



**United States Department of Agriculture
Rural Development**

Michael W. Aube ■ State Director

March 10, 2004

Dear Approved Lender:

The guarantee fee for Single Family Housing Guaranteed Loan Program purchase loans 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 refinance loans will remain at 0.5 percent of the loan amount. We ask you to take responsibility for notifying your agents, correspondents, underwriters, packagers, and any others who assist applicants in eligibility determination. Raising the fee 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 percent guarantee fee, multiply the principal loan amount by .0175 and round to the nearest cent.

Example: Loan Amount \$91,500 x Fee .0175 = \$1,601.25

To calculate a purchase loan amount, which includes the fee, simply divide the original principal loan amount by .9825 (1.00 less the .0175 fee), and round to the nearest cent.

Example: Original Loan Amount \$91,500/.9825 = Loan with fee \$93,129.77099, rounded to \$93,129.77. Loan with fee \$93,129.77 - Fee 1,629.77 = Purchase Amount \$91,500.

We greatly appreciate your continued participation in this program. If you have questions regarding this letter, please contact the local office serving your area:

Presque Isle	Tel: (207) 764-4155, ext. 4
Bangor	Tel: (207) 990-3676, ext. 4
Lewiston	Tel: (207) 753-9400, ext. 1
Scarborough	Tel: (207) 883-0159, ext. 4

Sincerely,

MICHAEL W. AUBE
State Director

cc: Area Directors: Presque Isle, Bangor, Lewiston, and Scarborough

967 Illinois Avenue, Suite 4 • P.O. Box 405 • Bangor, ME 04402-0405
TEL: 207-990-9160 • FAX: 207-990-9165 • TTY/TDD: 207-942-7331

Committed to the future of rural communities

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