



# The Final RESPA Rule



# Good Faith Estimate (GFE)

Print Form

|                         |
|-------------------------|
| Name of Originator      |
| Originator Address      |
| Originator Phone Number |
| Originator Email        |

|                  |
|------------------|
| Borrower         |
| Property Address |
| Date of GFE      |

**Purpose**

This GFE gives you an estimate of your settlement charges and loan terms if you are approved for this loan. For more information, see HUD's *Special Information Booklet* on settlement charges, your *Truth-in-Lending Disclosures*, and other consumer information at [www.hud.gov/respa](http://www.hud.gov/respa). If you decide you would like to proceed with this loan, contact us.

**Shopping for your loan**

Only you can shop for the best loan for you. Compare this GFE with other loan offers, so you can find the best loan. Use the shopping chart on page 3 to compare all the offers you receive.

**Important dates**

1. The interest rate for this GFE is available through [ ]. After this time, the interest rate, some of your loan Origination Charges, and the monthly payment shown below can change until you lock your interest rate.
2. This estimate for all other settlement charges is available through [ ].
3. After you lock your interest rate, you must go to settlement within [ ] days (your rate lock period) to receive the locked interest rate.
4. You must lock the interest rate at least [ ] days before settlement.

**Summary of your loan**

|   |  |
|---|--|
| Your initial loan amount is   | \$   |
| Your loan term is   | years  |
| Your initial interest rate is   | %  |
| Your initial monthly amount owed for principal, interest, and any mortgage insurance is                                   | \$ per month   |
| Can your interest rate rise?  | <input type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of %<br>The first change will be in   |
| Even if you make payments on time, can your loan balance rise?  | <input type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of \$   |
| Even if you make payments on time, can your monthly amount owed for principal, interest, and any mortgage insurance rise? | <input type="checkbox"/> No <input type="checkbox"/> Yes, the first increase can be in<br>and the monthly amount owed can rise to \$ . The maximum it can ever rise to is \$ |
| Does your loan have a prepayment penalty?   | <input type="checkbox"/> No <input type="checkbox"/> Yes, your maximum prepayment penalty is \$  |
| Does your loan have a balloon payment?  | <input type="checkbox"/> No <input type="checkbox"/> Yes, you have a balloon payment of \$ due in years.   |

**Escrow account information**

Some lenders require an escrow account to hold funds for paying property taxes or other property-related charges in addition to your monthly amount owed of \$ [ ].  
Do we require you to have an escrow account for your loan?  
 No, you do not have an escrow account. You must pay these charges directly when due.  
 Yes, you have an escrow account. It may or may not cover all of these charges. Ask us.

**Summary of your settlement charges**

|              |  |    |
|--------------|--|----|
| <b>A</b>     | Your Adjusted Origination Charges (See page 2.)              | \$ |
| <b>B</b>     | Your Charges for All Other Settlement Services (See page 2.) | \$ |
| <b>A + B</b> | <b>Total Estimated Settlement Charges</b>                    | \$ |



# GFE



# GFE Triggers

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- borrower's name
  - Social Security number
  - property address
  - monthly income
  - house value or best estimate
  - amount of loan
- ... & any other information



# GFE General

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- provided no later than 3 business days by hand, mail, fax, email (but not if application denied or withdrawn by borrower)
- may be provided by mortgage broker, but lender is responsible
- if lenders prefer to generate the GFE, they must do so within 3 days of the broker receiving the application



# Good Faith Estimate (GFE)

Print Form

|                         |
|-------------------------|
| Name of Originator      |
| Originator Address      |
| Originator Phone Number |
| Originator Email        |

|                  |
|------------------|
| Borrower         |
| Property Address |
| Date of GFE      |

### Purpose

This GFE gives you an estimate of your settlement charges and loan terms if you are approved for this loan. For more information, see HUD's *Special Information Booklet* on settlement charges, your *Truth-in-Lending Disclosures*, and other consumer information at [www.hud.gov/respa](http://www.hud.gov/respa). If you decide you would like to proceed with this loan, contact us.

### Shopping for your loan

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### Important dates

1. The interest rate for this GFE is available through [ ]. After this time, the interest rate, some of your loan Origination Charges, and the monthly payment shown below can change until you lock your interest rate.
2. This estimate for all other settlement charges is available through [ ].
3. After you lock your interest rate, you must go to settlement within [ ] days (your rate lock period) to receive the locked interest rate.
4. You must lock the interest rate at least [ ] days before settlement.

### Summary of your loan

|   |  |
|---|--|
| Your initial loan amount is   | \$   |
| Your loan term is   | years  |
| Your initial interest rate is   | %  |
| Your initial monthly amount owed for principal, interest, and any mortgage insurance is                                   | \$ per month   |
| Can your interest rate rise?  | <input type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of %<br>The first change will be in   |
| Even if you make payments on time, can your loan balance rise?  | <input type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of \$   |
| Even if you make payments on time, can your monthly amount owed for principal, interest, and any mortgage insurance rise? | <input type="checkbox"/> No <input type="checkbox"/> Yes, the first increase can be in<br>and the monthly amount owed can rise to \$ . The maximum it can ever rise to is \$ |
| Does your loan have a prepayment penalty?   | <input type="checkbox"/> No <input type="checkbox"/> Yes, your maximum prepayment penalty is \$  |
| Does your loan have a balloon payment?  | <input type="checkbox"/> No <input type="checkbox"/> Yes, you have a balloon payment of \$ due in years.   |

### Escrow account information

Some lenders require an escrow account to hold funds for paying property taxes or other property-related charges in addition to your monthly amount owed of \$ [ ] .

Do we require you to have an escrow account for your loan?

No, you do not have an escrow account. You must pay these charges directly when due.

Yes, you have an escrow account. It may or may not cover all of these charges. Ask us.

### Summary of your settlement charges

|              |  |    |
|--------------|--|----|
| <b>A</b>     | Your Adjusted Origination Charges (See page 2.)              | \$ |
| <b>B</b>     | Your Charges for All Other Settlement Services (See page 2.) | \$ |
| <b>A + B</b> | <b>Total Estimated Settlement Charges</b>                    | \$ |



# GFE

# Page 1

# Important Dates

## Important dates

1. The interest rate for this GFE is available through  . After this time, the interest rate, some of your loan Origination Charges, and the monthly payment shown below can change until you lock your interest rate.
2. This estimate for all other settlement charges is available through
3. After you lock your interest rate, you must go to settlement within  days (your rate lock period) to receive the locked interest rate.
4. You must lock the interest rate at least  days before settlement.

# Important Dates

## Important dates

### BEFORE LOCK

1. The interest rate for this GFE is available through  . After this time, the interest rate, some of your loan Origination Charges, and the monthly payment shown below can change until you lock your interest rate.
2. This estimate for all other settlement charges is available through
3. After you lock your interest rate, you must go to settlement within  days (your rate lock period) to receive the locked interest rate.
4. You must lock the interest rate at least  days before settlement.

## Important dates

### AFTER LOCK

1. The interest rate for this GFE is available through  . After this time, the interest rate, some of your loan Origination Charges, and the monthly payment shown below can change until you lock your interest rate.
2. This estimate for all other settlement charges is available through
3. After you lock your interest rate, you must go to settlement within  days (your rate lock period) to receive the locked interest rate.
4. You must lock the interest rate at least  days before settlement.

