TO: State Directors
Rural Development

ATTENTION: Single Family Housing Program Directors

FROM: Richard A. Davis
Acting Administrator
Housing and Community Facilities Programs

SUBJECT: Temporary Authorizations Regarding Obligation Subject to Appraisal and New Rates and Terms Assumptions
Single Family Housing Direct Loan Program

The two temporary authorizations described in this memorandum are effective as of the date this memorandum and expire on September 30, 2013.

To promote full utilization of Single Family Housing (SFH) direct loan funds before the end of the fiscal year, this memorandum extends two temporary authorizations related to loan processing.

1st Temporary Authorization: Obligation Subject to Appraisal

Loan Approval Officials are authorized to approve and obligate SFH direct loans subject to the receipt of an acceptable appraisal. When approving and obligating direct loans subject to an appraisal, Form RD 3550-7, “Funding Commitment and Notification of Loan Closing,” must contain the following language under the “Additional Items or Conditions” on page 2 for the applicant’s review and acceptance by signature:

“This commitment is contingent upon USDA, Rural Development obtaining an acceptable appraisal that adequately secures the loan and meets the requirements of 7 CFR Part 3550, Section 3550.62.”

EXPIRATION DATE: September 30, 2014

FILING INSTRUCTIONS:
Housing Programs
All loans obligated under this authorization must be for allowable loan purposes and the applicants must meet all eligibility criteria. Before closing the loan, the appraisal will need to be obtained and reviewed by the field staff in the manner prescribed in Handbook-1-3550, Paragraph 5.21, Reviewing Appraisals.

2nd Temporary Authorization: Section 502 New Rates and Terms Assumptions

Handbook-1-3550 prescribes the use of new rates and terms assumptions when an applicant is purchasing an existing borrower’s property.

However, a transaction that would typically be processed as a new rates and terms assumption should be processed as an initial loan for the remainder of this fiscal year. In other words, existing loans would be paid in full with new loan proceeds.

Again, the two temporary authorizations described in this memorandum are effective as of the date this memorandum and expire on September 30, 2013.

State office staff with questions on this memorandum may contact Shantelle Gordon of the SFH Direct Loan Division at shantelle.gordon@wdc.usda.gov.

Sent by Electronic Mail on August 29, 2013, at 1:20 p.m. by Single Family Housing Direct Loan Division. The State Director should advise other personnel as appropriate.