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## MEMORANDUM

**TO:** Clients and Friends of the Firm

**FROM:** Al Alsup

**DATE:** September 10, 2010

**SUBJECT:** RESPA 101 — The New Good Faith Estimate (GFE) Rules

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The Department of Housing and Urban Development (HUD) adopted a Final Rule<sup>1</sup> that went into effect January 1, 2010 amending RESPA regulations to (i) require *loan originators* (a new defined term that includes both mortgage lenders and mortgage brokers) to issue to consumers at application a revised three-page standardized form of Good Faith Estimate (“GFE”) that is intended to disclose accurate costs of closing and a summary of key loan terms in a form that may be used by the consumer to comparison-shop for a loan among competing loan originators during a 10-business-day period in which certain of the estimated costs must be made available for acceptance by the applicant without change, within tolerances for accuracy; and (ii) to require settlement agents to complete a standardized three-page form of HUD-1 Settlement Statement (“HUD-1”) based on information provided by the loan originator that, in addition to disclosing itemized actual closing costs, compares in a side-by-side format actual costs charged at closing, including all loan originator compensation, with costs estimated on the GFE. If any costs charged to the borrower at settlement exceed the costs estimated on the GFE by more than permitted tolerances, the loan originator must cure the tolerance violation by reimbursing the excess to the borrower at loan settlement or within 30 days after settlement. This memorandum summarizes the new rules regulating the form, content and timing of these required consumer disclosures and certain other key provisions of the Final Rule.

### **A. Mandatory Use of Standardized Form of Good Faith Estimate Disclosure (GFE).**

Effective January 1, 2010, the form, content and timing of a new standardized Good Faith Estimate disclosure must comply with the requirements of Regulation X, 24 C.F.R. §3500.7 and Appendix C, as amended. Notably, under these amended regulations the nature of the Good Faith Estimate has been converted from a mere “best guess” estimate of fees and charges the consumer is likely to incur at closing (based on information then available to the mortgage lender or mortgage broker as of the date of issuance) to a binding estimate of all such fees and charges that must be accurate within narrow permitted tolerances and, in effect, guaranteed for a period of not less than ten business days during which the applicant is permitted to comparison-shop estimated costs among competing lenders and brokers.

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<sup>1</sup> Published in the Federal Register on November 17, 2008 at 73 F.R. 68,204, amending Regulation X, 24 C.F.R. Part 3500.

**B. Form and Content of New Standardized Form of GFE Disclosure.** The standardized form and detailed instructions for the proper completion of the Good Faith Estimate (GFE) are set out as Appendix C to Regulation X, 24 C.F.R. Part 3500. See 73 F.R. 68,204 – 68,288, at 68,253 and 68,256. The Federal Register (F.R.) may be accessed at <http://www.gpoaccess.gov/fr/>. Further guidance for the proper completion of the GFE and HUD-1 titled “New RESPA Rule FAQs” has been published by HUD at <http://www.hud.gov/offices/hsg/ramh/res/resparulefaqs.pdf>.

The Good Faith Estimate must include an estimate, expressed as an accurate dollar amount within permitted tolerances, of all settlement charges a borrower is likely to incur at loan closing and must contain certain related loan information, as set out in the standardized form, based upon common practice and experience of the loan originator in the locality of the mortgaged property. The standardized form is regarded as inviolable by HUD and may not be altered or supplemented by the loan originator even to accomplish its intended purposes. HUD has even refused requests of loan originators to add signature lines to the form to acknowledge the date and time of receipt or to add a page to reconcile the estimates with actual cash amounts the borrower would need to have available to close the loan transaction. Loan originators are required to list all fees and charges incident to the closing that borrowers may traditionally incur even though, in any particular case, the seller, for example, may be obligated by the terms of the sales contract to pay some or all of the charges (as is common practice among homebuilders selling new homes and sellers of homes to veterans who are not permitted to be charged certain fees under a VA-loan program), or the loan originator may have agreed to pay on the borrower’s behalf under a “low cost” or “no cost” loan program. As a result, the new form of GFE may not reflect the realities of the loan transaction and loan applicants may be alarmed to receive an official disclosure in some cases indicating that they will owe at closing thousands of dollars more than represented to them. This has led to loan originators’ having to provide “shadow” disclosures of cash required of the borrower at closing that reconcile the GFE with the actual terms of the sales and credit transactions in which such fees and charges may be absorbed and offset variously by the seller, real estate sales agent, mortgage broker, or mortgage lender.

