




USDA United States
Department of
Agriculture
Rural Development

Upfront Guarantee Fee & Annual Fee

Single Family Housing Guaranteed Loan Program

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Welcome to Upfront Guarantee Fee and Annual Fee, presented by USDA's Single Family Housing Guaranteed Loan Program!



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Training Objectives

- Where is the topic located?
 - * 7 CFR Part 3555 and HB-1-3555
- Learning Checks
- Resources

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The objectives of the training include:

1. Demonstrating where the training topic is located in the program regulation, 7 CFR Part 3555 and the technical handbook, HB-1-3555.
2. Providing learning checks to help you gain a working knowledge of the topic, and
3. Links to online resources to assist in locating program information.



Guaranteed Loan Program Regulation
7 CFR Part 3555

- The regulation is the rule!
- 8 Subparts: A – H
- Appendix 1

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7 CFR Part 3555 is the program regulation. It is the first place users should look for the answers to their questions.

The regulation is the rule and it cannot be overridden by the technical handbook.

The 7 CFR Part 3555 is comprised of 8 subparts, A through H.

You can access the full regulation online as Appendix 1 from the Regulations and Guidelines website.

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7 CFR Part 3555

<http://www.rd.usda.gov/publications/regulations-guidelines>

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Publications

- Overview
- Fact Sheets
- Regulations & Guidelines**
- Reports
- Dispute Appeals
- Publications for Cooperatives
- Rural Cooperatives Magazine
- Strategic Plan
- Congressional Testimony
- Transcripts and Speeches

Regulations & Guidelines

All Federal regulations can be found at Regulations.gov and customers can search, review and submit comments on Federal documents that are open for comment and published in the Federal Register.

As a service to our customers, we post Rural Development's Instructions, Administrative Notices, and forms. The Instructions are available in three file formats: Adobe Acrobat (PDF), Microsoft Word 6.0 (doc) and Text (txt). To the extent possible, all documents have been made available in either Adobe Acrobat Ver 5.0 and higher, or Text and are 508 compliant. If you should have accessibility issues and need a hard copy, please send an e-mail to comments@wdc.usda.gov.

If you are having problems with this page, need a hard copy of any of the documents due to accessibility issues or would like to be added to the Regulations Update distribution list (available for Rural Development employees only with a valid Rural Development e-mail address, please e-mail comments@wdc.usda.gov).

Rural Development

- Administrative Notices
- Instructions
- Forms
- Spanish Forms, Form Letters and Guide Letters
- Handbooks**
- Procedures Notices
- Significant Guidance Documents
- Unnumbered Letters
- Federal Register Publications

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The Regulations and Guidelines website is located from the link shown on the slide.

Under “Rural Development” there are many items available from this home page.

To access the regulation, select “Handbooks.”

The screenshot shows the USDA Rural Development website. At the top, there is a header with the USDA logo and the text 'United States Department of Agriculture Rural Development'. Below this is a large image of a rural landscape with a water tower and houses. The main heading is '7 CFR Part 3555'. Below the heading is a navigation bar with links for 'Home', 'About RD', 'Programs & Services', 'Browse by State', 'Newsroom', 'Publications', and 'Contact Us'. A search bar is also present. The main content area is divided into two columns. The left column is titled 'Publications' and lists various document types like Overview, Fact Sheets, Regulations & Guidelines, Reports, Dispute Appeals, Publications for Cooperatives, and Rural Cooperatives Magazine. The right column is titled 'Handbooks' and lists several handbooks, with 'HB-1-3555 SFH Guaranteed Loan Program Technical Handbook' highlighted in yellow. To the right of the handbook list is a detailed 'Table of Contents' for HB-1-3555, listing 20 chapters and 10 appendices. The page number '5' is visible in the bottom right corner.

A list of all USDA Rural Development handbooks will display.

Be sure to select the correct technical handbook: HB-1-3555.

Once HB-1-3555 is selected, the entire handbook, including all appendix will display for selection.


Appendix 1 is the full regulation, 7 CFR Part 3555.



7 CFR Part 3555

- 3555.107 Application for and issuance of the loan guarantee.
- (a) Processing of applications.
 - (b) Automated underwriting.
 - (c) Manual underwriting.
 - (d) Appraisals.
 - (e) Environmental requirements.
 - (f) Issuance of a conditional commitment.
 - (g) Loan guarantee fee.
 - (h) Annual fee.
 - (i) Proper closing and requesting the loan note guarantee.
 - (j) Issuance of the guarantee.

Upfront guarantee fees and annual fees are located in Subpart C, Section 3555.107.



7 CFR Part 3555: 3555.107(g)


(g) Loan guarantee fee. The lender must pay a nonrefundable up-front guarantee fee, the cost of which may be passed on to the borrower. The up-front guarantee fee will not exceed 3.5 percent of the principal obligation. The current guarantee fee is available at any Rural Development office and may change periodically. Notice of a change in fee will be published as authorized in Exhibit K of subpart A of part 1810 of this chapter (RD Instruction 440.1, available in any Rural Development office) or online at: http://www.rurdev.usda.gov/rd_instructions.html. Once the guarantee has been issued, the fee will not be refunded.

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Lenders must pay a nonrefundable upfront guarantee fee. Lenders may pass the cost of this fee to the borrower, and nearly all lenders do.

Under the Housing Act of 1949 as amended, the upfront guarantee fee may not exceed 3.5 percent of the principal obligation at this time.

Each fiscal year the amount of the upfront guarantee fee will be determined and published for the public. It is also listed in Exhibit K of Part 1810 Subpart A, also known as RD Instruction 440.1.



