

New Standardized Good Faith Estimate -

On November 17, 2008, the Department of Housing and Urban Development published its final rule regarding RESPA Reform. The final rule requires mortgage lenders and brokers to provide borrowers with a new standardized Good Faith Estimate effective January 1, 2010.

It is important to note that, although you can implement the use of the new GFE prior to January 1, 2010, once you implement its use, you must comply with all of the related rules including the new tolerances on disclosure of settlement costs. In addition, use of the new Good Faith Estimate requires the use of the revised HUD-1/HUD-1A Settlement Statements.

Under the new rules a lender or broker must provide all applicants for a mortgage loan with a GFE within 3 business days of receiving an application, or information sufficient to complete an application. Receipt of the borrower’s name, monthly income, and social security number; the property address; an estimate of the value of the property; the mortgage loan amount sought; and any other information that the originator deems necessary, would require the delivery of a Good Faith Estimate. The lender is not permitted to charge, any fee other than the cost of a credit report, prior to the borrower’s receipt of the Good Faith Estimate.

Shopping for your loan
Important dates

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

1. The interest rate for this GFE is available through **January 4, 2010**. 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 **December 11, 2009**.
3. After you lock your interest rate, you must go to settlement within **60** days (your rate lock period) to receive the locked interest rate.
4. You must lock the interest rate at least **7** days before settlement.

The first page of the new GFE contains specific dates and time periods regarding the availability of loan terms such as interest rate and settlement charges. Settlement charges, other than interest, must be available for at least 10 *business* days from the date of the GFE.

Display the questions that impact the date through which the interest rate is available with a left-click on the control.

Shopping for your loan
Important dates

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

1. The interest rate for this GFE is available through **January 4, 2010**. 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 **December 11, 2009**.
3. After you lock your interest rate, you must go to settlement within **60** days (your rate lock period) to receive the locked interest rate.
4. You must lock the interest rate at least **7** days before settlement.

Summary of your loan

Your initial loan amount is	\$
Your loan term is	
Your initial interest rate is	
Your initial monthly amount owed for principal, interest and any mortgage insurance is	\$
Can your interest rate rise?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of % The first change will be

Floating Rate Available Through	Lock-in Date
Mon Jan 04 2010 10:32	
Lock-in Term in Days	Calculated Lock-in Expiration Date
Lock-in Expiration Date Override	

If no 'Lock-in Date' has been entered the 'Floating Date Available Through' date will print on the Good Faith Estimate. If no date is entered for 'Floating Date Available Through', "Not Available" will print to indicate that the lender does not offer a rate lock. Once a 'Lock-in Date' is entered, the 'Calculated Lock-in Expiration Date', will print on the Good Faith Estimate. 'Calculated Lock-in Expiration Date' is affected by the 'Lock-in Term in Days' and the 'Lock-in Expiration Date Override'

Shopping for
your loan
Important dates

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

1. The interest rate for this GFE is available through **January 4, 2010**. 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 **December 11, 2009**.
3. After you lock your interest rate, you must go to settlement within **60** days (your rate lock period) to receive the locked interest rate.
4. You must lock the interest rate at least **7** days before settlement.

The date through which the estimate of settlement charges is available is calculated to be the current date plus 10 business days. The calculation takes into consideration your corporate answer for 'Weekend Work Days', but does not consider holidays. Therefore, an override is made available allowing you to enter a later date, whether due to holidays or the desire to extend the period of time that the estimated settlement charges are available. Because the estimate of settlement charges on each re-disclosure must be available for at least 10 days, CreativeVisions will continue to monitor this date, and if the date entered as a override is earlier than 10 days, the worksheet and Good Faith Estimate will display the calculated date.

The number of *calendar* days within which the applicant must go to settlement, once the interest rate is locked and the number of *calendar* days prior to settlement that the interest rate would have to be locked, must be stated.

The new Good Faith Estimate includes a brief summary of the loan, including loan amount, term, interest rate, monthly P & I *plus mortgage insurance* payment; whether the interest rate, payments, or loan balance can rise; and whether there is a prepayment penalty or balloon payment.

Summary of
your loan

Your initial loan amount is	\$ 180,000.00
Your loan term is	30 years
Your initial interest rate is	5.750 %
Your initial monthly amount owed for principal, interest and any mortgage insurance is	\$ 1,101.43 per month
Can your interest rate rise?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of _____ %. 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 _____ 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.
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 \$ 1,101.43 . Do we require you to have an escrow account for your loan? <input type="checkbox"/> No, you do not have an escrow account. You must pay these charges directly when due. <input checked="" type="checkbox"/> Yes, you have an escrow account. It may or may not cover all of these charges. Ask us.

Page 2 of the new Good Faith Estimate discloses the settlement charges associated with the loan. Charges are separated into 11 settlement cost categories. Entries to complete this page of the Good Faith Estimate are made from the GFE/HUD Worksheet, form number 21720. A button to launch the worksheet is provided at the top of page.

