



**United States Department of Agriculture
Rural Development
Wisconsin State Office**

May 27, 2004

SUBJECT: Wisconsin Rural Development Guaranteed Rural Housing (GRH) Update

TO: Approved GRH Lenders, Originators, and Loan Servicers

Following is important information regarding the funding status and program delivery of Wisconsin's GRH loan program. Please distribute this information to all of your branch offices, correspondent banks, or mortgage originators that originate GRH loans in Wisconsin.

GRH FISCAL YEAR 2004 FUNDING STATUS

Due to the strong demand for the GRH program nationally, our Agency has taken steps to ensure the availability of funds throughout this fiscal year. These steps include a slight increase in guarantee fee of 0.25% and obtaining additional funding from other sources. Fiscal year to date, Wisconsin has obligated 652 GRH loans for a total of \$64.3 million. We currently have requests for Reservations of Funds exceeding \$11 million. We appreciate your continued support of the GRH program and look forward to exceeding \$100 million again this year.

URGENT!

GUARANTEE FEE INCREASE REMINDER

URGENT!

The guarantee fee for GRH purchase transactions will increase from 1.5 percent to 1.75 percent of the loan amount for all loans approved by the Agency on or after June 1, 2004. Loans are considered approved by the Agency when a Conditional Commitment is issued. The guarantee fee for GRH refinance transactions will remain at 0.5 percent of the loan amount.

Complete underwritten loan applications must be received by the Agency and obligated by COB on Friday May 28, 2004 in order to receive the existing 1.5% guarantee fee. Any loan obligations occurring on or after June 1, 2004 will be subject to the 1.75% guarantee fee. The date that funds are reserved by the lender with the Agency does not affect the amount of the guarantee fee and will not entitle the loan to the lower guarantee fee.

BILINGUAL LENDERS NEEDED

We are seeking your assistance to meet our Agency's goal of expanding minority home ownership in Wisconsin this year. We are actively marketing our home ownership programs in Hispanic and Hmong publications as an effort to provide information to minority populations. We would like to expand this effort to include a listing of individual loan originators who are fluent in Spanish, Hmong, or other languages on our website to assist non-English speaking

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applicants who contact our Agency seeking to use the GRH loan program. We would like to obtain complete contact information on your bilingual loan originators that includes their name, the lender's name, street address, email address, toll free numbers, link to website, languages spoken, etc. so that we can make appropriate referrals to them. Our goal is to provide better access to home ownership for non-English speaking home buyers who are eligible for GRH assistance. If this approach is successful, we may further expand it to include bi-lingual real estate agent contact information on our website in the future.

Please email your bilingual loan originator's contact information to Julie.Czappa@wi.usda.gov as soon as possible so that we can update our website by mid-June. Feel free to contact us with any suggestions as to how we might better expand minority home ownership in Wisconsin.

If you have any questions regarding this memo, call 1-866-GRH-3600 and ask for a Guaranteed Housing Specialist.

/s/

PETER G. KOHNEN
Rural Housing Program Director

PGK: pjb