

## **NHSA-CDFI**

### **RHS 502 Loan Program Description**

NHSA-CDFI has a new source of capital to meet your organization's rural lending needs. NHSA-CDFI will provide direct financing to eligible rural NeighborWorks<sup>®</sup> organizations for first mortgages originated in conjunction with second mortgages from USDA's Rural Housing Services (under their Section 502 loan program). Interest rates on these loans will be based on NHSA-CDFI's cost of funds with a term not to exceed 12 months. Eligible NeighborWorks organizations will be responsible for establishing local underwriting criteria, interest rates, and terms consistent with Rural Housing Services Section 502 loan program requirements. Eligible NeighborWorks organizations need not be a certified CDFI to borrow from NHSA-CDFI.

#### **Product Features**

- 1 year term
- \$500,000 maximum loan amount (may be negotiable under certain circumstances related to market conditions)
- \$250 application fee charged to your organization
- Interest only payments on amount drawn down
- 30-year term (when sold to NHSA) with payment subsidy available through Rural Housing Services to some borrowers to lower their monthly loan payment
- Can be sold without recourse subject to NHSA's minimum rate requirements
- 1<sup>st</sup> mortgages can be up to 50% of the total purchase package

#### **Loan Proceeds can be used to:**

- Acquire, build, rehabilitate, improve, or relocate dwellings

#### **For additional information contact NHSA-CDFI:**

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