

NMLS ID 3277



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SunWestTM
Mortgage Company, Inc.
Housing America since 1980.

RESPA REFORMS

Final Rule

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RESPA Reforms

RESPA Reform was enacted by the U.S. Department of Housing and Urban Development (HUD). The final rule was published in November 2008 with the goal of bringing greater clarity and transparency in the settlement process and providing consumers greater protection surrounding the terms and settlement charges of their mortgage loan.

The new RESPA rules are effective on loan applications taken on or after January 1, 2010.



Goals of RESPA Reforms

- Simplify and improve the process of obtaining mortgages
- Create more consumer awareness regarding the mortgage process
- Reduce consumer settlement costs
- Assist consumers in shopping for the best loan and services
- Key final terms of the loan are disclosed to the borrowers at closing
- Preserve a competitive market for all settlement service providers

Important Changes

- New Good Faith Estimate Disclosure
- Timing of upfront fee collection
- Changed Circumstances concept
- New Tolerance and re-disclosure requirements
- Greater emphasis on communication between the broker and the lender at time of application through closing
- New HUD-1 Settlement Disclosure



Application – New Definition

An Application is considered complete if the following information is received by the originator (Loan Officer) in anticipation of a credit decision:

- Borrower's Name
- Borrower's Monthly Income
- Borrower's SSN
- Property Address
- Estimated Property Value
- Loan Amount



Responsibility of GFE Disclosure

The originator must provide Good Faith Estimate to the borrower within 3 business days of receipt of 6 sets of information, i.e. application. The three business day period does not include Saturdays, Sundays, and any legal holidays.

SWMC will verify that the GFE issued by the Loan Officer was completely and accurately filled out and issued within 3 business days. SWMC will NOT allow a loan where GFE is not accurately disclosed or issued within 3 business days of the application.

Until the submission of the loan file to SWMC, the broker is responsible for preparation of the Good Faith Estimate and any re-disclosure thereof.

FEES ONCE DISCLOSED CANNOT BE REVISED. ANY OUT-OF-TOLERANCE INCREASE AT CLOSING MUST BE BORNE BY THE BROKER.



Intent to Proceed

RESPA requires the originator to seek an “intent to proceed” confirmation from the borrower prior to collecting any upfront fees other than a credit report fee.

If a borrower does not express an intent to continue with the application within 10 business days after the GFE has been provided, a revised GFE may be provided by the broker at which times the fees may or may not change. The business day period does not include Saturdays, Sundays, and any legal holidays.

The new GFE does not have signature lines. Acknowledgement of receipt of GFE by the borrower does NOT indicate an intent to proceed with the mortgage transaction.

SWMC requires brokers to provide the Intent to Proceed disclosure printed through SunSoft, signed and dated by the borrower(s).



Good Faith Estimates

Effective loan applications beginning 01/01/2010, only the new GFE form may be used. The new GFE form has been designed to simplify & create more transparency on settlement charges & key loan terms and to encourage the borrower to shop and compare terms offered by other lenders. GFE must take into account all charges regardless of who is paying the charges (borrower, seller, lender) on the loan transaction. This includes YSP and SRP paid by the lender to the broker. Charges and loan terms may not change after initial disclosure, except for certain tolerances defined by RESPA.

No other document in the package can be termed as a Good Faith Estimate except the mandated new form. Fillable version of GFE is available at following link:

<http://www.hud.gov/offices/hsg/ramh/res/gfeform.pdf>



Pre-Qualification

If the subject property has not been identified, the transaction is not considered an application; and possibly only a pre-qualification. Hence, the GFE is not required to be issued.

However, if the loan originator issues a GFE without identifying a property address, the loan terms and charges cannot change with the subsequent identification of the property address.

PROTECT YOURSELF! Do not give out a GFE without the property address.



Shopping for your Home Loan Booklet

A new booklet called “Shopping for your Home Loan” has been published by HUD to assist the homebuyers in shopping for a mortgage and understanding the home buying process.

The booklet also provides the information on the format and contents of the new Good Faith Estimate, which is required to be used with any mortgage loan application taken on or after January 1, 2010.

This booklet must be provided by the originator along with the GFE within 3 days of the application.

The HUD Booklet can be found at www.hud.gov/respa.



RESPA vs TILA

RESPA doesn't require itemization of individual fees on the GFE whereas TILA requires itemization of individual fees.

RESPA requires you to disclose all fees on the GFE irrespective of who is paying for it whereas seller and lender paid fees are not included in the APR calculation of the TIL.

If a re-disclosure is required, both RESPA and TILA apply. Waiting periods specified by TILA apply in addition to ensuring that the increase in the settlement charges is valid as per RESPA requirements.

Broker may only order appraisal after SWMC issues the TIL to the borrower. On a wholesale loan, SWMC will NOT mail out the GFE to the borrower effective January 1, 2010. It must be provided by the broker separately.



The first page of the GFE provides an overview of the loan transaction, including originator information, loan terms, and estimated settlement charges.

