

## Completing the Good Faith Estimate (GFE 2010)

Many of the fields on the **Good Faith Estimate (GFE 2010)** are calculated fields that contain the total of a group of fees that are documented on the **Good Faith Estimate**. To change the aggregate of any of these fees on the **Good Faith Estimate (GFE 2010)**, you must edit the individual fees on the **Good Faith Estimate**.

The values in the following fields on the **Good Faith Estimate (GFE 2010)** are calculated from values that were entered on the **Good Faith Estimate**:

- Origination Charge
- Title Services and Lender's Title Insurance
- Government Recording Charges
- Transfer Taxes
- Initial Deposit in Escrow Account

When a fee field is initially populated or is changed on the **Good Faith Estimate**, either by a closing cost scenario or when a value is entered manually, the value in the corresponding **Good Faith Estimate (GFE 2010)** field is automatically updated. To change the value in the **Good Faith Estimate (GFE 2010)** field, go to the **Good Faith Estimate** and manually edit one of the field values that comprise the total. When you are finished changing fees, return to the **Good Faith Estimate (GFE 2010)** to view the updated value.

The fields on the **Good Faith Estimate** that comprise these totals are included in the explanations for each of these fields later in this topic.

### Attention

*Fees that are marked as paid outside of closing (if the **POC** check box is selected on the **Good Faith Estimate**), per the final RESPA rule, are included in the total calculation.*

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Fields that have a one-to-one correlation with fields on the **Good Faith Estimate**, or any other screens, are identified in their respective explanations.

The following buttons, located at the bottom of the workspace, provide additional functionality:

- [Calculate](#)
- [GFE](#)
- [Mtg Insurance](#)
- [Svc Providers List](#)

To complete the **Good Faith Estimate (GFE 2010)**:

### Tip

*Fees that are displayed as blue links provide details about the fee calculation. Click the link for more information.*

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1. Open a prospect or borrower file.
2. Open the **Good Faith Estimate (GFE 2010)** from the **Forms** menu or the shortcut toolbar.
3. Complete the *Important Dates* section.

**B Smith, Johnathan B. | Good Faith Estimate (GFE 2010)**

**Important Dates**

Date Prepared

Interest Rate Available Through  Time

Estimate Available Through  Time

Rate Lock Period  days

Days Before Settlement Interest Rate Must Be Locked

**Summary of Loan**

Base Loan Amount \$  Monthly Payment \$

- a. Enter the current date in the *Date Prepared* field.
- b. Enter the date and time, if applicable, that the quoted interest rate expires in the *Interest Rate Available Through* date and time fields. HUD does not require that the interest rate be honored for a minimum length of time.
- c. Enter the date and time, if applicable, that the estimated quoted costs expire in the *Estimate Available Through* date and time fields.

#### **Requirement**

*HUD requires that the fees be valid for a minimum of 10 days.*

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- d. Enter the number of days from the date that the interest rate is locked that the loan must close before the rate guarantee expires in the *Rate Lock Period* field. This field corresponds to the *Lock Term* field on the **Registration & Rate Lock** screen.
  - e. Enter the minimum number of days the interest rate must be locked before the loan can close in the *Days Before Settlement Interest Rate Must Be Locked* field, if applicable.
4. Complete the *Summary of Loan* section.

**Summary of Loan**

Base Loan Amount	\$	<input type="text" value="380,000"/>	Monthly Payment	\$	<input type="text" value="2,060.32"/>
Total Loan Amount	\$	<input type="text" value="383,800.00"/>	Monthly MI Payment	\$	<input type="text" value="316.67"/>
Term/Due In		<input type="text" value="360"/> / <input type="text" value="360"/> months	Principal, Interest, & MI	\$	<input type="text" value="2,376.99"/>
Interest Rate		<input type="text" value="5.000"/> %			

Can the interest rate rise?  
 It can rise to a maximum of  %  
 First change will occur in  months

Even if payments are made on time, can the Loan Balance rise?  
 It can rise to a maximum of \$

Even if payments are made on time, can the Monthly Principal, Interest, and any MI rise?  
 First Increase Can Be In  months  
 Monthly Amount Owed Can Rise To \$   
 Maximum Amount Can Ever Rise To \$

Loan has a Prepayment Penalty  
 Maximum Penalty \$

Loan has a Balloon Payment  
 Balloon Payment of \$   
 Due In  years

[Escrow Account Information](#)

The general loan, term, rate, and payment information is automatically populated from the **Borrower Information** screen.

