

GFE Compliance

June 16, 2011

Presented by:

Brady W. Meadows



Mortgage Compliance Advisors

Instructions

- Because of the large number of registrants, the lines will be muted.
- To ask a question, click the plus sign next to “Questions” on the GoToWebinar box and type your question.
- The panelists will address questions at the end of the webinar. If your question is not addressed, we will email the answer to you.
- You can find today’s slides on our News & Resources page:
 - <http://www.mortgagecomplianceadvisors.com/index.php/news-resources#resources>



Our Panelists

We are fortunate to have with us today a panel of experienced mortgage professionals. They will be taking the time to answer your questions and provide insight from hands-on application.

- Kristen Kalikakis *MCA Trainer*
- Craig Christensen *MCA COO*



Agenda

- GFE Review by section
 - Instruction
 - Common questions
 - Common findings
- GFE and HUD Compliance
- Changed Circumstance
- Questions and Answers



When are you required to issue a GFE?

- GFE must be issued within 3 business days of receipt of information sufficient to complete an application:
 1. Borrower's Name
 2. Borrower's Monthly Income
 3. Borrower's Social Security Number
 4. Property Address
 5. Estimate of Value of Property
 6. Loan Amount
- Any other information deemed necessary by loan originator



Timing of Disclosure

- Rule for timing of disclosure of GFE did not change.
- GFE must be provided to borrower within 3 business days after receiving all 6 pieces of information.



Documenting Issuance of GFE

- Ensure you document when the GFE was issued to the borrower.
- Examples
 - Date stamp
 - Borrowers signed documentation of receipt
 - Initial disclosure letter with date and list of documents provided



Top of the GFE



OMB Approval No. 2502-0265

Good Faith Estimate (GFE)

Name of Originator	Borrower
Originator Address	Property Address
Originator Phone Number	
Originator Email	Date of GFE

- The loan originator must enter its name, business address, telephone number, and email address, if any, on the top of the form, along with the applicant's name, the address or location of the property for which financing is sought, and the date of the GFE. (*RESPA 3500, Appendix C, Instruction for completing the GFE*)



Common Findings: GFE Page 1



OMB Approval No. 2502-0265

Good Faith Estimate (GFE)

Name of Originator	ABC Mortgage Inc.	Borrower	John Doe
Originator Address	123 Main St. Anywhere, USA 55555	Property Address	123 Oak Ave. Anywhere, USA 55555
Originator Phone Number	(555) 555-5555	Date of GFE	6/16/2011
Originator Email	abc@abc-mtg.com		

- **Finding:** Originator information not completed
 - This information should be completed with the name, address and phone # of the company (not individual).
 - Originator email address does need to be provided.
- **Finding:** Date of GFE not updated with each re-issue.



Important Dates Section

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.

- This section briefly states important deadlines after which the loan terms that are the subject of the GFE may not be available to the applicant.
 - In **Line 1**, the loan originator must state the date and, if necessary, time until which the interest rate for the GFE will be available.
 - In **Line 2**, the loan originator must state the date until which the estimate of all other settlement charges for the GFE will be available. This date must be at least 10 business days from the date of the GFE.
 - In **Line 3**, the loan originator must state how many calendar days within which the applicant must go to settlement once the interest rate is locked.
 - In **Line 4**, the loan originator must state how many calendar days prior to settlement the interest rate would have to be locked, if applicable. (*RESPA 3500, Appendix C, Instruction for completing the GFE*)



Common Findings: 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.

- **Finding:** Question 1 marked N/A or blank.
- GFE instruction states: In Line 1, the loan originator must state the date and, if necessary, time until which the interest rate for the GFE will be available. (*RESPA 3500, Appendix C, Instruction for completing the GFE*)

Common Findings: Important Dates (cont.)

Important dates

1. The interest rate for this GFE is available through [redacted]. 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 [redacted].
3. After you lock your interest rate, you must go to settlement within [redacted] days (your rate lock period) to receive the locked interest rate.
4. You must lock the interest rate at least [redacted] days before settlement.