7 CFR Part 3555: 3555.107(h)

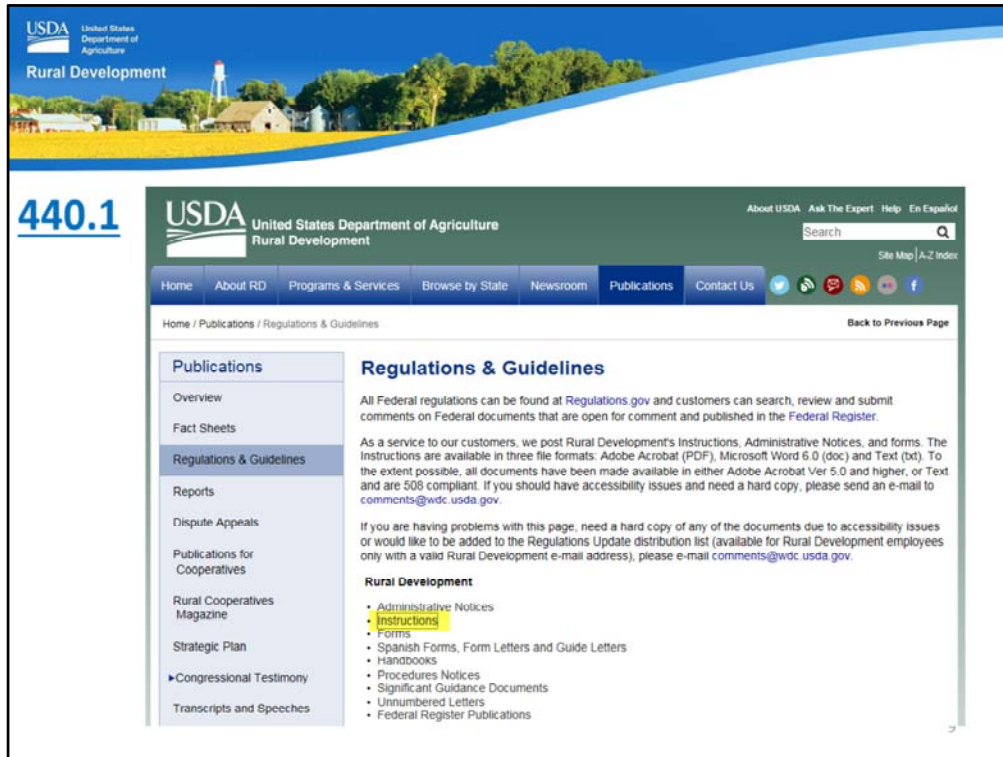
(h) Annual fee. The Agency may impose an annual fee of the lender not to exceed 0.5 percent of the average annual scheduled unpaid principal balance of the loan for the life of the loan to allow the Agency to reduce the up-front guarantee in Sec. 3555.107(g). The annual fee will be applicable to purchase and refinance loan transactions. The annual fee may be passed on to the borrower by the lender. The Agency may assess a late charge to the lender if the annual fee is not paid by the due date, and the late charge may not be passed on to the borrower. Further administrative guidance is provided in the handbook.

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USDA may charge an annual fee from the lender that may not exceed .50 percent of the average annual scheduled unpaid principal loan balance as prescribed under the Housing Act of 1949 as amended. The annual fee applies for the life of the loan.

The annual fee may also be passed to the borrower by the lender. USDA will remit a bill on an annual basis to the lender for payment of the annual fee that is due. The lender will typically collect the annual fee from the borrower as part of their monthly principal, interest, taxes, and insurance payment. This will allow the lender to have the annual fee funds available to pay the fee when it is due to the Agency. If the lender does not pay the annual fee by the due date, a late charge may be assessed to the lender by USDA. This late charge may not be passed to the borrower.


The annual fee and upfront guarantee fee coexist in an effort to ensure the guaranteed loan program remains subsidy neutral. Subsidy neutral means the guaranteed loan program pays for program losses through the fees that are collected, and not from taxpayer provided funds. This is why each fiscal year the upfront guarantee fee and annual fee may change depending upon program needs.



Log onto the Regulations and Guidelines website to access RD Instruction 440. Select “Instructions” from the home page.

The screenshot shows the USDA Rural Development website. At the top left, the USDA logo and 'United States Department of Agriculture Rural Development' are visible. Below this is a banner image of a rural landscape. The main heading '440.1' is prominently displayed. Below the heading is a navigation menu with options like 'Home', 'About RD', 'Programs & Services', 'Browse by State', 'Newsroom', 'Publications', and 'Contact Us'. A search bar is located in the top right corner. The main content area is titled 'Instructions' and lists several publications under the heading 'PART 1800: GENERAL'. The entry for '440.1 (1810-A) Interest Rates, Amortization, Guarantee Fee, Annual Charge, and Fixed Period, Exhibits (PDF only)' is highlighted in yellow. Other entries include '404.1 Case Classifications for Rural Development Borrowers', '426.1 (1805-A) Real Property Insurance', '426.2 (1805-B) National Flood Insurance', '444.8 (1822-G) Rural Housing Site Loan Policies, Procedures, and Authorizations', and '450.5 Change of Borrower's Address, Transfer of Loan Records, and Related Loan Servicing Actions'. Each entry has a 'PDF DOC' link next to it.

Part 1800 is listed. Select the pdf or document version of 440.1.
DO NOT select the “Exhibits.”



440.1

Exhibit K

RD Instruction 440.1
Exhibit K

FEEES FOR GUARANTEED LOANS

COMMUNITY AND BUSINESS PROGRAMS

Water and Waste Disposal	1%
Community Facilities	1%
Business and Industry	2%
Drought and Disaster	1%
Disaster Assistance for Rural Business Enterprises	1%
Business and Industry Disaster Loans	1%

FARMER PROGRAMS

For Farm Service Agency fees, see FSA Handbook 2-FLP.