The form of GFE has been expanded (“simplified,” HUD would say) from a one-page to a three-page document with content generally organized as follows:

Page 1. Under the heading *Good Faith Estimate (GFE)*, the first page consists of a summary of (i) *Important Dates* (including specific dates until which the quoted interest rate, loan origination charges, and monthly payment and other settlement charges are available and, if the applicant elects to proceed with the loan application, the number of days after which the loan must be closed and the number of days preceding closing by which the interest rate must be locked); (ii) *Loan Terms* (including specific loan amount, term, interest rate, and initial monthly payment, rate lock period, and indications of whether the interest rate, loan balance, or monthly payments can increase after closing, and whether loan terms include a prepayment penalty, balloon payment, or monthly escrow for property taxes, insurance, and other obligations); and (iii) *Settlement Charges* (including only the totals of estimated Adjusted Origination Charges and All Other Settlement Charges detailed on page 2 of the form). This new summary format is intended to increase consumer awareness of loan terms and closing costs and to allow the consumer to easily compare various loan quotes by competing loan originators.

Page 2. Under the heading *Understanding Your Estimated Settlement Charges*, the second page consists of an itemization of estimated settlement charges grouped by major cost categories with a single total amount estimated for each such category and a final dollar figure of the Total Estimated Settlement Charges. Categories include (i) Adjusted Origination Charges (sometimes referred to as “Block A” charges); and (ii) Charges for All Other Settlement Services (sometimes referred to as “Block B” charges), the latter consisting of subcategories for required services selected by the loan originator, lender title

insurance services, optional owners' title insurance, required services that the applicant can shop for, government recording charges, transfer taxes, initial escrow deposits for property taxes and insurance, interim or per diem interest charges, and homeowner's property insurance.

Page 3. Under the heading *Instructions*, the third page sets out loan related information including (i) a side-by-side listing in a table illustrating which fees and charges may change at closing (including columns listing the "zero tolerance" category of charges that cannot be increased at closing, the total of all other charges that can increase up to 10% at closing, and those charges that are not subject to a tolerance and can increase); (ii) a table illustrating trade-offs between the interest rate and "up-front" settlement charges the applicant may choose, using examples for comparison of the terms of the loan quoted by the GFE and the results of the applicant's choosing either a lower rate with resulting higher settlement charges or a higher rate with resulting lower settlement charges; (iii) a "shopping chart" where fees and charges from GFEs obtained by the applicant from competing loan originators may be compared in side-by-side columns, and (iv) a statement to the effect that any fees the lender may receive when selling the loan in the secondary market after settlement will have no effect on loan terms or settlement charges paid by the applicant. A sample form of the new Good Faith Estimate disclosure is attached to this memorandum as Exhibit A.

**C. Required Timing and Method of Delivery of the GFE.** *Loan originators*, a new term defined to include both mortgage lenders and mortgage brokers of a federally related mortgage loan, must provide a loan applicant a GFE within three business days after receiving an application (or information sufficient to complete an application). In any case, the lender is responsible for ascertaining whether the GFE has been provided by a mortgage broker and, if so, the lender is not required to provide an additional GFE disclosure. The lender or mortgage broker must provide the GFE by hand delivery or by placing the GFE in the U.S. Mail (or, if the applicant agrees, by facsimile, e-mail, or other electronic transmission) within the three-business-day period. However, the lender or mortgage broker is not required to provide an applicant a GFE if within the three-business-day period the lender denies the credit application, the applicant withdraws the application, or the lender does not have available a loan program for which the applicant is eligible. If the lender or mortgage broker mails the GFE to the applicant, the applicant is presumed to have received it three calendar days after mailing (not including Sundays and legal public holidays specified in 5 U.S.C. 6103(a)). Until the applicant receives, or is presumed to have received, a GFE, the lender or a mortgage broker may not charge the applicant any fee for an appraisal, inspection, or similar service and may not condition providing a GFE on the charging of any fee (other than a reasonable fee limited to the cost of obtaining a consumer credit report).

