

June 2, 2003

TO: Participating SF-GRH Lenders
ATTENTION: Servicing and Loss Claim Managers
FROM: Ambrose McGuire
Iowa Rural Housing Program Director
SUBJECT: Single Family - Guaranteed Rural Housing (SF-GRH)
Lender Classification in Iowa

We believe that we are privileged to work with some outstanding lenders in Iowa. Further, we believe it is imperative that we share our expectations relative to lender servicing performance with you.

Therefore, we have started to classify lenders using a rather informal 3-part process to see how the various institutions rank within their peer group.

The following servicing levels and loss claim data helps explain what we expect:

Lenders with a **total** delinquency of:

9 -10% = D
8 - 9% = C
7 - 8% = B
less than 7% = A

☆ the current month's state average is 6.30%

Lenders with a **first year** delinquency of:

3 - 4% = D
2 - 3% = C
1 - 2% = B
less than 1% = A

☆ the current month's 1st year delinquency average is 0.937% in Iowa

The third portion of the classification is the percentage of loss claims submitted as a percentage of caseload.



We expect the following performance level for lenders who properly service well-underwritten loans:

Annual Loss caseload percentage:

4 - 5%	=	D
3 - 4%	=	C
2 - 3%	=	B
less than 2%	=	A

Lenders may periodically utilize these numbers to see where they stand relative to our expectations.

Please contact us if there are any questions.