

VERMONT/ NEW HAMPSHIRE

January 6, 2009

Fund Interruption for Single Family Housing Guaranteed Loan Program

The Federal Government is operating under a Continuing Resolution (CR) covering the period from October 1, 2008 through March 6, 2009. For the Single Family Housing Guarantee Loan Program (SFHGLP), a guarantee level of \$2.6 billion was allocated under the CR. Demand for the Guarantee funds is at a historic high, and we anticipate this funding will be exhausted by January 9, 2009, if not sooner.

USDA Rural Development will continue to accept and process applications, and will issue Conditional Commitments **“subject to receipt of Congressionally appropriated funds.”** Lenders will continue closing loans under the SFHGLP; business as usual. There will be no interruption of service by USDA Rural Development during any period in which funding is not available. Lenders may continue entering loan applications into GUS.

Once funding is appropriated by Congress and has become available USDA Rural Development will be able to issue Loan Note Guarantees for Conditional Commitments that were issued “subject to receipt of Congressionally appropriated funds.”

This is the same process that RD uses at the end of our Fiscal Year which many of you are familiar with. RD issues Conditional Commitment’s subject to funding. Once funds are received in the new Fiscal Year, loans with Conditional Commitment’s are obligated. The only difference is the temporary funding shortage is happening mid-year. New funding should be available after the current CR expires (March 6th) or sooner.

The SFHGLP portfolio continues performing well, with delinquency and foreclosure rates significantly lower than our performance benchmarks. USDA Rural Development has strong credit quality standards, and each guarantee stands

behind a fully documented 30-year fixed rate loan with affordable payments for qualified low- and moderate-income households in rural America.

Our staff will notify all of our Lenders as soon as funding news becomes available. We believe this period will pose minimal impact on the Lenders we do business with. Thank you for your continued business and support of the Guaranteed Housing Loan Program.

Should you have questions on RD Housing Guarantees, please contact:

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