In the second column, the borrowers' names, property address, and the date the GFE is prepared is entered. **If the initial GFE is not dated within 3 business days of application, SWMC will not accept the loan.**



GFE –Important Dates

This section provides the timelines through which the terms and settlement charges explained in the GFE are good for.

Important dates

1. 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.
2. This estimate for all other settlement charges is available through .
3. After you lock your interest rate, you must go to settlement within days (your rate lock period) to receive the locked interest rate.
4. You must lock the interest rate at least days before settlement.

Some of the items in this section are lock dependent. If the loan is NOT locked at the time of preparation of the initial GFE, subsequent locking of the loan requires you to re-disclose the GFE with an updated and more accurate information.



GFE –Important Dates

Important dates

1. 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.
2. This estimate for all other settlement charges is available through
3. After you lock your interest rate, you must go to settlement within days (your rate lock period) to receive the locked interest rate.
4. You must lock the interest rate at least days before settlement.

Item 1: Enter the date and time through which the quoted interest rate is available. If the loan is locked, enter lock expiration date. Otherwise, enter “NA – Rate is not locked”.

Some of the charges on the loan are interest rate dependent and can change upon lock. Such charges include:

1. Credit or charge (discount points) for the interest rate chosen
2. Adjusted origination charges
3. Per diem interest



GFE –Important Dates

Important dates

1. 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.
2. This estimate for all other settlement charges is available through
3. After you lock your interest rate, you must go to settlement within days (your rate lock period) to receive the locked interest rate.
4. You must lock the interest rate at least days before settlement.

Item 2: RESPA requires NON-interest rate dependent charges quoted be binding for at least 10 business days from the GFE Date. Hence, enter 10th business day after GFE date. I

f a revised GFE is issued due to lock, enter lock expiration date. If revised GFE is issued due to change circumstance or borrower requested change, it must be good for at least 10 business days.

Item 3: Enter the term of the rate lock. If the loan is not locked, enter “NA – Rate is not locked”.

Item 4: Enter the smallest lock term available on SWMC Rate Sheet for the loan program chosen for the borrower.



GFE – Summary of your Loan

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.

This section addresses 9 critical elements or terms of the loan.

Line 1: Enter loan amount applied, i.e., Principal Loan Balance at closing. For reverse mortgages, enter Principal Limit.

Line 2: Enter term of the loan in years. For reverse mortgages, enter N/A.

GFE – Summary of your Loan

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	

Line 3: Enter interest rate chosen. On ARM and reverse mortgage loans, this will be the initial interest rate.

Line 4: Enter initial monthly payment amount of P&I and mortgage insurance. For reverse mortgages, write N/A.

GFE – Summary of your Loan

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 %.
	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.	

Line 5: Mark “No” if fixed rate loan. For an ARM, mark “Yes” and specify the life cap on the interest rate along with the first interest adjustment month and year. Life cap and interest adjustment are available on SWMC Rate Sheet for all ARM programs. If any questions, please call SWMC Lock Desk at 800-453-7884.

GFE – Summary of your Loan

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.	

Line 6: SWMC does not offer any negative amortization loans except HECMs. Check “Yes” if loan is a HECM and enter the maximum balance as “Unknown”. For a forward mortgage loan, check “No”

Line 7: For HECMs and fixed forward mortgage loans, check “No”. If ARM forward mortgage loan, check “Yes”, enter number of months up to first interest adjustment, payment amount at first interest adjustment, and maximum payment amount

GFE – Summary of your Loan

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.

Line 8: SWMC loan programs do NOT enforce prepayment penalty on the borrowers. Check “No”.

Line 9: SWMC loan programs do NOT require balloon payment. Check “No”. Repayment of reverse mortgage loan is NOT considered balloon payment.

GFE – Escrow Account Information

This section explains if the loan program requires establishment of an escrow account. Some of the loan program mandatorily require the borrower to maintain an escrow account with the lender to pay for property related charges such as taxes and 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 \$.

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.

Enter the monthly payment (principal, interest and mortgage insurance) in this section. Check No or Yes, as per the loan program.

Forward FHA and VA loans mandatorily require an escrow account be maintained, so this section will always say YES.



GFE – Summary of Settlement Charges

The section provides a summary of the estimated settlement charges towards origination and other services as entered in detail on the second page of the GFE.

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

Block A = The adjusted origination charges from Block A on page 2.

Block B = The total of all other settlement charges from Block B on page 2.

Block A+B = The sum of the Block A and Block B.

GFE – Page 2

This page provides the breakup of the settlement by services, enabling the consumer to shop for the best available price.

The numbers on this page are further significant as these are compared to the charges on the HUD-1 at closing to ensure settlement charges at settlement are within tolerance specified by RESPA.

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 \$ _____ for this interest rate of _____ %.

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 breakdown table on page 3 shows that you can change your total settlement charges by choosing a different interest rate for this loan.

A Your Adjusted Origination Charges \$ _____

Your Charges for All Other Settlement Services

3. Required services that we select. These charges are for services we require to complete your settlement. We will choose the providers of these services.

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.

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 ☐ all property taxes, ☐ all insurance, and ☐ 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.

