



# RESPA

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– Real Estate Settlement Procedures Act

## **Closing Cost and Settlement Procedures have Changed!**

***Disclaimer:** The content in this webinar is provided for informational purposes only and should not be considered legal advice for your situation. Please contact your legal counsel to determine the manner in which the Real Estate Settlement Procedures Act affects your business.*



# RESPA CHANGES REQUIRED

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- ▶ New GFE: three pages – Presented by Byte Software, Gail Joyce
- ▶ New GFE with tolerances on settlement amounts – Presented by DocuTech, Fred Gooch
- ▶ New HUD1\1A - Presented by DocuTech, Fred Gooch



# New GFE Required January 1, 2010

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- ▶ You may issue the new GFE before January 1st
  - If the new GFE is issued, the new HUD1 must be issued as well, even if closing is before January 1st
  - If the new GFE\HUD1 are issued, tolerances will apply
- ▶ You may wait until the end of December
  - If the old GFE is issued, the old HUD1 must be issued also, even if closing is after January 1st
  - If an old GFE is revised, you may choose to issue a new GFE\HUD1



# When Should the GFE be Issued?

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- ▶ The new GFE must be issued within three days of receiving a borrower ‘application’
- ▶ ‘Application’ definition includes:
  - Borrower’s name, monthly income and SSN
  - The property address and estimates of property value
  - Loan amount, AND any other information deemed necessary by the originator



# When Should You Not Issue a GFE?

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- ▶ The GFE need not be issued if:
  - The borrower withdraws
  - The application is denied
- ▶ The GFE is not required for a pre-approval
- ▶ When a GFE is issued, it is assumed that all components of an ‘application’ have been received. Missing information may not be the basis for changed circumstances



# GFE - Old and New

ESTIMATED CLOSING COSTS			
801	Loan Origination Fee	1.000%	\$ 1,020.00
802	Loan Discount Points		\$
803**	Appraisal Fee		\$ 350.00
804**	Credit Report Fee		\$ 35.00
805	Lender's Inspection Fee		\$
806	Document Preparation Fee		\$ 150.00
807	Courier Fee		\$ 50.00
808	Mortgage Broker Fee		\$
809	Tax Service Fee		\$ 90.00
810	Processing Fee		\$ 250.00
811	Underwriting Fee		\$ 200.00
1101	Settlement or Closing Fee		\$
1102	Abstract or Title Search		\$ 120.00
1103	Title Examination		\$ 150.00
1104			\$
1105			\$ 400.00
1106	Notary Fee		\$ 30.00
1107	Attorney's Fee		\$ 1,100.00
1108	Title Insurance		\$ 700.00
1109	Postal Fees		\$ 55.00
1110	MERS		\$ 5.00
1201	Recording Fee		\$ 100.00
1202	City / County Tax / Stamps		\$ 55.00
1203	State Tax / Stamps		\$ 30.00
1204			\$
1301	Survey Fee		\$
1302	Pest Inspection		\$
1303	Flood Certification		\$ 30.00
1304			\$

## Your Adjusted Origination Charges

<b>1. Our origination charge</b> This charge is for getting this loan for you.	\$ 2,180.00
<b>2. Your credit or charge (points) for the specific interest rate chosen</b> <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.) <input checked="" type="checkbox"/> You receive a credit of \$ <input type="text" value="1,200.00"/> for this interest rate of <input type="text" value="7.000"/> %. This credit <b>reduces</b> your settlement charges. <input type="checkbox"/> You pay a charge of \$ <input type="text"/> for this interest rate of <input type="text"/> %. This charge (points) <b>increases</b> 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.	\$ (1,200.00)

<b>A</b> Your Adjusted Origination Charges	\$ 980.00
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## Your Charges for All Other Settlement Services

