

SPECIAL POINTS OF INTEREST

**OFFICES CLOSED
NOV. 6-8**

**FISCAL YEAR 2007
SUMMARY &
STATISTICS**

**WISCONSIN'S TOP
APPROVED LENDERS**

**MILLION DOLLAR
ORIGINATORS**

**UPDATED AN—Lender
Charges and Fees**

GRH FAQ'S

**NEW APPROVED GRH
LENDERS**

GIVE US A CALL!

Contact us at Rural Development to help you finance a home, multi-family housing, business, community facility or water and waste system in a rural area.

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WI RURAL DEVELOPMENT OFFICES CLOSED NOVEMBER 6-8, 2007

On November 6-8, Agency staff will not be available in the State Office or in the Area Offices due to a statewide training meeting. Most offices will be open on Friday, November 9. Please plan your file submissions accordingly.

765 FAMILIES ACHIEVED THE DREAM OF HOMEOWNERSHIP IN 2007!

Thanks to your tremendous support during this past fiscal year, Wisconsin Rural Development has utilized \$82,337,971 in GRH funding. Together, we have helped 765 families realize the dream of homeownership affordably using the GRH program. Your dedication and commitment to the GRH program is greatly appreciated by Rural Development's staff during this transitional year for our Agency.

FY 2007 Facts - Wisconsin's average GRH loan amount was \$107,631 which is a 1% increase over the previous fiscal year's average loan amount. The average credit score for primary borrowers was 677 in Wisconsin. 95% of our loans were used for the purchase of an existing home. Nationally, we guaranteed 35,322 loans totaling over \$3.6 billion!

Updated FY 2007 GRH loan activity maps for Wisconsin counties will soon be available in the "GRH Resource Materials" folder at the GRH Loan Origination and Servicing Handbook portion of our website. The internet address for this folder is: <http://www.rurdev.usda.gov/wi/programs/rhs/sfhg/handbook/resources/index.htm>

WISCONSIN'S TOP APPROVED LENDERS

During this past fiscal year, 119 submitting lenders originated GRH loans on behalf of 69 approved lenders in Wisconsin. Their combined retail and wholesale loan volume reflects the efforts of many mortgage brokers and loan originators throughout the state. Each approved lender indicated below exceeded \$1 million in GRH loan approvals during Fiscal Year 2007. Their combined lending activity represents 76% of Wisconsin's GRH loan program.

- ★ *JP Morgan Chase Bank, N.A.*
- ★ *MortgageIT, Inc.*
- ★ *Wells Fargo Bank, N.A.*
- ★ *AMCORE Bank, N.A.*
- ★ *Associated Bank, N.A.*
- ★ *Farmers & Merchants Bank - Tomah*
- ★ *Countrywide Home Loans*
- ★ *Citizens First Bank*
- ★ *Bremer Bank, N.A.*
- ★ *Johnson Bank*
- ★ *S&C Bank*
- ★ *River Bank - Osceola*
- ★ *Farmers & Merchants Union Bank – Columbus*
- ★ *WCCU Credit Union*

These lenders have used the GRH loan program to build their mortgage business during a declining market. Contact your local Rural Development office to learn how we can work together to generate additional loan volume for your lending institution.

MILLION DOLLAR ORIGINATORS

Of the 119 submitting lenders participating in the GRH loan program during this past fiscal year, 23 of them originated in excess of \$1 million in GRH loans. Of the 23 Million Dollar Originators, 15 lenders originated between \$1 and \$2 million, 3



MILLION DOLLAR ORIGINATORS CONT.

lenders originated between \$2 and \$3 million, 3 lenders originated between \$3 and \$5 million, and 2 lenders originated in excess of \$5 million. The Million Dollar Originators account for approximately 64% of the funds used in the GRH loan program. In most markets, using the GRH loan program to close one additional loan per month will add **you** to our list of Million Dollar Originators.

Wisconsin Rural Development will recognize these high producing lenders who have supported our program this past year by including them on the "Featured Lenders" page in the GRH portion our website: <http://www.rurdev.usda.gov/wi/programs/rhs/sfhg/million.htm> This page will include links to the lender's website, or in some cases, an originator's contact information. We expect to have our Fiscal Year 2007 Million Dollar Lender information updated by the end of November.

UNDERWRITING AN ISSUED-

Lender Charges and Fees

On September 10, 2007, **RD AN 4307**, Single Family Housing Guaranteed Loan Program, **Lender Charges and Fees**, was issued. This AN replaces RD AN 4217 with the same title. This AN explains the Agency requirements and the underwriting lender's responsibilities for determining if the lender charges and fees being assessed to GRH borrowers are reasonable and customary.

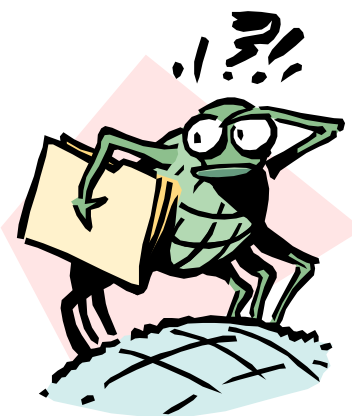
Interested in reading more on one of our AN's?

Click [here](#) to view a complete listing of AN's.

GRH FAQs

Q: Are point wells acceptable for the GRH program?

A: Point wells may be acceptable if they produce an adequate supply of safe water. If the FHA roster appraiser / inspector requires a satisfactory well inspection or notes unsafe / unsanitary conditions or inadequate supply of water; chances are that you may have some repair / replacement issues. If no adverse comments are made by the FHA roster appraiser / inspector, the lender needs to only obtain a safe water test for bacteria and nitrates.