		Fee Entry Worksheet
Understanding your estimated settlement charges	Your Adjusted Origination Charges	
	1. Our origination charge This charge is for getting this loan for you.	2,075.00
	2. Your credit or charge (points) for the specific interest rate chosen <input type="checkbox"/> The credit or charge for the interest rate of _____ % is included in "Our origination charge." (See item 1 above.) <input checked="" type="checkbox"/> You receive a credit of \$ (450.00) for this interest rate of 5.750 %. This credit reduces your settlement charges. <input type="checkbox"/> 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.	(450.00)
	A Your Adjusted Origination Charges	\$ 1,625.00

'Our origination charge' includes 'Origination Points' and all charges that all loan originators involved in the transaction will receive. The amount stated is subject to zero tolerance and may not increase at settlement.

If the amount stated for 'Your credit or charge (points) for the specific interest rate chosen' is blank or zero the first box will be completed; if a negative amount is stated the second box is completed; and if a positive amount is stated the third box is completed.

'Your Adjusted Origination Charges' is the sum of Blocks 1 and 2.

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

Your Charges for All Other Settlement Services			
3. Required services that we select These charges are for services we require to complete your settlement. We will choose the providers of these services.			
<i>Service</i>	<i>Charge</i>	<i>Service</i>	<i>Charge</i>
Appraisal Fee	300.00		
Credit Report	50.00		
Tax Service Fee	45.00		
Flood Certification	12.00		
			407.00
4. Title services and lender's title insurance This charge includes the services of a title or settlement agent, for example, and title insurance to protect the lender, if required.			
			415.00
5. Owner's title insurance You may purchase an owner's title insurance policy to protect your interest in the property.			
			550.00
6. Required services that you can shop for 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.			
<i>Service</i>	<i>Charge</i>	<i>Service</i>	<i>Charge</i>
Survey	90.00		
Pest Inspection	45.00		
			135.00
7. Government recording charges These charges are for state and local fees to record your loan and title documents.			
			58.00
8. Transfer taxes These charges are for state and local fees on mortgages and home sales.			
			468.00
9. Initial deposit for your escrow account 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 checked="" type="checkbox"/> all insurance, and <input checked="" type="checkbox"/> other <u>Mortgage Insurance; Flood Insurance</u> .			
			304.13
10. Daily interest charges 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 \$ <u>28.35620</u> per day for <u>43</u> days (if your settlement is <u>02/04/10</u>).			
			1,219.32
11. Homeowner's insurance This charge is for the insurance you must buy for the property to protect from a loss, such as fire.			
<i>Policy</i>	<i>Charge</i>	<i>Policy</i>	<i>Charge</i>
Hazard Insurance Premium	950.00		
Flood Insurance	400.00		
			1,350.00

Block 3 – Includes items payable in connection with the loan that are not designated as Origination Charges.

Block 4 – Is the total amount of services that are designated as Title Charges on the GFE/HUD Data Entry Worksheet.

Block 5 – Represents the total amount of owner's title insurance regardless of whether the amount is charged to the borrower or seller.

Block 6 – Lists the additional settlement services that are required, but that the lender allows the borrower to shop for the service provider.

Block 7 – Is the total amount of services that are designated as Recording Fees on the GFE/HUD Data Entry Worksheet.

Block 8 – Is the total amount of services that are designated as Transfer Taxes on the GFE/HUD Data Entry Worksheet.

Block 9 – Is the starting balance of the escrow account established for paying taxes and insurance.

Block 10 – Contains information regarding interim interest that will be paid at the time of settlement.

Block 11 – Provides an estimate of required property insurance.

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"> Our origination charge Your credit or charge (points) for the specific interest rate chosen (after you lock in your interest rate) Your adjusted origination charges (after you lock in your interest rate) Transfer taxes 	<ul style="list-style-type: none"> Required services that we select Title services and lender's title insurance (if we select them or you use companies we identify) Owner's title insurance (if you use companies we identify) Required services that you can shop for (if you use companies we identify) Government recording charges 	<ul style="list-style-type: none"> Required services that you can shop for (if you do not use companies we identify) Title services and lender's title insurance (if you do not use companies we identify) Owner's title insurance (if you do not use companies we identify) Initial deposit for your escrow account Daily interest charges Homeowner's insurance

The categories of charges that can change and the percent of increase tolerances are spelled out in the instructions on page 3 of the new form.

	The loan in this GFE	The same loan with lower settlement charges	The same loan with a lower interest rate
Your initial loan amount	\$ 180,000.00	\$	\$
Your initial interest rate ¹	5.750 %	%	%
Your initial monthly amount owed	\$ 1,101.43	\$	\$
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	\$ 6,531.45	\$	\$

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

The tradeoff table provides the loan originator with the opportunity to provide a comparison of alternate interest rate and point options for the same loan, to the borrower. Information for the current loan is prefilled in the first column, and blue controls allow you to enter comparison information in the second and third columns.

Using the shopping chart

Use this chart to compare GFEs from different originator. 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	Your Firm			
Initial loan amount	180,000.00			
Loan term	30			
Initial interest rate	5.750			
Initial monthly amount owed	1,101.43			
Rate lock period	60			
Can interest rate rise?	No			
Can loan balance rise?	No			
Can monthly amount owed rise?	No			
Prepayment penalty?	No			
Balloon payment?	No			
Total Estimated Settlement Charges	6,531.45			

The shopping cart table, or chart, can be used by the applicant to compare good faith estimates from multiple lenders. Information for the current loan is prefilled in the first column, and the columns for Loans 2 – 4 are left blank allowing the borrower to fill in information obtained from other lenders.