Welcome to Conditional Commitment Form RD 3555-18 and 18E, presented by USDA’s Single Family Housing Guaranteed Loan Program!
The objectives of the training include:

1. Demonstrating where the training topic is located in the program regulation, 7 CFR Part 3555 and the technical handbook, HB-1-3555.
2. Providing learning checks to help you gain a working knowledge of the topic, and
3. Links to online resources to assist in locating program information.
Every effort has been made to ensure this training and all references are accurate, however, new program revisions and clarifications may occur. Therefore, please ensure you always reference the most recent USDA publications available online.

This training module is not intended to replace the need to reference the regulation, technical handbook, and additional USDA published documents regarding the Guaranteed Loan Program.
Guaranteed Loan Program Regulation

7 CFR Part 3555

- The regulation is the rule!
- 8 Subparts: A – H
- Appendix 1

7 CFR Part 3555 is the program regulation. It is the first place users should look for the answers to their questions. The regulation is the rule and it cannot be overridden by the technical handbook. The 7 CFR Part 3555 is comprised of 8 subparts, A through H. You can access the full regulation online as Appendix 1 from the Regulations and Guidelines website.
The Regulations and Guidelines website is located from the link shown on the slide.

Under “Rural Development” there are many items available from this home page.

To access the regulation, select “Handbooks.”
A list of all USDA Rural Development handbooks will display.

Be sure to select the correct technical handbook: HB-1-3555.

Once HB-1-3555 is selected, the entire handbook, including all appendix will display for selection.

Appendix 1 is the full regulation, 7 CFR Part 3555.
Conditional Commitment guidance is located in Subpart C, Section 3555.107.
The regulation Table of Contents provides a quick view of the individual topics included under this Section.
3555.107(f) states that the issuance of a conditional commitment from USDA will occur after the approved lender has submitted required documentation for Agency review. The commitment may be issued with conditions the lender will be required to meet as applicable.
3555.107(f) also lists additional facets of the issued commitment which includes:

1. Conditional commitments expire 90 days from the date of issuance. New construction commitments will have longer expiration timeframes.
2. The expiration date may coincide with the projected completion date of a new construction property.
3. Extensions may be granted to the commitment upon lender request.
4. Lenders should review the commitment and either accept or decline the stated terms. Requests for changes should be submitted to USDA from the approved lender with supporting documentation.
The 7 CFR Part 3555 regulation cannot cover every topic and every potential scenario, therefore a technical handbook has been published to support the regulation and provide additional clarification. HB-1-3555 has 20 chapters.
The handbook may be accessed from the Regulations and Guidelines website. Conditional Commitments are located in Chapters 15 and 16.
This screen shot displays the Table of Contents of Chapter 15. This helps the user to locate specific topics more quickly. Chapter 15 provides guidance for approved lenders to obtain the Conditional Commitment before the loan is closed.
This screen shot displays the Table of Contents of Chapter 16. Chapter 16 will address questions regarding the loan closing and compliance within the commitment.
To view Form RD 3555-18, “Conditional Commitment for Single Family Housing Loan Guarantee” return to the Regulations and Guidelines home page and select “Forms.”
In the top screen shot, select “Browse Forms.”

In the second lower screen shot, enter the “Form Numbers” as “3555-18” and then select “Search.”
Form RD 3555-18 will be available for selection. Click on the “Form Number.”
This is the first page of Form RD 3555-18, also known as the Conditional Commitment. It is issued by USDA to the approved lender. The purpose of the commitment is to provide the approved lender with a USDA acceptance of the loan file that was submitted for review. The commitment states that if the loan is closed in accordance with the loan amount, interest rate, and all additional conditions noted, USDA will provide the approved lender with a Loan Note Guarantee post loan closing.
The top of the commitment includes the following:

- Approved Lender’s information
- Borrower Name
- Masked Borrower SSN, only the last four digits will appear
- Borrower ID: A randomly generated nine digit number. No part of the borrower’s Social Security Number is included in this randomly assigned ID.
- The State, County, State Code, and County Code of where the property will be located.
- The Principal Amount of the Loan requested by the approved lender. If the lender can close the loan for this loan amount or below, the commitment remains valid. If the loan amount will increase a new conditional commitment must be issued by USDA prior to loan closing. An increase in the loan amount may negatively affect qualifying ratios or other eligibility requirements.
Approved lenders and all parties that will be responsible to ensure the loan is closed under the terms of the issued and accepted commitment must READ THE ENTIRE COMMITMENT. The only way to ensure all parties can meet the stated terms, is to read all of the terms.

The body of the commitment includes these highlights:

• A Loan Note Guarantee will be issued to the approved lender when the loan is closed under the requirements of 7 CFR Part 3555, HB-1-3555, and related forms (that includes this commitment).

• The correct upfront guarantee fee must be paid to USDA. The correct amount based on the total loan request will be completed.

• The interest rate for the loan will not exceed the rate displayed. If the lender closes the loan at this interest rate or below, the commitment remains valid. If an increase in the interest rate is required, a new conditional commitment must be issued by USDA prior to loan closing. An increase in the interest rate may negatively effect qualifying ratios or other eligibility requirements.

