



UNITED STATES
DEPARTMENT OF
AGRICULTURE

RURAL
DEVELOPMENT

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SUITE 102, FEDERAL BUILDING
TEMPLE, TEXAS 76501
SFH SECTION

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Rural Development Texas AN No. 525 (3550)
January 7, 2000

SUBJECT: Assumptions Made in Conjunction with a Leveraged loan

TO: All Offices
Rural Development, Texas

PURPOSE/INTENDED OUTCOME: The purpose of this Texas Administrative Notice (AN) is to provide guidance to field offices concerning cases where a transfer and assumption is made in conjunction with a first lien leveraged loan (for equity and/or repairs).

COMPARISON WITH PREVIOUS AN: There are no previous ANs issued on this subject.

IMPLEMENTATION RESPONSIBILITIES: Rural Development Employees will process transfer and assumptions with a first lien leveraged loan in the following manner.

Employees will follow Assumption processing guidelines as provided in the Special Loan section of the DLOS training manual. The items listed in Attachment A should be provided to the Single Family Housing Section at least ten business days before the scheduled closing. The Office of General Counsel will prepare the Subordination Agreement and Form RD TX 1927-8A "Agreement with Prior Lienholder (For Subordinations)". Before loan closing, the Leveraged Lender must sign the Agreement with Prior Lienholder (For Subordinations).

Texas Instruction (RD) 1927, Subpart B should be followed for closing information. Important title policy information is contained in section 1927.59 (RD-TX) Subsequent Loans and/or Transfer With Assumptions. If a lender requests a memorandum of Understanding (MOU), in accordance with HB-1-3550, Chapter 10, Attachment 10-B, local offices will notify the State Office for preparation of the MOU.

Please contact Scooter Brockett or Leon Carey in the Single Family Housing if you have any questions.

STEVEN A. CARRIKER
State Director

EXPIRATION DATE: December 31, 2000

FILING INSTRUCTIONS: SFH 3550
Field Office Handbook,
State Supplements

*Rural Development is an Equal Opportunity Lender
Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, DC 20250*

**Documentation To Be Sent To the Single Family Housing Section
For Transfer & Assumptions with First Lien Leveraged Loans**

1. Cover Letter with existing and assuming borrower's name, account number and the amount being assumed.
2. Existing Borrower's case file.
3. Completed Form RD 465-1 APPLICATION FOR PARTIAL RELEASE, SUBORDINATION, OR CONSENT.
4. Leveraged Lender's proposed Deed of Trust (The Leveraged Lender's Mortgage Loan Commitment showing the amount of the Leveraged Loan may be accepted).
5. Complete name and address of the Leveraged Lender and the title of the person who will be signing the "Agreement with Prior Lienholder" for the leveraged lender.