



Testing HUD's New Mortgage Disclosure Forms With American Homebuyers

Round 6

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Round 6

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Round 6 Testing

Introduction

Before beginning work on Round 6 of testing, Kleimann Communication Group (KCG) and HUD made improvements to the GFE based on data collected in Round 5 of testing. Round 6 testing involved two GFE forms. This report refers to these two versions of the GFE as the “Revised GFE” and “Alternate GFE.” The Revised GFE refers specifically to the GFE developed and tested in Rounds 1 through 5 of testing, while the Alternate GFE refers to a two-page GFE developed internally by HUD in 2007, before Round 6 testing began.

The key purpose of Round 6 was to gauge participant comprehension of both the GFEs and to begin initial testing of the Settlement Script and HUD-1 settlement form (also developed internally by HUD in 2007). Round 6 consisted of two separate tests: Test 1 for the GFE and Test 2 for the Settlement Scripts.

Test 1 followed traditional usability testing methodologies to test the two versions of the GFE and focused on the presentation of the Revised and Alternate GFE forms as well as the total estimated settlement costs.

Therefore, the main goals of Test 1 in Round 6 were to study

- ▼ the performance of the two versions of the GFE,
- ▼ participant comprehension of the two versions of the GFE, and
- ▼ whether participants were able to compare information across GFEs.

Test 2 focused on testing the performance and resulting benefits of HUD’s recently developed Settlement Script. A completed Settlement Script contains two main components:

- ▼ A summary of a homebuyer’s loan details at closing presented in read-aloud script form and
- ▼ A crosswalk comparison chart that compares homebuyers’ estimated settlement costs, based on their GFE, to their actual settlement costs at closing, as shown on their HUD-1.

HUD’s intent is for settlement agents to read Settlement Scripts at closing to provide a clear and candid way for the agent and borrower to review closing details. Thus, the main goals of Test 2 in Round 6 were to determine whether the Settlement Script does, in fact, help consumers

- ▼ identify loan details and settlement costs,
- ▼ facilitate the comparison of estimated and actual costs, and
- ▼ help consumers identify discrepancies.

Using a small sample of participants, KCG conducted a settlement “simulation,” with the testing moderator acting as the settlement agent and the testing participant acting as the borrower. The purpose of this simulation was to help gauge the general effectiveness and usability of the script. Because the script was still in the early stages of development, HUD wanted to use testing to validate and inform further development of the script.

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The appendix includes sample forms used in Test 1 and Test 2 of Round 6. These forms included:

Test 1

- ▼ Revised GFE
- ▼ Alternate GFE

Test 2

- ▼ Revised GFE
- ▼ HUD-1
- ▼ Settlement Script

During testing, these forms were filled in with test data.

Test 1—Revised GFE and Alternate GFE

For Test 1 of the Revised GFE and Alternate GFE, HUD's goals were to

- ▼ Confirm that participants can identify the basic information in the GFE.
- ▼ Determine if participants can make inferences from information within the GFE.
- ▼ Identify if participants spontaneously use the shopping chart.
- ▼ Identify if participants can understand when a tolerance has been set and when their choices can limit the tolerance requirement.
- ▼ Determine how well participants can compare across GFEs.
- ▼ Identify if participants can accurately identify the least and most expensive settlement costs when they see three GFEs.
- ▼ Determine if a broker bias exists when participants choose the least expensive settlement costs.

Methodology for Test 1

For this test, KCG created two separate Moderator Guides, one for participants reviewing the Revised GFE and one for participants reviewing the Alternate GFE. The Moderator Guides were essentially the same, but contained minor differences (because of the wording and layout differences between the Revised and Alternate GFE forms). Staff structured both Moderator Guides into three main tasks and included an introduction, break, and conclusion.

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Table 1. Structure—Round 6, Test 1

Section	Time Allotted (minutes)	Task
Introduction	5	We introduce ourselves, briefly describe the purpose of the test in general terms, and have the participant read and sign the confidentiality statement and fill out the questionnaire.
Task 1	30	The participant practices the task of reading and thinking aloud. The participant receives and reacts to a sample GFE completed as an example.
Task 2	20	We ask the participant open-ended and closed-ended questions about the first GFE.
Break	10	
Task 3	25	The participant receives the remaining two GFEs to review and compares the total estimated settlement costs on all three GFEs.
Total time	90 minutes	

For Test 1, staff divided 60 participants into three groups of 20. Within these three groups, 10 participants reviewed the Revised GFE and 10 participants reviewed the Alternate GFE. Within these groups,

- ▼ 5 participants reviewed a Revised GFE with lower broker charges for Tasks 1 and 2;
- ▼ 5 participants reviewed a Revised GFE with lower lender charges for Tasks 1 and 2;
- ▼ 5 participants reviewed an Alternate GFE with lower broker charges for Tasks 1 and 2; and
- ▼ 5 participants reviewed an Alternate GFE with lower lender charges for Tasks 1 and 2.

For Task 3, the moderator gave participants two additional GFEs, each of which was different from the original GFE they were given.

See tables 2 and 3 for overall condition rotation across the three test sites (in Atlanta, Georgia; Boston, Massachusetts; and Denver, Colorado).

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Table 2. Testing Conditions Rotation—Revised

Package A (Revised GFE with Lower Broker Charges)					
	Task 1 & 2: Think Aloud	Task 3: Comparison	GA	MA	CO
Condition 1	Broker same	Lender same & broker lower	2	1	2
Condition 2	Lender same	Broker lower & broker same	2	2	1
Condition 3	Broker lower	Broker same & lender same	1	2	2

Package B (Revised GFE with Lower Lender Charges)					
	Task 1 & 2: Think Aloud	Task 3: Comparison	GA	MA	CO
Condition 4	Broker same	Lender same & lender lower	2	2	1
Condition 5	Lender same	Lender lower & broker same	1	2	2
Condition 6	Lender lower	Broker same & lender same	2	1	2

Table 3. Testing Conditions Rotation—Alternate

Package C (Alternate GFE with Lower Broker Charges)					
	Task 1 & 2: Think Aloud	Task 3: Comparison	GA	MA	CO
Condition 7	Broker same	Lender same & broker lower	2	2	1
Condition 8	Lender same	Broker lower & broker same	1	2	2
Condition 9	Broker lower	Broker same & lender same	2	1	2

Package D (Alternate GFE with Lower Lender Charges)					
	Task 1 & 2: Think Aloud	Task 3: Comparison	GA	MA	CO
Condition 10	Broker same	Lender same & lender lower	2	1	2
Condition 11	Lender same	Lender lower & broker same	2	2	1
Condition 12	Lender lower	Broker same & lender same	1	2	2

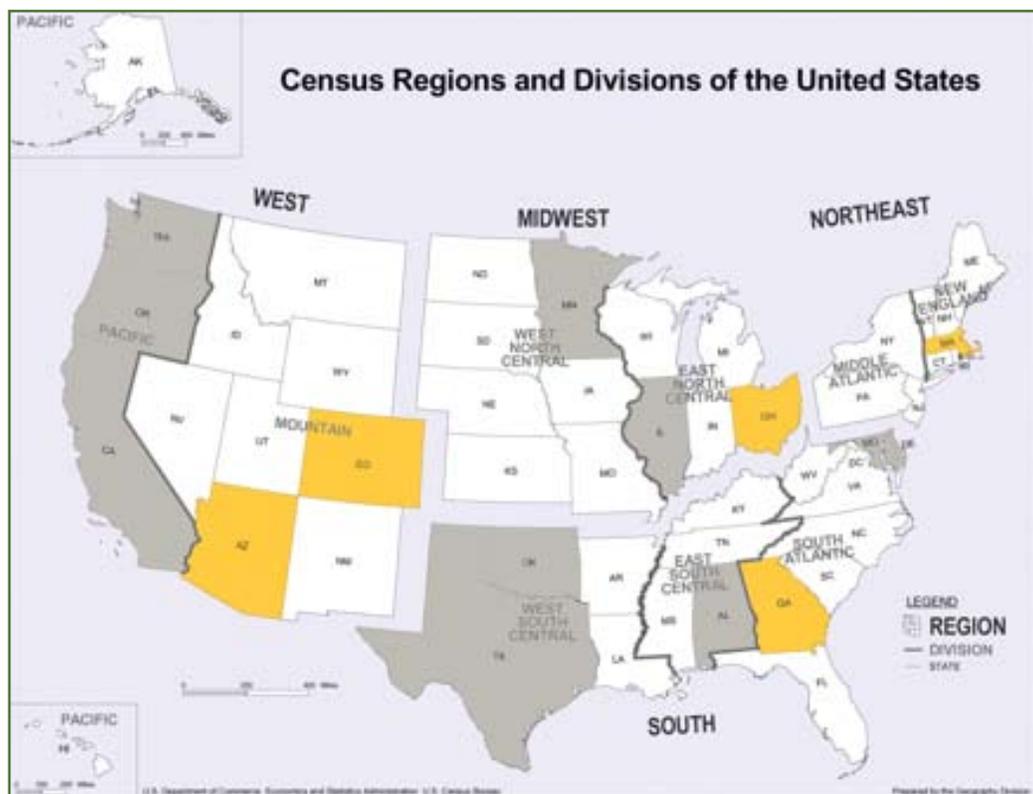
Round 6 Testing

Demographic and Test Site Information for Test 1

In Round 6, Test 1, staff tested 60 participants in three sites: Atlanta, Georgia; Boston, Massachusetts; and Denver, Colorado. (In Round 6, Test 2, staff tested 20 participants in two sites: Cincinnati, Ohio and Phoenix, Arizona.)

Figure 1 illustrates the geographic diversity of HUD testing, with grey states representing Rounds 1 through 5 and orange states representing Round 6 testing.

Figure 1. Round 6 Test Sites



In Round 6 testing, staff recruited the test population to mirror the U.S. Census. As a part of the screening protocol, professional testing sites recruited participants based on the following criteria:

- ▼ Gender
- ▼ Age
- ▼ Education
- ▼ Income
- ▼ Marital Status
- ▼ Race/ethnicity

Round 6 Testing

Additionally, staff screened participants based on their experiences in

- ▼ obtaining a mortgage (whether purchasing or refinancing a home) and
- ▼ shopping for a new mortgage loan.

At each of the professional testing sites, KCG provided recruiters with the same screening protocol, which they would read when contacting potential participants. In the course of the call, screeners would ask prospective participants a series of questions that allowed screeners to determine if the individual was eligible to participate in the study. If recruiters contacted a participant who did not meet those criteria, the recruiter terminated the call. Staff gave each site the same criteria for the number of participants required in each demographic category. This procedure ensured the study involved participants from a wide range of backgrounds, ages, and ethnic groups (among other criteria), who also had either obtained or shopped for a mortgage.

For Test 1, once participants were selected (and after their participation), they were paid an incentive of \$75 (Atlanta and Denver) or \$100 (Boston). If more participants arrived than were needed or if cancellations occurred, the testing site tried to place those extra participants or recruit participants who would represent the needed demographics.

Tables 4 and 5 provide demographics for Test 1.

Round 6 Testing

Table 4. Participant Demographic Information—Test 1

Demographic Characteristics	Number in Sample	Percent
Age		
20 to 34	13	22
35 to 44	16	27
45 to 54	14	23
55 to 64	11	18
65 or older	6	10
Race and Ethnicity*		
Asian	4	7
White	44	73
Black or African American	12	20
Other (Native Hawaiian/Pacific Islander American, Indian/Alaskan Native, etc)	2	3
<i>* Participants were allowed to identify multiple ethnicities.</i>		
Identified as Hispanic or Latino origin	4	7
Education—Highest Grade Completed		
Less than High School	0	0
High School or GED	9	15
Some college or associate's degree	23	38
College graduate	15	25
Graduate School	13	21
Household Income Per Year		
Less than \$50,000	16	27
\$50,001 to \$75,000	23	38
\$75,000 to \$100,000	12	20
\$100,000 or more	9	15
Marital Status and Gender		
Single Male	14	23
Single Female	16	27
Married Male	11	18
Married Female	19	19
Total Respondents	60	100 (60)

In addition to the demographic requirements noted above, HUD requested to have two-thirds of the sample include experienced homebuyers who had bought or refinanced a home in the previous two years.

Round 6 Testing

Table 5: Home-buying Experience—Test 1

Home buying Experience	Number in Sample	Percent
Bought or refinanced in past 2 years	41	68
Plan to buy or refinance in next year	23	38
No response	1	1.7
Of those who plan to buy:*		
Have gone to open houses	21	35
Have contacted a real estate agent	14	23
Have pre-qualified for a mortgage loan	7	12
<i>* Participants were allowed to select as many options as applied to their situation</i>		
N	60	100

Study Questions for Test 1

Study questions for Test 1 included the following:

- ▼ Can participants identify the basic information in the GFE?
- ▼ Can participants make inferences from information within the GFE?
- ▼ Do consumers spontaneously use the shopping chart?
- ▼ Can participants understand when a tolerance is enforced and when their choices can limit the tolerance requirement?
- ▼ How well are participants able to compare information across GFEs?
- ▼ Can participants accurately identify the least and most expensive settlement costs when they see three GFEs?
- ▼ Does a broker bias exist when consumers choose the least expensive settlement costs?

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Test 2—Revised GFE, HUD-1, and Settlement Script

For Test 2 of the Revised GFE, HUD-1, and Settlement Scrip, HUD's goals were to

- ▼ Confirm that participants can find discrepancies between the GFE and the HUD-1.
- ▼ Confirm if participants can determine whether discrepancies are within tolerance limits.
- ▼ Investigate participant response if identified discrepancy is outside tolerance limits.
- ▼ Investigate whether the Settlement Script helps participants to identify loan details.
- ▼ Investigate whether the Settlement Script functions as a “crosswalk” to help participants compare GFE costs to actual HUD-1 costs.

Methodology for Test 2

In Round 6, Test 2, questions focused on the following general topic areas:

- ▼ Participants' general understanding of the GFE, HUD-1, and the Settlement Script
- ▼ Participants' ability to identify information on different forms
- ▼ Participants' ability to compare information across forms
- ▼ Participants' general thoughts and reactions to the forms

Staff also asked some questions from Test 1 to gauge participant understanding of the Revised GFE.

In Test 2, KCG tested:

- ▼ 2 different GFEs: one with a 30-year-fixed mortgage and one with a Payment Option Adjustable Rate Mortgage (ARM)
- ▼ 2 different HUD-1's: one with a corresponding 30-year-fixed mortgage and one with a corresponding Payment Option ARM
- ▼ 2 different Settlement Summaries: one comparing the information between the 30-year-fixed GFE and HUD-1 and one comparing the Payment Option ARM GFE against the HUD-1

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Table 6. Structure—Test 2

Section	Time Allotted (minutes)	Task
Introduction	5	We introduce ourselves, briefly describe the purpose of the test in general terms, and have the participant read and sign the confidentiality statement and fill out the questionnaire.
Task 1	20	We give the participant a few minutes to look over each document and ask a few general questions about each.
Task 2	5	(for Script participants only) The moderator conducts “simulation” by reading through script with the participant.
Break	5	
Task 3	20	The participant answers a series of questions regarding the estimated and actual loan details and settlement costs and the variance between the two. These questions require the participant to compare across forms.
Task 4	15	The participant answers a series of questions regarding his or her general impressions of the documents and any suggestions he or she might have.
Total time	90 minutes	

In Test 2, staff tested 20 participants across two sites: Cincinnati, Ohio and Phoenix, Arizona. Staff divided these 20 participants into two groups of 10. Within these two groups, five participants worked with a GFE and HUD-1 that dealt with a 30-year-fixed mortgage, and five worked with a GFE and HUD-1 that dealt with a Payment Option ARM. Of these two groups of 10, the first worked with only a GFE and HUD-1 form, while the second worked with a GFE, HUD-1, and Settlement Script.

The testing team set up four variations to test the forms:

- ▼ 30-year-fixed GFE and HUD-1 with no Settlement Script (condition 1)
- ▼ 30-year-fixed GFE and HUD-1 with Settlement Script (condition 3)
- ▼ Payment Option ARM GFE and HUD-1 with no Settlement Script (condition 2)
- ▼ Payment Option ARM and HUD-1 with Settlement Script (condition 4)

As shown in Table 7, forms were always presented in the following order: GFE (estimated costs), HUD-1 (actual costs), and Settlement Script (if applicable).