# Summary of your loan

|   |  |  |
|---|--|--|
| Your initial loan amount is   | \$                                     | 300,000.00   |
| Your loan term is   |  | 30 years   |
| Your initial interest rate is   |  | 5.0 %  |
| Your initial monthly amount owed for principal, interest, and any mortgage insurance is                                   | \$                                     | 1,850.46 per month   |
| Can your interest rate rise?  | <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes, it can rise to a maximum of %.<br>The first change will be in .  |
| Even if you make payments on time, can your loan balance rise?  | <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes, it can rise to a maximum of \$   |
| Even if you make payments on time, can your monthly amount owed for principal, interest, and any mortgage insurance rise? | <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes, the first increase can be in<br>and the monthly amount owed can<br>rise to \$ . The maximum it<br>can ever rise to is \$ . |
| Does your loan have a prepayment penalty?   | <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes, your maximum prepayment<br>penalty is \$ .   |
| Does your loan have a balloon payment?  | <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes, you have a balloon payment of<br>\$ due in years.  |

# Escrow account information

Some lenders require an escrow account to hold funds for paying property taxes or other property-related charges in addition to your monthly amount owed of \$  .

Do we require you to have an escrow account for your loan?

- No, you do not have an escrow account. You must pay these charges directly when due.
- Yes, you have an escrow account. It may or may not cover all of these charges. Ask us.

# Summary of your settlement charges

|              |  |                    |
|--------------|--|--------------------|
| <b>A</b>     | Your Adjusted Origination Charges (See page 2.)              | \$ 3,750.00        |
| <b>B</b>     | Your Charges for All Other Settlement Services (See page 2.) | \$ 4,840.15        |
| <b>A + B</b> | <b>Total Estimated Settlement Charges</b>                    | <b>\$ 8,590.15</b> |

Understanding your estimated settlement charges

Some of these charges can change at settlement. See the top of page 3 for more information.

| Your Adjusted Origination Charges   |         |        |  |  |  |  |  |
|---|---------|--------|--|--|--|--|--|
| 1. <b>Our origination charge</b><br>This charge is for getting this loan for you.   |         |        |  |  |  |  |  |
| 2. <b>Your credit or charge (points) for the specific interest rate chosen</b><br><input type="checkbox"/> The credit or charge for the interest rate of [ ] % is included in "Our origination charge." (See item 1 above.)<br><input type="checkbox"/> You receive a credit of \$ [ ] for this interest rate of [ ] %. This credit <b>reduces</b> your settlement charges.<br><input type="checkbox"/> You pay a charge of \$ [ ] for this interest rate of [ ] %. This charge (points) <b>increases</b> your total settlement charges.<br>The tradeoff table on page 3 shows that you can change your total settlement charges by choosing a different interest rate for this loan. |         |        |  |  |  |  |  |
| <b>A</b> Your Adjusted Origination Charges  | \$      |        |  |  |  |  |  |
| Your Charges for All Other Settlement Services  |         |        |  |  |  |  |  |
| 3. <b>Required services that we select</b><br>These charges are for services we require to complete your settlement. We will choose the providers of these services.<br><table border="1"> <thead> <tr> <th>Service</th> <th>Charge</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> </tbody> </table>   | Service | Charge |  |  |  |  |  |
| Service   | Charge  |        |  |  |  |  |  |
|   |         |        |  |  |  |  |  |
|   |         |        |  |  |  |  |  |
| 4. <b>Title services and lender's title insurance</b><br>This charge includes the services of a title or settlement agent, for example, and title insurance to protect the lender, if required.   |         |        |  |  |  |  |  |
| 5. <b>Owner's title insurance</b><br>You may purchase an owner's title insurance policy to protect your interest in the property.   |         |        |  |  |  |  |  |
| 6. <b>Required services that you can shop for</b><br>These charges are for other services that are required to complete your settlement. We can identify providers of these services or you can shop for them yourself. Our estimates for providing these services are below.<br><table border="1"> <thead> <tr> <th>Service</th> <th>Charge</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> </tbody> </table>  | Service | Charge |  |  |  |  |  |
| Service   | Charge  |        |  |  |  |  |  |
|   |         |        |  |  |  |  |  |
|   |         |        |  |  |  |  |  |
| 7. <b>Government recording charges</b><br>These charges are for state and local fees to record your loan and title documents.   |         |        |  |  |  |  |  |
| 8. <b>Transfer taxes</b><br>These charges are for state and local fees on mortgages and home sales.   |         |        |  |  |  |  |  |
| 9. <b>Initial deposit for your escrow account</b><br>This charge is held in an escrow account to pay future recurring charges on your property and includes <input type="checkbox"/> all property taxes, <input type="checkbox"/> all insurance, and <input type="checkbox"/> other [ ] .   |         |        |  |  |  |  |  |
| 10. <b>Daily interest charges</b><br>This charge is for the daily interest on your loan from the day of your settlement until the first day of the next month or the first day of your normal mortgage payment cycle. This amount is \$ [ ] per day for [ ] days (if your settlement is [ ] ).  |         |        |  |  |  |  |  |
| 11. <b>Homeowner's insurance</b><br>This charge is for the insurance you must buy for the property to protect from a loss, such as fire.<br><table border="1"> <thead> <tr> <th>Policy</th> <th>Charge</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> </tbody> </table>  | Policy  | Charge |  |  |  |  |  |
| Policy  | Charge  |        |  |  |  |  |  |
|   |         |        |  |  |  |  |  |
|   |         |        |  |  |  |  |  |
| <b>B</b> Your Charges for All Other Settlement Services   | \$      |        |  |  |  |  |  |
| <b>A + B</b> Total Estimated Settlement Charges   | \$      |        |  |  |  |  |  |



# GFE

# Page 2



# Old GFE vs. New GFE for Loan Origination Fees

origination fee/point  
processing  
commitment  
wire  
underwriting  
admin  
electronic



mortgage broker fee  
doc prep  
application  
MERS registration  
delivery/courier  
doc review  
miscellaneous



**“Our Origination Charge”**



# Block 1, “Our Origination Charge”

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Must contain ALL charges by

ALL loan originators in the transaction

|   |            |
|---|------------|
| 1. Our origination charge                     | \$6,750.00 |
| This charge is for getting this loan for you. |            |

# Block 2, Your Credit or Charge



## 2. Your credit or charge (points) for the specific interest rate chosen

- The credit or charge for the interest rate of  % is included in "Our origination charge." (See item 1 above.)
- You receive a credit of \$  for this interest rate of  %.  
This credit **reduces** your settlement charges.
- You pay a charge of \$  for this interest rate of  %.  
This charge (points) **increases** your total settlement charges.

The tradeoff table on page 3 shows that you can change your total settlement charges by choosing a different interest rate for this loan.

-\$3,000.00

# Example

|  |             |
|--|-------------|
| <p>1. Our origination charge<br/>This charge is for getting this loan for you.</p>   | \$6,750.00  |
| <p>2. Your credit or charge (points) for the specific interest rate chosen</p> <p><input type="checkbox"/> The credit or charge for the interest rate of <input type="text"/> % is included in "Our origination charge." (See item 1 above.)</p> <p><input checked="" type="checkbox"/> You receive a credit of \$ <input type="text" value="3,000.00"/> for this interest rate of <input type="text" value="5.0"/> %.<br/>This credit <b>reduces</b> your settlement charges.</p> <p><input type="checkbox"/> You pay a charge of \$ <input type="text"/> for this interest rate of <input type="text"/> %.<br/>This charge (points) <b>increases</b> your total settlement charges.</p> <p>The tradeoff table on page 3 shows that you can change your total settlement charges by choosing a different interest rate for this loan.</p> | -\$3,000.00 |
| <b>A</b> Your Adjusted Origination Charges   | \$ 3,750.00 |

