



# *Program Bulletin*

**June 5, 2002**

**Program Bulletin #2002-21**

**To: CHFA Approved Lenders**

## **CHFA and USDA RURAL HOUSING PROGRAMS**

### **USDA Rural Development Leveraging Program & USDA Guaranteed Rural Housing Loan Program**

This program bulletin supersedes Bulletin #97-08, dated March 6, 1997 and Bulletin #99-12 dated July 7, 1999. The purpose is to help delineate the differences between the two programs and define how they can be used in conjunction with CHFA financing.

**The USDA Rural Development Leveraging Program is a second loan to assist first-time homebuyers in rural areas, as defined by USDA.** This second loan is funded directly by the USDA and qualifies the CHFA's first loan to receive the Affordable Housing Partnership Program (AHPP) rate. However, there are separate and distinct underwriting standards for CHFA first loans and the USDA Rural Development Leveraging Program. Borrowers are required to meet the requirements of both entities to receive both loans. For information regarding eligible rural areas, borrower eligibility, available program funding, loan terms and other details of the program, lenders should contact the appropriate Rural Development regional office.

Lenders must reserve CHFA's first loan using the Lender Access System (LAS) and indicating that an AHPP loan will also be funded utilizing the USDA Rural Development Leveraging Program. A loan review file is then submitted to CHFA along with sample copies of the documents that will be executed by the borrower(s) in funding the second loan. Upon satisfactory completion of its review CHFA will then issue a Conditional Approval.

**The USDA Guaranteed Rural Housing Loan Program is a 100% loan program to assist first-time homebuyers in rural areas, as defined by USDA.** A 100% guarantee of CHFA's loan makes it possible to finance a home

purchase with no down payment required. No mortgage insurance is necessary. However, there are separate and distinct underwriting standards for CHFA and the USDA Guaranteed Rural Housing Loan Program. Borrowers are required to meet the requirements of both entities. For information regarding eligible rural areas, borrower and property eligibility, available program funding, loan terms and other details of the program, lenders should contact the appropriate Rural Development regional office.

Lenders must reserve CHFA's loan using the Lender Access System (LAS) and indicate that it is being guaranteed under the USDA Guaranteed Rural Housing Program. A review file is then submitted to CHFA, along with a signed Conditional Commitment for Guaranty (FR1980-18) issued by the USDA. Upon satisfactory completion of its review CHFA will then issue a Conditional Approval.

Questions regarding this bulletin should be directed to CHFA, Homeownership Programs at 1121 L Street, 7<sup>th</sup> Floor, Sacramento, CA 95814; by phone (916) 324-8088; by fax (916) 324-6589; by e-mail at [homeownership@chfa.ca.gov](mailto:homeownership@chfa.ca.gov) or visit CHFA's website at: [www.chfa.ca.gov](http://www.chfa.ca.gov)



***Lenders are encouraged to use CHFA's FHA Energy Efficient Mortgage Program (EEM) to minimize energy usage and costs. Additional information regarding EEMs is available on CHFA's web page.***