



Table of Contents - Wholesale

General Questions

Wholesale Questions

Wholesale Pricing Examples

*What's New in this Version?*

General Questions

# 9 - - Definition of Business Days

# 31 - More About "No Cost" Loans - Cash Back Guidelines

Wholesale Questions

*Important Reminders!*

- √ A Settlement Service Provider List is required with all GFEs!
- √ Block 1: All Broker and HSOA Fees (except Discount points)
- √ Block 2 Box 3: Discount points
- √ The GFE cannot be revised for clerical or monetary errors!



**Home Savings of America  
RESPA  
General Questions**

**1 Q Where can I find HUD's RESPA documentation?**

**A** RESPA – Real Estate Settlement Procedures Act

<http://www.hud.gov/offices/hsg/ramh/res/respam.htm>

New RESPA Rule FAQs - updated periodically by HUD  
HUD's new Settlement Cost Booklet  
RESPA Plain English  
RESPA Final R+C64ule  
GFE HUD-1 Forms

**2 Q What is an application?**

**A** An application is the submission of borrower's financial information in anticipation of a credit decision which shall include the following:

1. Borrower's name
2. Borrower's monthly income
3. Borrower's social security number
4. Property address
5. Estimate of value of the property
6. Loan amount
7. and any other information deemed necessary by the originator

RESPA presumes the originator has all 6 pieces of information when a GFE is issued. If a GFE is issued without the property address it may not be accurate. The subsequent receipt of the property address is NOT a changed circumstance.

HSOA Policy: when a GFE is issued by a broker or an HSOA retail branch, all 6 pieces of information that define an application must be present.



**Home Savings of America  
RESPA  
General Questions**

**3 Q Who is the originator?**

**A** The originator is the mortgage broker or the lender.

The **lender** is the secured creditor named in the debt obligation and document creating the lien on the property.

The mortgage broker (not an employee of the lender) renders services and serves as an intermediary between the borrower and the lender..

**4 Q What are "settlement services?"**

**A** Settlement Services includes:

1. Origination, processing and funding
2. Services by a mortgage broker
3. Any services related to origination, processing and funding
4. Title services
5. Services by an attorney
6. Documents - including notarization, delivery recordation
7. Credit reports and appraisals
8. Services involving mortgage insurance
9. Services involving hazard, flood or other casualty or homeowners' warranties
10. Services involving mortgage life, disability or similar insurance if required by the lender as a condition of the loan
11. Services by a real estate agent or broker
12. Any other services for which a settlement service provider requires a borrower or seller to pay.

**5 Q What is a Settlement Servicer Provider List (SSPL) and when is it issued?**

**A** An SSPL must be issued with each version of the GFE.

- 1.1 It must be issued on a separate piece of paper and the originator may define the format.
- 1.2 It does not require the applicant's signature. (HSOA policy)
- 1.3 It must include at least 1 provider for any service that the applicant is allowed to choose or shop for - that are listed on the GFE.
- 1.4 The providers must be geographically local and available
- 1.5. Fees for providers the borrower selects from the SSPL are subject to the to the 10% tolerance threshold. The lender or the broker is expected to accurately estimate fees based on known providers on the SSPL.



**Home Savings of America  
RESPA  
General Questions**

- 5 1.6 Fees for providers the borrower selects that are not on the SSPL are not subject to tolerance and may change at closing ONLY when the borrower receives an SSPL with the GFE.

Important: The SSPL is the critical form used by the lender to determine, at closing, which fees are subject to the 10% tolerance and which fees are exempt from the 10% tolerance..

If a borrower chooses a provider not listed on the SSPL the fees for that borrower-selected provider are not subject to the 10% tolerance. The timing of when a borrower chooses a provider is not important. (They may come into the transaction with certain providers already selected. And that is OK). The borrower is always provided an SSPL.

In order to gain the benefit of the exemption from the 10% tolerance, the borrower must be given a SSPL and the lender must have the SSPL in the loan file. The SSPL is used by the lender at closing to determine the fees in the 10% tolerance category and the fees that are exempt from the 10% category.

HSOA has provided a model form for the SSPL available on the Retail and Wholesale websites.

6 **Q What does the a "Binding GFE mean?**

**A** The lender is bound within the permitted tolerances to the settlement charges and terms listed on the GFE, unless a revised GFE is provided within 3 business days of :

1. Receiving information sufficient to establish changed circumstances that result in increased costs exceeding the permitted tolerances
2. Receiving information sufficient to establish **changed circumstances** that result in a change in the borrower's eligibility for the specific loan terms identified in the GFE
3. Or, receiving a request from the borrower for changes to the mortgage loan identified in the GFE the settlement charges or the terms of the loan.