# All Other Settlement Services

|   |               |                 |
|---|---------------|-----------------|
| <b>3. Required services that we select</b><br>These charges are for services we require to complete your settlement. We will choose the providers of these services.  |               | <b>\$326.00</b> |
| <i>Service</i>  | <i>Charge</i> |                 |
| Appraisal/Credit Report   | \$220/\$40    |                 |
| Tax Service/Flood Certification   | \$54/\$12     |                 |
| <b>4. Title services and lender's title insurance</b><br>This charge includes the services of a title or settlement agent, for example, and title insurance to protect the lender, if required.   |               | <b>\$925.00</b> |
| <b>5. Owner's title insurance</b><br>You may purchase an owner's title insurance policy to protect your interest in the property.   |               | <b>\$725.00</b> |
| <b>6. Required services that you can shop for</b><br>These charges are for other services that are required to complete your settlement. We can identify providers of these services or you can shop for them yourself. Our estimates for providing these services are below. |               | <b>\$295.00</b> |
| <i>Service</i>  | <i>Charge</i> |                 |
| Survey  | \$250.00      |                 |
| Pest Inspection   | \$45.00       |                 |

# Old GFE vs. New GFE for Title Services

settlement fee

title examination

attorney fee

notary

lender's title insurance

courier/delivery

electronic



abstract/title search

doc prep

commitment/binder

wire fee

endorsements

copying

miscellaneous

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 “Title services & lender's title insurance”

# All Other Settlement Services

| <p><b>7. Government recording charges</b><br/>         These charges are for state and local fees to record your loan and title documents.</p>   | \$50.00       |               |          |          |  |  |          |
|--|---------------|---------------|----------|----------|--|--|----------|
| <p><b>8. Transfer taxes</b><br/>         These charges are for state and local fees on mortgages and home sales.</p>   | \$1,368.00    |               |          |          |  |  |          |
| <p><b>9. Initial deposit for your escrow account</b><br/>         This charge is held in an escrow account to pay future recurring charges on your property and includes <input checked="" type="checkbox"/> all property taxes, <input checked="" type="checkbox"/> all insurance, and <input type="checkbox"/> other <input type="text"/>.</p>   | \$460.83      |               |          |          |  |  |          |
| <p><b>10. Daily interest charges</b><br/>         This charge is for the daily interest on your loan from the day of your settlement until the first day of the next month or the first day of your normal mortgage payment cycle. This amount is \$ <input type="text" value="40.32"/> per day for <input type="text" value="1"/> days (if your settlement is <input type="text" value="5/31/09"/> ).</p>   | \$40.32       |               |          |          |  |  |          |
| <p><b>11. Homeowner's insurance</b><br/>         This charge is for the insurance you must buy for the property to protect from a loss, such as fire.</p> <table border="1" data-bbox="141 1082 1406 1233"> <thead> <tr> <th data-bbox="141 1082 894 1129"><i>Policy</i></th> <th data-bbox="894 1082 1406 1129"><i>Charge</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="141 1129 894 1182" style="text-align: center;">Insure-U</td> <td data-bbox="894 1129 1406 1182" style="text-align: center;">\$650.00</td> </tr> <tr> <td data-bbox="141 1182 894 1233"></td> <td data-bbox="894 1182 1406 1233"></td> </tr> </tbody> </table> | <i>Policy</i> | <i>Charge</i> | Insure-U | \$650.00 |  |  | \$650.00 |
| <i>Policy</i>  | <i>Charge</i> |               |          |          |  |  |          |
| Insure-U   | \$650.00      |               |          |          |  |  |          |
|  |               |               |          |          |  |  |          |



# Written List

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If a loan originator permits a borrower to shop for services (Block 4, 5 & 6), the loan originator must provide a written list of providers that the estimates were based on.



# Written List

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- Must be provided with GFE on a separate piece of paper
- Must include at least one provider of each shoppable service



# Written List

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- If no service providers are listed, then it is assumed the customer could not shop and fees will be bound by tolerances
- Lenders are responsible for charges listed by their loan officers and the mortgage broker



# Written List

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- Additional disclosure may be added to the list stating that the originator is not endorsing the service providers
- Lenders may list their affiliate, but must distribute AfBA disclosure



# Written List

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- May separately identify the service of conducting the closing from “title service” on the written list.
- List the separate providers and amount.
- Combined amount must equal Block 4.



# Example

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Block 4 = \$1,000

## Written List

|                   |       |
|-------------------|-------|
| Closing Company A | \$150 |
| Title agency A    | \$850 |



# Written List

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May not separate other services contained within “title services” such as notary, abstract, administrative or processing services.



## Instructions

### Understanding which charges can change at settlement

This GFE estimates your settlement charges. At your settlement, you will receive a HUD-1, a form that lists your actual costs. Compare the charges on the HUD-1 with the charges on this GFE. Charges can change if you select your own provider and do not use the companies we identify. (See below for details.)

| These charges cannot increase at settlement   | The total of these charges can increase up to 10% at settlement  | These charges can change at settlement  |
|---|--|---|
| <ul style="list-style-type: none"> <li>Our origination charge</li> <li>Your credit or charge (points) for the specific interest rate chosen (after you lock in your interest rate)</li> <li>Your adjusted origination charges (after you lock in your interest rate)</li> <li>Transfer taxes</li> </ul> | <ul style="list-style-type: none"> <li>Required services that we select</li> <li>Title services and lender's title insurance (if we select them or you use companies we identify)</li> <li>Owner's title insurance (if you use companies we identify)</li> <li>Required services that you can shop for (if you use companies we identify)</li> <li>Government recording charges</li> </ul> | <ul style="list-style-type: none"> <li>Required services that you can shop for (if you do not use companies we identify)</li> <li>Title services and lender's title insurance (if you do not use companies we identify)</li> <li>Owner's title insurance (if you do not use companies we identify)</li> <li>Initial deposit for your escrow account</li> <li>Daily interest charges</li> <li>Homeowner's insurance</li> </ul> |

### Using the tradeoff table

In this GFE, we offered you this loan with a particular interest rate and estimated settlement charges. However:

- If you want to choose this same loan with lower settlement charges, then you will have a higher interest rate.
- If you want to choose this same loan with a lower interest rate, then you will have higher settlement charges.

If you would like to choose an available option, you must ask us for a new GFE.

Loan originators have the option to complete this table. Please ask for additional information if the table is not completed.

|   | The loan in this GFE | The same loan with lower settlement charges   | The same loan with a lower interest rate    |
|---|----------------------|---|---|
| Your initial loan amount  | \$                   | \$  | \$  |
| Your initial interest rate <sup>1</sup>                                 | %                    | %   | %   |
| Your initial monthly amount owed  | \$                   | \$  | \$  |
| Change in the monthly amount owed from this GFE                         | No change            | You will pay \$ more every month              | You will pay \$ less every month            |
| Change in the amount you will pay at settlement with this interest rate | No change            | Your settlement charges will be reduced by \$ | Your settlement charges will increase by \$ |
| How much your total estimated settlement charges will be                | \$                   | \$  | \$  |

<sup>1</sup> For an adjustable rate loan, the comparisons above are for the initial interest rate before adjustments are made.

### Using the shopping chart

Use this chart to compare GFEs from different loan originators. Fill in the information by using a different column for each GFE you receive. By comparing loan offers, you can shop for the best loan.

|   | This loan | Loan 2 | Loan 3 | Loan 4 |
|---|-----------|--------|--------|--------|
| Loan originator name                      |           |        |        |        |
| Initial loan amount                       |           |        |        |        |
| Loan term                                 |           |        |        |        |
| Initial interest rate                     |           |        |        |        |
| Initial monthly amount owed               |           |        |        |        |
| Rate lock period                          |           |        |        |        |
| Can interest rate rise?                   |           |        |        |        |
| Can loan balance rise?                    |           |        |        |        |
| Can monthly amount owed rise?             |           |        |        |        |
| Prepayment penalty?                       |           |        |        |        |
| Balloon payment?                          |           |        |        |        |
| <b>Total Estimated Settlement Charges</b> |           |        |        |        |

### If your loan is sold in the future

Some lenders may sell your loan after settlement. Any fees lenders receive in the future cannot change the loan you receive or the charges you paid at settlement.