- **Finding:** Item 2 does not reflect 10 business days from date of GFE.
- **Business Day** means a day on which the creditor's offices are open to the public for carrying on substantially all of its business functions.
- Originator is not bound by GFE if borrower does not express intent to proceed with application within 10 business days after providing GFE.



Common Findings: Important Dates (cont.)

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.

- **Finding:** Items 3 and 4 not updated with lock information.
- Item 3 should contain N/A when unlocked and a lock in period when locked.
- Item 4 should contain number of days required by your lender when unlocked and N/A when locked.

Summary of Your Loan

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 %.	
	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 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.		

- You are required to complete all information in this section.



Summary of Your Loan

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 %.	
	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 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.		

For ARMs:

- “Can your interest rate rise?”
- Complete this box with Yes, and the maximum rate which will apply over the life of the loan and the period of time after which the interest rate can first change.



Summary of Your Loan

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 %. 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 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.		

For ARMs:

- “Even if you make payments on time...”
- Mark yes and complete with the terms of the ARM. For example, input the future P & I payment at first adjustment in the first blank and the maximum P & I payment in the second blank.



GFE Page 2 - Block 1

Your Adjusted Origination Charges

1. Our origination charge This charge is for getting this loan for you.	
--	--

- Block is subject to ZERO TOLERANCE
- Fees may include, but are not limited to:
 - Administration fees
 - Application fee
 - Attorney fee
 - Commitment fee
 - Courier fee
 - Lender fees
 - Originator document preparation fee
 - Origination fee
 - Processing fee
 - Underwriting fee
 - Wire fee
 - YSP



GFE Page 2 - Block 1

Your Adjusted Origination Charges

1. Our origination charge This charge is for getting this loan for you.	
--	--

- **Finding:** Increase outside of tolerance without documented changed circumstance.
- If the loan amount changes and all or a portion of Block 1 is calculated as a % of the loan amount, then that portion of Block 1 may be recalculated.



GFE Page 2 - Block 2

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.

A

Your Adjusted Origination Charges

\$

Box 1 – This box is for Lenders who include the rate or discount in the rate.

Box 2 – This box is when a credit will be given for a rate, such as YSP.

Box 3 – This box is for when there is a charge for the rate chosen, such as discount.

Only one of the boxes may be checked; a credit and charge cannot occur together in the same transaction.



GFE Page 2 - Block 2

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.

A

Your Adjusted Origination Charges

\$

- Block is subject to ZERO TOLERANCE
- **Finding:** Boxes in Block 2 left unmarked.
 - Only one box may be marked and at least one must be marked.
 - Cannot have a credit and a charge in this section
- Decrease in credit after lock without acceptable changed circumstance.



Brokered Transaction

Your Adjusted Origination Charges

<p>1. Our origination charge This charge is for getting this loan for you.</p>	<p>\$2,500</p>
<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="1,000"/> for this interest rate of <input type="text" value="5.0"/> %. This credit reduces your settlement charges.</p> <p><input type="checkbox"/> You pay a charge of \$ <input type="text"/> for this interest rate of <input type="text"/> %. This charge (points) increases 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>	<p><\$1,000></p>
<p>A Your Adjusted Origination Charges</p>	<p>\$ 1,500</p>

- Loan Amount: \$100,000
- Interest Rate: 5%
- YSP: \$1000 (1%)
- Broker Compensation: \$2,000 origination, \$300 processing, \$200 administration fee



Retail Transaction

Your Adjusted Origination Charges

<p>1. Our origination charge This charge is for getting this loan for you.</p>	<p>\$1,500</p>
<p>2. Your credit or charge (points) for the specific interest rate chosen</p> <p><input checked="" type="checkbox"/> The credit or charge for the interest rate of <input type="text" value="5.0%"/> % is included in "Our origination charge." (See item 1 above.)</p> <p><input type="checkbox"/> You receive a credit of \$ <input type="text"/> for this interest rate of <input type="text"/> %. This credit reduces your settlement charges.</p> <p><input type="checkbox"/> You pay a charge of \$ <input type="text"/> for this interest rate of <input type="text"/> %. This charge (points) increases 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>	<p>\$0</p>
<p>A Your Adjusted Origination Charges</p>	<p>\$ 1,500</p>

- Loan Amount: \$100,000
- Interest Rate: 5%
- Origination Point: 1% = \$1,000
- Total Administration Fees: \$500



GFE Page 2 – Block 3

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.