**Home Savings of America  
RESPA  
General Questions**

**7 Q What are the tolerances?**

**A Zero Tolerance:**

Except for limited circumstances (change circumstances) these charges cannot increase at settlement:

1. GFE page 2 Block 1: Our Origination Charge
2. GFE page 2 Block 2: The credit for charge for the interest rate chosen While the interest Rate is locked
3. GFE page 2 Block A: Your Adjusted Origination Charge While the interest Rate is locked
4. GFE page 2 Block 8: Transfer Taxes

**10% Tolerance**

Except for limited circumstances (change circumstances) these charges can increase up to 10% at settlement:

1. GFE page 2 Block 3: Lender Required Settlement Services where the lender selects the 3rd party service provider

required title insurance when a borrower uses a provider on the lender's Settlement Servicer Provider List (SSPL)

3. GFE page 2 Block 7 Government Recording Charges

**Charges that can increase at settlement (no tolerances)**

GFE page 2, Blocks 9 - 11: The charges for other settlement charges included on the GFE may change at settlement.

Fees for providers the borrower selects that are not on the SSPL are not subject to tolerance and may change at closing ONLY when the borrower receives an SSPL with the GFE.

**8 Q Is there a cure for Tolerance violations?**

- A** If charges at settlement exceed the charges listed on the most recent GFE by more than the permitted tolerances, the originator (lender or broker) may cure the tolerance violation by reimbursing the borrower the amount by which the tolerance was exceeded.



**Home Savings of America  
RESPA  
General Questions**

**9 Q What does "Changed Circumstances" mean? And provide examples.**

**A Changed circumstances means:**

1. Act of God, war Disaster of other emergency
2. Information particular to the borrower or transaction that was relied on in providing the GFE is found to be inaccurate (such as the borrower's credit quality or the property's estimated value).
3. New information particular to the borrower or transaction that was not relied on in providing the GFE,
4. Other circumstances particular to the borrower or the transaction including boundary disputes, requirement for flood insurance, or environmental problems.

**Special consideration / Changed Circumstance for new home purchases/new construction**

1. In transaction involving new home purchases, meaning new construction, where settlement is anticipated to occur more than 60 calendar days from the time a GFE is provided, the loan originator MAY provide along with the GFE, a clear and conspicuous disclosure stating that at any time up until 60 calendar days prior to closing, a revised GFE may be issued.
2. If this disclosure is not provided, a revised GFE cannot be provided except as otherwise permitted under change circumstances.
3. The separate disclosure must be on a separate piece of paper in a format defined by the originator

**Changed Circumstance - The lender (usually the HSOA ROC) must evaluate the information and issue a revised GFE.**

1. If the change is bona fide, a revised GFE must be provided within 3 business days of the receipt of the change by the broker or the retail branch.
2. When issuing the revised GFE, the lender may only change those charges and terms that are affected by the specific changed circumstance.
3. If a changed circumstance occurs before a loan is submitted to the HSOA ROC, then the originator (HSOA Retail Branch or the Broker ) must issue the revised GFE and submit both GFEs and all supporting documentation to the ROC.



**Home Savings of America  
RESPA  
General Questions**

- 9 Changed circumstances are not any of the following:**
1. Market price fluctuations by themselves. A change in the market and in interest rates is not a changed circumstance.
  2. Mortgage Broker Issues GFE based on another lenders charges and fees and submits the GFE to HSOA. This is not a changed circumstance. Fees cannot be changed.
  3. GFE is issued without a property address. When the property information is provided later this is not a changed circumstance.  
HSOA Policy: Do not issue a GFE when there is no property address. You may use the HSOA Prequalification Worksheet or the Initial Fees Worksheet when discussing loan product, underwriting or pricing guidelines with a potential applicant.
  4. If the estimates on the GFE are wrong or incomplete, the lender is bound to the amounts on the last disclosed GFE. There is no cure provision for clerical or monetary errors on the GFE. The discovery of a clerical or a monetary error on the GFE is not a changed circumstance.

**Changed circumstances - here are two examples:**

**Changed Circumstances: Rate Lock**

1. The estimates for the following may change:
  - 1.1 **Interest Rate:** the locked rate is entered on GFE page 1
  - 1.2 **GFE page 2 Block 2:** Charges and terms dependent upon the interest rate (which includes the charge or credit for the chosen)
  - 1.3 **GFE page 2 Block A:** The Adjusted Origination Charge
  - 1.4 **GFE page 2 Block 10:** Daily Interest (per diem interest)
2. The estimate for the fees in GFE Block 1 cannot change: including YSP, Origination fees (percentage of the loan amount), processing , admin fees, etc.

**Changed Circumstance: Loan Amount Increases**

1. A change to the loan amount is a changed circumstance. The fees and charges associated with the loan amount may change. This includes an origination fee in Block 1 that is a percentage of the loan amount. See the exception below:

**Block 1 cannot change - except:**

**Exception:** If the loan amount changes, and a portion of the "origination charge" is a percentage of the loan amount OR the overall program changes

(Source: HUD/FHA RESPA Plain English". HUD's RESPA website)



**Home Savings of America  
RESPA**

**General Questions**

Don't forget - YSP in block 1 cannot change.



