

RHS 502 Loan Program Frequently Asked Questions

What is the timeframe from application to loan approval?

The approval process takes from 30 to 45 days. This is from the time of receipt of the completed application to NHSA-CDFI Board Loan Committee for Approval/denial.

How are the disbursements structured?

Disbursements can be structured as lump sums prior to loan closing or as forward commitments. The minimum amount is typically \$50,000, although smaller amounts will be considered on a case-by-case basis.

Can these loans be sold to NHSA?

Yes, NHSA will provide forward commitments to purchase these loans.

What types of loans can be funded with this capital?

1st mortgages under Rural Housing Service Section 502 loan program.

Are there income limits?

Yes, all loans must be made to borrowers within Rural Housing Service's income guidelines.

Are there geographic limitations?

Yes, the subject property must meet the rural area designation as defined by Rural Housing Services.

Is there a recourse requirement?

No, all loans originated are assigned without recourse to NHSA-CDFI as collateral.

What about fee income for the NeighborWorks® organization?

The NeighborWorks® organization may charge a packaging fee under certain circumstances as defined by Rural Housing Services.

What about the interest only period?

There is a 12-month interest only period with monthly payments. After 12 months, the NeighborWorks® organization is responsible for any outstanding principal and accrued interest due.

Are there borrowing limits?

Generally, the limit is \$500,000, but you may apply for additional funds once you deploy the original loan amount.