<b>3. Required services that we select</b> These charges are for services we require to complete your settlement. We will choose the providers of these services.	\$ 505.00																						
<table border="1"> <thead> <tr> <th>Service</th> <th>Charge</th> </tr> </thead> <tbody> <tr> <td>Appraisal Fee</td> <td>\$ 350.00</td> </tr> <tr> <td>Credit Report Fee</td> <td>\$ 35.00</td> </tr> <tr> <td>Tax Service Fee</td> <td>\$ 90.00</td> </tr> <tr> <td>Flood Certification</td> <td>\$ 30.00</td> </tr> <tr> <td></td> <td>\$</td> </tr> <tr> <td></td> <td>\$</td> </tr> <tr> <td></td> <td>\$</td> </tr> <tr> <td></td> <td>\$</td> </tr> <tr> <td></td> <td>\$</td> </tr> <tr> <td></td> <td>\$</td> </tr> </tbody> </table>	Service	Charge	Appraisal Fee	\$ 350.00	Credit Report Fee	\$ 35.00	Tax Service Fee	\$ 90.00	Flood Certification	\$ 30.00		\$		\$		\$		\$		\$		\$	
Service	Charge																						
Appraisal Fee	\$ 350.00																						
Credit Report Fee	\$ 35.00																						
Tax Service Fee	\$ 90.00																						
Flood Certification	\$ 30.00																						
	\$																						
	\$																						
	\$																						
	\$																						
	\$																						
	\$																						
<b>4. Title services and lender's title insurance</b> This charge includes the services of a title or settlement agent, for example, and title insurance to protect the lender, if required.	\$ 2,560.00																						
<b>5. Owner's title insurance</b> You may purchase an owner's title insurance policy to protect your interest in the property.	\$ 600.00																						



# The New GFE

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- ▶ 'Paid outside of closing' is not shown on the GFE
- ▶ All costs included on the GFE are shown as paid by borrower, even if you know another party will pay the fee
- ▶ Yield spread premium disclosed as a borrower credit
- ▶ Origination fees and title fees no longer itemized



# New GFE – Page 1

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## ▶ ‘Important Dates’

- 
1. The interest rate for this GFE is available through **01/10/2010 5:00 PM**. 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 **01/20/2010**
  3. After you lock your interest rate, you must go to settlement within **45** days (your rate lock period) to receive the locked interest rate.
  4. You must lock the interest rate at least **15** days before settlement.
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# New GFE – Page 1 Continued

## ▶ ‘Loan Summary’

Your initial loan amount is	\$	102,000.00
Your loan term is		30 years
Your initial interest rate is		7.000 %
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$	744.15 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.



# New GFE – Page 2

- ▶ ‘Our Origination Charge’
  - Origination fees no longer be itemized
- ▶ ‘Your Credit or Charge’
  - Charge or credit for the interest rate selected

Your Adjusted Origination Charges	
<b>1. Our origination charge</b> This charge is for getting this loan for you.	\$ 2,180.00
<b>2. Your credit or charge (points) for the specific interest rate chosen</b> <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.) <input checked="" type="checkbox"/> You receive a credit of \$ <input type="text" value="1,200.00"/> for this interest rate of <input type="text" value="7.000"/> %. This credit <b>reduces</b> your settlement charges. <input type="checkbox"/> You pay a charge of \$ <input type="text"/> for this interest rate of <input type="text"/> %. This charge (points) <b>increases</b> 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.	\$ (1,200.00)
<b>A</b> Your Adjusted Origination Charges	\$ 980.00



# New GFE – Page 2 Continued

- ▶ ‘Your Adjusted Origination Charges’
  - Sum of “Our Origination Charge’ and ‘Your Credit or Charge’

Your Adjusted Origination Charges	
<b>1. Our origination charge</b> This charge is for getting this loan for you.	\$ 2,180.00
<b>2. Your credit or charge (points) for the specific interest rate chosen</b> <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.) <input checked="" type="checkbox"/> You receive a credit of \$ <input type="text" value="1,200.00"/> for this interest rate of <input type="text" value="7.000"/> %. This credit <b>reduces</b> your settlement charges. <input type="checkbox"/> You pay a charge of \$ <input type="text"/> for this interest rate of <input type="text"/> %. This charge (points) <b>increases</b> 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.	\$ (1,200.00)
<b>A</b> Your Adjusted Origination Charges	\$ 980.00



# New GFE – Page 2 Continued

## ▶ A 'No Cost' Loan

Your Adjusted Origination Charges	
<b>1. Our origination charge</b> This charge is for getting this loan for you.	\$ 3,200.00
<b>2. Your credit or charge (points) for the specific interest rate chosen</b> <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.) <input checked="" type="checkbox"/> You receive a credit of \$ <input type="text" value="6,500.00"/> for this interest rate of <input type="text" value="7.000"/> %. This credit <b>reduces</b> your settlement charges. <input type="checkbox"/> You pay a charge of \$ <input type="text"/> for this interest rate of <input type="text"/> %. This charge (points) <b>increases</b> 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.	\$ (6,500.00)
<b>A</b> Your Adjusted Origination Charges	\$ (3,300.00)



# New GFE – Page 2 Continued

- ▶ ‘Required services we select’
  - Appraisal, credit report and other services where the originator designates the service provider.

