#### **Notes on the New Settlement Sheets**

The new GFE and HUD-1 forms are required after January 1, 2010.

Settlements after January 1, 2010 with the old GFE are done on the old HUD-1.

Settlements before January 1, 2010 with the new GFE are done on the new HUD-1.

The new Good Faith Estimate must be issued no later than three business days after the loan originator receives an application.

This is where title agents come in. You will supply the lender with the information used to complete the GFE.

You may want to develop a new questionnaire to identify all of the information you need to quote numbers for the GFE. This will get the lenders used to the information that you need to speed up the process.

This may be a two step process. When asked for a quote for title charges, it seems that the best option will be to prepare a preliminary HUD or have a one page sheet with all title charges. After this is sent to the lender, they may give you more information and it may need to be updated and re-sent before the lender can generate a final GFE.

Being the expert may allow you to generate some extra business form lenders. This will primarily be refi's because the title company is usually pre-selected on sales.

Loan originators are lenders or mortgage brokers.

Before issuing a GFE, loan originators can only collect for a credit report. Other charges can only be collected by the loan originator after the applicant receives a GFE and indicates an intent to proceed with the loan covered by the GFE.

Settlements with two loans and two GFE's will require two HUD-1's.

GFE's expire after ten days unless the borrower indicates an intent to proceed with the loan covered by the GFE.

GFE's with an extended settlement date that do not indicate a revised GFE may be issued are required to honor the original GFE.

The new Good Faith Estimate is currently for federally insured loans. Currently cash, commercial deals, private mortgages and Purchase Money Mortgages (PMM) still use the old sheet.

HUD estimates that the new Good Faith Estimate will add 45 minutes to the average settlement.

The new Good Faith Estimate is broken up into three categories:

- 1. **Zero Tolerance** These items cannot change.
  - 801 Loan Origination
  - 802 Loan Discount

Transfer taxes

- 2. **Ten Percent Tolerance** These items can only change by ten percent.
  - 804 816

1100's if the title company is on the lender's list

Recording

1300 items if you use a lender selected vendor

Lenders may estimate high so they do not have a 10% problem.

- 3. **Don't care**.
  - 901 Daily interest charges
  - 902 MIP
  - 903 Homeowner's insurance
  - 904 open line
  - 1001 Initial escrow deposit
  - 1100's if the title company is not on the lender's list
  - 1300 items If you use a lender selected vendor these are category 3 items. When in doubt presume they are a lender selected vendor.

Lender's are required to supply borrowers with a selected vendor list if the GFE permits a borrower to shop for third-party settlement services.

Third-party settlement service Categories: Title Agents

Surveyors

Termite inspection

Lists can be one vendor as long as they are not affiliated.

GFE's can only change under specific circumstances within three days of receiving knowledge of the circumstance and only to the item specifically changed.

- Acts of God, war, disaster or other emergency
- Information about the borrower or transaction that changes or is found to be inaccurate after issuance of GFE
  - o credit quality
  - o loan amount
  - o property value or other information
- New information not previously relied upon
- Other circumstances
  - o boundary disputes
  - o required flood insurance
  - o environmental problems
- If changed, circumstances affect settlement costs or borrowers eligibility for loan:
  - o loan originator may provide a revised GFE
  - o revised GFE may reflect only the increased changes

The percentage of real estate sales commissions cannot print on the sheet. It is still on the entry screen for ease of entry.

Problems with the Good Faith Estimate are not supposed to stop settlement.

Lenders can cure problems at settlement by wiring the money and giving the borrower a credit in the 200 section.

Lenders must cure problems within thirty (30) days without intervention by the borrowers.

Lenders get notice of violations on the settlement sheet when the sheet is faxed for funding and when the mortgage package is sent back

Revised HUD's must be created after a lender cures. Revised HUD's are not required to be signed.

#### New RESPA definitions of "Title Services"

RESPA defines "Title Services" as any service involved in the provision pf title insurance including but not limited to:

- Title Exam and Preparation
- Preparation and Issuance of Commitment
- Preparation and Issuance of Policies
- All Administrative and Processing Services required to perform these functions
  - o document delivery
  - o preparation and copying
  - o wiring fees
  - o notary
  - o etc

Almost all title fees are grouped together in 1101.

