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December 27, 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.

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| Urgent! | GRH FISCAL YEAR 2003 FUNDING STATUS | Urgent! |
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The Office of Management and Budget has approved an apportionment of \$145 million for the GRH loan program. These funds are available now and are designated for use until the end of the current continuing resolution (January 11th). It is anticipated that additional funding will become available in mid-January when a new continuing resolution is expected to be approved.

Rural Development is now able to resume issuing confirmations on requests for Reservations of Funds for both purchases and refinance transactions. Lenders may resume faxing their requests for Reservation of Funds to their local Rural Development office (or State Office) as they have in the past.

Thank you for your patience during this period of budget uncertainty. We are confident that the budgeting process will be resolved in the near future. Rural Development will honor all outstanding requests for a Reservation of Funds that have a confirmation. Loan Originators should submit their requests for a Reservation of Funds immediately once they have taken an application to ensure the availability of GRH funding for their customer.

If you have any questions regarding this memo, call (715) 345-7620 for Paul Bartlett at ext. 114.

/S/

PETER G. KOHNEN
Rural Housing Program Director

PGK: pjb