




**Upfront Guarantee Fee &  
Annual Fee**

**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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## 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

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



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### Regulations & Guidelines

All Federal regulations can be found at [Regulations.gov](http://www.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](mailto:comments@wdc.usda.gov).

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#### Rural Development

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**Handbooks**

- HB-1-3550 Direct Single Family Housing Loans and Grants - Field Office Handbook
- HB-2-3550 Direct Single Family Housing Loans and Grants - Centralized Servicing Center Handbook
- HB-1-3555 SFH Guaranteed Loan Program Technical Handbook**
- HB-1-3560 MFH Loan Origination Handbook
- HB-2-3560 MFH Asset Management Handbook
- HB-3-3560 MFH Project Servicing Handbook
- HB-1-3565 Guaranteed Rural Rental Housing Program Origination and Servicing Handbook
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- 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**

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- 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.



**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](http://www.rurdev.usda.gov/rd_instructions.html). Once the guarantee has been issued, the fee will not be refunded.


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**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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**Instructions**

**PART 1800: GENERAL**

4041 Case Classifications for Rural Development Borrowers	PDF DOC
4261 (1806-A) Real Property Insurance	PDF DOC
4262 (1806-B) National Flood Insurance	PDF DOC
4491 (1819-A) Interest Rates, Amortization, Guarantee Fee, Annual Charge, and Fixed Period Exhibits (PDF only)	PDF DOC
4448 (1822-G) Rural Housing Site Loan Policies, Procedures, and Authorizations	PDF DOC
4505 Change of Borrower's Address, Transfer of Loan Records, and Related Loan Servicing Actions	PDF DOC



**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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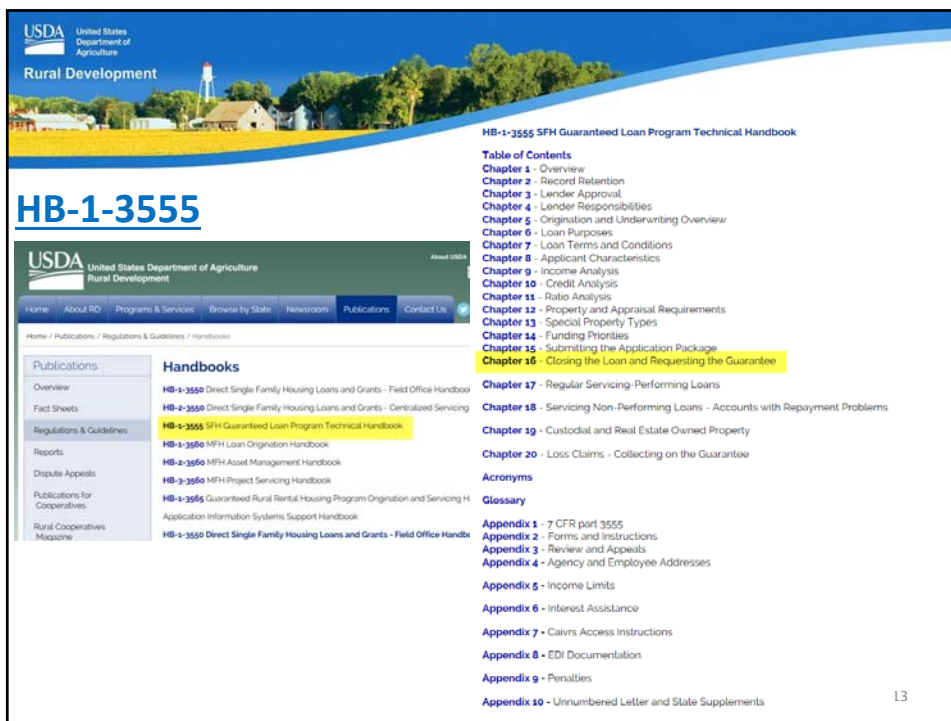