Fees to third parties are listed separately on the 1100's and worksheet.

Not all items on the title insurance worksheet print on the settlement sheet.

The worksheet can be given to the borrower; however the main reason is to itemize the title charges for the underwriter, so the worksheet should be printed and left in the file.

GFE's should be for regular title insurance rates unless the borrower has previously selected an enhanced policy.

Attorneys who are involved in title work are now required to disclose everything. The exception is representation only.

Seller credits for closing should be on the front page as a credit and not on the back as seller paying for settlement charges.

#### How to handle problems at the table

Settlement clerks know how to handle problems at the table. This is for new items related to the GFE and TIL.

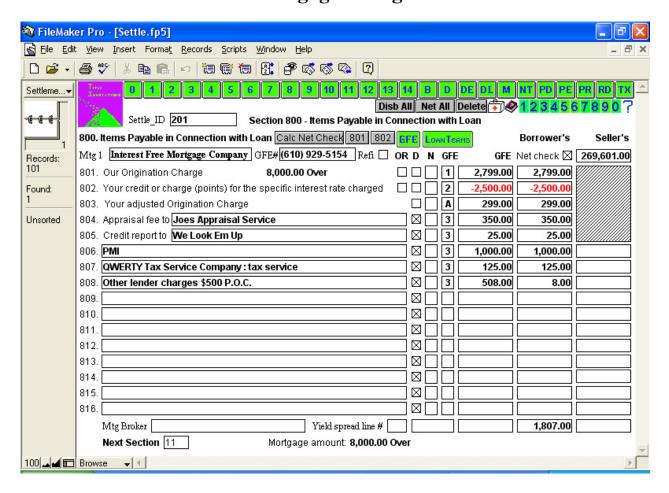
Changes that require the issuance of a revised GFE, can be made at the table.

If the borrower cannot make closing and the seller offers to reduce the sale price, a revised GFE, can be issued at the table.

Changes that require the issuance of a new TIL, requires a mandatory three (3) day waiting period.

If the borrower cannot make closing and the lender offers to reduce the interest rate, a new TIL and a revised GFE, can be issued at the table; however, the issuance of a new TIL, requires a mandatory three (3) day waiting period.

## **Mortgage Charges**



Line 801 is always going to be GFE 1. This is the sum of all of the mortgage charges paid directly to the lender.

This is less disclosure because it is mandatory that the costs be lumped together.

On line 801, you only need to enter one number to include processing, application, administration fess, underwriting, document preparation, wire transfer fee, lender inspections, loan handling and other fees.

Line 802 is a credit or a charge depending upon the interest rate.

Line 802 is always going to be GFE 2.

Line 803 is the sum of lines 801 and 802.

Line 803 is always going to be GFE A.

Lines 804 - 816 are for third party charges related to the loan selected by the lender.

There are two new GFE columns.

The first new column on lines 804 - 816 is always going to be GFE 3. GFE 3 means the lender selected the vendor. Borrower selected items are in the 1300's.

This does not need to be filled in because *Title Innovations* will do this for you when you go to the GFE window.

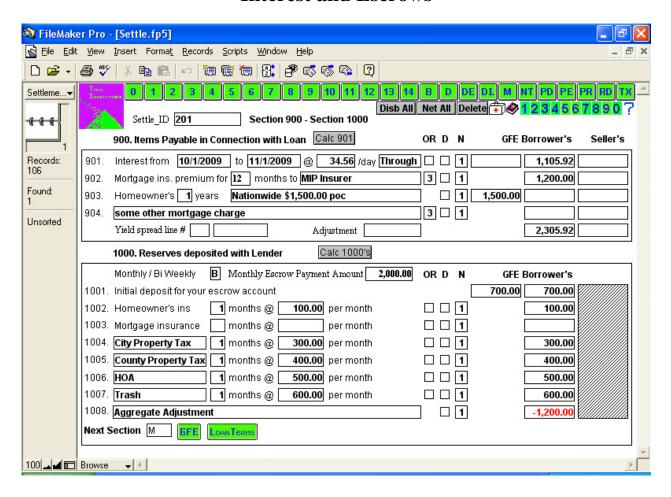
The second new column on lines 804 - 816 is the amount from the GFE and includes amounts paid outside of closing.