Policy	Charge

B Your Charges for All Other Settlement Services \$ _____

A + B Total Estimated Settlement Charges \$ _____

Good Faith Estimate (HUD-GFE) 2

GFE - Adjusted Origination Charges

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 <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 type="checkbox"/> You receive a credit of \$ <input type="text"/> for this interest rate of <input type="text"/> %. This credit reduces 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) increases your total settlement charges. The tradeoff table on page 3 shows that you can change your total settlement charges by choosing a different interest rate for this loan.	
	A Your Adjusted Origination Charges	\$ <input type="text"/>

Section 1: Our Origination Charge

This represents total charges earned by SWMC on the loan.

Broker must specify an absolute total dollar amount to be earned through the loan plus any lender charges. Such charges include origination fee, processing fee, underwriting fee, YSP/SRP, etc.

List of SWMC charges can be found further in the presentation.

GFE - Adjusted Origination Charges

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

Irrespective of who (seller / lender) is paying the charge, it must be included in Our Origination Charge.

This total charge, once disclosed, can only DECREASE and CANNOT increase unless a Changed Circumstance occurs or the Loan Amount increases.

GFE - Adjusted Origination Charges

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 \$ for this interest rate of %.
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.

A Your Adjusted Origination Charges \$

Section 2: This represents any points paid or credit given to the borrower for the interest rate. ***Any YSP earned must be credited back to the borrower in this section.***

Box 1: Only choose this box if the pricing is par and there is no credit or charge to the borrower.

GFE - Adjusted Origination Charges

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

Box 2: Only choose this box if there is a YSP offered by SWMC on the loan. The amount of rebate must be shown as a negative amount in this section and hence be applied as credit towards borrower's closing costs.

Box 3: Only choose this when the YSP offered by SWMC on the loan is a cost (i.e. total price is less than 100).

Such cost on the YSP may be charged to the borrower and will be shown as a positive number. In case of a reverse mortgage, this should be N/A.

GFE - Adjusted Origination Charges

Example 1: PAR PRICING TO BROKER

Loan Amount: \$300,000

Origination Fee: \$3,750

Underwriting Fee: \$945

YSP Credit/Charge: \$0

Your Adjusted Origination Charges	
1. Our origination charge This charge is for getting this loan for you.	\$4,695.00
2. Your credit or charge (points) for the specific interest rate chosen <input checked="" type="checkbox"/> The credit or charge for the interest rate of <input type="text" value="5.25"/> % is included in "Our origination charge." (See item 1 above.) <input type="checkbox"/> You receive a credit of \$ <input type="text"/> for this interest rate of <input type="text"/> %. This credit reduces 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) increases your total settlement charges. The tradeoff table on page 3 shows that you can change your total settlement charges by choosing a different interest rate for this loan.	
A Your Adjusted Origination Charges	\$ 4,695.00

Our Origination Charge: \$3,750+\$945

Credit to Borrower: \$0

Charge to Borrower: \$0



GFE - Adjusted Origination Charges

Example 2: REBATE TO BROKER

Loan Amount: \$300,000

Origination Fee: \$3,750

Underwriting Fee: \$945

YSP Credit: 1.0%

Your Adjusted Origination Charges	
1. Our origination charge This charge is for getting this loan for you.	\$7,695.00
2. Your credit or charge (points) for the specific interest rate chosen	
<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"/> for this interest rate of <input type="text"/> 5.25 %.	
This credit reduces 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) increases your total settlement charges.	
The tradeoff table on page 3 shows that you can change your total settlement charges by choosing a different interest rate for this loan.	
A Your Adjusted Origination Charges	\$ 4,695.00

Our Origination Charge: \$3,750+\$945+\$3,000

Credit to Borrower: \$3,000

Charge to Borrower: \$0



GFE - Adjusted Origination Charges

Example 3: COST TO ROKER

Loan Amount: \$300,000

Origination Fee: \$3,750

Underwriting Fee: \$945

YSP Cost (Charge): 2.0%

Your Adjusted Origination Charges	
1. Our origination charge This charge is for getting this loan for you.	\$4,695.00
2. Your credit or charge (points) for the specific interest rate chosen	
<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 type="checkbox"/> You receive a credit of \$ <input type="text"/> for this interest rate of <input type="text"/> %. This credit reduces your settlement charges.	\$6,000.00
<input checked="" type="checkbox"/> You pay a charge of \$ <input type="text"/> for this interest rate of <input type="text"/> %. This charge (points) increases your total settlement charges. The tradeoff table on page 3 shows that you can change your total settlement charges by choosing a different interest rate for this loan.	
A Your Adjusted Origination Charges	\$ 10,695.00

Our Origination Charge: \$3,750+\$945

Credit to Borrower: \$0

Charge to Borrower: \$6,000



GFE - Adjusted Origination Charges

MARKET DETERIORATION

INITIAL GFE BEFORE LOCK	REVISED GFE AFTER LOCK
Loan Amount: \$300,000	Loan Amount: \$300,000
Origination Fee: \$3,750	Origination Fee: \$3,750
Underwriting Fee: \$945	Underwriting Fee: \$945
YSP: 1.0% rebate	YSP: 1.0% cost
Our Origination Charge: \$7,695	Our Origination Charge: \$7,695
Credit To Borrower: \$3,000	Credit To Borrower: \$0
Charge To Borrower: \$0	Charge To Borrower: \$3,000