**Guaranteed Loan Program Technical Handbook**

**HB-1-3555**

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

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## HB-1-3555

**HB-1-3555 SFH Guaranteed Loan Program Technical Handbook**

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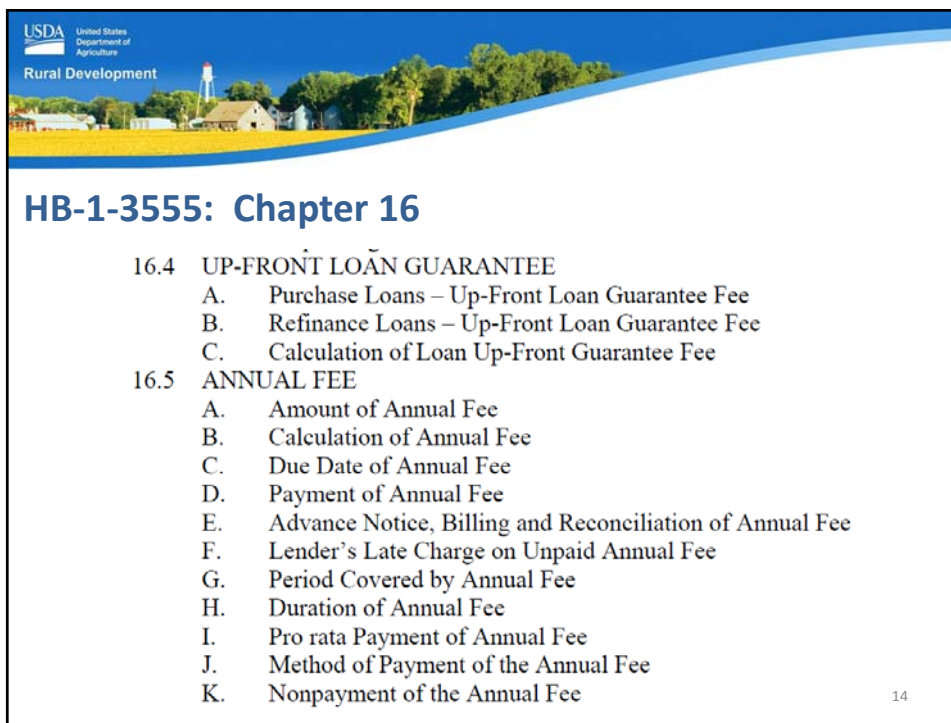
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## USDA LINC: Online Calculator

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




The screenshot shows the USDA LINC Training & Resource Library website. The left sidebar lists various programs and services. The main content area is titled '7 CFR 3555' and includes sections for Training, Documentation & Resources, and Electronic Status Reporting (ESR). A yellow box highlights the 'Guaranteed Annual Fee Billing and Payment' section under Documentation & Resources.

### Guaranteed Annual Fee Billing and Payment

#### Documentation & Resources

1. Guaranteed Annual Fee Calculation Methodology (PDF)
2. **Guarantee Fee & Annual Fee Calculator(EXCEL)**
3. Guaranteed Annual Fee Lender User Agreement (PDF)
4. Guaranteed Annual Fee Service Bureau User Agreement (PDF)
5. Guaranteed Annual Fee Implementation Guide (PDF)
6. Guaranteed Annual Fee Getting Started User Guide (PDF)
7. Guaranteed Annual Fee User Guide (PDF)

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## Online Calculator

### Rural Development SFH Guaranteed Mortgage Loan Amortization Schedule

Lender Name:  Borrower Name:

**Enter values**

Loan amount: \$ 154,040.40 (Including upfront Guarantee fee if financed)

Annual interest rate: 4.35 %

Loan Period in Years: 30

Number of Payments Per Year: 12 (Must be 12 for RD 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: \$ 797.79