These only need to be filled in if the amount is different than the HUD-1 amount because *Title Innovations* will do this for you when you go to the GFE window.

The 800 section should now be much shorter than before. If this is so, the 800 section will be shortened on the printed sheet and the 1300 section will be increased on the three page sheet including the GFE page.

Lines 1302 through 1305 can now be netted from the mortgage check.

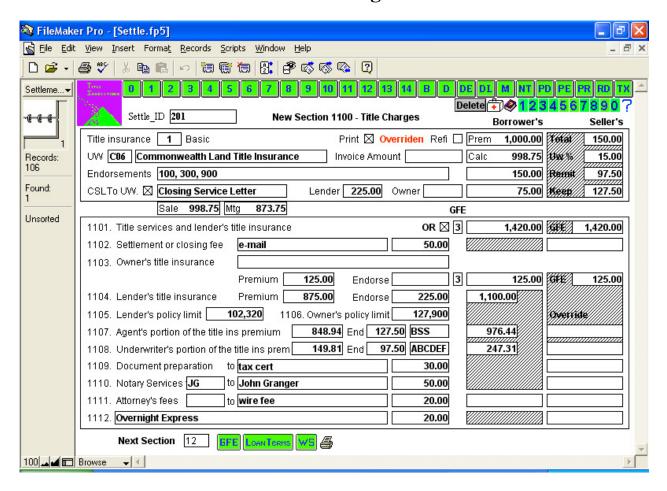
### **Interest and Escrows**



There is a new GFE column.

These only need to be filled in if the amount is different than the HUD-1 amount because *Title Innovations* will do this for you when you go to the GFE window.

### **Title Charges**



The 1100 section has the most changes on the new HUD-1 sheet to match the new Good Faith Estimate.

The box at the top is to enter information related to the premium and endorsements.

Endorsements are itemized at the top. Endorsements are not displayed directly on the sheet, but are included in the lender's and owner's title insurance charges.

For files with invoices, endorsements must be marked with an "E" in the TI column or use the word "endorsement" on the invoice description.

If the amount on the borrower's side does not match the invoice amount, you will be asked to fix the amount. If the borrower's side is zero, the invoice amount will be used, otherwise the invoice amount will be changed to the borrower's side.

If Endorsements are on the invoice, a will show on the 1100 window.

There is a separate line for Closing Protection Letter. Do not use this line for anything else. If the underwriter gets all of these fees, check the checkbox.

#### **Closing Protection Letters on Invoices**

For files with invoices, endorsements must be marked with a "C" in the TI column or use "CPL" or "CSL" or "Closing Protection Letter" or "Closing Services Letter" on the invoice description.

The Closing Protection Letter amount from the settlement sheet is compared to the amount for the Closing Protection Letter from the invoice.

If the settlement sheet has an amount for the Closing Protection Letter, the invoice will be updated, otherwise the amount from the invoice will be used on the settlement sheet. The "To Uw" checkbox will be set.

If the amount on the borrower's side does not match the invoice amount, you will be asked to fix the amount. If the borrower's side is zero, the invoice amount will be used, otherwise the invoice amount will be changed to the borrower's side.

If the Closing Protection Letter is on the invoice, a will show on the 1100 window.

Line 1101 is for Title services and lender's title insurance. This is the sum of all 1100 charges less Owner's Premium and Endorsements and attorney representation for the borrower.

Line 1101 refers the borrower to #4 of their GFE. This line item includes all administrative and processing charges related to title insurance (for example search and exam fees). This line item does not include premium charges for any Owner's title insurance which will be provided; it does include the charge for lender's title insurance (including the charge for any lender only endorsements). It also includes settlement charges, under the definition of "Title Services".

The GFE column is either 3 or 6. 3 is a lender selected title company, 6 is a borrower selected title company. If this is not specifically identified, use 3.

There are new GFE fields for the title insurance premium on the blacked out portion of the sellers side.

These only need to be filled in if the amount is different than the HUD-1 amount because *Title Innovations* will do this for you when you go to the GFE window.

Line 1102 is for Room Fees. Enter the numbers and the borrower's portion is incorporated with other charges in line 1101.