**Home Savings of America  
RESPA  
General Questions**

**10 Q When are the new RESPA rules for the new GFE and the new HUD-1 effective?**

**A** The new RESPA rules for the new GFE and HUD-1 are effective for applications received on/after January 1, 2010

1. Applications dated in 2009 using the "old" 2009 GFE must close on the "old" 2009 HUD-1.
2. Applications dated in 2010 require the "new " GFE and must close on the "new " HUD-1.

Applications taken in 2009 that require re-disclosure for a program/product change still receive the 2009 GFE and close on the 2009 HUD-1.

**11 Q When is a GFE provided?**

**A** An Initial GFE is provided within 3 business days of the receipt of an application. It can be provided by a broker or a lender ("the originator").

1. The lender is responsible for determining if an initial GFE was provided.
2. HSOA Policy requires a new form "Intent to Proceed" for both retail and wholesale transactions

A GFE is not required if:

1. The lender denies the application before the end of the 3 business day period.
2. The originator does not have available a loan for which the borrower may be eligible.

**12 Q When can tax returns and pay stubs be obtained (supplemental information)?**

**A** It is not permitted to require, as a condition for providing a GFE, that the applicant provide supplemental information (W-2 pay stubs, etc. )

1. This allows the applicant to "shop" with out having to provide W-2s, etc.
2. The originator is expected to rely on the application information (the 6 items) when providing the initial GFE.
3. Supplemental documentation (paystubs, etc) can be collected as soon the GFE has been issued.

***Remember*** : If any of the data on the supplemental documents is different from the data relied on for the Initial GFE, you need to determine if you have a changed circumstance - and complete the new form "Changed Circumstance - Request for Revised GFE".



**Home Savings of America  
RESPA  
General Questions**

**13 Q Provide the definition of "business days" when establishing dates on the GFE**

**A** For the GFE, use "business days" (genera/) defined in RESPA Regulation X.

Business days means any day on which the HSOA's offices are open to the public for carrying on substantially all its business functions. For HSOA, Saturdays are excluded.

The following GFE deadlines are based on "business days."

Start counting days on the next business day after an action has taken place - such as the receipt of an application, or a changed circumstance.

**Examples - How to count business days...**

MLK Holiday: Monday 1/18/10

**Application received: Monday 1/4/10.**

1. GFE must be dated and placed in the mail on or before dated on or before Thursday 1/7/09
2. GFE can be delivered in person on or before Thursday 1/7/09
3. GFE can be delivered electronically (in accordance with the Esign Act) on or before Thursday 1/7/09

**Application received: Thursday 1/7/09.**

1. GFE must be dated and placed in the mail on or before dated on or before Thursday 1/12/09
2. GFE can be delivered in person on or before Thursday 1/12/09
3. GFE can be delivered electronically (in accordance with the Esign Act) on or before Thursday 1/12/09



**Home Savings of America  
RESPA  
General Questions**

**14 Q How do the dates work on a Revised GFE - How long is it good for?**

**A** Please see GFE page 1 - "Important Dates".

The "1 - interest rate available through " and "2 - other settlement charges available through " dates are independent of each other.

**Date of GFE: The date the revised GFE is issued** (GFE page 1 top section)

**1. "The Interest rate for this GFE is available through":**

- 1.1 **Float:** When the rate is floating this date/time will be the current date/time plus 1 hour. (HSOA Policy)
- 1.2 The estimates for the following may change until the interest rate is locked:
  - 1.2.1 Interest Rate
  - 1.2.2 Charges and terms dependent upon the interest rate (which includes the charge or credit for the interest rate chosen)
  - 1.2.3 The Adjusted Origination Charge (GFE Page 2 Block A)
  - 1.2.4 Daily Interest (per diem interest, GFE page 2 Block 10)
- 1.3 **Lock:** When the interest rate is locked, this date is the lock expiration date from the prior GFE

**2. "The estimate for all other settlement charges is available though":**

- 2.1 This date is 10 business days from the date of the GFE. Examples...
- 2.2 GFE Date: Monday 1/4/10. Settlement charges available through: Tuesday 1/19/10
- 2.3 GFE Date: Thursday 1/7/10. Settlement charges available through Friday 1/22/10

**3. "After you lock your interest rate, you must go to settlement within \_\_\_ days" (rate lock period) - Calendar days**

- 3.1 **Float:** NA (HSOA Policy)
- 3.2 **Lock:** Rate Lock Period

**4. "You must lock interest rate at least \_\_\_ days before settlement"**

- 4.1 Always NA (HSOA policy = NA)



