department of Treasury or other lenders not approved by Fannie Mae, Freddie Mac, or FHA, subject to program review and approval. Program staff may consider factors such as: o Financial Capacity o Construction Lending Experience o Operational Readiness o Lending Products and Parameters o Business and Marketing Plan o Quality Control Framework o Third Party and Vendor Oversight o Existing or prior partnerships with the Agency
Disbursement of Program Funds	The program will provide a conditional commitment only – claims against the loan loss guarantee fund will be dependent upon available funding. Claims will be funded on a first-come, first-served basis until funds are exhausted. The program will disburse funds directly to construction lenders submitting a valid and eligible claim on a properly reserved guaranteed loan. The guarantee will be in place for 36 months subsequent to the date the program commitment is issued.
Eligible Loan Requirements	• All forms of 1st and 2nd lien construction and renovation loans are eligible (e.g., renovation loan, construction loan, construction to permanent loan, home equity line of credit). • Underwriting requirements: o Maximum Loan to Value: 100% o Maximum Combined Loan To Value: 110% o Maximum Debt to Income: 55% o Minimum Credit Score: 580 • Allowable lender compensation & fees : o Customary lender fees charged to the borrower shall not exceed 3% of the greater of the construction loan amount or $3,000. o Lender may include other customary third-party fees such as credit report fee, appraisal fee, insurance fee or similar settlement or financing cost. • Loans must be originated after June 1, 2026 and reserved prior to completion of construction. Any loans originated after October 1, 2026, must be reserved prior to loan closing. • Loan proceeds must be deposited into a managed construction escrow account established by lender pursuant to lender draw procedures and

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<tr><td></td><td>subject to progress verification, inspection, or other lender controls designed to ensure funds are used for eligible construction activities.
Program staff may require documentation sufficient to demonstrate that loan proceeds were associated with eligible construction activities and that funded rate buydowns supported completed or actively progressing projects.</td></tr>
<tr><td>Available Refinance Options</td><td>Lender must demonstrate that at time of construction loan closing, the borrower meets minimum refinancing eligibility criteria:
Maximum Loan to Value: 100%
Maximum Debt to income: 55%
Minimum Credit Score: 580</td></tr>
<tr><td>Eligible Losses</td><td>The program will reimburse the lender for 75% of the following demonstrated losses up to $250,000 per property:
Lender-funded construction term (GSE) extension fees.
Lender-funded rate lock extension fees for builder delays.
Borrower missed payments resulting from default during the construction period (e.g., principal, interest, taxes, insurance).
GSE allowable corporate advances or fees (e.g., attorney fees, service fees, inspections, recording fees, notices, etc.) required to complete the project.
Costs to withdraw loan from loan pool and principal losses realized from the secondary market sale of a loan that cannot otherwise be refinanced or restructured.
Lender paid broker costs or other costs of selling property
Uncontrollable construction cost overruns resulting from a force majeure event (e.g., tariffs, permitting changes, etc.), subject to review and approval by program staff.
Eligible losses will be calculated using the lender’s gross proceeds from arm’s- length sale of a completed property or loan disposition and subtracting the total cost basis on the loan at the time of such sale or loan disposition. Total cost basis on the loan shall include the outstanding principal balance, plus remaining costs to complete construction in accordance with approved budget, accrued and unpaid interest, corporate advances, fees, and other costs as identified above.
Eligible losses shall be reduced by other sources of cost recovery, including but not limited to mortgage insurance.</td></tr>
<tr><td>Application Process</td><td>Eligible lenders may submit eligible loans to the program through the online Mortgage Access System (MAS).</td></tr>
<tr><td>Claim Fee</td><td>A payment of $500 per eligible claim will be remitted to the program from the claim proceeds.</td></tr>
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