If the amount on the borrower's side does not match the invoice amount, you will be asked to fix the amount. If the borrower's side is zero, the invoice amount will be used, otherwise the invoice amount will be changed to the borrower's side.

For files with invoices, endorsements must be marked with an "R" in the TI column or use the word "room" or "settlement fee" or "closing fee" on the invoice description.

The actual settlement fee is set forth after the dollar sign (\$) on the interior section of the form (i.e. not in the Borrower's column). There is a name field.

Line 1103 is for Owner's Premium and Endorsements.

This is now the difference between the total premium and the amount of the premium of the sum of the loan amounts if they are less than the sales price.

This will also include owner only endorsements which will usually be zero.

The GFE field is either 3 or 6. 3 is a lender selected title company, 6 is a borrower selected title company. If this is not specifically identified, use 3.

There are new GFE fields for the title insurance premium on the blacked out portion of the sellers side.

These only need to be filled in if the amount is different than the HUD-1 amount because *Title Innovations* will do this for you when you go to the GFE window. There is a name field.

Line 1104 is for Lender's title insurance. The premium for Lender's title insurance, including the charge for any lender only endorsements is broken out on this line. The amount is printed after the dollar sign (\$) on the interior section of the form (i.e. not in the Borrower's or Seller's columns).

Line 1105 is for Lender's title policy limit \$. The liability amount for the Lender's policy is printed on the interior section of the form (i.e. not in the Borrower's or Seller's columns). This is the loan amount unless extra coverage is required.

Line 1106 is for Owner's title policy limit \$. The liability amount for the Owner's policy is printed on the interior section of the form (i.e. not in the Borrower's or Seller's columns). This is the sale price unless extra coverage is required.

Line 1107 is for the Agent's portion of the total title insurance premium. HUD apparently believes that knowing how the title insurance premium is divided between the agent and underwriter will help consumers better understand their closing charges. Thus, the dollar amount representing percentage of the premium and endorsements which the agent retains under their Agency Agreement is filled in here. If the agent is not performing settlement services, this information must be provided: to the party who will be conducting the settlement so that they may complete the form. (For example, if agent A retains 20% of the premium under their Agency Agreement and the entire title premium on the file is \$1,000.00, the amount to be entered here would be \$200.00 or 20% of \$1,000.00.) As with prior line items, this amount is entered in the interior of the form, not in the Borrower's or Seller's columns. There is a very short name field – initials only.

Line 1108 is for the Underwriter's portion of the total title insurance premium and endorsements. The underwriter's portion of the premium and endorsements per the title agent's Agency Agreement is filled in here. As with prior line items, this amount is entered in the interior of the form, not in the Borrower's or Seller's columns. There is a very short name field – initials only.

The HUD-1 form will now include a third or fourth page which sets forth a comparison between the charges listed on the borrowers' GFE and the charges listed on the HUD-1. The new page also sets forth the final terms of the **borrowers'** loan. The information required to complete this page will be provided by the lender.

Line 1109 is for Document Preparation / E-Docs. This is added into 1101 above and printed to the left of the borrower's column, yet the check prints separately.

If the amount on the borrower's side does not match the invoice amount, you will be asked to fix the amount. If the borrower's side is zero, the invoice amount will be used, otherwise the invoice amount will be changed to the borrower's side.

If Document Preparation is on the invoice, a will show on the 1100 window.

Line 1110 is for Notary Fees / Services. This is added into 1101 above and printed to the left of the borrower's column, yet the check prints separately.

For files with invoices, endorsements must be marked with a "N" in the TI column or use "notary" on the invoice description.

If the amount on the borrower's side does not match the invoice amount, you will be asked to fix the amount. If the borrower's side is zero, the invoice amount will be used, otherwise the invoice amount will be changed to the borrower's side.

If Notary Fees / Services are on the invoice, a will show on the 1100 window.

Line 1111 is for Attorney fees and now has three entries. The left entry is for title services provided by the attorney. This is added into 1101 above and printed to the left of the borrower's column.

The amount in the borrower's column is for representation fees only.

Line 1112 is for overnight mail and/or other title charges that will print on the sheet.