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Table 7. Testing Conditions—Test 2

Package A—30 Year Fixed		
	Participant Number	Participant Number
Condition 1 (No Script)	AZ01	OH11
	AZ02	OH12
	AZ03	
Condition 2 (With Script)	AZ04	OH13
	AZ05	OH14
		OH15
Package B—Payment Option ARM		
Condition 3 (No Script)	AZ06	OH16
	AZ07	OH17
	AZ08	
Condition 4 (With Script)	AZ09	OH18
	AZ10	OH19
		OH20

To conduct the simulation portion of this test, staff gave all participants (1) a GFE and (2) a HUD-1. Testing staff gave participants a chance to review each document and then answered general questions to help get them familiar with the form. Next, staff gave half the participants a Settlement Script with loan details and settlement costs that corresponded to their GFE and HUD-1. The moderator for each session then read the entirety of the script aloud with the participant. Testing staff then asked both groups of participants a series of questions involving identification and comparison of their estimated and actual loan details and settlement costs as well as cost discrepancies to help determine if the script aided them in these tasks. Wherever possible, these comparison questions were identical for both the script and non-script participants.

In addition to simple line-item comparisons, several tolerance violations were included on the forms as notable discrepancies that would allow specific points of comparison across participant performance. All participants received GFE and HUD-1 forms that contained a 25 percent actual cost increase over the estimated costs on those charges that had a 10 percent increase tolerance limit. This increase was shown explicitly on the script but required a multi-step calculation to determine without the script. HUD-1 forms also included an increase in a charge categorized as not being able to increase at settlement.

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In testing, staff recruited the test population to mirror the U.S. Census. As a part of the screening protocol, professional testing sites recruited participants based on the following criteria:

- ▼ Gender
- ▼ Age
- ▼ Education
- ▼ Income
- ▼ Marital Status
- ▼ Race/ethnicity

Additionally, staff screened participants based on their experiences in

- ▼ obtaining a mortgage (whether purchasing or refinancing a home) and
- ▼ shopping for a new mortgage loan.

At each of the professional testing sites, KCG provided recruiters with the same screening protocol, which they would read when contacting potential participants. In the course of the call, screeners would ask prospective participants a series of questions that allowed screeners to determine if the individual was eligible to participate in the study. If recruiters contacted a participant who did not meet those criteria, the recruiter terminated the call. Staff gave each site the same criteria for the number of participants required in each demographic category. This procedure ensured the study involved participants from a wide range of backgrounds, ages, and ethnic groups (among other criteria), who also had either obtained or shopped for a mortgage.

For Test 2, once participants were selected (and after their participation), they were paid an incentive of \$50 (Cincinnati) or \$60 (Phoenix). Tables 8 and 9 provide demographics for Test 2.

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Table 8: Participant Demographics Information—Test 2

Demographic Characteristics	Number in Sample	Percent
Age		
20 to 34	5	25
35 to 44	4	20
45 to 54	7	35
55 to 64	2	10
65 or older	2	10
Race and Ethnicity*		
Asian	0	0
White	14	70
Black or African American	4	20
Other (Native Hawaiian/Pacific Islander American, Indian/Alaskan Native, etc)	0	0
<i>* Participants were allowed to identify multiple ethnicities.</i>		
Identified as Hispanic or Latino origin	2	10
Education—Highest Grade Completed		
Less than High School	1	5
High School or GED	2	10
Some college or associate's degree	9	45
College graduate	5	25
Graduate School	3	15
Household Income Per Year		
Less than \$50,000	5	26
\$50,001 to \$75,000	6	32
\$75,000 to \$100,000	2	11
\$100,000 or more	6	32
Marital Status and Gender		
Single Male	2	10
Single Female	5	25
Married Male	7	35
Married Female	6	30
Total Respondents	20	100 (20)

In addition to the demographic requirements noted above, HUD requested to have two-thirds of the sample include experienced homebuyers who had bought or refinanced a home in the previous two years.

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Table 9: Homebuying Experience of the Sample

Homebuying Experience	Number in Sample	Percent
Bought or refinanced in past 2 years	14	70
Plan to buy or refinance in next year	10	50
No response	10	50
Of those who plan to buy:*		
Have gone to open houses	9	45
Have contacted a real estate agent	4	20
Have pre-qualified for a mortgage loan	5	25
<i>* Participants were allowed to select as many options as applied to their situation</i>		
N	20	100

Study Questions for Test 2

Study questions for Test 2 included the following:

- ▼ Can participants find discrepancies between the GFE and the HUD-1?
- ▼ Can participants determine whether discrepancies are within tolerance limits?
- ▼ What are participant responses upon identifying that a discrepancy is outside tolerance limits?
- ▼ Does the Settlement Script help participants identify loan details?
- ▼ Does the Settlement Script function as a “crosswalk” to help participants compare GFE costs to actual HUD-1 costs?

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Analytical Approach

This section presents the combined analytical approach for both tests in Round 6.

Qualitative Analysis

Because of the smaller sample size in Round 6, KCG did not perform any major statistical analyses on the results of the answer sheets or other data, but rather, used the results to look for qualitative trends. However, this report does provide some smaller scale percentages to help validate trends from the qualitative data.

Databases

KCG created three Microsoft Access® databases to collect and analyze data. The first database was created during testing, and observers entered each participant's immediate responses to closed-ended questions into a Microsoft Access® database. Testing staff crosschecked participant answers to ensure accuracy. KCG then created comparison graphs from the data imported into this database. The results collected on the answer sheet showed how participants answered, but not why. Therefore, KCG created a second Microsoft Access® database of open-ended participant responses—organized by question number—taken from transcripts of testing sessions. This database allowed staff to look within each question for trends as to why participants answered a certain way. Using a grounded analytic approach, researchers then reviewed the transcripts as a whole and created a unique coding system for any emerging trends. After staff coded each transcript, results were compiled in a third Microsoft Access® database, and from this, researchers generated reports used in data analysis.

KCG then reviewed the data from the three databases and determined findings and recommendations from the data in relationship to earlier results as well as how well the GFE, HUD-1, and Settlement Script performed and possible areas for improvement.

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Summary of Findings

Overall, the majority of findings from Round 6 were consistent with the findings from Rounds 1–5. However, since the housing market and mortgage industry have changed since Round 5 testing, new concepts and themes emerged during Round 6 testing. For example, consumers

- ▼ were influenced by the media coverage of the mortgage industry,
- ▼ focused more on interest rates and loan terms,
- ▼ focused less on settlement charges,
- ▼ had high emotion,
- ▼ knew someone who has been affected by the current mortgage climate, and
- ▼ were more aware of—and cautious about—ARMs.

Test 1—Revised GFE and Alternate GFE

What Worked

Design, layout, and language worked. Overall, KCG found that the GFE is working. Participants understood the details (that it included a loan summary and estimates of settlement charges), characteristics of the document (that the numbers are estimates), and its purpose (to help consumers to shop).

- ▼ 100 percent correctly identified and described the initial amount of the mortgage offer and length of time they have to pay off the mortgage loan.
- ▼ 98 percent correctly identified initial interest rate.

The design and language in the GFE worked. Participants commented positively about design and language throughout test sessions. A few participants thought that something was missing from the Alternate GFE. However, many participants specifically liked the Revised GFE's length (4 pages), the layout of pages 1 and 2, the simplicity of the language, and the consumer-friendly language:

Form length

... you don't have to go through 8 or 10 pages of documentation in order to get those important features out...I don't have to spend three hours and have an attorney go through it. (CO60)

This is shorter, it's not real long and it's easier to look at... (CO45)

Layout of pages 1 and 2

I do like page one, I mean its just clear and concise and everything is black and white... (CO41)

I like this way it's laid out because it's all very crisp and I feel like it's well-organized... (MA29)

Yeah page two...it lays it out really nicely. (CO42)

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Simplicity of language

...it is very simple to read...I like how it's presented. It is just very straightforward... (GA13)

It's in people's English instead of lawyer English. (CO48)

This is just very, very different and...certainly easier to read. (MA21)

Consumer-friendly language

This seems a lot more consumer-oriented than I'm used to reading. (MA21)

It's self-explanatory and that's basic information. It's user-friendly. (MA30)

...It would be helpful to somebody who hasn't done it before. It's kind of refreshing to me.. (MA21)

Participants were able to compare. During the comparisons section, 90 percent of participants were able to identify correctly the highest and lowest settlement charges. The remaining 10 percent were able to identify the highest or the lowest, but not both. Participants remarked that standardization of the GFE helps them to compare GFEs:

...this is easier because everything is the same, in the same place... (GA01)

They're very similar so they were easy to skim... (GA03)

...it seems like there's [often] a desire to make sure that nothing is standardized... you guys have been very good at making the forms look and appear to be the same... (CO60)

Trade-off bullets worked. Participants understood the trade-off bullets and used the table during the comparisons section of the test:

...you can pick from those three different options as to which one you're going to be going with and I can get that just from that table right here which is really kind of cool. (MA26)

Makes perfect sense. This table shows how the loan we've offered you compares...it's a comparison... (GA08)

What Needs Work

Potential problem of lender bias exists. Of the 15 participants that looked at one GFE with the lender charge lower and one with the broker charge higher, 80 percent understood that the lender is lower and the broker is higher; and 73 percent chose the one with the lower lender charge. In Round 5 testing, 92 percent understood that the lender is lower and 88 percent chose the one with the lower lender charge. Because of the small sample size in Round 6, this result has no statistical significance; however, the variation from Round 5 results should be kept in mind.

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One reason why this change occurred in Round 6 is the introduction of the lender disclosure sentence (on page 2). Many participants were unclear about the implications of this lender sentence:

It sounds like I have to come up with more money. I don't know if that comes out of my end or the next company that buys the loan. (MA25)

Does that mean that I have to give them an additional payment if they sell the loan? (GA13)

Am I suppose to receive the additional payment or am I suppose to pay additional payment? (CO58)

Dates were unclear. Many participants in Round 6, Test 1 had difficulty with dates. Seventy percent of participants were able to say accurately how long the interest rate is available. The remaining 30 percent either gave a wrong date or were unsure.

The days are confusing December the 3rd to the 17th I don't understand that. (GA16)

Is this 60 days, 90 days, and five years? I don't know what that means. It says your rate lock period is 60 days. That is not clear to me. (CO46)

Tolerances were unclear. Many participants had trouble with the tolerances. Participants were not clear on the categories, missed the tolerances, and thought the tolerance applies to each item (instead of the sum of the items):

I doubt [the tolerances] can change very much if it can change. (MA23)

...I don't get [the tolerances] from reading this at all...It's not explicitly spelled out that way... (MA34)

Next steps were unclear. Many participants asked for more explicit instructions about the next steps. They were unclear on how to lock the GFE's rate.

I think there needs to be a clearer set out way...this is what you have to do to lock in this rate...That may become obvious after you get this but it would be helpful to have it on this form... (GA10)

...what [does] it actually take to [lock the interest rate], is it a phone call, is it an email, do I have to fill something out, fax something..? (MA22)

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Some terms raised questions. While the majority of participants remarked that the language was clear in the GFE, participants were unsure of the meanings of Government Recording and Transfer Charges and Yield Spread Premium:

Government Recording and Transfer Charges

Is there such a thing...government recording and transfer charges for this transaction? (GA14)

I've never heard of government recording and transfer...well there's transfer fees but...I think that's maybe a certain percentage of the value of the home or something like that... (GA05)

Yield Spread Premium

...I don't know what [YSP] means...That must be a very technical term for a simplified set of words that I don't know...that I can't relate. (CO60)

Yield spread premium...I really don't understand what it is. (GA13)

Shopping chart needs minor edits. Many participants commented positively about the shopping chart, but some were not clear who would fill it out. One participant thought that six columns were too many for the chart.

I think this is a chart for me to use to shop and compare. So they want you to fill in...That's pretty cool...I like that. (MA24)

I like the chart because it's clean, it's concise, I know exactly what I'm reading...The chart is easy to read. (CO45)

Test 2—Revised GFE, HUD-1, and Settlement Script

What Worked

Participants used the Settlement Script. KCG found that of those participants who received the Script in addition to the GFE and HUD-1, most used it to compare and to answer questions about both loan details and settlement costs. Some used the Script in conjunction with the other documents they received, while many used the Script as their primary source of information.

Design, layout, and language worked. Participants reacted positively to the language used for the read-aloud portion of the Script, and generally thought the loan details were clear and easy to understand. The comparison chart format also generated positive feedback. Participants thought it facilitated comparisons and generally liked the concept of having their estimated and actual costs side-by-side. Overall, participants reacted positively to the Script's "read-aloud" format, appearing to be more attentive and engaged with the process when following along with the moderator than when asked to compare the forms on their own.

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I mean in this thing it actually kind of makes sense the way they explained it especially on page. Its very easy to understand. (AZ05)

The way things are outlined and charted is helpful and you can follow things easily from point to point. (OH15)

Settlement Script highlighted discrepancies between GFE and HUD-1. The Settlement Script helped participants identify tolerances. Script participants were more likely to notice tolerance categories and more likely to question charge increases related to tolerance categories. In addition, a number of Script participants were able to detect the 25 percent increase tolerance violation during their initial review of the documents, while non-Script participants were unable to do so.

Charges cannot increase, I was surprised to see increases because I thought they couldn't... (OH14)

The title services went up more than 10 percent...[The script] says it cannot increase more than 10 percent. Who would be paying these extra costs? (AZ04)

When staff pointed out charge discrepancies to participants, a majority of the participants said they would, at the very least, question these charges at settlement, and at the most, attempt to halt settlement. Overall, results show the Settlement Script helped to highlight discrepancies for participants.

...there are at least a couple things...above what they're allowed to be. (OH11)

...[charges are] listed as something that shouldn't increase more than 10 percent, so somewhere a transaction...has been calculated incorrectly. (OH15)

What Needs Work

Participants have trouble navigating more than two documents. Participants appeared to have difficulty manipulating more than two documents at a time. This fact inhibited performance when a third document, in this case the Settlement Script, was introduced.

Settlement Script language and design need tweaks. Participants suggested a few improvements to the Script. They noted a number of terms for which they required clarification. Participants also wanted to see the empty boxes on the forms filled in with some kind of placeholder that indicated that nothing was missing.

...there are a lot of words on the Summary that are not clarified...I could read them but I wouldn't understand what they actually meant. (AZ10)

How come they didn't show...the amount of increase there?...I mean that category says dollar increase; shouldn't it show in there? (AZ09)

Round 6 Testing

Recap of HUD's Goals for Testing

For Round 6, Test 1, HUD's goals were to

- ✓ **Confirm that participants can identify the basic information in the GFE**
 - All participants were able to identify the basic information on the GFE.

- ✓ **Determine if participants can make inferences from information within the GFE**
 - The majority of participants were able to make inferences from the information within the GFE.

- ✗ **Identify if consumers spontaneously use the shopping chart**
 - The majority of participants remarked positively about the shopping chart. However, only a few participants used the shopping chart during the test session.

- ✗ **Identify if participants can understand when a tolerance is set and when their choices can limit the tolerance requirement**
 - Many participants had difficulty understanding when a tolerance is set and when their choices can limit the tolerance requirement.

- ✓ **Determine how well participants can compare across GFEs**
 - Almost all participants were able to compare across the three GFEs. The standardization of the GFE format aided participants in the comparison task.

- ✓ **Identify if consumers can accurately identify the least and most expensive settlement costs when they see three GFEs**
 - Almost all consumers were able to gauge the least and most expensive settlement costs accurately.

- ✓ **Confirm that a broker bias does not exist when participants choose the least expensive settlement costs**
 - The GFE limits broker bias. One hundred percent of the participants who compared a GFE with a lower broker charge against a GFE with a higher lender charge understood that the broker charge was lower than the lender charge. When asked to choose between the two offers, 100 percent chose the GFE with the broker offer.

Round 6 Testing

For Round 6, Test 2, HUD's goals were to

- ✓ **Confirm that participants can find discrepancies between the GFE and the HUD-1**
 - The large majority of participants were able to identify a discrepancy between the estimated and actual amount of a charge, and what this discrepancy was.

- ✓ **Confirm if participants can determine whether discrepancies are within tolerance limits**
 - The majority of participants were able to identify whether a charge was allowed to increase at settlement, based on the tolerance categories, and again this performance seemed equal between Script and non-Script participants. However, as discussed above in the summary of the findings, only Script participants were able to identify the actual 25 percent increase for those charges with a 10 percent tolerance.

- ✓ **Investigate participant response if identified discrepancy is outside tolerance limits**
 - Just over half of the participants said they would respond to the discrepancy in some way. At the least, they would question the charges, and, at the most, they would not continue with closing if they noticed charge increases like those apparent in the simulation. Whether this action would occur in a real-world situation is unknown, but the script seemed to facilitate consumer questions.

- ✗ **Investigate whether the Settlement Script helps participants to identify loan details**
 - Participants were able to identify their estimated loan details both with and without the aid of the Script. The majority also seemed capable of identifying their actual loan details when they were given the Script with their GFE or HUD-1. However, participant performance in identifying estimated loan detail decreased slightly when the Script was introduced, possibly due to the difficulty of navigating too much paperwork as is discussed in the findings.