Service

Charge

<i>Service</i>	<i>Charge</i>

In this block, the loan originator must identify each third party settlement service required and selected by the loan originator (excluding title services), along with the estimated price to be paid to the provider of each service. The loan originator must identify the specific required services and provide an estimate of the price of each service.



GFE Page 2 – Block 3

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.

Service

Charge

<i>Service</i>	<i>Charge</i>

- Subject to a 10% tolerance
- List the service, not the vendor name.
- Fees may include, but are not limited to the following:
 - Appraisal
 - Condo questionnaire fee
 - Credit Report
 - Flood Certification
 - PMI
 - MERS
 - Tax Service Fee
 - UFMIP
 - VOD & VOE



GFE Page 2 – Block 4

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.

- The loan originator must state the estimated total charge for third party settlement service providers for all closing services, regardless of whether the providers are selected or paid for by the borrower, seller, or loan originator. *(RESPA 3500, Appendix C, Instruction for completing the GFE)*
- The loan originator must also include any lender's title insurance premiums, when required, **regardless** of whether the provider is selected or paid for by the borrower, seller, or loan originator. All fees for title searches, examinations, and endorsements, for example, would be included in this total. *(RESPA 3500, Appendix C, Instruction for completing the GFE)*
- Subject to 10% tolerance.



GFE Page 2 – Block 5

5. Owner's title insurance

You may purchase an owner's title insurance policy to protect your interest in the property.

- Subject to a 10% tolerance
- An estimate of the charge for the owner's title insurance and related endorsements, **regardless** of whether the providers are selected or paid for by the borrower, seller, or loan originator.
- For refinance transactions, the originator may mark N/A.



GFE Page 2 – Block 6

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.

Service

Charge

- Subject to a 10% tolerance
- Services include, but are not limited to:
 - Roof certification
 - Septic and well
 - Pest inspection
 - Survey



GFE Page 2 – Block 7

7. Government recording charges

These charges are for state and local fees to record your loan and title documents.

- Subject to 10% tolerance
- In this block, the loan originator must estimate state and government fees for recording the loan.



GFE Page 2 – Block 8

8. Transfer taxes

These charges are for state and local fees on mortgages and home sales.

- Subject to ZERO TOLERANCE
- In this block, the loan originator must estimate the sum of all state and local government fees on mortgages and home sales that can be expected to be charged at settlement, based upon the proposed loan amount or sales price and on the property address. *(RESPA 3500, Appendix C, Instruction for completing the GFE)*



GFE Page 2 – Block 9

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 all property taxes, all insurance, and other .

- Block 9 should be completed with information related to the escrow account, if applicable.
- **Finding:** Block left blank , with only total dollar amount listed in column.



GFE Page 2 – Block 10

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 \$ per day for days (if your settlement is).

- This must contain the estimated daily how this total amount is calculated by providing the amount of the interest charges per day and the number of days used in the calculation, based on a stated projected closing date. *(RESPA 3500, Appendix C, Instruction for completing the GFE)*
- **Finding: Not completing each of the three boxes.**



GFE Page 2 – Block 11

11. Homeowner's insurance

This charge is for the insurance you must buy for the property to protect from a loss, such as fire.

Policy

Charge

- Uncommon to see errors with fee disclosure in this Block.



GFE Page 3 – 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	\$	\$	\$
Your initial interest rate ¹	%	%	%
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	\$	\$	\$

- **Finding:** Column 1 of Tradeoff Table not completed.
- Originator must complete left column using figures from page 1 of GFE.
- Completion of remaining columns is not required.



Findings Related to GFE & HUD Settlement Statement (cont.)

