

Rural Development

February 27, 2020

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TO: State Directors
Rural Development

ATTN: Program Directors
Single Family Housing

FROM: Bruce W. Lammers /s/ **Justin Domers**
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SUBJECT: Fee Increases under the Single Family Housing Direct Programs
Origination Appraisals and Conditional Commitments

PURPOSE:

Single Family Housing (SFH) is increasing the appraisal fee to \$600 and the conditional commitment fee to \$675 under the direct programs. The increased fees reflect industry averages for origination appraisals in rural areas and the average cost of appraisals under the programs' nationwide contract with the Appraisal Management Companies (AMCs).

The fee increases are effective 30 days after the date of this memorandum; and will supersede the lower fees currently listed in Handbook-1-3550 (until such time as the handbook is updated).

BACKGROUND:

The nationwide contract with the AMCs was executed on October 25, 2019. The average cost of the over 2,000 origination appraisals ordered since launching the new procurement process is \$600. Since the conditional commitment fee accounts for the cost of an appraisal, this fee was increased by an equal amount (\$125).

Prior to the nationwide contract with the AMCs, these fees were infrequently changed. Going forward, the fees will be assessed at least annually and subject to change.

EXPIRATION DATE:
February 28, 2021

FILING INSTRUCTIONS:
Housing Programs

IMPLEMENTATION RESPONSIBILITIES:

The increased appraisal fee, collected at loan closing, will be effective 30 days from the date of this memorandum. However, the fee will be updated in the UniFi parameters on the date of this memorandum. To ensure compliance with this memorandum and the Truth in Lending Act and Real Estate Settlement Procedures Act Integrated Mortgage Disclosures' (TRID) changed circumstance, Field Staff should:

- Ensure all new Loan Estimates (LE) issued on/after the date of this memorandum reflect an appraisal fee of \$600.
- For transactions closing within 30 days of this memorandum (i.e. before this memorandum's effective date), change the appraisal fee to \$475 in UniFi (under the TILA/RESPA fees screen) prior to forwarding the Closing Disclosure (CD) to the applicant/closing agent.
- For transactions not closing within 30 days of this memorandum (i.e. on/after this memorandum's effective date) where the applicant previously received a disclosure (LE or CD) using an appraisal fee of \$475, send a revised disclosure (LE or CD as appropriate) with an appraisal fee of \$600. Loans may not close until 7 business days after the applicant receives the revised disclosure.

A conditional commitment fee of \$675 should be collected for conditional commitment applications submitted on/after this memorandum's effective date.

For any questions regarding this memorandum, please contact Jeremy.Anderson@usda.gov if appraisal related or Andria.Hively@usda.gov if TRID related. A copy of this memorandum will be placed in the [Single Family Direct Training Hub in the PLCE-Appraisal Training folder](#).