

Secondary Market and Financial Assistance

Offered by: Community Reinvestment Fund (CRF), USA

Target Credit Union Participants: Credit unions serving consumers located in low-income and economically disadvantaged communities

Program Objective: The CRF is a nonprofit organization that works to provide capital to low- to moderate-income communities across the United States. It provides capital to communities by purchasing economic development and affordable housing loans from community development lenders. It has purchased more than \$500 million in loans. CRA operates a secondary market for economic development loans, as well as loans for affordable housing and community facilities.

Credit Union Eligibility: All credit unions with a focus on low-income and economically disadvantaged communities across the country.

Program Features and Requirements: The investment process is as follows:

1. Lending Partner identifies loan, underwrites, and submits the loan to CRF.
2. CRF approves loan and issues a commitment letter.
3. The commitment letter spells out the conditions.
4. CRF commits to a spread, but not to a rate.
5. Rate can be locked 10 days before closing.
6. When the loan is ready to close, CRF prepares or approves the closing documents.
7. CRF wires the funds to closing agent after review of executed documents.

How it works for the Lending Partner.

- Lending Partner establishes a relationship with CRF – no commitment or participation fee.
- Loans are sold to CRF without recourse.
- Lending Partner takes no interest rate risk.
- Lending Partner decides how to market the program – with help from CRF if requested.
- Lending Partner may service loans after the sale, if qualified.
- Lending Partner determines origination and servicing fees.

CRF also provides training for large groups and technical assistance on a one-on-one level. Among the topics covered are: policy and procedure audits, managing risk (establishing a risk rating system and methodologies for loan loss reserving); loan documentation and servicing; and capitalization strategies (raising capital from government sources).

Program Cost: Free

Contact: Community Reinvestment Fund, USA
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Call (970) 434-5318 for training assistance.