- **Finding:** Increasing charges at settlement without documenting cost to cure.
 - Tolerance cure not reflected on page 1 of HUD
or
 - Documentation of cost to cure provided from originator to borrower within 30 days of settlement not retained in file



Disclosure of fees on HUD settlement statement

- **Q:** If a charge for a service disclosed on the GFE was not collected at closing, does that charge need to be reflected on the HUD settlement statement?
- **A:** No. If the fee was not charged or collected for at closing, there should be nothing reflected in that line on Page 2 of the HUD, and the estimate of charges should not appear on the comparison charge on Page 3 of the HUD. *(July 2010 RESPA Roundup)*



Excessive Credit

- **Q:** The regulation states that while the borrower's interest rate is locked, the credit or charge for the interest rate chosen and the adjusted origination charge may not increase from the amount shown on the GFE. On a no-cost loan that covers third-party costs where the rate has been locked, the GFE should show a credit for the interest rate chosen, in an amount sufficient to cover the estimated loan originator and third party fees. If the actual third party fees at closing are lower than stated on the GFE, may the loan originator reduce the amount of the credit to match what is needed to pay the actual third party and loan originator fees?
- **A:** No, the amount of the credit may not be reduced. The loan originator may choose to: 1) have the amount of the credit remain the same as stated on the GFE to cover additional closing costs previously not anticipated to be included in the —no-cost|| loan; 2) apply a principal reduction to the principal balance; 3) reduce the interest rate and the credit accordingly; or 4) have the credit remain the same, resulting in cash to the borrower. (*RESPA FAQ page 30, question 4*)



Documenting a Changed Circumstance

- A “changed circumstance” is defined by HUD as follows:
 1. Acts of God, war, disaster or other emergency
 2. Change in information particular to borrower or transaction that was relied on when issuing initial GFE
 3. New information particular to borrower or transaction that was not relied on in providing GFE
 4. Other circumstances that are particular to borrower or transaction, including boundary disputes, need for flood insurance, or environmental problems



Documenting a Changed Circumstance

- Typically, a GFE will be re-issued when information and/or charges are affected by:
 - Changes in settlement costs
 - Changes of loan program or figures
 - Borrower requested changes
- When changing from float to lock, GFE **must** be reissued to update Important Dates section. (RESPA FAQ page 8, question 19)



Documenting a Changed Circumstance

- **Finding:** Fees increased beyond tolerance limitations without documented changed circumstance.
- Documentation may include the following information:
 1. Description of change
 2. Date of change (corresponds with re-issued GFE)
 3. Which block(s) affected
 4. Prior fee and resulting fee



Documenting a Changed Circumstance

- **Finding:** Changed circumstance used to issue new GFE is not an acceptable Change of Circumstance.

Example:

- I forgot to disclose the transfer tax in the previous GFE.
- The amount listed for title charges was incorrect (includes typos).



When must a new GFE be re-issued?

- If a revised GFE is to be issued, the loan originator must do so within 3 business days of receiving the information sufficient to establish the changed circumstance.
- 3 business days is triggered from the time information is received by the originator, mortgage broker or the lender.
- RESPA Section 3500.10 states that the borrower is entitled to review the HUD1 at least one day prior to closing.



(FAQs Page 20 #11)



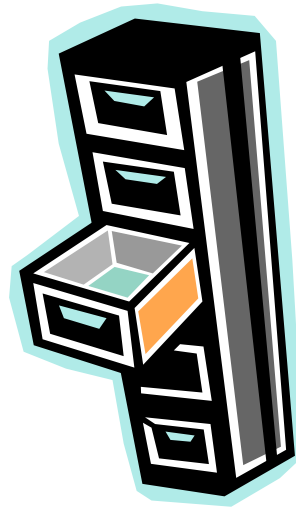
Multiple GFEs in Your Loan File

- If you have re-issued a GFE or several GFEs, remember that the **most recently disclosed GFE supersedes** all previously disclosed GFEs.
- If you initially disclose fees correctly and on the re-issued GFE you have disclosed those fees incorrectly, you are stuck with the most recently disclosed GFE with your incorrect fees.



Documentation Retention

- The initial GFE and re-issued GFE disclosures, along with supporting documentation for applicable changed circumstances, must be retained for **3 years**.