SINGLE FAMILY HOUSING PROGRAMS

New section 502 Guaranteed loan	1.00%
Refinance of existing section 502 Guaranteed loan or Direct loan	1.00%
Annual Fee	0.35%
Annual Fee Late Charge	4.00%

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Scroll through the document to Exhibit K.

Under Single Family Housing Programs the current upfront guarantee fee for purchase and refinance transactions will be displayed along with the current applicable annual fee and annual fee late charge.



Guaranteed Loan Program Technical Handbook
HB-1-3555

- Provides guidance to support the regulation
- HB is not the rule
- 20 Chapters

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The 7 CFR Part 3555 regulation cannot cover every topic and every potential scenario, therefore a technical handbook has been published to support the regulation and provide additional clarification. HB-1-3555 has 20 chapters.

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HB-1-3555

HB-1-3555 SFH Guaranteed Loan Program Technical Handbook

Table of Contents

- Chapter 1** - Overview
- Chapter 2** - Record Retention
- Chapter 3** - Lender Approval
- Chapter 4** - Lender Responsibilities
- Chapter 5** - Origination and Underwriting Overview
- Chapter 6** - Loan Purposes
- Chapter 7** - Loan Terms and Conditions
- Chapter 8** - Applicant Characteristics
- Chapter 9** - Income Analysis
- Chapter 10** - Credit Analysis
- Chapter 11** - Ratio Analysis
- Chapter 12** - Property and Appraisal Requirements
- Chapter 13** - Special Property Types
- Chapter 14** - Funding Priorities
- Chapter 15** - Submitting the Application Package
- Chapter 16** - Closing the Loan and Requesting the Guarantee
- Chapter 17** - Regular Servicing-Performing Loans
- Chapter 18** - Servicing Non-Performing Loans - Accounts with Repayment Problems
- Chapter 19** - Custodial and Real Estate Owned Property
- Chapter 20** - Loss Claims - Collecting on the Guarantee


Acronyms

Glossary

- Appendix 1** - 7 CFR part 3555
- Appendix 2** - Forms and Instructions
- Appendix 3** - Review and Appeals
- Appendix 4** - Agency and Employee Addresses
- Appendix 5** - Income Limits
- Appendix 6** - Interest Assistance
- Appendix 7** - Calvrs Access Instructions
- Appendix 8** - EDI Documentation
- Appendix 9** - Penalties
- Appendix 10** - Unnumbered Letter and State Supplements

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The handbook may be accessed from the Regulations and Guidelines website. Upfront guarantee fee and annual fee guidance is located in Chapter 16 .



HB-1-3555: Chapter 16

- 16.4 UP-FRONT LOAN GUARANTEE
 - A. Purchase Loans – Up-Front Loan Guarantee Fee
 - B. Refinance Loans – Up-Front Loan Guarantee Fee
 - C. Calculation of Loan Up-Front Guarantee Fee
- 16.5 ANNUAL FEE
 - A. Amount of Annual Fee
 - B. Calculation of Annual Fee
 - C. Due Date of Annual Fee
 - D. Payment of Annual Fee
 - E. Advance Notice, Billing and Reconciliation of Annual Fee
 - F. Lender’s Late Charge on Unpaid Annual Fee
 - G. Period Covered by Annual Fee
 - H. Duration of Annual Fee
 - I. Pro rata Payment of Annual Fee
 - J. Method of Payment of the Annual Fee
 - K. Nonpayment of the Annual Fee

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This screen shot displays the Table of Contents of Chapter 16. This helps the user to locate specific topics more quickly.

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USDA LINC: Online Calculator

<https://usdalinc.sc.egov.usda.gov/USDALincTrainingResourceLib.do>

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Home / Programs & Services / For Lenders / USDA LINC Training & Resource Library

USDA LINC Training & Resource Library

The documents and material contained in the USDA LINC Training and Resource Library use Adobe PDF and Adobe Flash formats. To view PDF files you must have Adobe Acrobat Reader installed on your computer. To view Flash files you must have Adobe Flash Player installed on your computer.

7 CFR 3555

Training

- 7 CFR Part 3555 Origination Overview (Webcast)
- 7 CFR Part 3555 Servicing Overview (Webcast)

Documentation and Resources

- Frequently Asked Questions (PDF)
- 3555 Handbook (PDF)
- 7 CFR 3555 (PDF)

Electronic Status Reporting (ESR)

Documentation & Resources

- ESR Implementation Guide (PDF)
- Trading Partner Agreement (TPA) (PDF)

Guaranteed Annual Fee Billing and Payment

Documentation & Resources

- Guaranteed Annual Fee Calculation Methodology (PDF)
- Guarantee Fee & Annual Fee Calculator(EXCEL)**
- Guaranteed Annual Fee Lender User Agreement (PDF)
- Guaranteed Annual Fee Service Bureau User Agreement (PDF)
- Guaranteed Annual Fee Implementation Guide (PDF)
- Guaranteed Annual Fee Getting Started User Guide (PDF)
- Guaranteed Annual Fee User Guide (PDF)

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The Training and Resource Library includes a Guarantee Fee and Annual Fee Calculator to assist lenders in making the proper fee calculations.

