

## Completing the GFE

**Q:** How do we determine if a GFE is locked or floating?

**A:** The easiest way to check is by looking at the Important Dates on the first page. #3 will show a rate lock period if the rate is locked, it will show NA if floating.

**Q:** How do we calculate the origination fee on the GFE?

**A:** The origination fee will be a percentage of the loan amount. For LPC, each originator has entered into a contract with MSF to determine their compensation. That percentage of the loan amount is added to MSF's fees (such as the origination fee). That sum is "Our Origination Charge" on page 2. Attorney fees for services such as but not limited to Doc Prep and Review must also be included in Block 1, page 2, "Our Origination".

**Q:** How will brokers disclose on page 2, box 2, if the loan is floating?

**A:** Brokers may estimate the charge for the lock on page 2, box 2. While we hope that brokers will reasonably disclose the estimated amount of credit that will be due a borrower, MSF will not hold up a file for over-disclosure if the rate is not locked.

**Q:** If borrower wants to pay an origination fee and take a higher interest rate will YSP pay for closing costs?

**A:** Yes. This is now referred to as "premium pricing" and for lender paid compensation premium pricing may be applied to bona fide third party closing costs.

**Q:** In Block 1 does Dodd-Frank allow for a loan % and a flat fee to cover brokers costs?

**A:** Dodd-Frank allows for a flat fee on top of a % if it is included in the negotiated comp agreement.

**Q:** Why does the interest on FHA have to be 15 days? Why can't it be less if closing quicker?

**A:** Pursuant to HUD Handbook 4155.1 5.A.2.b (Types of Prepaid Items): "The lender must use a minimum of 15 days of per diem interest when estimating prepaid items on the GFE. To reduce the burden on borrowers whose loans were scheduled to close at the end of the month, but did not close due to unforeseen circumstances, lenders and borrowers may agree to credit the per diem interest to the borrower and have the mortgage payments begin the first of the succeeding month."



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**Q:** Is it a problem if the originator over-discloses their origination for LPC?

**A:** The originator's compensation is a percentage of the loan amount. For both retail and wholesale originators, that compensation has been determined in an agreement between the originator and MSF. By over-disclosing, the originator is essentially misrepresenting this agreement, and therefore would be providing an estimate that wasn't necessarily in good faith.

**Q:** Which box in Block 2, page 2 of the GFE do I check as an MSF Loan Officer if I do not wish to provide or disclose a credit through premium pricing (YSP), to the borrower?

**A:** Check box 2a in Block 2, page 2.

**Q:** Does MSF disclose for wholesale loans submitted by a broker?

**A:** Yes, MSF will disclose upon receipt of a complete loan submission that meets MSF's published minimum submission requirements.

**Q:** If there is a credit to the borrower through a portion of the SRP for closing cost does it have to be in the origination section and then in the credit box? What if they only use a portion? Do we always need to disclose the additional SRP in the origination even if we do not provide a credit?

**A:** SRP (aka YSP or Premium Pricing) is no longer included in the Origination (Block 1) due to the fact that it is no longer allowed to be paid to the originator. It should only be disclosed in Block 2 whether a portion or all is available based on current pricing.

**Q:** Can we ask the broker to add the desk review fee at submissions so we could be over-disclosed?

**A:** RESPA does not prohibit the originator from including a desk review fee if it is possible a desk review will be required on the file.

**Q:** If the broker's lender paid comp plan is set at 2.5% does that cap their borrower paid plan at 2.5% as well?

**A:** If the broker disclosed as LPC at 2.5% and then changed to BPC then, yes – they would be capped at the disclosed amount. If the loan is initially disclosed as BPC they can charge any origination they choose as long as it is within high cost limitations.

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**Q:** If seller pays transfer tax is it disclosed?

**A:** If there is a question about whether the borrower or seller will pay for a particular settlement service, the charge for that service should be disclosed on the GFE. RESPA requires that only the borrower receive a GFE. The GFE is defined as an estimate of settlement charges a borrower is likely to incur in connection with the settlement. Charges that typically would not be charged to the borrower, but would be charged to another party—such as the seller—do not have to be included on the GFE. For example: if the borrower typically would incur charges for title services and lender's and owner's title insurance, the GFE instructions make it clear that those charges are required to be listed regardless of whether the contract requires the seller to pay for the service.

**Q:** If seller pays for pest inspection, do you list the charge in #6?

**A:** Yes. All fees typically charged to borrowers regardless of who pays must be listed on the GFE. See previous Q & A for more clarification.

**Q:** Rebates are included in Block 1, right? What happens if the rebate improves?

**A:** Block 1 should not include “rebate” otherwise known as YSP or Premium Pricing, as it is no longer paid to the originator.

