



502 Collaborative Memorandum of Understanding Agreement

CHECKLIST OF 502 DIRECT LOAN REQUIRED DOCUMENTS

**Please complete and provide to Rural Community Assistance Corporation (RCAC)
the following documents and/or information:**

	MOU Collaborative - Executed
	Exhibit 1:
	Key Staff Contact Information
	Certified Packager(s) Contact Information
	502 Certified Packager Certificate <u>or</u> evidence packager has passed the 502 Certified Packager Exam
	502 Certified Packager Resume(s)
	Affirmative Fair Housing Marketing Plan approved by your local Rural Development Office (not applicable to tribal entities)
	Organization's Formation Documents:
	Articles of Incorporation
	By-Laws
	Organization's History
	IRS Tax-Exempt Determination Letter
	Certificate of Good Standing in State(s) Served <u>or</u> Letter certifying the organization is in good standing. Letter <u>must</u> be on company letter and signed by an authorized person of the organization.

Sign up for automatic 502 Direct Loan Program updates by right clicking on the USDA RD link below.

<https://public.govdelivery.com/accounts/USDARD/subscriber/new?preferences=true>

**502 Collaborative
Memorandum of Understanding Agreement**

This Memorandum of Understanding sets forth the agreement under which the RCAC led 502 Collaborative will operate. The parties to this agreement include **Rural Community Assistance Corporation**, hereinafter referred to as "RCAC" or "Intermediary", and

hereinafter referred to as "Qualified Employer" or "Certified Packaging Body". Qualified Employer serves the following State(s): _____

The purpose of this Collaborative MOU is to establish the Qualified Employer as an approved Certified Packaging Body of packaged loan applications for USDA Rural Housing Service, hereinafter referred to as "RHS" or "Agency", Section 502 Single Family Housing (SFH) Direct Loan program, and to provide general terms and conditions for the packaging process, quality standards and accountability for the Certified Packaging Body.

PART I – GENERAL REQUIREMENTS

This part sets forth the requirements for participation as a Qualified Employer (Certified Packaging Body) in the Section 502 Direct Loan SFH program. Notwithstanding any other provisions of this MOU, should there be a conflict between this MOU and any statute or regulation; the latter shall prevail.

Under the certified loan application packaging process, a Certified Loan Application Packager, hereinafter referred to as "Certified Packager" and its Qualified Employer will submit loan applications via Rural Community Assistance Corporation also known as Intermediary.

IT IS MUTUALLY UNDERSTOOD AND AGREED BETWEEN THE PARTIES THAT:

1. Rural Housing Service is solely responsible for offering and negotiating any loan terms to and with the applicant; and making any underwriting or final decisions on the loan and communicating those decisions to the applicant; and denying applications. The Intermediary and Certified Packaging Body will not engage in these activities, and will not make representations that they can engage in these activities.
2. Applications may be submitted directly to the Agency by Applicant. Applicant's use of a Certified Packaging Body and/or an Intermediary is optional, not required.
3. The Certified Packaging Body may charge the Applicant a loan application packaging fee not to exceed \$1,750 in total to be paid at closing. When the Intermediary is directly packaging the application the fee may not exceed \$1,500.

4. As described in this MOU, the Applicant shall be notified of the fee during Applicant's initial meeting with the Certified Packager.
5. Pursuant to Agency regulations, Section 502 Direct Loan SFH funds may be used to pay the packaging fee, provided Applicant has repayment ability and provided this does not cause the loan to exceed the maximum allowable loan amount.
6. It is understood by all parties that a packaging fee may be charged only for closed loans.
7. The Intermediary and the Certified Packaging Body represents to Rural Housing Service funneling loan application packages through them meet the requirements of the certified loan application packaging process as described in the Code of Federal Regulations 7 CFR 3550.75, this MOU, and other applicable guidance.
8. This Collaborative MOU does not promise to obligate any federal funds.

PART II – DUTIES AND RESPONSIBILITIES OF THE INTERMEDIARY

1. Review the Certified Packager's pre-qualification determination for accuracy and viability if the Intermediary instructs the Certified Packager to submit the pre-qualification results for review prior to proceeding.
2. Work with each loan packager to correct application deficiencies on at least four loans.
3. Ensure that application documents have been properly signed and completed.
4. The Intermediary will complete a review of loan application packages received from the Certified Packaging Body as soon as possible and no later than within five business days of receipt.
5. Have a Quality Control Plan in place and must show there are controls in place to process application packages which will likely result in an eligibility determination by the Agency.
6. Intermediary will send the loan application package to the designated Rural Development Field Office once it has determined the package is ready for submission.
7. Intermediary must sufficiently document information on Applicant, the Certified Packaging Body and their performance.
8. Records must sufficiently document that the Intermediary and Certified Packaging Body are in compliance with Code of Federal Regulations 7 CFR 3550.75 *including resumes from Certified Packagers that confirm they meet the experience and*

employment requirements; Proof of 502 Direct Loan Certificate of Training; Proof the Qualified Employer is IRS tax exempt; Proof the Qualified Employer is in Good Standing in its State(s) of operation. These records will be furnished to the Agency upon request.