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Online Calculator

Rural Development SFH Guaranteed Mortgage Loan Amortization Schedule

Lender Name: NCUA Member Borrower Name: CU Member

Enter values		(Including upfront Guarantee fee if financed)
Loan amount:	\$ 154,040.40	
Annual interest rate:	4.25 %	
Loan Period in Years:	30	
Number of Payments Per Year:	12	(Must be 12 for FD Loans)
Loan Closing Date:	11/12/2016	(See comment for instructions on this field by mousing over the cell)
Start Date of Loan:	1/1/2017	(See comment for instructions on this field by mousing over the cell)
Upfront Guarantee Fee:	1.00 %	
Annual Fee Rate:	0.35 %	

Loan summary	
Scheduled Monthly Payment:	\$ 757.79
Scheduled Number of Payments:	360
Actual Number of Payments:	360
Upfront Guarantee Fee:	\$ 1,540.40
Total Annual Fee:	\$ 9,780.33
Total interest:	\$ 118,761.01
1st Year Monthly Annual Fee:	\$ 44.58

[Go to Annual Fee Schedule](#)

Pmt. No.	Est. Payment Date	Beginning Balance	Scheduled Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest	Average Annual UPB	Annual Fee (Based on Avg. Annual UPB)	Annual Fee Monthly Amount	Scheduled Payment w/ Annual Fee
1	2/1/2017	\$ 154,040.40	\$ 757.79	\$ 757.79	\$ 212.23	\$ 545.56	\$ 153,828.17	\$ 545.56				
2	3/1/2017	\$ 153,828.17	\$ 757.79	\$ 757.79	\$ 212.98	\$ 544.81	\$ 153,615.19	\$ 1,090.37				
3	4/1/2017	\$ 153,615.19	\$ 757.79	\$ 757.79	\$ 213.74	\$ 544.05	\$ 153,401.45	\$ 1,634.42				
4	5/1/2017	\$ 153,401.45	\$ 757.79	\$ 757.79	\$ 214.49	\$ 543.30	\$ 153,186.96	\$ 2,177.72				
5	6/1/2017	\$ 153,186.96	\$ 757.79	\$ 757.79	\$ 215.25	\$ 542.54	\$ 152,971.71	\$ 2,720.26				
6	7/1/2017	\$ 152,971.71	\$ 757.79	\$ 757.79	\$ 216.02	\$ 541.77	\$ 152,755.69	\$ 3,262.03				
7	8/1/2017	\$ 152,755.69	\$ 757.79	\$ 757.79	\$ 216.78	\$ 541.01	\$ 152,538.91	\$ 3,803.04				
8	9/1/2017	\$ 152,538.91	\$ 757.79	\$ 757.79	\$ 217.55	\$ 540.24	\$ 152,321.36	\$ 4,343.28				
9	10/1/2017	\$ 152,321.36	\$ 757.79	\$ 757.79	\$ 218.32	\$ 539.47	\$ 152,103.04	\$ 4,882.75				
10	11/1/2017	\$ 152,103.04	\$ 757.79	\$ 757.79	\$ 219.09	\$ 538.70	\$ 151,883.95	\$ 5,421.45				
11	12/1/2017	\$ 151,883.95	\$ 757.79	\$ 757.79	\$ 219.87	\$ 537.92	\$ 151,664.08	\$ 5,959.37				
12	1/1/2018	\$ 151,664.08	\$ 757.79	\$ 757.79	\$ 220.65	\$ 537.14	\$ 151,443.43	\$ 6,496.51	\$ 152,859.24	\$ 535.01	\$ 44.58	\$ 802.37

GRH Upfront Fee Calculator Loan Amortization Schedule Annual Fee Schedule Fee Prorating Calculator

This is a screen shot of the calculator.

On the left side of the screen some important information must be entered:

- Loan Amount: this will include the total amount of the loan that is being requested by the lender
- Interest rate
- Loan term must be 30 years
- Number of payments per year will default to 12
- Enter the loan closing date
- Enter the start date of the loan
- Select the applicable upfront guarantee fee from the drop down box. In this example 1% is selected.
- Select the applicable annual fee from the drop down box. In this example .35% is selected.

When all of these data fields are completed, the spreadsheet will apply all data entries.

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Online Calculator

Rural Development SFH Guaranteed Mortgage Loan Amortization Schedule

Lender Name: NCUA Member Borrower Name: CU Member

Enter values		
Loan amount:	\$ 154,040.40	(Including up front Guarantee fee if financed)
Annual interest rate:	4.25 %	
Loan Period in Years:	30	
Number of Payments Per Year:	12	(Must be 12 for FD Loans)
Loan Closing Date:	11/12/2016	(See comment for instructions on this field by mousing over the cell)
Start Date of Loan:	1/1/2017	(See comment for instructions on this field by mousing over the cell)
Upfront Guarantee Fee:	1.00 %	
Annual Fee Rate:	0.35 %	

Loan summary	
Scheduled Monthly Payment:	\$ 757.79
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[Go to Annual Fee Schedule](#)