- ✓ **Investigate whether the Settlement Script functions as a “crosswalk” to help consumers estimate GFE costs to actual HUD-1 costs**
 - Participant performance in this small sample did not significantly differ between Script and non-Script groups. The positive comments generated from the Script's “crosswalk” format indicated that this format was well received and perhaps even beneficial to consumers.

Round 6 Testing

Recommendations for Improving the Forms

Test 1

GFE

- ▼ **Use the Revised GFE, not the Alternate GFE.** Because form length and YSP language seemed to cause problems during testing, continue to use the Revised GFE.
- ▼ **Add HUD logo.** Add the HUD logo to the GFE.
- ▼ **Add more space for email contact.**
- ▼ **Address date issues.** To address the date issues, pull all the dates into one section on page one.
- ▼ **Label information more clearly.** Label pages 3 and 4 as “Instructions and Important Information.”
- ▼ **Create an Instruction Sheet.** The instruction sheet is formed by pages 3 and 4. These pages incorporate information from pages 1 and 3 and information that HUD thought would be useful to consumers.
- ▼ **Address tolerance issue.** Change the format of the tolerance section into a three-column table-format.
- ▼ **Address next steps issue.** Add explicit language for “How to apply” to give more information on next steps.

Test 2

Settlement Script

- ▼ **Edit language and design for clarity and consistency.** Clarify language and terms as much as possible, make the design consistent, and fill in blank boxes in table columns.
- ▼ **Refine instructions for the Script to help consumer and closing agent know which forms to look at in what order.** This refinement will help minimize navigation errors across documents.
- ▼ **Include a script and chart for each—Loan Details and Settlement Charges.** Including both these components in each section of the Script allows for the maximum benefits from both.

HUD-1

- ▼ **Consider redesigning the HUD-1 to more closely match the look and organization of the GFE.** This redesign will allow for easier cross-comparison between the two documents.
- ▼ **Build on the look and functionality of the Settlement Script when considering a HUD-1 redesign.**

The GFE Today

The following pages illustrate the GFE as it appears after undergoing six rounds of qualitative and quantitative testing. Changes made to the GFE included:

- ▼ **Creating a fresher, more contemporary look for the GFE.** Design staff added color to help consumers see more readily how the GFE groups loan offer information. Other design improvements included adding the HUD logo to the header of page 1 and to the footers of pages 2 through 4.
- ▼ **Adding instructional information to the first page.** Staff created a new Instructions section on page 1 of the GFE.
- ▼ **Adding a section containing important dates to the first page.** In order to help consumers locate important dates more easily, staff added a new section to page one that put all the important dates in one place.
- ▼ **Providing a better layout for important information and instructions.** On pages 3 and 4, staff reorganized content and added new sections that would help consumers make better-informed decisions. Some of the changes to pages 3 and 4 included
 - creating additional instruction on shopping for a loan offer,
 - improving the layout of the charges that can and cannot change at settlement (tolerances),
 - creating a more understandable layout for comparing trade-offs, and
 - giving important information on the consumer's financial responsibilities as a homeowner, including estimates on such items as: (1) annual property taxes, (2) annual homeowner's insurance, (3) annual flood insurance, (4) homeowner's association/condominium fees, and (5) other annual fees and charges.
- ▼ **Providing better-organized information and instruction for the consumer in**
 - applying for the loan,
 - getting more information,
 - using the Mortgage Shopping Chart, and
 - knowing what happens if the lender sells the loan in the future.

- Added Originator email
- Removed File or Loan Number
- Added more space



Good Faith Estimate (GFE)

- Added Instructions
- Moved some information to pg. 3, *Shopping for a loan offer*
- Moved date information to new section on pg. 1, *Important dates*

Name of Originator	Borrower
Originator Address	Property Address
Originator Phone Number	
Originator email	Date of GFE

Instructions

This GFE gives you an estimate of your settlement charges and loan terms if you are approved for this loan. See page 3 for more detailed instructions.

Important dates

1. The interest rate for this GFE is available until [] [] [] []. After that date, the interest rate, some of your Loan Origination Charges, and the monthly payment shown below can change until you lock your interest rate.
2. This estimate for all other settlement charges is available until [] [] [] [].
3. If you proceed with this loan, you must go to settlement in [] days. You must lock the interest rate at least [] days before settlement.

Summary of your loan terms

- Combined three actionable dates to emphasize their importance
- Moved Item 1 from *About your GFE*
- Moved Item 2 from *About your GFE*
- Moved Item 3 from pg. 3, *Proceeding with this application*

Your Loan Details	
Your initial loan balance is	\$ [] [] [] []
Your loan term is	[] years
Your initial interest rate is	[] %
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ [] [] [] [] per month
Your rate lock period is <i>After you lock in your interest rate, you must go to settlement within this number of days to guarantee this interest rate.</i>	[] days
Can your interest rate rise?	<input type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of [] %
Can your loan balance rise?	<input type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of \$ [] [] [] []
Can your monthly amount owed for principal, interest, and any mortgage insurance rise?	<input type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of \$ [] [] [] []
Does your loan have a prepayment penalty?	<input type="checkbox"/> No <input type="checkbox"/> Yes, your maximum prepayment penalty is \$ [] [] [] []
Does your loan have a balloon payment?	<input type="checkbox"/> No <input type="checkbox"/> Yes, you have a balloon payment of \$ [] [] [] [] due in [] years.
Does your loan include a monthly escrow payment for property taxes and, possibly, other obligations?	<input type="checkbox"/> No <input type="checkbox"/> Yes

- Added a row about escrow payments to help homebuyers know all costs

Summary of your settlement charges

- Added letters referencing sections on pg. 2 (*Your Adjusted Origination Charges and Your Charges for All Other Settlement Services*)

A	Your Adjusted Origination Charges (Table A, page 2)	\$ [] [] [] []
B	Your Charges for All Other Settlement Services (Table B, page 2)	\$ [] [] [] []
A + B	Total Estimated Settlement Charges	\$ [] [] [] []

- Improved references to pg. 2 table

Understanding your estimated settlement charges

• Moved language about lenders receiving payments for selling loans after settlement to pg. 4, *If your loan is sold in the future*

Your Loan Details	
<p>1. Our service charge These charges are for the services we provide when we get and process this loan for you.</p>	
<p>2. Your credit or charge for the specific interest rate chosen (points)</p> <p><input type="checkbox"/> The credit or charge for the interest rate you have chosen is included in "Our service charge." (See item 1 above.)</p> <p><input type="checkbox"/> You receive a credit of \$ _____ for this interest rate of ____%. This credit reduces your upfront charges.</p> <p><input type="checkbox"/> You pay a charge of \$ _____ for this interest rate of ____%. This payment (discount points) increases your upfront charges. (See the table on page 3 to see how you can change this charge or credit by choosing a different interest rate.)</p>	
A	Your Adjusted Origination Charges \$ _____

Your Charges for All Other Settlement Services							
<p>3. Required services that we select These charges are for services we require to complete your settlement. We will choose the providers of these services.</p> <table border="1"> <thead> <tr> <th>Service</th> <th>Charge</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> </tbody> </table>	Service	Charge					
Service	Charge						
<p>4. Title services and lender's title insurance This charge includes the services of a title agent, for example, and title insurance to protect the lender, if required.</p>							
<p>5. Required services that you can shop for These charges are for other services that are required to complete your settlement. We can refer you to providers of these services or you can shop for them yourself. Our estimates for providing these services are below.</p> <table border="1"> <thead> <tr> <th>Service</th> <th>Charge</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> </tbody> </table>	Service	Charge					
Service	Charge						
<p>6. Government recording and transfer charges This includes state and local charges on mortgages and home sales.</p>							
<p>7. Reserves or escrow This charge is held in an escrow account to pay recurring charges on your property, such as property taxes or insurance.</p>							
<p>8. Daily interest charges This charge is for the daily interest on your loan from the day of your settlement until the first day of the next month or the first day of your normal mortgage payment cycle. For this loan, this amount is \$ _____ per day for _____ days (if your closing date is ____/____/____).</p>							
<p>9. Homeowner's insurance This charge is for the insurance you must buy for the property to protect from a loss, such as fire.</p>							
<p>10. Optional owner's title insurance This charge is for additional insurance you can choose to buy to protect yourself from title defects.</p>							
B	Your Charges for All Other Settlement Services \$ _____						
A + B	Total Estimated Settlement Charges \$ _____						

• Rewrote description



• Moved from pg. 1
About your GFE

• Reorganized charges
that can change at
settlement

Important Information and Instructions

Shopping for a
loan offer

Only you can shop for the best loan for you. Compare this GFE with other loan offers, so you can find the best loan. Use the table on page 4 to compare all the offers you receive.

Understanding
which charges
can change at
settlement

The GFE estimates your settlement charges. At your settlement, you will receive a HUD-1. Compare the charges on the HUD-1 with the charges on this GFE. Charges can change if you select your own provider and do not use the companies your lender suggests.

The list below shows you how much the estimated charges on this GFE can change at your closing.

• Rewrote first paragraph
to emphasize the
relationship of the GFE to
the HUD-1 and their costs

These charges cannot increase at settlement:	The total of these charges can increase up to 10% at settlement:	These charges can change at settlement:
<ul style="list-style-type: none"> • Our service charge • Your charge or credit for the specific interest rate chosen (after you lock in your interest rate) • Government recording and transfer charges 	<ul style="list-style-type: none"> • Required services that we select • Title services and lender's title insurance (if we select them or you use providers identified by us) • Required services that you can shop for (if you use providers identified by us) • Optional owner's title insurance (if you use providers identified by us) 	<ul style="list-style-type: none"> • Required services that you can shop for (if you do not use providers identified by us) • Title services and lender's title insurance (if you do not use providers identified by us) • Reserves or escrow • Daily interest rate charges • Homeowner's insurance • Optional owner's title insurance (if you do not use providers identified by us)

• Moved tolerance
information into a table
format to emphasize
three types of charges

Looking at trade-offs

In this GFE, we offered you a particular interest rate and estimated settlement charges. But, you could choose other loans to get a lower interest rate or lower settlement charges.

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

The table below shows how the loan for this GFE compares to two other options. If you decide you want to make one of these trade-offs, you must ask us for a new GFE.

• Moved section
description before table
to introduce the table

	The loan in this GFE	A loan with a lower interest rate	A loan with lower settlement charges
Your loan amount	\$	\$	\$
Your interest rate	%	%	%
How much your monthly payment will be	\$	\$	\$
How much more or less in monthly payments from this GFE	No Change	You will pay \$ less every month	You will pay \$ more every month
How much more or less you will pay at settlement with this interest rate	No Change	Your lower interest rate will raise your settlement charges by \$	Your higher interest rate will lower your settlement charges by \$
How much your total estimated settlement charges will be	\$	\$	\$

If this loan offer is for an adjustable rate loan, the comparisons in the table are for the initial interest rate before any adjustments are made.

- Added a section to help homebuyers understand and identify other annual charges that affect their ability to afford a home

Your financial responsibilities as a homeowner

In addition to your monthly amount owed for principal, interest, and mortgage insurance, you may need to pay other required annual charges to keep your property. We must provide an estimate for annual property taxes along with homeowner's, flood, and other required property protection insurance, but we are not required to provide estimates for the other charges. You may have to identify the other charges and ask for additional estimates from others.

Different sources might use different techniques to estimate these charges, but the actual charges will be the same in the end. Therefore, do not use these estimates to compare settlement charges from different loan originators.

Annual property taxes	
Annual homeowner's insurance	
Annual flood insurance	
Annual homeowners association/condominium fees	
Other	
Total Other Annual Charges	

- Moved from pg. 3 of Revised GFE

Applying for this loan

If you decide you would like to apply for this loan, contact us at [redacted]. You must pay a fee of \$ [redacted]. This fee will be subtracted from your settlement charges.

Getting more information

The type of loan you choose can affect your current and future monthly payments. You can ask us for more information about loan types. You can also look at several government publications: HUD's *Special Information Booklet* on settlement charges, your *Truth-in-Lending Disclosures*, and consumer information publications of the Federal Reserve Board.

Using the shopping chart

Use this chart to compare Good Faith Estimates (GFEs) from different loan originators. Fill in the information by using a different column for each GFE you receive.

By comparing loan offers, you can shop for the best loan.

- Added a section to refer homebuyers to government publications about home buying.

	Loan 1	Loan 2	Loan 3	Loan 4
Loan Originator Name				
Initial Loan Balance				
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				

- Reduced the number of columns from 6 to 4

If your loan is sold in the future

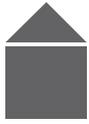
Lenders can receive additional fees by selling your loan at some future date after settlement. Once you have obtained your loan at settlement, however, your loan terms, adjusted origination charges, and total settlement charges cannot change. After settlement, any fees lenders receive in the future cannot change the loan you received or the charges you paid at settlement.

- Moved lender sentence from pg. 2, *Your credit or charge for a specific interest rate chosen* and added more information.

Appendix

Round 6, Test 1, Forms

Revised Good Faith Estimate (GFE)



Good Faith Estimate of Settlement Costs (GFE)

Name of Originator Ocean Financial Borrower Terry Treeless
 Originator Address 300 Water Drive Property Address 100 Land Drive
Anywhere, USA 12345 Anywhere, USA 12345
 Originator Phone Number 888-333-3434 File or Loan Number 555-66-8888

About Your GFE

What is a GFE? This GFE gives you an estimate of your settlement costs and loan terms if you are approved for this loan.

How should you use this GFE to shop for the best loan? You are the only one who can shop for the best loan for you. You should compare this GFE with other loan offers. By comparing loan offers, you can shop for the best loan. Use the table on page 4 to compare all the offers you receive.

The interest rate for this GFE is available until 12 / 03 / 07. After that date, the interest rate, some of your Loan Originator Charges, and the monthly payment shown below can change until you lock your interest rate. This estimate of your charges for all other settlement services is available until 12 / 17 / 07.

Keep this GFE to compare with your actual costs at settlement.

Summary of Your Loan Terms for This Estimate

Your Loan Details

Your initial loan amount is	\$ 100,000.00
Your loan term is	30 years
Your initial interest rate is	6 %
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ 599.55 per month
Your rate lock period is <i>After you lock in your interest rate, you must go to settlement within this number of days to guarantee this interest rate.</i>	60 days

Can your interest rate rise?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes, it can rise to a maximum of %
Can your loan balance rise?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes, it can rise to a maximum of \$
Can your monthly amount owed for principal, interest, and any mortgage insurance rise?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes, it can rise to a maximum of \$
Does your loan have a prepayment penalty?	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes, your maximum prepayment penalty is \$ 2,000.00
Does your loan have a balloon payment?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes, you have a balloon payment of \$ due in years.

The interest rate and monthly payment shown above can change until you lock your interest rate.