**Home Savings of America  
RESPA  
General Questions**

- 15 Q What modifications can be made to the new GFE form?  
Can signature lines be added?  
How about lines on page 2 for additional services?**
- A** The only changes to be made are defined in the HUD FAQs posted on HUD's RESPA Website
1. Signature lines cannot be added. Originators may develop practices and procedures to document the consumer's acknowledgement and receipt of the GFE.
  2. HSOA: Refer to the new HSOA form, Intent to Proceed for Retail and Wholesale transactions
  3. GFE page 2, Block 3, 6 and 11 may be adapted to include additional lines or to delete unused lines
  4. Refer to HUD's New RESPA Rule FAQs, GFE - General #28
- 16 Q What fees must be on the GFE - what about regional differences for determining who pays certain fees? What happens when the purchase contract states who will pay certain fees?**
- A** HUD did not provide for regional differences. This a grey area. The GFE does not care who is paying for the charges.
1. All charges typically paid by the borrower must be disclosed on the GFE regardless of whether the charges will be paid by the borrower, the the seller or other party.
  2. If the purchase contract states the seller is paying a fees - it is still included on the GFE.
  3. If, per state law, certain fees are the seller's responsibility, then they are not included on the GFE.
  4. If it is a regional practice that the seller pays for or splits certain fees, the total amount of the fees must be included on the GFE.
  3. Charges "always" paid by the seller are not included on the GFE.
  3. Title charges are always listed on the GFE - no matter who pays for them. For example, the owners title policy must be listed on the GFE . for purchase transactions.
  4. For refinance transaction the owner's policy section can be noted as ""NA".



**Home Savings of America  
RESPA  
General Questions**

- 17 Q When the seller or the seller's attorney selects the service provider, are the fees subject to a tolerance?**
- A** It does not matter who chooses the provider/vendor.
1. If the provider selected is listed on the SSPL then the fees are subject to the 10% tolerance..
  2. If the provider selected is NOT listed on the SSPL, then the fees can change at closing and are exempt from the 10% tolerance ONLY when . the borrower is provided and SSPL.
- 18 Q What are the Region Operations Centers RESPA email boxes addresses?**
- A** Charlotte  
charlotterespa@myhsoa.com
- San Diego  
sandiegorespa@myhsoa.com
- San Ramon  
sanramonrespa@myhsoa.com
- 19 Q If a contract processor is used, where is the processing fee disclosed on the GFE?**
- A** The processing fee must be included in Block 1. It is part of the cost to originate the loan - whether the function is done internally or contracted out. This fee cannot be changed once it is included in Block 1.
- 20 Q How are we going to guarantee the rate for an hour when rates change?**
- A** The requirement to provide a interest rate for a period of time is required under RESPA (Part 3500 Appendix C").  
The originator must state the date and, if necessary the time, until which the interest for the GFE is available".
- HSOA's policy decision is to limit the time frame to an hour - to minimize interest risk.
- If the borrower should choose to lock the rate within the hour listed on the GFE, then HSOA must honor and lock that rate.



**Home Savings of America  
RESPA  
General Questions**

**21 Q Can a GFE be fixed if fees were omitted in error?**

**A** *No, no, and NO!*

RESPA does not provide a cure provision to correct clerical or monetary errors on the GFE.

Once an inaccurate GFE has been issued, the originators (the broker and HSOA ROCs) - OR - (the HSOA Retail Branch and ROC) must determine the impact of the error on the transaction and add notes to the loan file.

If dates were omitted, then, as a courtesy to the applicant, a GFE with the dates filled in per the GFE issue date can be provided. Add a note to the loan file explaining the reason for a second GFE.

If a fee was omitted in error from Block 1, it cannot be added later.

The only legitimate change to a GFE is for a documented Changed Circumstance.

**22 Q Do I provide a GFE when there is no property (property TBD)?**

**A** No. (HSOA Policy)

RESPA presumes the originator has all 6 pieces of information that define an application. The receipt of the property address is NOT a changed circumstance.

HSOA Policy: when a GFE is issued by a broker or an HSOA retail branch, all 6 pieces of information that define an application must be present.

In place of a GFE, for applicant discussions prior to issuing a GFE (and starting any regulatory time periods), HSOA recommends the use of a new HSOA form: Estimated Pre-qualification Cost Analysis. The Point system includes an Initial Fees Worksheet that also can be used.

We understand some lenders may allow the issuance of a GFE without a property address: . HSOA does not. Issue a GFE without a property address. Remember: the receipt of a property address is not a changed circumstance.

A GFE can only be revised and reissued - when a documented bona fide changed circumstance has occurred.



**Home Savings of America  
RESPA  
General Questions**

**23 Q What is the "Intent to Proceed" form?**

**A** HSOA requires the HSOA intent to Proceed form with the Initial GFE for Retail and Wholesale submission packages. It documents that the GFE was provided, was accurate, and was issued in accordance with RESPA.

The form is available on the Retail and wholesale websites

Per HSOA policy, our Intent to Proceed form includes::

The HSOA representative (CB or Broker) certifies:

The GFE was provided with 3 business days of the application date

The initial receipt of the GFE has been confirmed

The borrower has expressed a intent to continue with the loan

No fee, except a reasonable credit report fee has been charges

The GFE in submission package is the only GFE provided

And Includes the applicant names, property address, the Broker or the CBs name signature and date.