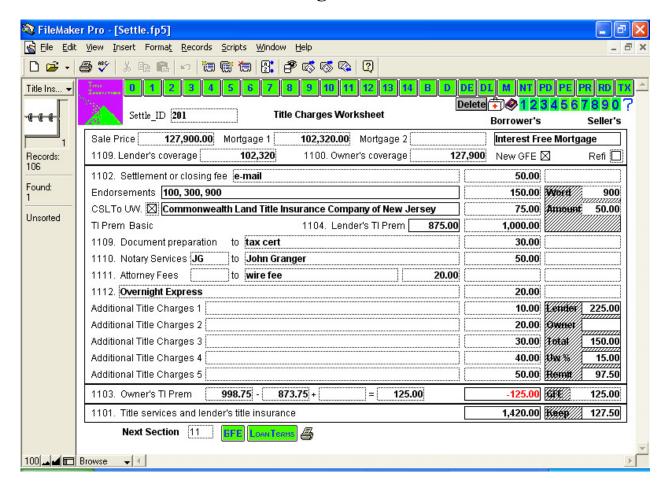
For files with invoices, endorsements must be marked with a "O" in the TI column or use "overnight" or "federal express" or "fed ex" on the invoice description.

If the amount on the borrower's side does not match the invoice amount, you will be asked to fix the amount. If the borrower's side is zero, the invoice amount will be used, otherwise the invoice amount will be changed to the borrower's side.

If Overnight Fees are on the invoice, a will show on the 1100 window.

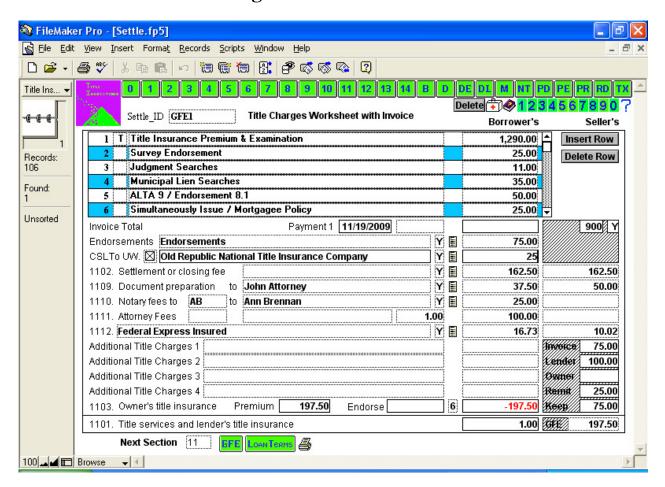
There are now five specific lines for Other Title Fees on the worksheet. They are incorporated with other charges in line 1101. These charges only print on the worksheet.

## **Title Charges Worksheet**



Click on the icon to print the worksheet. The worksheet can be given to the borrower; however the main reason is to itemize the title charges for the underwriter, so the worksheet should be printed and left in the file.

## **Title Charges Worksheet with Invoices**



### Items Title Innovations will read from the Invoice

- Endorsements
- Closing Protection Letters
- Room Fees / Settlement Fees / Closing Fees
- Document Preparation / E-Docs
- Notary Fees / Services
- Overnight mail

Invoice Code	Words
Е	"endorsement"
С	"CPL" or "Closing Protection Letter" or "CSL" or "Closing Services Letter"
R	"room" or "settlement fee" or "closing fee"
D	"document" or "doc prep or "doc" and "prep"
N	"notary"
O	"overnight" or "federal express" or "fed ex"

You can use either the codes or the words on the invoice.

If the amount on the borrower's side does not match the invoice amount, you will be asked to fix the amount. If the borrower's side is zero, the invoice amount will be used, otherwise the invoice amount will be changed to the borrower's side.

If Fees are on the invoice, a will show on the Title Charges Worksheet with Invoices window.

Click on the icon to print the worksheet. The worksheet can be given to the borrower; however the main reason is to itemize the title charges for the underwriter, so the worksheet should be printed and left in the file.

