

USDA 2022 Conditional Commitment

Purpose

This announcement includes the following topic:

- ✓ USDA Commitment Authority
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**USDA
Commitment
Authority**

USDA has issued notice that they will begin issuing Conditional Commitments with language "...subject to the availability of commitment authority."

As happens at the beginning of 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 2022 (FY2022), which starts October 1, 2021. 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 1 percent accompanied by an annual fee of .35 percent will apply to both purchase and refinance transactions in FY2022.

- ✓ When funds become available, Rural Development will "Obligate" funds for Conditional Commitment issued for loans subject to the availability of commitment authority;
 - ✓ Once loans are obligated, Rural Development will process lender's Loan Note Guarantee (LNG) request as soon as the loans are verified as being closed and all conditions of the Conditional Commitment are satisfied;
 - ✓ Lenders assume all loss default risk for the loan until Rural Development is able to fund it and the Loan Note Guarantee is issued.
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USDA 2022 Conditional Commitment, Continued

**USDA
Commitment
Authority,**
continued

FSM Process:

- ✓ FSM will continue to close loans with a Conditional Commitment subject to availability of funds;
 - ✓ **HOWEVER**, the loan may need additional documentation to ensure Guarantee post-closing **and** no adverse changes to the Borrower's financial condition since the date the commitment was issued by USDA can occur or the loan is subject to repurchase by Originator.
 - **Important Note:** The LNG is subject to Congressional funding of the USDA Program.
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