BULLETIN #2016-46

TO: Distribution
RE: CMG Financial Correspondent Lending Updates

DATE: September 28, 2016
EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- From USDA – Conditional Commitment Updates & Fee Changes Reminder

FROM USDA - CONDITIONAL COMMITMENT UPDATES & FEE CHANGES REMINDER

With the start of fiscal year 2017 (FY17) just around the corner, please take a few minutes for a timely review of the Single Family Housing Guaranteed Loan Program (SFHGLP) conditional commitment process.

Issuance of Conditional Commitments: At the beginning of each fiscal year, funding for the SFHGLP is not available for a short period of time – approximately two weeks. This will not change in FY 2017, which starts October 1, 2016. During the temporary lapse of funding, Rural Development will issue Conditional Commitments “subject to the availability of commitment authority” for purchase and refinance transactions.

The application processing workflow is as follows:

- Rural Development will continue to accept complete SFHGLP applications for purchase and refinance loan transactions from lenders;
- Rural Development will process, approve, and issue Conditional Commitments (Form RD 3555-18) for those applications that are eligible “subject to the availability of commitment authority;”
- An upfront guarantee fee of 1.00 percent and an annual fee of 0.35 percent will apply to both purchase and refinance transactions in FY 2017.
- Lenders may then close loans as scheduled;
  - When funds become available, Rural Development will obligate funds for Conditional Commitments issued for loans subject to the availability of commitment authority;
  - Once loans are obligated, Rural Development will process lenders’ Loan Note Guarantee requests as soon as the loan closing is verified and all conditions of the Conditional Commitment are satisfied;

Please refer to the Conditional Commitments Issued During the Beginning of Fiscal Year 2017’s Unnumbered Letter for more information.

Please contact your Correspondent National Sales Manager or your Correspondent Liaison with any questions.