CFPB Combined GFE/TIL #1

FICUS BANK

4321 Random Boulevard
Somerset, ST 54321

LOAN ID # 1330172608
LOAN OFFICER Joe Smith
PHONE 555-123-4444
EMAIL joesmith@ficusbank.com
NMLS ID# 01234567

Loan Estimate

LOAN AMOUNT	\$216,000	DATE EXPIRES	05/18/2011 06/02/2011 at 3:00 PM
LOAN TYPE	30 year adjustable rate	APPLICANT	Jane Johnson
PURPOSE	Purchase	PROPERTY	456 Avenue A Anytown, ST 12345
PROGRAM	Conventional		

Key Loan Terms

Can key loan terms change after closing?

Interest rate	2.5% to start	YES	<ul style="list-style-type: none"> Can go as high as 10% in year 5. Adjusts yearly starting in year 3. See details on back.
Monthly loan payment	\$853.47	YES	<ul style="list-style-type: none"> Can go as high as \$1,810. Adjusts yearly starting in year 3.
Monthly taxes and insurance	\$427	YES	<ul style="list-style-type: none"> Estimated. Could increase over time.

Cautions

Can loan features trigger higher or additional payments?

Increasing loan amount	NO
Balloon payment	NO
Prepayment penalty	NO

Comparisons

Use these additional measures to compare this loan with others.

Annual Percentage Rate	5.59% expresses interest and costs over 30 years.
In 5 Years	\$19,761 is the loan amount you have paid off in 5 years after paying \$79,993.

Projected Payments

Expect to make these payments.

AT CLOSING	YEARS 1 - 2	YEARS 3 - 8	YEARS 9 - 30
\$10,060 Estimated Closing Costs See details on back. + \$24,000 Down Payment These amounts will be adjusted for credits and deposits.	\$1,280 a month Includes \$427 estimated taxes and insurance.	\$1,280 to \$2,237 a month Estimated total monthly payment. Includes \$427 estimated taxes and insurance.	\$1,170 to \$2,127 a month Estimated total monthly payment. Includes \$317 estimated taxes and insurance.



For additional information and tools, visit www.consumerfinance.gov/futureurl

Loan Estimate Details

You have no obligation to choose this loan. Shop around to find the best loan for you.

LOAN ID # 1330172608

Estimated Closing Costs

A	Origination Fee.	This fee cannot change. Includes <u>0</u> points (\$0)	\$2,000
B	Required services and costs you cannot shop for.	Services Required by the Lender • These services include appraisal (\$300) and credit report (\$18) provided by lender-related companies: SCR Appraisal and HBR Credit Inc. • Total cannot be higher than \$953 at closing.	\$866
		Government Charges	\$2,015
C	Required services you can shop for. If you choose another provider, these amounts may vary.	Title Services, Lender's Title Insurance, and Settlement Agent	\$1,745
		Pest Inspection	\$90
		Homeowner's Insurance	\$637
D	Non-required services. You choose to shop for and purchase these services.	Owner's Title Insurance	\$650
		Home Warranty	\$550
E	Advance charges you pay at closing.	Escrow and prepaid property taxes and assessments	\$633
		Escrow for insurance	\$649
		Prepaid Interest (15 days @ 2.5%, \$15/day)	\$225
F	Total Closing Costs	A + B + C + D + E	\$10,060
G	Credits from Lender or Seller		0
H	Amount of Total Closing Costs to be Financed		0
I	ESTIMATED AMOUNT YOU WILL PAY AT CLOSING (F - G - H)		\$10,060

Is an Escrow Account Required?

- YES, your monthly payment includes monthly taxes and insurance.
- NO, you must pay your taxes and insurance yourself.

Important Dates

This estimate expires on **06/02/2011 at 3:00 PM**. After this time, the loan features and closing costs on this form may not be available.

Is Mortgage Insurance Required?

- YES, this loan requires mortgage insurance.
- NO, this loan does not require mortgage insurance.

Adjustable Interest Rate Information

Index	Prime
Margin	2.5%
Lifetime Maximum Rate	10%
Lifetime Minimum Rate	2.5%

Will You Make Your Payments to Us?