# GFE

# Page 3

# Instructions

# Which charges can increase

| These charges <b>cannot increase</b> at settlement:   | The total of these charges <b>can increase up to 10%</b> at settlement:   | These charges <b>can change</b> at settlement:   |
|---|---|--|
| <ul style="list-style-type: none"> <li>■ Our origination charge</li> <li>■ Your credit or charge (points) for the specific interest rate chosen <i>(after you lock in your interest rate)</i></li> <li>■ Your adjusted origination charges <i>(after you lock in your interest rate)</i></li> <li>■ Transfer taxes</li> </ul> | <ul style="list-style-type: none"> <li>■ Required services that we select</li> <li>■ Title services and lender's title insurance <i>(if we select them or you use companies we identify)</i></li> <li>■ Owner's title insurance <i>(if you use companies we identify)</i></li> <li>■ Required services that you can shop for <i>(if you use companies we identify)</i></li> <li>■ Government recording charges</li> </ul> | <ul style="list-style-type: none"> <li>■ Required services that you can shop for <i>(if you do not use companies we identify)</i></li> <li>■ Title services and lender's title insurance <i>(if you do not use companies we identify)</i></li> <li>■ Owner's title insurance <i>(if you do not use companies we identify)</i></li> <li>■ Initial deposit for your escrow account</li> <li>■ Daily interest charges</li> <li>■ Homeowner's insurance</li> </ul> |

# Tradeoff table

|   | The loan in this GFE | The same loan with lower settlement charges                          | The same loan with a lower interest rate                        |
|---|----------------------|--|---|
| Your initial loan amount  | \$ 300,000           | \$ 300,000   | \$ 300,000  |
| Your initial interest rate <sup>1</sup>                                 | 5.0 %                | 6.0 %  | 4.5 %   |
| Your initial monthly amount owed  | \$ 1,850.46          | \$ 2,038.65  | \$ 1,760.06   |
| Change in the monthly amount owed from this GFE                         | No change            | You will pay \$ <b>188.19 more</b> every month                       | You will pay \$ <b>90.40 less</b> every month                   |
| Change in the amount you will pay at settlement with this interest rate | No change            | Your settlement charges will be <b>reduced</b> by \$ <b>2,500.00</b> | Your settlement charges will <b>increase</b> by \$ <b>1,500</b> |
| How much your total estimated settlement charges will be                | \$ 8,590.15          | \$ 6,090.15  | \$ 10,090.15  |

<sup>1</sup> For an adjustable rate loan, the comparisons above are for the initial interest rate before adjustments are made.

# Shopping Chart

|   | This loan         | Loan 2 | Loan 3 | Loan 4 |
|---|-------------------|--------|--------|--------|
| Loan originator name                      | ABCBroker         |        |        |        |
| Initial loan amount                       | 300,000.00        |        |        |        |
| Loan term                                 | 30 years          |        |        |        |
| Initial interest rate                     | 5.0               |        |        |        |
| Initial monthly amount owed               | \$1,850.46        |        |        |        |
| Rate lock period                          | 30 days           |        |        |        |
| Can interest rate rise?                   | no                |        |        |        |
| Can loan balance rise?                    | no                |        |        |        |
| Can monthly amount owed rise?             | no                |        |        |        |
| Prepayment penalty?                       | no                |        |        |        |
| Balloon payment?                          | no                |        |        |        |
| <b>Total Estimated Settlement Charges</b> | <b>\$8,590.15</b> |        |        |        |

# Changed Circumstances

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- Acts of God, war, disaster or other emergency
- changed or inaccurate information provided by borrower after issuance of GFE  
  
(e.g. credit quality, loan amount, property value, or other information)

# Changed Circumstances

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If circumstances changed affecting settlement costs or loan:

- provide revised GFE within 3 days
- revised GFE may reflect only the increased charges



# Interest Rate: not locked

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If borrower does not lock interest rate within time period, a new GFE must be issued even if the interest rate does not change



# Expired GFE

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If borrower does not express intent to proceed with the loan after 10 business days, or longer if specified by originator, the GFE is considered expired.

# New Home Purchases

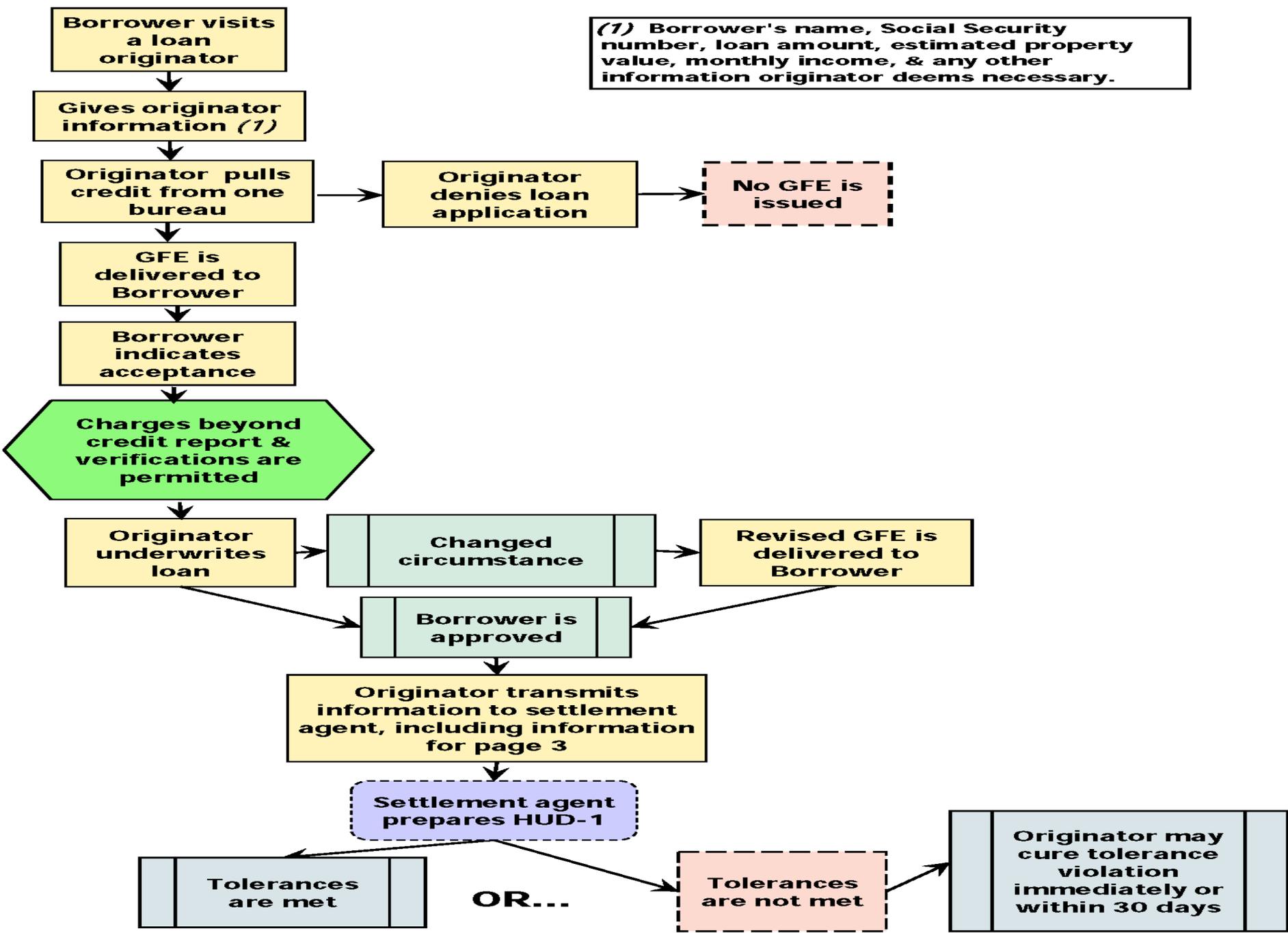
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If settlement is anticipated to be more than 60 days after GFE, originator may disclose on separate piece of paper that the GFE may be revised any time up to 60 days before settlement is anticipated.