**24 Q What is the Estimated Pre-qualification Cost Analysis?**

**A** This form can be used when the borrower does not have property - to review product/program guidelines and estimated charges.

**25 Q What is the RESPA Fee Sheet?**

**A** The HSOA RESPA Fee Sheet provides a place to document the fee details.

The new GFE aggregates charges and fees by category. However for processing the application, complying with TILA/Regulation Z and providing the TIL disclosure, we require a list all the individual fees and charges.

The Mortgage Broker Fee Agreement for wholesale transactions should list all fees charged by the broker.



**Home Savings of America  
RESPA  
General Questions**

**26 Q When can fees be collected?**

**And what about Reg Z and the Initial TIL?**

**A** Per RESPA and TILA, the collection of fees (other than a credit report fee) cannot occur until after the applicant receives the initial GFE and TIL.

1. When a GFE or a TIL is mailed, the applicant is considered to have received them 3 calendar days after they are mailed.
2. When both the GFE and the TIL are delivered in person, fees can be collected on the day the applicant receives the initial disclosures..

**27 Q Under RESPA 2009 the GFE may have included fees that we are now being told are not included on the GFE 2010. Please explain.**

**A** The GFE no longer serves the purpose of telling the borrower what they may have to bring to the closing table.

The fees listed on the GFE 2010 are fees required by the originator (broker or lender) for the loan transaction. Miscellaneous Fee related to the sale transaction are not included on the GFE but may be disclosed on the HUD-1 because they are a part of the sale of the property and the overall settlement transaction.

The following are examples of fees not included on the 2010 GFE:

REO Transaction Fee: A fee paid to the lender who may be selling an REO property that is being purchased by the borrowers

Subordination Agreement Fee: A fee paid to a lender who may have a second lien (subordinate lien) on the property in the transaction. A fee for a subordination agreement is common.

Title Indemnity: A title company hold back for a possible tax increase. In Illinois, this amount was sometimes included on the GFE.

Homeowner's Association Home Resale Fee: May be included in the purchase contract, but it is not a fee required for the loan transaction.

Realtor Administrative Brokerage Commission: May be included in the purchase contract, but it is not a fee required for the loan transaction.

**28 Q Is YSP an APR fee/finance charge?**

**A** No. It is not a finance charge (APR fee) per TILA/Regulation Z. However, it may be included in "high cost" loan points and fees limits by certain states.



Home Savings of America  
RESPA  
General Questions

29 Q Provide an overview of how the YSP is handled on the new GFE.

A The purpose of the YSP disclosure is to inform customers of the full cost of originating loans through a broker and help them understand the tradeoff between interest rates/monthly payments and origination costs.

(Source Fed Reg Vol 73, #222, 11/17/08 page 68225)

YSP payments to brokers have not gone away; however they are being disclosed in a format for the borrower to see.

**Block 1: Our Origination Charge**

The purpose of Block 1, "Our Origination Charges" is to show the borrower the total cost of the loan. The amount includes lender and broker fees including YSP.

This means Block 1 includes charges that are paid directly by the borrower (origination, processing, underwriting fees etc) and the amount that is paid indirectly by the borrower (YSP). The YSP paid by the lender to the broker, is a cost associated with the transaction and is accounted for in the interest rate on the loan - paid by the borrower to the lender.

Block 1 must include all charges to be paid by the borrower to the broker or the lender. Block 1 also includes any payments from the lender to the broker (YSP) (Source Fed Reg Vol 73, #222, 11/17/08 page 68226)

Block 1 DOES NOT include discount points . Discount points are only listed in Block 2 Box 3.

**Remember the fees in Block 1 cannot change. This includes YSP.**

**Block 1 Exception: (changed circumstance)**

If the loan amount changes, and a portion of the "origination charge" is a percentage of the loan amount, the fees that are a percentage of the loan amount can change - using the same/original percentages.

**OR**

the overall program changes, the fees can change based on the new loan program. (Source: HUD/FHA RESPA Plain English". HUD's RESPA website)

YSP: the YSP amount in Block 1 cannot change.



**Home Savings of America  
RESPA  
General Questions**

**29 Block 2, Box 1 "the credit or charge for the interest rate chosen is included in Item 1 (Block 1)**

Block 2, Box 1 is used by the lender for retail transactions when all charges and fees are included in Block 1.

**Block 2, Box 2 "You receive a credit for the interest rate chosen. This credit reduces your settlement charges".**

The purpose of Block 2, Box 2 is to show the amounts that are not being paid directly by the borrower. By agreeing to pay a higher interest rate, the borrower pays less charges upfront because the broker will receive a payment (YSP) from the lender based on the interest rate. This amount is always shown as a credit (an negative amount) because it is decreasing the amount listed in Block 1. Another way of stating this is that this amount reduces the amount the borrower is expected to bring to the closing table.