- YES, we intend to service your loan.
- NO, we intend to assign, sell, or transfer servicing of your loan.

Cap on Interest Rate Changes

At First Change	3%
At Subsequent Changes	3%

Change Frequency

First Change: 2 years from loan date
Subsequent Changes: Every year after first change

Appraisal

We will promptly give you a free copy of any written property appraisals or valuations. You will receive the copy even if the loan does not close.



CFPB Combined GFE/TIL #2

PECAN BANK

LOAN OFFICER Joe Smith
 PHONE 555-123-4444
 EMAIL joesmith@pecanbank.com
 NMLS ID# 01234567

LOAN ID# 1330172608
 APPLICANT Jane Johnson
 PROPERTY 456 Avenue A, Anytown, ST 12345
 LOAN TYPE 30 year adjustable rate
 PURPOSE Purchase
 PROGRAM Conventional
 DATE May 18, 2011
 EXPIRES June 2, 2011 at 3:00 PM

Loan Estimate

PROJECTED PAYMENTS Payments you should expect to make.

AT CLOSING	YEARS 1 – 2	YEARS 3 – 8	YEARS 9 – 30
\$34,060 estimated Will be adjusted for credits and deposits.	\$853 a month + \$427 estimated taxes and insurance. Estimated total \$1,280 a month.	As much as \$1,810 a month + \$427 estimated taxes and insurance. Estimated total \$1,280 to \$2,237 a month.	As much as \$1,810 a month + \$317 estimated taxes and insurance. Estimated total \$1,170 to \$2,127 a month.

SUMMARY

Loan Amount	\$216,000
Monthly Loan Payment	\$853.47 • Adjusts yearly starting in year 3.
Monthly Taxes & Insurance	\$427 • Estimated. Could increase over time.
Interest Rate	2.5% to start • Adjusts yearly starting in year 3. • See details on back.
Closing Costs You Pay	\$10,060 • See details on back.
Down Payment	\$24,000

CAUTIONS

These features trigger higher or additional payments.

Adjustable Interest Rate..... **As high as 10%**

Increasing Monthly Payment... **As high as \$1,810**

Increasing Loan Amount..... **No**

Balloon Payment..... **No**

Prepayment Penalty..... **No**

COMPARISONS

Use these additional measures to compare this loan with others.

In 5 Years **\$79,993**
Amount you have paid

\$19,761
Amount of loan paid off

APR..... **5.59%**
• Expresses interest and costs over 30 years.

Loan Estimate Details

You have no obligation to choose this loan. Shop around to find the best loan for you.

LOAN ID # 1330172608

Estimated Closing Costs

A	Origination Fee.	This fee cannot change. Includes ___0___ points (\$0)	\$2,000
B	Required services and costs you cannot shop for.	Services Required by the Lender • These services include appraisal (\$300) and credit report (\$18) provided by lender-related companies: PGV Appraisers and KJT Credit Co. • Total cannot be higher than \$953 at closing.	\$866
		Government Charges	\$2,015
C	Required services you can shop for. If you choose another provider, these amounts may vary.	Title Services, Lender's Title Insurance, and Settlement Agent	\$1,745
		Pest Inspection	\$90
		Homeowner's Insurance	\$637
D	Non-required services. You choose to shop for and purchase these services.	Owner's Title Insurance	\$650
		Home Warranty	\$550
E	Advance charges you pay at closing.	Escrow and prepaid property taxes and assessments	\$633
		Escrow for insurance	\$649
		Prepaid Interest (15 days @ 2.5%, \$15/day)	\$225
F	Total Closing Costs	A + B + C + D + E	\$10,060
G	Credits from Lender or Seller		\$0
H	Amount of Total Closing Costs to be Financed		\$0
I	ESTIMATED AMOUNT YOU WILL PAY AT CLOSING (F - G - H)		\$10,060

Is an Escrow Account Required?

- YES, your monthly payment includes monthly taxes and insurance.
- NO, you must pay your taxes and insurance yourself.

Is Mortgage Insurance Required?