<b>3. Required services that we select</b>		\$ 505.00
These charges are for services we require to complete your settlement. We will choose the providers of these services.		
<b>Service</b>	<b>Charge</b>	
Appraisal Fee	\$ 350.00	
Credit Report Fee	\$ 35.00	
Tax Service Fee	\$ 90.00	
Flood Certification	\$ 30.00	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	



# New GFE – Page 2 Continued

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- ▶ ‘Title services and lender’s title insurance’
  - Includes title costs, settlement fees and lender title insurance premium

<b>4. Title services and lender’s title insurance</b>	
This charge includes the services of a title or settlement agent, for example, and title insurance to protect the lender, if required.	\$ 2,560.00



# New GFE – Page 2 Continued

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- ▶ ‘Owner’s title insurance’
  - An owner’s title insurance estimate is required on the GFE, even if it would usually be paid by seller

<b>5. Owner’s title insurance</b>	
You may purchase an owner’s title insurance policy to protect your interest in the property.	\$ 600.00



# New GFE – Page 2 Continued

- ▶ ‘Required services that you can shop for’
  - Pest inspection or any others required by lender where the borrower may choose the provider. Title services, even if they may be shopped for, are not included in this section.

<b>6. Required services that you can shop for</b>		\$ <b>560.00</b>
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>Service</b>	<b>Charge</b>	
Survey Fee	\$ 340.00	
Pest Inspection	\$ 220.00	
	\$	
	\$	



# New GFE – Page 3

## ► The Trade-off Table

- Originator required to fill out only the first column
- Second and third columns should differ only in points, applicable settlement costs and interest rate from the current loan
- Terms displayed in the second or third columns must be available to the borrower

*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	\$ 102,000.00	\$	\$
Your initial interest rate <sup>1</sup>	7.000 %	%	%
Your initial monthly amount owed	\$ 744.15	\$	\$
Change in the monthly amount owed from this GFE	No change	You will pay \$ <b>more</b> every month	You will pay \$ <b>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 \$	Your settlement charges will <b>increase</b> by \$
How much your total estimated settlement charges will be	\$ 7,690.58	\$	\$

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



# New GFE – Page 3 Continued

## ► The Shopping Chart

- There is no requirement to populate the ‘this loan’ column

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	Apples Boxes and Carts Production			
Initial loan amount	\$102,000.00			
Loan term	30 years			
Initial interest rate	7.000			
Initial monthly amount owed	\$744.15			
Rate lock period	45 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>\$7,690.58</b>			



# RESPA Tolerance

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- ▶ Comparison of the estimates on the GFE with the actual charges on the HUD-1
- ▶ Explained on Page 3 of the GFE
- ▶ Settlement Charges are grouped into 3 categories
  - Cannot increase
  - Total may increase up to 10%
  - Can Change



# Cannot Increase

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- ▶ Origination charge
- ▶ Your credit or charge (points) for the specific interest rate chosen (after you lock your interest rate)
- ▶ Your adjusted origination charges (after you lock your interest rate)
- ▶ Transfer taxes



# Can Increase up to 10%

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- ▶ Required services we select
- ▶ Title services and lender's title insurance (if we select them or you choose companies we identify)
- ▶ Owners title insurance (if you use companies we identify)
- ▶ Required services you can shop for (if you use companies we identify)
- ▶ Government recording charges



# Can Change

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- ▶ Required Services that you can shop for (if you do not use companies we identify)
- ▶ Title services and lenders 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



# Tolerance Summary

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 <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>



# RESPA Tolerance

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- ▶ What happens if you are out of tolerance?
  - Changed Circumstance – 3 days to get revised GFE to borrower
    - Act of God
    - Inaccurate Information
    - Changed Information
    - Transactional Circumstances
    - Refer to the FAQ for details
  - Refund – 30 days to send a payment to the borrower for the difference



# HUD -1, Page 1



OMB Approval No. 2502-0265

## A. Settlement Statement (HUD-1)

B. Type of Loan					
1. <input checked="" type="checkbox"/> FHA	2. <input type="checkbox"/> RHS	3. <input type="checkbox"/> Conv. Unins.	6. File Number: 123456	7. Loan Number: 22222222	8. Mortgage Insurance Case Number: 249-00000000
4. <input type="checkbox"/> VA	5. <input type="checkbox"/> Conv. Ins.				
<p><b>C. Note:</b> 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.</p>					
<p>D. Name &amp; Address of Borrower: <b>Bob Borrower</b> 123 Main Street Anywhere, USA 00000</p>		<p>E. Name &amp; Address of Seller: <b>Samantha Seller</b> 456 Home Place Anywhere, USA 00000</p>		<p>F. Name &amp; Address of Lender: <b>XYZ Lender</b> 456 Main Street Somewhere, USA 00000</p>	
<p>G. Property Location: <b>456 Home Place</b> Anywhere, USA 00000</p>		<p>H. Settlement Agent: <b>Title Town USA</b></p>		<p>I. Settlement Date: <b>May 8, 2009</b></p>	
<p>Lot 12, Blk 2, Great View Subdivision</p>		<p>Place of Settlement: <b>222 Your Corner, Any Town, USA 00000</b></p>			



