

CHAPTER 6: PROGRAM FEES

6.1 OVERVIEW

This chapter provides information on the type and amount of fees that the Agency may charge to lenders. The chapter will also explain when the fees should be collected and who is responsible for submitting the payment. Exhibit 6-1 provides an overview of each fee discussed in this chapter. None of the fees are refundable.

Fees are to be submitted to the multifamily housing staff in the State Office in which the project is located. The State Office staff will process the fee including a description of the reason for the fee, and forward it to the National Finance Office.

Thirty days prior to the due date of the fee the Finance Office will mail a reminder to the lender. If the renewal fee is not received by the due date, the guarantee will terminate.

Exhibit 6-1				
Loan Guarantee Fees				
FEE	SUBMISSION	AMOUNT	EXAMPLE	TOTAL
Guarantee Fee	When the loan guarantee is issued	1% of total guarantee amount x % guarantee	\$1,000,000 X .01 X 0.90 =	\$9,000
Annual Fee	This fee will be collected on January 1 of each calendar year	0.5% of the outstanding principal, and interest of the loan	\$1,000,000 X .005=	\$5,000
Application Fee	When application is submitted	Flat Fee		\$2,500
Extension Fee	When the request is made	Flat Fee		\$500
Reopening Fee	When the request is made	Flat Fee		\$500
Transfer of Ownership Fee	When the request is made	Flat Fee		\$1,250

6.2 FEES ASSOCIATED WITH THE LOAN GUARANTEE

The lender pays all of the fees associated with the loan guarantee to the Agency. A description of the fees and submission requirements are described below.

A. Guarantee Fee

The guarantee fee is the financing fee a lender must pay to the Agency for the loan guarantee. The guarantee fee is a one-time fee equal to one percent of the guarantee amount. For purposes of calculating this fee, the guarantee amount is the product of the percentage of the guarantee times the initial principal amount of the guaranteed loan.



The fee must be paid at the time the Agency issues a conditional commitment.

B. Annual Fee

The annual fee is the amount that the lender must pay each year that the guarantee remains in effect. The lender will pay the annual fee of 0.5 percent 50 basis points of the outstanding principal and interest balance of the guaranteed portion of the loan on January 1 of each calendar year.



or

C. Surcharge for Guarantees on Construction Advances

No surcharge will be assessed unless specified in the NOFA.

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 the time in which the fees are due.

A. Application Fee

The Agency will charge the lender a flat application fee of \$2,500. 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.

B. Extension and Reopening Fees

The Agency may charge the lender a flat fee for an extension of the commitment term. If the extension is granted, the lender must pay the fee of \$500 per extension. The fee must be submitted when the request for the extension is made. This fee will cover any administrative costs associated with the process of extending the commitment.

If the commitment ends, and the Agency decides to reopen the commitment, the lender must pay a flat fee of \$500 per reopening. This fee is used to cover any opportunity and processing costs associated with reopening the commitment.

C. Transfer 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 fee of \$1,250 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 their administrative costs associated with the transfer process.