**Q:** On conventional loans <80% should it always be “no” on escrows since it is not required?

**A:** Escrows are not required but are allowed on LTV's < 80% so one should not assume it to be no – the borrower has the option. This question should be asked at origination so that the originator knows how to complete the disclosure.

**Q:** If the escrow or title company charges a doc prep fee, where do we put that amount?

**A:** Doc prep fees being charged by the title company should be disclosed in Block 4 of the GFE.

**Q:** Can the originator email address be blank?

**A:** No. All information at the top of each GFE must be fully completed. This means that a broker or retail LO must include their phone number and e-mail.

**Q:** May there be handwriting on the GFE?

**A:** Yes. Per RESPA, handwriting is allowed on the GFE. As long as the GFE is clearly completed, MSF will not reject a GFE with handwriting.

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**Q:** If borrowers are not married may they be on one GFE?

**A:** Yes, as long as the GFE is disclosed to each borrower. RESPA FAQs state that if there is more than one potential borrower in a transaction, additional lines may be added to the Borrower field on the GFE to include all potential borrower names.

**Q:** What do you check if you have both premium pricing and a discount in a case where premium pricing is only 1% and LO comp is 2%?

**A:** A loan cannot include both a charge and a credit. If the net payment is positive, there is a credit to the borrower reflected on the GFE at Block 2, checkbox 2. If there is a charge to the borrower, it is reflected on the GFE at Block 2, checkbox 3.

**Q:** Can a processing fee be shown in Block 1 if processor is an employee?

**A:** No, a separate processing fee may not be included in Block 1. For wholesale files, if a processor is a W2 employee of the broker, the broker must build the processing fee into their origination fee.

**Q:** Some underwriters are requiring that the date on the estimate of settlement charges be the same date as the lock expiration date. Shouldn't it be 10 days from the day the initial GFE was prepared?

**A:** Yes. Pursuant to RESPA FAQs: "With the exception of interest rate-dependent charges and terms, the charges and terms for all settlement services on the GFE must be available for 10 business days from when the GFE is provided, or for such longer period of time as the loan originator provides in item 2 of the Important Dates section of the GFE. Between the period of time indicated in item 1 and item 2 of the Important Dates section, only interest rate-dependent charges may change until the interest rate is locked.

Further, if a revised GFE is provided, line 2 of the Important Dates section should be completed with the same date from the initial GFE. Line 1 and Line 2 of the Important Dates section are not related to each other.

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**Q:** Can you please cover the 10% tolerance vs. no tolerance?

**A:** Please see below:

*Zero tolerance category.* This category of fees is subject to a zero tolerance standard. The fees estimated on the GFE may not be exceeded at closing. These fees include:

- The loan originator's own origination charge, including processing and underwriting fees;
- The credit or charge for the interest rate chosen (i.e., yield spread premium or discount points) while the interest rate is locked;
- The adjusted origination charge while the interest rate is locked; and
- State/local property transfer taxes.

*Ten percent tolerance category.* For this category of fees, while each individual fee may increase or decrease, the sum of the charges at settlement may not be greater than ten percent above the sum of the amounts included on the GFE. This category includes fees for:

- Loan originator required settlement services, where the loan originator selects the third-party settlement service provider;
- The loan originator required services, title services, required title insurance and owner's title insurance when the borrower selects a third-party provider identified by the loan originator; and
- Government recording charges.

*No tolerance category.* The final category of fees is not subject to any tolerance restriction. The amounts charged for the following settlement services included on the GFE can change at settlement and the amount of the change is not limited:

- Loan originator required services where the borrower selects his or her own third-party provider;
- Title services, lender's title insurance, and owner's title insurance when the borrower selects his or her own provider;
- Initial escrow deposit;
- Daily interest charges; and homeowner's insurance.

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**Q:** Is there a table of transfer tax rates for different areas that is accessible for originators?

Please touch base on state, city, and county taxes.

**A:** We don't currently have a summary of transfer taxes by state, city and county; however, the National Conference of State Legislatures has provided a Real Estate Transfer Taxes Chart at [www.ncsl.org](http://www.ncsl.org). Please be advised MSF is in no way affiliated with the NCSL nor does MSF guarantee the accuracy of any third party literature.

**Q:** If the buyer elects to get home warranty or inspection, do we as lenders have to disclose this on the GFE? This is elective in each purchase.

**A:** Additional services that are separate from financing are not included on the GFE.

**Q:** So, after the contract is done and the first GFE goes out, and THEN the borrower elects to get these services, is it a changed circumstance?

**A:** See previous Q & A.

**Q:** Are we required to disclose the SELLER'S escrow charges?

**A:** No, the GFE needs to only contain fees charged to the borrower in association with the transaction, regardless of who is paying for them.

### Re-disclosures

**Q:** In escrow states, when a lock extension occurs after docs have been signed but before funding - must there be re-disclosure?

