

THE GOOD FAITH ESTIMATE (GFE)

Does your client know how to properly utilize the HUD he or she receives? According to a recent article in the Los Angeles Times, many Buyers/Borrowers do not.

“A new survey of 1,000 U.S. consumers suggests that the good faith estimate (GFE) disclosures that all homebuyers and refinancees receive at loan application are not ...” The Los Angeles Times further states: “So here’s a smart action plan for you as a consumer. If you seriously want to shop intelligently for a home loan, buck the popular trend: Read your GFE and use it to compare costs – line item by line item- among the [various] lenders.”

Below are a few tips to assist your Buyer with their GFE/HUD:

- » Get the Mortgage Specialist or Mortgage Broker involved to explain the GFE fees in detail.
- » Ask questions relating to charges and fees as soon as possible.
- » Some loan charges can be different depending upon interest rate and loan amount.
- » Realize that the GFE is an estimate, fees are not final.
- » Use the shopping chart on Page 3 of your GFE as a tool to compare loan options/programs in order to give you a better perspective of what you are being charged. *(See example below)*

	Loan 1	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				

Example

Remember, while escrow can not negotiate any items relating to loan or property, we are always ready to help any way we can. Contact a local branch and ask for an estimated closing statement that will give your client a better idea of closing costs.

“Kenneth R. Harney, Tool Isn’t Helping Consumers Shop For Mortgages,” Los Angeles Times, 8 May 2011 business section: B12
 “Highlights of the GFE,” http://www.ots.treas.gov/_files/482130.pdf



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