



# Homeownership Program Bulletin

October 8, 2003

Program Bulletin #2003-31

To: CalHFA Approved Lenders

## USDA GUARANTEED RURAL HOUSING LOAN PROGRAM WITH DOWN PAYMENT/CLOSING COST ASSISTANCE

In an ongoing effort to increase rural lending in California, the California Housing Finance Agency (CalHFA) continues to partner with the United States Department of Agriculture Rural Development (USDA). The USDA 100% loan program makes it possible for a first-time homebuyer to finance a home purchase in a rural area with no down payment required. No mortgage insurance is required for this loan. However, a guarantee fee is charged at closing. CalHFA is pleased to be able to offer two separate down payment/closing cost assistance programs to be used in conjunction with the USDA 100% loan to help cover the cost of their guarantee fee.

First, the California Homebuyer's Downpayment Assistance Program (CHDAP) is a 3% simple interest, deferred payment, subordinate loan in the amount of 3% of the lesser of the purchase price or appraised value of the home. This loan can be used by borrowers who meet the eligibility requirements outlined in CalHFA's Program Bulletin #2003-03. Second, borrowers purchasing newly constructed homes in rural areas may be eligible for assistance through the School Facility Fee Down Payment Assistance Program (SFF). This assistance will be in the form of a grant, not a loan, and is fully described in CalHFA's Program Bulletin #2003-05.

To participate in either of these programs, the borrowers and property must meet the underwriting and eligibility requirements of both USDA and CalHFA. In the case of a conflict between the two agency's requirements, the more restrictive will apply. For more information regarding USDA eligible rural areas, borrower and property eligibility and other details of the program, lenders should contact the Guaranteed Loan Processing Center at (530) 792-5821 or (530) 792-5828.

Reservations for CalHFA's first mortgage and the CHDAP subordinate loan must be made by using the CalHFA's Lender Access System (LAS). Lenders should simultaneously submit one file to USDA with a duplicate file to CalHFA. USDA will issue its conditional commitment directly to the lender. It is the lenders responsibility to forward a copy of this approval to CalHFA. Upon receipt of USDA's faxed guarantee conditional commitment from the lender, CalHFA will perform a program(s) compliance review, and if acceptable, issue its Conditional Loan Approval. CalHFA procedures for processing USDA loans can be found in Program Bulletins #2002-21 and #99-12.

Questions regarding this bulletin should be directed to CalHFA 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 email at [homeownership@calhfa.ca.gov](mailto:homeownership@calhfa.ca.gov) and you can always visit CalHFA's web site at: [www.calhfa.ca.gov](http://www.calhfa.ca.gov)