- a. To view or change the interest rate, payment, buydown, or mortgage insurance information, click the **Monthly Payment** button to access the **Monthly Payment Settings** dialog box. Make the necessary adjustments and click **OK** to return to the **Good Faith Estimate (GFE 2010)**.
- b. If the mortgage has an adjustable rate, select the **Can the interest rate rise?** check box.

**Attention**

*If the mortgage has a fixed rate, the Can the interest rate rise?, Even if payments are made on time, can the Loan Balance rise?, and Even if payments are made on time, can the Monthly Principal, Interest, and any MI rise? check boxes are disabled.*

The *It can rise to a maximum of* and *First change will occur in* fields are populated based on information that was entered in the **Truth-In-Lending** and **Amortization** screens, and in the *Monthly Payment Settings* dialog box.

- c. If the loan has negative amortization, an interest-only feature, or any other product features that could cause the loan balance to increase, even if the payments are made on time, select the **Even if payments are made on time, can the Loan Balance rise?** check box.

The *It can rise to a maximum of* field is calculated based on information that was entered in the **Truth-In-Lending** and **Amortization** screens, and in the **Monthly Payment Settings** dialog box.

**Exception**

*When escrow items that are paid through the loan are the only cause of the loan balance increasing, you are not required to select this check box.*

- d. If an increase in the principal, interest, or mortgage insurance can occur which will increase the monthly payment, even if

payments are made on time, select the **Even if payments are made on time, can the Monthly Principal, Interest, and any MI rise?** check box.

The *First Increase Can Be In, Monthly Amount Owed Can Rise To, and Maximum Amount Can Ever Rise To* fields are calculated based on information that was entered in the **Truth-In-Lending** and **Amortization** screens and the **Monthly Payment Settings** and **Mortgage Insurance Premium/Funding Fee** dialog boxes.

- e. If the loan has a prepayment penalty, select the **Loan has a Prepayment Penalty** check box and enter the maximum amount of the penalty in the *Maximum Penalty* field.
- f. If the loan has a balloon payment, select the **Loan has a Balloon Payment** check box.

The *Balloon Payment of* and *Due In years* fields are calculated based on information that was entered in the *Term/Due* fields or in the **MLDS/GFE (CA)**.

- 5. In the *Escrow Account Information* section, select the **This loan does not have an Escrow Account** check box if there is not an escrow account associated with this loan.

The screenshot shows two sections of a web form. The first section, titled "Escrow Account Information", contains the text: "In addition to the monthly payment of \$ [input field], does this loan have an Escrow Account with the Lender?" Below this is a checkbox labeled "The loan does not have an Escrow Account." The second section, titled "Summary of Settlement Charges", contains three rows: "A. Adjusted Origination Charges" with a dollar sign and an input field; "B. All Other Settlement Services Charges" with a dollar sign and an input field; and "A + B: Total Estimated Settlement Charges" with an equals sign, a dollar sign, and an input field.

The *Monthly Payment* field is calculated from data that was entered in other screens.

**Attention**

*Per HUD instructions, this amount reflects only principal, interest, and mortgage insurance, and does not include any monthly escrow account payments.*

The *Summary of Settlement Charges* fields are calculated values and are disabled. These fields are populated when values are entered in the corresponding fields elsewhere in the form.

- 6. Complete the *Adjusted Origination Charges* section.

