

September 9, 2016

TO: State Directors
Rural Development

ATTENTION: Rural Housing Program Directors,
Guaranteed Loan Coordinators,
Area Directors and Area Specialists

FROM: Tony Hernandez /s/ *David Lipsetz* for
Administrator
Housing and Community Facilities Programs

SUBJECT: Single Family Housing Guaranteed Loan Program
Conditional Commitments Issued During the Beginning of
Fiscal Year 2017

PURPOSE/INTENDED OUTCOME:

During the beginning of each Fiscal Year (FY), there is a brief period of time, typically not more than two weeks, during which commitment authority is unavailable. Commitment authority for the Single Family Housing Guaranteed Loan Program is anticipated to be available in early October 2016. During this timeframe, you may issue Conditional Commitments subject to the availability of funds. An upfront guarantee fee of 1.00 percent accompanied by an annual fee of 0.35 percent will apply to both purchase and refinance transactions obligated in FY 2017. Loan transactions with Conditional Commitments issued prior to October 1, 2016 will still reflect an upfront fee of 2.75% and an annual fee of 0.5%, independent of when the loan closes.”

EXPIRATION DATE:
September 30, 2017

FILING INSTRUCTIONS:
Housing Programs

PROCEDURE:

Conditional Commitments issued after September 30, 2016, prior to receipt of commitment authority, must contain the following language as a condition of loan guarantee:

"Funds are not presently available for this Conditional Commitment. The Rural Housing Service's obligation under this Conditional Commitment is contingent upon the availability of an appropriation from which payment for contract purposes can be made. No legal liability on the part of the Rural Housing Service for any payment on this Conditional Commitment may arise until funds are made available to the Rural Housing Service State Office where the application was submitted for this Conditional Commitment and until the Lender receives notice of such availability, to be confirmed in writing by that Rural Housing Service State Office. More specifically, this Conditional Commitment is subject to the Rural Housing Service receiving sufficient funds (in the Program Financial Control System for the Single Family Housing Guaranteed Loan program for the Type of Assistance and State of application submission) to fund this and all prior eligible outstanding applications in their entirety in the time and date order received in the State of application submission. When such funds become available, Rural Development will notify the lender, and the guarantee process will continue subject to all applicable Agency regulations and conditions set forth in this Conditional Commitment. Rural Development will not reserve loan funds for applications in process during this timeframe. Lenders may close the loan as scheduled. The lender will assume all risk of loss for the loan until Rural Development obligates funds and the Loan Note Guarantee is subsequently issued. When the lender requests the Loan Note Guarantee, the lender must certify to the Agency, using the process provided in this commitment, that there have been no adverse changes to the borrower's financial condition since the date the Conditional Commitment was issued by the Agency. The lender will submit the appropriate guarantee fee at the time they request the Loan Note Guarantee. The loan will be subject to an annual fee of 0.35 percent over the average scheduled unpaid principal balance of the loan. The Agency will not be able to issue the Loan Note Guarantee until these conditions are met and funding is obligated."

STATE OFFICE TRACKING:

The State Office is responsible for tracking Conditional Commitments issued subject to the availability of funds. It is important to keep track of each request to expedite the obligation of funds when available. The 2017 Application Tracking Report spreadsheet has been developed for this purpose and is located on the Agency's internal Share Point site at:

https://ems-team.usda.gov/sites/RD_HCFP/SFH1/GRH/3555info/SitePages/Home.aspx

Your support of the SFHGLP is appreciated. For questions regarding this notice, please contact the Single Family Housing Guaranteed Loan Division at (202) 720-1452.