

## FUTURE FUNDING FEE CHANGES

1. Purpose. This circular discusses the possibility of future funding fee changes for Department of Veterans Affairs (VA) home loans.

2. Funding Fee Rates. [VA Circular 26-11-15](#), dated October 6, 2011, announced VA funding fee rates, including rates for loans closed on or after November 18, 2011. As noted in the circular, absent Congressional action, funding fees for most loans will decrease on November 18, 2011. A subsequent circular, [VA Circular 26-11-16](#), dated October 13, 2011, provided guidance for refunds of overages paid when a Good Faith Estimate was issued prior to the enactment of the law reestablishing rates at a higher level. The circular also noted that VA believed it likely that Congress would make additional changes to funding fees in the near future.

3. Possibility of Congressional Action. VA believes it is highly likely that Congress will pass a bill keeping funding fees at their present level. If a bill is passed and signed into law, the funding fees will not decrease as scheduled on November 18, 2011. VA is closely monitoring the situation and will post notices on our website and Funding Fee Payment System page, as well as issue a circular, as soon as we receive definite information.

4. Lender and VA Actions. VA understands lenders cannot issue a Good Faith Estimate based on what a funding fee rate “might” be going forward. However, we feel it is important to alert lenders of the strong possibility of impending action by Congress on this issue. Furthermore, the refund procedures described in VA Circular 26-11-16 will not automatically carry over for future changes. VA will evaluate the situation when the law does change and decide what action to take. We hope this advance notice will allow lenders to make the appropriate decisions. We regret the series of changes to funding fees in a relatively short period of time, and appreciate the flexibility lenders have shown in dealing with this matter.

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5. Rescission: This circular is rescinded on October, 1, 2012.

By Direction of the Under Secretary for  
Benefits

Michael J. Frueh  
Acting Director, Loan Guaranty Service

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