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Rural Development
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September 24, 2002

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

TO: Approved GRH Lenders, Originators and Servicers

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 and service GRH loans in Wisconsin.

GRH YEAR-END FUNDING INFO

Thanks to your efforts, Wisconsin has utilized more GRH funds this fiscal year than was used during all of Fiscal Year 2001. Currently, Wisconsin has obligated over \$55.6 million with another \$5.6 million in reserved status. Ample funding for the GRH loan program will be available throughout the remainder of this fiscal year which ends September 30, 2002. Please consider the following as we approach the end of a very successful year for the GRH program:

- We need to obligate as many loans as possible by COB on Monday September 30th. Please review the status of your GRH loan applications with a Confirmation of Funds from Rural Development. If a loan application with a Confirmation of Funds has been rejected or withdrawn recently, let us know so that we can better evaluate our pipeline. GRH files that are currently in process must be underwritten and submitted to our offices in time to be obligated no later than Monday September 30th.
- Take advantage of the reduced guarantee fee for GRH refinancing now through September 30th. Our Agency is committed to retaining the reduced guarantee fee of .5% for the refinancing of GRH loans. However, we do not have any assurances that the reduced fee will be carried over into the budget for Fiscal Year 2003.
- Preliminary information on the Fiscal Year 2003 budget process indicates that we will likely have a continuing resolution until the final budget is approved. Our Agency is committed to making the transition between fiscal years as seamless as possible for lenders and real estate brokers. We will keep you informed as to the availability of GRH funds after October 1st. GRH files submitted by lenders after October 1st will be reviewed and funded on a first come, first served basis. Conditional Commitments on these files will be issued to lenders once we have received an allocation of Fiscal Year 2003 funds from our National Office.

REFINANCING DIRECT 502 LOANS

VISIT US ON THE USDA WebPage at www.usda.gov
Rural Development (replaces the Farmers Home Administration) is an Equal Opportunity Lender.
Complaints of discrimination should be sent to: Secretary of Agriculture, Washington, D.C.

Enclosed is a copy of RD AN No. 3783 (1980-D) dated September 10, 2002, Single Family Housing Guaranteed Loan Program Refinancing of Section 502 Direct Loans with Section 502 Guaranteed Loans. This AN replaces RD AN No. 3645 on the same topic and restates our Agency's requirements for refinancing a Direct 502 loan with a GRH loan. On page 5 of this AN, you will note that the guarantee fee has been reduced from 2% to 0.5% from now until September 30, 2002. It is unknown if the reduced fee will be available during our next fiscal year, so it is imperative that lenders take advantage of this opportunity while it exists. The 0.5% guarantee fee can be financed in all cases up to a maximum LTV of 100.5%.

FORECLOSURE TIME FRAMES

Enclosed is a copy of RD AN No. 3784 (1980-D) dated September 10, 2002, Single Family Housing Guaranteed Loan Program Acceptable Foreclosure Time Frames. This AN address the loan servicing time frames considered acceptable by the Agency when a lender must conduct the liquidation of a GRH loan. The foreclosure time frames accepted by our Agency are those used by Freddie Mac.

BEST OVERALL HOUSING PROGRAM

Wisconsin Rural Development was recognized last week at the Agency's National Policy Meeting in Chicago as the state with the best overall single family housing program. The award was presented to Single Family Housing Program Director, Peter Kohnen by Deputy Administrator Single Family Housing, David Villano on Friday September 20th. The award recognizes both the delivery and quality of Wisconsin's single family loan and grant programs including the utilization of funds, delinquency rates, loss rates, and growth in the various loan programs. *Thank you for your support in making Wisconsin's GRH program one of the best in the country!*

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

/s/

PETER G. KOHNEN
Rural Housing Program Director

PGK: pjb