**D. Meaning of "Application" for Purposes of Triggering the GFE.** The obligation to provide a GFE disclosure arises upon submission of an application for a federally related mortgage loan. An application may be made in writing, including a written record of an oral application, or electronically submitted. "Application" for this purpose is defined in 24 C.F.R. §3500.2(b) to mean the submission of a borrower's financial information in anticipation of a credit decision relating to a federally related mortgage loan, including as a minimum 1) the borrower's name, 2) the borrower's monthly income, 3) the borrower's social security number (needed to obtain a credit report), 4) the property address, 5) an estimate of the value of the property, 6) the loan amount sought, and 7) any other information deemed necessary by the loan originator to make a credit decision. Although the lender may collect from the loan applicant any financial information it requires in addition to these items, the lender may not require, as a condition to providing a GFE, that the applicant submit supplemental documentation as proof to verify the required application information.

**E. Binding Effect of GFE if Accepted by the Applicant within a Minimum Ten-Business-Day Period; No Fees to be Charged During 10-Day "Shopping Period."** A GFE is not a loan commitment and no lender is required to make a loan to a particular applicant merely because the lender has provided the

applicant a GFE. However, the estimate of the charges, within permitted tolerances, and certain terms of the loan summarized in the GFE must be held open for acceptance by the loan applicant for a period of at least ten business days from the date the GFE is provided, during which period the applicant is permitted to “shop” for competing loan services. If the applicant then affirmatively “elects to proceed” with the application (apparently by any means) within the ten-business-day period (or longer period specified by the lender on the GFE), the loan originator is bound, within permitted tolerances set out in 24 C.F.R. §3500.7(e), to charge no more than the estimated settlement charges and terms set out on the GFE provided to the applicant. However, if the applicant does not “express an intent” to proceed with an application within the ten-business-day period (or longer period specified by the lender on the GFE), the GFE thereupon expires and the loan originator is no longer bound by the estimated charges or terms of the GFE.

The rule is intended to promote conditions under which informed consumers may shop for mortgage loan origination and settlement services among competing providers without incurring significant ‘up-front’ fees that may impede the free will to shopping for those services. Accordingly, a loan originator may not condition the issuing of a GFE upon the payment of any fee, other than a bona fide and reasonable fee for obtaining a consumer credit report. Furthermore, a loan originator may not provide the consumer a GFE and immediately thereafter seek to collect any fee for an appraisal, property inspection, survey, or similar service. The loan originator may not charge or accept payment from the consumer for any service (other than a fee for obtaining a consumer credit report) in any form (including a post-dated check or unprocessed credit card impression, or other payment method that may constitute a constructive receipt of payment) until the consumer both (i) has received a GFE and (ii) has indicated an intention to proceed with the loan application for which the GFE was issued. Although not required by the rule, most loan originators as a matter of best practices should obtain a written notification of the intent to proceed from loan applicants to document that both conditions were satisfied before any fees other than a credit report fee were charged to the applicant.