**A:** If no fees change with the extension, no re-disclosure is required. If a lock extension fee is charged, there will be a re-disclosure and redraw.

**Q:** Is a fees worksheet required when the GFE is re-disclosed?

**A:** Yes. Although RESPA states an originator “may” use a worksheet to provide the consumer with this additional information, company policy requires it with every GFE re-disclosure for investor overlays.

**Q:** When a loan is extended or re-locked, what number of days are entered in Box 3 of the GFE?

**A:** When the lock is extended, the number of days for the extension are added on to the original lock period and added to the GFE. When the rate is re-locked, the original lock has expired so only the re-lock period is required on the GFE.

**Q:** For wholesale, does the broker re-disclose or does MSF re-disclose?

**A:** A broker will make the initial disclosures, MSF will make all the following re-disclosures to the borrower.

**Q:** If the APR goes down do we still have the wait period?

**A:** If re-disclosure is required due to the APR being pushed outside of tolerance either up or down, the three day waiting period applies.

**Q:** Do we need to re-disclose when the change is in the borrowers benefit?

**A:** This is dependent on the specific situation.

**Q:** May we re-disclose up to 3 days after the loan is locked or extended?

**A:** If a revised GFE is required, it must be provided within 3 business days of receiving information sufficient to establish changed circumstances.

## Re-disclosures

**Q:** Can we do a COC if the borrower decided to waive escrow after the initial GFE and change the box in escrows?

**A:** Yes, this would be a borrower requested change, and a revised GFE may be issued. Charges associated with an escrow account waiver should be disclosed by adjusting Block 2 of the revised GFE. An escrow waiver cannot be considered a borrower requested change and the GFE cannot be revised to reflect an escrow account waiver charge if the initial GFE stated that there was no escrow account on the loan.

**Q:** Do we do a COC for an added desk review fee since the tolerance will exceed 10%?

**A:** If the originator was not aware that a desk review would be required at the time the initial GFE was provided, then that would be a valid reason to issue a COC. The RESPA FAQ's state as follows: "None of the information collected by the loan originator prior to issuing the GFE may later become the basis for a changed circumstance upon which a loan originator may offer a revised GFE, unless the loan originator can demonstrate that there was a change in the particular information or that it was inaccurate, or that the loan originator did not rely on that particular information in issuing the GFE."

**Q:** Do we re-disclose when the broker lets us know of the change or when the u/w approves the change?

**A:** Pursuant to RESPA FAQ's for a re-disclosure: "If a GFE is to be provided, the loan originator must do so within 3 business days of receiving information sufficient to establish the changed circumstance. The 3 business days is triggered from the time of receipt by whichever loan originator, either the mortgage broker or the lender, receives the information first. Timely communication between the mortgage broker and the lender is essential to assure compliance."

**Q:** For wholesale, if a loan needs to be re-disclosed, what do we want from the broker?

**A:** At this time we're requesting the GFE and the initial fees worksheet.

**Q:** Every time the GFE is re-disclosed does the date prepared date change to the date it was re-disclosed?

**A:** Yes.



## Other Questions

**Q:** Can an LO license be used in place of a processing license in some states?

**A:** Yes. In order to pay a third-party processor, the processor must be licensed. In some states, an independent contractor loan processor is required to obtain and maintain endorsement as a mortgage loan originator, so those processors will have and maintain a valid unique LO identifier issued by NMLS. A good example of this is Oregon, which defines “Loan Originator” to include an independent contractor processor or underwriter, and Washington, which requires an independent processor to obtain a loan originator license.

**Q:** Shouldn't the initial GFE disclosure also include the Servicing Disclosure?

**A:** The initial GFE disclosure must include all 3 pages of the GFE, a signed Intent to Proceed, and Initial Fees Worksheet and the Settlement Services Provider List.

**Q:** When may an appraisal be ordered through ALS?

**A:** A borrower may only be charged a credit report fee before receiving the GFE. RESPA advises the originator may not charge additional fees until after the applicant has received the GFE and indicated an intention to proceed with the loan covered by that GFE. If the GFE is mailed to the applicant, the applicant is considered to have received the GFE 3 calendar days after it is mailed, not including Sundays and legal public holidays.

**Q:** After the loan has been disclosed, is there a minimum time period that must elapse before the borrower may sign the loan documents and/or fund the loan?

**A:** MDIA regulates the 7 day waiting period between initial disclosure and consummation (the signing date). The seven-business-day waiting period begins when the early disclosures are delivered or placed in the mail, not when the borrower receives or is deemed to have received them. MDIA provides the following example of the waiting period:  
If a creditor delivers the early disclosure to the consumer in person or places them in the mail on Monday, June 1, consummation may occur on or after Tuesday, June 9, the seventh business day following delivery or mailing of the early disclosures.

**Q:** Do we require the borrower to acknowledge receipt of disclosures?

**A:** Yes.