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March 28, 2002

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

TO: Approved GRH Lenders and Originators

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.

FUNDING

The utilization of GRH funds continues to be ahead of last year's pace both locally and nationally. Currently, Wisconsin has obligated \$19.7 million with another \$3.5 million in reserved status. Ample funding for the GRH loan program will be available throughout the remainder of this fiscal year based on our National allocation of over \$3.1 billion. Lenders are encouraged to submit requests for pre-approvals for their applicants who have not yet entered into a purchase contract.

New!

INCREASED INCOME LIMITS

New!

Effective March 29th the income limits for the GRH loan program will be increased. The attachment shows increases throughout the state ranging from a low of 3.3% (Douglas County) to a high of 9.95% (Iowa County). The "all other" category that encompasses most counties saw an increase of 4.7%.

EXISTING DWELLING INSPECTIONS

Attached is RD AN 3717 dated March 1, 2002 which describes the type of inspections needed for existing homes. This topic was also addressed with the Lender Memo we issued on December 20, 2001. In Wisconsin, we recommend the use of the "Inspection Report for Purchase of Existing Homes" (Rev. 01-01-02) or Form HUD-92564-VC (VC Form) completed by a FHA appraiser to satisfy the requirements of 1980.341(b)(1)(i). Lenders who submit Form HUD-92564-VC (VC Form) must also submit documentation that the property meets the thermal standards for Wisconsin and the property suitability guidelines described on the Inspection Report for Existing Homes (Rev. 01-01-02). Lenders must ensure that their appraisers / inspectors receive and return both pages of this inspection report since the inspector's certification must include compliance with the property criteria indicated on page 2. *Note: Discontinue the use of any Rural Development inspection report that makes reference to HUD Handbook 4150.1 or that is dated prior to January 1, 2002.*

If you have any questions regarding this memo, call (715) 345-7620 for Paul Bartlett at Ext. 114 or Sue Kohnen at Ext. 115.

PETER G. KOHNEN
Rural Housing Program Director

/s/
PGK: pjb

Enclosures

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Rural Development (replaces the Farmers Home Administration) is an Equal Opportunity Lender.
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