**F. Permitted Revision of GFE in Events of “Changed Circumstances,” Borrower-Requested Changes, and New Home Purchases.** A revised GFE may be provided to the applicant as permitted by 24 C.F.R. §3500.7(f)(1) and (2) because of (i) *changed circumstances* affecting settlement costs or the borrower’s eligibility for the loan or (ii) *borrower-requested changes* to the mortgage loan for which the original GFE was issued. A special *new home purchase* rule set out in 24 C.F.R. §3500.7(f)(6) also permits loan originators financing new home purchases (when completion of construction of the home and loan settlement is anticipated to occur more than 60 calendar days after providing the GFE) to issue a revised GFE not later than 60 calendar days before loan closing if the loan originator when issuing the GFE has also provided the applicant a separate clear and conspicuous written disclosure stating that the loan originator may do so at any time up to 60 calendar days prior to loan settlement.

The ability to revise the GFE to account for increased costs in these events is important because of the binding nature of the GFE disclosures. “Changed circumstances” is narrowly defined to mean Acts of God, war, disaster or other emergency; information particular to the borrower or transaction that was relied upon in providing the GFE and thereafter changes or is found to be inaccurate after the GFE is issued; new information particular to the borrower or transaction that was not relied upon in providing the GFE is discovered; or other unanticipated circumstances particular to the borrower or transaction that are revealed, such as boundary disputes, the need for flood insurance, or environmental problems affecting the property.

If *changed circumstances* result in increased costs for any settlement services disclosed in the GFE (particularly if the increased costs would exceed permitted tolerances), the loan originator is permitted to provide a revised GFE to the loan applicant within three business days after receiving information sufficient to establish the changed circumstances. However, the revised GFE may reflect increased costs or charges only for those particular charges listed on the GFE that are actually affected by the changed circumstances and only to the extent of the change. All other charges and terms must remain the same as disclosed on the original GFE. Similarly, if a loan originator provides an applicant a revised GFE because the applicant has requested changes to the mortgage loan that affect the costs or terms of the loan, the loan originator must do so within three business days after the borrower’s request. If a loan originator provides a revised GFE

because of changed circumstances or borrower-requested changes, the loan originator must document the reason and justification for providing the revised GFE and retain the documentation in its business records for no less than three years after loan settlement.

**G. Permitted Tolerances for Accuracy of Amounts Disclosed on GFE.** Once a GFE has been issued and the applicant has elected to proceed with the application, the actual fees and charges to the applicant/borrower at loan settlement may not exceed the estimated amounts for such fees and charges disclosed on the GFE by more than the following permitted tolerances:

**1. “Zero Tolerance” Category:**

Charges disclosed on page 2 of the GFE for (i) “Our Origination Charge” (i.e., the sum of combined fees and charges of the mortgage lender and, if applicable, the mortgage broker and any so-called “processing and administrative services” charges of either, such as Texas attorney fees for document preparation) on Block 1; (ii) “Charge or Credit for the Interest Rate Chosen” (if the borrower’s interest rate is locked) in Block 2, (iii) “Your Adjusted Originations Charges” in Line A and (iv) state transfer taxes in Block 8 (inapplicable in Texas) have a zero tolerance and may not exceed amounts disclosed on the GFE. However, if the interest rate has not been locked 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 when the interest rate is locked. When the borrower later locks the interest rate, the loan originator must provide the borrower a revised GFE disclosing the revised interest-rate dependent charges and terms, which are then subject to the zero tolerance for accuracy.

**2. “10% Tolerance” Category:**

The total of charges disclosed on the GFE for (i) lender-required settlement services where the lender selects the third-party settlement service provider (including such charges as appraisal, survey, credit report, tax service and flood certificates, and up-front mortgage insurance premiums); (ii) lender-required “title service,” a newly defined term in §3500.2 that includes mortgagee title insurance and title insurance services, such as closing or escrow fees (when the lender selects the title insurance provider or the borrower uses a title insurance provider identified by the lender); (iii) charges for an owner’s title insurance policy when the borrower uses a third-party provider required or identified by the lender; and (iv) government document recording charges may not exceed the total of estimates for all such charges on the GFE by more than 10%. Specifically, the 10% tolerance is applied to the sum of the fees and charges for each service listed in Blocks 3, 4, 5, 6 and 7 when the loan originator requires the use of a particular service provider or the borrower uses a service provider selected or identified by the loan originator (from a separate, written list of settlement service providers that the loan originator must provide to the borrower when a borrower is permitted to shop for third-party settlement services).

