



## FUNDING SOURCES

CalVet Home Loans are funded through the sale of bonds. Even though the CalVet Home Loan program has been totally self-supporting and no taxpayer funds have been used to repay its bonds, there may be state and federal limitations on the amounts of bonds that may be sold for the program. Federal laws and regulations resulting from the Mortgage Subsidy Bond Tax Act of 1980, the Deficit Reduction Act of 1984, the Tax Reform Act of 1986, and subsequent amendments, have affected the ways in which some of the CalVet bond funds may be used. The following paragraphs explain how funds currently available may be used to make CalVet loans.

### **QUALIFIED VETERANS MORTGAGE BOND PROGRAM (QVMB)**

#### ▶ **Veterans with wartime service**

Qualified Veterans Mortgage Bonds (QVMB) are backed by the full faith and credit of the State of California and must be authorized by a vote of the people at a general, statewide election. All QVMB sold to support the CalVet loan program are repaid by CalVet loan holders through the payment of principal and interest on their loans. Under federal law, QVMB may be used to fund loans only to veterans who served on active duty who apply within twenty-five years from their release from active duty, and who received a discharge classified as Honorable or Under Honorable Conditions. Under state law, set forth in the California Military and Veterans Code, the veteran must have served during a qualifying war period or received an armed forces expeditionary medal or campaign medal awarded by the federal government for the period served.

QVMB funds may be used to purchase homes (including condominiums) and mobile homes permanently affixed to the land. There are no purchase price restrictions on the properties, which can be purchased with QVMB funds, nor are there income limitations on the veteran borrower.

### **QUALIFIED MORTGAGE BOND PROGRAM (QMB)**

#### ▶ **All Veterans and current members of the California National Guard or U.S. Military Reserves**

A Qualified Mortgage Bond (QMB) funded loan is available to any veteran who has received a discharge classified as Honorable or Under Honorable Conditions and who meets, and is buying a property that meets, certain other criteria. QMB funds are usually limited to homebuyers who have not owned their principal residence in the past 3 years but, for most veterans, that restriction does not apply. Only Veterans who have received a QMB home loan or Mortgage Credit Certificate (MCC) from a governmental entity since 2008 generally do not qualify without meeting the 3-year requirement. Properties purchased with QMB funds must qualify under purchase price limits established under guidelines provided by the Internal Revenue Service. The purchase price for non-targeted areas cannot exceed 90% of the average area purchase price for the statistical area or county in which the property is located. If an applicant is purchasing in a targeted area (defined by the federal government as a qualified census tract), the purchase price cannot exceed 110% of the average area purchase price for the statistical area or county in which the property is located. The applicant must also qualify under income limits, which are issued annually by the U. S. Department of Housing and Urban Development and differ based on family size and the location of the home being purchased. **SEE TABLE BELOW FOR PURCHASE PRICE AND INCOME LIMITS FOR TARGETED AND NON-TARGETED AREAS.**

QMB-funded loans are available only on single-family residences (including condominiums) and mobile homes permanently affixed to the land.

QMB-funded loans may be liable for a federally imposed Recapture Tax if the property being purchased is disposed of (sold) within the first full 9 years following the funding date. This tax is intended to repay the federal government for the benefit of using tax-exempt bonds. There is no Recapture Tax due if the disposition of the property is by reason of the death of either of the borrower(s) or if the house is not sold at a gain. These provisions governing the uses of QMB funds are dictated by federal laws contained in the Internal Revenue Code.

**National Guard/Reserve Eligibility** - Current members of the California National Guard or the U.S. Military Reserves, who have served a minimum of one year of a six-year commitment, may qualify to receive a loan from QMB funds if qualified under one of the following two categories:

1. "First-time home buyer." A first-time home buyer is defined by the federal government as one who has not owned an interest of record in his/her principal place of residence during the three years prior to closing escrow on the QMB loan. Both the applicant and spouse, if applicable, must qualify as first-time homebuyers.
2. "Targeted area" purchaser. A targeted area is defined by the federal government as a qualified census tract.

**NOTE:** All members of the National Guard or the US Reserves who have at any time been ordered to active duty by presidential executive order and discharged are eligible for QVMB, QMB, or PRE-ULLMAN funds subject to the requirements listed above.

### **PRE-ULLMAN BOND PROGRAM**

#### ▶ **All Veterans**

CalVet has a limited amount of funds available for veterans who do not qualify for either QVMB or QMB. Check with CalVet for availability of these funds before you commit to the purchase of a property. "Unremarried Spouses of Veterans" as defined by CalVet can be funded with either QMB or Pre-Ullman funds.