Your Settlement Costs

Your Adjusted Origination Charges (see items 1 and 2 on page 2)	2,300.00
Your Charges for All Other Settlement Services (see items 3 through 10 on page 2)	3,700.00
Total Estimated Settlement Charges	\$ 6,000.00

**Understanding
Your Estimated
Settlement
Charges**

Your Charges for Loan Origination

1. Our service charge These charges are for the services we provide when we get and process this loan for you.	4,500.00
2. Your credit or charge for the specific interest rate chosen (points) <input type="checkbox"/> The credit or charge for the interest rate you have chosen is included in "Our service charge." (See item 1 above.) Lenders may also receive an additional payment if they sell your loan after settlement. <input checked="" type="checkbox"/> You receive a credit of \$ 2,200.00 for this interest rate of 6 %. This credit reduces your upfront charges. <input type="checkbox"/> You pay a charge of \$ for this interest rate of % . This payment (discount points) increases your upfront charges. (See the table on page 3 to see how you can change this credit or charge by choosing a different interest rate.)	-2,200.00
A	Your Adjusted Origination Charges \$ 2,300.00

Your Charges for All Other Settlement Services

3. Required services that we select These charges are for services we require to complete your settlement. We will choose the providers of these services. <table style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Service</th> <th style="text-align: right; border-bottom: 1px solid black;">Cost</th> </tr> </thead> <tbody> <tr> <td style="border-right: 1px solid black; padding: 2px 5px;">Appraisal</td> <td style="text-align: right; padding: 2px 5px;">300.00</td> </tr> <tr> <td style="border-right: 1px solid black; padding: 2px 5px;">Credit Report</td> <td style="text-align: right; padding: 2px 5px;">25.00</td> </tr> <tr> <td style="border-right: 1px solid black; padding: 2px 5px;">Tax Service</td> <td style="text-align: right; padding: 2px 5px;">75.00</td> </tr> </tbody> </table>	Service	Cost	Appraisal	300.00	Credit Report	25.00	Tax Service	75.00	400.00
Service	Cost								
Appraisal	300.00								
Credit Report	25.00								
Tax Service	75.00								
4. Title services and lender's title insurance This charge includes the services of a title agent, for example, and title insurance to protect the lender, if required.	900.00								
5. Required services that you can shop for These charges are for other services that are required to complete your settlement. We can refer you to providers of these services or you can shop for them yourself. Our estimates for providing these services are below. <table style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Service</th> <th style="text-align: right; border-bottom: 1px solid black;">Cost</th> </tr> </thead> <tbody> <tr> <td style="border-right: 1px solid black; padding: 2px 5px;">Survey</td> <td style="text-align: right; padding: 2px 5px;">200.00</td> </tr> <tr> <td style="border-right: 1px solid black; padding: 2px 5px;"> </td> <td style="padding: 2px 5px;"> </td> </tr> <tr> <td style="border-right: 1px solid black; padding: 2px 5px;"> </td> <td style="padding: 2px 5px;"> </td> </tr> </tbody> </table>	Service	Cost	Survey	200.00					200.00
Service	Cost								
Survey	200.00								
6. Government recording and transfer charges This charge includes state and local transfer taxes and fees.	600.00								
7. Reserves or escrow This charge is held in an escrow account to pay recurring charges on your property, such as property taxes or insurance.	719.35								
8. Daily interest charges This charge is for the daily interest on your loan from the day of your settlement until the first day of the next month or the first day of your normal mortgage payment cycle. For this loan, this amount is \$ 16.13 per day for 5 days (if your closing date is <u>01 / 27 / 08</u>).	80.65								
9. Homeowner's insurance This charge is for the insurance you must buy to protect the property from a loss, such as fire.	500.00								
10. Optional owner's title insurance This charge is for additional insurance you can choose to buy to protect yourself from title defects.	300.00								
B	Your Charges for All Other Settlement Services \$ 3,700.00								
A + B	Total Estimated Settlement Charges \$ 6,000.00								

Understanding Which Charges Can Change at Settlement

The charges listed on page 2 are all part of the total estimated amount that you will have to pay at settlement. Below we list which charges can change at settlement. Some of the charges can appear in more than one section, depending on who chooses the provider of the service.

These charges cannot increase at settlement:

- Our service charge
- Your charge or credit for the specific interest rate chosen (after you lock in your interest rate)
- Government recording and transfer charges

The sum of these charges cannot increase more than 10% at settlement:

- Required services that we select
- Title services and lender's title insurance (if we select them or you use providers identified by us)
- Required services that you can shop for (if you use providers identified by us)
- Optional owner's title insurance (if you use a provider identified by us)

These charges can change at settlement:

- Title services and lender's title insurance (if you do not use a provider identified by us)
- Required services that you can shop for (if you do not use a provider identified by us)
- Reserves or escrow
- Daily interest rate charges
- Homeowner's insurance
- Optional owner's title insurance (if you do not use a provider identified by us)

Understanding the Trade-off Between the Charges for Your Loan and Your Interest Rate

	The loan in this GFE	A loan with a lower interest rate	A loan with lower settlement costs
Your loan amount	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Your interest rate	6.0 %	5.75 %	6.25 %
How much your monthly payment will be	\$ 599.55	\$ 583.57	\$ 615.00
How much more or less in monthly payments from this GFE	No Change	You will pay \$15.98 less every month	You will pay \$16.17 more every month
How much more or less you will pay at settlement with this interest rate	No Change	Your lower interest rate will raise your settlement costs by \$ 1,000.00	Your higher interest rate will lower your settlement costs by \$ 1,000.00
How much your total estimated settlement charges will be	\$ 6,000.00	\$ 7,000.00	\$ 5,000.00

We have offered you a particular interest rate and estimated settlement costs in this GFE. But, it is important that you see how this loan compares to others that you could choose.

- If you want to choose a loan with a **lower interest rate**, then you will have **higher settlement costs**.
- If you want to choose a loan with **lower settlement costs**, then you will have a **higher interest rate**.

The table above shows how the loan that we've offered you in this GFE compares to these different options. The loan in this GFE is in the first column. In the middle column is a loan with a lower interest rate. In the last column is a loan with lower settlement costs.

If you would like one of these options, you can ask for a new GFE.

If this loan offer is for an adjustable rate mortgage, the comparisons in the table are for the initial interest rate and monthly payment before any adjustments are made.

Proceeding with This Application

If you would like to proceed with this mortgage application, you must pay a fee of \$ 350.00 which will be applied toward your settlement costs.

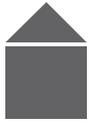
The interest rate and points on this GFE are available until 12/ 03/ 07. After that, they float until you lock. You must lock in the interest rate at least **5** days before settlement.

Mortgage Shopping Chart

Use this chart to compare Good Faith Estimates (GFEs). Fill out the information by using a different column for each GFE.

By comparing offers for similar loan products, you can shop for the best loan.

	Loan 1	Loan 2	Loan 3	Loan 4	Loan 5	Loan 6
Loan Originator Name						
Loan Details	Loan #1	Loan #2	Loan #3	Loan #4	Loan #5	Loan #6
Initial Loan Amount	\$	\$	\$	\$	\$	\$
Loan Term	Years	Years	Years	Years	Years	Years
Initial Interest Rate	%	%	%	%	%	%
Initial Monthly Amount Owed	\$	\$	\$	\$	\$	\$
Rate Lock Period	days	days	days	days	days	days
Can Interest Rate Rise?	No Yes					
Can Loan Balance Rise?	No Yes					
Can Monthly Amount Owed Rise?	No Yes					
Prepayment Penalty?	No Yes					
Balloon Payment?	No Yes					
Total Estimated Settlement Charges ▶						



Good Faith Estimate of Settlement Costs (GFE)

Name of Originator Bay Financial Borrower Terry Treeless
 Originator Address 100 Water Drive Property Address 100 Land Drive
Anywhere, USA 12345 Anywhere, USA 12345
 Originator Phone Number 888-111-1212 File or Loan Number 555-66-8888

About Your GFE

What is a GFE? This GFE gives you an estimate of your settlement costs and loan terms if you are approved for this loan.

How should you use this GFE to shop for the best loan? You are the only one who can shop for the best loan for you. You should compare this GFE with other loan offers. By comparing loan offers, you can shop for the best loan. Use the table on page 4 to compare all the offers you receive.

The interest rate for this GFE is available until 12 / 03 / 07. After that date, the interest rate, some of your Loan Originator Charges, and the monthly payment shown below can change until you lock your interest rate. This estimate of your charges for all other settlement services is available until 12 / 17 / 07.

Keep this GFE to compare with your actual costs at settlement.

Summary of Your Loan Terms for This Estimate

Your Loan Details

Your initial loan amount is	\$ 100,000.00	
Your loan term is	30 years	
Your initial interest rate is	6 %	
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ 599.55	per month
Your rate lock period is <i>After you lock in your interest rate, you must go to settlement within this number of days to guarantee this interest rate.</i>	60 days	

Can your interest rate rise?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes, it can rise to a maximum of %
Can your loan balance rise?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes, it can rise to a maximum of \$
Can your monthly amount owed for principal, interest, and any mortgage insurance rise?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes, it can rise to a maximum of \$
Does your loan have a prepayment penalty?	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes, your maximum prepayment penalty is \$ 2,000.00
Does your loan have a balloon payment?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes, you have a balloon payment of \$ due in years.

The interest rate and monthly payment shown above can change until you lock your interest rate.

Your Settlement Costs

Your Adjusted Origination Charges (see items 1 and 2 on page 2)	2,800.00
Your Charges for All Other Settlement Services (see items 3 through 10 on page 2)	3,700.00
Total Estimated Settlement Charges	\$ 6,500.00

**Understanding
Your Estimated
Settlement
Charges**

Your Charges for Loan Origination

1. Our service charge These charges are for the services we provide when we get and process this loan for you.	4,500.00
2. Your credit or charge for the specific interest rate chosen (points) <input type="checkbox"/> The credit or charge for the interest rate you have chosen is included in "Our service charge." (See item 1 above.) Lenders may also receive an additional payment if they sell your loan after settlement. <input checked="" type="checkbox"/> You receive a credit of \$ 1,700.00 for this interest rate of 6 %. This credit reduces your upfront charges. <input type="checkbox"/> You pay a charge of \$ for this interest rate of % . This payment (discount points) increases your upfront charges. (See the table on page 3 to see how you can change this credit or charge by choosing a different interest rate.)	-1,700.00
A	Your Adjusted Origination Charges \$ 2,800.00

Your Charges for All Other Settlement Services

3. Required services that we select These charges are for services we require to complete your settlement. We will choose the providers of these services. <table style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Service</th> <th style="text-align: right; border-bottom: 1px solid black;">Cost</th> </tr> </thead> <tbody> <tr> <td style="border-right: 1px solid black;">Appraisal</td> <td style="text-align: right;">300.00</td> </tr> <tr> <td style="border-right: 1px solid black;">Credit Report</td> <td style="text-align: right;">25.00</td> </tr> <tr> <td style="border-right: 1px solid black;">Tax Service</td> <td style="text-align: right;">75.00</td> </tr> </tbody> </table>	Service	Cost	Appraisal	300.00	Credit Report	25.00	Tax Service	75.00	400.00
Service	Cost								
Appraisal	300.00								
Credit Report	25.00								
Tax Service	75.00								
4. Title services and lender's title insurance This charge includes the services of a title agent, for example, and title insurance to protect the lender, if required.	900.00								
5. Required services that you can shop for These charges are for other services that are required to complete your settlement. We can refer you to providers of these services or you can shop for them yourself. Our estimates for providing these services are below. <table style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Service</th> <th style="text-align: right; border-bottom: 1px solid black;">Cost</th> </tr> </thead> <tbody> <tr> <td style="border-right: 1px solid black;">Survey</td> <td style="text-align: right;">200.00</td> </tr> <tr> <td style="border-right: 1px solid black;"> </td> <td> </td> </tr> <tr> <td style="border-right: 1px solid black;"> </td> <td> </td> </tr> </tbody> </table>	Service	Cost	Survey	200.00					200.00
Service	Cost								
Survey	200.00								
6. Government recording and transfer charges This charge includes state and local transfer taxes and fees.	600.00								
7. Reserves or escrow This charge is held in an escrow account to pay recurring charges on your property, such as property taxes or insurance.	719.35								
8. Daily interest charges This charge is for the daily interest on your loan from the day of your settlement until the first day of the next month or the first day of your normal mortgage payment cycle. For this loan, this amount is \$ 16.13 per day for 5 days (if your closing date is <u>01</u> / <u>27</u> / <u>08</u>).	80.65								
9. Homeowner's insurance This charge is for the insurance you must buy to protect the property from a loss, such as fire.	500.00								
10. Optional owner's title insurance This charge is for additional insurance you can choose to buy to protect yourself from title defects.	300.00								
B	Your Charges for All Other Settlement Services \$ 3,700.00								
A + B	Total Estimated Settlement Charges \$ 6,500.00								

Understanding Which Charges Can Change at Settlement

The charges listed on page 2 are all part of the total estimated amount that you will have to pay at settlement. Below we list which charges can change at settlement. Some of the charges can appear in more than one section, depending on who chooses the provider of the service.

These charges cannot increase at settlement:

- Our service charge
- Your charge or credit for the specific interest rate chosen (after you lock in your interest rate)
- Government recording and transfer charges

The sum of these charges cannot increase more than 10% at settlement:

- Required services that we select
- Title services and lender's title insurance (if we select them or you use providers identified by us)
- Required services that you can shop for (if you use providers identified by us)
- Optional owner's title insurance (if you use a provider identified by us)

These charges can change at settlement:

- Title services and lender's title insurance (if you do not use a provider identified by us)
- Required services that you can shop for (if you do not use a provider identified by us)
- Reserves or escrow
- Daily interest rate charges
- Homeowner's insurance
- Optional owner's title insurance (if you do not use a provider identified by us)

Understanding the Trade-off Between the Charges for Your Loan and Your Interest Rate

	The loan in this GFE	A loan with a lower interest rate	A loan with lower settlement costs
Your loan amount	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Your interest rate	6.0 %	5.75 %	6.25 %
How much your monthly payment will be	\$ 599.55	\$ 583.57	\$ 615.00
How much more or less in monthly payments from this GFE	No Change	You will pay \$15.98 less every month	You will pay \$16.17 more every month
How much more or less you will pay at settlement with this interest rate	No Change	Your lower interest rate will raise your settlement costs by \$1,000.00	Your higher interest rate will lower your settlement costs by \$1,000.00
How much your total estimated settlement charges will be	\$ 6,500.00	\$7,500.00	\$ 5,500.00

We have offered you a particular interest rate and estimated settlement costs in this GFE. But, it is important that you see how this loan compares to others that you could choose.

- If you want to choose a loan with a **lower interest rate**, then you will have **higher settlement costs**.
- If you want to choose a loan with **lower settlement costs**, then you will have a **higher interest rate**.

The table above shows how the loan that we've offered you in this GFE compares to these different options. The loan in this GFE is in the first column. In the middle column is a loan with a lower interest rate. In the last column is a loan with lower settlement costs.

If you would like one of these options, you can ask for a new GFE.

If this loan offer is for an adjustable rate mortgage, the comparisons in the table are for the initial interest rate and monthly payment before any adjustments are made.

Proceeding with This Application

If you would like to proceed with this mortgage application, you must pay a fee of \$ 350.00 which will be applied toward your settlement costs.

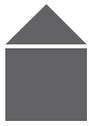
The interest rate and points on this GFE are available until 12/ 03/ 07. After that, they float until you lock. You must lock in the interest rate at least **5** days before settlement.

Mortgage Shopping Chart

Use this chart to compare Good Faith Estimates (GFEs). Fill out the information by using a different column for each GFE.

By comparing offers for similar loan products, you can shop for the best loan.

	Loan 1	Loan 2	Loan 3	Loan 4	Loan 5	Loan 6
Loan Originator Name						
Loan Details	Loan #1	Loan #2	Loan #3	Loan #4	Loan #5	Loan #6
Initial Loan Amount	\$	\$	\$	\$	\$	\$
Loan Term	Years	Years	Years	Years	Years	Years
Initial Interest Rate	%	%	%	%	%	%
Initial Monthly Amount Owed	\$	\$	\$	\$	\$	\$
Rate Lock Period	days	days	days	days	days	days
Can Interest Rate Rise?	No Yes					
Can Loan Balance Rise?	No Yes					
Can Monthly Amount Owed Rise?	No Yes					
Prepayment Penalty?	No Yes					
Balloon Payment?	No Yes					
Total Estimated Settlement Charges ▶						



Good Faith Estimate of Settlement Costs (GFE)

Name of Originator Lake Financial Borrower Terry Treeless
 Originator Address 200 Water Drive Property Address 100 Land Drive
Anywhere, USA 12345 Anywhere, USA 12345
 Originator Phone Number 888-222-2323 File or Loan Number 555-66-8888

About Your GFE

What is a GFE? This GFE gives you an estimate of your settlement costs and loan terms if you are approved for this loan.

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Keep this GFE to compare with your actual costs at settlement.

Summary of Your Loan Terms for This Estimate

Your Loan Details

Your initial loan amount is	\$ 100,000.00
Your loan term is	30 years
Your initial interest rate is	6 %
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ 599.55 per month
Your rate lock period is <i>After you lock in your interest rate, you must go to settlement within this number of days to guarantee this interest rate.</i>	60 days

Can your interest rate rise?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes, it can rise to a maximum of %
Can your loan balance rise?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes, it can rise to a maximum of \$
Can your monthly amount owed for principal, interest, and any mortgage insurance rise?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes, it can rise to a maximum of \$
Does your loan have a prepayment penalty?	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes, your maximum prepayment penalty is \$ 2,000.00
Does your loan have a balloon payment?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes, you have a balloon payment of \$ due in years.

The interest rate and monthly payment shown above can change until you lock your interest rate.