• The annual fee due for the first year of the loan will also be displayed.
• The lender must meet all additional requirements listed in the “Lender Certification.”
• When the lender signs the Lender Certification they are stating that all requirements of 7 CFR Part 3555, HB-1-3555, GUS Underwriting Findings (if applicable), and all applicable forms have been met.
• There have also been no adverse changes to the borrower or collateral since the commitment was issued and the loan closed.
• Lenders should submit their loan closing package within 30 days of the loan closing in order to receive a Loan Note Guarantee from USDA.
The first page of the commitment will also include:

- Notice to the lender about attachments and other requirements that must be met.
- Commitments are valid for 90 days or up to 12 months for new construction. The expiration date of the commitment will be displayed. Commitments may be extended upon request from the approved lender.
- The signature of the USDA approval official.
- The date the Conditional Commitment was issued.
The “Lender Certification For SFH Guaranteed Loan” is three pages long.
• The certification will list all applicable requirements and conditions.
• READ ALL OF IT BEFORE IT IS SIGNED!
• Conditional Commitments are issued electronically to all lenders.
• Page Two includes a space for the lender to report if the loan will be retained or sold.
• If the loan will be sold the lender may complete the servicing lender information.
• Lenders who submit files to USDA through the electronic lender loan closing system will execute this form and complete all data fields online. There will not be a paper Conditional Commitment utilized.
• Page Three continues with new Holding Lender information if applicable.
• The Borrower Information will also display.
• A list of items that may be required in the loan closing package to request a Loan Note Guarantee will be checked if applicable.
• The Lender’s Authorized Representative that may certify to all conditions listed will sign the form, provide their title, and the date the form is signed. Again, lenders that utilize the electronic lender loan closing system will sign and submit all documents through this online portal.
A few helpful tips:
1. The underwriter of the loan is the approved lender’s underwriter.
2. USDA is NOT the underwriter of the loan.
3. When researching topics, it is helpful to begin with the Table of Contents for the regulation and the handbook.
4. A great best practice when searching for information is to open the regulation or a handbook chapter, select the “Control” button on the keyboard, hold it down, and then also select the “F” key. A keyword search box will appear. Enter a keyword or phrase to locate information more quickly.
The best way to learn information is to test your knowledge!
Each question slide will list:
• the topic
• A question or scenario, and
• potential responses.

“Topic”

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

TRUE/FALSE or other answer options will be displayed
The answer slide will list:

- The topic
- The reference to the answer from the regulation and handbook
- The correct response, and
- Any additional clarification that may be helpful.
Let’s get started!
Conditional Commitment

A Conditional Commitment is typically valid for ____ days.

A. 60  B. 90

Read the question on the slide and select a response.
Response: B
Commitments are valid for 90 days.
They may be valid for 12 months when issued for new construction dwellings.
Approved lenders may request extensions to issued commitments from USDA to extend
the commitment expiration date.
Conditional Commitment

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

A. TRUE     B. FALSE

Read the question on the slide and select a response.
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

Response: FALSE

New construction commitments may coincide with the projected date of the new construction completion, or they may be issued for one full year. Approved lenders may request extensions when the project cannot be completed before the new construction will be available.
Conditional Commitment

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

A. TRUE    B. FALSE

Read the question on the slide and select a response.
Response: FALSE

Approved lenders may request extensions. It happens all of the time!

Sometimes the lender needs a few more days to close, complete repairs, complete new construction due to weather delays, etc.

Lenders must continue to ensure that all documentation they retain with the loan file continues to be complaint with applicable eligibility dates, etc.

The extension is only granted for the validity of the commitment and to retain the funding obligation. It is not granted to allow an appraisal, credit report, income documentation, etc. to be expired at the time of loan closing.
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

Read the question on the slide and select a response.
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

Response: TRUE

- When the commitment is issued to the approved lender they should review all conditions and ensure they accept all of them.
- Lenders may request an explanation of a required condition.
- USDA must be able to support each condition with evidence from 7 CFR Part 3555.
- Conditions that are found to be erroneous or not applicable will be removed from the 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.

Response: TRUE

• The “Lender Certification” is three pages long and is part of the issued From RD 3555-18/18E. The 18”E” notes the form was issued electronically.
• If additional conditions are required that are not listed on the main four pages of the commitment, Attachment 18-A of the commitment may also be utilized.
• When the approved lender signs the Lender Certification, they are certifying to ALL conditions, documents, and requirements of each page of the commitment. This includes Attachment 18-A.
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

Response: FALSE
USDA may only issue Conditional Commitments to approved USDA lenders. Third Party Originators are not eligible to receive a commitment in their name. The TPO may close the loan in their name if they wish, but the loan must be underwritten by an approved USDA lender. After loan closing the TPO must immediately transfer the loan to the approved lender.
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

Read the question on the slide and select a response.
Response: TRUE
The approved lender will verify all conditions have been met when they sign the Lender Certification portion of Form RD 3555-18/18E.
The Lender Certification includes the statement that all documentation has been retained in the lender’s permanent loan file.
Way to go! You have completed the learning checks!
Don’t forget the Regulations and Guidelines website is a wonderful source of USDA guideline knowledge.
Please sign up for GovDelivery messages. USDA sends out origination (including GUS) and servicing messages to alert lenders of new publications, clarifications, and additional program updates.
Thank you for supporting the USDA Single Family Housing Guaranteed Loan Program! We appreciate the opportunity to help you serve more rural homebuyers!
This will conclude the training module. Thank you and have a great day!