HUD is not prohibiting pricing models that include YSP. However, HUD's objective is for the borrower to see the relationship between the upfront charges, the interest rate and YSP that is paid by the lender to the broker.

Per RESPA the amount, in Block 2 Box 2 can change under Changed Circumstances. A Rate lock is a changed circumstance.

When the interest rate is locked, the amount in Block 2 is based on the current market conditions and HSOA Rate Sheet. This means when there has been a market fluctuation, the borrower may receive the benefit of a higher YSP amount in Block 2 at the time of the rate lock.

GFE, Block 1 corresponds to HUD line # 801 and Block 2 corresponds to line 802. These values are show on both the GFE and the HUD-1 to inform that borrower of the cost elements that make up Block A /Line # 803 "Adjusted Origination Charges".

**Block A :Adjusted Origination Charges"**

Block A/HUD-1 line # 803 "Adjusted Origination Charges" includes both the lenders and the brokers fees that the borrower is is expected to pay at closing.



Home Savings of America  
RESPA  
General Questions

30 Q How does a loan originator show a "no cost" loan?

A 1, No cost - lender fees only

In the case of "no cost" loans where "no cost" refers only to the loan originator's fees, Block A ("Your Adjusted Origination Charges) must show a zero charge as the adjusted origination charge.

Example: No lender fees - RETAIL

Block 1:	\$850	Lender's Admin Fee:
Block 2 Box 2	(\$850)	Credit for the Admin Fee
Block A:	Zero	No fees due from borrower

2. No cost - lender fees and 3rd party fees

In the case of "no cost" loans where "no cost" encompasses third party fees as well as well as the upfront payment to the loan originator, all of the third party fees listed in Block 3 - Block 11 must still be listed on the GFE. The credit (Block 2 Box 2) must be large enough so that the total in Block A will result in a negative number to cover the third party fees.

In other words a credit must be listed in Block 2 Box 2 of the GFE to offset any fees encompassed in the "no cost" loan resulting in a negative number in Block A to cover the intended third party fees listed in Blocks 3 - 11 as appropriate. (Reg X Appendix C, GFE Instructions & HUD's RESPA FAQs 1/28/2010)

Example: No lender fees and some 3rd party fees being paid - RETAIL

Block 1:	\$850	Lender's Admin Fee:
Block 2 Box 2	(\$1,850)	Credit to borrower for the Admin Fee and 3rd party fees.
Block A:	(\$1,000)	This amount covers some of the 3rd party fees

Example: No lender fees and some 3rd party fees being paid - WHOLESALE  
The broker is using part of the available YSP (\$6,000) to pay fees

Block 1:	\$3,850	Lender's Admin Fee \$850, YSP 3,000:
Block 2 Box 2	(\$6,000)	Credit to borrower for the Admin Fee and 3rd party fees
Block A:	(\$2,150)	This amount covers some of the 3rd party fees



**Home Savings of America  
RESPA  
General Questions**

**31 Q More about "no cost" loans...**

The regulation states that while the borrower's interest rate is locked, Block 2 Box 2 (the credit or charge for the interest rate chosen) and the Block A (adjusted origination charge) may not increase from the amount shown on the GFE.

On a "no cost" loan that covers third party costs, where the rate has been locked, the GFE shows a credit in Block 2 Box 2 (credit for the interest rate chosen), in an amount sufficient to cover the estimated loan originator and third party fees, If the actual third party fees at closing are lower than stated on the GFE, may the loan originator reduce the amount of the credit - Block 2 Box 2 - to match what is needed to pay the actual third party and loan originator fees?

**A** No, the amount of the credit may not be reduced. The loan originator may choose to:

- 31.1 Cover additional closing costs - not previously anticipated to be included
- 31.2 Provide cash back to the borrower.

Note: Any cash back to the borrower can only be provided if cash to the borrower is allowed within the loan program guidelines.



**Home Savings of America  
RESPA  
Wholesale Questions**

**1 Q When can fees be collected? And what about Reg Z and the Initial TIL?**

**A** Per RESPA and TILA, the collection of fees (other than a credit report fee) is limited until after the applicant receives the initial GFE and the initial TIL.

1. When the initial/early disclosures (GFE and TIL) are mailed, the applicant is considered to have received them 3 calendar days after they are mailed.
2. When both the GFE and the TIL are delivered in person, fees can be collected on the day the applicant receives the initial disclosures..

The broker issues the initial GFE. HSOA issues the initial TIL. Fees (other than a credit report fee) such as appraisal fee, etc cannot be collected until the borrower receives the TIL issued by HSOA. (No change from 2009).

**2 Q Who provides the Initial GFE for wholesale transactions? HSOA or the Broker? And What documents are required?**

**A** The broker must provide:

1. The initial GFE
2. The SSPL (Settlement Servicer Provider List)
3. The MBFA - that must list all broker fees
4. The HSOA form Intent to Proceed
5. The Initial Fees Worksheet or the HSOA RESPA Fees sheet

The GFE aggregates fees, however we need the fee details for processing and for the TIL disclosure.