Your Settlement Costs

Your Adjusted Origination Charges (see items 1 and 2 on page 2)	2,800.00
Your Charges for All Other Settlement Services (see items 3 through 10 on page 2)	3,700.00
Total Estimated Settlement Charges	\$ 6,500.00

**Understanding
Your Estimated
Settlement
Charges**

Your Charges for Loan Origination

1. Our service charge These charges are for the services we provide when we get and process this loan for you.	2,800.00
2. Your credit or charge for the specific interest rate chosen (points) <input checked="" type="checkbox"/> The credit or charge for the interest rate you have chosen is included in "Our service charge." (See item 1 above.) Lenders may also receive an additional payment if they sell your loan after settlement. <input type="checkbox"/> You receive a credit of \$ _____ for this interest rate of ____%. This credit reduces your upfront charges. <input type="checkbox"/> You pay a charge of \$ _____ for this interest rate of ____%. This payment (discount points) increases your upfront charges. <i>(See the table on page 3 to see how you can change this credit or charge by choosing a different interest rate.)</i>	
A	Your Adjusted Origination Charges \$ 2,800.00

Your Charges for All Other Settlement Services

3. Required services that we select These charges are for services we require to complete your settlement. We will choose the providers of these services. <table style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Service</th> <th style="text-align: right; border-bottom: 1px solid black;">Cost</th> </tr> </thead> <tbody> <tr> <td style="border-bottom: 1px solid black;">Appraisal</td> <td style="text-align: right; border-bottom: 1px solid black;">300.00</td> </tr> <tr> <td style="border-bottom: 1px solid black;">Credit Report</td> <td style="text-align: right; border-bottom: 1px solid black;">25.00</td> </tr> <tr> <td style="border-bottom: 1px solid black;">Tax Service</td> <td style="text-align: right; border-bottom: 1px solid black;">75.00</td> </tr> </tbody> </table>	Service	Cost	Appraisal	300.00	Credit Report	25.00	Tax Service	75.00	400.00
Service	Cost								
Appraisal	300.00								
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Tax Service	75.00								
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Service	Cost								
Survey	200.00								
6. Government recording and transfer charges This charge includes state and local transfer taxes and fees.	600.00								
7. Reserves or escrow This charge is held in an escrow account to pay recurring charges on your property, such as property taxes or insurance.	719.35								
8. Daily interest charges This charge is for the daily interest on your loan from the day of your settlement until the first day of the next month or the first day of your normal mortgage payment cycle. For this loan, this amount is \$16.13 per day for 5 days (if your closing date is <u>01</u> / <u>27</u> / <u>08</u>).	80.65								
9. Homeowner's insurance This charge is for the insurance you must buy to protect the property from a loss, such as fire.	500.00								
10. Optional owner's title insurance This charge is for additional insurance you can choose to buy to protect yourself from title defects.	300.00								
B	Your Charges for All Other Settlement Services \$ 3,700.00								
A + B	Total Estimated Settlement Charges \$ 6,500.00								

Understanding Which Charges Can Change at Settlement

The charges listed on page 2 are all part of the total estimated amount that you will have to pay at settlement. Below we list which charges can change at settlement. Some of the charges can appear in more than one section, depending on who chooses the provider of the service.

These charges cannot increase at settlement:

- Our service charge
- Your charge or credit for the specific interest rate chosen (after you lock in your interest rate)
- Government recording and transfer charges

The sum of these charges cannot increase more than 10% at settlement:

- Required services that we select
- Title services and lender's title insurance (if we select them or you use providers identified by us)
- Required services that you can shop for (if you use providers identified by us)
- Optional owner's title insurance (if you use a provider identified by us)

These charges can change at settlement:

- Title services and lender's title insurance (if you do not use a provider identified by us)
- Required services that you can shop for (if you do not use a provider identified by us)
- Reserves or escrow
- Daily interest rate charges
- Homeowner's insurance
- Optional owner's title insurance (if you do not use a provider identified by us)

Understanding the Trade-off Between the Charges for Your Loan and Your Interest Rate

	The loan in this GFE	A loan with a lower interest rate	A loan with lower settlement costs
Your loan amount	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Your interest rate	6.0 %	5.75 %	6.25 %
How much your monthly payment will be	\$ 599.55	\$ 583.57	\$ 615.00
How much more or less in monthly payments from this GFE	No Change	You will pay \$15.98 less every month	You will pay \$16.17 more every month
How much more or less you will pay at settlement with this interest rate	No Change	Your lower interest rate will raise your settlement costs by \$ 1,000.00	Your higher interest rate will lower your settlement costs by \$ 1,000.00
How much your total estimated settlement charges will be	\$ 6,500.00	\$ 7,500.00	\$ 5,500.00

We have offered you a particular interest rate and estimated settlement costs in this GFE. But, it is important that you see how this loan compares to others that you could choose.

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Proceeding with This Application

If you would like to proceed with this mortgage application, you must pay a fee of \$ 350.00 which will be applied toward your settlement costs.

The interest rate and points on this GFE are available until 12/ 03/ 07. After that, they float until you lock. You must lock in the interest rate at least **5** days before settlement.

Mortgage Shopping Chart

Use this chart to compare Good Faith Estimates (GFEs). Fill out the information by using a different column for each GFE.

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	Loan 1	Loan 2	Loan 3	Loan 4	Loan 5	Loan 6
Loan Originator Name						
Loan Details	Loan #1	Loan #2	Loan #3	Loan #4	Loan #5	Loan #6
Initial Loan Amount	\$	\$	\$	\$	\$	\$
Loan Term	Years	Years	Years	Years	Years	Years
Initial Interest Rate	%	%	%	%	%	%
Initial Monthly Amount Owed	\$	\$	\$	\$	\$	\$
Rate Lock Period	days	days	days	days	days	days
Can Interest Rate Rise?	No Yes					
Can Loan Balance Rise?	No Yes					
Can Monthly Amount Owed Rise?	No Yes					
Prepayment Penalty?	No Yes					
Balloon Payment?	No Yes					
Total Estimated Settlement Charges ▶						



Good Faith Estimate of Settlement Costs (GFE)

Name of Originator Pond Financial Borrower Terry Treeless
 Originator Address 400 Water Drive Property Address 100 Land Drive
Anywhere, USA 12345 Anywhere, USA 12345
 Originator Phone Number 888-444-4545 File or Loan Number 555-66-8888

About Your GFE

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Keep this GFE to compare with your actual costs at settlement.

Summary of Your Loan Terms for This Estimate

Your Loan Details

Your initial loan amount is	\$ 100,000.00
Your loan term is	30 years
Your initial interest rate is	6 %
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ 599.55 per month
Your rate lock period is <i>After you lock in your interest rate, you must go to settlement within this number of days to guarantee this interest rate.</i>	60 days

Can your interest rate rise?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes, it can rise to a maximum of %
Can your loan balance rise?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes, it can rise to a maximum of \$
Can your monthly amount owed for principal, interest, and any mortgage insurance rise?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes, it can rise to a maximum of \$
Does your loan have a prepayment penalty?	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes, your maximum prepayment penalty is \$ 2,000.00
Does your loan have a balloon payment?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes, you have a balloon payment of \$ due in years.

The interest rate and monthly payment shown above can change until you lock your interest rate.

Your Settlement Costs

Your Adjusted Origination Charges (see items 1 and 2 on page 2)	2,300.00
Your Charges for All Other Settlement Services (see items 3 through 10 on page 2)	3,700.00
Total Estimated Settlement Charges	\$ 6,000.00

**Understanding
Your Estimated
Settlement
Charges**

Your Charges for Loan Origination

1. Our service charge These charges are for the services we provide when we get and process this loan for you.	2,300.00
2. Your credit or charge for the specific interest rate chosen (points) <input checked="" type="checkbox"/> The credit or charge for the interest rate you have chosen is included in "Our service charge." (See item 1 above.) Lenders may also receive an additional payment if they sell your loan after settlement. <input type="checkbox"/> You receive a credit of \$ _____ for this interest rate of ____%. This credit reduces your upfront charges. <input type="checkbox"/> You pay a charge of \$ _____ for this interest rate of ____%. This payment (discount points) increases your upfront charges. <i>(See the table on page 3 to see how you can change this credit or charge by choosing a different interest rate.)</i>	
A	Your Adjusted Origination Charges \$ 2,300.00

Your Charges for All Other Settlement Services

3. Required services that we select These charges are for services we require to complete your settlement. We will choose the providers of these services. <table style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Service</th> <th style="text-align: right; border-bottom: 1px solid black;">Cost</th> </tr> </thead> <tbody> <tr> <td style="border-right: 1px solid black;">Appraisal</td> <td style="text-align: right;">300.00</td> </tr> <tr> <td style="border-right: 1px solid black;">Credit Report</td> <td style="text-align: right;">25.00</td> </tr> <tr> <td style="border-right: 1px solid black;">Tax Service</td> <td style="text-align: right;">75.00</td> </tr> </tbody> </table>	Service	Cost	Appraisal	300.00	Credit Report	25.00	Tax Service	75.00	400.00
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B	Your Charges for All Other Settlement Services \$ 3,700.00								
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The charges listed on page 2 are all part of the total estimated amount that you will have to pay at settlement. Below we list which charges can change at settlement. Some of the charges can appear in more than one section, depending on who chooses the provider of the service.

These charges **cannot increase** at settlement:

- Our service charge
- Your charge or credit for the specific interest rate chosen (after you lock in your interest rate)
- Government recording and transfer charges

The sum of these charges **cannot increase more than 10%** at settlement:

- Required services that we select
- Title services and lender's title insurance (if we select them or you use providers identified by us)
- Required services that you can shop for (if you use providers identified by us)
- Optional owner's title insurance (if you use a provider identified by us)

These charges **can change** at settlement:

- Title services and lender's title insurance (if you do not use a provider identified by us)
- Required services that you can shop for (if you do not use a provider identified by us)
- Reserves or escrow
- Daily interest rate charges
- Homeowner's insurance
- Optional owner's title insurance (if you do not use a provider identified by us)

Understanding the Trade-off Between the Charges for Your Loan and Your Interest Rate

	The loan in this GFE	A loan with a lower interest rate	A loan with lower settlement costs
Your loan amount	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Your interest rate	6.0 %	5.75 %	6.25 %
How much your monthly payment will be	\$ 599.55	\$ 583.57	\$ 615
How much more or less in monthly payments from this GFE	No Change	You will pay \$15.98 less every month	You will pay \$16.17 more every month
How much more or less you will pay at settlement with this interest rate	No Change	Your lower interest rate will raise your settlement costs by \$ 1,000.00	Your higher interest rate will lower your settlement costs by \$ 1,000.00
How much your total estimated settlement charges will be	\$ 6,000.00	\$ 7,000.00	\$ 5,000.00

We have offered you a particular interest rate and estimated settlement costs in this GFE. But, it is important that you see how this loan compares to others that you could choose.

- If you want to choose a loan with a **lower interest rate**, then you will have **higher settlement costs**.
- If you want to choose a loan with **lower settlement costs**, then you will have a **higher interest rate**.

The table above shows how the loan that we've offered you in this GFE compares to these different options. The loan in this GFE is in the first column. In the middle column is a loan with a lower interest rate. In the last column is a loan with lower settlement costs.

If you would like one of these options, you can ask for a new GFE.

If this loan offer is for an adjustable rate mortgage, the comparisons in the table are for the initial interest rate and monthly payment before any adjustments are made.

Proceeding with This Application

If you would like to proceed with this mortgage application, you must pay a fee of \$ 350.00 which will be applied toward your settlement costs.

The interest rate and points on this GFE are available until 12 / 03 / 07. After that, they float until you lock. You must lock in the interest rate at least **5** days before settlement.

Mortgage Shopping Chart

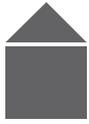
Use this chart to compare Good Faith Estimates (GFEs). Fill out the information by using a different column for each GFE.

By comparing offers for similar loan products, you can shop for the best loan.

	Loan 1	Loan 2	Loan 3	Loan 4	Loan 5	Loan 6
Loan Originator Name						
Loan Details	Loan #1	Loan #2	Loan #3	Loan #4	Loan #5	Loan #6
Initial Loan Amount	\$	\$	\$	\$	\$	\$
Loan Term	Years	Years	Years	Years	Years	Years
Initial Interest Rate	%	%	%	%	%	%
Initial Monthly Amount Owed	\$	\$	\$	\$	\$	\$
Rate Lock Period	days	days	days	days	days	days
Can Interest Rate Rise?	No Yes					
Can Loan Balance Rise?	No Yes					
Can Monthly Amount Owed Rise?	No Yes					
Prepayment Penalty?	No Yes					
Balloon Payment?	No Yes					
Total Estimated Settlement Charges ▶						

Round 6, Test 1, Forms

Alternate Good Faith Estimate (GFE)



Good Faith Estimate of Settlement Costs (GFE)

Name of Originator River Financial Borrower Terry Treeless
 Originator Address 300 Water Drive Property Address 100 Land Drive
Anywhere, USA 12345 Anywhere, USA 12345
 Originator Phone Number 888-333-3434 File or Loan Number 555-66-8888

How to Use This GFE

This is a Good Faith Estimate of mortgage loan settlement charges and loan terms if you are approved for this mortgage loan from us. This estimate is based on information you provided to us. If you decide to use us for this mortgage loan, we may require additional information to determine if you qualify for this loan.

You are the only one who can shop for the best loan for you. You should compare this GFE with other loan offers. At closing, you should compare your GFE with the *HUD-1 Settlement Statement*.

The interest rate for this GFE is available until 12/03/07. After that date, the interest rate, some of your Loan Originator Charges, and the monthly payment shown below can change until you lock your interest rate. This estimate of your charges for all other settlement services is available until 12/17/07.

Comparisons among loans of different types can be complicated. The type of loan you choose can significantly affect your current and future monthly payments. For more information about loan types, ask your loan originator, and see HUD's *Special Information Booklet* on settlement costs, your *Truth-in-Lending Disclosures*, and consumer information publications of the Federal Reserve Board.

Summary of Terms for This Estimate

Your Loan Amount: Your loan term:
 Type of Loan:

Your interest rate is:	<input checked="" type="checkbox"/> Fixed at <u>6</u> % <input type="checkbox"/> _____ % initially, then it will adjust
Monthly mortgage insurance, if any:	\$ 0.00
Your initial monthly amount owed for principal and interest: <i>Your actual monthly payment may also include taxes and insurance.</i>	\$ 599.55
Can your monthly amount owed for principal and interest increase? <i>If yes, this amount owed may first change in _____ months, and your maximum amount owed could be \$ _____.</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Can your loan balance rise? <i>If yes, it can rise to a maximum of \$ _____.</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does your loan have a prepayment penalty? <i>If yes, your maximum prepayment penalty is \$ <u>2,000.00</u> _____.</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does your loan have a balloon payment? <i>If yes, you have a balloon payment of \$ _____ due in _____ years.</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
After you lock your interest rate, you must go to settlement within <u>60</u> days or the lock on your interest rate will expire and your interest rate may change.	

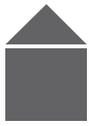
Your Settlement Costs

Total Adjusted Origination Charges (see Section A on page 2)	2,300.00
Total for Third Party Charges and Other Charges (see Sections B and C on page 2)	3,700.00
Total Estimated Settlement Charges <i>(same as line 1400 on page 2)</i>	\$ 6,000.00

**Mortgage Loan
Settlement
Charges to
Be Paid**

Compare these costs to Section L (Lines 800–1400) on the HUD-1 Settlement Statement.

Section A. Loan Originator Charges	
<p><i>Note: Total Loan Origination Charges listed in A-1 below should not vary at closing. Because any Discount Points and Yield Spread Premium amounts are based on your interest rate, they will vary until you lock your rate. "Discount Points" (A-2) are paid by you to reduce the interest rate on your loan and are added to the Loan Originator's Charges to calculate your upfront charges. The "Yield Spread Premium" (A-3) is based on the interest rate for your loan, and is paid directly to the mortgage broker by the lender, and reduces your upfront charges at settlement. Lenders may also receive an additional payment if they sell your loan after settlement.</i></p> <ul style="list-style-type: none"> ■ If you want to choose a loan with a lower interest rate, then you will have higher settlement costs. ■ If you want to choose a loan with lower settlement costs, then you will have a higher interest rate. 	
800. Adjusted Loan Origination Calculation	
A-1 Total Loan Origination Charges for loan processing	4,500.00
A-2 Discount Points paid to reduce your interest rate	
A-3 Yield Spread Premium paid to reduce your upfront charges at settlement	-2,200.00
Total for Section A. Adjusted Loan Origination Charges:	2,300.00
Section B. Third Party Charges	
<p><i>Note: At closing, the Total Third Party Charges listed in Section B should not vary by more than 10% if you used the service providers required by or recommended by the loan originator.</i></p>	
900. Credit Report, Appraisal, and Inspection Charges for credit reports, appraisals, pest inspections, lender inspections, and other charges required by the lender	600.00
950. Mortgage Insurance Charges to be paid in advance	
1000. Title Charges for Lender's Title Insurance , title related services and closing services (Note: If you are refinancing, you may be entitled to a reduced title insurance premium.)	900.00
1050. Optional Owner's Title Insurance for this transaction	300.00
Total for Section B. Third Party Charges:	1,800.00
Section C. Other Charges	
<p><i>Note: Charges listed in Section C may vary at closing, except for charges listed on line 1200.</i></p>	
1100. Flood Insurance Charges to be paid in advance	
1150. Homeowner's Insurance Charges to be paid in advance	500.00
1200. Government Recording and Transfer Charges for this transaction (These charges may not vary at closing.)	600.00
1250. Daily Interest Charges for this transaction	80.65
1300. Escrow Charges/Reserves to establish an escrow account for taxes, insurance premiums, and other charges	719.35
Total for Section C. Other Charges:	1,900.00
1400. Total Estimated Settlement Charges (Sections A, B, and C)	6,000.00



Good Faith Estimate of Settlement Costs (GFE)

Name of Originator Canal Financial Borrower Terry Treeless
 Originator Address 100 Water Drive Property Address 100 Land Drive
Anywhere, USA 12345 Anywhere, USA 12345
 Originator Phone Number 888-111-1212 File or Loan Number 555-66-8888

How to Use This GFE

This is a Good Faith Estimate of mortgage loan settlement charges and loan terms if you are approved for this mortgage loan from us. This estimate is based on information you provided to us. If you decide to use us for this mortgage loan, we may require additional information to determine if you qualify for this loan.

