On August 23rd 2010, Rural Development issued an announcement titled “SFHG Lender Funding Notice 8 23 2010”. This announcement provides a basic timeline to lenders for when Conditional Commitments will be processed again. The below paragraph is from the Rural Development Announcement:

“Rural Development expects to complete an interim enhancement to its electronic systems by mid-September to accommodate the increase in the up-front fee to 3.5 percent. When this interim enhancement is complete, Rural Development will process all Conditional Commitments issued after May 26, 2010, that had the proviso "subject to the availability of funds." These Conditional Commitments will be processed in the date order by which they were received by the agency. Also, after the enhancements are completed, Rural Development will resume issuing standard commitments without the special "subject to" condition.”

Based on the short window Rural Development has given in the above referenced announcement, US Bank MRBP has decided to return to purchasing the USDA product immediately.

Lenders MUST adhere to the USDA announcement in its entirety.

The guarantee fee of 3.5 percent is required and must be reflected on the HUD1. This will be part of the loan review process.

Lenders WILL be responsible for following through on receiving the clear Conditional Commitment and ultimately the USDA Loan Note Guarantee. If the Loan Note Guarantee is not obtainable, the loan will be subject to lender repurchase.