9. While the Intermediary and Certified Packaging Body can prepare marketing materials, the Agency reserves the right to require alterations to any marketing material to ensure accuracy of the program information and/or appropriateness of the message. Intermediary and Certified Packaging Body will not use the USDA logo in any marketing material.
10. Upon submission of loan application to Agency, Intermediary shall notify the Agency and Applicant if Certified Packaging Body is the developer of or has financial interest in the proposed housing project. Intermediary may not be the builder, developer or seller of the subject home. A Community Development Financial Institution (CDFI) Intermediary will not be considered noncompliant when CDFI funds are tied to the transaction.
11. Ensure that all of its employees and agents use due diligence to safeguard applicant information and maintain confidentiality of Personally Identifiable Information (PII) and other information subject to federal or state privacy laws.
12. Certify that the Intermediary and the Certified Packaging Body is not suspended or debarred from participating in federal programs or sanctioned in accordance with any applicable state licensing or certification requirement or regulation.
13. The Intermediary shall immediately notify the Agency in writing if the Certified Packaging Body fails to meet any requirements of the certified packaging application process including those in 7 CFR 3550.7 and the terms of this MOU; becomes insolvent; filed any type of bankruptcy protection, forced into involuntary bankruptcy or requested an assignment for the benefit of creditors; has taken any action to cease operations or discontinue serving in the capacity of an Intermediary; has changed its name, location, address, tax ID or contact person; become delinquent on any federal debt.
14. Intermediary and its principals shall demonstrate financial responsibility and sound business practices.
15. Intermediary shall maintain a quality assurance staff that is experienced with packaging, originating or underwriting affordable housing loans.
16. Conform to all applicable laws and guidance imposed by the Agency and other applicable federal and state laws, regulations and guidelines.

PART III – DUTIES AND RESPONSIBILITIES OF QUALIFIED EMPLOYER AND/OR CERTIFIED PACKAGER

1. To accomplish this purpose each Qualified Employer agrees to undertake the following activities:
2. Be responsible for identifying Section 502 Direct Loan SFH eligible loan applicants in the State(s) served. Qualified Employers shall provide proof of IRS tax exempt status and proof of good standing in the State(s) of operation.
3. Completing loan applications in conformance with USDA RHS Form HB-1-3550 Attachment 3-J Checklist of Items to Accompany the Uniform Residential Loan Application, hereby included as **Exhibit 1**.
4. Include a packaging fee of \$1,750 in the budget for the Section 502 Direct Loan SFH loan.
5. Collect the necessary fee(s) from the family to complete the application.
6. Ensure that each family completes *homeownership counseling* based on the provisions set forth within 7 CFR Part 3550 Subpart A 3550.11 prior to loan closing.

Link: <https://www.gpo.gov/fdsys/search/pagedetails.action?sr=4&originalSearch=&st=cross-selling+Definition&ps=10&na=&se=&sb=re&timeFrame=&dateBrowse=&govAuthBrowse=&collection=&historical=false&packageId=CFR-2016-title7-vol15&fromState=&bread=true&granuleId=CFR-2016-title7-vol15-sec3550-11&collectionCode=CFR&browsePath=Title+7%2FSubtitle+B%2FChapter+XXXV%2FPart+3550%2FSubpart+A%2FSection+%26sect%3B+3550.11&collapse=true&fromBrowse=true>
7. Certified Packager will not guarantee that the Applicant's loan will be approved or funded by the Agency.
8. Qualified Employer is to notify the Agency and the Applicant if they or their Certified Packager are the developer, builder, seller or, or have any other such financial interest in the property for which the application package is submitted.
9. Certified Packager shall assist the applicant with the completion of the loan application in accordance with Agency requirements.
10. Advise Applicants of USDA Rural Housing Service condition requirements for homes and advise them of third party inspection requirements to identify deficiencies.
11. Correct deficiencies in the loan application that the Intermediary identifies.
12. Ensure applicant is provided Attachment 3-D Applicant Information Sheet, hereby included as **Exhibit 2**.

13. If the Intermediary determines that an Applicant will not qualify for a loan, work with the applicant to understand the weaknesses in their application and their rights to have the application submitted in spite of the Intermediary's recommendation
14. If the appraisal does not support the full packaging fee, the packager will follow the steps outlined in Section 5 of the MOU between USDA Rural Housing Service and RCAC. Any shortfall in fee will be shared as an expense by RCAC and the Qualified Employer on a prorata basis.
15. Remit \$350 or prorata share of the packaging fee to Intermediary for services.
16. Maintain records and reports as required by RCAC and USDA Rural Housing Service.
17. Maintain a certified packager on staff with at least one year of affordable housing loan origination and/or affordable housing counseling experience.
18. Qualified Employer will provide Key Staff and Certified Packager contact information, hereby included as **Exhibit 3**. Proof of 502 certification training and copy of Certified Packager's resume is required.
19. Qualified Employer shall immediately notify RCAC of any changes related to certified packaging staff.