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	\$ 797.79	\$ 797.79	\$ 212.23	\$ 585.56	\$ 153,828.17	\$ 585.56				
2	3/1/2017	\$ 153,828.17	\$ 797.79	\$ 797.79	\$ 212.98	\$ 584.81	\$ 153,615.19	\$ 1,090.37				
3	4/1/2017	\$ 153,615.19	\$ 797.79	\$ 797.79	\$ 213.74	\$ 584.05	\$ 153,401.45	\$ 1,634.42				
4	5/1/2017	\$ 153,401.45	\$ 797.79	\$ 797.79	\$ 214.49	\$ 583.30	\$ 153,186.96	\$ 2,177.72				
5	6/1/2017	\$ 153,186.96	\$ 797.79	\$ 797.79	\$ 215.25	\$ 582.54	\$ 152,971.71	\$ 2,720.26				
6	7/1/2017	\$ 152,971.71	\$ 797.79	\$ 797.79	\$ 216.02	\$ 581.77	\$ 152,755.69	\$ 3,262.03				
7	8/1/2017	\$ 152,755.69	\$ 797.79	\$ 797.79	\$ 216.78	\$ 581.01	\$ 152,538.91	\$ 3,803.04				
8	9/1/2017	\$ 152,538.91	\$ 797.79	\$ 797.79	\$ 217.55	\$ 580.24	\$ 152,321.36	\$ 4,343.28				
9	10/1/2017	\$ 152,321.36	\$ 797.79	\$ 797.79	\$ 218.32	\$ 579.47	\$ 152,103.04	\$ 4,882.75				
10	11/1/2017	\$ 152,103.04	\$ 797.79	\$ 797.79	\$ 219.09	\$ 578.70	\$ 151,883.95	\$ 5,421.45				
11	12/1/2017	\$ 151,883.95	\$ 797.79	\$ 797.79	\$ 219.87	\$ 577.92	\$ 151,664.08	\$ 5,959.37				
12	1/1/2018	\$ 151,664.08	\$ 797.79	\$ 797.79	\$ 220.65	\$ 577.14	\$ 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

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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:	4.35 %	
Loan Period in Years:	30	
Number of Payments Per Year:	12	(Must be 12 for RD 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	\$ 335.01	\$ 44.58	\$ 802.37

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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				
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## Online Calculator

### 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	\$ 152,859.24	\$ 535.01	\$ 44.58	\$ 802.37
2	24	1/1/2019	\$ 150,211.08	\$ 523.74	\$ 43.61	\$ 801.80
3	36	1/1/2020	\$ 147,448.16	\$ 516.07	\$ 43.01	\$ 800.80
4	48	1/1/2021	\$ 144,565.50	\$ 505.95	\$ 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	\$ 791.75
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	\$ 98,505.93	\$ 344.75	\$ 28.72	\$ 786.47

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## Fiscal Year

USDA Fiscal Year (FY):

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

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**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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**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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## TIPS


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

7 CFR Part 3555


supplemental social security income and Social Security benefits received in a lump sum:

(vii) Any earned income tax credit;

(viii) Adoption assistance in excess of any amount determined pursuant to HUD's definition of annual income at 24 CFR 5.609(c);




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

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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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## ANSWER SLIDE

