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BROKER BULLETIN



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Summary

USDA Guarantee Fee on Refinances is now 1.5%

Refinance Funding Status

Refinance funds for new fiscal year 2012 Conditional Commitments will not be available until the fiscal year 2012 (FY12) commitment authority is posted to the Single Family Housing Guaranteed Loan Program account. Until such funds are posted, Rural Development will issue Conditional Commitments, "subject to the receipt of commitment authority." Lenders will be notified when commitment authority is available for FY12 refinance requests.

Detailed Requirements

USDA has announced that effective Wednesday, December 7, 2011, the upfront guarantee fee for all refinance transactions will increase from 1 percent to 1.5 percent.

Refinance transactions that have previously been issued at the 1 percent upfront guarantee fee structure will be honored, provided those approvals are not expired, nor require re-submission to the USDA.

The new fee structure for FY12 is as follows:

- 2 percent upfront guarantee fee for purchase transactions;
- 1.5 percent upfront guarantee fee for refinance transactions; and
- 0.3 percent annual fee for both purchase and refinance transactions

Any refinance transaction in the pipeline that hasn't been approved by the USDA by December is to be re-disclosed using the increased upfront guarantee fee.

At present, DocMagic's interface does not offer the 1.5% fee. Any refinances requiring re-disclosure with the new, higher rate, may not be re-disclosed until DocMagic is updated. DocMagic estimates that the interface will be updated by the end of business on Friday, December 9.

Locks/Pipeline

Applies to any USDA refinance approval issued on and after December 7, 2011, including any resubmissions of loans previously approved by the USDA.

Questions

If you have any questions, contact your Community Banker.

Home Savings of America
35 East Broadway Little Falls, MN 56345

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