# HUD-1, Page 1

J. Summary of Borrower's Transaction		
<b>100. Gross Amount Due from Borrower</b>		
101. Contract sales price		\$300,000.00
102. Personal property		
103. Settlement charges to borrower (line 1400)		\$14,358.85
104.		
105.		
<b>Adjustment for items paid by seller in advance</b>		
106. City/town taxes	to	
107. County taxes	to	
108. Assessments	to	
109.		
110.		
111.		
112.		
		\$314,358.75
<b>120. Gross Amount Due from Borrower</b>		
<b>200. Amounts Paid by or in Behalf of Borrower</b>		
201. Deposit or earnest money		\$2,000.00
202. Principal amount of new loan(s)		\$294,566.00
203. Existing loan(s) taken subject to		
204.		
205.		
206. Seller credit for transfer taxes		\$1,368.00
207.		
208.		
209.		
<b>Adjustments for items unpaid by seller</b>		
210. City/town taxes	to	
211. County taxes	to	
212. Assessments	to	
213.		
214.		
215.		
216.		
217.		
218.		
219.		
<b>220. Total Paid by/for Borrower</b>		
<b>300. Cash at Settlement from/to Borrower</b>		
301. Gross amount due from borrower (line 120)		\$314,358.85
302. Less amounts paid by/for borrower (line 220)		( \$297,934.00 )
303. Cash	<input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower	\$16,424.85

K. Summary of Seller's Transaction		
<b>400. Gross Amount Due to Seller</b>		
401. Contract sales price		\$300,000.00
402. Personal property		
403.		
404.		
405.		
<b>Adjustments for items paid by seller in advance</b>		
406. City/town taxes	to	
407. County taxes	to	
408. Assessments	to	
409.		
410.		
411.		
412.		
		\$300,000.00
<b>420. Gross Amount Due to Seller</b>		
<b>500. Reductions In Amount Due to Seller</b>		
501. Excess deposit (see instructions)		
502. Settlement charges to seller (line 1400)		\$18,228.00
503. Existing loan(s) taken subject to		
504. Payoff of first mortgage loan		\$247,000.00
505. Payoff of second mortgage loan		
506. Earnest money deposit		\$2,000.00
507. Seller credit for transfer taxes		\$1,368.00
508.		
509.		
<b>Adjustments for items unpaid by seller</b>		
510. City/town taxes	to	
511. County taxes	to	
512. Assessments	to	
513.		
514.		
515.		
516.		
517.		
518.		
519.		
<b>520. Total Reduction Amount Due Seller</b>		
<b>600. Cash at Settlement to/from Seller</b>		
601. Gross amount due to seller (line 420)		\$300,000.00
602. Less reductions in amount due seller (line 520)		( \$266,596.00 )
603. Cash	<input checked="" type="checkbox"/> To <input type="checkbox"/> From Seller	\$31,404.00



# HUD-1, Page 2

<b>L. Settlement Charges</b>					
<b>700. Total Real Estate Broker Fees</b>				Paid From Borrower's Funds at Settlement	Paid From Seller's Funds at Settlement
Division of commission (line 700) as follows:					
701.	\$ 9,360.00	to RE #1			
702.	\$ 9,360.00	to RE #2			
703.	Commission paid at settlement				\$16,720.00
704.	Earnest money deposit held by RE #2 \$2,000 P.O.C.				
<b>800. Items Payable in Connection with Loan</b>					
801.	Our origination charge	ABC Broker/XYZ Lender	\$ 6,250	(from GFE #1)	
802.	Your credit or charge (points) for the specific interest rate chosen	\$ 3,000		(from GFE #2)	
803.	Your adjusted origination charges	ABC Broker/XYZ Lender		(from GFE A)	\$3,250.00
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	Flood Certification Company		(from GFE #3)	\$12.00
808.					
<b>900. Items Required by Lender to Be Paid in Advance</b>					
901.	Daily interest charges from	5/8 to 5/31 @ \$39.59 /day		(from GFE #10)	\$910.57
902.	Mortgage insurance premium for	12 months to FHA		(from GFE #3)	\$5,066.25
903.	Homeowner's insurance for	1 years to Insure-It		(from GFE #11)	\$600.00
904.					
<b>1000. Reserves Deposited with Lender</b>					
1001.	Initial deposit for your escrow account			(from GFE #9)	\$516.03
1002.	Homeowner's insurance	1 months @ \$50.00 per month	\$ 50.00		
1003.	Mortgage insurance	1 months @ \$132.69 per month	\$ 132.69		
1004.	Property taxes	3 months @ \$166.67 per month	\$ 500.01		
1005.		months @ \$ per month	\$		
1006.		months @ \$ per month	\$		
1007.	Aggregate Adjustment		-\$ -166.67		