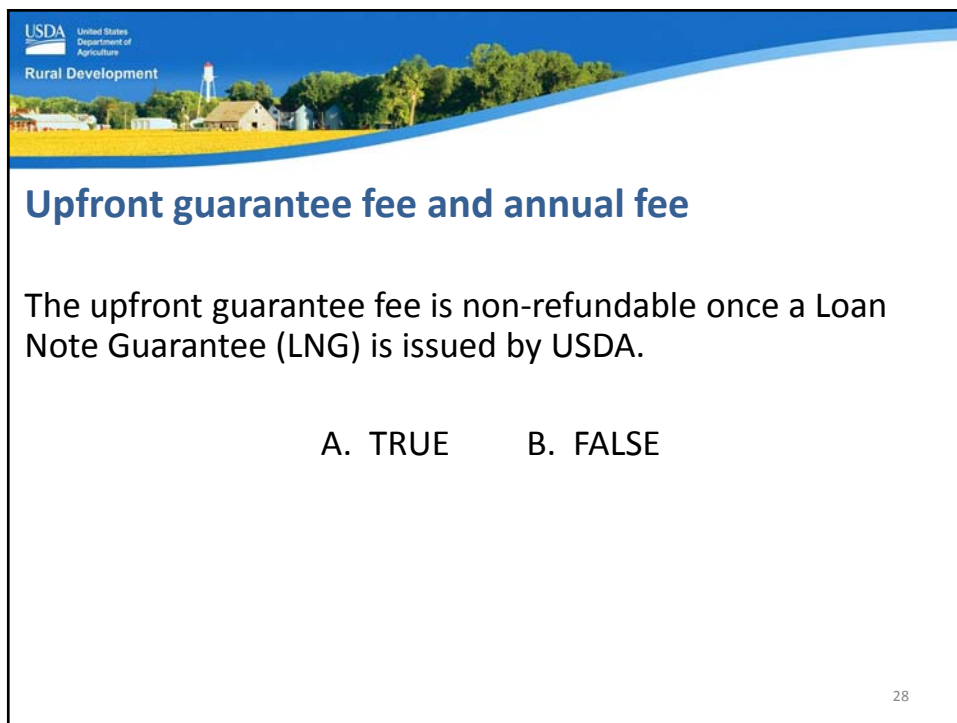
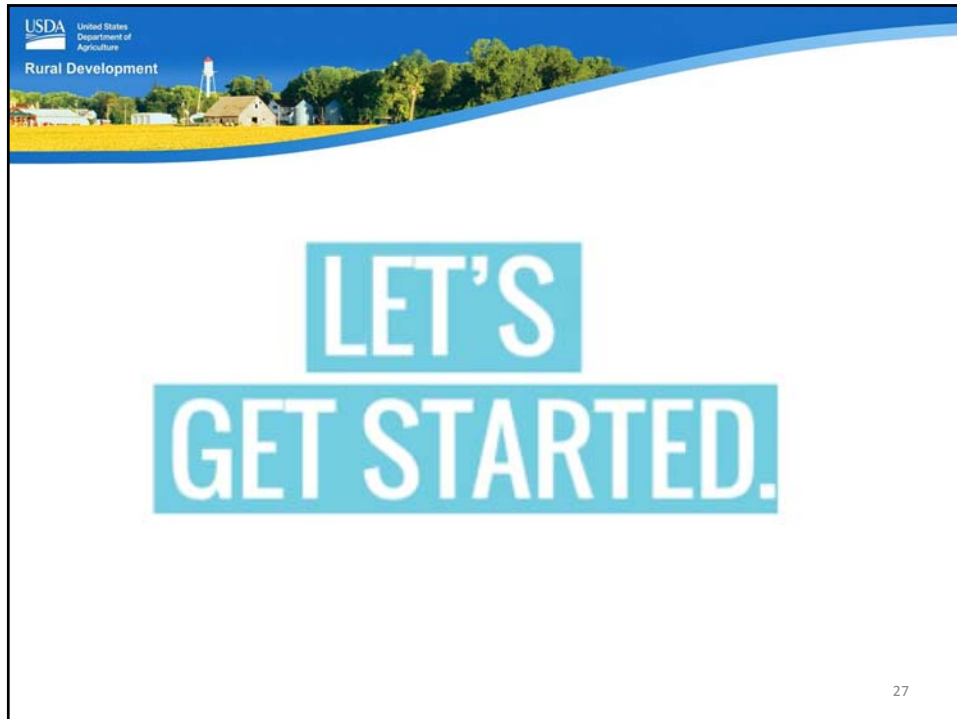
**“Topic”**


**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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### 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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### 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


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**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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**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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## 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

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## Upfront guarantee fee and annual fee

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

A. TRUE      B. FALSE

34




**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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**Upfront guarantee fee and annual fee**

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

A. 2      B. 3.5

36



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## 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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## 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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## 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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## 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

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### 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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### 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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### 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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### 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


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**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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**Upfront guarantee fee and annual fee**

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

A. TRUE      B. FALSE

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## Upfront guarantee fee and annual fee

