

BULLETIN #2014-30

TO: Distribution

DATE:

October 7, 2014

RE: USDA Temporary Lapse of Funding

EFFECTIVE DATE:

Immediately

**USDA Fiscal Year 2015 Commitment Notice
and "Subject To" Commitments**

Summary:

- As is the case each fiscal year, funding for the Single Family Housing Guaranteed Loan Program (SFHGLP) will not be available for a short period of time at the beginning of Fiscal Year 2015 (FY 2015), which starts October 1, 2014.
- During the temporary lapse of funding, Rural Development will issue Conditional Commitments "subject to the availability of commitment authority" for purchase and refinance transactions.
- An upfront guarantee fee of 2 percent accompanied by an annual fee of 0.5 percent will apply to both purchase and refinance transactions in FY 2015.

CMG will purchase loans with Conditional Commitments issued "*subject to the availability of commitment authority.*"

The following apply:

- 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 for those applications that are eligible "subject to the availability of commitment authority."
- When funds become available, Rural Development will "Obligate" funds for Conditional Commitment issued for loans subject to the availability commitment authority.
- Once loans are obligated, Rural Development will process lender's Loan Note Guarantee requests as soon as the loans are verified as being closed and all conditions of the Conditional Commitment are satisfied.
- Correspondent Lenders assume all loss default risk for the loan until Rural Development is able to fund it and the Loan Note Guarantee is issued.

***Please contact your Correspondent Regional Manager or
your Correspondent Liaison with any questions.***

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