



United States Department of Agriculture
Rural Development - Illinois
State Office

May 4, 2004

SUBJECT: Guaranteed Rural Housing (GRH)
Fee Increase

TO: IL Approved GRH Lenders

The guarantee fee for Guaranteed Rural Housing (GRH) purchase loans will increase from 1.5% to 1.75% of the loan amount for all guarantees approved by the Agency on or after **June 1, 2004**. Loans are considered approved by the Agency when form RD 1980-18, Conditional Commitment is issued. The guarantee fee for refinance loans will remain at 0.5% of the loan amount. We ask that you take responsibility for notifying your agents, brokers, correspondents, underwriters, packagers, and any others who assist applicants in eligibility determinations. Raising the fee on purchase loans will allow Rural Development and its partners to assist more rural homebuyers by increasing this Fiscal Year's level of appropriated funds.

To calculate the 1.75% guarantee fee, multiply the principal loan amount by 0.0175 and round to the nearest cent.

Example: Loan amount \$80,000 x 0.0175 = \$1,400 fee

To calculate the necessary purchase loan amount which includes the fee, simply divide the purchase amount needed by 0.9825 and round to the nearest cent.

Example: Purchase amount \$80,000 ÷ 0.9825 = \$81,424.94 total loan (\$1,424.94 fee)

Remember, the total loan amount (including the fee if loaned) cannot exceed the appraisal. We greatly appreciate your continued commitment and participation in this program. A comparison of 10 year insurance costs is enclosed along with the current IL GRH lender checklist. This and other information is also available on the Illinois GRH website (www.rurdev.usda.gov/il/grh.htm). Please bookmark this site on your browser for forms, links, newsletters and the latest updates.

If you any questions, please contact Barry Ramsey e-mail: barry.ramsey@il.usda.gov phone 217-403-6222 or your local Rural Development office.

A handwritten signature in black ink, appearing to read "Douglas Wilson".

DOUGLAS WILSON
State Director

Enclosures

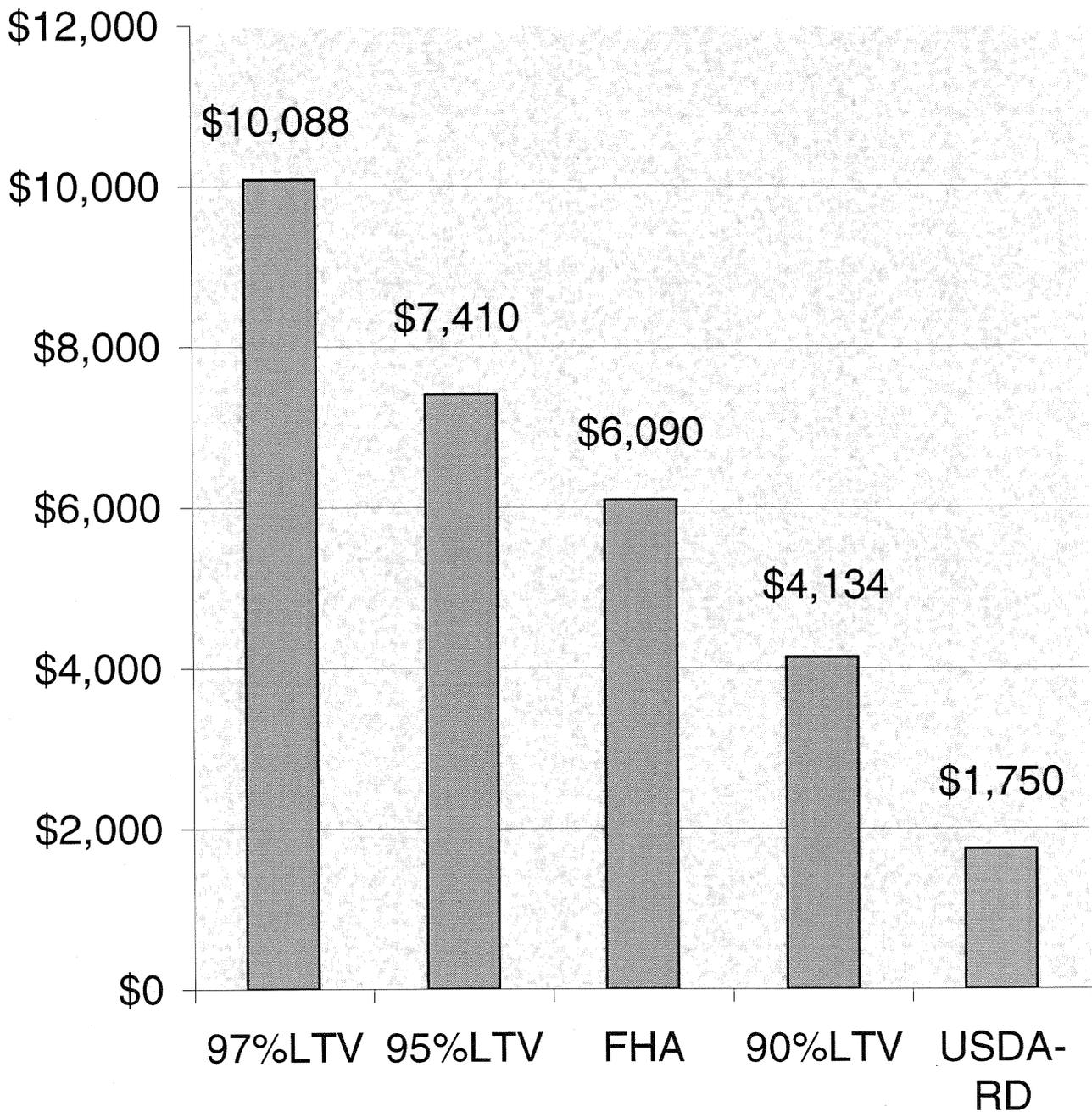
cc: Rural Development Managers - Illinois