Your Adjusted Origination Charges	
1. Our origination charge This charge is for getting this loan for you.	\$7,695.00
2. Your credit or charge (points) for the specific interest rate chosen <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"/> for this interest rate of <input type="text"/> 5.25 %. This credit reduces 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) 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.	-\$3,000.00
A Your Adjusted Origination Charges	\$ 4,695.00

Your Adjusted Origination Charges	
1. Our origination charge This charge is for getting this loan for you.	\$7,695.00
2. Your credit or charge (points) for the specific interest rate chosen <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 type="checkbox"/> You receive a credit of \$ <input type="text"/> for this interest rate of <input type="text"/> %. This credit reduces your settlement charges. <input checked="" type="checkbox"/> You pay a charge of \$ <input type="text"/> 3,000.00 for this interest rate of <input type="text"/> 5.25 %. 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.	\$3,000.00
A Your Adjusted Origination Charges	\$ 10,695.00



GFE - Adjusted Origination Charges

MARKET IMPROVEMENT

INITIAL GFE BEFORE LOCK	REVISED GFE AFTER LOCK
Loan Amount: \$300,000	Loan Amount: \$300,000
Origination Fee: \$3,750	Origination Fee: \$3,750
Underwriting Fee: \$945	Underwriting Fee: \$945
YSP: 2.0% cost	YSP: 1.0% rebate
Our Origination Charge: \$4,695	Our Origination Charge: \$4,695
Credit To Borrower: \$0	Credit To Borrower: \$3,000
Charge To Borrower: \$6,000	Charge To Borrower: \$0

Your Adjusted Origination Charges	
1. Our origination charge This charge is for getting this loan for you.	\$4,695.00
2. Your credit or charge (points) for the specific interest rate chosen	
<input type="checkbox"/> The credit or charge for the interest rate of _____ % is included in "Our origination charge." (See item 1 above.)	
<input type="checkbox"/> You receive a credit of \$ _____ for this interest rate of _____ %. This credit reduces your settlement charges.	\$6,000.00
<input checked="" type="checkbox"/> You pay a charge of \$ 6,000.00 for this interest rate of 5.25 %. This charge (points) increases your total settlement charges. The tradeoff table on page 3 shows that you can change your total settlement charges by choosing a different interest rate for this loan.	
A Your Adjusted Origination Charges	\$ 10,695.00

Your Adjusted Origination Charges	
1. Our origination charge This charge is for getting this loan for you.	\$4,695.00
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 checked="" type="checkbox"/> You receive a credit of \$ 3,000.00 for this interest rate of 5.25 %. This credit reduces your settlement charges.	-\$3,000.00
<input type="checkbox"/> You pay a charge of \$ _____ for this interest rate of _____ %. This charge (points) increases your total settlement charges. The tradeoff table on page 3 shows that you can change your total settlement charges by choosing a different interest rate for this loan.	
A Your Adjusted Origination Charges	\$ 1,695.00

Origination Charges on FHA 203(k)

Per HUD Mortgagee Letter 2011-18, FHA no longer limits the origination fee to 1% of the mortgage amount for Section 203(k) Rehab loans and clarified that the supplemental original fee permitted under this program is not affected.

Hence Origination Charges in Section 1 on FHA 203k may include:

- Origination Fee
- Underwriting Fee \$945 (\$750 in CO and NV, not allowed in NJ)
- Processing Fee
- YSP Credit
- Supplemental Origination fee (\$350 or 1.5% of the rehab amount, whichever is higher)



Origination Charges on HECMs

Per HUD Mortgagee Letter 09-53, FHA no longer limits the origination fee to 1% of the mortgage amount for its standard insurance programs such as section 203(b). However, HECM loans retain their statutory origination fee caps.

Origination Charges in Section 1 on a HECM loan is limited to:

- 2% of the first \$200,000 of MCA, plus 1% of the balance above that with a total cap of \$6,000
- YSP Credit
- Doc Prep fee of \$100 (\$200 if State is TX or \$95 if State is CA)
- Repair Admin fee which is the higher of \$50 or 1.5% of the funds used for repairs (if repairs are required)

To simplify the loan origination process for our customers, Sun West NO longer charges underwriting fee on HECM loans.



GFE - Charges for All Other Settlement Services

Your Charges for All Other Settlement Services			
<i>Some of these charges can change at settlement. See the top of page 3 for more information.</i>	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.		
	Service	Charge	

This section lists each third party service selected by the originator other than title services. The description of the service and the charge for each must be included. The total of all these fees is entered in the right hand column. Examples include: credit report, appraisal, appraisal review, flood certification, FHA upfront MIP, and VA funding fee.

These fees are limited to a 10% increase at close unless there is a changed circumstance.

GFE - Charges for All Other Settlement Services

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.	