Pmt. No.	Est. Payment Date	Beginning Balance	Scheduled Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest	Average Annual UPB	Annual Fee (Based on Avg. Annual UPB)	Annual Fee Monthly Amount	Scheduled Payment w/ Annual Fee
1	2/1/2017	\$ 154,040.40	\$ 757.79	\$ 757.79	\$ 212.23	\$ 545.56	\$ 153,828.17	\$ 545.56				
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3	4/1/2017	\$ 153,615.19	\$ 757.79	\$ 757.79	\$ 213.74	\$ 544.05	\$ 153,401.45	\$ 1,634.42				
4	5/1/2017	\$ 153,401.45	\$ 757.79	\$ 757.79	\$ 214.49	\$ 543.30	\$ 153,186.96	\$ 2,177.72				
5	6/1/2017	\$ 153,186.96	\$ 757.79	\$ 757.79	\$ 215.25	\$ 542.54	\$ 152,971.71	\$ 2,720.26				
6	7/1/2017	\$ 152,971.71	\$ 757.79	\$ 757.79	\$ 216.02	\$ 541.77	\$ 152,755.69	\$ 3,262.03				
7	8/1/2017	\$ 152,755.69	\$ 757.79	\$ 757.79	\$ 216.78	\$ 541.01	\$ 152,538.91	\$ 3,803.04				
8	9/1/2017	\$ 152,538.91	\$ 757.79	\$ 757.79	\$ 217.55	\$ 540.24	\$ 152,321.36	\$ 4,343.28				
9	10/1/2017	\$ 152,321.36	\$ 757.79	\$ 757.79	\$ 218.32	\$ 539.47	\$ 152,103.04	\$ 4,882.75				
10	11/1/2017	\$ 152,103.04	\$ 757.79	\$ 757.79	\$ 219.09	\$ 538.70	\$ 151,883.95	\$ 5,421.45				
11	12/1/2017	\$ 151,883.95	\$ 757.79	\$ 757.79	\$ 219.87	\$ 537.92	\$ 151,664.08	\$ 5,959.37				
12	1/1/2018	\$ 151,664.08	\$ 757.79	\$ 757.79	\$ 220.65	\$ 537.14	\$ 151,443.43	\$ 6,496.51	\$ 152,859.24	\$ 535.01	\$ 44.58	\$ 802.37

GRH Upfront Fee Calculator Loan Amortization Schedule Annual Fee Schedule Fee Prorating Calculator

On the right side of the spreadsheet the following will display:

- Scheduled monthly payment (Principal, interest, and annual fee. Notice that real estate taxes, homeowners insurance, and homeowners association fees/maintenance fees are not reflected.)
- The Scheduled Number of Payments and Actual Number of Payments will default to 360.
- The applicable upfront guarantee fee will display.
- The total annual fee will also display. This figure is representative of the entire 30 years of repayment of the loan. If the loan is paid in full early, refinanced, or sold, then the entire annual fee will not be collected.
- The 1st year Monthly Annual Fee will also display. This monthly portion should be collected by the lender from the borrower in order to have the funds available to pay USDA when the annual fee bill is remitted to the servicing lender.

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Online Calculator

Rural Development SFH Guaranteed Mortgage Loan Amortization Schedule

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Enter values		(Including upfront Guarantee fee if financed)
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3	4/1/2017	\$ 153,615.19	\$ 757.79	\$ 757.79	\$ 213.74	\$ 544.05	\$ 153,401.45	\$ 1,634.42				
4	5/1/2017	\$ 153,401.45	\$ 757.79	\$ 757.79	\$ 214.49	\$ 543.30	\$ 153,186.96	\$ 2,177.72				
5	6/1/2017	\$ 153,186.96	\$ 757.79	\$ 757.79	\$ 215.25	\$ 542.54	\$ 152,971.71	\$ 2,720.26				
6	7/1/2017	\$ 152,971.71	\$ 757.79	\$ 757.79	\$ 216.02	\$ 541.77	\$ 152,755.69	\$ 3,262.03				
7	8/1/2017	\$ 152,755.69	\$ 757.79	\$ 757.79	\$ 216.78	\$ 541.01	\$ 152,538.91	\$ 3,803.04				
8	9/1/2017	\$ 152,538.91	\$ 757.79	\$ 757.79	\$ 217.55	\$ 540.24	\$ 152,321.36	\$ 4,343.28				
9	10/1/2017	\$ 152,321.36	\$ 757.79	\$ 757.79	\$ 218.32	\$ 539.47	\$ 152,103.04	\$ 4,882.75				
10	11/1/2017	\$ 152,103.04	\$ 757.79	\$ 757.79	\$ 219.09	\$ 538.70	\$ 151,883.95	\$ 5,421.45				
11	12/1/2017	\$ 151,883.95	\$ 757.79	\$ 757.79	\$ 219.87	\$ 537.92	\$ 151,664.08	\$ 5,959.37				
12	1/1/2018	\$ 151,664.08	\$ 757.79	\$ 757.79	\$ 220.65	\$ 537.14	\$ 151,443.43	\$ 6,496.51				
13	2/1/2018	\$ 151,443.43	\$ 757.79	\$ 757.79	\$ 221.43	\$ 536.36	\$ 151,221.99	\$ 7,032.87	\$ 157,859.24	\$ 535.01	\$ 44.58	\$ 802.37

GRH Upfront Fee Calculator Loan Amortization Schedule Annual Fee Schedule Fee Prorating Calculator

At the bottom of the spreadsheet there are other options available: The GRH Upfront Calculator (which is the page shown), Loan Amortization Schedule, Annual Fee Schedule, and Fee Prorating Calculator (this is utilized when a loan is refinance or the property is sold).