# GFE Process Flowchart

(1) Borrower's name, Social Security number, loan amount, estimated property value, monthly income, & any other information originator deems necessary.





# A. Settlement Statement (HUD-1)

OMB Approval No. 2502-0065



**B. Type of Loan**

1.  FHA 2.  RHS 3.  Conventional  
 4.  VA 5.  Con. Ins.

6. File Number: \_\_\_\_\_ 7. Loan Number: \_\_\_\_\_ 8. Mortgage Insurance Case Number: \_\_\_\_\_

**C. Note:** This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. Name & Address of Borrower: \_\_\_\_\_ E. Name & Address of Seller: \_\_\_\_\_ F. Name & Address of Lender: \_\_\_\_\_

G. Property Location: \_\_\_\_\_ H. Settlement Agent: \_\_\_\_\_ I. Settlement Date: \_\_\_\_\_  
 Place of Settlement: \_\_\_\_\_

| J. Summary of Borrower's Transaction   |     | K. Summary of Seller's Transaction   |     |
|--|-----|--|-----|
| <b>100. Gross Amount Due from Borrower</b>                                   |     | <b>400. Gross Amount Due to Seller</b>                                     |     |
| 101. Contract sales price  |     | 401. Contract sales price  |     |
| 102. Personal property   |     | 402. Personal property   |     |
| 103. Settlement charges to borrower (line 1400)                              |     | 403.   |     |
| 104.   |     | 404.   |     |
| 105.   |     | 405.   |     |
| <b>Adjustment for items paid by seller in advance</b>                        |     | <b>Adjustments for items paid by seller in advance</b>                     |     |
| 106. City/town taxes to  |     | 406. City/town taxes to  |     |
| 107. County taxes to   |     | 407. County taxes to   |     |
| 108. Assessments to  |     | 408. Assessments to  |     |
| 109.   |     | 409.   |     |
| 110.   |     | 410.   |     |
| 111.   |     | 411.   |     |
| 112.   |     | 412.   |     |
| <b>120. Gross Amount Due from Borrower</b>                                   |     | <b>420. Gross Amount Due to Seller</b>                                     |     |
| <b>200. Amounts Paid by or in Behalf of Borrower</b>                         |     | <b>500. Reductions in Amount Due to Seller</b>                             |     |
| 201. Deposit or earnest money  |     | 501. Excess deposit (see instructions)                                     |     |
| 202. Principal amount of new loan(s)   |     | 502. Settlement charges to seller (line 1400)                              |     |
| 203. Existing loan(s) taken subject to                                       |     | 503. Existing loan(s) taken subject to                                     |     |
| 204.   |     | 504. Payoff of first mortgage loan   |     |
| 205.   |     | 505. Payoff of second mortgage loan  |     |
| 206.   |     | 506.   |     |
| 207.   |     | 507.   |     |
| 208.   |     | 508.   |     |
| 209.   |     | 509.   |     |
| <b>Adjustments for items unpaid by seller</b>                                |     | <b>Adjustments for items unpaid by seller</b>                              |     |
| 210. City/town taxes to  |     | 510. City/town taxes to  |     |
| 211. County taxes to   |     | 511. County taxes to   |     |
| 212. Assessments to  |     | 512. Assessments to  |     |
| 213.   |     | 513.   |     |
| 214.   |     | 514.   |     |
| 215.   |     | 515.   |     |
| 216.   |     | 516.   |     |
| 217.   |     | 517.   |     |
| 218.   |     | 518.   |     |
| 219.   |     | 519.   |     |
| <b>220. Total Paid by/for Seller</b>   |     | <b>520. Total Reduction Amount Due Seller</b>                              |     |
| <b>300. Cash at Settlement from/to Borrower</b>                              |     | <b>600. Cash at Settlement to/from Seller</b>                              |     |
| 301. Gross amount due from borrower (line 120)                               |     | 601. Gross amount due to seller (line 400)                                 |     |
| 302. Less amounts paid by/for borrower (line 200)                            | { } | 602. Less reductions in amount due seller (line 500)                       | { } |
| 303. Cash <input type="checkbox"/> From <input type="checkbox"/> To Borrower |     | 603. Cash <input type="checkbox"/> To <input type="checkbox"/> From Seller |     |

The Public Reporting Burden for this collection of information is estimated to average 35 minutes per response for collecting, reviewing, and reporting the data. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. No confidentiality is assured; this disclosure is mandatory. This is designed to provide the parties to a RESPA covered transaction with information during the settlement process.

# HUD-1 Settlement Statement



# Seller (or other) Paid Items

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- all GFE charges; put in borrower's column on the HUD-1
- credit to borrower from seller in Lines 206 – 209 & Lines 506 – 509
- credit from party other than seller, must identify party giving credit on HUD-1

# Seller credit example

|  |              |   |              |
|--|--------------|---|--------------|
| 200. Amount Paid by or in Behalf of Borrower |              | 500. Reductions In Amount Due to seller       |              |
| 201. Deposit or earnest money                | \$2,000.00   | 501. Excess deposit (see instructions)        |              |
| 202. Principal amount of new loan(s)         | \$300,000.00 | 502. Settlement charges to seller (line 1400) | \$16,860.00  |
| 203. Existing loan(s) taken subject to       |              | 503. Existing loan(s) taken subject to        |              |
| 204.   |              | 504. Payoff of first mortgage loan            | \$247,000.00 |
| 205.   |              | 505. Payoff of second mortgage loan           |              |
| 206. Seller credit for transfer taxes        | \$1,368.00   | 506. Seller credit for transfer taxes         | \$1,368.00   |