20. Comply with all applicable federal, state and local requirements to perform the work including, but not limited to, licensing and compliance with SAFE Act.

Link: http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/rmra/safe/sfea

21. Certify the Certified Packaging Body is not suspended or debarred from participating in federal programs or sanctioned in accordance with any applicable state licensing or certification requirement or regulation.
22. Have an Affirmative Fair Housing Marketing Plan-Single Family Housing form (AFHMP) approved by the USDA HUD local office, hereby included as **Exhibit 4**.
23. Organizations working under RCAC through this MOU that are also self-help grantees cannot be charged a packaging fee for loans involved in the mutual self-help program as outlined in Handbook-1-3550, Chapter 3: Section 4: Selection for Processing, Attachment 3-A.

Link: <http://www.rd.usda.gov/publications/regulations-guidelines/handbooks#hb13550>

24. Ensure that 30 percent of households assisted meet the USDA Rural Housing Service definition of very low-income. No Qualified Employer will be allowed to submit more than three approvable applications for low income households without submitting one approvable very low-income application. If three low income applications are submitted, then the next application to be approved must be very

low-income, or at least every other loan application thereafter would have to be for a very low-income applicant.

25. A loan application package prepared by a Certified Packager and submitted to Rural Development must only contain the items needed by the Agency to determine whether to issue Form RD 1944-59 Certificate of Eligibility (COE):
- a. Initial submittal of information will be related only to the Applicant's eligibility.
 - b. Clients/Applicants should be instructed that a property must not be identified in the application until such time as a COE is issued.
 - c. If a COE is issued, it is at this point and only at this point where the Certified Packager would assist their Client in gathering the property related items needed by the Agency.

PART IV – TERMINATION FOR CAUSE

Any violation of applicable regulations, statutes and other guidance pertaining to Section 502 Direct Loan SFH loans.

It is understood that each Qualified Employer employs a Certified Packager who has passed the certification exam. RCAC will work with each Certified Packager to ensure that loan packages are complete and approvable. However, if after four applications a Qualified Employer packager continues to submit incomplete applications, the Intermediary, at its discretion, may elect to no longer receive applications from said Certified Packager. In this event, the Qualified Employer may assign another Certified Packager to assume responsibility for the application process, or withdraw from the Collaborative.

In the event that the Qualified Employer wishes to opt-out of this agreement, they must have funneled at least 20 loan application packages through the Intermediary for a period of at least 12 full months, achieving an acceptable application success rate (90% or higher) before an opt-out can be considered.

Either party may terminate this MOU upon the provision of 30 days written notice of termination to the other party at their business mailing address.

IN WITNESS WHEREOF, the parties have executed this agreement.

Intermediary:

Rural Community Assistance Corporation

Type of Organization:

California non-profit corporation

Signature



Name Juanita Hallstrom
Title Loan Fund Director
Date 2-8-2019

Qualified Employer (Certified Packaging Body):

Type of organization:

Signature

Name
Title
Date

EXHIBIT 3

(Contact Sheet for Key Staff and Certified Packagers)

Name of Organization: _____

Address (street, city, state, zip code): _____

Main Telephone #: _____

Fax #: _____

Organization's Website: _____

Key Staff:

Name	
Title	
Email	
Direct Tel #	

Name	
Title	
Email	
Direct Tel #	

Certified Packager(s):

Provide Proof of 502 Certification Training and Resume

Name	
Title	
Email	
Direct Tel #	
502 Course Taken	
Date	
Location	

Provide Proof of 502 Certification Training and Resume

Name	
Title	
Email	
Direct Tel #	
502 Course Taken	
Date	
Location	

Provide Proof of 502 Certification Training and Resume

Name	
Title	
Email	
Direct Tel #	
502 Course Taken	
Date	
Location	

Attach additional contact sheet if necessary

Key Staff/Certified Packager with 5+ Years of USDA Residential Loan Experience:

502 Direct Home Loan Certification Training:

Housing Assistance Council (HAC) - <http://www.ruralhome.org/calendar/upcoming-events>

NeighborWorks (NW) - <http://www.neighborworks.org/Training-Services/Training-Professional-Development>

Rural Community Assistance Corporation (RCAC)
- <http://www.rcac.org/trainings/>

If any changes to Key Staff and/or Certified Packager(s), please send updated Contact Sheet to:

502 Intermediary Contact(s):

Paul Yturriago, Loan Administration Manager @ pyturraigo@rcac.org

Helen Kibby, Loan Closing Specialist @ hkibby@rcac.org

RCAC Lending & Housing Department

3120 Freeboard Drive, Suite 201

West Sacramento, CA. 95691

Main Number: 916-447-9832

RURAL DEVELOPMENT RURAL HOUSING SERVICE

“Applicant Information Sheet” - Single Family Housing

The Rural Housing Service (RHS) provides loans in rural areas to eligible low- and very low-income applicants. The loan may be to purchase existing housing, purchase and repair existing housing, purchase a building site and construct a dwelling, or purchase new housing. Rural areas include open country and places with population of 10,000 or less and, under certain conditions, towns and cities between 10,000 and 35,000 population.