You are the only one who can shop for the best loan for you. You should compare this GFE with other loan offers. At closing, you should compare your GFE with the *HUD-1 Settlement Statement*.

The interest rate for this GFE is available until 12/03/07. After that date, the interest rate, some of your Loan Originator Charges, and the monthly payment shown below can change until you lock your interest rate. This estimate of your charges for all other settlement services is available until 12/17/07.

Comparisons among loans of different types can be complicated. The type of loan you choose can significantly affect your current and future monthly payments. For more information about loan types, ask your loan originator, and see HUD's *Special Information Booklet* on settlement costs, your *Truth-in-Lending Disclosures*, and consumer information publications of the Federal Reserve Board.

Summary of Terms for This Estimate

Your Loan Amount: Your loan term:
 Type of Loan:

Your interest rate is:	<input checked="" type="checkbox"/> Fixed at <u>6</u> % <input type="checkbox"/> _____ % initially, then it will adjust
Monthly mortgage insurance, if any:	\$ 0.00
Your initial monthly amount owed for principal and interest: <i>Your actual monthly payment may also include taxes and insurance.</i>	\$ 599.55
Can your monthly amount owed for principal and interest increase? <i>If yes, this amount owed may first change in _____ months, and your maximum amount owed could be \$ _____.</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Can your loan balancerise? <i>If yes, it can rise to a maximum of \$ _____.</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does your loan have a prepayment penalty? <i>If yes, your maximum prepayment penalty is \$ <u>2,000.00</u>.</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does your loan have a balloon payment? <i>If yes, you have a balloon payment of \$ _____ due in _____ years.</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
After you lock your interest rate, you must go to settlement within <u>60</u> days or the lock on your interest rate will expire and your interest rate may change.	

Your Settlement Costs

Total Adjusted Origination Charges (see Section A on page 2)	2,800.00
Total for Third Party Charges and Other Charges (see Sections B and C on page 2)	3,700.00
Total Estimated Settlement Charges <i>(same as line 1400 on page 2)</i>	\$ 6,500.00

**Mortgage Loan
Settlement
Charges to
Be Paid**

Compare these costs to Section L (Lines 800–1400) on the HUD-1 Settlement Statement.

<p>Section A. Loan Originator Charges <i>Note: Total Loan Origination Charges listed in A-1 below should not vary at closing. Because any Discount Points and Yield Spread Premium amounts are based on your interest rate, they will vary until you lock your rate. "Discount Points" (A-2) are paid by you to reduce the interest rate on your loan and are added to the Loan Originator's Charges to calculate your upfront charges. The "Yield Spread Premium" (A-3) is based on the interest rate for your loan, and is paid directly to the mortgage broker by the lender, and reduces your upfront charges at settlement. Lenders may also receive an additional payment if they sell your loan after settlement.</i></p> <ul style="list-style-type: none"> ■ If you want to choose a loan with a lower interest rate, then you will have higher settlement costs. ■ If you want to choose a loan with lower settlement costs, then you will have a higher interest rate. 	
800. Adjusted Loan Origination Calculation	
A-1 Total Loan Origination Charges for loan processing	4,500.00
A-2 Discount Points paid to reduce your interest rate	
A-3 Yield Spread Premium paid to reduce your upfront charges at settlement	-1,700.00
Total for Section A. Adjusted Loan Origination Charges:	2,800.00
<p>Section B. Third Party Charges <i>Note: At closing, the Total Third Party Charges listed in Section B should not vary by more than 10% if you used the service providers required by or recommended by the loan originator.</i></p>	
900. Credit Report, Appraisal, and Inspection Charges for credit reports, appraisals, pest inspections, lender inspections, and other charges required by the lender	600.00
950. Mortgage Insurance Charges to be paid in advance	
1000. Title Charges for Lender's Title Insurance , title related services and closing services (Note: If you are refinancing, you may be entitled to a reduced title insurance premium.)	900.00
1050. Optional Owner's Title Insurance for this transaction	300.00
Total for Section B. Third Party Charges:	1,800.00
<p>Section C. Other Charges <i>Note: Charges listed in Section C may vary at closing, except for charges listed on line 1200.</i></p>	
1100. Flood Insurance Charges to be paid in advance	
1150. Homeowner's Insurance Charges to be paid in advance	500.00
1200. Government Recording and Transfer Charges for this transaction (These charges may not vary at closing.)	600.00
1250. Daily Interest Charges for this transaction	80.65
1300. Escrow Charges/Reserves to establish an escrow account for taxes, insurance premiums, and other charges	719.35
Total for Section C. Other Charges:	1,900.00
1400. Total Estimated Settlement Charges (Sections A, B, and C)	6,500.00



Good Faith Estimate of Settlement Costs (GFE)

Name of Originator Creek Financial Borrower Terry Treeless
 Originator Address 200 Water Drive Property Address 100 Land Drive
Anywhere, USA 12345 Anywhere, USA 12345
 Originator Phone Number 888-222-2323 File or Loan Number 555-66-8888

How to Use This GFE

This is a Good Faith Estimate of mortgage loan settlement charges and loan terms if you are approved for this mortgage loan from us. This estimate is based on information you provided to us. If you decide to use us for this mortgage loan, we may require additional information to determine if you qualify for this loan.

You are the only one who can shop for the best loan for you. You should compare this GFE with other loan offers. At closing, you should compare your GFE with the *HUD-1 Settlement Statement*.

The interest rate for this GFE is available until 12/03/07. After that date, the interest rate, some of your Loan Originator Charges, and the monthly payment shown below can change until you lock your interest rate. This estimate of your charges for all other settlement services is available until 12/17/07.

Comparisons among loans of different types can be complicated. The type of loan you choose can significantly affect your current and future monthly payments. For more information about loan types, ask your loan originator, and see HUD's *Special Information Booklet* on settlement costs, your *Truth-in-Lending Disclosures*, and consumer information publications of the Federal Reserve Board.

Summary of Terms for This Estimate

Your Loan Amount: Your loan term:
 Type of Loan:

Your interest rate is:	<input checked="" type="checkbox"/> Fixed at <u>6</u> % <input type="checkbox"/> _____ % initially, then it will adjust
Monthly mortgage insurance, if any:	\$ 0.00
Your initial monthly amount owed for principal and interest: <i>Your actual monthly payment may also include taxes and insurance.</i>	\$ 599.55
Can your monthly amount owed for principal and interest increase? <i>If yes, this amount owed may first change in _____ months, and your maximum amount owed could be \$_____.</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Can your loan balance rise? <i>If yes, it can rise to a maximum of \$_____.</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does your loan have a prepayment penalty? <i>If yes, your maximum prepayment penalty is \$ <u>2,000.00</u>.</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does your loan have a balloon payment? <i>If yes, you have a balloon payment of \$_____ due in _____ years.</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
After you lock your interest rate, you must go to settlement within <u>60</u> days or the lock on your interest rate will expire and your interest rate may change.	

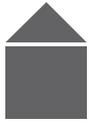
Your Settlement Costs

Total Adjusted Origination Charges (see Section A on page 2)	2,800.00
Total for Third Party Charges and Other Charges (see Sections B and C on page 2)	3,700.00
Total Estimated Settlement Charges <i>(same as line 1400 on page 2)</i>	\$ 6,500.00

**Mortgage Loan
Settlement
Charges to
Be Paid**

Compare these costs to Section L (Lines 800–1400) on the HUD-1 Settlement Statement.

<p>Section A. Loan Originator Charges <i>Note: Total Loan Origination Charges listed in A-1 below should not vary at closing. Because any Discount Points and Yield Spread Premium amounts are based on your interest rate, they will vary until you lock your rate. "Discount Points" (A-2) are paid by you to reduce the interest rate on your loan and are added to the Loan Originator's Charges to calculate your upfront charges. The "Yield Spread Premium" (A-3) is based on the interest rate for your loan, and is paid directly to the mortgage broker by the lender, and reduces your upfront charges at settlement. Lenders may also receive an additional payment if they sell your loan after settlement.</i></p> <ul style="list-style-type: none"> ■ If you want to choose a loan with a lower interest rate, then you will have higher settlement costs. ■ If you want to choose a loan with lower settlement costs, then you will have a higher interest rate. 	
800. Adjusted Loan Origination Calculation	
A-1 Total Loan Origination Charges for loan processing	2,800.00
A-2 Discount Points paid to reduce your interest rate	
A-3 Yield Spread Premium paid to reduce your upfront charges at settlement	
Total for Section A. Adjusted Loan Origination Charges:	2,800.00
<p>Section B. Third Party Charges <i>Note: At closing, the Total Third Party Charges listed in Section B should not vary by more than 10% if you used the service providers required by or recommended by the loan originator.</i></p>	
900. Credit Report, Appraisal, and Inspection Charges for credit reports, appraisals, pest inspections, lender inspections, and other charges required by the lender	600.00
950. Mortgage Insurance Charges to be paid in advance	
1000. Title Charges for Lender's Title Insurance , title related services and closing services (Note: If you are refinancing, you may be entitled to a reduced title insurance premium.)	900.00
1050. Optional Owner's Title Insurance for this transaction	300.00
Total for Section B. Third Party Charges:	1,800.00
<p>Section C. Other Charges <i>Note: Charges listed in Section C may vary at closing, except for charges listed on line 1200.</i></p>	
1100. Flood Insurance Charges to be paid in advance	
1150. Homeowner's Insurance Charges to be paid in advance	500.00
1200. Government Recording and Transfer Charges for this transaction (These charges may not vary at closing.)	600.00
1250. Daily Interest Charges for this transaction	80.65
1300. Escrow Charges/Reserves to establish an escrow account for taxes, insurance premiums, and other charges	719.35
Total for Section C. Other Charges:	1,900.00
1400. Total Estimated Settlement Charges (Sections A, B, and C)	6,500.00



Good Faith Estimate of Settlement Costs (GFE)

Name of Originator Stream Financial Borrower Terry Treeless
 Originator Address 400 Water Drive Property Address 100 Land Drive
Anywhere, USA 12345 Anywhere, USA 12345
 Originator Phone Number 888-444-4545 File or Loan Number 555-66-8888

How to Use This GFE

This is a Good Faith Estimate of mortgage loan settlement charges and loan terms if you are approved for this mortgage loan from us. This estimate is based on information you provided to us. If you decide to use us for this mortgage loan, we may require additional information to determine if you qualify for this loan.

You are the only one who can shop for the best loan for you. You should compare this GFE with other loan offers. At closing, you should compare your GFE with the *HUD-1 Settlement Statement*.

The interest rate for this GFE is available until 12/03/07. After that date, the interest rate, some of your Loan Originator Charges, and the monthly payment shown below can change until you lock your interest rate. This estimate of your charges for all other settlement services is available until 12/17/07.

Comparisons among loans of different types can be complicated. The type of loan you choose can significantly affect your current and future monthly payments. For more information about loan types, ask your loan originator, and see HUD's *Special Information Booklet* on settlement costs, your *Truth-in-Lending Disclosures*, and consumer information publications of the Federal Reserve Board.

Summary of Terms for This Estimate

Your Loan Amount: Your loan term:
 Type of Loan:

Your interest rate is:	<input checked="" type="checkbox"/> Fixed at <u>6</u> % <input type="checkbox"/> _____ % initially, then it will adjust
Monthly mortgage insurance, if any:	\$ 0.00
Your initial monthly amount owed for principal and interest: <i>Your actual monthly payment may also include taxes and insurance.</i>	\$ 599.55
Can your monthly amount owed for principal and interest increase? <i>If yes, this amount owed may first change in _____ months, and your maximum amount owed could be \$_____.</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Can your loan balance rise? <i>If yes, it can rise to a maximum of \$_____.</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does your loan have a prepayment penalty? <i>If yes, your maximum prepayment penalty is \$ <u>2,000.00</u>.</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does your loan have a balloon payment? <i>If yes, you have a balloon payment of \$_____ due in _____ years.</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
After you lock your interest rate, you must go to settlement within <u>60</u> days or the lock on your interest rate will expire and your interest rate may change.	

Your Settlement Costs

Total Adjusted Origination Charges (see Section A on page 2)	2,300.00
Total for Third Party Charges and Other Charges (see Sections B and C on page 2)	3,700.00
Total Estimated Settlement Charges <i>(same as line 1400 on page 2)</i>	\$ 6,000.00

**Mortgage Loan
Settlement
Charges to
Be Paid**

Compare these costs to Section L (Lines 800–1400) on the HUD-1 Settlement Statement.

<p>Section A. Loan Originator Charges <i>Note: Total Loan Origination Charges listed in A-1 below should not vary at closing. Because any Discount Points and Yield Spread Premium amounts are based on your interest rate, they will vary until you lock your rate. "Discount Points" (A-2) are paid by you to reduce the interest rate on your loan and are added to the Loan Originator's Charges to calculate your upfront charges. The "Yield Spread Premium" (A-3) is based on the interest rate for your loan, and is paid directly to the mortgage broker by the lender, and reduces your upfront charges at settlement. Lenders may also receive an additional payment if they sell your loan after settlement.</i></p> <ul style="list-style-type: none"> ■ If you want to choose a loan with a lower interest rate, then you will have higher settlement costs. ■ If you want to choose a loan with lower settlement costs, then you will have a higher interest rate. 	
800. Adjusted Loan Origination Calculation	
A-1 Total Loan Origination Charges for loan processing	2,300.00
A-2 Discount Points paid to reduce your interest rate	
A-3 Yield Spread Premium paid to reduce your upfront charges at settlement	
Total for Section A. Adjusted Loan Origination Charges:	2,300.00
<p>Section B. Third Party Charges <i>Note: At closing, the Total Third Party Charges listed in Section B should not vary by more than 10% if you used the service providers required by or recommended by the loan originator.</i></p>	
900. Credit Report, Appraisal, and Inspection Charges for credit reports, appraisals, pest inspections, lender inspections, and other charges required by the lender	600.00
950. Mortgage Insurance Charges to be paid in advance	
1000. Title Charges for Lender's Title Insurance , title related services and closing services (Note: If you are refinancing, you may be entitled to a reduced title insurance premium.)	900.00
1050. Optional Owner's Title Insurance for this transaction	300.00
Total for Section B. Third Party Charges:	1,800.00
<p>Section C. Other Charges <i>Note: Charges listed in Section C may vary at closing, except for charges listed on line 1200.</i></p>	
1100. Flood Insurance Charges to be paid in advance	
1150. Homeowner's Insurance Charges to be paid in advance	500.00
1200. Government Recording and Transfer Charges for this transaction (These charges may not vary at closing.)	600.00
1250. Daily Interest Charges for this transaction	80.65
1300. Escrow Charges/Reserves to establish an escrow account for taxes, insurance premiums, and other charges	719.35
Total for Section C. Other Charges:	1,900.00
1400. Total Estimated Settlement Charges (Sections A, B, and C)	6,000.00

Round 6, Test 2, Forms

Revised Good Faith Estimate (GFE)



Good Faith Estimate of Settlement Costs (GFE)

Name of Originator Circle Financial Borrower Terry Treeless
 Originator Address 900 Water Drive Property Address 123 Main Street
Anywhere, USA 12345 Anywhere, USA 12345
 Originator Phone Number 888-333-3434 File or Loan Number 555-66-8888

About Your GFE

What is a GFE? This GFE gives you an estimate of your settlement costs and loan terms if you are approved for this loan.

How should you use this GFE to shop for the best loan? You are the only one who can shop for the best loan for you. You should compare this GFE with other loan offers. By comparing loan offers, you can shop for the best loan. Use the table on page 4 to compare all the offers you receive.

The interest rate for this GFE is available until 12 / 03 / 07. After that date, the interest rate, some of your Loan Originator Charges, and the monthly payment shown below can change until you lock your interest rate. This estimate of your charges for all other settlement services is available until 12 / 17 / 07.