Block 4: The total of all fees related to closing and title go in box 4 and is shown as a total. These fees include title search, examination and endorsements, lender's title insurance fee, delivery fee, settlement or escrow fee, sub escrow fee, notary fee, messenger fee, email fee, and closing attorney's fees.

Block 5: The charge for Owner's title insurance, only applicable to purchase transactions, is entered here. In case of a refinance, enter N/A.



GFE - Charges for All Other Settlement Services

All third party services posted under line 1302 and sequential lines of the HUD-1 must be listed here for the borrower to shop for and includes Pest Inspection, Home Warranty, and Survey Inspection. Services must be listed in the first column and estimated charge in the second column. The total goes in the right hand column.

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>	

For services disclosed in boxes 4, 5 and 6, the borrower must be given a separate written list of service providers along with the GFE. The list must contain the names of providers and the estimate of charge for each one.

The broker is responsible for preparation of this list and submission at the time of application.

GFE - Charges for All Other Settlement Services

Block 7: Enter the total of all state and local recording fees for the loan documents.

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.	

Block 8: Transfer Taxes represents “buyer portion” of sum of all state and local government fees charged in connection with the title transfer. This includes any stamp taxes and intangible taxes related to the transfer of the property. The fee once quoted on the initial GFE cannot increase at all. There is ZERO tolerance on this fee.

You must clearly communicate with the title company before issuing GFE to get an accurate estimate. Loan program (reverse mortgages have 2 deeds to be recorded), loan purpose (purchase transactions generally have transfer taxes), and loan amount to be recorded (reverse mortgages record at 150% of Maximum Claim Amount) are some of the important factors which must be communicated.



GFE - Charges for All Other Settlement Services

Block 9: This represents the estimated deposit that will be required for the borrowers' initial impound account at closing. If the loan is impounded, it must take into account all property taxes and insurances. Enter the total in the right hand column.

<p>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 <input type="text"/>.</p>	
<p>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 \$ <input type="text"/> per day for <input type="text"/> days (if your settlement is <input type="text"/>).</p>	

Block 10: Enter the per diem interest, the number of days between expected settlement date and 1st of the month preceding expected first payment date, and expected settlement date from which it is calculated. Enter the total interest in Block 10.

GFE - Charges for All Other Settlement Services

Example of Per Diem Calculation: If the \$100,000 loan disburses on December 21st with the first payment date of February 1 and interest rate of 5.5%, the per diem interest will be $100,000 \times 5.5 / 100 \times 11 / 365$ and number of days will be 11 (from December 21 through December 31) and December 21 will hence be the settlement date.

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 \$ <input type="text"/> per day for <input type="text"/> days (if your settlement is <input type="text"/>).		<input type="text"/> <input type="text"/> <input type="text"/>
11. Homeowner's insurance This charge is for the insurance you must buy for the property to protect from a loss, such as fire.		
<i>Policy</i> <input type="text"/> <input type="text"/>	<i>Charge</i> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>

Block 11: List the type of required insurances and their estimated amount. Enter the total in the right hand column. Insurance may include hazard, flood, mortgage insurance, etc.

GFE - Charges for All Other Settlement Services

B	Your Charges for All Other Settlement Services	\$ <input type="text"/>
A + B	Total Estimated Settlement Charges	\$ <input type="text"/>

Block B: Enter the sum total of estimated charges entered in Block 3 through Block 11.

Block A + B: Enter the total of Block A (Your Adjusted Origination Charges) and Block B as calculated earlier.

GFE – Page 3

This page, primarily meant as a borrower's tool to shop and compare loan offers from different lenders, requires minimal data entry by the originator.

This informational page also highlights the tolerances applicable to the various settlement charges listed on the GFE.

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

Using the tradeoff table

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

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

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

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

	The loan in this GFE	This same loan with lower settlement charges	The same loan with a lower interest rate
Fixed total loan amount	\$	\$	\$
Fixed total interest rate	%	%	%
Fixed total monthly amount owed	\$	\$	\$
Change in the monthly amount owed from this GFE	No change	You will pay \$ less every month	You will pay \$ less every month
Change in the amount we will pay at settlement with this interest rate	No change	Your settlement charges will be reduced by \$	Your settlement charges will be reduced by \$
How much your title estimated settlement charges will be	\$	\$	\$

The loan adjustments are for the loan in this GFE. The loan adjustments are for the loan in this GFE. The loan adjustments are for the loan in this GFE.


Using the shopping chart


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

	Loan 1	Loan 2	Loan 3	Loan 4
Loan origination charge				
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 increase?				
Prepaid penalty?				
Refund payment?				
Total Estimated Settlement Charges				

If your loan is sold in the future

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

 Equal Housing Opportunity (HUD-GFE) 3



EQUAL HOUSING OPPORTUNITY

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GFE – Tolerances

This part of the GFE explains the tolerances applicable to various settlement charges.

You must clearly understand the tolerances and disclose the charges as accurately as possible.

