

FUNDING FEE UPDATE AS OF NOVEMBER 22, 2011

1. Purpose. On November 21, 2011, the President signed H.R. 674. Section 265 of the law raises funding fees to the pre-November 18, 2011 levels. The fees specified in Section 265 are valid through September 30, 2016.

2. Proper Funding Fee Charges

a. *Loans closed November 18 through and including November 21, 2011*: Funding fees for loans closed during this period will be the lower fees cited in the Department of Veterans Affairs (VA) [Circular 26-11-12](#), dated September 8, 2011.

b. *Loans closed November 22 through and including September 30, 2016*: Funding fees for loans closed during this period will be the same as those that existed prior to October 1, 2011. See Exhibit A attached for a complete breakdown of current fees.

c. *Interest Rate Reduction Refinancing Loans and Assumptions*: Funding fees for these loans remains at .50 percent.

3. Rescission: This circular is rescinded on October 1, 2012.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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<b>Loan Fee Structure for VA-Guaranteed Loans</b>		
	Veteran	Reservist/National Guard
<b>First Time Use</b>		
Downpayment		
Less than 5 percent <sup>1</sup>		
* November 18, 2011 through November 21, 2011	1.40%	1.65%
* November 22, 2011 through September 30, 2016	2.15%	2.40%
At least 5 percent but less than 10 percent		
* November 18, 2011 through November 21, 2011	0.75%	1.00%
* November 22, 2011 through September 30, 2016	1.50%	1.75%
10 percent or more		
* November 18, 2011 through November 21, 2011	0.50%	0.75%
* November 22, 2011 through September 30, 2016	1.25%	1.50%
<b>Second and Subsequent Use</b>		
Downpayment		
Less than 5 percent <sup>1</sup>		
* November 18, 2011 through November 21, 2011	2.80%	2.80%
* November 22, 2011 through September 30, 2016	3.30%	3.30%
At least 5 percent but less than 10 percent		
* November 18, 2011 through November 21, 2011	0.75%	1.00%
* November 22, 2011 through September 30, 2016	1.50%	1.75%
10 percent or more		
* November 18, 2011 through November 21, 2011	0.50%	0.75%
* November 22, 2011 through September 30, 2016	1.25%	1.50%
<b>Refinancing Loans</b>		
Interest Rate Reduction	0.50%	0.50%
<b>Other</b>		
Assumptions	0.50%	0.50%
Service-connected Veterans	0.00%	0.00%

<sup>1</sup> includes 'Cash-Out' Refinancing loans