SFH Guaranteed Annual Fee Schedule

Lender Name:


Borrower Name:

Loan Amount:	\$ 154,040.40
Interest Rate:	4.25%
Loan Term (Years):	30
Loan Term (Months):	360
Upfront Guarantee Fee:	\$ 1,540.40
Total Annual Fee:	\$ 9,780.33

[Back to Loan Amortization Schedule](#)

Year of Loan	Borrower Monthly Pmt. No.	Annual Fee Payment Date	Average Annual UPB	Annual Fee (Based on Avg. Annual UPB)	Annual Fee Monthly Amount	Scheduled Payment w/ Annual Fee
1	12	1/1/2018	\$ 152,699.24	\$ 535.01	\$ 44.58	\$ 602.37
2	24	1/1/2019	\$ 150,211.08	\$ 525.74	\$ 43.81	\$ 601.60
3	36	1/1/2020	\$ 147,448.16	\$ 516.07	\$ 43.01	\$ 600.50
4	48	1/1/2021	\$ 144,565.90	\$ 505.98	\$ 42.17	\$ 799.96
5	60	1/1/2022	\$ 141,557.93	\$ 495.45	\$ 41.29	\$ 799.08
6	72	1/1/2023	\$ 138,420.01	\$ 484.47	\$ 40.37	\$ 798.16
7	84	1/1/2024	\$ 135,146.10	\$ 473.01	\$ 39.42	\$ 797.21
8	96	1/1/2025	\$ 131,730.31	\$ 461.06	\$ 38.42	\$ 796.21
9	108	1/1/2026	\$ 128,166.48	\$ 448.58	\$ 37.38	\$ 795.17
10	120	1/1/2027	\$ 124,448.20	\$ 435.57	\$ 36.30	\$ 794.09
11	132	1/1/2028	\$ 120,568.77	\$ 421.99	\$ 35.17	\$ 792.96
12	144	1/1/2029	\$ 116,521.20	\$ 407.82	\$ 33.99	\$ 791.78
13	156	1/1/2030	\$ 112,298.24	\$ 393.04	\$ 32.75	\$ 790.54
14	168	1/1/2031	\$ 107,892.28	\$ 377.62	\$ 31.47	\$ 789.26
15	180	1/1/2032	\$ 103,295.35	\$ 361.53	\$ 30.13	\$ 787.92
16	192	1/1/2033	\$ 98,499.73	\$ 344.76	\$ 28.73	\$ 786.43

This is the Annual Fee Schedule. Lenders can review how much each annual fee payment will be.



Fiscal Year

USDA Fiscal Year (FY):


- October 1st through September 30th
- Upfront and annual fee structures may change for each FY
- USDA publishes notification of FY fee structures

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USDA operates on a fiscal year (FY) that begins on October 1st and ends on September 30th.

Each fiscal year the upfront guarantee fee and annual fee may be adjusted according to program needs.

USDA publishes notification of the fee structures to the public through RD Instruction 1800 Subpart 440.1 in Exhibit K and also through GovDelivery notices and additional published needs.




Fiscal Year and Conditional Commitments

- The date of Conditional Commitment issuance by USDA reflects the applicable fee structure
- **The date of loan closing does not dictate the applicable fee structure**
- All loans must close under the authorized terms of the issued Conditional Commitment

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A few key points to understand regarding fiscal years and Conditional Commitments:

- The date the Conditional Commitment is issued by USDA to the approved lender will determine the applicable upfront guarantee fee and annual fee that will apply to the loan.
- The date the loan closes does not dictate the applicable fees due.
- All loans must close under the authorized terms listed on the issued Conditional Commitment.



Fiscal Year and Conditional Commitments

Example:

- FY 2016 fee structure: Upfront 2.75%, Annual .50%
- FY 2017 fee structure: Upfront 1%, Annual .35%

- Conditional Commitment issued: August 15, 2016
- FY 2016 fee structure applies
- Commitments are valid for a minimum of 90 days
- Loan closes: October 15, 2016 (fee structure does not change to FY 2017)

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Here is an example of the key points we just covered:

In FY 2016 the upfront guarantee fee was 2.75 percent and the annual fee was .50 percent. FY 2016 began on October 1, 2015 and ended September 30, 2016.

In FY 2017 the upfront guarantee fee was reduced to 1 percent and the annual fee was reduced to .35 percent. FY 2017 began on October 1, 2016 and ended September 30, 2017.

- A Conditional Commitment was issued by USDA to the approved lender on August 15, 2016.
- This would require the fee structure for FY 2016 to apply.
- Conditional Commitments are valid for 90 days and may be extended upon lender request.
- The loan closed on October 15, 2016, which would have been during FY 17. But this does not matter. The Conditional Commitment was obligated with FY 16 funding and therefore the FY 16 fee structure is effective.

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TIPS

- Underwriter = USDA Approved Lender
- USDA = not an underwriter
- Research Rule & HB questions: Table of Contents
- Research Rule & HB questions: Control + F

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A few helpful tips:

1. The underwriter of the loan is the approved lender's underwriter.
2. USDA is NOT the underwriter of the loan.
3. When researching topics, it is helpful to begin with the Table of Contents for the regulation and the handbook.
4. A great best practice when searching for information is to open the regulation or a handbook chapter, select the "Control" button on the keyboard, hold it down, and then also select the "F" key. A keyword search box will appear. Enter a keyword or phrase to locate information more quickly.




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**7 CFR PART 3555 / HB-1-3555
LEARNING CHECKS**

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The best way to learn information is to test your knowledge!



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Question Slide

“Topic”


- Question will be bulleted with scenario, or
- Include a statement/question

TRUE/FALSE or other answer options will be displayed

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Each question slide will list:

- the topic
- A question or scenario, and
- potential responses.



