

SFH Origination News

From the National Office in Washington DC

Single Family Housing Guaranteed Loan Program

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Maximum Interest Rates for Single Family Housing Guaranteed Loan Program

The Agency and approved participating lenders must adhere to RD Instruction 1980-D, section 1980.320 when calculating the maximum interest rate allowed for Single Family Housing Guaranteed Loan Program (SFHGLP) loans.

Currently, RD Instruction 1980-D, section 1980.320 provides two options for selecting the interest rate. Lenders may select the higher of the two options to establish the *maximum* allowable rate. Only interest rates at or below this maximum threshold may be locked.

1. Current Fannie Mae rate as defined in section 1980.302(a) of RD Instruction 1980-D
2. Lender's published VA rate for first mortgage loans with no discount points

The preferred interest rate cap most widely used is the Fannie Mae ninety day delivery rate plus sixty basis points rounded up to the nearest quarter of one percent. See RD Instruction 1980-D, section 1980.302(a) and Instruction 440.1, Exhibit B, footnote number nine. Fannie Mae historical rates may be found on the internet at:

<https://www.efanniemae.com/sf/refmaterials/hrny/>

VA does not publish a daily interest rate, therefore lenders should refer to published rates offered by their institutions. The correct VA rate to select is the "par" rate with no discount points. If using the VA rate, lenders should document it with their rate sheet on the date the rate was locked.

In all cases, lenders are responsible for documenting the date the interest rate is locked. The lock date is the date on which lenders and borrowers agree to a specific interest rate. **The date the rate is locked will be utilized to calculate the maximum allowable interest rate.** I

Loan Note Guarantees will not be issued for loans closed outside of the acceptable interest rate thresholds.
