

RD AN No. 3983 (1980-D)

April 30, 2004

TO: All State Directors  
Rural Development

ATTENTION: Rural Housing Program Directors, Guaranteed Rural Housing  
Specialists, Rural Development Managers, and Community  
Development Managers

FROM: Arthur A. Garcia                   *(Signed by Arthur A. Garcia)*  
Administrator  
Rural Housing Service

SUBJECT: Single Family Housing Guaranteed Loan Program  
Fee Increase for Purchase Loans

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to notify field offices of the increase in the Single Family Housing Guaranteed Loan Program (SFHGLP) guarantee fee for purchase loans from 1.5 percent to 1.75 percent.

IMPLEMENTATION RESPONSIBILITIES:

Effective for obligations made on or after June 1, 2004, the guarantee fee for purchase loans under the SFHGLP will increase from 1.5 percent to 1.75 percent. The guarantee fee for refinance loans will remain at 0.5 percent. To calculate the purchase loan guarantee fee using the new factor set out in Exhibit K of RD Instruction 440.1, multiply the principal loan amount by .90, then by the factor, .0194445, and, if necessary, round to the nearest cent.

Example: Loan Amount \$91,500.00 x .90 x Factor .0194445 = Fee \$1,601.25

EXPIRATION DATE:  
April 30, 2005

FILING INSTRUCTIONS:  
Preceding RD Instruction 1980-D

To calculate the 1.75 percent guarantee fee more simply, multiply the principal loan amount by .0175 and round to the nearest cent, if necessary.

Example: Loan Amount \$91,500.00 x Fee .0175 = \$1,601.25.

To calculate a loan amount which includes the fee, simply divide the original principal loan amount by .9825 (1.00 less the .0175 fee rate), and round to the nearest cent.

Example: Original Loan Amount \$91,500.00 / .9825 = Loan with fee \$93,129.77099, rounded to \$93,129.77. Loan with fee \$93,129.77 x .0175 = Fee \$1,629.77.

If you have questions regarding this AN, please contact any member of the SFHGLP staff at (202) 720-1452.