**3 Q What happens when a broker receives notice of a change that will impact the GFE (Changed Circumstance)?**

**A** The Broker must provide the following to their ROC's RESPA email box ASAP and no later than 24 hours after receiving the change.

1. Change Circumstances - Request for Revised GFE
2. SSPL
3. MBFA
4. all supplemental documentation about the change
5. Both HSOA and the broker must retain documentation about the change for 3 years

If the Change Circumstance is received by the broker BEFORE the loan is submitted to HSOA, the broker issues the revised GFE and provides both GFEs and supporting documentation in the HSOA submission package.



**Home Savings of America  
RESPA  
Wholesale Questions**

**4 Q Wholesale: For Wholesale/broker transactions, how is YSP handled on the GFE?**

**A Please see the General Questions # 29 for a YSP Overview**

1. YSP is determined from the HSOA wholesale rate sheet.
2. YSP is listed on the MBFA
3. GFE page 2 Block 1: "Our Origination Charge" Includes:
  - 3.1 All broker fees - for example: processing, admin, origination fees and YSP. (total dollar amount)
  - 3.2 All lender fees - For HSOA this will be out Admin fee.
  - 3.3 Once disclosed, Block 1 fees cannot change.  
Exception: If the loan amount changes and a portion of Block 1 is a percentage of the loan amount or if the loan program changes. This means the Origination Fee that is a percentage of the loan amount can change . However YSP cannot change in Block 1.
  - 3.4 Discount Points ARE NOT included in Block C281
4. GFE Page 2 Block 2: Your Credit or Charge (points) for the specific Interest Rate Chosen (Only one check box may be checked)
  - 4.1 Box 1 is only checked by the lender if no additional charges or credits apply (typically for retail transactions)
  - 4.2 Box 2: lender OR mortgage broker (YSP) credits to borrower
  - 4.2 Box 3: Interest rate charges or discount points.  
Discount points are only listed in Block 2, Box 3.
  - 4.3 If there is a credit and a charge for the interest rate chosen, Block 2 is the net of the calculation....  
Select Box 2 when the result is negative - a credit to the borrower  
Select Box 3 when the result is positive - a charge to the borrower

**5 Q Wholesale: What are the new forms required by HSOA?**

- A**
1. Intent to Proceed: the broker certifies:
    - 1.1 The GFE was provided in the required 3- day window
    - 1.2 The applicant has expressed an intent to proceed
    - 1.3 Only a credit report fee has been collected
    - 1.4 Only 1 GFE was provided
    - 1.5 The broker signs and submits  
The HSOA form must be used.
  2. Settlement Servicer Provider list
    - 2.1 Includes at least one provider for all "shop-able" settlement services
    - 2.2 Must include local and available service providers



## Home Savings of America RESPA Wholesale Questions

- 5**
3. Changed Circumstances - Request for Revised GFE
    - 3.1 Includes a description of the change and any documentation
  4. The existing Mortgage Broker Fee Agreement (MBFA) must be submitted and must include all fees charged by a broker
  5. The HSOA RESPA Fee sheet can be used to detail ALL Fees on the Initial GFE
    - 5.1 The new GFE aggregates charges and fees by category. However for processing the application, complying with TILA/Regulation Z and providing the TIL disclosure, we still require all the individual underlying fees that will be charged.

The Initial Fees Worksheet can also be used to list all the fees.



## HSOA Wholesale Pricing Examples

### Example # 1.1 Initial GFE

Loan Amount		\$200,000
Interest Rate		5.00%
Administrative Fee		\$500
Origination Fee	1.00%	\$2,000
YSP	1.50%	\$3,000

<b>Your Adjusted Origination Charges</b>	
<b>1 Our Origination Charge</b> This is the charge for getting this loan for you.	<b>\$5,500</b>
<b>2 Your credit or charge (points for the specific interest rate chosen)</b> <input type="checkbox"/> The credit or charge for the interest rate of <input type="text"/> in included in "Our origination charge (see item 1 above)  <input checked="" type="checkbox"/> You receive a credit of <input type="text" value="\$3,000"/> for this interest rate of <input type="text" value="5.00%"/> 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"/> The charge (points) increases you total settlement charges.	<b>(\$3,000)</b>
<b>A Your Adjusted Origination Charges</b>	<b>\$2,500</b>

### Example # 1.2 Revised GFE

**Changed Circumstance: Loan amount increase**

Loan Amount		\$300,000
Interest Rate		5.00%
Administrative Fee		\$500
Origination Fee	1.00%	\$3,000
YSP		\$3,000 <b>Block 1 YSP no change</b>