# HUD-1

## Page 2

| L. Settlement Charges  |   |             |             |      |                | Paid From Borrower's Funds at Settlement | Paid From Seller's Funds at Settlement |
|--|---|-------------|-------------|------|----------------|--|--|
| <b>700. Total Real Estate Broker Fees</b>  |   |             |             |      |                |  |  |
| Division of commission (line 700) as follows:  |   |             |             |      |                |  |  |
| 701.   | \$  |             | to          |      |                |  |  |
| 702.   | \$  |             | to          |      |                |  |  |
| 703. Commission paid at settlement   |   |             |             |      |                |  |  |
| 704.   |   |             |             |      |                |  |  |
| <b>800. Items Payable in Connection with Loan</b>  |   |             |             |      |                |  |  |
| 801.   | Our origination charge                                      |             |             | \$   | (from GFE #1)  |  |  |
| 802.   | Your credit or charge for the specific interest rate chosen |             |             | \$   | (from GFE #2)  |  |  |
| 803.   | Your adjusted origination charges                           |             |             |      | (from GFE A)   |  |  |
| 804.   | Appraisal fee to  |             |             |      | (from GFE #3)  |  |  |
| 805.   | Credit report to  |             |             |      | (from GFE #3)  |  |  |
| 806.   | Tax service to  |             |             |      | (from GFE #3)  |  |  |
| 807.   | Flood certification   |             |             |      | (from GFE #3)  |  |  |
| 808.   |   |             |             |      |                |  |  |
| <b>900. Items Required by Lender to Be Paid in Advance</b>                               |   |             |             |      |                |  |  |
| 901.   | Daily interest charges from                                 | to          | @ \$        | /day | (from GFE #10) |  |  |
| 902.   | Mortgage insurance premium                                  | for         | months to   |      | (from GFE #3)  |  |  |
| 903.   | Homeowner's insurance                                       | for         | years to    |      | (from GFE #11) |  |  |
| 904.   |   |             |             |      |                |  |  |
| <b>1000. Reserves Deposited with Lender</b>  |   |             |             |      |                |  |  |
| 1001.  | Reserves or escrow  |             |             |      | (from GFE #9)  |  |  |
| 1002.  | Homeowner's insurance                                       | months @ \$ | per month   | \$   |                |  |  |
| 1003.  | Mortgage insurance  | months @ \$ | per month   | \$   |                |  |  |
| 1004.  | Property taxes  | months @ \$ | per month   | \$   |                |  |  |
| 1005.  |   | months @ \$ | per month   | \$   |                |  |  |
| 1006.  |   | months @ \$ | per month   | \$   |                |  |  |
| 1007.  | Aggregate Adjustment  |             |             | -\$  |                |  |  |
| <b>1100. Title Charges</b>   |   |             |             |      |                |  |  |
| 1101.  | Title services and required title insurance                 |             |             |      | (from GFE #4)  |  |  |
| 1102.  | Settlement or closing fee                                   |             |             | \$   |                |  |  |
| 1103.  | Owner's title insurance                                     |             |             |      | (from GFE #5)  |  |  |
| 1104.  | Lender's title insurance premium                            |             |             | \$   |                |  |  |
| 1105.  | Lender's title policy limit \$                              |             |             |      |                |  |  |
| 1106.  | Owner's title policy limit \$                               |             |             |      |                |  |  |
| 1107.  | Agent's portion of the total title insurance premium        |             |             | \$   |                |  |  |
| 1108.  | Underwriter's portion of the total title insurance premium  |             |             | \$   |                |  |  |
| <b>1200. Government Recording and Transfer Charges</b>                                   |   |             |             |      |                |  |  |
| 1201.  | Government recording charges                                |             |             |      | (from GFE #7)  |  |  |
| 1202.  | Deed \$   | Mortgage \$ | Releases \$ |      |                |  |  |
| 1203.  | Transfer taxes  |             |             |      | (from GFE #8)  |  |  |
| 1204.  | City/County tax/stamps                                      | Deed \$     | Mortgage \$ |      |                |  |  |
| 1205.  | State tax/stamps  | Deed \$     | Mortgage \$ |      |                |  |  |
| 1206.  |   |             |             |      |                |  |  |
| <b>1300. Additional Settlement Charges</b>   |   |             |             |      |                |  |  |
| 1301.  | Required services that you can shop for                     |             |             |      | (from GFE #6)  |  |  |
| 1302.  |   |             |             | \$   |                |  |  |
| 1303.  |   |             |             | \$   |                |  |  |
| 1304.  |   |             |             |      |                |  |  |
| 1305.  |   |             |             |      |                |  |  |
| <b>1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K)</b> |   |             |             |      |                |  |  |

# 700s Example

| 700. Total Real Estate Broker Fees                 | Paid From<br>Borrower's<br>Funds at<br>Settlement | Paid From<br>Seller's<br>Funds at<br>Settlement |  |  |
|--|---|---|--|--|
| Division of commission (line 700) as follows :     |   |   |  |  |
| 701. \$ 9360.00 to RE #1                           |   |   |  |  |
| 702. \$ 9360.00 to RE #2                           |   |   |  |  |
| 703. Commission paid at settlement                 |   | \$16,720.00                                     |  |  |
| 704. Earnest money deposit \$2,000 to RE #2 P.O.C. |   |   |  |  |

|   |  |              |               |            |
|---|--|--------------|---------------|------------|
| 801. Our origination charge   | includes origination point (1% or \$3,000) | \$6,750.00   | (from GFE #1) |            |
| 802. Your credit or charge (points) for the specific interest rate chosen |  | - \$3,000.00 | (from GFE #2) |            |
| 803. Your adjusted origination charges                                    |  |              | (from GFE #A) | \$3,750.00 |

Line 801 & 802: listed outside column  
Line 803: listed inside column

|   |               |          |  |
|---|---------------|----------|--|
| 804. Appraisal fee to Appraisal Company                 | (from GFE #3) | \$250.00 |  |
| 805. Credit report to Credit Report Company             | (from GFE #3) | \$40.00  |  |
| 806. Tax service to Tax Service Company                 | (from GFE #3) | \$76.00  |  |
| 807. Flood certification to Flood Certification Company | (from GFE #3) | \$12.00  |  |

**Lines 804 thru 807: charges in  
borrower's column**

## 900. Items Required by Lender to be Paid in Advance

|   |          |
|---|----------|
| 901. Daily interest charges from 1/31/10 to 2/1/10 @ \$ 40.32 /day (from GFE #10) | \$40.32  |
| 902. Mortgage insurance premium for months to (from GFE #3)                       |          |
| 903. Homeowner's insurance for 1 years to Insure-It (from GFE #11)                | \$600.00 |

Lines 901 – 904: charges inside column

| 1000. Reserves Deposited with Lender          |   |                    |                     |          |
|---|---|--------------------|---------------------|----------|
| 1001. Initial deposit for your escrow account |   |                    | (from GFE #9)       | \$623.34 |
| 1002. Homeowner's insurance                   | 1 | months @ \$ 50.00  | per month \$ 50.00  |          |
| 1003. Mortgage insurance                      | 1 | months @ \$ 240.00 | per month \$ 240.00 |          |
| 1004. Property Taxes                          | 3 | months @ \$ 166.67 | per month \$ 500.01 |          |
| 1005.   |   | months @ \$        | per month \$        |          |
| 1006.   |   | months @ \$        | per month \$        |          |
| 1007. Aggregate Adjustment                    |   |                    | -\$ 166.67          |          |

Line 1001: charges listed inside column

Lines 1002 – 1007: charges listed outside column

# 1100s - Title service: definition

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“Title services”

Means any service involved  
in the provision of title insurance

# 1100s - Title service

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Includes, but is not limited to...

- title examination & evaluation
- preparation & issuance of commitment
- preparation & issuance of policies
- all administrative services & processing services required to perform these functions

# 1100s Example

| 1100. Title Charges   |               |          |          |
|---|---------------|----------|----------|
| 1101. Title services and lender's title insurance                               | (from GFE #4) | \$925.00 |          |
| 1102. Settlement or closing fee to Title Town USA                               | \$            |          | \$125.00 |
| 1103. Owner's title insurance to Title Town USA                                 | (from GFE #5) | \$725.00 |          |
| 1104. Lender's title insurance  | \$ 175.00     |          |          |
| 1105. Lender's title policy limit \$ 300,000.00                                 |               |          |          |
| 1106. Owner's title policy limit \$ 310,000.00                                  |               |          |          |
| 1107. Agent's portion of the total title insurance premium to Title Town USA    | \$ 720.00     |          |          |
| 1108. Underwriter's portion of the total title insurance premium to Underwriter | \$ 180.00     |          |          |

# 1200's: Inside the column charges

| 1200. Government Recording and Transfer Charges |                   |                  |               |            |
|---|-------------------|------------------|---------------|------------|
| 1201. Government recording charges              |                   |                  | (from GFE #7) | \$50.00    |
| 1202. Deed \$ 25.00                             | Mortgage \$ 25.00 | Release \$ 15.00 |               | \$15.00    |
| 1203. Transfer taxes                            |                   |                  | (from GFE #8) | \$1,368.00 |
| 1204. City/County tax/stamps                    | Deed \$ 684.00    | Mortgage \$      |               |            |
| 1205. State tax/stamps                          | Deed \$ 684.00    | Mortgage \$      |               |            |

# Fee category: 1300s

| 1300. Additional Settlement Charges           |           |               |          |
|---|-----------|---------------|----------|
| 1301. Required services that you can shop for |           | (from GFE #6) | \$295.00 |
| 1302. Survey to Measure-It                    | \$ 250.00 |               |          |
| 1303. Pest inspection to Rid-A-Bug            | \$ 45.00  |               |          |
| 1304. Home Warranty to Home Warranty Company  |           |               | \$300.00 |
| 1305.   |           |               |          |





