

Understanding the Good Faith Estimate.

The Good Faith Estimate (GFE) is a required disclosure that provides a description of the fees required to obtain your loan. It used to be just an estimate of the fees the lender can charge, but beginning in January of 2010, the lender is now committed to most of the fees on the GFE. Because the GFE is binding, lenders may now provide Loan Scenarios or Initial Fee Worksheets while you are comparing proposals prior to deciding to lock in. When you are ready to commit, it's important to compare the GFE to the loan proposals and make sure the costs are the same.

Virtually all closing costs, OTHER THAN LENDER FEES, are determined by third parties. These third party charges include the appraisal, all associated title company charges, escrow reserves, and pre-pays (homeowner's insurance and taxes). These costs are not controlled by the lender.

As you compare GFE's, note that the fees are broken down into three categories.

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

The following GFE sections are controlled by the lender and cannot change unless the loan data changes.

Boxes 1 and 2 are the most important area of the GFE to review as you consider lenders.

Your Adjusted Origination Charges -- These are the fees the lender charges and the monies that will be paid to the lender. This will include any origination points, discount points, underwriting fees, processing fees, and any junk fees if the lender charges any (goodmortgage.com does not have any junk fees.) These fees CANNOT increase at closing.

Lender Credits – In exchange for a slightly higher interest rate, in some cases the lender will offer a lender credit to offset some of the lender or third party fees. These credits will be shown on the loan proposal and not on the GFE in most cases. The GFE describes the costs, not the bottom line.

Box 8 — Transfer Taxes: These charges are for state and local fees on mortgages and home sales.

The remaining GFE sections contain other information important to your borrowing process and should remain constant regardless of the lender you choose. The following can increase up to 10%.

Box 3 —Required Services that we select: If there are any third party vendors the lender requires you to use, they will be in this box.

Box 4 —Title Services and lender's title insurance: Title fees are determined by the title company and may include but aren't limited to closing or escrow fees, document preparation fees, notary fees, attorney fees, title insurance, endorsements, exam fees. These fees exist regardless of your lender choice. You can select your own title company or closing attorney not on the lenders list, but if you do these fees can increase and the lender is not bound to the fees on this part of the GFE.

Box 5 —Owners Title Insurance: If you decide to purchase an Owner's Title Insurance policy the cost will be here. You can select your own title company not on the lenders list, but if you do these fees can increase and the lender is not bound to the fees on this part of the GFE.

Box 6 —Required Services that you can shop for: If there are third party charges that you can shop for, they will go here. If you select the company from a list the lender provides, the charges can only increase by 10%. Otherwise the cost will be the actual cost of the company you select and the lender will not be bound by the GFE.

Box 7 —Government Recording Charges: These are any recording charges your state or local government may charge.

The remaining GFE sections contain other information important to your borrowing process and should remain constant regardless of the lender you choose. The following CAN increase at Settlement.

Box 9 —Initial deposit for your escrow account: Reserves are funds the lender requires to be paid at closing if you plan to escrow your taxes and insurance. You pay a determined number of month's taxes at closing depending on the county and state where the property is located, as well as when the taxes are collected. Tax payments must be current for the year. You also pay a determined number of month's insurance. These fees are paid regardless of what lender you choose. You do not pay any fees in this section if you choose to handle escrow on your own. If you are waiving escrows this will be \$0, but in certain circumstances, a one-time fee at closing (.25% of the loan amount) to handle escrow on your own may be charged by some lenders that will be in Box 2.

Box 10 —Daily Interest Charges: You pay interest on the remaining days of the month at closing. If you close on the 16th, you will pay 15 days of interest at closing if the month has 30 days.

Box 11 —Homeowner's insurance: You are required to pay your first year's insurance premium prior to closing if you are purchasing a home.

Changed circumstances – if any of the underlying facts provided by the borrower to the lender prior to providing the initial GFE change, the lender fees can change. In the new RESPA laws this is referred to as a changed circumstance. A new GFE will be provided within 3 days of the lender discovering the changed circumstance.

Comparing lenders by reviewing their Good Faith Estimates should not be a stressful process. Focus on **Box 1 and Box 2 and Line A – Adjusted Origination Charges** as well as the **interest rate** lenders can provide and any **Lender Credit** they offer, and the best lender choice should be easy to determine.

At closing, the actual charges are reflected on the HUD-1 Settlement Statement. When dealing with a reputable lender, the GFE will be a **close estimate** of charges on the HUD-1.



Good Faith Estimate (GFE)

Name of Originator	Borrower
Originator Address	Property Address
Originator Phone Number	
Originator Email	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. 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

- 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.
- This estimate for all other settlement charges is available through [].
- After you lock your interest rate, you must go to settlement within [] days (your rate lock period) to receive the locked interest rate.
- 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 % 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.

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

A	Your Adjusted Origination Charges (See page 2.)	\$
B	Your Charges for All Other Settlement Services (See page 2.)	\$
A + B	Total Estimated Settlement Charges	\$

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. Our origination charge This charge is for getting this loan for you.										
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 type="checkbox"/> You receive a credit of \$ [] for this interest rate of [] %. 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.										
A	Your Adjusted Origination Charges	\$								
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. <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> <tr><td> </td><td> </td></tr> </tbody> </table>		Service	Charge							
Service	Charge									
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.										
5. Owner's title insurance You may purchase an owner's title insurance policy to protect your interest in the property.										
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. <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. Government recording charges These charges are for state and local fees to record your loan and title documents.										
8. Transfer taxes These charges are for state and local fees on mortgages and home sales.										
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 type="checkbox"/> all insurance, and <input type="checkbox"/> other [].										
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 []).										
11. Homeowner's insurance This charge is for the insurance you must buy for the property to protect from a loss, such as fire. <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	Your Charges for All Other Settlement Services	\$								
A + B	Total Estimated Settlement Charges	\$								



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

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 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	\$	\$	\$

¹ 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?				
Total Estimated Settlement Charges				

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.