ANSWER SLIDE

“Topic”
ANSWER: 7 CFR Part 3555 and HB-1-3555 references provided

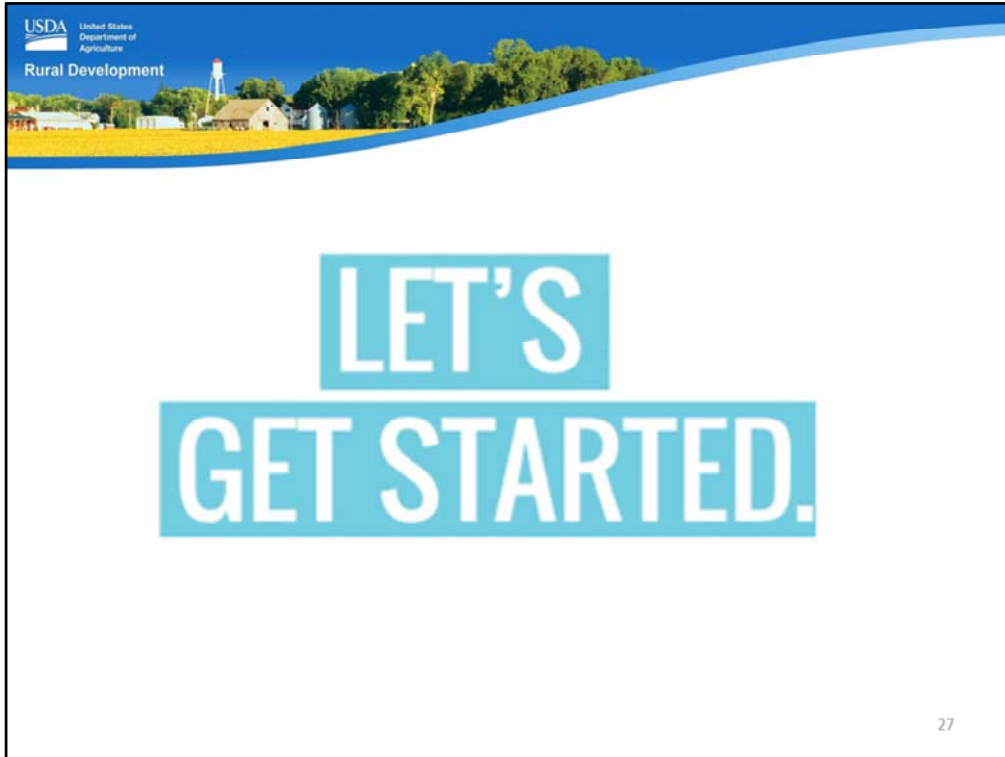
X. Correct Response

- Additional guidance for clarification may be provided


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The answer slide will list:

- The topic
- The reference to the answer from the regulation and handbook
- The correct response, and
- Any additional clarification that may be helpful.



Let's get started!



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Upfront guarantee fee and annual fee

The upfront guarantee fee is non-refundable once a Loan Note Guarantee (LNG) is issued by USDA.

A. TRUE B. FALSE

28

Read the question on the slide and select a response.



Upfront guarantee fee and annual fee
ANSWER: 3555.107(g) and HB 16.4
A. TRUE


- Once the LNG is issued, the upfront fee cannot be refunded
- Refinanced guaranteed loans are not eligible for a refund of any portion of the paid upfront guarantee fee

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True

After USDA processes the upfront guarantee fee and a Loan Note Guarantee is issued to the approved lender, the upfront guarantee cannot be refunded for any reason.

Guaranteed loans that are refinanced into a new guaranteed loan or refinanced into a different loan program are not eligible for a refund of any portion of the upfront guarantee fee that was paid at the time of loan closing.



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Upfront guarantee fee and annual fee

The upfront guarantee fee and/or annual fee are subject to change each fiscal year.

A. TRUE B. FALSE

30

Read the question on the slide and select a response.



Upfront guarantee fee and annual fee
ANSWER: 3555.107(g), (h), HB 16.4, and 16.5
A. TRUE

- Fiscal year is October 1 through September 30
- The date of Conditional Commitment issuance (Form RD 3555-18/18E) by USDA determines the applicable fees for the loan
- USDA announces fees through GovDelivery notices and published guidance

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True

The fee is set for each fiscal year.

The fiscal year is from October 1st through September 30th. There are typically no changes to the fees within a fiscal year.

The date the Conditional Commitment is issued by the Agency will determine the applicable fee structure.

USDA announces fee changes through published Instructions and GovDelivery notices.



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Upfront guarantee fee and annual fee

The annual fee percentage that is applicable may fluctuate year the loan is in repayment.

A. TRUE B. FALSE

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Read the question on the slide and select a response.



Upfront guarantee fee and annual fee
ANSWER: 3555.107(h), HB 16.5

B. FALSE

- The Conditional Commitment will state the applicable annual fee for the life of the loan
- The annual fee is fixed at the time of loan closing
- If the loan is refinanced into a new USDA guaranteed loan, the applicable fee structure will apply for that fiscal year

33

False

The Conditional Commitment will state the annual fee that is applicant to the loan at the time it is issued.

The annual fee that applies to the loan is fixed at the time of loan closing.

Even if the annual fee structure for guaranteed loans changes in subsequent fiscal years, closed guaranteed loans are not affected.

If the guaranteed loan is refinanced into a new guaranteed loan, then the applicable fee for the fiscal year in which the funds are obligated for the refinance will be effective.




Upfront guarantee fee and annual fee

The entire upfront guarantee fee must be financed into the total loan amount.

- A. TRUE B. FALSE

Read the question on the slide and select a response.



Upfront guarantee fee and annual fee
ANSWER: 3555.107(g) and HB 16.4 C 1, 2, and 3
B. FALSE

The upfront guarantee fee may be:

- Financed into the loan amount,
- Partially financed, or
- Paid in full, no portion financed

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False

The upfront guarantee fee allows borrowers many options:

- The entire fee may be financed into the loan amount,
- A portion of the fee may be financed, or
- The entire upfront fee may be paid in full at loan closing with no portion financed.

The upfront guarantee fee may be paid with borrower funds, seller concessions, gift funds, grant funds, or lender contributions.




Upfront guarantee fee and annual fee

Under 7 CFR Part 3555, the upfront guarantee fee may not exceed ____%.

