



WINTRUST MORTGAGE™

BULLETIN # 10-0604-RWC

June 4, 2010

• **USDA RURAL HOUSING UPDATE:** (IMPORTANT)



- In an announcement dated May 26, 2010, USDA Rural Development has confirmed they will continue to accept and process application packages. As has been done previously when program funds are not available, USDA Rural Development will issue loan approvals (Conditional Commitment: RD Form 1980-18) with modified language. During this timeframe, these modified approvals from USDA Rural Development will state that the approval is subject to:
 - A. *The availability of funds and statutory authority to obligate such funds to support the proposed guarantee;*
 - B. *The statutory authority to charge a sufficient guarantee fee, if any is needed, to support the proposed guarantee with available funding; and*
 - C. *Should the lender pass on to the borrower a guarantee fee (described as a loan origination fee in USDA's announcement dated May 26, 2010), that is higher than the guarantee fee that RHS is ultimately authorized to charge on the proposed guaranteed loan, the lender agrees to promptly return the difference to the borrower.*
- **Wintrust Mortgage supports the USDA Rural Housing program, but because of the uncertain nature of these conditions and lack of clarity on the guarantee fee, we feel it is necessary to cease origination of this program until all details are finalized.**
- ***As a result, effective immediately Wintrust Mortgage will suspend all commitments on USDA Rural Housing programs.***
- Existing locks will not be impacted by the announcement provided they are for loans with Conditional Commitments not "Subject To" the conditions noted above.
- Rate locks where the loan has been submitted to Processing / Underwriting will be honored even if the Conditional Commitment reads "Subject To" the conditions noted above.

• **NATIONAL FLOOD INSURANCE PROGRAM (NFIP):** (IMPORTANT)



- Similar to the circumstances which occurred in April and announced on April 1, 2010, the authority of the National Flood Insurance Program (NFIP) to issue, renew, or modify flood insurance policies and increase coverage on existing policies expired as of midnight on May 31, 2010.
- Any loan secured by real estate in a "Special Flood Hazard Area" (SFHA), the Borrower has two (2) options:
 1. Purchase the insurance from a private insurer, **OR**
 2. Postpone the loan closing until NFIP insurance can be obtained in an adequate amount.