



United States Department of Agriculture
Rural Development

OCT 1 - 2010

TO: Participating Lenders

FROM: Tammye Treviño
Administrator
Housing and Community Facilities Programs

A handwritten signature in black ink that reads "Kirby McIntel for OO". The signature is written in a cursive style.

SUBJECT: Single Family Housing Guaranteed Loan Program
Fiscal Year 2011 Funding Notice

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 2011 (FY11). During the temporary lapse of funding, Rural Development will issue Conditional Commitments "subject to the availability of Congressionally appropriated funds for purchase transactions." **The FY11 guarantee fee structure for purchase loan transactions will be 3.5 percent.** The guarantee fee for refinance transactions will be communicated at a later date.

The following steps will apply:

1. Rural Development will continue to accept completed SFHGLP applications for purchase transactions from lenders.
2. Rural Development will process, approve, and issue Conditional Commitments for those applications that are eligible "*subject to the availability of Congressionally appropriated funds.*"
3. Lenders may close these loans as scheduled.
4. When funds become available, Rural Development will "Obligate" funds for loans that were issued a Conditional Commitment subject to the availability of Congressionally

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appropriated funds for purchase transactions.

5. Once the loans are obligated, Rural Development will process lenders' Loan Note Guarantee requests as soon as the loans are verified as being closed and all conditions of the Conditional Commitments have been satisfied.
6. The lender assumes all loss default risk for the loan until Rural Development is able to fund it and issue the Loan Note Guarantee.

Questions regarding this memorandum may be directed to the Single Family Housing Guaranteed Loan Division at (202) 720-1452.