**PURCHASE PRICE and INCOME LIMITS For QMB Funded Loans Only  
(Effective 5/2/2018)**

County	Purchase Price Limits		Income Limits			
	Non-Targeted	Targeted	Non-Targeted Areas		Targeted Areas	
	New & Existing		1 & 2 Persons	3 or More Persons	1 & 2 Persons	3 or More Persons
Alameda	\$ 625,764	\$764,823	\$ 139,440	\$ 162,680	\$ 139,440	\$ 162,680
Alpine	426,706	521,529	93,360	108,920	93,360	108,920
Amador	306,000	374,000	77,500	89,125	93,000	108,500
Butte	271,164	331,423	77,500	89,125	93,000	108,500
Calaveras	344,117	420,588	80,599	92,689	93,000	108,500
Colusa	271,164	331,423	77,500	89,125	93,000	108,500
Contra Costa	625,764	764,823	139,440	162,680	139,440	162,680
Del Norte	271,164	331,423	77,500	89,125	93,000	108,500
El Dorado	476,470	582,353	96,120	112,140	96,120	112,140
Fresno	271,164	331,423	77,500	89,125	93,000	108,500
Glenn	271,164	331,423	77,500	89,125	93,000	108,500
Humboldt	301,764	368,823	77,500	89,125	93,000	108,500
Imperial	271,164	331,423	77,500	89,125	93,000	108,500
Inyo	339,882	415,411	79,669	91,620	93,000	108,500
Kern	271,164	331,423	77,500	89,125	93,000	108,500
Kings	271,164	331,423	77,500	89,125	93,000	108,500
Lake	271,164	331,423	77,500	89,125	93,000	108,500
Lassen	271,164	331,423	77,500	89,125	93,000	108,500
Los Angeles	625,764	764,823	116,280	135,660	116,280	135,660
Madera	271,164	331,423	77,500	89,125	93,000	108,500
Marin	625,764	764,823	146,600	168,590	175,920	205,240
Mariposa	296,470	362,353	77,500	89,125	93,000	108,500
Mendocino	363,176	443,881	77,500	89,125	93,000	108,500
Merced	271,164	331,423	77,500	89,125	93,000	108,500
Modoc	271,164	331,423	77,500	89,125	93,000	108,500
Mono	487,058	595,293	93,000	108,500	93,000	108,500
Monterey	566,470	692,353	100,200	116,900	100,200	116,900
Napa	625,764	764,823	110,160	128,520	110,160	128,520
Nevada	439,411	537,058	87,000	101,500	93,000	108,500
Orange	625,764	764,823	131,160	153,020	131,160	153,020
Placer	476,470	582,353	96,120	112,140	96,120	112,140
Plumas	310,235	379,176	77,500	89,125	93,000	108,500
Riverside	373,764	456,823	80,880	94,360	93,000	108,500
Sacramento	476,470	582,353	96,120	112,140	96,120	112,140
San Benito	625,764	764,823	111,720	130,340	111,720	130,340
San Bernardino	373,764	456,823	80,880	94,360	93,000	108,500
San Diego	598,235	731,176	116,760	136,220	116,760	136,220
San Francisco	625,764	764,823	146,600	168,590	175,920	205,240
San Joaquin	360,000	440,000	77,500	89,180	93,000	108,500
San Luis Obispo	566,470	692,353	99,840	116,480	99,840	116,480
San Mateo	625,764	764,823	146,600	168,590	175,920	205,240
Santa Barbara	601,411	735,058	120,360	140,420	120,360	140,420
Santa Clara	625,764	764,823	146,262	168,201	159,600	186,200
Santa Cruz	625,764	764,823	133,920	156,240	133,920	156,240
Shasta	271,164	331,423	77,500	89,125	93,000	108,500
Sierra	280,588	342,941	77,500	89,125	93,000	108,500
Siskiyou	271,164	331,423	77,500	89,125	93,000	108,500
Solano	423,529	517,646	100,256	115,295	100,440	117,180
Sonoma	597,176	729,881	117,840	137,480	117,840	137,480
Stanislaus	296,470	362,353	77,500	89,125	93,000	108,500
Sutter	275,293	336,470	77,500	89,125	93,000	108,500
Tehama	271,164	331,423	77,500	89,125	93,000	108,500
Trinity	271,164	331,423	77,500	89,125	93,000	108,500
Tulare	271,164	331,423	77,500	89,125	93,000	108,500
Tuolumne	304,941	372,706	77,500	89,125	93,000	108,500
Ventura	619,411	757,058	121,680	141,960	121,680	141,960
Yolo	476,470	582,353	99,840	116,480	99,840	116,480
Yuba	275,293	336,470	77,500	89,125	93,000	108,500