



# WHOLESALE ANNOUNCEMENT 2023-14

March 20, 2023

## VA Funding Fee (VAFF) Rate Reduction



### Effective Date

Loans Closed on or after April 7, 2023

### Summary

The Veteran’s Administration (VA), with [Circular 26-23-06](#), has announced a reduction to the VA Funding Fee rate for purchase, construction, and cash-out refinance transactions for loans closed on or after April 7, 2023.

FCM is aligning with VA and accepts the following VAFF reductions:

Purchase or Construction	
First Use	.15% Reduction
Subsequent use < 5% down payment	.30% Reduction
Subsequent use ≥ 5% down payment	.15% Reduction
Cash-Out Refinance	
First Use	.15% Reduction
Subsequent Use	.30% Reduction

Loans currently in the pipeline; The VAFF rate should not be changed until the loan has been approved and there is confirmation the closing date will occur on or after April 7, 2023. Once approved and the closing date has been confirmed, the rate may be changed<sup>1</sup> and re-disclosed on the final CD. Since this is a reduction in rate, a CIC is not required.

<sup>1</sup>ICE will provide support for these changes within Encompass on or after March 23, 2023

For additional information, please review [VA Circular 26-23-06](#) and Corresponding Exhibits:

**Exhibit A**- VAFF rates for Loans Closing **prior to April 7, 2023**

**Exhibit B**- VAFF rates for Loans Closing **on or after April 7, 2023**

**Should you have any questions, please reach out to your Account Executive or Client Manager**