For detailed information on income limits and eligible areas, visit:
<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

The property must be in good repair or placed in good repair with loan funds. For an existing property, a whole house inspection performed by a qualified inspector is needed. The buyer and seller should discuss who will cover the cost of the whole house inspection and address this item in the purchase agreement.

All who apply get equal consideration without regard to race, color, religion, sex, marital status, age, disability, or national origin.

The following documents are attached and may be completed and returned to your local Rural Development office located at the following address:



- Form RD 410-4, “Uniform Residential Loan Application”
- Checklist of items to accompany the Uniform Residential Loan Application

Please contact the above Rural Development office if you have questions regarding what needs to be in your application package or if you would like assistance in completing a form.

To determine if you qualify, review these frequently asked questions:

“DOES IT MATTER HOW MANY OTHER BILLS I HAVE TO PAY?”

RHS will look at your monthly obligations and how much you currently owe to others. We'll want to know if paying back the proposed loan on top of your other payments will be difficult for you.

“WHAT IF I THINK MY INCOME IS TOO LOW?”

Having enough income to repay your loan is an important part of getting a loan; however, the RHS loan may be subsidized. A subsidized loan is based on the applicant repaying a percentage of their income toward the housing payment, taxes, and insurance. The percentage is generally 24 percent of the applicant's household income.

“WHAT CAN I DO IF MY INCOME IS TOO LOW?”

Consider applying with a co-applicant if there is another member of your household willing and able to be a note signer. RHS will then look at your combined income and credit when determining repayment ability. You may also consider a cosigner. A cosigner is an individual who will not reside in the dwelling, but who is willing to be responsible for the debt. You may also consider applying for down payment assistance programs in your area which provide affordable housing products. Many areas have Housing Finance Agencies, Housing Authorities, or Non-Profit Agencies which administer these programs. Funding from these sources can be combined with Rural Development loan funds.

“HOW CAN I DETERMINE IF MY INCOME IS ADEQUATE TO REPAY A LOAN?”

The amount of your proposed monthly house payment, real estate taxes, insurance, and other credit debts cannot exceed 41 percent of your gross monthly income. If you have questions regarding how this determination is made, you may contact the local Rural Development Office shown on the front cover.

“CAN I GET A LOAN IF I'M UNEMPLOYED?”

A steady source of income is very important to getting a loan. An applicant must show sufficient resources to repay the housing loan. Not having a job or a stable source of income may have an impact on the Agency's decision. Experience has shown that applicants with stable jobs and income sources are more likely to repay the loan.

“WILL YOU FIND OUT ABOUT OTHER CREDIT I’VE HAD?”

Yes. Your credit report provides information on your payment history including any difficulty you have had repaying other loans or credit cards. That information will be used to determine if you can repay the loan.

“HOW CAN I FIND OUT IF I’M ELIGIBLE FOR A LOAN?”

A Rural Development employee is available to discuss eligibility requirements with you on an individual basis by phone or in person during regular office hours. Any interested person may make written application via the local Rural Development office by hard copy or electronic submission.

“WILL I KNOW RIGHT AWAY IF I QUALIFY FOR A LOAN?”

Rural Development staff can pre-qualify the applicant with unverified information provided by the applicant. However, a final eligibility determination will not be made until a written application is filed, household income is verified, and a mortgage credit report is obtained.

“HOW LONG WILL IT BE BEFORE I CAN MOVE INTO MY NEW HOME?”

Typically, applicant eligibility, loan approval, and loan closing may be accomplished within approximately 120 days of filing of the written application. However, depending on the availability of Government funding, this time-frame may be extended. The applicant is periodically advised regarding the status of his or her application when there is lack of funding.

“HOW MUCH MONEY WILL I NEED FOR A DOWNPAYMENT?”

A down payment is generally not required. Loans may be made for up to 100 percent of the market (appraised) value. Simply put, this means if the sales price of the property is equal to or less than the appraised value, no down payment is needed.

“DOES THIS MEAN I WON’T NEED ANY CASH TO GET A LOAN?”