**3. “No Tolerance” Category:**

The amounts for services required by the lender for which the borrower is permitted to shop around and select the service provider and all other charges disclosed in Block B of the GFE for settlement services (i.e., all other services other than services already classified in the Zero Tolerance and 10% Tolerance categories) may change at loan settlement. The “No Tolerance category includes such charges as per diem interest, survey services, pest inspections, and homeowner’s property insurance if the borrower does not use providers required or identified by the lender.

When a loan originator permits the borrower to shop for third-party settlement services, the loan originator must provide the borrower a written list of settlement service providers on a separate sheet of paper at the time the GFE is provided. Any service listed in Blocks 4, 5 or 6 on page 2 of the GFE for which the borrower selects the service provider (other than one included in such list of third-party providers or otherwise identified to the borrower by the loan originator) are not subject to any tolerance for accuracy and

at loan settlement would not be included in the sum of the fees and charges upon which the 10% tolerance would be based.

**H. Curing Tolerance Violations through Reimbursements.** GFE tolerance violations are deemed violations of RESPA, Section 5. However, if any charges at loan settlement exceed the charges disclosed on the GFE by more than the permitted tolerances, the loan originator may cure the tolerance violation by reimbursing to the borrower the amount by which the tolerance was exceeded either at loan settlement or within 30 days after loan settlement. See 24 C.F.R. §3500.7(i). In practice, cures most often are made at closing by the lender upon its review of an advance copy of the HUD-1 settlement statement by instructing the settlement agent to list credits in the 200 series of the HUD-1 settlement statement that are sufficient in amount to offset the excess and reduce the total of such fees and charges to an amount within the tolerance limitations. Only the excess must be reimbursed or credited. Such credits for any such loan transaction typically are charged to a mortgage broker or lender issuing the GFE or by an accommodating seller or real estate sales agent. If a tolerance violation is not cured at loan settlement, a lender may cure the violation by directly reimbursing the excess amount to the borrower or placing the reimbursement in the mail addressed to the borrower within 30 calendar days after the date of loan settlement. When reimbursing the borrower, the lender also is required to inform the settlement agent of the reimbursement and the settlement agent is then required to prepare a corrected HUD-1 settlement statement reflecting the reimbursement and provide copies of the corrected settlement statement to the borrower, lender, and seller, as applicable.

Exhibit A: Standardized Form of New Good Faith Estimate (GFE)

**THIS MEMORANDUM SHOULD NOT BE RELIED UPON AS LEGAL ADVICE. YOU SHOULD CONSULT LEGAL COUNSEL OF YOUR CHOICE REGARDING THE APPLICATION OF THE LAWS AND REGULATIONS DISCUSSED IN THIS MEMORANDUM TO YOUR SPECIFIC CASE OR CIRCUMSTANCES.**



# 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](http://www.hud.gov/respa). If you decide you would like to proceed with this loan, contact us.

**Shopping for your loan**

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

**Important dates**

- 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**

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

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 <b>reduces</b> your settlement charges. <input type="checkbox"/> You pay a charge of \$ [ ] for this interest rate of [ ] %. 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.										
<b>A</b>	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> <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> <tr><td> </td><td> </td></tr> </tbody> </table>		Policy	Charge							
Policy	Charge									
<b>B</b>	Your Charges for All Other Settlement Services	\$								
<b>A + B</b>	<b>Total Estimated Settlement Charges</b>	\$								



Good Faith Estimate (HUD-GFE) 2

## Instructions

### Understanding which charges can change at settlement

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

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

### Using the tradeoff table

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

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

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

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

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

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

### Using the shopping chart

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

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

### If your loan is sold in the future

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