- A. 2 B. 3.5

Read the question on the slide and select a response.



Upfront guarantee fee and annual fee
ANSWER: 3555.107(g) and HB 16.4
B. 3.5 percent

- Maximum fee is in the Housing Act of 1949, as amended
- Congress must take legislative action to amend
- The fee structure ensures a subsidy neutral program = no tax payer dollars


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Response B: 3.5 percent

The Housing Act of 1949 as amended has currently capped the maximum upfront guarantee fee at 3.5 percent.

Congress must take legislative action to amend the Housing Act and fee structures if applicable. USDA does not set the maximum fee percentages.

The fee structure ensures a subsidy neutral program which means tax payer dollars do not fund the program.




Upfront guarantee fee and annual fee

Under 7 CFR Part 3555, the annual fee may not exceed _____%.

A. .50 B. .30

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Read the question on the slide and select a response.



Upfront guarantee fee and annual fee
ANSWER: 3555.107(h) and HB 16.5
A. .50 percent


- Maximum fee is in the Housing Act of 1949, as amended
- Congress must take legislative action to amend
- The fee structure ensures a subsidy neutral program = no tax payer dollars

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Response A

The maximum annual fee allowed under the current Housing Act of 1949 as amended is .50 percent.

Again, Congress is the body that enacts legislation to amend and enforce the fee structures. The combination of the upfront guarantee fee and the annual fee allows USDA to balance the two in order to offer an affordable subsidy neutral program.




Upfront guarantee fee and annual fee

USDA may assess a late fee to the lender if the annual fee is not paid when due.

A. TRUE B. FALSE

40

Read the question on the slide and select a response.



Upfront guarantee fee and annual fee
ANSWER: 3555.107(h) and HB 16.5 F
A. TRUE


- Annual fee bills are typically sent to the lender/servicer electronically
- Lenders typically pay the annual fee electronically
- Lenders must ensure an authorized account is on file with USDA

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True

The bill for the annual fee will be electronically delivered to the servicing lender on record. Lenders will remit the payment to USDA electronically.

When the lender signs up to electronically pay the annual fee, they will register an account with USDA that will allow them to remit payment to the Agency.



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Upfront guarantee fee and annual fee

The applicable upfront guarantee fee and/or annual fee may differ for a purchase and refinance transaction.

A. TRUE B. FALSE

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Read the question on the slide and select a response.



Upfront guarantee fee and annual fee
ANSWER: 3555.107(g), (h), HB 16.4 and 16.5
A. TRUE

- USDA will publish fiscal year notices to announce the applicable fee structures
- Sign up for GovDelivery notices

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True

The upfront guarantee fee and annual fee may not be the same for a purchase and refinance transaction that are obligated and closed in the same fiscal year.

USDA will publish the applicant fee structures in an Unnumbered Letter, Exhibit K that we reviewed earlier in this training, and of course through our email subscription services such as GovDelivery.




Upfront guarantee fee and annual fee

The annual fee will cease to be collected when 80% loan to value (LTV) is achieved.

- A. TRUE B. FALSE

Read the question on the slide and select a response.



Upfront guarantee fee and annual fee
ANSWER: 3555.107(h) and HB 16.5 H
B. FALSE


- The annual fee applies for the life of the loan
- At no time will the annual fee cease unless the loan is refinanced into a difference loan program

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False

The annual fee applies for the life of the loan.

The annual fee will not cease unless the loan is refinanced into a new guaranteed loan (where an annual fee may or may not apply) or into a non-USDA loan program.



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Upfront guarantee fee and annual fee

- Conditional Commitment issued: August 20th
- Loan closed: October 30th
- USDA changed fiscal year fee structures on October 1st
- The lender must ensure the new FY fee structure is utilized

A. TRUE B. FALSE

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Read the question on the slide and select a response.



Upfront guarantee fee and annual fee
ANSWER: 3555.107(g),(h) and HB 16.2
B. FALSE

- Conditional Commitment was issued August 20th
- The applicable fee structure for August 20th applies
- Receipt of Conditional Commitment in one fiscal year but closing in another fiscal year does not alter the fee structure

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False

The Conditional Commitment was issued on August 20th.

The applicable fee structure in effect for the fiscal year at the time the Conditional Commitment was issued will be effective.

The lender must close the loan for the terms authorized on the valid Conditional Commitment they have received from the Agency.

The fee schedule documented on the Conditional Commitment does not change even if the loan is closed in a new fiscal year.



Way to go! You have completed the learning checks!

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Regulations
<http://www.rd.usda.gov/publications/regulations-guidelines>

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Regulations & Guidelines

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As a service to our customers, we post Rural Development's instructions, Administrative Notices, and forms. The instructions are available in three file formats: Adobe Acrobat (PDF), Microsoft Word 6.0 (doc) and Text (txt). To the extent possible, all documents have been made available in either Adobe Acrobat Ver 5.0 and higher, or Text and are 508 compliant. If you should have accessibility issues and need a hard copy, please send an e-mail to comments@wdc.usda.gov.

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- Administrative Notices
- Instructions
- Forms
- Spanish Forms, Form Letters and Guide Letters
- Handbooks
- Procedures Notices
- Significant Guidance Documents
- Unnumbered Letters
- Federal Register Publications

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Don't forget the Regulations and Guidelines website is a wonderful source of USDA guideline knowledge.

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Thank you for supporting the USDA Single Family Housing Guaranteed Loan Program!



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Thank you for supporting the USDA Single Family Housing Guaranteed Loan Program! We appreciate the opportunity to help you serve more rural homebuyers!

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This will conclude the training module. Thank you and have a great day!