



United States  
Department of  
Agriculture

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Rural  
Development

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Dear Approved Lender:

Rural Development has issued new Guaranteed Single Family Housing Program Income Limits. The attached chart lists the new limits which will become effective on March 8, 2004.

Please remember when you are working with clients, that these limits are *Adjusted Household Income Limits*. Applicants may qualify for deductions from their gross income when calculating the *Adjusted Household Income*. Some of the more common deductions are \$480.00 for each dependent under the age of 18, or for full time students; child care expenses for children under the age of 12, which are needed to allow the applicant or co-applicant to be gainfully employed or to further his or her education, or a deduction of \$400 for an elderly or disabled family. A complete description of eligible deductions can be found in RD Instruction 1980-D, section 1980.348.

Rural Development Instructions are posted on our website at: <http://rdinit.usda.gov/regs/>. If you do not have access to the internet, please contact one of our offices to obtain a hard copy of the instructions or administrative notices.

**RD Administrative Notice (AN) No. 3940(1980-D) dated February 18, 2004. Subject: Approved Lender Underwriting Guidelines.** The only change from previous instructions relating to lender underwriting is that lenders are encouraged to submit a written loan underwriting analysis as part of the application submitted to the agency. Typically, the underwriting analysis must be more than just evidence that an underwriter has reviewed and approved the file; i.e., the underwriter's signature. The agency expects the lender's underwriter to prepare a sufficiently detailed underwriting summary describing the key factors in the underwriting process, with an emphasis on the strengths and weaknesses of the individual case. Many underwriters use Fannie Mae Form 1008, *Uniform Underwriting and Transmittal Summary*. Underwriters that choose to use Fannie Mae Form 1008 should use Sections III and VII to summarize key factors in the underwriting process, such as stability of income, debt-to-income ratios, credit history, adverse credit waivers, payment shock, property considerations, and other comments pertinent to the underwriting decision. The lender's underwriter should list any underwriting exhibits that are attached.

The entire contents of this AN can also be found on the above mentioned website.

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Service

Rural Business-Cooperative  
Service

Rural Utilities  
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