



**United States Department of Agriculture
Rural Development
State Office**

October 20, 2004

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.

URGENT!* GRH FISCAL YEAR 2005 FUNDING STATUS *URGENT!

Rural Development has obtained interim funding from Congress under a Continuing Resolution that runs through November 20, 2004. GRH loans funded during this time will be subject to a 1.75% guarantee fee, not a 2.0% guarantee fee as indicated earlier. Depending on the outcome of the Fiscal Year 2005 appropriations process, the fee may change to 2.0%, but not until the initial Continuing Resolution has expired or the appropriations bill has been passed.

Wisconsin has received an initial GRH funding allotment of approximately \$10.3 million which will allow us to fund all Conditional Commitments that were issued recently with the "subject to funds" condition. This amount will also allow us to resume funding new purchase requests for GRH financing on a first come, first served basis. Due to the limited amount of funds available, we are unable to process a Request for Reservation of Funds at this time. We are accepting complete underwritten applications only until further notice.

Our Agency is committed to making the transition between fiscal years as seamless as possible for applicants, lenders and real estate brokers. Thank you for your patience and support of the GRH program during this transitional time.

FISCAL YEAR 2004 SUMMARY & STATISTICS

Thanks to your tremendous support during this past fiscal year, Wisconsin Rural Development has utilized \$105,431,103 in GRH funding. This amount represents the highest level of GRH funds usage in Wisconsin since the program began in 1992. Together, we have helped 1,057 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 and the customers you have served.

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Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD).

Our GRH loan activity maps will soon be available soon in the “What’s New?” folder at the GRH Loan Origination and Servicing Handbook website. The internet address for this folder is: <http://www.rurdev.usda.gov/wi/programs/rhs/grh/handbook/new.htm> Wisconsin’s average GRH loan amount was \$99,746, which is just over a 5% increase over the previous fiscal year’s average loan amount. Nationally, Wisconsin ranks 11th for GRH funds utilization. Our first year and overall delinquency rates are approximately one half of the national average thanks to your diligent underwriting efforts.

WISCONSIN’S TOP TEN LIST

During this past fiscal year, 87 lending institutions (excluding mortgage brokers and loan packagers) originated GRH loans in Wisconsin. The top ten lenders indicated below, originated 61% of all GRH loans in Wisconsin during Fiscal Year 2003.

Chase Manhattan Mortgage Corp
Associated Banks (incl. AMI)
Assured Mortgage, Inc.
AMCORE Bank, N.A.
First Federal Capital Bank
Countrywide Home Loans
Farmers & Merchants Bank – Tomah
MIT Lending
National City Mortgage
River Bank - Osceola

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MILLION DOLLAR PRODUCERS

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Of the 87 lending institutions actively using the GRH loan program during this past fiscal year, 23 of them exceeded \$1 million in GRH funds usage. The Million Dollar Producers account for approximately 78% of the funds used in the GRH loan program. Wisconsin Rural Development will recognize these high producing lenders who have supported our program this past year by including them on a special page in the GRH portion our website: www.rurdev.usda.gov/wi/programs/rhs/grh/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 2004 Million Dollar Lender information updated by the end of November.

REDUCED NEW CONSTRUCTION & PUD DOCUMENTATION

On September 30, 2004, RD AN 4011, Single Family Housing Guaranteed Loan Program requirements related to New Construction & Homes in Planned Unit Developments (PUDs) was issued. This administrative notice (AN) clarifies the file documentation that must be provided to Rural Development when requesting GRH financing on a new home or on a property (new or existing) located in a PUD. We are in the process of updating

the GRH Originator's Handbook and the Wisconsin Rural Development GRH Loan Application Processing Checklist to reflect these changes. Most significantly, lenders will not be required to submit building plans / specifications, building plan certifications, building permits, construction inspections, occupancy permits, or builder's warranties on new homes purchased with GRH financing in their application package. ***However, the lender's underwriter must review this information and retain all of the new construction documentation described in the GRH Originator's Handbook in the original loan file.***

For properties located in a PUD, we will no longer be requiring the lender's underwriter to certify that the project has been approved by HUD, VA, Fannie Mae, or Freddie Mac. Condominium projects and other non-PUD projects served by a homeowner's association (HOA) will still require a certification from the lender's underwriter that the project has been approved or accepted by HUD, VA, Fannie Mae, or Freddie Mac.

MANUFACTURED HOME DEALER / CONTRACTORS

We have recently updated the list of Rural Development approved Dealer / Contractors for manufactured housing. This list was updated to add several new Dealer / Contractors. If you have any questions as to the process or the GRH documentation needed to finance a new manufactured home that will be purchased directly from an approved Dealer / Contractor, please contact any Rural Development office.

The updated GRH Originator's Handbook, Wisconsin Rural Development GRH Loan Application Processing Checklist, RD AN 4011, and the updated Dealer / Contractor list will be available soon in the "What's New?" folder at the GRH Loan Origination and Servicing Handbook website. The internet address for this folder is: <http://www.rurdev.usda.gov/wi/programs/rhs/grh/handbook/new.htm>

If you have any questions regarding this memo, call 1-866-GRH-3600 and ask for a Guaranteed Housing Specialist.

/s/ Cheryl L. Halvorson for

PETER G. KOHNEN
Housing Program Director

PGK: pjb