

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 fees should be collected and who is responsible for submitting payment. Exhibit 6-1 provides an overview of each fee discussed in this chapter. None of the fees are refundable.


Lenders must submit fees to multifamily housing staff in the State Office in which the project is located. The State Office staff will process the fee, including *Form RD 451-2, Schedule of Remittances*, and forward it to the Finance Office via lock box. State Office staff will transmit the fee and *Form RD 451-2* to: Wholesale Lock Box, P.O. Box 845084, Dallas, TX 75284-5084.

Exhibit 6-1				
Loan Guarantee Fees				
FEE	SUBMISSION	AMOUNT	EXAMPLE	TOTAL
Guarantee Fee	At the time the guarantee is issued	1% of total loan amount x % of the guarantee	$\$1,000,000 \times .01 \times 0.90 =$	\$9,000
Annual Renewal Fee	This fee will be collected, in advance, on January 1st of each calendar year	0.5% of the outstanding principal amount of the loan	$\$1,000,000 \times .005 =$	\$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 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 fee is equal to 1% of the total loan amount times the percentage of the guarantee. 

The fee must be paid to the Agency at the closing of the loan note guarantee.

B. Annual Renewal Fee

The annual renewal fee is a non-refundable amount that the lender must pay each year that the loan guarantee remains in effect. The fee is calculated as of December 31 and paid in advance for the upcoming calendar year. The annual renewal fee is not charged in the first year that the loan note guarantee goes into effect since the guarantee fee is paid at the closing of the loan note guarantee. The lender will pay an annual renewal fee of at least 50 basis points (one-half percent) of the outstanding total principal amount of the loan each year. This fee will be collected on January 1st of each calendar year. 

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 time when 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 a 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 the lender's administrative costs associated with the transfer process.