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 <i>(if you do not use companies we identify)</i> Title services and lender's title insurance <i>(if you do not use companies we identify)</i> Owner's title insurance <i>(if you do not use companies we identify)</i> Initial deposit for your escrow account Daily interest charges Homeowner's insurance

GFE – Tolerances

Tolerance thresholds are for “increases” only; the decrease in the fees has no tolerance, i.e., the fees may decrease to any extent.

ZERO Tolerance: Our Origination Charge and Transfer Taxes (Block 8) has zero tolerance. The fee cannot increase at settlement.

10% Tolerance: The total charges entered in Blocks 3, 4, 5, 6, and 7 can increase up to 10% if the service provider is identified by the loan originator.

No Tolerance: There is no tolerance limitation if the borrower selects their own service provider in Blocks 4, 5, and 6. Blocks 9, 10, and 11 also do NOT have any tolerance and may change to unspecified amounts.



GFE – Tradeoff Table

The intent of this section is to demonstrate the relationship between the interest rate and the settlement costs. The loan originator must enter basic information about the loan covered by the GFE in the left hand column.

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

The completion of the remainder of the table is optional***. If you elect to add information on alternate loans:

1. The information must be for loans that you actually would offer.
2. The alternate loans must be identical to the loan covered by the GFE, except for the interest rate and settlement costs

*** The state of NH requires the tradeoff table to be filled out completely if the loan is locked. NA may be entered if the lower rate or lower settlement charge option is not available. [Reference Link](#)

GFE – Shopping Chart

This section is a useful tool for the borrower to use as a comparison tool of offers available from various lenders.

The first column must be completed for the benefit of the borrower.

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

GFE – List of Service Providers

The borrower is allowed to shop for or choose a specific service provider. You must provide the Settlement Service Providers List to the borrower along with the GFE.

The borrower is, however, not obligated to select a vendor from the list provided. Borrower must confirm the use of its choice of vendors at the time of submitting the intent to proceed. Any service where vendor is chosen by the borrower, there is no tolerance on the increase in the fee.

Service providers list must be segregated by the service and must list the service provider and its contact information along with estimated charge of the service. The providers given must offer their services in the borrower's neighborhood.



GFE Re-disclosure Eligibility

If an exception is eligible, then change in the settlement charges may be re-disclosed to the borrower without regards to the tolerance.

Such eligible exceptions include:

- Changed circumstances
- Borrower-requested changes
- Interest rate lock

Changed Circumstances

Changed circumstances include:

- Acts of God, Disaster, Emergency: Declared disaster such as fire, flood, tornado, earthquake, hurricane.
- Inaccurate information used to prepare Good Faith Estimates: This may include information about the credit quality of the borrower, the amount of the loan, the estimated value of the property, or any other information that was used in providing the GFE.
- New information obtained that was not relied on in providing the GFE previously: Pest Inspection required per appraiser.
- Other info particular to the borrower or transaction: Boundary disputes, flood insurance, environmental problems, etc.



Changed Circumstances

Changed circumstances do NOT include:

- Lender's non-acceptance of GFE issued by mortgage broker
- GFE issued with no property information and the property is identified later in the process (Pre-qualification)
- GFE issued by the mortgage broker for one lender but the loan is submitted to a different lender
- Market fluctuations on a locked loan
- Changes that should have been known at the time GFE was provided. For example, known information that XYZ vendor is going out of business requiring a change in the vendor but GFE was still issued with an estimated charge for the service quoted using this vendor.

Changed Circumstances

Changed circumstances may include the following, on a case by case basis:

- Borrower does not proceed to closing quickly
- GSE, FHA, Mortgage insurance program changes
- Regulatory changes
- Property address deemed to be incorrect
- Parties added to or removed from title
- Property use changes
- Signing documents using a POA
- AVM problem, Review Appraisal required
- Borrower changes from standard to extended coverage Owners Title Policy
- Vendor for a settlement service goes out of business, which was previously unknown

Borrower Requested Changes

Changes to the loan application requested by the borrower can be cause to create a new revised GFE if it results in a change in the settlement charges and mortgage terms.

Examples include:

- Loan program change (ARM ⇔ Fixed)
- Interest rate change after lock
- Borrower requests different loan amount

Rate Lock & Its Expiration

If a borrower who has been provided a GFE later locks the interest rate and there are any changes to interest rate dependent charges or loan terms, a revised GFE may be issued.

If the rate lock expires prior to closing, a revised GFE may be issued if rate dependent charges change.

The interest rate dependent charges include:

1. Credit or charge for the interest rate chosen
2. Adjusted originated charges.
3. Per diem interest.

All other charges must remain the same.



GFE Re-disclosure Process

A new GFE must be provided to the borrower disclosing the costs affected by the changed circumstance within 3 business days of discovery of the changed circumstance. Three business day period does not include Saturdays, Sundays, and any legal holidays.

Until the submission of the loan file for underwriting, the broker is responsible for re-disclosure of the Good Faith Estimate. If already submitted, the broker must notify the Junior Underwriter immediately upon identification of the changed circumstance so a new GFE/TIL can be prepared by SWMC.

Documentation on the validity of the issuing the revised GFE must be retained for 3 years.