# **New Government Recording Charges**

## **Additional Settlement Charges**

🦓 FileMaker Pro - [Settle.fp5]						
Eile Edit View Insert Format Records Scripts Window Help _ □ ×						
	<b>3 ♥</b>   % <b>b c</b>   ∞   <b>i</b>   <b>c c c c c c c c c c</b>	2				
Settleme▼	0 1 2 3 4 5 6 7 8 9 10 11	12 13 14 B E	DE DL M NT	PD PE PR RD	TX ^	
	Delete 10 201 Section 1200 - Section 1300 - Section 1400 PA					
	1200. Government Recording and Transfer Charges	OR	Borrower's	Seller's		
Records:	1201. Government Recording Charges	(from GFE #7)	175.00	1.25		
106	1202. Deed <b>55.00</b> Mtg <b>120.00</b> Rel <b>50.00</b> Extra	☐ Calc	175.00	50.00		
Found:	1203. Transfer Taxes	(from GFE #8)		SEE		
	1204. City/county tax/stamps Exemption	\	1,279.00			
Unsorted	1205. State tax / stamps Exemption	K Calc		1,279.00		
	1206. Municipality deed recording Exemption	10				
	1300. Additional Settlement Charges	1206 GFE		,		
	1301. Required Services that you can shop for	180.00				
	1302. Survey to We Line Em Up	3 120.00 🗵	120.00			
	1303. Pest inspection to Bugs Be Gone	3 60.00 ⊠	60.00			
	1304. Other lender charges \$500 P.O.C.	6 500.00 ⊠ 6 7,500.00 ⊠				
	1305. <b>John Granger \$7500 P.O.C.</b>	ļ				
	1306.		<u></u>			
	1307.			<u></u>		
	1308.	<u> </u>	<u></u>			
	1309.	<u> </u>	<u></u>			
	1310.					
	1400. Total Settlement Charges 1300 Part 2 1300 Part 3 6,184.92 18,123.0					
Next Section 4 GFE LOAN TERMS Escrows held for						
100 → ■ Browse →   4						

Recording charges and transfer taxes GFE items are entered on the GFE Window.

Line 1206 can either be included in the GFE or not.

Line 1206 is included in the GFE if line 1206 contains the word "record" or "register" or "rod".

Line 1206 can be used for recording a "power of attorney" or assignments as long as the words "record" or "register" or "rod" are not used.

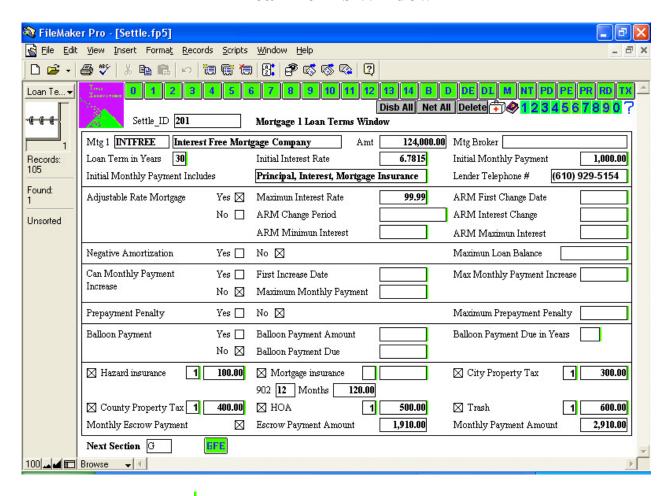
Lines 1302 – 1305 have a GFE column.

The GFE field is either 3 or 6. 3 is a lender selected vendor, 6 is a borrower selected vendor. If this is not specifically identified, use 3.

Line 1301 is the sum of lines 1302 - 1305.

The 800 section should now be much shorter than before. If this is so, the 800 section will be shortened and the 1300 section will be increased on the three page sheet including the GFE page.

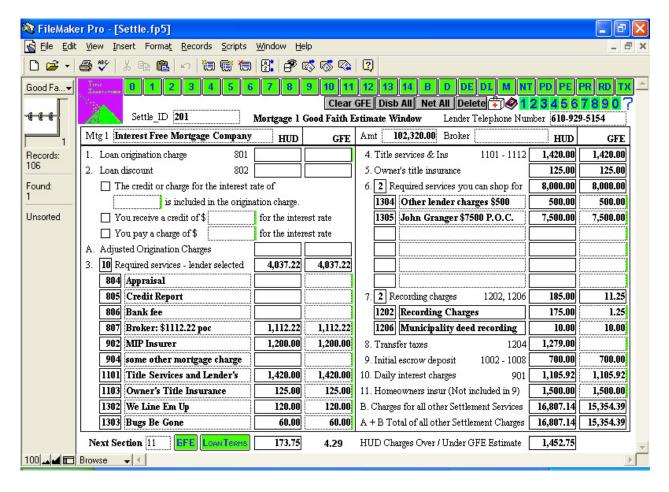
### **Loan Terms Window**



Fields with a green stripe "" on the right are enterable fields.

