Conditional Commitment
Form RD 3555-18/18E

Single Family Housing Guaranteed Loan Program

Training Objectives
• Where is the topic located?
  * 7 CFR Part 3555 and HB-1-3555
• Learning Checks
• Resources
Things change!

• Every effort has been made to ensure training references are accurate at the time of publication.

• Always reference the most recent USDA publications available online.

Guaranteed Loan Program Regulation
7 CFR Part 3555

• The regulation is the rule!
• 8 Subparts: A – H
• Appendix 1
7 CFR Part 3555

7 CFR Part 3555

Subpart C: Loan Requirements

• .101: Loan Purposes
• .102: Loan restrictions
• .103: Maximum loan amount
• .104: Loan terms
• .105: Combination construction and permanent loans
• .107: Application for and issuance of loan guarantee
• .108: Full faith and credit

7 CFR Part 3555

3555.107 Application for and issuance of the loan guarantee.
   (a) Processing of applications.
   (b) Automated underwriting.
   (c) Manual underwriting.
   (d) Appraisals.
   (e) Environmental requirements.
   (f) Issuance of a conditional commitment.
   (g) Loan guarantee fee.
   (h) Annual fee.
   (i) Proper closing and requesting the loan note guarantee.
   (j) Issuance of the guarantee.
7 CFR Part 3555: 3555.107(f)

(f) Issuance of a conditional commitment. The lender must demonstrate that all the general loan, applicant, and site eligibility requirements of this part are met before Rural Development will issue a conditional commitment. The lender, however, may obtain any required property inspection reports, such as a well test or construction phase inspections, if applicable and not needed for environmental compliance, after the issuance of the conditional commitment, but prior to loan closing.

7 CFR Part 3555: 3555.107(f)

(1) The conditional commitment will expire in 90 days from issuance, unless new construction is involved.

(2) The expiration of a conditional commitment may coincide with projected completion of new construction.

(3) An extension may be granted if the loan cannot be closed due to circumstances beyond the lender's control.

(4) Lenders may accept or decline the conditional commitment, or submit requests for changes with adequate support and documentation to be reviewed by the Agency.
Guaranteed Loan Program Technical Handbook

HB-1-3555

- Provides guidance to support the regulation
- HB is not the rule
- 20 Chapters
HB-1-3555: Chapter 15

15.7 AGENCY PROCESSING OF AN APPROVED REQUEST
15.8 LENDERS RESPONSE TO CONDITIONAL COMMITMENT
   A. Accepting the conditions
   B. Declining the Conditions for Loan Guarantee
   C. Requesting Changes in Conditions

HB-1-3555: Chapter 16

CHAPTER 16: CLOSING THE LOAN AND REQUESTING THE GUARANTEE
   16.1 INTRODUCTION
   16.2 CLOSING THE LOAN
Forms

Form RD 3555-18/18E

Conditional Commitment for Single Family Home Loan Guarantee

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>City</th>
<th>State</th>
<th>Zip</th>
<th>Phone</th>
<th>E-mail</th>
<th>Fax</th>
</tr>
</thead>
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Form RD 3555-18/18E

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This form contains sensitive personal information. Please handle with care.

Date: 12/20/2016
Form RD 3555-18/18E

TO: Lender’s Name and Address

Borrower SSN:

Principal Amount of Loan:

Form RD 3555-18/18E

From an examination of information supplied by the Lender on the above proposed loan, and other relevant information deemed necessary, it appears that the transaction can be properly completed.

Therefore, the United States of America acting through the Rural Housing Service (RHS), or its successor (herein referred to as Agency) hereby agrees that, in accordance with applicable provisions of the Agency regulations published in the Federal Register at 7 CFR part 3555, Agency handbook procedures, and related forms, it will execute Form RD 3555-17, "Loan Note Guarantee," subject to the conditions and requirements specified in said regulations and below.

The up-front Loan Note Guarantee fee payable by the Lender to Agency is $___________.

The interest rate for the loan is ______%.

The annual fee for the first year of the loan, based upon the above stated principal amount of loan and stated interest rate of this commitment is $___________.

12/20/2016
A Loan Note Guarantee will not be issued until the Lender meets all regulatory requirements certifies to the attached “Lender Certification” for SFH Guaranteed Loan, confirming that there has been no adverse change(s) in the Borrower’s financial condition, property condition, nor any other adverse change in the Borrower’s condition during the period of time from Agency’s issuance of this conditional commitment to issuance of the Loan Note Guarantee. The Lender’s certification must address all adverse changes and be supported by financial statements of the Borrower and its guarantors not more than 90 days old at the time of certification.
This conditional commitment becomes null and void unless the Lender submits their request for Loan Note Guarantee in accordance with 7 CFR § 3555.107(c) of within 60 days from date of loan closing. Except as set out below, the purposes for which the loan funds will be used and the amounts to be used for such purposes are set out on Form RD 3555-21, “Request for Single Family Housing Loan Guarantee.” The Loan Officer will issue the form only if the request is approved. The form will be submitted to the Agency, and no major change of conditions or approved loan purpose as listed on these forms will be considered.