**ANSWER: 3555.107(g),(h) and HB 16.2**

B. FALSE

- Conditional Commitment was issued August 20<sup>th</sup>
- The applicable fee structure for August 20<sup>th</sup> 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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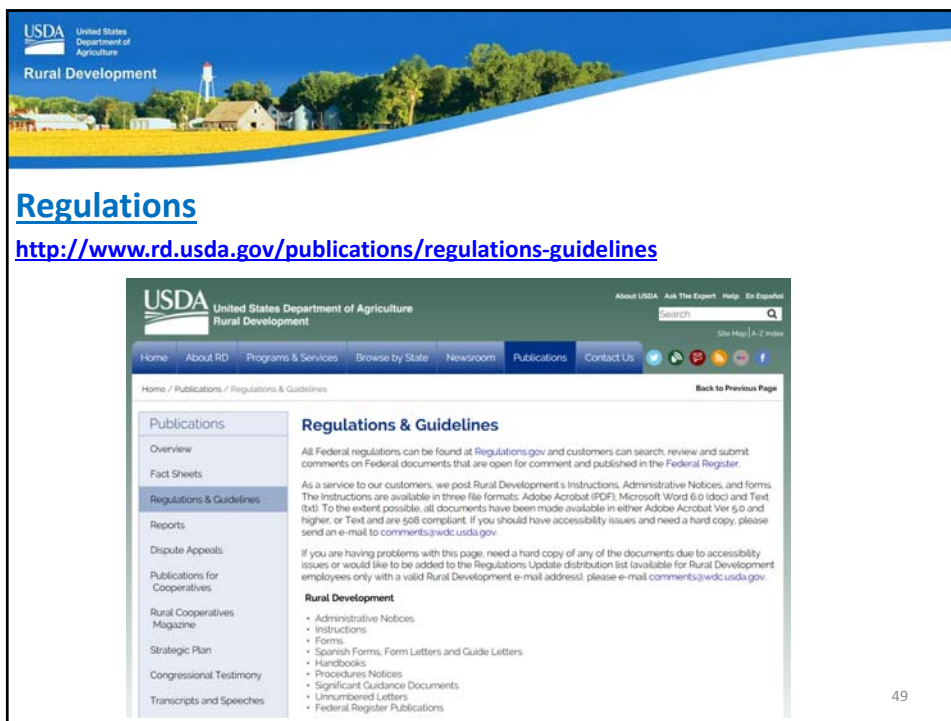


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# WAY TO GO!

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## Regulations

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

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### 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.

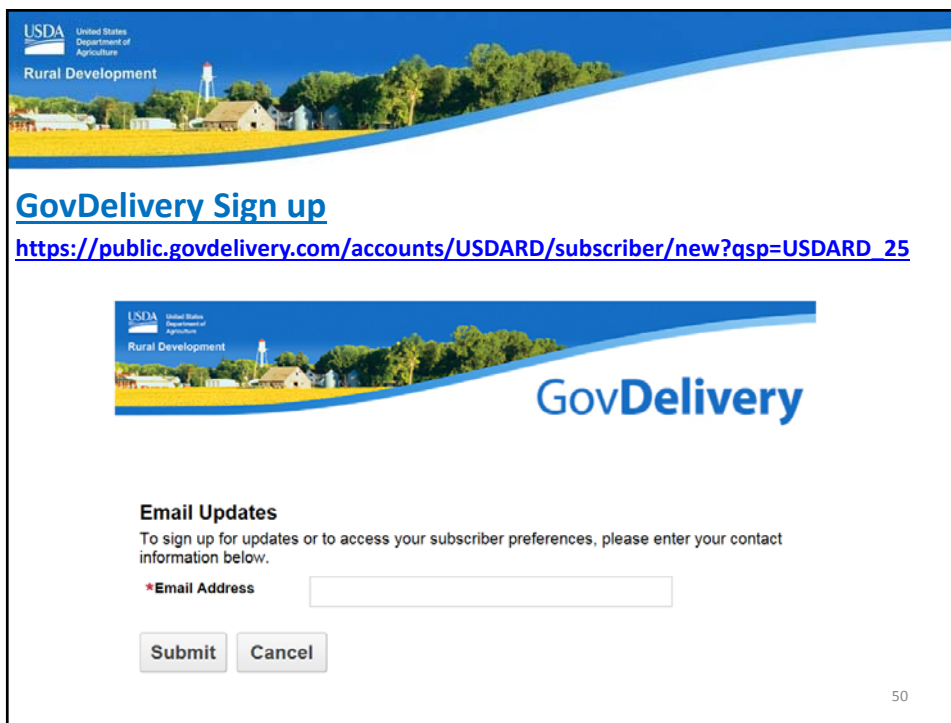
As a service to our customers, we post Rural Development's Instructions, Administrative Notices, and forms. The instructions are available in three file formats: Adobe Acrobat (PDF), Microsoft Word 6.0 (doc) and Text (txt). To the extent possible, all documents have been made available in either Adobe 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](mailto:comments@wdc.usda.gov).

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#### 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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