<b>Your Adjusted Origination Charges</b>	
<b>1 Our Origination Charge</b> This is the charge for getting this loan for you.	<b>\$6,500</b>
<b>2 Your credit or charge (points for the specific interest rate chosen)</b> <input type="checkbox"/> The credit or charge for the interest rate of <input type="text"/> in included in "Our origination charge (see item 1 above)  <input checked="" type="checkbox"/> You receive a credit of <input type="text" value="\$3,000"/> for this interest rate of <input type="text" value="5.00%"/> 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"/> The charge (points) increases you total settlement charges.	<b>(\$3,000)</b>
<b>A Your Adjusted Origination Charges</b>	<b>\$3,500</b>

**Block 1 Exception: The portion of "Origination Charge" that is a percentage of the loan amount may change.**



## HSOA Wholesale Pricing Examples

### Example # 2.1 Initial GFE

Loan Amount		\$200,000
Interest Rate		5.00%
Administrative Fee		\$500
Origination Fee	1.00%	\$2,000
YSP	1.50%	\$3,000

<b>Your Adjusted Origination Charges</b>	
<b>1 Our Origination Charge</b> This is the charge for getting this loan for you.	<b>\$5,500</b>
<b>2 Your credit or charge (points for the specific interest rate chosen)</b> <input type="checkbox"/> The credit or charge for the interest rate of <input type="text"/> in included in "Our origination charge (see item 1 above)  <input checked="" type="checkbox"/> You receive a credit of <input type="text" value="\$3,000"/> for this interest rate of <input type="text" value="5.00%"/> 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"/> The charge (points) increases you total settlement charges.	<b>(\$3,000)</b>
<b>A Your Adjusted Origination Charges</b>	<b>\$2,500</b>

### Example # 2.2 Revised GFE

#### Changed Circumstance - Rate Lock

Loan Amount		\$200,000
Interest Rate		4.25%
Administrative Fee		\$500
Origination Fee	1.00%	\$2,000
YSP	1.50%	\$3,000

<b>Your Adjusted Origination Charges</b>	
<b>1 Our Origination Charge</b> This is the charge for getting this loan for you.	<b>\$5,500</b>
<b>2 Your credit or charge (points for the specific interest rate chosen)</b> <input type="checkbox"/> The credit or charge for the interest rate of <input type="text"/> in included in "Our origination charge (see item 1 above)  <input type="checkbox"/> You receive a credit of <input type="text" value="\$3,000"/> for this interest rate of <input type="text" value="4.25%"/> 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"/> The charge (points) increases you total settlement charges.	<b>(\$3,000)</b>
<b>A Your Adjusted Origination Charges</b>	<b>\$2,500</b>

**Rate Lock: The estimates for the following may change:**

**Interest Rate:** Per the current rate sheet

**GFE page 2 Block 2:** Charges and terms dependent upon the interest rate (which includes the charge or credit for the chosen)

**GFE page 2 item A,** The Adjusted Origination Charge

**GFE page 2 Block 10** Daily Interest (per diem interest)



## HSOA Wholesale Pricing Examples

### Example # 3.1 Initial GFE

Loan Amount		\$200,000
Interest Rate		5.00%
Administrative Fee		\$500
Origination Fee	1.00%	\$2,000
YSP	1.50%	\$3,000
LTV	80%	

<b>Your Adjusted Origination Charges</b>	
<b>1 Our Origination Charge</b> This is the charge for getting this loan for you.	<b>\$5,500</b>
<b>2 Your credit or charge (points for the specific interest rate chosen)</b> <input type="checkbox"/> The credit or charge for the interest rate of <input type="text"/> in included in "Our origination charge (see item 1 above)	<b>(\$3,000)</b>
<input checked="" type="checkbox"/> You receive a credit of <input type="text" value="\$3,000"/> for this interest rate of <input type="text" value="5.00%"/> 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"/> The charge (points) increases you total settlement charges.	
<b>A Your Adjusted Origination Charges</b>	<b>\$2,500</b>

### Example # 3.2 Revised GFE

**Changed Circumstance - appraisal lower than expected - pricing adjustment .50**

Loan Amount		\$200,000	
Interest Rate		5.00%	
Administrative Fee		\$500	
Origination Fee	1.00%	\$2,000	
YSP (original)		\$3,000	<b>Block 1 - No Change</b>
YSP (revised)	1.00%	\$2,000	<b>Block 2 - Can Change</b>
LTV	88%		

<b>Your Adjusted Origination Charges</b>	
<b>1 Our Origination Charge</b> This is the charge for getting this loan for you.	<b>\$5,500</b>
<b>2 Your credit or charge (points for the specific interest rate chosen)</b> <input type="checkbox"/> The credit or charge for the interest rate of <input type="text"/> in included in "Our origination charge (see item 1 above)	<b>(\$2,000)</b>
<input checked="" type="checkbox"/> You receive a credit of <input type="text" value="\$2,000"/> for this interest rate of <input type="text" value="5.00%"/> 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"/> The charge (points) increases you total settlement charges.	
<b>A Your Adjusted Origination Charges</b>	<b>\$3,500</b>