Generally, the applicant will need some cash available. There are costs associated with the credit report, appraisal report, escrow, and other related closing costs. The credit report fee is always paid by the applicant upfront. The first year’s hazard insurance premium is paid immediately prior to closing. Costs pertaining to the appraisal, escrow, and loan closing may be included in the loan amount. You may also negotiate with the seller to contribute a percentage toward closing costs. Any agreement with the seller should be entered into prior to signing, and documented in the purchase agreement or sales contract.

“DOES THE APPLICANT HAVE OTHER RESPONSIBILITIES?”

Yes. Rural Development staff are available to assist the applicant from the application to loan closing. The applicant is responsible for providing requested information timely. The information may be requested by Rural Development staff, a loan application packager, a real estate agent, or a closing agent. Failure to provide information timely results in delayed decisions and other actions.

“ARE THERE OTHER ELIGIBILITY REQUIREMENTS?”

Yes. The applicant must:

1. Be without decent, safe, and sanitary housing.
2. Be unable to obtain a loan from other resources on terms and conditions that they can reasonably be expected to meet.
3. Possess the legal capacity to incur the loan obligation.
4. Be a U.S. citizen, a U.S. noncitizen national, or a qualified alien and provide acceptable evidence of qualified alien status.

“WHAT ARE THE TERMS OF THE LOAN?”

The maximum repayment period is 33 years and, under certain conditions, 38 years. The maximum repayment period for manufactured homes is 30 years.

“WHERE MAY HOUSES BE LOCATED?”

Houses must be located on desirable sites with an adequate supply of safe drinking water and suitable arrangements for sewage disposal. Streets must have an all-weather surface and be maintained by a public body.

“WHAT ABOUT THE SIZE AND DESIGN OF THE HOME?”

While cost and design vary in different areas of the country, a modest home does not generally exceed 2,000 square feet living area, above grade. Exceptions may be granted on a case by case basis for large households or for those applicants with special needs. The value of a dwelling may not exceed the Area Loan Limit for the area in which the applicant is requesting financing.

WHO IS RESPONSIBLE FOR INSPECTING THE HOME?

The applicant/borrower is responsible for hiring a qualified inspector to conduct a whole house inspection on an existing property and for making inspections necessary to protect their interests. While a Rural Development staff member or designee may inspect a property during and/or following construction or repair, these inspections do not create or imply a warranty or guarantee on the condition of the property.

“WHERE MAY I APPLY?”

Applications are made at the local Rural Development office serving the area in which the house will be located. To locate your nearest Rural Development office, please visit:
<http://offices.sc.egov.usda.gov/locator/app?state=us&agency=rd>

ATTACHMENT 3-J

CHECKLIST OF ITEMS TO ACCOMPANY THE UNIFORM RESIDENTIAL LOAN APPLICATION

When submitting a Uniform Residential Loan Application, Form RD 410-4, an applicant should simultaneously submit the following items in order for the application to be considered complete. The first two items are standard and apply to all applicants. For all other items, submit the requested items as applicable.

Prior to submitting an application and accompanying documentation, verify that the application has been fully completed and signed where applicable; and that all pages of the accompanying documentation has been provided. If signatures or documents are missing, the application will be considered incomplete and cannot be processed.

- ☐ Nonrefundable credit report fee of \$25 for individual or joint applicants. Payment may be accepted via check or money order; cash payments will not be accepted. **Notice to Customers Making Payment by Check:** If applicants send the Agency a check, it will be converted into an electronic funds transfer (EFT). This means the Agency will copy the check and use the account information on it to electronically debit the applicant's account for the amount of the check. The debit from the applicant's account will usually occur within 24 hours, and will be shown on the applicant's regular account statement. Applicants will not receive their original check back. The Agency will destroy the original check, but will keep an image of it. If the EFT cannot be processed for technical reasons, applicants authorize the Agency to process a paper copy of the image in place of the original check. If the EFT cannot be completed because of insufficient funds, the Agency may try to make the transfer up to two additional times [and the Agency will charge a one-time fee of \$15, which will also be collected by EFT].
- ☐ A signed Form RD 3550-1, Authorization to Release Information, for each adult member of the household. <http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/RD3550-1.PDF>
- ☐ A completed and signed Form RD 3550-4, "Employment and Asset Certification". <http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/RD3550-4.PDF>
- ☐ Verification of **all household income**. To qualify for the program, a household's adjusted annual income must be within the established income limit based on size and location. Below are some examples of income that may be applicable to all household members and what should be provided to the Agency.
 - ☐ Copies of the last four week's consecutive pay stubs.
 - ☐ Copies of recent benefit statements for regular unearned income (such as social security, public assistance, retirement income, etc.).