Changed Circumstances Documentation

If the re-disclosure of GFE is done prior to submission to SWMC, both initial and re-disclosed GFEs must be submitted along with the Processor's Certificate explaining the following:

- Date of the change
- Date of the re-disclosure
- Details regarding the change
- Fee changes associated with the change

SWMC Underwriter would review the validity of the re-disclosure.

If the loan is already approved, broker must submit the processor certificate to the junior underwriter for an approval for the re-disclosure.



New HUD-1/HUD-1A Overview

While the HUD-1 and HUD-1A have also been revised, the basic format of the forms remains intact. The forms still continue to provide for the itemization of fees.

The changes include:

- A cross reference on various lines to the appropriate GFE Block in which the corresponding estimated fee was disclosed.
- The addition of a new page that compares the GFE and HUD-1/HUD-1A charges and summarizes the loan.

The scheduled compliance date for the new HUD-1/HUD-1A forms is also January 1, 2010.

If the new GFE has been used, the new HUD-1/HUD-1A forms must be used.



SunSoft – Disclosing YSP

SunSoft automatically sums up all broker and lender charges including YSP into the “Loan Origination Fee”. While on reverse mortgages, SunSoft automatically calculates the YSP the broker may earn, forward mortgage loans require broker to input the expected price as per the current market. The field is located at the top of the GFE table.



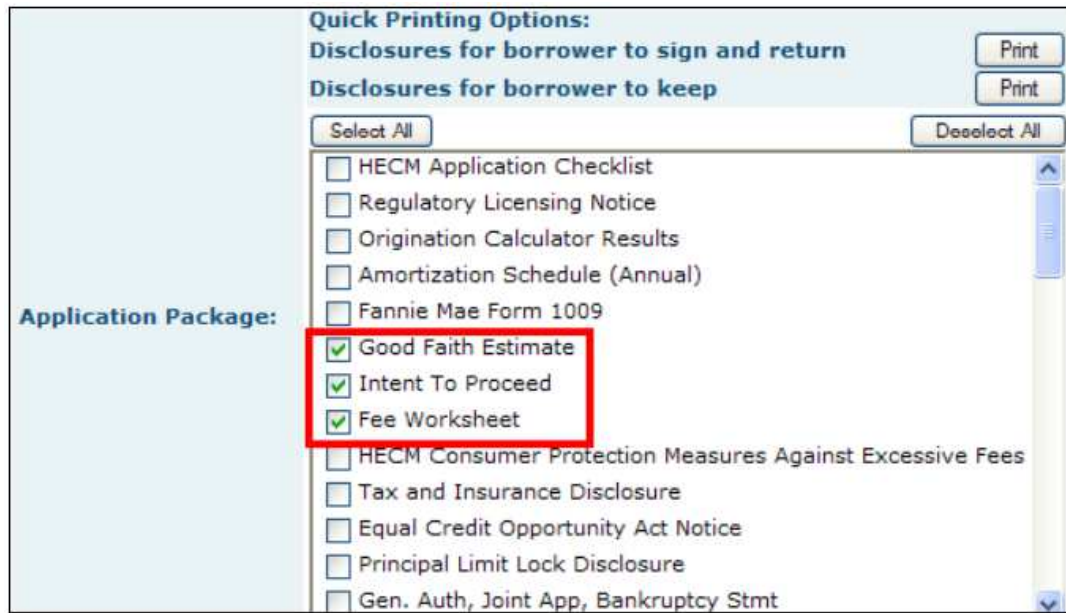
The screenshot shows a software interface for SunSoft. At the top, there is a "TILA/Redisclosure Kit" label, a "Previous" button, and an "Add New Fee" button. Below these, a red box highlights the "Expected Price:" field, which contains the value "101". Below this field is a table with the following columns: HUD No., Fee Description and Notes, Fee Amount, Fee Percent, Total Fee Amount, Lender Paid, and Paid. The table contains one row with the following data: HUD No. 801, Fee Description and Notes "Loan Origination Fee", Fee Amount "\$2,342.25", Fee Percent "0.0000", Total Fee Amount "\$2,342.25", Lender Paid, and Paid. There are also "Edit" and "Borrow" buttons next to the row.

HUD No.	Fee Description and Notes	Fee Amount	Fee Percent	Total Fee Amount	Lender Paid	Paid
801	Loan Origination Fee	\$2,342.25	0.0000	\$2,342.25		

Hence, on forward mortgage loans, you must specify the YSP in the following field before printing the GFE under Print Forms screen. Add 101.0 for 1% expected YSP on the loan.

SunSoft – Print Forms

SunSoft – Print Forms screen provides you with easy access to the new forms to keep you in compliance.



