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BULLETIN NO. 2003-19

December 30, 2003

TO: ALL SERVICERS AND HOLDERS

SUBJ: INTEREST RATE ON PROMISSORY NOTES

Purpose

The purpose of this bulletin is to announce the percentage rate to be used in assessing interest charges for outstanding debts owed the Government. This announcement is of particular interest to companies approved for participation in the Servicer Loss Mitigation Program (SLMP).

What Is The New Rate

On October 30, 2003, notice was published in Treasury Bulletin No. 2004-03 that the rate applicable for January 1, 2004, through December 31, 2004, will be one (1) percent.

When Is This Rate Used

This interest rate is used on promissory notes taken by approved SLMP servicers in connection with compromise claims and deeds in lieu of foreclosure. The note must amortize the amount due over a five year period at the specified rate with equal monthly payments beginning one year from the date of execution. A sample promissory note is available at <http://www.vba.va.gov/ro/houston/lgy/forms.html>. For complete details on when promissory notes are required, please refer to the SLMP instructions.

Rescission

This bulletin rescinds RLC Bulletin No. 2003-07, dated March 27, 2003, on the same subject.

Questions and Comments

If you have questions or comments concerning this bulletin, please contact Helen Galer, Loan Administration Officer, at 713-794-3602 or LGYHGALE@vba.va.gov.

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R. BIAGIOLI
Loan Guaranty Officer