




**United States Department of Agriculture
Rural Development**

TO: All Approved Lenders

FROM: Tammy Treviño 
Administrator
Housing and Community Facilities Program

SUBJECT: Section 502 Single Family Housing Guaranteed Loan Program
Delivery of Guaranteed Purchase and Refinance Loans

This is to authorize the issuance of Conditional Commitments for the Single Family Housing Guaranteed Loan Program (SFHGLP) after currently appropriated funds are exhausted. Conditional Commitments will be issued subject to:

- A. The availability of funds and statutory authority to obligate such funds to support the proposed guarantee;
- B. The statutory authority to charge a sufficient guarantee fee, if any is needed, to support the proposed guarantee with available funding; and
- C. Should the lender pass on to the borrower a loan origination fee that is higher than the guarantee fee that RHS is ultimately authorized to charge on the proposed guaranteed loan, the lender agrees to promptly return the difference to the borrower.

Rural Development will continue to accept complete loan applications and issue Conditional Commitments from approved lenders subject to A, B, and C above, up to \$2.5 Billion in total loan guarantees. Lenders may continue to process guaranteed loan requests, receive Agency Conditional Commitments, and close loans during this timeframe.

The following steps will apply:

- 1) Rural Development will not reserve loan funds for applications in process during this timeframe.
- 2) Rural Development will continue to accept complete Section 502 Guaranteed loan program applications from approved lenders and issue Conditional Commitments for those applications that are eligible.
- 3) Lenders may close these loans as scheduled.

1400 Independence Ave. S.W. • Washington DC 20250-0700
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1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800) 795-3272 (Voice) or (202) 720-6382 (TDD).

- 4) Rural Development will "obligate" funds for loans processed subject to A, B, and C above.
- 5) Once the funds are obligated, Rural Development will process lenders' Loan Note Guarantee requests when the loans are verified as being closed and all conditions of the Conditional Commitments have been satisfied.
- 6) The lender will assume all loss default risk for the loan until funds are available for Rural Development to obligate, and the Loan Note Guarantee is subsequently issued.
- 7) Subject to numbers A, B, and C above, when the lender requests the Loan Note Guarantee, the lender must certify to the Agency, using the process provided in RD Form 1980-18, "Conditional Commitment for Single Family Housing Loan Guarantee," that there have been no adverse changes in the borrower's financial condition since the date the Conditional Commitment was issued by the Agency.

Please contact your State SFHGLP coordinator to determine the guarantee fee that will be charged.

Your support of the Section 502 Guaranteed Loan program is appreciated. For questions regarding this memorandum, please contact Rural Development's Single Family Housing Guaranteed Loan Division at (202) 720-1452.