The screenshot shows a web application interface for printing forms. On the left, there is a light blue sidebar with the text "Application Package:". To the right, under the heading "Quick Printing Options:", there are two sections: "Disclosures for borrower to sign and return" and "Disclosures for borrower to keep". Each section has a "Print" button. Below these, there are "Select All" and "Deselect All" buttons. A list of forms follows, each with a checkbox. The first five forms are unchecked: "HECM Application Checklist", "Regulatory Licensing Notice", "Origination Calculator Results", "Amortization Schedule (Annual)", and "Fannie Mae Form 1009". The next three forms are checked and highlighted with a red rectangle: "Good Faith Estimate", "Intent To Proceed", and "Fee Worksheet". The remaining forms are unchecked: "HECM Consumer Protection Measures Against Excessive Fees", "Tax and Insurance Disclosure", "Equal Credit Opportunity Act Notice", "Principal Limit Lock Disclosure", and "Gen. Auth, Joint App, Bankruptcy Stmt".

Form Name	Selected
HECM Application Checklist	<input type="checkbox"/>
Regulatory Licensing Notice	<input type="checkbox"/>
Origination Calculator Results	<input type="checkbox"/>
Amortization Schedule (Annual)	<input type="checkbox"/>
Fannie Mae Form 1009	<input type="checkbox"/>
Good Faith Estimate	<input checked="" type="checkbox"/>
Intent To Proceed	<input checked="" type="checkbox"/>
Fee Worksheet	<input checked="" type="checkbox"/>
HECM Consumer Protection Measures Against Excessive Fees	<input type="checkbox"/>
Tax and Insurance Disclosure	<input type="checkbox"/>
Equal Credit Opportunity Act Notice	<input type="checkbox"/>
Principal Limit Lock Disclosure	<input type="checkbox"/>
Gen. Auth, Joint App, Bankruptcy Stmt	<input type="checkbox"/>

Frequently Asked Questions

Question: Can charges be listed POC?

Answer: No. All items must be listed as charges paid at closing and totaled up on the GFE. This will help facilitate comparison among various loan offers.

Question: Are seller's costs listed on the GFE?

Answer: No. Only charges typically paid by the borrower be listed on the GFE.

Question: What is considered an application on a reverse mortgage?

Answer: For RESPA purposes, an application is considered taken as soon as six set of information is received by the originator. For the purposes for determining the expected interest rate on an ARM reverse mortgage loan, it is considered as the date borrower signed the 1009.



Frequently Asked Questions

Question: Can I re-disclose the GFE if the appraised value comes out higher on a reverse mortgage which increased my origination fee?

Answer: As long as the origination fee doesn't exceed the cap, you may issue a revised GFE with increased origination fees.

Question: Would SWMC allow the use of a title company selected by the borrower if the master title underwriter is not on SWMC approved list?

Answer: No.

Question: What is the mortgage recording amount on the deed on a reverse mortgage?

Answer: 150% of the maximum claim amount. It is important that it is clearly communicated to title for estimation of recording charges.



Frequently Asked Questions

Question: Can an unsigned application be submitted for Underwriting?

Answer: Yes, as long as it has the required 6 six set of information and is signed by the loan officer identifying the date of the interview. GFE must be dated within 3 business days of this date.

Question: When do I submit the Intent to Proceed form to SWMC?

Answer: Intent to Proceed form must be provided to SWMC at submission of the loan file. An unsigned copy referencing the GFE date is acceptable. However, the borrower signed copy must be provided to SWMC prior to ordering loan documents.

Frequently Asked Questions

Question: Can I order and charge the borrower for the services prior to receiving signed Intent To Proceed?

Answer: No, you may not order and charge the borrower for the services prior to receiving signed Intent to Proceed. A reasonable credit report fee is the only exception.

Additionally, please ensure that no services (such as Appraisal, Inspection, etc.) are ordered prior to:

- a) issuing a Lender's TIL
- b) applicants receiving counseling, in case of Reverse Mortgage

Question: Can I charge discount points on a reverse mortgage if my YSP is a cost?

Answer: No, you may not charge discount points on a reverse mortgage. You may only do so on a forward mortgage loan.



Common GFE Errors

SWMC welcomes the opportunity to work with its partners in understanding, adopting, and implementing RESPA reforms with an objective to ensure compliance.

Following are some of the common GFE errors identified by SWMC during the last 2 months:

1. GFE not dated within 3 business days of application
2. Originator Information missing from GFE
3. YSP not mentioned as part of Our Origination Charge
4. Transfer taxes not disclosed or underdisclosed
5. Appraisal Fee missing or underdisclosed
6. Principal Limit/Loan Amount incorrect
7. Owner's Title Policy Insurance not disclosed



GFE Recommendations

Following are some of the observations and recommendations as we continue to manage post-implementation of RESPA Reform. You should not consider this information as legal or compliance advice. To avoid any underwriting delays:

1. Do NOT submit any other document in the loan file which is title Good Faith Estimates except the new format GFE.
2. Do NOT make any handwritten changes or corrections to the GFE.
3. Our Origination Charge cannot increase. Please ensure to include your absolute compensation before disclosing to the borrower.
4. Owner's Title Insurance must be disclosed on the GFE irrespective of who is paying for it.



Questions?

SWMC is here to assist you in adopting this change. If you have any questions, please write to your Account Executive or call 800-453-7884.

We appreciate your business and thank you for attending the Webinar today.

THANK YOU!

