

UNDERSTANDING THE GOOD FAITH ESTIMATE



Good Faith Estimate (GFE)

Name of Originator	Pretend Lender, Inc
Originator Address	123 No Where Street Minneapolis MN 55444
Originator Phone Number	612-222-2222
Originator Email	Pretend@Pretendlender.com

Borrower	June Example Jon Example
Property Address	789 Someday Road St. Paul MN 55555
Date of GFE	February 1, 2010

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

1. The interest rate for this GFE is available through February 5, 2010. After this time, the interest rate, some of your loan Origination Charges, and the monthly payment shown below can change until you lock your interest rate.
2. This estimate for all other settlement charges is available through February 15, 2010
3. After you lock your interest rate, you must go to settlement within 30 days (your rate lock period) to receive the locked interest rate.
4. You must lock the interest rate at least 15 days before settlement.

Lender determines how long the interest rate is available. **Once expired the loan origination charges and payment can change.**

This date must be at **least 10 business days** from the date the GFE was issued. See *Date of GFE* above.

Note **AFTER** - this **does not** mean the interest rate is locked.

Prevents change in circumstance that would require a revised GFE and a 10 day wait period

Summary of your loan

Your initial loan amount is	\$ 200,000.00
Your loan term is	30 years
Your initial interest rate is	5.0 %
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ 1,173.00 per month
Can your interest rate 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 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.

Payment **DOES NOT** include Property Taxes and Homeowners insurance

Escrow account information

Some lenders require an escrow account to hold funds for paying property taxes or other property-related charges in addition to your monthly amount owed of \$ 1,173.00 .

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.)	\$3,750.00
B	Your Charges for All Other Settlement Services (See page 2.)	\$4,235.00
A + B	Total Estimated Settlement Charges	\$ 7,985.00

Detailed on page 2

Understanding your estimated settlement charges

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**
 - The credit or charge for the interest rate of [] % is included in "Our origination charge." (See item 1 above.)
 - You receive a credit of \$ 3,000.00 for this interest rate of 5.0%. 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.

\$6,750.00
-\$3,000.00

A Your Adjusted Origination Charges

\$ 3,750.00

Includes the lender charges and point(s) for originating the loan

Only one box can be selected.

Brokers must show the credit or charge to borrower.

This is the net payment to the broker from the lender.

Same amount shown on Page 1

ESCROW account information

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Your Charges for All Other Settlement Services		
3. Required services that we select		
These charges are for services we require to complete your settlement. We will choose the providers of these services.		
<i>Service</i>	<i>Charge</i>	
Appraisal	\$275.00	\$383.00
Credit Report	\$40.00	
Flood Certification	\$12.00	
Tax Services	\$56.00	
4. Title services and lender's title insurance		
This charge includes the services of a title or settlement agent, for example, and title insurance to protect the lender, if required.		
		\$1,275.00
5. Owner's title insurance		
You may purchase an owner's title insurance policy to protect your interest in the property.		
		\$175.00
6. Required services that you can shop for		
These charges are for other services that are required to complete your settlement. We can identify providers of these services or you can shop for them yourself. Our estimates for providing these services are below.		
<i>Service</i>	<i>Charge</i>	
7. Government recording charges		
These charges are for state and local fees to record your loan and title documents.		
		\$50.00

10% tolerance applies to block 3-7 where the lender requires the use of a provider (block 3) or the borrower uses a provider identified by the lender.

If the borrower identifies their own provider (block 4,5,6) the 10% tolerance rule does not apply.

Lenders must give borrowers a separate list of providers.

- Title Services include:**
- Closing Fee
 - Abstracting
 - Title Examination
 - Plat Drawing
 - Name Search
 - Assessment Search
 - Recording Service Fee
 - Courier Fee
 - Lender Title Insurance

Block 6, generally does not apply in Minnesota.