- ☐ Last 12 month payment history of alimony and/or child support received as provided by the court appointed entity responsible for handling payments. If this is not available, a copy of the separation agreement or divorce decree. Please note that while you can choose to have this income excluded from your repayment income, this income must be reported to determine if your household's adjusted income is within the program's income limit.
- ☐ For each applicant, a complete copy of their last two signed and filed Federal Income Tax Returns. IRS Form W-2, "Wage and Tax Statement," and/or IRS Form 1099-MISC, "Miscellaneous Income", must be attached. For returns mailed to the IRS, provide a copy of the signed document. For returns filed electronically, include a copy of the signature page with the Self-Select PIN, confirmation that the return was accepted, or evidence that it was filed by an authorized E-File provider.
- ☐ For each applicant, a signed IRS Form 4506-T, Request for Transcript of Tax Return <https://www.irs.gov/pub/irs-pdf/f4506t.pdf>
- ☐ For each applicant, a written explanation of employment history of less than two years or employment gaps in excess of 30 days within the last two years.
- ☐ For each household member, a copy of their two most recent brokerage or bank statements (excluding tax advantaged plans for education, health/medical, and retirement). If you are obtaining this information online, provide the statements as opposed to providing the online transaction histories.
- ☐ For each applicant, a written explanation for late payments, collections, judgments, or other derogatory items in their credit history of which they may be aware. If applicants are unsure what their credit history looks like, they can obtain a free credit report by calling 1-877-322-8228 or logging into <http://www.annualcreditreport.com>. By law, individuals are entitled to receive one free credit file disclosure every 12 months from each of the nationwide consumer credit reporting companies – Equifax, Experian and TransUnion. This free report cannot replace the credit report that the Agency will obtain to determine eligibility.
- ☐ For each applicant, verification of their identity. A copy of a Government-issued photo identification, evidence of date of birth (only required if not listed on the photo identification), and evidence of a valid/full taxpayer identification number (such as a copy of their Social Security card, pay stubs with the full taxpayer ID listed, etc.).
- ☐ For a household member who is a full-time student and 18 years of age or older, a copy of their school transcript.
- ☐ If applicable, provide written evidence of child care expenses for dependents 12 years of age or younger.

- ☐ If applicable, evidence of out of pocket annual medical expenses (for applicants 62 years of age and older, or individuals with a disability) who wish to be considered for a deduction to household income.

If all relevant information is not provided along with a fully completed and signed Uniform Residential Loan Application, the application will be considered incomplete.

Applicants are strongly discouraged from identifying a property or entering into a purchase agreement until they receive a Certificate of Eligibility from Rural Development. Applicants who are first-time homebuyers are strongly encouraged to complete a homeowner education training as early in the application process as possible since the training covers the following important topics: preparing for homeownership (readiness to go from rental to homeownership), budgeting (pre- and post-purchase), credit counseling, shopping for a home, obtaining a mortgage, loan closing, and life as a homeowner. There is generally an out-of-pocket fee for the training, which can be reimbursed should the loan request be approved and closed. Attached is a list of Agency-approved education providers. You will be expected to successfully complete this training prior to entering into a contract to purchase or construct a home for maximum benefit.

Affirmative Fair Housing Marketing (AFHM) Plan - Single Family Housing

U.S. Department of Housing and Urban Development
Office of Fair Housing and Equal Opportunity

OMB Approval No. 2529-0013
(exp. 1/31/2021)

1a. Applicant's Name, Address (including City, State & Zip code) & Phone Number	1c. Development Number	1d. Number of Units
	1e. Price Range From \$ To \$	1f. Type of Housing <input type="checkbox"/> Development <input type="checkbox"/> Scattered Site
	1g. Approximate Starting Dates (mm/dd/yyyy) Advertising Occupancy	

1b. Development's Name, Location (including City, State and Zip code)	1h. Housing Market Area	1i. Census Tract
	1j. Sales Agent's Name & Address (including City, State and Zip Code)	

2. Type of Affirmative Marketing Area (check all that apply) <input type="checkbox"/> White (non-minority) Area <input type="checkbox"/> Minority Area <input type="checkbox"/> Mixed Area (with _____ % minority residents)	3. Direction of Marketing Activity (Indicate which group(s) in the housing market area are least likely to apply for the housing because of its location and other factors without special outreach efforts) <input type="checkbox"/> White <input type="checkbox"/> American Indian or Alaskan Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Persons with Disabilities <input type="checkbox"/> Families with Children <input type="checkbox"/> Other _____ Specify _____ (e.g. specific ethnic group, religion, etc.)
--	--

4a. Marketing Program: Commercial Media (Check the type of media to be used to advertise the availability of this housing)

☐ Newspapers/Publications ☐ Radio ☐ TV ☐ Billboards ☐ Other (specify)

Name of Newspaper, Radio or TV Station	Group Identification of Readers/Audience	Size/Duration of Advertising

4b. Marketing Program: Brochures, Signs, and HUD's Fair Housing Poster

(1) Will brochures, letters, or handouts be used to advertise? ☐ Yes ☐ No If "Yes", attach a copy or submit when available.

