

CHAPTER 6: PROGRAM FEES

6.1 OVERVIEW

This chapter provides information on the type and amount of fees the Agency may charge to lenders. The chapter will also explain when fees should be collected and who is responsible for submitting payment. Exhibit 6-1 provides an overview of each fee discussed in this chapter. Exhibit 6-2 details the fee structure for the Initial and Annual Guarantee fees. None of the fees are refundable. Any changes to the program fees will be announced in a Notice published in the **Federal Register**. The Agency should be contacted for information on the current fee policy.

When fees are applicable, lenders must submit payment electronically to the Agency. All fees due to the Agency can be submitted via Pay.gov using a Pre-Authorized Debit (PAD) once the Guaranteed Loan System (GLS) or the USDA Lender Interactive Network Connection (LINC) has been updated with the Lender’s banking information. Lenders should contact the Production and Preservation Division, Closing Branch for instructions on submitting the fees electronically.

Exhibit 6-1				
Loan Guarantee Fees				
<i>(unless a different fee has been announced in a Notice published in the Federal Register)</i>				
FEE	SUBMISSION	AMOUNT	EXAMPLE	TOTAL
Initial Guarantee Fee	At the time the guarantee is issued	Total loan amount times the initial guarantee fee times the % of the Agency’s guarantee (Initial guarantee fees range from .60% to .65%. See Exhibit 6-2)	\$1,000,000 x .0065 x 0.90 =	\$5,850
Annual Guarantee Fee	This fee will be collected, in advance, no later than February 28th of each calendar year	Outstanding principal amount of the loan times the annual guarantee fee (Annual Guarantee fees range from .25% to .35%. See Exhibit 6-2)	\$1,000,000 x .0035 =	\$3,500
Application Fee	When application is submitted	Flat Fee		\$2,500
Extension Fee	When the request is made	Flat Fee		First Request: \$1,500 Subsequent Requests: \$2,500
Reopening Fee	When the request is made	Flat Fee		\$3,500
Transfer of Ownership Fee	When the request is made	Flat Fee		\$1,500

6.2 FEES ASSOCIATED WITH THE LOAN GUARANTEE

When fees are applicable, the lender pays all fees associated with the loan guarantee to the Agency. The initial guarantee fee is paid immediately prior to the issuance of a loan note guarantee. If the fee is paid using Pay.gov, Treasury will debit the fee two business days from the time the loan closing is processed in GLS. A description of the fees and submission requirements are described below.

A. Initial Guarantee Fee

The initial guarantee fee is the non-refundable financing fee a lender must pay to the Agency for the loan guarantee. The initial guarantee fee is a one-time fee based on a percent of the guarantee amount. The initial guarantee fee must be paid to the Agency at the time of issuance of the loan note guarantee.



B. Annual Guarantee Fee

The annual guarantee fee is a non-refundable fee the lender must pay in advance for each year that the loan guarantee will remain in effect. **(Example: A loan that closes on December 31, 2021 will incur the annual fee for 2022).** The fee is calculated as of December 31st and it is due to the Agency no later than February 28th. The lender pays an annual guarantee fee based on a percent of the outstanding total principal amount of the loan each year.



Exhibit 6-2		
Initial and Annual Guarantee Fees		
<i>(unless a different fee has been announced in a Notice published in the Federal Register)</i>		
	Initial Guarantee Fee	Annual Guarantee Fee
Standard Fee Structure	0.65%	0.35%
Workforce Housing – Rents between 80% -115% AMI	0.60%	0.25%
Preservation of Existing Section 515, 514/516 Rural Development Properties	0.60%	0.25%
Section 538 New Construction/Substantial Rehab w/Green	0.60%	0.25%

C. Surcharge for Guarantees on Construction Advances

If a surcharge will be assessed, it will be announced in a Notice published in the **Federal Register**.

6.3 ADDITIONAL AGENCY FEES

There are other fees that may be incurred by the lender or borrower during the life of the guarantee. The following is a list of fees and times when these fees are due.

A. Application Fee

When fees are applicable, the Agency will charge the lender a flat application fee. The fee will be used to help defray the administrative costs associated with processing the application. This non-refundable fee is to be paid when the application is submitted. If a fee is applicable, an application will not be processed until the fee is received by the Agency.

B. Extension and Reopening Fees

The Agency may charge the lender a flat fee for a term extension of the Agency commitment. The fee is due at the time the request for the term extension is made. This non-refundable fee will cover administrative costs associated with the process of extending the Agency commitment.

If the Agency commitment expires and the Agency decides to reopen the commitment, the lender must pay a flat fee for each reopening at the time the request is made. This non-refundable fee is used to cover administrative costs associated with reopening the Agency commitment.

C. Transfer of Ownership Fee

The Agency may charge the lender a transfer fee for administrative costs associated with the transfer of the property from one owner to another one. A non-refundable fee will be collected at the time a transfer request is submitted. The Agency fee will be in addition to any fee the lender may charge to cover the lender's administrative costs associated with the transfer process.