The screenshot shows the "Adjusted Origination Charges" section of a web form. It starts with a checkbox: "This Good Faith Estimate is being provided by Broker." Below this are two numbered items: "1. Origination Charge" with a dollar sign and an input field, and "2. Credit or charge (points) for the specific interest rate chosen". Under item 2, there are three checkboxes: "The credit or charge for the interest rate on this loan is included in the Origination Charge.", "Borrower receives a credit of \$ [input field] for this interest rate of [input field] %", and "Borrower pays a charge of \$ [input field] for this interest rate of [input field] %". At the bottom of the section is "A. Adjusted Origination Charges" with an equals sign, a dollar sign, and an input field.

- a. If you are a broker, select the **This Good Faith Estimate is being provided by Broker** check box to indicate that a broker is preparing this form.

**Attention**

*If you completed the Company Information defaults in the Point **Utilities** menu and selected **Broker as the I conduct business as a check box option**, the **This Good Faith Estimate is being provided by Broker...** check box is automatically selected and is disabled.*

- b. The *Origination Charge* field is a calculated field and is always disabled. The field reflects the total fees that the lender is charging to provide the loan to the borrower. It also includes the charges for the mortgage broker, if applicable, but does not include the charges for third-party services.

Verify and correct, if applicable, any fees on the **Good Faith Estimate** that comprise the total origination charges.

The field is populated with the sum of the following fees that are itemized in the *Items Payable in Connection with Loan* section on the **Good Faith Estimate**:

Good Faith Estimate (GFE 2010) field	Good Faith Estimate line number
Lender's Inspection Fee	805
Mortgage Broker Fee	808
Processing Fee	810
Underwriting Fee	811
Wire Transfer	812
User-defined fees	813 through 822

- c. Select one of the options to specify if the credits or charges are included in the origination charge or how they affect the interest rate.
  - If you conduct business as a lender and all charges and credits, including those based on the interest rate, are included in the origination charge, you have the option of selecting the **The credit or charge for the interest rate on this loan is included in the Origination Charge** check box.

**Note**

*This field is disabled when the **This Good Faith Estimate is being provided by Broker...** check box is selected.*

- If the charges or credits are not included in the total origination charge and the interest rate is determined by a credit or fee charged to the borrower, select the **Borrower receives a credit of...** or **Borrower pays a charge of...** check box and enter the interest rate in the corresponding field.

The credit or charge and the *Adjusted Origination Charges* fields are automatically populated. The *Adjusted Origination Charges* field is also populated in the *Summary of Settlement Charges* section.

**Note**

*Use the tradeoff table at the bottom of the screen to create scenarios that show how the settlement fees are affected with a higher or lower interest rate.*

- 7. Complete the *Charges For All Other Settlement Services* section.

A. Adjusted Origination Charges = \$

**Charges For All Other Settlement Services**

3. Required Services Selected by Mortgage Company

Appraisal	\$	<input type="text"/>
Credit Report	\$	<input type="text"/>
Flood Certification	\$	<input type="text"/>
Up-Front Mortgage Insurance	\$	<input type="text"/>
VA Funding Fee	\$	<input type="text"/>
Tax Service Fee	\$	<input type="text"/>
<input type="text"/>	\$	<input type="text"/>
<input type="text"/>	\$	<input type="text"/>
<input type="text"/>	\$	<input type="text"/>
<b>TOTAL</b>	= \$	<input type="text"/>

4. [Title Services and Lender's Title Insurance](#) \$

5. Owner's Title Insurance \$

6. Required Services That Borrower Can Shop For

This section is used to itemize fees for services for which the provider is selected and required by the lender or loan originator.

- a. In *Required Services Selected by Mortgage Company*, enter the estimated charges for required third-party services where you selected the provider. Empty fields are provided to enter user-defined services.

**Caution**

*Items entered in the user-defined fields are not populated on the **Good Faith Estimate** and are not included in the finance charge, APR, or the Cash from/to Borrower field in the Details of Transaction. However, the sum of the user-defined fields is calculated and populated in the Total from GFE 2010 field on the **Good Faith Estimate**.*

*Any descriptions entered in the user-defined fields in the Items Payable in Connection with Loan section of the **Good Faith Estimate** are not populated in this section. The fees are included in the Origination Charge Total field in the Adjusted Origination Charges section.*

*If you enter fees in both locations, the figures are included twice in the calculation.*

The *Up Front Mortgage Insurance* and *VA Funding Fee* fields are calculated values and are disabled. These fields are populated with information that was entered in the **Mortgage Insurance Premium/Funding Fee** dialog box.