(2) For development site sign, indicate sign size _____ x _____; Logo type size _____ x _____. Attach a photograph of sign or submit when available.

(3) HUD's Fair Housing Poster must be conspicuously displayed wherever sales/rentals and showings take place. Fair Housing Posters will be displayed in the ☐ Sales Office ☐ Real Estate Office ☐ Model Unit ☐ Other (specify)

4c. **Marketing Program: Community Contacts.** To further inform the group(s) least likely to apply about the availability of the housing, the applicant agrees to establish and maintain contact with the groups/organizations listed below which are located in the housing market area. If more space is needed, attach an additional sheet. Notify HUD-Housing of any changes in this list. Attach a copy of correspondence to be mailed to these groups/organizations. (Provide all requested information.)

Name of Group/Organization	Group Identification	Approximate Date (mm/dd/yyyy)	Person Contacted (or to be Contacted)
Address & Phone Number	Method of Contact	Indicate the specific function the Group/Organization will undertake in implementing the marketing program	

5. **Reserved**

6. **Experience and Staff Instructions** (See instructions)

6a. Staff has affirmative marketing experience.
☐ No ☐ Yes

6b. On separate sheets, indicate training to be provided to staff on Federal, State and local fair housing laws and regulations, as well as this AFHM Plan. Attach a copy of the instructions to staff regarding fair housing.

7. **Additional Considerations** Attach additional sheets as needed.

8. **Compliance with AFHM Plan Regulations:** By signing this form, the applicant agrees to ensure compliance with HUD's Affirmative Fair Housing Marketing Regulations (24 CFR 200.620).

Signature of person submitting this Plan & Date of Submission (mm/dd/yyyy)

Name (type or print)

Title & Name of Company

For HUD-Office of Housing Use Only	For HUD-Office of Fair Housing and Equal Opportunity Use Only
Approved _____ Disapproved _____ (Check One)	
Signature & Date (mm/dd/yyyy)	Signature & Date (mm/dd/yyyy)
Name (type or print)	Name (type or print)
Title	Title

Public reporting burden for this collection of information is estimated to average 3 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid Office of Management and Budget (OMB) control number.

In General: The Affirmative Fair Housing Marketing (AFHM) Plan is used to ensure that Federal Housing Administration (FHA)-insured single family housing developers are taking necessary steps to eliminate discriminatory practices and to overcome the effects of past discrimination involving Federally insured housing. No application for any housing development insured under the Department of Housing and Urban Development's (HUD) housing programs, shall be funded without a HUD-approved AFHM Plan (See the "Applicability" section in the instructions below.) Single family housing developers complete the AFHM Plan only during the application process and the AFHM Plan is in effect until after initial occupancy. The responses are required to obtain or retain benefits under the Fair Housing Act, Section 808(e)(5) & (6) and 24 CFR Part 200, Subpart M. The form contains no questions of a confidential nature.

Applicability: Single family developers should answer the following two questions to determine if they need to complete an AFHM Plan or if they should complete block 11 on Form HUD-92541, Builder's Certification of Plans, Specifications, & Site. (See HUD Mortgagee Letter 1995-18 dated April 28, 1995 and 2001-09 dated April 2, 2001 for further instructions).

Question 1. (Check if applicable)

- ☐ a. Did you sell five (5) or more houses in the last twelve (12) months with HUD mortgage insurance?
- ☐ b. Do you intend to sell five (5) or more houses within the next twelve (12) months with HUD mortgage insurance?

If you did **not** check 1a or 1b, you do **not** have to complete an AFHM Plan. You should complete block 11 on the HUD-92541.

If you checked 1a and/or 1b, you must go to Question 2.

Question 2. (Check if applicable)

- ☐ a. I am a signatory in good standing to a Voluntary Affirmative Marketing Agreement (VAMA).
- ☐ b. I have an AFHM Plan that HUD approved.
- ☐ c. I have contracted with a company that has an AFHM Plan or who is a signatory to a VAMA to market my houses.
- ☐ d. I certify that I will comply with the following: (a) Carry out an affirmative marketing program to attract all minority and majority groups to the housing for initial sale. Such a program shall typically involve publicizing to minority persons the availability of housing opportunities regardless of race, color, religion, sex, disability, familial status or national origin, through the type of media customarily utilized by the applicants; (b) Maintain a nondiscriminatory hiring policy in recruiting from both minority and majority groups; (c) Instruct all employees and agents in writing and orally of the policy of nondiscrimination and fair housing; (d) Conspicuously display the Fair Housing Poster in all Sales Offices, include the Equal Housing Opportunity logo, slogan and statement in all printed material used in connection with sales, and post in a prominent position at the project site a sign that displays the Equal Opportunity logo, slogan or statement, as listed in 24 CFR 200.620 and appendix to subpart M to part 200. I understand that I am obliged to develop and maintain records on these activities, and make them available to HUD upon request.