# Comparison Chart

| Comparison of Good Faith Estimate (GFE) and HUD-1 Charges            |                          | Good Faith Estimate        | HUD-1        |
|--|--------------------------|----------------------------|--------------|
| <b>Charges That Cannot Increase</b>                                  |                          |                            |              |
|  | <b>HUD-1 Line Number</b> |                            |              |
| Our origination charge   | # 801                    | \$6,750.00                 | \$6,750.00   |
| Your credit or charge (points) for the specific interest rate chosen | # 802                    | -\$3,000.00                | -\$3,000.00  |
| Your adjusted origination charges                                    | # 803                    | \$3,750.00                 | \$3,750.00   |
| Transfer taxes   | # 1203                   | \$1,368.00                 | \$1,368.00   |
| <b>Charges That In Total Cannot Increase More Than 10%</b>           |                          | <b>Good Faith Estimate</b> | <b>HUD-1</b> |
| Government recording charges   | # 1201                   | \$50.00                    | \$50.00      |
| Appraisal  | # 804                    | \$220.00                   | \$250.00     |
| Credit report  | # 805                    | \$40.00                    | \$40.00      |
| Tax service fee  | # 806                    | \$54.00                    | \$76.00      |
| Flood certification  | # 807                    | \$12.00                    | \$12.00      |
| Title services and lender's title insurance                          | # 1101                   | \$925.00                   | \$925.00     |
| Owner's title insurance  | # 1103                   | \$725.00                   | \$725.00     |
|  | #                        |                            |              |
| <b>Total</b>   |                          | \$2,026.00                 | \$2,078.00   |
| <b>Increase between GFE and HUD-1 Charges</b>                        |                          | \$ 52                      | or 3 %       |
| <b>Charges That Can Change</b>                                       |                          | <b>Good Faith Estimate</b> | <b>HUD-1</b> |
| Initial deposit for your escrow account                              | # 1001                   | \$460.83                   | \$623.34     |
| Daily interest charges \$ 40.32 /day                                 | # 901                    | \$40.32                    | \$40.32      |
| Homeowner's insurance  | # 903                    | \$650.00                   | \$600.00     |
| Survey   | # 1302                   | \$250.00                   | \$250.00     |
| Pest inspection  | # 1303                   | \$45.00                    | \$45.00      |

# Charges That Cannot Increase

| Charges That Cannot Increase   | HUD-1 Line Number |             |             |
|--|-------------------|-------------|-------------|
| Our origination charge   | # 801             | \$6,750.00  | \$6,750.00  |
| Your credit or charge (points) for the specific interest rate chosen | # 802             | -\$3,000.00 | -\$3,000.00 |
| Your adjusted origination charges                                    | # 803             | \$3,750.00  | \$3,750.00  |
| Transfer taxes   | # 1203            | \$1,368.00  | \$1,368.00  |

# 10% Tolerance

| Charges That In Total Cannot Increase More Than 10% |   | Good Faith Estimate | HUD-1      |
|---|---|---------------------|------------|
| Government recording charges                        | # 1201  | \$50.00             | \$50.00    |
| Appraisal   | # 804   | \$220.00            | \$250.00   |
| Credit report                                       | # 805   | \$40.00             | \$40.00    |
| Tax service fee                                     | # 806   | \$54.00             | \$76.00    |
| Flood certification                                 | # 807   | \$12.00             | \$12.00    |
| Title services and lender's title insurance         | # 1101  | \$925.00            | \$925.00   |
| Owner's title insurance                             | # 1103  | \$725.00            | \$725.00   |
|   | #   |                     |            |
|   | <b>Total</b>                                  | \$2,026.00          | \$2,078.00 |
|   | <b>Increase between GFE and HUD-1 Charges</b> | \$ 52               | or 3 %     |

# Charges That Can Change

| Charges That Can Change                 |          |      |        | Good Faith Estimate | HUD-1    |
|---|----------|------|--------|---------------------|----------|
| Initial deposit for your escrow account |          |      | # 1001 | \$460.83            | \$623.34 |
| Daily interest charges                  | \$ 40.32 | /day | # 901  | \$40.32             | \$40.32  |
| Homeowner's insurance                   |          |      | # 903  | \$650.00            | \$600.00 |
| Survey                                  |          |      | # 1302 | \$250.00            | \$250.00 |
| Pest inspection                         |          |      | # 1303 | \$45.00             | \$45.00  |



# Right-to-cure: tolerance

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Charges exceeding tolerance  
not a violation of RESPA Section 5  
IF cured within 30 days after  
settlement



# Loan Terms

| Loan Terms  |   |
|---|---|
| Your initial loan amount is   | \$ 300,000.00   |
| Your loan term is   | 30 years  |
| Your initial interest rate is   | 5 %   |
| Your initial monthly amount owed for principal, interest, and any mortgage insurance is                               | <p>\$ 1,850.46 includes</p> <p><input checked="" type="checkbox"/> Principal</p> <p><input checked="" type="checkbox"/> Interest</p> <p><input checked="" type="checkbox"/> Mortgage Insurance</p>  |
| Can your interest rate rise?  | <p><input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of _____ % . The first change will be on _____ and can change again every _____ after _____ . Every change date, your interest rate can increase or decrease by _____ % . Over the life of the loan, your interest rate is guaranteed to never be lower than _____ % or higher than _____ % .</p>  |
| Even if you make payments on time, can your loan balance rise?  | <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of \$ _____   |
| Even if you make payments on time, can your monthly amount owed for principal, interest, and mortgage insurance rise? | <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, the first increase can be on _____ and the monthly amount owed can rise to \$ _____ . The maximum it can ever rise to is \$ _____ .  |
| Does your loan have a prepayment penalty?   | <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, your maximum prepayment penalty is \$ _____  |
| Does your loan have a balloon payment?  | <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, you have a balloon payment of \$ _____ due in _____ years on _____ .   |
| Total monthly amount owed including escrow account payments   | <p><input type="checkbox"/> You do not have a monthly escrow payment for items, such as property taxes and homeowner's insurance. You must pay these items directly yourself.</p> <p><input checked="" type="checkbox"/> You have an additional monthly escrow payment of \$ 216.67 that results in a total initial monthly amount owed of \$ 2,067.13 . This includes principal, interest, any mortgage insurance and any items checked below:</p> <p><input checked="" type="checkbox"/> Property taxes <input checked="" type="checkbox"/> Homeowner's insurance</p> <p><input type="checkbox"/> Flood insurance <input type="checkbox"/></p> <p><input type="checkbox"/> <input type="checkbox"/></p> |

# Loan Terms

| Loan Terms  |  |
|---|--|
| Your initial loan amount is   | \$ 300,000.00  |
| Your loan term is   | 30 years   |
| Your initial interest rate is   | 5 %  |
| Your initial monthly amount owed for principal, interest, and any mortgage insurance is | <p>\$ 1,850.46 includes</p> <p><input checked="" type="checkbox"/> Principal</p> <p><input checked="" type="checkbox"/> Interest</p> <p><input checked="" type="checkbox"/> Mortgage Insurance</p>   |
| Can your interest rate rise?  | <p><input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of _____ %.</p> <p>The first change will be on _____</p> <p>and can change again every _____ after _____.</p> <p>Every change date, your interest rate can increase or decrease by _____ %.</p> <p>Over the life of the loan, your interest rate is guaranteed to never be lower than _____ % or higher than _____ %.</p> |

