The objective of the Accessory Dwelling Unit (ADU) Grant Program is to create more housing units in California by providing a grant to reimburse homeowners for pre-development costs associated with the construction of the ADU.

### Eligible Lenders/Loan Origination/Servicing
- CalHFA approved lenders who have executed the ADU Lender Participation Agreement
- Lenders can use their own various delivery options to price and deliver their construction loans
- CalHFA will not purchase construction loans, reimburse Lender for construction loans or provide any sort of guarantee for Lender having made construction loans to eligible borrowers
- Lenders can retain servicing or release servicing to a 3rd party of their choice

### Qualifications
- Borrower(s) income ≤ 80% AMI per Fannie Mae lookup tool or
- Borrower(s) income ≤ the CalHFA Income Limit and property is located in a qualified census tract or
- Borrower(s) income ≤ the CalHFA income limit and the CLTV > 80%

### Program Description
Lender will secure financing to construct the ADU. CalHFA will reimburse up to $25,000 for certain pre-development costs to build the ADU.

**CalHFA’s process:**
Submission package to include:
- Copy of executed construction loan deed of trust for ADU financing
- Construction loan approval documents
- Escrow instructions to wire funds
- Itemization list for pre-development costs
  - Pre-development cost include but are not limited to: architectural designs, permits, soil tests, impact fees, property surveys, and energy reports.
- **CalHFA Lender Affidavit**
  - Lender to certify the construction of the ADU will follow Fannie Mae/FHA ADU feature requirements
  - Lender to certify all locality permit and/or impact fees have been paid
  - Lender to certify income and CLTV
  - Lender to certify they will provide a certificate of occupancy upon completion of the ADU
- **CalHFA Borrower Affidavit**
  - Borrower to certify owner occupancy
  - Borrower to certify ADU meets all local zoning ordinances for use of property and building codes
  - Borrower to acknowledge they will receive a Form 1099-G alerting them of potential income tax consequences.

CalHFA will review the submission package and contribute up to $25,000 directly to construction escrow. These funds can be used to reimburse borrowers for eligible pre-development costs to build the ADU.

CalHFA loan servicing will issue a Form 1099-G to the borrower for the calendar year in which CalHFA contributed funds to escrow.