Keep this GFE to compare with your actual costs at settlement.

Summary of Your Loan Terms for This Estimate

Your Loan Details

Your initial loan amount is	\$ 100,000.00	
Your loan term is	30 years	
Your initial interest rate is	7.5 %	
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ 699.21	per month
Your rate lock period is <i>After you lock in your interest rate, you must go to settlement within this number of days to guarantee this interest rate.</i>	60 days	

Can your interest rate rise?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes, it can rise to a maximum of %
Can your loan balance rise?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes, it can rise to a maximum of \$
Can your monthly amount owed for principal, interest, and any mortgage insurance rise?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes, it can rise to a maximum of \$
Does your loan have a prepayment penalty?	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes, your maximum prepayment penalty is \$ 2,000.00
Does your loan have a balloon payment?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes, you have a balloon payment of \$ due in years.

The interest rate and monthly payment shown above can change until you lock your interest rate.

Your Settlement Costs

Your Adjusted Origination Charges (see items 1 and 2 on page 2)	2,000.00
Your Charges for All Other Settlement Services (see items 3 through 10 on page 2)	3,700.00
Total Estimated Settlement Charges	\$ 5,700.00

**Understanding
Your Estimated
Settlement
Charges**

Your Charges for Loan Origination

1. Our service charge These charges are for the services we provide when we get and process this loan for you.	4,500.00
2. Your credit or charge for the specific interest rate chosen (points) <input type="checkbox"/> The credit or charge for the interest rate you have chosen is included in "Our service charge." (See item 1 above.) Lenders may also receive an additional payment if they sell your loan after settlement. <input checked="" type="checkbox"/> You receive a credit of \$ 2,500.00 for this interest rate of 7.5 %. This credit reduces your upfront charges. <input type="checkbox"/> You pay a charge of \$ _____ for this interest rate of ____ %. This payment (discount points) increases your upfront charges. (See the table on page 3 to see how you can change this credit or charge by choosing a different interest rate.)	- 2,500.00
A	Your Adjusted Origination Charges \$ 2,000.00

Your Charges for All Other Settlement Services

3. Required services that we select These charges are for services we require to complete your settlement. We will choose the providers of these services. <table style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Service</th> <th style="text-align: left; border-bottom: 1px solid black;">Cost</th> </tr> </thead> <tbody> <tr> <td style="border-right: 1px solid black;">Appraisal</td> <td>300.00</td> </tr> <tr> <td style="border-right: 1px solid black;">Credit Report</td> <td>25.00</td> </tr> <tr> <td style="border-right: 1px solid black;">Tax Service</td> <td>75.00</td> </tr> </tbody> </table>	Service	Cost	Appraisal	300.00	Credit Report	25.00	Tax Service	75.00	400.00
Service	Cost								
Appraisal	300.00								
Credit Report	25.00								
Tax Service	75.00								
4. Title services and lender's title insurance This charge includes the services of a title agent, for example, and title insurance to protect the lender, if required.	900.00								
5. Required services that you can shop for These charges are for other services that are required to complete your settlement. We can refer you to providers of these services or you can shop for them yourself. Our estimates for providing these services are below. <table style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Service</th> <th style="text-align: left; border-bottom: 1px solid black;">Cost</th> </tr> </thead> <tbody> <tr> <td style="border-right: 1px solid black;">Survey</td> <td>165.00</td> </tr> <tr> <td style="border-right: 1px solid black;">Pest Inspection</td> <td>35.00</td> </tr> <tr> <td style="border-right: 1px solid black;"> </td> <td> </td> </tr> </tbody> </table>	Service	Cost	Survey	165.00	Pest Inspection	35.00			200.00
Service	Cost								
Survey	165.00								
Pest Inspection	35.00								
6. Government recording and transfer charges This charge includes state and local transfer taxes and fees.	600.00								
7. Reserves or escrow This charge is held in an escrow account to pay recurring charges on your property, such as property taxes or insurance.	697.25								
8. Daily interest charges This charge is for the daily interest on your loan from the day of your settlement until the first day of the next month or the first day of your normal mortgage payment cycle. For this loan, this amount is \$ 20.55 per day for 5 days (if your closing date is <u>01 / 26 / 08</u>).	102.75								
9. Homeowner's insurance This charge is for the insurance you must buy to protect the property from a loss, such as fire.	500.00								
10. Optional owner's title insurance This charge is for additional insurance you can choose to buy to protect yourself from title defects.	300.00								
B	Your Charges for All Other Settlement Services \$ 3,700.00								
A + B	Total Estimated Settlement Charges \$ 5,700.00								

Understanding Which Charges Can Change at Settlement

The charges listed on page 2 are all part of the total estimated amount that you will have to pay at settlement. Below we list which charges can change at settlement. Some of the charges can appear in more than one section, depending on who chooses the provider of the service.

These charges cannot increase at settlement:

- Our service charge
- Your charge or credit for the specific interest rate chosen (after you lock in your interest rate)
- Government recording and transfer charges

The sum of these charges cannot increase more than 10% at settlement:

- Required services that we select
- Title services and lender's title insurance (if we select them or you use providers identified by us)
- Required services that you can shop for (if you use providers identified by us)
- Optional owner's title insurance (if you use a provider identified by us)

These charges can change at settlement:

- Title services and lender's title insurance (if you do not use a provider identified by us)
- Required services that you can shop for (if you do not use a provider identified by us)
- Reserves or escrow
- Daily interest rate charges
- Homeowner's insurance
- Optional owner's title insurance (if you do not use a provider identified by us)

Understanding the Trade-off Between the Charges for Your Loan and Your Interest Rate

	The loan in this GFE	A loan with a lower interest rate	A loan with lower settlement costs
Your loan amount	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Your interest rate	7.5 %	7.25 %	7.75 %
How much your monthly payment will be	\$699.21	\$ 682.18	\$716.41
How much more or less in monthly payments from this GFE	No Change	You will pay \$17.03 less every month	You will pay \$ 17.20 more every month
How much more or less you will pay at settlement with this interest rate	No Change	Your lower interest rate will raise your settlement costs by \$ 1,000.00	Your higher interest rate will lower your settlement costs by \$ 1,000.00
How much your total estimated settlement charges will be	\$ 5,700.00	\$ 6,700.00	\$ 4,700.00

We have offered you a particular interest rate and estimated settlement costs in this GFE. But, it is important that you see how this loan compares to others that you could choose.

- If you want to choose a loan with a **lower interest rate**, then you will have **higher settlement costs**.
- If you want to choose a loan with **lower settlement costs**, then you will have a **higher interest rate**.

The table above shows how the loan that we've offered you in this GFE compares to these different options. The loan in this GFE is in the first column. In the middle column is a loan with a lower interest rate. In the last column is a loan with lower settlement costs.

If you would like one of these options, you can ask for a new GFE.

If this loan offer is for an adjustable rate mortgage, the comparisons in the table are for the initial interest rate and monthly payment before any adjustments are made.

Proceeding with This Application

If you would like to proceed with this mortgage application, you must pay a fee of \$ 350.00 which will be applied toward your settlement costs.

The interest rate and points on this GFE are available until 12/ 03/ 07. After that, they float until you lock. You must lock in the interest rate at least **5** days before settlement.

Mortgage Shopping Chart

Use this chart to compare Good Faith Estimates (GFEs). Fill out the information by using a different column for each GFE.

By comparing offers for similar loan products, you can shop for the best loan.

	Loan 1	Loan 2	Loan 3	Loan 4	Loan 5	Loan 6
Loan Originator Name						
Loan Details	Loan #1	Loan #2	Loan #3	Loan #4	Loan #5	Loan #6
Initial Loan Amount	\$	\$	\$	\$	\$	\$
Loan Term	Years	Years	Years	Years	Years	Years
Initial Interest Rate	%	%	%	%	%	%
Initial Monthly Amount Owed	\$	\$	\$	\$	\$	\$
Rate Lock Period	days	days	days	days	days	days
Can Interest Rate Rise?	No Yes					
Can Loan Balance Rise?	No Yes					
Can Monthly Amount Owed Rise?	No Yes					
Prepayment Penalty?	No Yes					
Balloon Payment?	No Yes					
Total Estimated Settlement Charges ▶						



Good Faith Estimate of Settlement Costs (GFE)

Name of Originator Sphere Financial Borrower Terry Treeless
 Originator Address 123 Main Street Property Address 123 Main Street
Anywhere, USA 12345 Anywhere, USA 12345
 Originator Phone Number 888-333-3434 File or Loan Number 555-66-8888

About Your GFE

What is a GFE? This GFE gives you an estimate of your settlement costs and loan terms if you are approved for this loan.

How should you use this GFE to shop for the best loan? You are the only one who can shop for the best loan for you. You should compare this GFE with other loan offers. By comparing loan offers, you can shop for the best loan. Use the table on page 4 to compare all the offers you receive.

The interest rate for this GFE is available until 12 / 03 / 07. After that date, the interest rate, some of your Loan Originator Charges, and the monthly payment shown below can change until you lock your interest rate. This estimate of your charges for all other settlement services is available until 12 / 17 / 07.

Keep this GFE to compare with your actual costs at settlement.

Summary of Your Loan Terms for This Estimate

Your Loan Details

Your initial loan amount is	\$ 100,000.00	
Your loan term is	30 years	
Your initial interest rate is	1.5 %	
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ 345.12	per month
Your rate lock period is <i>After you lock in your interest rate, you must go to settlement within this number of days to guarantee this interest rate.</i>	60 days	

Can your interest rate rise?	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes, it can rise to a maximum of 10.5 %
Can your loan balance rise?	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes, it can rise to a maximum of \$ 125,000.00
Can your monthly amount owed for principal, interest, and any mortgage insurance rise?	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes, it can rise to a maximum of \$ 1,180.23
Does your loan have a prepayment penalty?	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes, your maximum prepayment penalty is \$ 3,100.00
Does your loan have a balloon payment?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes, you have a balloon payment of \$ due in years.

The interest rate and monthly payment shown above can change until you lock your interest rate.

Your Settlement Costs

Your Adjusted Origination Charges (see items 1 and 2 on page 2)	2,000.00
Your Charges for All Other Settlement Services (see items 3 through 10 on page 2)	2,900.00
Total Estimated Settlement Charges	\$ 4,900.00

**Understanding
Your Estimated
Settlement
Charges**

Your Charges for Loan Origination

1. Our service charge These charges are for the services we provide when we get and process this loan for you.	2,000.00
2. Your credit or charge for the specific interest rate chosen (points) <input checked="" type="checkbox"/> The credit or charge for the interest rate you have chosen is included in "Our service charge." (See item 1 above.) Lenders may also receive an additional payment if they sell your loan after settlement. <input type="checkbox"/> You receive a credit of \$ _____ for this interest rate of ____%. This credit reduces your upfront charges. <input type="checkbox"/> You pay a charge of \$ _____ for this interest rate of ____%. This payment (discount points) increases your upfront charges. <i>(See the table on page 3 to see how you can change this credit or charge by choosing a different interest rate.)</i>	0.00
A	Your Adjusted Origination Charges \$ 2,000.00

Your Charges for All Other Settlement Services

3. Required services that we select These charges are for services we require to complete your settlement. We will choose the providers of these services. <table style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Service</th> <th style="text-align: left; border-bottom: 1px solid black;">Cost</th> </tr> </thead> <tbody> <tr> <td style="border-right: 1px solid black;">Appraisal</td> <td>300.00</td> </tr> <tr> <td style="border-right: 1px solid black;">Credit Report</td> <td>25.00</td> </tr> <tr> <td style="border-right: 1px solid black;">Tax Service</td> <td>75.00</td> </tr> </tbody> </table>	Service	Cost	Appraisal	300.00	Credit Report	25.00	Tax Service	75.00	400.00
Service	Cost								
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4. Title services and lender's title insurance This charge includes the services of a title agent, for example, and title insurance to protect the lender, if required.	900.00								
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Service	Cost								
Survey	165.00								
Pest Inspection	35.00								
6. Government recording and transfer charges This charge includes state and local transfer taxes and fees.	600.00								
7. Reserves or escrow This charge is held in an escrow account to pay recurring charges on your property, such as property taxes or insurance.	0.00								
8. Daily interest charges This charge is for the daily interest on your loan from the day of your settlement until the first day of the next month or the first day of your normal mortgage payment cycle. For this loan, this amount is \$ 4.11 per day for 5 days (if your closing date is <u>01</u> / <u>26</u> / <u>08</u>).	20.55								
9. Homeowner's insurance This charge is for the insurance you must buy to protect the property from a loss, such as fire.	479.45								
10. Optional owner's title insurance This charge is for additional insurance you can choose to buy to protect yourself from title defects.	300.00								
B	Your Charges for All Other Settlement Services \$ 2,900.00								
A + B	Total Estimated Settlement Charges \$ 4,900.00								

Understanding Which Charges Can Change at Settlement

The charges listed on page 2 are all part of the total estimated amount that you will have to pay at settlement. Below we list which charges can change at settlement. Some of the charges can appear in more than one section, depending on who chooses the provider of the service.

These charges **cannot increase** at settlement:

- Our service charge
- Your charge or credit for the specific interest rate chosen (after you lock in your interest rate)
- Government recording and transfer charges

The sum of these charges **cannot increase more than 10%** at settlement:

- Required services that we select
- Title services and lender's title insurance (if we select them or you use providers identified by us)
- Required services that you can shop for (if you use providers identified by us)
- Optional owner's title insurance (if you use a provider identified by us)

These charges **can change** at settlement:

- Title services and lender's title insurance (if you do not use a provider identified by us)
- Required services that you can shop for (if you do not use a provider identified by us)
- Reserves or escrow
- Daily interest rate charges
- Homeowner's insurance
- Optional owner's title insurance (if you do not use a provider identified by us)

Understanding the Trade-off Between the Charges for Your Loan and Your Interest Rate

	The loan in this GFE	A loan with a lower interest rate	A loan with lower settlement costs
Your loan amount	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Your interest rate	1.5 %	1.25 %	1.75 %
How much your monthly payment will be	\$ 345.12	\$ 333.25	\$ 357.24
How much more or less in monthly payments from this GFE	No Change	You will pay \$ 11.87 less every month	You will pay \$ 12.12 more every month
How much more or less you will pay at settlement with this interest rate	No Change	Your lower interest rate will raise your settlement costs by \$ 1,000.00	Your higher interest rate will lower your settlement costs by \$ 1,000.00
How much your total estimated settlement charges will be	\$ 4,900.00	\$ 5,900.00	\$ 3,900.00

We have offered you a particular interest rate and estimated settlement costs in this GFE. But, it is important that you see how this loan compares to others that you could choose.

- If you want to choose a loan with a **lower interest rate**, then you will have **higher settlement costs**.
- If you want to choose a loan with **lower settlement costs**, then you will have a **higher interest rate**.

The table above shows how the loan that we've offered you in this GFE compares to these different options. The loan in this GFE is in the first column. In the middle column is a loan with a lower interest rate. In the last column is a loan with lower settlement costs.

If you would like one of these options, you can ask for a new GFE.

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Proceeding with This Application

If you would like to proceed with this mortgage application, you must pay a fee of \$ 350.00 which will be applied toward your settlement costs.

The interest rate and points on this GFE are available until 12/ 03/ 07. After that, they float until you lock. You must lock in the interest rate at least **5** days before settlement.

Mortgage Shopping Chart

Use this chart to compare Good Faith Estimates (GFEs). Fill out the information by using a different column for each GFE.

By comparing offers for similar loan products, you can shop for the best loan.