2118 W. Park Court • Suite A • Champaign, IL 61821
Office phone 217-403-6200 • Fax 217-403-6231 • TTY# 217-403-6240

Rural Development is an Equal Opportunity Lender, Provider, and Employer. Complaints of discrimination should be sent to USDA, Director, Office of Civil Rights, Washington, D. C. 20250-9410

GUARANTEED TO PAY LESS!

Illustration of 10 year insurance costs on
\$100,000 purchase loans



The Guaranteed Rural Housing (GRH) program remains the best option for rural homebuyers to secure high LTV financing. In fact, borrowers with assets can participate provided they do not qualify for uninsured (80% LTV or less) loans.

rev. 6-1-2004

**IL GUARANTEED RURAL HOUSING
LENDER CHECKLIST**
(revised 04 / 04)

**Illinois Instruction 1980-DA
Exhibit F**

APPLICANT _____ LENDER _____

YES	NO	N/A	
___	___		FORM 1980-21 COMPLETE, <u>ORIGINAL</u> APPLICANT SIGNATURES AND CAIVRS #
___	___		SALES CONTRACT
___	___		LOAN APPLICATION ON LENDER'S FORM (SIGNED & DATED BY APPLICANT)
___	___		APPLICANT(S) MARITAL STATUS, SEX, RACE, ETHNICITY DATA DOCUMENTED
___	___		US CITIZEN(S) OR PROPERLY DOCUMENTED PERMANENT RESIDENT(S)
___	___		VETERAN
___	___		FIRST TIME HOMEBUYER(S)
___	___		ELIGIBLE RURAL AREA
___	___		MINIMUM ADEQUATE SITE
___	___		ACCEPTABLE CREDIT REPORT
___	___		ALL INCOME VERIFIED WITHIN 120 DAYS (OR 180 DAYS NEW CONSTRUCTION)
___	___		INCOME PROPERLY ADJUSTED
___	___		UNDER MODERATE INCOME \$ _____ FOR _____ PERSONS
___	___		WITHIN 29% PITI RATIO (OR DOCUMENT COMPENSATING FACTORS)
___	___		WITHIN 41% TD RATIO (OR DOCUMENT COMPENSATING FACTORS)
___	___		FEMA 81-93 FLOOD HAZARD DETERMINATION
___	___	___	FEMA 81-31 ELEVATION CERTIFICATE (IF LOCATED IN A FLOOD HAZARD)
___	___	___	EXISTING DWELLING INSPECTION (OR HUD-92564-VC)
___	___	___	INDIVIDUAL WATER & SEPTIC SYSTEM INSPECTION
___	___	___	THERMAL INSPECTION / CERTIFICATION
___	___	___	TERMITE INSPECTION
___	___	___	TERMITE TREATMENT (NEW CONSTRUCTION)
___	___	___	FORM 400-1 (NEW CONSTRUCTION)
___	___	___	FORM 400-6 (NEW CONSTRUCTION)
___	___	___	FORM 1924-6 OR LENDER FORM (NEW CONSTRUCTION)
___	___	___	FORM 1924-25 PLAN CERTIFICATION (NEW CONSTRUCTION)
___	___	___	AD 1048 SIGNED BY APPLICANT
___	___	___	AD 1048 SIGNED BY CONTRACTOR OVER \$25,000
___	___	___	APPRAISAL REPORT (COPY OF 1004 / 2055 / 1073-CONDO'S)
___	___	___	GOOD FAITH ESTIMATE
___	___	___	FORM 1077/1008 TRANSMITTAL SUMMARY
___	___	___	REQUEST FOR VERIFICATION OF DEPOSIT
___	___	___	REQUEST FOR VERIFICATION OF RENT/MORTGAGE
___	___	___	TAX RETURNS (IF SELF-EMPLOYED)
___	___	___	GIFT LETTER

FILE REVIEW COMPLETED _____ (Date/Initials)