- b. The *Title Services and Lender's Title Insurance* field is a calculated field and is always disabled. Verify and correct, if applicable, any fees on the **Good Faith Estimate** that comprise the total title services and lenders title insurance fees.

The field is populated with the sum of the following fees that are itemized in the *Title Charges* section on the **Good Faith Estimate**:

Good Faith Estimate (GFE 2010) field	Good Faith Estimate line number
Closing/Escrow Fee	1101
Doc Prep Fees	1105
Notary Fees	1106
Attorney Fees	1107
Title Insurance (Lender's)	1108
User-defined fees	1109 through 1113

- c. Enter the owner's title insurance fees in the *Owner's Title Insurance* field.

This fee is not included in the finance charge, APR, or the *Cash from/to Borrower* field in the *Details of Transaction*.

- d. Complete the *Required Services That Borrower Can Shop For* section.

5. Owner's Title Insurance

6. Required Services That Borrower Can Shop For

Pest Inspection Fee \$

\$

\$

\$

\$

TOTAL = \$

7. [Government Recording Charges](#) \$

8. [Transfer Taxes](#) \$

9. [Initial Deposit in Escrow Account](#) \$

Includes all property taxes

Includes all insurance

Other

10. Daily Interest Charges

This section is used to itemize fees for required services for which the borrower can select the provider. If the lender suggests the companies that provide those services, they must list their names and an estimate of their fees.

- i. Enter the estimated charges for the pest inspection, if applicable.

**Attention**

*No other items from the user-defined fields in the Additional Settlement Charges section on the **Good Faith Estimate** are populated in these fields. Items defined in these fields are not populated in the **Good Faith Estimate**. However, the sum of the user-defined fields is calculated and populated in the Total from GFE 2010 field on the **Good Faith Estimate**.*

- ii. Enter any user-defined services and estimated charges in the empty fields.
- iii. Verify and correct, if applicable, any fees on the **Good Faith Estimate** that comprise the government recording charges and transfer taxes.

The *Government Recording Charges* field is populated with the sum of the recording fees (line 1201) and user-defined fees (lines 1204 through 1206) that are itemized in the *Government Recording & Transfer Charges* section on the **Good Faith Estimate**.

The *Transfer Taxes* field is calculated from the *City/County Tax/Stamps* (line 1202) and *State Tax/Stamps* (line 1203) fields in the *Government Recording & Transfer Charges* section on the **Good Faith Estimate**.

- iv. Select the **Includes all property taxes** check box if the initial escrow deposit includes payments for all property taxes. Select the **Includes all insurance** check box if it includes all insurance. Select the **Other** check box if it includes payments for some, but not all of those fees, and list those fees in the *Other* field.
- v. The *Initial Deposit in Escrow Account* field is a calculated field and is always disabled. Verify and correct, if applicable, any fees that comprise the total initial escrow deposit on the **Good Faith Estimate**.

The field is populated with the sum of the following fees that are itemized in the *Reserves Deposited with Lender* section on the **Good Faith Estimate**:

Good Faith Estimate (GFE 2010) field	Good Faith Estimate line number
Hazard Ins. Reserves	1001

<b>Mtg. Insurance Reserves</b>	1002
<b>School Taxes</b>	1003
<b>Taxes Reserves</b>	1004
<b>Flood Ins. Reserves</b>	1005
<b>User-defined fees</b>	1006 through 1008

e. Complete the *Daily Interest Charges* information.