- YES, this loan requires mortgage insurance.
- NO, this loan does not require mortgage insurance.

Will You Make Your Payments to Us?

- YES, we intend to service your loan.
- NO, we intend to assign, sell, or transfer servicing of your loan.

Appraisal

We will promptly give you a free copy of any written property appraisals or valuations. You will receive the copy even if the loan does not close.

Important Dates

This estimate expires on **06/02/2011 at 3:00 PM**. After this time, the loan features and closing costs on this form may not be available.

Adjustable Interest Rate Information

Index	Prime
Margin	2.5%
Lifetime Maximum Rate	10%
Lifetime Minimum Rate	2.5%

Cap on Interest Rate Changes

At First Change	3%
At Subsequent Changes	3%

Change Frequency

First Change: 2 years from loan date
 Subsequent Changes: Every year after first change



For additional information and tools, visit www.consumerfinance.gov/futureurl

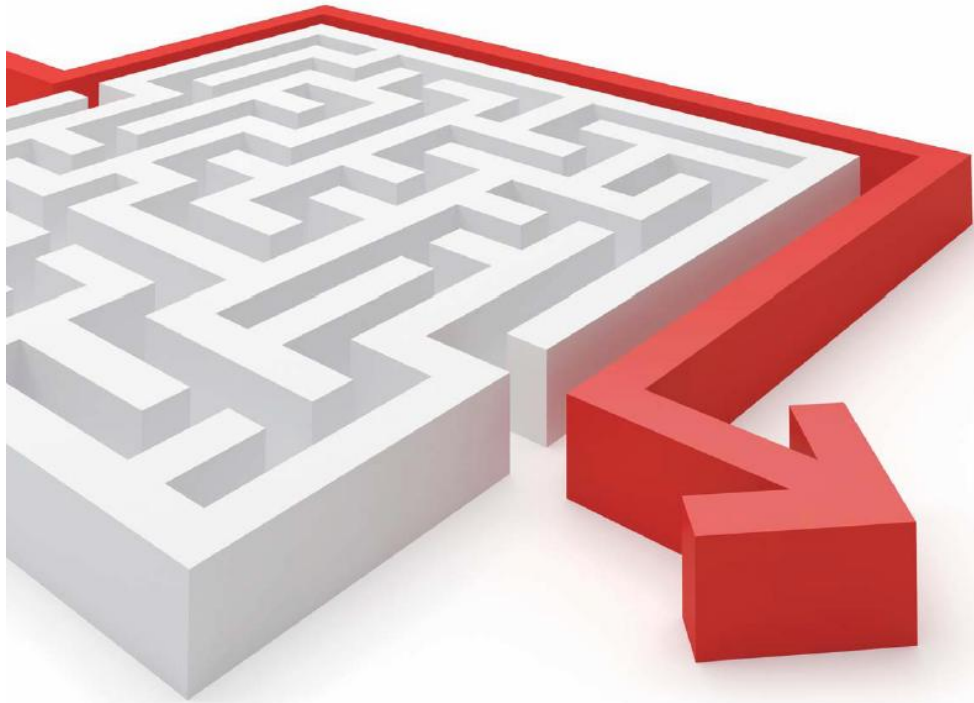


Top 3 Compliance Tips

1. Complete all boxes, lines and pages in their entirety.
2. Document all changes and disclose within required time frame.
3. Retain all supporting documentation in your file.



We are proud to offer these monthly webinars free of charge and hope by doing so, we will be fortunate enough to earn your business.



a better way



MORTGAGE COMPLIANCE ADVISORS, LLC

www.MortgageComplianceAdvisors.com

- Post-Closing QC Audits
- Pre-Funding Reviews
- QC Plan Implementation
- Red Flag Policies
- Training and Consulting
- Agency Approval
- LO Compensation Policies
- Etc.

