

How to complete the requirements for SPCPs



Additional Information

The process of building an SPCP begins with assessing the need for

such a program, primarily using the public data sources of HMDA, ACS and US Census. Below is a high-level guide to support your planning process. *Timeline feedback was gathered from SPCP example providers to give insight into what other lenders have seen while building their SPCPs.*

1) Assess data and determine the needs of the economically disadvantaged underserved population(s) and/or areas. Engage counsel in legal review early in the process as you begin the analysis and planning for your SPCP. Using both public data from the market and your own production data, determine if an SPCP is needed or if you can solve for increased lending to the population another way. If an SPCP is determined to be needed, continue the process. *Timeline: 3-4 Weeks*

2) Design credit intervention for SPCP. Based on what you as a lender and your investors will allow, determine what credit interventions and enhancements can be made to create a Special Purpose Credit Program product that will increase the likelihood of approval-for or access-to the designated credit product(s). See our sample credit interventions in the FAQs for ideas. *Timeline: 2-4 Weeks*

3) Build a written plan to support your SPCP. Document your plan from the analysis, through the credit intervention design, the product, how you'll originate and deliver the program, the timeframe for the product(s) and how you will monitor and measure the program. This written plan facilitates your next steps in bringing an SPCP to market. *Timeline: 3-4 Weeks*

In accordance with Regulation B, the written plan should contain information supporting the need for the program, including:

1. The class of persons that the program is designed to benefit;
2. The procedures and standards for extending credit pursuant to the program;
3. Either (i) the time period during which the program will last or (ii) when the program will be re-evaluated to determine if there is a continuing need for it; and
4. A description of the analysis the organization conducted to determine the need for the program.

4) Legal review and internal approval process. Now that you have a documented plan with well-prepared data-based analysis, go through your internal approval process for new credit products including legal review. Feedback from our focus groups showed that specialty external counsel was helpful to lenders going through this process. Your process will likely also include sales/marketing, operations, credit policy, compliance, IT, training, and other internal departments that facilitate the successful delivery and monitoring of your credit products. Document any changes or additions to your SPCP written plan as you complete the internal review and approval process. *Timeline: 4-8 Weeks*

5) Regulator review of your SPCP plan. While there is no specific approval by a regulator of any particular SPCP, it is best practice to review your plan with your appropriate regulatory agencies. Consider this from a federal perspective as well as any applicable state regulatory agencies. *Timeline: 4-6 Weeks (varies by lender type and location)*

6) Train sales and operations staff on new product(s) and your SPCP plan as you prepare for a successful launch and program delivery. Training is critical, especially in the mortgage industry, and SPCPs may have additional or new steps for your staff in successfully delivering and monitoring the program. *Timeline: 2-4 Weeks*

An effective SPCP should be dovetailed with a fair housing marketing plan to ensure the program will be successful and reach requisite consumers and communities. Without a thoughtful, well-constructed, directed marketing plan, SPCPs can be ineffective and fallow. The team developing the SPCP should consult with fair lending and fair housing experts to ensure marketing plans are robust and comply with the law.

[This guide from NFHA on responsible advertising can be a useful resource.](#)

7) Delivery and monitoring period. Now it's time to make the impact you planned on! Monitor your program delivery with active reporting and metrics that track the effectiveness of your SPCP. Should you find that the program is not reaching the intended populations or areas, document and perform iterative changes or enhancements to the program as needed. *Timeline: 12-36 Months*

Nonprofit and Trade Association Partnerships Can Help!

Having a diverse sales and operations staff makes a big difference in achieving diverse lending goals. The industry has a host of initiatives that you can get involved with to recruit a diverse staff and reach underserved communities.

Working with nonprofit partners is a great way to reach underserved communities. See the link below for more information and useful links to HUD intermediaries, nonprofits, and trade associations that can help you reach diverse and underserved communities.

NONPROFIT AND TRADE ASSOCIATION PARTNERSHIPS CAN HELP!