10. Daily Interest Charges

\$  per day for  days      \$

If Settlement is

11. Homeowner's Insurance

Hazard Insurance      \$

Flood Insurance      \$

     \$

     \$

TOTAL      = \$

B. Charges for All Other Settlement Services      \$

A + B: Total Estimated Settlement Charges      \$

Tradeoff Table

Display Tradeoff Scenarios      Loan in this GFE      Same loan with lower      Same loan with a

The *Daily Interest Charges* field is calculated based on the loan rate and other terms of the loan.

- i. Enter the number of days that interest is being charged based on the estimated settlement date.
- ii. Enter the estimated settlement date in the *If Settlement is* field.

These fields are populated from the **Good Faith Estimate** if the Interest information in the *Items Required by Lender to be Paid in Advance* section or the *Estimated Closing Date* field are completed.

f. Enter the estimated insurance charges that the borrower is required to pay before the loan closes.

The *Hazard Insurance* field is automatically populated from the hazard insurance fields (line 903) on the **Good Faith Estimate**.

Enter the flood insurance premium in the *Flood Insurance* field.

To enter a user-defined prepaid insurance fee, enter an insurance type in the blank fields or select one from the dropdown list and enter the estimated fees.

The items listed in the user-defined fields are not included in the APR or in the *Estimated Closing Costs* or *Cash from/to Borrower* fields in the *Details of Transaction*.

8. Complete the *Tradeoff Table* to provide the borrower with different scenarios that illustrate how the settlement costs are affected when the interest rate is increased or decreased.

A + B: Total Estimated Settlement Charges \$

**Tradeoff Table**

Display Tradeoff Scenarios

	Loan in this GFE	Same loan with lower settlement charges	Same loan with a lower interest rate
Initial Loan Amount	\$ 383,800	\$ 383,800	\$ 383,800
Initial Interest Rate	5.000 %	%	%
Initial Monthly Amount Owed	\$ 2,376.99	\$	\$
Change in Monthly Payment from this GFE		\$	\$
Change in Amount Paid at Settlement		%	%
		\$	\$
Total Estimated Settlement Charges	\$	\$	\$

- a. Select the **Display Tradeoff Scenarios** check box to enable the interest rate and change in settlement amount fields.

The fields in the *Loan in this GFE* column are automatically populated. Completing the alternate scenario columns in the tradeoff table is optional.

### Requirement

*The alternate scenarios are not included on the printed **Good Faith Estimate (GFE 2010)** unless the **Display Tradeoff Scenarios** check box is selected.*

The *Loan in this GFE* column shows the total settlement charges based on the terms of the current loan that is being processed.

- b. To show the borrower that accepting a higher interest rate will lower their settlement costs:
- Enter an interest rate that is higher than the proposed loan in the *Initial Interest Rate* field in the *Same loan with lower settlement charges* column.
  - Enter the credit (as a percentage) that the lender pays for the higher interest rate in the *Change in Amount Paid at Settlement* field in the *Same loan with lower settlement charges* column.
- c. To show the borrower that paying higher settlement charges can lower their interest rate:
- Enter an interest rate that is lower than the proposed loan rate in the *Initial Interest Rate* field in the *Same loan with lower interest rate* column.
  - Enter the discount (as a percentage) that the lender charges the borrower to buy down the interest rate in the *Change in Amount Paid at Settlement* field in the *Same loan with a lower interest rate* column.
- d. Click **Calculate** to calculate the totals.

The following example shows a completed table:

A + B: Total Estimated Settlement Charges \$ 14,278.34

Tradeoff Table

Display Tradeoff Scenarios

	Loan in this GFE	Same loan with lower settlement charges	Same loan with a lower interest rate
Initial Loan Amount	\$ 383,800	\$ 383,800	\$ 383,800
Initial Interest Rate	5.000 %	5.875 %	4.750 %
Initial Monthly Amount Owed	\$ 2,376.99	\$ 2,586.99	\$ 2,318.75
Change in Monthly Payment from this GFE		\$ 210.00	\$ 58.24
Change in Amount Paid at Settlement		0.596 %	0.378 %
		\$ 2,287.45	\$ 1,450.76
Total Estimated Settlement Charges	\$ 14,278.34	\$ 11,990.89	\$ 15,729.10

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