# HUD-1, Page 2 Continued

<b>1100. Title Charges</b>					
1101. Title services and lender's title insurance		(from GFE #4)		\$925.00	
1102. Settlement or closing fee	Title Town USA	\$			\$125.00
1103. Owner's title insurance	Title Town USA/Title Underwriter		(from GFE #5)	\$725.00	
1104. Lender's title insurance	Title Town USA/Title Underwriter	\$175.00			
1105. Lender's title policy limit	\$294,566				
1106. Owner's title policy limit	\$300,000				
1107. Agent's portion of the total title insurance premium	\$720.00	to Title Town USA			
1108. Underwriter's portion of the total title insurance premium	\$180.00	to Title Underwriter			
<b>1200. Government Recording and Transfer Charges</b>					
1201. Government recording charges			(from GFE #7)	\$50.00	
1202. Deed \$25.00	Mortgage \$25.00	Releases \$15.00			15.00
1203. Transfer taxes			(from GFE #8)	\$1,368.00	\$1,368.00
1204. City/County tax/stamps	Deed \$684.00	Mortgage \$684.00			
1205. State tax/stamps	Deed \$684.00	Mortgage \$684.00			
1206.					
<b>1300. Additional Settlement Charges</b>					
1301. Required services that you can shop for			(from GFE #6)	\$270.00	
1302. Survey to Measure-It		\$225.00			
1303. Pest inspection to Rid-A-Bug		\$45.00			
1304. Home warranty to Home Warranty Company				\$300.00	
1305.					
<b>1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K)</b>				<b>\$14,358.85</b>	<b>\$18,228.00</b>



# HUD-1, Page 3

Comparison of Good Faith Estimate (GFE) and HUD-1 Charges		Good Faith Estimate	HUD-1
Charges That Cannot Increase	HUD-1 Line Number		
Our origination charge	# 801	\$6750.00	\$6,250.00
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	\$3,250.00
Transfer taxes	#1203	\$1,368.00	\$1,368.00

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
Up-front Mortgage Insurance Premium	# 902	\$5,066.25	\$5,066.25
Title services & lender's title insurance	# 1101	\$925.00	\$925.00
Owner's title insurance	# 1103	\$725.00	\$725.00
<b>Total</b>		\$7,092.25	\$7,144.25
<b>Increase between GFE and HUD-1 Charges</b>		\$ 52.00	or .8 %

Charges That Can Change		Good Faith Estimate	HUD-1
Initial deposit for your escrow account	#1001	\$306.60	\$516.03
Daily interest charges	# 901 \$39.59 /day	\$39.59	\$910.57
Homeowner's insurance	# 903	\$650.00	\$600.00
Survey	# 1302	\$250.00	\$225.00
Pest inspection	# 1303	\$45.00	\$45.00
	#		



# HUD-1, Page 3 Continued

## Loan Terms

Your initial loan amount is	§ 294,566
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	§ 1,713.98 includes <input checked="" type="checkbox"/> Principal <input checked="" type="checkbox"/> Interest <input checked="" type="checkbox"/> Mortgage Insurance
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 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 % .
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	<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. <input checked="" type="checkbox"/> You have an additional monthly escrow payment of \$216.67 that results in a total initial monthly amount owed of \$1,930.65 . This includes principal, interest, any mortgage insurance and any items checked below: <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"/>



# Changes

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## ▶ The New HUD

- Line item references to the GFE
- Lender and broker fees altered to correspond to the new GFE
- Totals listed at the top of the category (instead of the bottom) in several sections, including Reserves and Title
- Fees charged to borrower but paid by another party



# RESPA Overview Presentation

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- ▶ RESPA Web site with FAQ & Final Rule
  - [www.hud.gov/respa](http://www.hud.gov/respa)
- ▶ Byte Software
  - 800-695-1008
  - [support@bytesoftware.com](mailto:support@bytesoftware.com)
- ▶ DocuTech
  - 800-497-3584
  - [support@docutechcorp.com](mailto:support@docutechcorp.com)