# Loan Terms

|  |  |  |   |  |                          |                          |                          |
|--|--|--|---|--|--------------------------|--------------------------|--------------------------|
| <p>Even if you make payments on time, can your loan balance rise?</p>  | <p><input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of \$</p>   |  |   |  |                          |                          |                          |
| <p>Even if you make payments on time, can your monthly amount owed for principal, interest, and mortgage insurance rise?</p> | <p><input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, the first increase can be on _____ and the monthly amount owed can rise to \$ _____. The maximum it can ever rise to is \$ _____.</p>  |  |   |  |                          |                          |                          |
| <p>Does your loan have a prepayment penalty?</p>   | <p><input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, your maximum prepayment penalty is \$</p>  |  |   |  |                          |                          |                          |
| <p>Does your loan have a balloon payment?</p>  | <p><input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, you have a balloon payment of \$ _____ due in _____ years on _____.</p>  |  |   |  |                          |                          |                          |
| <p>Total monthly amount owed including escrow account payments</p>   | <p><input type="checkbox"/> You do not have a monthly escrow payment for items, such as property taxes and homeowner's insurance. You must pay these items directly yourself.</p> <p><input checked="" type="checkbox"/> You have an additional monthly escrow payment of \$ 216.67 that results in a total initial monthly amount owed of \$ 2,067.13. This includes principal, interest, any mortgage insurance and any items checked below:</p> <table data-bbox="807 1058 1624 1265"> <tr> <td><input checked="" type="checkbox"/> Property taxes</td> <td><input checked="" type="checkbox"/> Homeowner's insurance</td> </tr> <tr> <td><input type="checkbox"/> Flood insurance</td> <td><input type="checkbox"/></td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table> | <input checked="" type="checkbox"/> Property taxes | <input checked="" type="checkbox"/> Homeowner's insurance | <input type="checkbox"/> Flood insurance | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> Property taxes   | <input checked="" type="checkbox"/> Homeowner's insurance  |  |   |  |                          |                          |                          |
| <input type="checkbox"/> Flood insurance   | <input type="checkbox"/>   |  |   |  |                          |                          |                          |
| <input type="checkbox"/>   | <input type="checkbox"/>   |  |   |  |                          |                          |                          |



# Right-to-cure: errors

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Inadvertent or technical errors  
not a violation of RESPA Section 4  
IF revised HUD-1 is provided within  
30 days after settlement



# Average Charge

# Average Charge

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- calculations based on specific class of transactions
- during a specific time period
  - not less than 30 days
  - not more than 6 months
- for a specific geographical area



# Average Charge

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- charge may not exceed average calculation
- charge may not exceed TOTAL price paid to 3<sup>rd</sup> party provider
- settlement service providers must retain all documentation determining accuracy of pricing method for at least 3 years



# Average Charge

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- may not average on charges based on loan amount or property value  
(e.g. transfer taxes, interest charges, escrow reserves & all insurances including title insurance)



# Red Flags



# Red Flags

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- Consumers may not be required to show “intent to move forward” to receive a GFE
- Consumers may not be required to present purchase contract in order to receive a GFE
- What if consumer does not receive GFE within 3 days?

# Red Flags

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- Worksheet in lieu of GFE when loan originator has information that constitutes an application
- Loan originator giving worksheets on refinances
- Altered GFE Form
- Inappropriate itemization on GFE (especially Block 1 items – these should not be itemized in Blocks 3 or 6)
- If the LO charges for the credit report prior to issuing GFE, is the charge for the credit report in excess of the “cost of credit report”



# Red Flags

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- Failure to disclose owner's title on purchase transaction GFE
- Failure to issue written list (all required services subject to tolerance!)
- Affiliate in Block 3 (except credit report, appraiser)
- Failure to issue Affiliated Business Disclosure Form before or with issuance of written list (if affiliate is on written list)



# Red Flags

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- Changed Circumstances – review documents to confirm the change and that unrelated costs did not increase
- New GFE based on “Borrower Requested Change” – check documentation of borrower’s request!
- Increases to Block 1 on a revised GFE (allowed only in very limited circumstances)
- Increase to Block 1 solely due to the loan going from float to lock



# Red Flags

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- If a service is listed on GFE but was not purchased (usually Owner's title), nothing should be on HUD-1, page 2 or page 3.
- Loan originators receipt of draft HUD-1 does not, in and of itself, constitute a changed circumstance allowing for the issuance of a revised GFE.



# Red Flags

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- 800 Series itemization (unless required by state law or government loan program)
- 1100 Series itemization (unless required by state law, government loan program or performed by third party)



# Red Flags

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- Documentation to support average charge
- Remember to show tolerance cures on amended HUD-1
- Tolerance violations without evidence of cure!
- Is the charge to the consumer for the credit report higher than the amount (or average charge) paid by the loan originator for the credit report?

Department of Housing and  
Urban Development  
Office of RESPA & Interstate Land Sales  
451 7<sup>th</sup> Street SW, Room 9154  
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RESPA Violations  
Forward Looking Supervision  
With a Glance Back

February 8, 2011

Brad Havran, Cedar Rapids Field Office Supervisor

Mark Hobert, Cedar Rapids Compliance Examiner



## Compliance Management Systems (CMS)

- Management Oversight
- Compliance Programs
  - ✓ Policies and Procedures
  - ✓ Training
  - ✓ Monitoring
  - ✓ Response to Complaints
- Audit

# RESPA



Examination results Jan. 1, 2010 to Jan. 12, 2011

| <b>Region</b>             | <b>Number of Examinations</b> | <b>Number with violations</b> | <b>% of Banks cited with violations</b> |
|---------------------------|-------------------------------|-------------------------------|---|
| <b>Nationwide</b>         | 1,476                         | 311                           | 21.07                                   |
| <b>Kansas City Region</b> | 462                           | 113                           | 24.46                                   |

# RESPA



| <b>Most Common Violations Cited<br/>in Jan. 1, 2010 to Jan. 12, 2011</b>             | <b>Nationwide</b> | <b>Kansas City<br/>Region</b> |
|--|-------------------|-------------------------------|
| <b>Bank did not complete HUD-1 or 1A<br/>according to Appendix A of RESPA</b>        | 139               | 52                            |
| <b>Bank did not complete GFE according to<br/>Appendix C of RESPA</b>                | 103               | 47                            |
| <b>GFE must be available at least 10 business<br/>days after the GFE is provided</b> | 59                | 19                            |
| <b>GFE must be provided within 3 business<br/>days of the date of application</b>    | 53                | 15                            |

# RESPA



| <b>Most Common Reimbursable Violations Cited in Jan. 1, 2010 to Jan. 12, 2011</b>                           | <b>Nationwide</b> | <b>Kansas City Region</b> |
|---|-------------------|---------------------------|
| Charges at settlement exceeded amounts disclosed in GFE for items subject to zero tolerance                 | 6                 | 0                         |
| Charges at settlement exceeded amounts disclosed in GFE by more than 10% tolerance allowed for those items. | 3                 | 1                         |
| Charges at settlement were more than disclosed on GFE without a new GFE issued                              | 2                 | 2                         |
| Other reasons; charges not reasonably estimated on GFE  | 2                 | 0                         |

# RESPA



**Questions?** E-mail at [kcconferencecall@fdic.gov](mailto:kcconferencecall@fdic.gov). Please start the subject line with the word "Question" and include your name, bank name, and location (city and state) in the text section. You may also ask a "live" question at the conclusion of the presentation using instructions provided by the operator.

## References:

1. HUD [www.hud.gov/offices/hsg/rmra/res/respa\\_hm.cfm](http://www.hud.gov/offices/hsg/rmra/res/respa_hm.cfm)
  - RESPA FINAL RULE
    - HUD-1 instructions pages 41-45
    - GFE instructions pages 51-53
  - FREQUENTLY ASKED QUESTIONS
  - RESPA ROUNDUP
2. FEDERAL RESERVE [www.federalreserve.gov/boarddocs/supmanual/cch/respa.pdf](http://www.federalreserve.gov/boarddocs/supmanual/cch/respa.pdf)
3. FDIC [www.fdic.gov/regulations/compliance/manual/pdf/V-3.1.pdf](http://www.fdic.gov/regulations/compliance/manual/pdf/V-3.1.pdf)