



Wholesale BROKER BULLETIN

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Summary

According to the Consumer Financial Protection Bureau, the USDA annual fee is not considered “mortgage insurance” for the purposes of RESPA and TILA disclosures. Details on how this affects forms are listed below.

Detail

Forms Changes

- The Summary of Your Loan Table, found on Page 1 of the GFE and Page 3 of the HUD-1, will not include the USDA Annual Fee in the “monthly amount owed for principal, interest, and mortgage insurance”.
- If a portion of the annual fee is collected at closing for deposit into an escrow account, that amount will be disclosed in Block 9 of the GFE, “Initial deposit for your escrow account” and in Section 900 of the HUD-1 as “USDA Annual Fee”.
- The monthly amount of the USDA Annual Fee will be disclosed as an escrow item on the Interest Rate and Payment Summary table on the TIL; however, the “mortgage insurance” box will not be checked.

HSOA will redisclose the GFE in the following instances:

- The USDA monthly fee is included in the principal and interest amount from the Loan Summary section of the GFE

SUMMARY OF YOUR LOAN

Your initial loan amount is	\$ 153,061.00
Your loan term is	30.0 years
Your initial interest rate is	5.250 %
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ 845.21 per month

Or

- The monthly USDA fee is included as mortgage insurance on the TIL in the Interest Rate and Payment Summary

INTEREST RATE AND PAYMENT SUMMARY	
	Rate & Monthly Payment
Interest Rate	5.250 %
Principal + Interest Payment	\$ 845.21
<input checked="" type="checkbox"/> Est. Taxes + Insurance (Escrow) <input type="checkbox"/> Includes Mortgage Insurance	\$ 260.85 See NOTE below
Total Est. Monthly Payment	\$ 1,106.06

NOTE: The amount disclosed in the rate and monthly payment column DOES include the monthly USDA guaranty fee. However, because the monthly USDA Guarantee Fee is NOT mortgage insurance, the MI box should not be checked.

HSOA will process a changed circumstance for any loan which has previously disclosed the USDA Guarantee Fee as Mortgage Insurance. The reason indicated will state "The USDA monthly guaranty fee was previously erroneously disclosed as mortgage insurance."

Locks/Pipeline

As above

Questions

If you have any questions, contact your Wholesale Account Executive.

For broker use only.
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