Additional Conditions and Requirements including source and use of funds:

☐ The attached “Lender Certification” for SFH Guaranteed Loan must be certified by the Lender prior to issuance of a Loan Note Guarantee.
☐ Subject to conditions of the final official “CUS Underwriting Findings Report.”

This conditional commitment will expire on 11/11/18 unless the time is extended in writing by the Agency, or upon the Lender’s earlier notification to the Agency that it does not desire to obtain an Agency guarantee.

UNITED STATES OF AMERICA
By: ____________________________ (Title)

Date: __________________________

1 Insert fund amount only.
2 The annual fiscally calculated each year of the term, or of equal balance. The annual fee for the first year will be calculated when the loan is closed based upon the fund description. Therefore, the amount for the term of the Loan Note Guarantee will be based upon the current annual prepayment premium plus interest on the principal amount of the Loan for the term ( mails form 12’es). The amount of the Loan Note Guarantee will be based upon the current prepayment premium plus interest on the principal amount of the Loan for the term ( mails form 12’es).
3 The Agency will determine the extension date of the commitment. This date will not exceed 10 days from the date of issuance. The Agency may, at its own discretion, extend the commitment date provided that the Borrower’s financial condition has not undergone a significant adverse change. If neither situation will change for extended period.

According to the Report of the Federal Reserve Act of 1913, no person is required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1118-0027. The time required to complete this information collection is estimated to range, 1 hour 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.

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Form RD 3555-18/18E  
Lender Certification  
Page 1 of 3  

Form RD 3555-18/18E  
Lender Certification  
Page 2 of 3
Form RD 3555-18/18
Lender Certification
Page 3 of 3

TIPS
• Underwriter = USDA Approved Lender
• USDA = not an underwriter
• Research Rule & HB questions: Table of Contents
• Research Rule & HB questions: Control + F
7 CFR PART 3555 / HB-1-3555
LEARNING CHECKS

Question Slide

“Topic”

- Question will be bulleted with scenario, or
- Include a statement/question

TRUE/FALSE or other answer options will be displayed
ANSWER SLIDE

“Topic”

ANSWER: 7 CFR Part 3555 and HB-1-3555 references provided

X. Correct Response

• Additional guidance for clarification may be provided
Conditional Commitment

A Conditional Commitment is typically valid for ____ days.

A. 60  B. 90

Conditional Commitment

ANSWER: 3555.107(f)1 and HB 16.2

B. 90

• Commitments are valid for 90 days
• New construction commitments may be for longer terms
• Lenders may request extensions as applicable
Conditional Commitment

A Conditional Commitment for new construction is only valid for only 180 days.

A. TRUE B. FALSE

Conditional Commitment

ANSWER: 3555.107(f)1 and HB 16.2

B. FALSE

New construction Commitments may:
• Coincide with projected date of construction completion
• Not exceed one year from date of issuance
• Lenders may request extensions as applicable
Conditional Commitment

Once issued by USDA, a Conditional Commitment cannot be extended past the authorized date.

A. TRUE    B. FALSE

Conditional Commitment

**ANSWER:** 3555.107(f)3 and HB 16.2

B. FALSE

- Lenders may request extensions
- Extensions must be reasonable
- Lenders must ensure all loan documentation retained meets Agency required timeframes
Conditional Commitment

• USDA issues Commitment
• Lender reviews and questions a condition to require a termite inspection on an existing dwelling
• Lender may contact USDA to discuss validity of this condition

A. TRUE  B. FALSE

Conditional Commitment

ANSWER: 3555.107(f)4 and HB 15.8 C

A. TRUE

• Lenders may request explanation for USDA conditions
• USDA must supply evidence of decision with 7 CFR Part 3555 citation
• Invalid conditions will be removed from Commitment by USDA
Conditional Commitment

• Approved lender signs the “Lender Certification”
• The certification applies to the issued Form RD 3555-18/18E and Commitment Attachment 18-A if applicable

A. TRUE    B. FALSE

Conditional Commitment

ANSWER: 3555.107(f) and HB 15.7

A. TRUE

• Lender certification is part of Form RD 3555-18/18E (three pages long)
• If additional conditions are required, USDA may elect to also include Commitment Attachment 18-A
• Lender’s signature is binding to all conditions, documentation, etc.
Conditional Commitment

- ABC Lending is a Third Party Originator (TPO) for Bixby Bank
- USDA can issue the Conditional Commitment to ABC Lending

A. TRUE  B. FALSE

Conditional Commitment

**ANSWER:** 3555.107(f) and HB 15.7

B. FALSE

- Conditional Commitments can only be issued to approved USDA lenders
- TPO’s are not eligible to receive commitments in their name
Conditional Commitment

• Approved lender signs the Lender Certification of Form RD 3555-18/18E
• Their signature certifies all USDA conditions listed have been met

A. TRUE    B. FALSE

Conditional Commitment

ANSWER: 3555.107(f) and HB 15.7

A. TRUE

• Lender certification is verified through signature
• Lenders also certify that all required documentation is retained as applicable
WAY TO GO!

Regulations
GovDelivery Sign up

Thank you for supporting the USDA Single Family Housing Guaranteed Loan Program!
In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income-derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA’s Target Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at How to File a Program Discrimination Complaint and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

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