



## Impac Mortgage Wholesale Lending Announcement

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DATE: September 1, 2011

SUBJECT: USDA Fee Change

Impac has attached a USDA announcement describing the change to the USDA up-front guarantee fee as well as the addition of an annual fee to be paid monthly.

- 2% new up-front fee
- 0.3% new annual fee

The implementation of the new fees is based on the **date of the USDA commitment** as follows.

- Commitments dated Friday, September 30, 2011 and earlier are handled per the current guidelines.
- Commitments dated October 1, 2011 and later, will have the new guarantee factors applied.

A loan with a commitment under the current fees on or prior to Friday September 30<sup>th</sup> **may close anytime, including after October 1<sup>st</sup>** using the terms of the commitment.

NOTE: There is no USDA requirement to fund commitments using the previous fees by Friday, September 30<sup>th</sup>.

USDA will issue commitments using existing fee requirements as quickly as possible prior to September 30<sup>th</sup>. However, on October 1<sup>st</sup> any submissions at the USDA office without commitments will be returned to the lender, to be resubmitted using the new fees. This will require submitting a revised loan package, re-underwriting by Impac, running new GUS (AUS) findings, and qualifying with higher monthly payments.

**Brokers trying to obtain a USDA commitment by September 30<sup>th</sup> are requested to submit a complete loan package to Impac as soon as possible.** The local USDA office turn times will dictate how soon commitments are issued. Impac urges Brokers to explain to their borrowers that fees may change due to these new rules. Inform the borrower of possible USDA delays due to this policy change. Impac will continue to fund USDA loans without interruption during this period.

The new financed up-front 2% guarantee fee is calculated by the same "method" as the current financed fee. It is based on the TOTAL loan amount, including the up-front guarantee fee. ( $100 / .98 = 102.040816\dots$ ) The financed up-front guarantee fee is 2.04082% and this will be calculated by GUS.

The new monthly fee is 0.3% per year, paid monthly. On a \$100,000 loan this equates to approximately \$25 per month. This fee is calculated on the average Unpaid Principal Balance (UPB) for each 12 months of the loan.

- Refer to the calculator sent with this this Announcement to assist with both the up-front and annual fees.

NOTE: The annual fee remains in effect for the life of the loan and is not eligible to be removed as with conventional mortgage insurance where it may be removed when the UPB reaches 78% of the original value.

Impac provides this advance notice to assist Brokers in managing expectations and reduce month-end anxiety for all parties. Impac appreciates your business.

If you have any questions, contact your Account Executive or Account Manager.