

**RCAC Single Family Program
Presentation
July 12th SWTHA meeting**



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RCAC Single Family Program

- Resources to assist rural communities in their homeownership goals. Homeownership programs for new and existing homeowners.
- USDA 502 Direct Intermediary
- USDA 502 Direct Trainings – this includes the required training for certified packagers and other smaller training resources
- Technical Assistance for rural communities and their homeownership programs



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**RCAC – Expanding USDA 502 Direct to
Indigenous Households**

Initiative to increase homeownership opportunities for those who have had limited access or historically been left out of affordable homeownership programs. In an effort to address racial inequity, this initiative is to increase access to 502 Direct loans for Indigenous communities and households of color.



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Goals for 502 Direct Initiative

- New Qualified Employers – nonprofit, tribal housing authorities with affordable housing in part of mission, who have employees who are certified packagers of USDA 502 Direct loans
- New Certified Packagers
- **New homeowners – The real goal.**



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Strategy

- Focused Outreach and Partnerships
- Assistance in USDA 502 Direct lending barriers/challenges
- Training
- Technical Assistance
- Pass-through funding
- Lessons Learned and Networking Calls



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What we offer?

- Listening meetings to understand your homeownership program goals and needed resources
- Technical assistance in homeownership programs, creating a packaging program and becoming USDA 502 Direct Loan Application Certified Packager.
- Scholarships for USDA 502 Direct Loan Application Packaging training



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What we offer?

- Additional pre and post training meetings focusing on peer-to-peer networking and exchanges for support in local challenges, and share best practices
- Additional technical assistance in USDA 502 Direct packaging
- Small pass-through grants to assist in the initial steps of a new USDA 502 Direct packaging program



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Impacts

- Greater understanding of how RCAC can support local homeownership needs and programs
- Stimulated economies in rural communities
- Deepened connectivity amongst often isolated rural communities and people of color to resources, opportunities, and providers in their communities



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Impacts

- Greater financial inclusion and overall stability for homeowners and their families, reducing the wealth gap, and improving quality of life for rural minorities
- Additional resource to support local efforts that improve quality, performance, affordability, and delivery of the housing stock in rural Indigenous communities and communities of color



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502 Program Basics



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502 Program Overview

- Serves: Very Low (VL) and Low income applicants
- Direct loan from Rural Development (not a guarantee)
- Property must be in a rural area and meet program requirements



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502 Program Overview, cont....

- Typically, no down payment required
- Payment Assistance makes the payments affordable
- Some closing costs may be included in the loan, up to the appraised value
- Private Mortgage Insurance (PMI) not required



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502 Loan Terms

- Standard term - 33 years
 - Loans may be for a shorter period, but no subsidy if term is less than 25 years
- When income eligible and needed - may be 38 years
 - Use 38 years if income eligible to reach max loan; adjust when loan amount is known, if longer term not needed
- Manufactured Homes = 30 year max



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502 Loan to Value Ratio

- Typically 100%
- 90% if construction quality is not documented
- Over 100% when a soft, silent or forgivable subordinate affordable housing product (for allowable purposes) will be placed as a lien



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Roles

- **Certified Packaging Body** markets the 502 program and works with potential applicants to compile and review application documentation
 - Agency-certified loan application packagers who are employed (as an employee or independent contractor) by
 - Qualified employers
- **Intermediaries** provide assistance to packagers/perform quality assurance reviews
- **RD** determines eligibility and underwrites



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What is a Qualified Employer?

- Nonprofit, Public Body, Tribal Housing Authority or State Housing Finance Agency
- Engaged in affordable housing
- Notify RD and applicant if they or their certified packager has financial interest in the property
- Affirmative Fair Housing Marketing Plan approved by RD
- Submit packaged applications via an intermediary



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Becoming a Certified Packager

- Sign up with an intermediary in your state/states (if no intermediary, contact the RD State office)
 - Within 12 months of signing up
 - Complete Agency-approved course within 12 months of signing up with an intermediary (RETAIN CERTIFICATE OF COURSE COMPLETION as evidence)
 - Successfully pass the corresponding test (RETAIN SCORE NOTIFICATION as evidence)
 - Note: you may package applications during the 12 month period
- Meet eligibility requirements:
 - At least one year affordable housing loan origination and/or housing counseling experience (resume)
 - Be employed by a qualified employer



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Packaging Responsibilities

- Stay informed of RD 502 regulations
- Market the 502 program in your area
- Intake, preliminary eligibility, and assembly of complete applications (per HB-1-3550, Attachment 3-A)
 - Phase 1: Eligibility
 - Phase 2: Property
- Submit loan packages to intermediary for quality assurance review / submittal to RD



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Questions?

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Summary and Next Steps

- Attend an upcoming information session
- Contact RCAC if interested to discuss ways to participate



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Contact Information

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THANKS



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