Setting up a Housing Stability Loan Program in 10 Steps

Steps	Where to read more!
1 *Understand the needs of your target population* a. What are the unique needs of renters in your community? i. How do low-income renters in your community describe their relationship with mainstream financial institutions and/or fringe lenders or both? b. What factors should your program keep in mind as you specifically design the loan to meet this diverse population's needs?	**Part 3:** Understand the target population (pages 27-28)
2 *Develop strong partnerships* a. What financial capability, social and financial services exist in your community that can compliment a loan program? i. Who can you refer clients to for additional supports? ii. What organizations can help refer good candidates for loans? iii. What organizations or services may be able to offset some of the borrower's costs to minimize loan needs? b. What systems do you need to understand to ensure the loan product does not create unintended consequences?	**Part 3:** Build Strong Partnerships (pages 28-33)
3 *Build organizational capacity at all levels* a. Do staff have enough time and skills (population specific and lending specific) to offer loans? b. What expertise and involvement is needed from the board or organizational leadership? c. Will you develop a loan oversight body/loan review committee?	**Part 3:** Build Organizational Capacity (pages 36-40)
4 *Invest in technology that will allow you to grow* a. What loan management software will you use? b. How else can you leverage technology to meet the needs of borrowers?	**Part 3:** Invest in Technology (pages 42-43)
5 *Learn about state and federal regulations* a. See Appendix B to find your local regulating body and an overview of federal legislation that impacts small dollar lenders.	**Part 4:** Federal and State Lending Regulations (pages 45-46)

Setting up a **Housing Stability Loan Program** in 10 Steps *continued*	**Where to read more!**
6 *Create policies and procedures* a. **How will you ensure that your policies and procedures are fair and transparent, but flexible enough to meet the needs of your borrowers?** b. **How will you revise and update your policies and procedures as your organization gains experience in providing housing stability loans?** c. **See Appendix C for a sample of one organization's policy and procedures.**	**Part 4:** Policies and Procedures **(pages 47-48)**
7 *Determine allowable loan uses* a. **Think back to your target populations needs** i. **What uses will meet your target populations' needs AND assist borrowers in achieving greater housing stability?**	**Part 4:** Loan Use **(pages 49-50)**
8 *Develop clear eligibility and underwriting criteria* a. **Consider the traditional five C's of underwriting (credit, capacity, capital, character and condition), your mission, and your typical borrowers' financial situation.** i. **What nontraditional underwriting criteria will you use that will minimize risk and increase access to loans for your target population?** ii. **How will you determine capacity to repay the loan?** iii. **What type of data and verification will you review and/or require?**	**Part 4:** Underwriting and Eligibility **(pages 50-54)**
9 *Decide on loan amounts, terms, and pricing* a. **When deciding on loan amount and terms take into account: the varying costs of moving and maintaining housing; affordable payment sizes; number of loans your organization plans to provide; and amount of loan capital.** b. **When determining loan pricing, think about market-based, risk-based, and cost-based loan pricing.**	**Part 4:** Loan Amount, Loan Terms, and Fees and Interest **(pages 55-62)**
10 *Build in measures to protect your loan fund* a. **Think about securing certain loans with collateral and/or embedding a forced savings component, collecting references, or asking for a co-signer on loans.** b. **Create a loan loss reserve.** ***Start offering loans!***	**Part 4:** Protecting Your Loan Fund **(pages 63-64)**