Q: Since the tightening in the industry we are under constant pressure to try to do as many loans as possible with prudent underwriting - repayment ratios seem to be increasing for many borrowers. For borrowers with good credit and strong compensating factors, I may need to push the total debt ratio (TDR) slightly over 50% - is this okay?

A: Probably - the guidance on this topic is found in RD AN 4262. The underwriting lender is responsible for approving the loan within the scope of the program's guidelines which also requires them to document appropriate compensating factors to support debt ratio exceptions. The amount of other risk layering and the strength of your compensating factors will dictate the amount of debt ratio flexibility given by your underwriter. Loans with an "Accept" recommendation from GUS (guaranteed underwriting system) may exceed the debt ratio guidelines in RD

AN 4262, and will not require the lender to submit additional documentation (ratio waiver) to the Agency.

Q: A couple's son is going to purchase their house. Part of the offer to purchase was that the parents would gift their son 20% equity based on the appraised value and pay \$3,250 in prepaids and closing costs. Is the 20% equity considered a seller concession or is it a gift/asset? If it is a seller concession, RD does not have a limit but some investors have 3% or 6% limitations on seller concessions, correct?

A: You are correct - RD does not have a limit on seller concessions, but some investors may. What you appear to have is a gifting situation (or a below market sale to a relative) rather than a seller concession for the 20% equity. As long as the gift (whether cash or equity) is properly documented by the lender, it shouldn't be a problem for most investors. The seller paid closing costs would be viewed as a seller concession by both lenders and investors.

WELCOME TO GRH! Bank of Brodhead & Citizens State Bank of Loyal

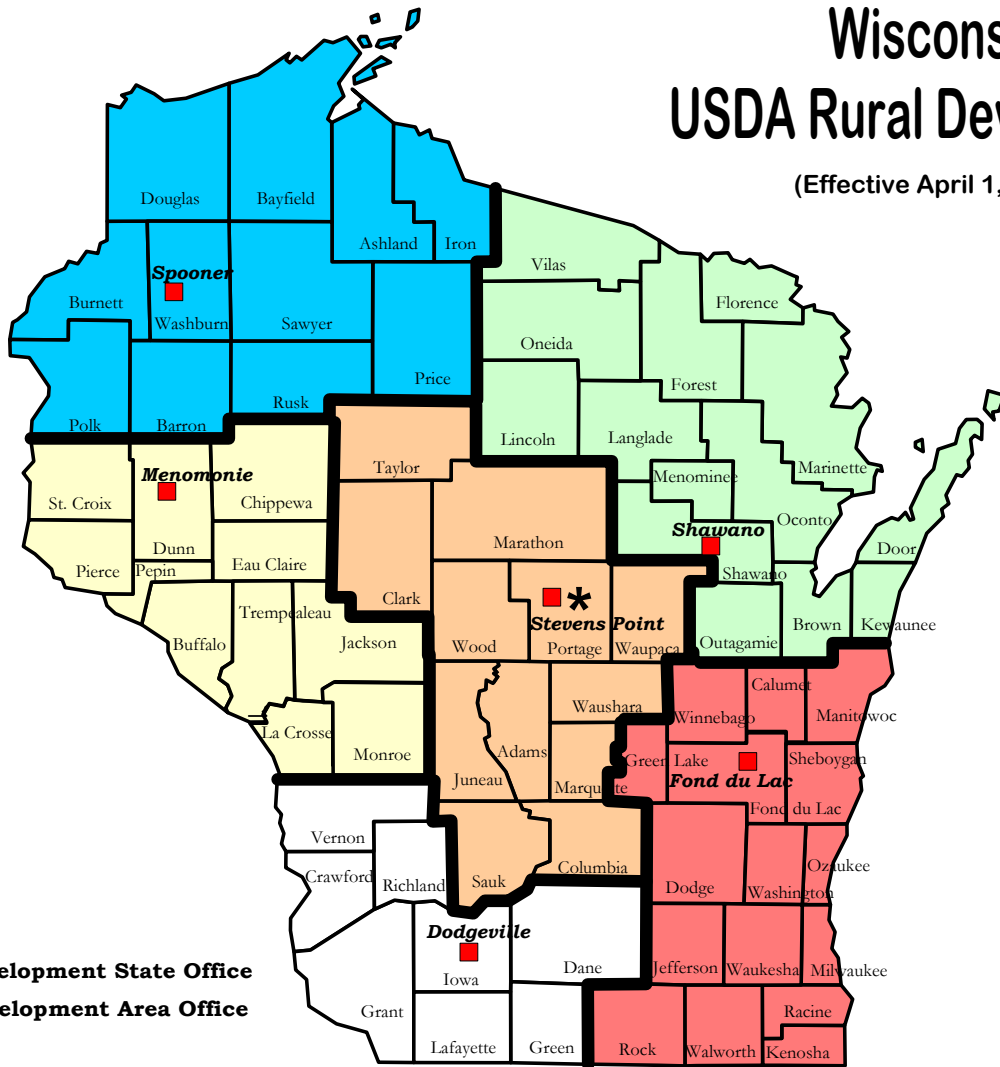
USDA Rural Development is pleased to announce the addition of the Bank of Brodhead located in Brodhead, as an approved lender in the GRH program. They will be a partner with us as we provide affordable homeownership in southern Wisconsin.

We are also pleased to announce the addition of the Citizens State Bank of Loyal located in Loyal, as an approved lender in the GRH program. They will be a partner with us as we provide affordable homeownership in central Wisconsin.

**Visit our website at:
www.rurdev.usda.gov/wi**

Wisconsin USDA Rural Development

(Effective April 1, 2007)



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