If you checked "a, b, c, or d" in Question 2, you do **not** have to complete an AFHM Plan. You should complete block 11 on the HUD-92541.

If you did **not** check “a, b, c or d” in Question 2, you must complete an AFHM Plan.

Each applicant is required to carry out an affirmative program to attract prospective buyers of all minority and non-minority groups in the housing market area regardless of their race, color, religion, sex, national origin, disability or familial status (24 CFR 200.620). Racial groups include White, Black or African American, American Indian or Alaska Native, Asian, Native Hawaiian or Other Pacific Islander. Other groups in the housing market area who may be subject to housing discrimination include, but are not limited to, Hispanic or Latino, persons with disabilities, families with children, or persons of different religious affiliations. The applicant shall describe in the AFHM Plan the proposed activities to be carried out during advance marketing, where applicable, and the initial sales period. The affirmative marketing program also should ensure that any group(s) of persons ordinarily **not** likely to apply for this housing without special outreach (See Part 3), know about the housing, feel welcome to apply and have the opportunity to buy.

INSTRUCTIONS

Send completed form to: your local HUD Office

Attention: Director, Office of Housing

Part 1-Applicant and Project Identification.

Blocks 1a thru 1f-Self-Explanatory. Block 1g-the applicant should specify the approximate date for starting the marketing activities and the anticipated date of initial occupancy. Block 1h-the applicant should indicate the housing market area, in which the housing will be located. Block 1i - the applicant may obtain census tract location information from local planning agencies, public libraries and other sources of census data. Block 1j the applicant should complete only if a Sales Agent (the agent can not be the applicant) is implementing the AFHM Plan.

Part 2-Type of Affirmative Marketing Area:

The AFHM Plan should indicate the approximate racial composition of the housing market area in which the housing will be located by checking one of the three choices. Single family scattered site builder should submit an AFHM Plan that reflects the approximate racial composition of each housing market area in which the housing will be located. For example, if a builder plans to construct units in both minority and non-minority housing market areas, a separate AFHM Plan shall be submitted for each housing market area.

Part 3-Direction of Marketing Activity. Indicate which group(s) the applicant believes are least likely to apply for this housing without special outreach. Consider factors such as price or rental of

housing, sponsorship of housing, racial/ethnic characteristics of housing market area in which housing will be located, disability, familial status, or religious affiliation of eligible population, public transportation routes, etc.

Part 4-Marketing Program. The applicant shall describe the marketing program to be used to attract all segments of the eligible population, especially those groups designated in Part 3 of this AFHM Plan present in the housing marketing area that are least likely to apply. The applicant shall state: the type of media to be used, the names of newspaper/call letters of radio or TV stations; the identity of the circulation or audience of the media identified in the AFHM Plan (e.g., White, Black or African American, American Indian or Alaska Native, Asian, Native Hawaiian or Other Pacific Islander, Hispanic or Latino, persons with disabilities, families with children, and religious affiliation), and the size or duration of newspaper advertising or length and frequency of broadcast advertising. Community contacts include individuals or organizations that are well known in the housing market area or the locality that can influence persons within groups considered least likely to apply. Such contacts may include, but need not be limited to: neighborhood, minority and women's organizations, grass roots faith-based or other community based organizations, labor unions, employers, public and private agencies, disability advocates, schools and individuals who are connected with these organizations and/or are well-known in the community. Applicants should notify their local HUD-Office of Housing of any changes to the list in Part 4c of this AFHM Plan.

Part 5-Reserved

Part 6-Experience and Staff Instructions.

- 6a. The applicant should indicate whether he/she has had previous experience in marketing housing to group(s) identified as least likely to apply for the housing.
- 6b. Describe the instructions and training provided or to be provided to sales staff. This guidance to staff must include information regarding Federal, State and local fair housing laws and this AFHM Plan.

Copies of any written materials should be submitted with the AFHM Plan, if such materials are available.

Part 7-Additional Considerations. In this section describe other efforts not previously mentioned which are planned to attract persons least likely to apply for the housing.

Part 8-Compliance with AFHM Plan Regulation.

By signing, the applicant assumes full responsibility for implementing the AFHM Plan. HUD may monitor the implementation of this AFHM Plan at any time and request modification in its format or content, where deemed necessary.

Notice of Intent to Begin Marketing. No later than 90 days prior to the initiation of sales marketing activities, the applicant with an approved AFHM Plan shall submit notice of intent to begin marketing. The notification is required by the Affirmative Fair Housing Marketing Plan Compliance Regulations (24 CFR Part 108.15). It is submitted either orally or in writing to the Office of Housing in the appropriate HUD Office servicing the locality in which the proposed housing will be located.

OMB approval of the Affirmative Fair Housing Plan includes approval of this notification procedure as part of the AFHM Plan. The burden hours for such notification are included in the total designated for this AFHM Plan form.