The GFE monthly escrow payment is based on either 902 or 1002 for MIP. If the first year of MIP is paid on line 902 and there are no months on line 1003, if you select "Mortgage Insurance" as a part of the "Initial Monthly payment includes", the proper escrow payment for the GFE will calculate including the "Mortgage Insurance" on a monthly basis from line 902.

#### **Good Faith Estimate Window**



Check the New GFE checkbox after the lender's name or go to this window to turn on the Good Faith Estimate version, fill in the back <u>page</u> of the settlement sheet, and then go to the Good Faith

Estimate Window (Next Section G or ).

The first time you go to the Good Faith Estimate Window, *Title Innovations* will use information from the HUD-1 to fill in the GFE.

The Good Faith Estimate Window follows the Mortgage Company is Always Right Rule, where numbers once filled in will not be changed.

POC items are included in the HUD-1 numbers in the 800 and 1300 sections.

The HUD-1 description fields can be clicked into to display all of the text; however HUD-1 data cannot be filled in on this window.

The left column is from the HUD-1 form.

The right column is from the Good Faith Estimate form.

GFE 1. Loan Origination charge – line 801 Includes processing, application, administration fess, underwriting, document preparation, wire transfer fee, lender inspections, loan handling and other fees.

GFE 2. Loan Discount – line 802.

Good Faith Estimate data comes from the fields on the left. The check boxes fill in automatically.

GFE 3. Required Services:

Lines 803 – 816. GFE data comes from HUD-1 based upon a "3" in the GFE column.

Title Services and Insurance – if the title agent is on the lender's list

Lines 1302 – 1305. GFE data comes from HUD-1 based upon a "3" in the GFE column.

GFE 4. Title Services and Insurance – new lines 1101, 1109, 1110, 1111, 1112.

This includes: All administrative and processing charges related to title insurance These come from the invoice or Room Fees and Other Title Fees on the new 1100 and Title Insurance Worksheet Windows.

Lender's title insurance premium and endorsements

Document Preparation for borrower

Notary Fees and Services for borrower

Attorney's Fees, that are not representation fees

Overnight Mail Fees for borrower

GFE 5. Owner's title insurance premium +

Owner's title insurance endorsements

GFE 6. Required Services you can shop for:

Title Services and Insurance – if the title agent is on the lender's list.

Lines 1302 – 1305. GFE data comes from HUD-1 lines 1302 – 1305 based upon a "6" in the GFE column.

GFE 7. Recording charges:

Line 1202

Line 1206. If line 1206 contains the word "record" or "register" or "rod".

GFE 8. Transfer taxes

In New Jersey = If Non-Resident line 1204
If not exempt line 1205
If over \$1,000,000 and not exempt line 1206

Other States = line 1204 line 1205

GFE 9. Initial Escrow Deposit – lines 1002 – 1008

GFE 10. Daily Interest Charges – line 901

GFE 11. Homeowner's insurance - 903 POC amount + 903 Buyer + 903 Seller

Fields with a green stripe "" on the right are enterable fields.

Due to the variability of sections 3 and 6, the GFE amounts need to be entered on the 800, 1100 and 1300 windows.

There are a few GFE items that can be entered on both windows: 801, 901, 903, 1101.

There are a few GFE items that can only be entered on the GFE window: GFE 7 – recording charges and GFE 8 – transfer taxes.

To switch form the new GFE sheet to the old sheet, on the GFE Window, Click Clear GFE, then click on one of the icons at the top or use Next Section to navigate away from the GFE.

All of the GFE form lines are now editable. This allows GFE lines to be set to zero.

The GFE re-calculates if the GFE line is zero. If GFE lines need to be set to zero, finish the sheet, click on the icon, set the proper GFE line to zero, click and print the sheet.

WARNING, if you go back to the GFE screen, the GFE line will be set yo the HUD amount and must be set to zero again.