Contact Information

- We will be answering a few of your questions in just a moment. Questions not addressed at this time will be emailed directly to you, as well as answered in our next newsletter. You are also welcome to contact us at any time:

Mortgage Compliance Advisors, LLC

5505 South 900 East # 110 • Salt Lake City, Utah 84117

- **Support (Current Clients):** (801) 649-6038
- **Support (General):** (877) 250-5243
- **Email:** Info@MortgageComplianceAdvisors.com



Resources

- HUD/FHA
 - <http://www.hud.gov>
- HUD RESPA Resources
 - http://www.hud.gov/offices/hsg/rmra/res/respa_hm.cfm
- New RESPA Rule FAQs (updated 4/2/2010)
 - <http://www.hud.gov/offices/hsg/rmra/res/resparulefaqs422010.pdf>
- RESPA's Instructions on Completing the GFE
 - http://edocket.access.gpo.gov/cfr_2009/aprqtr/24cfr3500AppC.htm
- RESPA Round Up- Completing the GFE for LO Comp Rules
 - <http://www.hud.gov/offices/hsg/rmra/res/mlocomplrodup31811v3.pdf>



RESPA's Instructions for Completing the GFE

[Code of Federal Regulations]
[Title 24, Volume 5]
[Revised as of April 1, 2009]
From the U.S. Government Printing Office via GPO Access
[CITE: 24CFR3500 App C]

[Page 382-390]

TITLE 24--HOUSING AND URBAN DEVELOPMENT

CHAPTER XX--OFFICE OF ASSISTANT SECRETARY FOR HOUSING--FEDERAL HOUSING
COMMISSIONER, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PART 3500_REAL ESTATE SETTLEMENT PROCEDURES ACT--Table of Contents

Sec. Appendix C to Part 3500--Instructions for Completing Good Faith
Estimate (GFE) Form

The following are instructions for completing the GFE required under section 5 of RESPA and 24 CFR 3500.7 of the Department of Housing and Urban Development regulations. The standardized form set forth in this Appendix is the required GFE form and must be provided exactly as specified. The instructions for completion of the GFE are primarily for the benefit of the loan originator who prepares the form and need not be transmitted to the borrower(s) as an integral part

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of the GFE. The required standardized GFE form must be prepared completely and accurately. A separate GFE must be provided for each loan where a transaction will involve more than one mortgage loan.

General Instructions

The loan originator preparing the GFE may fill in information and amounts on the form by typewriter, hand printing, computer printing, or any other method producing clear and legible results. Under these instructions, the ``form'' refers to the required standardized GFE form.



Questions & Answers

You can find today's slides on our News & Resources page:

<http://www.mortgagecomplianceadvisors.com/index.php/news-resources#resources>

To ask a question,
click the plus sign next to “Questions” on the GoToWebinar box and type your question.



Questions & Answers - 1

- **Q:** Appraisal value came in higher causing YSP to be higher....is there anyway we are able to get those fees without increasing box 1?
- **A:** If YSP increases due to lower LTV, the entire benefit should go directly to the borrower with an increase to credit in Block 2. The only time Block 1 may increase is if all, or a portion of, the charges in Block 1 were disclosed as a percentage of the loan amount and the loan amount increases.



Questions & Answers - 2

- **Q:** Do you have to re-disclose a GFE for a lock extension to update the important dates info if there is not a fee being charged to the borrower?
- **A:** RESPA Section 3500.7 states the following.
- *Interest rate dependent charges and terms.* If the interest rate has not been locked by the borrower, or a locked interest rate has expired, the charge or credit for the interest rate chosen, the adjusted origination charges, per diem interest, and loan terms related to the interest rate may change. If the borrower later locks the interest rate, a new GFE must be provided showing the revised interest rate-dependent charges and terms. All other charges and terms must remain the same as on the original GFE, except as otherwise provided in paragraph (f) of this section.



Questions & Answers - 3

- **Q:** If page 2, Block 2 of the GFE does not check any box, is re-disclosure required to complete Block 2?



Questions & Answers - 4

- **Q:** What is the curative action if the GFE is not provided within 3 days of the application or change of circumstance?



Questions & Answers - 5

- **Q:** Are manual corrections ok when dates on line 10 are wrong? We've been accepting this as the borrower's initial.



Thank You!

The information provided by Mortgage Compliance Advisors, LLC has been taken from various public resources and does not constitute legal advice.