8. Transfer taxes These charges are for state and local fees on mortgages and home sales.		\$1,368.00			
9. Initial deposit for your escrow account This charge is held in an escrow account to pay future recurring charges on your property and includes <input checked="" type="checkbox"/> all property taxes, <input checked="" type="checkbox"/> all insurance, and <input type="checkbox"/> other _____		\$306.00			
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 \$ 28.00 per day for 1 days (if your settlement is 2/27/2010).		\$28.00			
11. Homeowner's insurance This charge is for the insurance you must buy for the property to protect from a loss, such as fire.		\$650.00			
<table border="1"> <thead> <tr> <th>Policy</th> <th>Charge</th> </tr> </thead> <tbody> <tr> <td>Homeowner's Insurance</td> <td>\$650.00</td> </tr> </tbody> </table>	Policy		Charge	Homeowner's Insurance	\$650.00
Policy	Charge				
Homeowner's Insurance	\$650.00				
B	Your Charges for All Other Settlement Services	\$ 4,235.00			
A + B	Total Estimated Settlement Charges	\$ 7,985.00			

Zero tolerance applies to Block 8

Block 9, 10 and 11 can change at settlement.

B equals the total of Block 3 -11.

Same amount shown on Page 1

Escrow account information Some lenders require an escrow account to hold funds for paying property taxes or other property-related charges in addition to your monthly amount owed of \$ 1,173.00 . Do we require you to have an escrow account for your loan? <input type="checkbox"/> No, you do not have an escrow account. You must pay these charges directly when due. <input checked="" type="checkbox"/> Yes, you have an escrow account. It may or may not cover all of these charges. Ask us.		
Summary of your settlement charges		
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A + B	Total Estimated Settlement Charges	\$7,985.00

The 10% tolerance rule **only applies** if the services are required (block 3) or if the borrower selects a provider identified by the lender.

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 <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"> ■ Required 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 (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

A written list must be given to the borrower with the GFE for all settlement services they are required to use and allowed to shop for. Lenders are only required to identify one provider for each service.

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	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00
Your initial interest rate ¹	5.0 %	6.0 %	4.5 %
Your initial monthly amount owed	\$ 1,173.00	\$ 1,299.00	\$ 1,113.00
Change in the monthly amount owed from this GFE	No change	You will pay \$ 126.00 more every month	You will pay \$ 60.00 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 \$ 1,500.00	Your settlement charges will increase by \$
How much your total estimated settlement charges will be	\$ 7,985.00	\$ 6,485.00	\$ 9,485.00

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

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	Pretend Lender	Fake Lender	ABC Lender	
Initial loan amount	\$200,000.00	\$200,000.00	\$200,000.00	
Loan term	30	30	30	
Initial interest rate	5.0%	5.0%	5.375%	
Initial monthly amount owed	\$1,173.00	\$1,173.00	\$1,219.00	
Rate lock period	30days	30 days	30	
Can interest rate rise?	no	no	no	
Can loan balance rise?	no	no	no	
Can monthly amount owed rise?	no	no	no	
Prepayment penalty?	no	no	no	
Balloon payment?	no	no	no	
Total Estimated Settlement Charges	\$7,985.00	\$8,309.00	\$5,840.00	

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.

Lender is only required to complete the first column.

Using the shopping chart

Payment **does not** include Property Taxes or Homeowners Insurance

This chart is completed by the borrower and used to compare loans.

If your loan is sold in the future



CHANGED CIRCUMSTANCE

- Act of God, war, disaster or other emergency and other examples... (this not an inclusive list)
 - Borrower provides inaccurate information
 - Borrower information changes (credit score, income)
 - Interest rate is not locked in or expires
 - Does not use a lender identified provider for services
 - Additional services required (upgraded appraisal)
- Only the charges impacted can be adjusted

CHANGED CIRCUMSTANCE

- Revised GFE must be reissued within 3 business days of establish change
- Borrower again has 10 business days, may waive
- New Home Purchase allows lenders to issue a revised GFE up to 60days before settlement
- Charges exceeding tolerance are not a violation if the borrower is reimbursed within 30 calendar days

GFE Process Flowchart

Created by HUD.gov