	Loan 1	Loan 2	Loan 3	Loan 4	Loan 5	Loan 6
Loan Originator Name						
Loan Details	Loan #1	Loan #2	Loan #3	Loan #4	Loan #5	Loan #6
Initial Loan Amount	\$	\$	\$	\$	\$	\$
Loan Term	Years	Years	Years	Years	Years	Years
Initial Interest Rate	%	%	%	%	%	%
Initial Monthly Amount Owed	\$	\$	\$	\$	\$	\$
Rate Lock Period	days	days	days	days	days	days
Can Interest Rate Rise?	No Yes					
Can Loan Balance Rise?	No Yes					
Can Monthly Amount Owed Rise?	No Yes					
Prepayment Penalty?	No Yes					
Balloon Payment?	No Yes					
Total Estimated Settlement Charges ▶						

Round 6, Test 2, Forms

HUD-1

L. Settlement Charges

700. Total Sales/Broker's Commission based on price	\$ 125,000.00	@	6 % = 7,500.00		
Division of Commission (line 700) as follows:					
701. \$ 3,750.00		to Bay Real Estate			
702. \$ 3,750.00		to Lake Real Estate			
703. Commission paid at Settlement					7,500.00
704.					
800. Items Payable In Connection With Loan					
801. Our service charge (from GFE #1)			\$ 4,500.00		
802. Your charge or credit for the specific interest rate chosen (from GFE #2)			\$ -2,200.00		
803. Your Adjusted Origination Charges (from GFE A)			\$ 2,300.00	2,300.00	
804. Appraisal fee to	(from GFE #3)			400.00	
805. Credit report to	(from GFE #3)			25.00	
806. Tax service (from GFE #3)				75.00	
807. Flood certification (from GFE #3)					
808.					
809.					
810.					
811.					
900. Items Required By Lender To Be Paid In Advance					
901. Daily interest charges (from GFE #8)	from 1/21/08	to 1/31/08	@ \$ 20.55/day	102.75	
902. Mortgage insurance premium (from GFE #3 or #5)	for	months to			
903. Homeowner's insurance (from GFE #9)	for	years to	\$	500.00	
904.		years to			
905.					
1000. Reserves Deposited With Lender					
1001. Reserves or escrow (from GFE #7)				697.25	
1002. Homeowner's insurance	months @ \$	per month	\$		
1003. Mortgage insurance	months @ \$	per month	\$		
1004. City property taxes	months @ \$	per month	\$		
1005. County property taxes	months @ \$	per month	\$		
1006. Annual assessments	months @ \$	per month	\$		
1007.	months @ \$	per month	\$		
1008.	months @ \$	per month	\$		
1009. Aggregate Adjustment			-\$		
1100. Title Charges					
1101. Title services and lender's title insurance (from GFE #4)				1,200.00	
1102.					
1103.					
1104.					
1105.					
1106.					
1107.					
1108.					
1109. Lender's title insurance premium			\$ 400.00		
1110. Optional owner's title insurance (from GFE #10)				300.00	
1111. Lender's title policy limits			\$ 100,000.00		
1112. Owner's title policy limits			\$ 125,000.00		
1113. Agent's portion of the total title insurance premium			\$ 490.00		
1114. Underwriter's portion of the total title insurance premium			\$ 210.00		
1115.					
1200. Government Recording and Transfer Charges					
1201. Government Recording and Transfer Charges (from GFE #6)				650.00	
1202. Recording fees:	Deed \$ 50.00		; Mortgage \$ 50.00 ; Releases \$		
1203. City/county tax/stamps:	Deed \$ 250.00		; Mortgage \$		
1204. State tax/stamps:	Deed \$; Mortgage \$ 300.00		
1205. Conservation fee			\$		
1206.					
1300. Additional Settlement Charges					
1301. Survey (from GFE #5)	to Straightline Surveys			200.00	
1302. Pest inspection (from GFE #5)	to Critter Ridder			50.00	
1303.					
1304.					
1305.					
1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K)				6,500.00	7,500.00

The Undersigned Acknowledges Receipt of this Disclosure Statement and Agrees to the Correctness Thereof.

Buyer or Agent **Seller or Agent**

L. Settlement Charges

700. Total Sales/Broker's Commission based on price	\$ 125,000.00	@	6 % = 7,500.00		
Division of Commission (line 700) as follows:					
701. \$ 3,750.00	to River Real Estate			Paid From Borrower's Funds at Settlement	Paid From Seller's Funds at Settlement
702. \$ 3,750.00	to Stream Real Estate				
703. Commission paid at Settlement					7,500.00
704.					
800. Items Payable In Connection With Loan					
801. Our service charge (from GFE #1)			\$ 2,300.00		
802. Your charge or credit for the specific interest rate chosen (from GFE #2)			\$ 0.00		
803. Your Adjusted Origination Charges (from GFE A)			\$ 2,300.00	2,300.00	
804. Appraisal fee to (from GFE #3)				400.00	
805. Credit report to (from GFE #3)				25.00	
806. Tax service (from GFE #3)				75.00	
807. Flood certification (from GFE #3)					
808.					
809.					
810.					
811.					
900. Items Required By Lender To Be Paid In Advance					
901. Daily interest charges (from GFE #8)	from 1/26/08	to 1/31/08	@ \$ 4.11 /day	20.55	
902. Mortgage insurance premium (from GFE #3 or #5)	for	months to			
903. Homeowner's insurance (from GFE #9)	for	years to	\$	479.45	
904.		years to			
905.					
1000. Reserves Deposited With Lender					
1001. Reserves or escrow (from GFE #7)					
1002. Homeowner's insurance	months @ \$	per month	\$		
1003. Mortgage insurance	months @ \$	per month	\$		
1004. City property taxes	months @ \$	per month	\$		
1005. County property taxes	months @ \$	per month	\$		
1006. Annual assessments	months @ \$	per month	\$		
1007.	months @ \$	per month	\$		
1008.	months @ \$	per month	\$		
1009. Aggregate Adjustment			-\$		
1100. Title Charges					
1101. Title services and lender's title insurance (from GFE #4)				1,200.00	
1102.					
1103.					
1104.					
1105.					
1106.					
1107.					
1108.					
1109. Lender's title insurance premium			\$ 400.00		
1110. Optional owner's title insurance (from GFE #10)				300.00	
1111. Lender's title policy limits			\$ 100,000.00		
1112. Owner's title policy limits			\$ 125,000.00		
1113. Agent's portion of the total title insurance premium			\$ 490.00		
1114. Underwriter's portion of the total title insurance premium			\$ 210.00		
1115.					
1200. Government Recording and Transfer Charges					
1201. Government Recording and Transfer Charges (from GFE #6)				650.00	
1202. Recording fees:	Deed \$ 50.00	; Mortgage \$ 50.00 ; Releases \$			
1203. City/county tax/stamps:	Deed \$ 250.00	; Mortgage \$			
1204. State tax/stamps:	Deed \$; Mortgage \$ 300.00			
1205. Conservation fee			\$		
1206.					
1300. Additional Settlement Charges					
1301. Survey (from GFE #5)	to Straightline Surveys			200.00	
1302. Pest inspection (from GFE #5)	to Critter Ridder			50.00	
1303.					
1304.					
1305.					
1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K)				5,700.00	7,500.00

The Undersigned Acknowledges Receipt of this Disclosure Statement and Agrees to the Correctness Thereof.

Buyer or Agent **Seller or Agent**

Round 6, Test 2, Forms

Settlement Script

These Are Your Loan Details

The following is a summary of many important details involving the mortgage loan for **123 Main Street, Anywhere, USA 12345**. Let's compare these important details with the Good Faith Estimate (GFE), loan documents, and other disclosures.

Loan Amount	Loan Term	Loan Type
\$100,000.00	30 year	Conventional Conforming

Fixed Interest Rate

Your loan has a fixed interest rate of **7.5%**.

A fixed interest rate means that your interest rate will not rise over the life of the loan.

Payment

Your loan payment for principle and interest is **\$699.21** and cannot rise.

Your loan payment for principal and interest and mortgage insurance is **\$699.21** and **cannot** rise (see page 1 of the GFE).

You have an escrow account. The initial escrow payment is **\$348.62** to pay **property taxes, homeowners insurance, and mortgage insurance**. This amount may increase.

Your total payment is **\$1,047.83**.

Late Payment

Your loan payment is due on the **1st** of every month and is considered late after the **15th** of every month. If your lender receives your mortgage payment after the **15th**, your lender will charge a late fee of **5%** of the overdue payment of principal and interest.

Loan Balance

Your loan balance **cannot** rise.

Prepayment Penalty

You **have** a pre-payment penalty. The maximum is \$2,000.

Balloon Payment

You **do not have** a balloon payment.

Closing Costs

Next we will review all of the HUD-1/1A charges and credits associated with your loan and compare them to the GFE you received when you applied for this loan.

GFE & HUD-1/1A Changes Comparison Chart

	Good Faith Estimate	HUD-1/1A	\$ Increase
Changes Cannot Increase			
Our service charge (HUD Line #801)	\$4,500.00	\$4,500.00	0
Your credit or charge for the specific interest rate chosen (HUD Line #802)	-\$2,500.00	-\$2,200.00	+ 300
Your Adjusted Origination Charges (HUD Line #803)	\$2,000.00	\$2,300.00	+ 300
Government recording and transfer charges (HUD Line #1201)	\$600.00	\$650.00	+ 50
Charges Cannot Increase More Than 10%			
Appraisal (HUD Line #804)	\$300.00	\$400.00	
Credit Report (HUD Line #805)	\$25.00	\$25.00	
Tax Service (HUD Line #806)	\$75.00	\$75.00	
Title services and lender's title insurance (HUD Line #1101)	\$900.00	\$1,200.00	
Optional owner's title insurance (HUD Line #1110)	\$300.00	\$300.00	
Total	\$1,600.00	\$2,000.00	+ 400
Percent increase between GFE and HUD-1/1A Charges	25%		
Charges Can Change			
Reserves or escrow (HUD Line #1001)	\$697.25	\$697.25	
Daily interest charges (HUD Line #901) \$53.42 per day	\$102.25	\$102.25	
Homeowner's insurance (HUD Line #903)	\$600.00	\$950.00	
Survey (HUD Line #1301)	\$165.00	\$200.00	
Pest Inspection (HUD Line #1302)	\$35.00	\$50.00	

Acknowledgement

The undersigned hereby state that the Closing Script was read and the following information was provided and explained:

1. The comparison between the charges listed on the HUD-1/1A settlement form and the estimate of charges on the GFE;
2. Whether or not the tolerances have been met within the applicable categories between the GFE and the HUD-1/1A; and
3. Any inconsistencies between the loan documents (including the mortgage note) and the summary of the loan terms on the GFE, and between the HUD-1/1A settlement charges and the charges stated on the GFE.

_____ (Representative)

Square Settlements (Company)

_____ (Borrower)

_____ (Borrower)

01/26/2008 (Date)

These Are Your Loan Details

The following is a summary of many important details involving the mortgage loan for **123 Main Street, Anywhere, USA 12345**. Let's compare these important details with the Good Faith Estimate (GFE), loan documents, and other disclosures.

Loan Amount	Loan Term	Loan Type
\$100,000.00	30 year	Conventional Adjustable Payment Option Mortgage

Adjustable Interest Rate with Initial Discounted Interest Rate

Your initial interest rate is **1.5%**. This is a discounted interest rate and will adjust to **6.5%** in **33 days** on **March 1, 2008**.

Your loan has an adjustable interest rate which means that the interest rate can rise over the life of the loan.

Your second change date will be **April 1, 2009** and may change every **12 months** thereafter. Your interest rate can increase or decrease by **2.75%** on every change date, but is guaranteed to never be lower than **4.5%** or higher than **10.5%** over the life of the loan.

Payment

Your initial loan payment for principal and interest is **\$345.12** and can rise.

Your initial loan payment for principal and interest and mortgage insurance is **\$345.12** and **can rise to a maximum of \$1,180.23** (see page 1 of the GFE).

You do not have an escrow account. Any and all items such as property taxes and homeowner's insurance must be paid directly by you.

Your total initial loan payment is **\$345.12**.

Payment Option Mortgage

This type of loan allows you to choose from three payment options; the traditional principal and interest payment, the interest-only payment, and the minimum interest payment. This is what your initial payment choice will look like:

Principal & Interest Payment at 6.5%:	<u>\$632.07</u>
(reduces loan balance)	<u>\$90.40</u> principal, <u>\$541.67</u> interest
Interest-Only Payment at 6.5%:	<u>\$541.67</u>
(will not reduce loan balance)	<u>\$0</u> principal, <u>\$541.67</u> interest
Minimum Interest Payment at 4.5%:	<u>\$375.00</u> ,
(will INCREASE loan balance)	<u>\$0</u> principal, <u>\$375.00</u> interest
	AND <u>\$166.67</u> added to loan balance

If you choose to pay the minimum payment amount, your loan balance will increase. This increase instead of a decrease in your loan balance is called negative amortization. If the loan balance increases, your monthly mortgage payment may also increase to cover the difference.

If your loan balance rises above **125%**, as indicated in your Note, your lender has the right to recalculate your loan. **If your loan is recalculated, it is likely that your loan payment will go up a lot.**

Late Payment

Your loan payment is due on the **1st** of every month and is considered late after the **15th** of every month. If your lender receives your mortgage payment after the **15th**, your lender will charge a late fee of **5%** of the overdue payment of principal and interest.

Loan Balance

Your loan balance **can rise to a maximum of \$125,000.**

Prepayment Penalty

You **have** a pre-payment penalty.

A prepayment penalty is an amount that you will be required to pay if you pay your loan off early such as through a refinance, or make significant additional payments to principal prior to **June 1, 2010**. Based on your initial loan amount, your prepayment penalty may be as high as **\$3,100.00**.

Balloon Payment

You **do not have** a balloon payment.

Closing Costs

Next we will review all of the HUD-1/1A charges and credits associated with your loan and compare them to the GFE you received when you applied for this loan.

GFE & HUD-1/1A Changes Comparison Chart

	Good Faith Estimate	HUD-1/1A	\$ Increase
Changes Cannot Increase			
Our service charge (HUD Line #801)	\$2,000.00	\$2,300.00	+ 300
Your credit or charge for the specific interest rate chosen (HUD Line #802)	\$0.00	\$0.00	+ 0
Your Adjusted Origination Charges (HUD Line #803)	\$2,000.00	\$2,300.00	+ 300
Government recording and transfer charges (HUD Line #1201)	\$600.00	\$650.00	+ 50
Charges Cannot Increase More Than 10%			
Appraisal (HUD Line #804)	\$300.00	\$400.00	
Credit Report (HUD Line #805)	\$25.00	\$25.00	
Tax Service (HUD Line #806)	\$75.00	\$75.00	
Title services and lender's title insurance (HUD Line #1101)	\$900.00	\$1200.00	
Optional owner's title insurance (HUD Line #1110)	\$300.00	\$300.00	
Total	\$1,600.00	\$2,000.00	
Percent increase between GFE and HUD-1/1A Charges	25%		
Charges That Can Change			
Reserves or escrow (HUD Line #1001)	\$0.00	\$0.00	
Daily interest charges (HUD Line #901) \$4.11 per day	\$20.55	\$20.55	
Homeowner's insurance (HUD Line #903)	\$497.45	\$497.45	
Survey (HUD Line #1301)	\$165.00	\$200.00	
Pest Inspection (HUD Line #1302)	\$35.00	\$50.00	

Acknowledgement

The undersigned hereby state that the Closing Script was read and the following information was provided and explained:

1. The comparison between the charges listed on the HUD-1/1A settlement form and the estimate of charges on the GFE;
2. Whether or not the tolerances have been met within the applicable categories between the GFE and the HUD-1/1A; and
3. Any inconsistencies between the loan documents (including the mortgage note) and the summary of the loan terms on the GFE, and between the HUD-1/1A settlement charges and the charges stated on the GFE.

_____ (Representative)

Cube Settlements (Company)

_____ (Borrower)

_____ (Borrower)

01/26/2008 (Date)

The GFE Today



Good Faith Estimate (GFE)

Name of Originator	Borrower
Originator Address	Property Address
Originator Phone Number	
Originator email	Date of GFE

Instructions

This GFE gives you an estimate of your settlement charges and loan terms if you are approved for this loan. See page 3 for more detailed instructions.

Important dates

- The interest rate for this GFE is available until [] [] [] [] . After that date, the interest rate, some of your Loan Origination Charges, and the monthly payment shown below can change until you lock your interest rate.
- This estimate for all other settlement charges is available until [] [] [] [] .
- If you proceed with this loan, you must go to settlement in [] days. You must lock the interest rate at least [] days before settlement.

Summary of your loan terms

Your Loan Details	
Your initial loan balance is	\$
Your loan term is	years
Your initial interest rate is	%
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ per month
Your rate lock period is <i>After you lock in your interest rate, you must go to settlement within this number of days to guarantee this interest rate.</i>	days
Can your interest rate rise?	<input type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of %
Can your loan balance rise?	<input type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of \$
Can your monthly amount owed for principal, interest, and any mortgage insurance rise?	<input type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of \$
Does your loan have a prepayment penalty?	<input type="checkbox"/> No <input type="checkbox"/> Yes, your maximum prepayment penalty is \$
Does your loan have a balloon payment?	<input type="checkbox"/> No <input type="checkbox"/> Yes, you have a balloon payment of \$ due in years.
Does your loan include a monthly escrow payment for property taxes and, possibly, other obligations?	<input type="checkbox"/> No <input type="checkbox"/> Yes

Summary of your settlement charges

A	Your Adjusted Origination Charges (Table A, page 2)	\$
B	Your Charges for All Other Settlement Services (Table B, page 2)	\$
A + B	Total Estimated Settlement Charges	\$

Understanding your estimated settlement charges

Your Loan Details	
1. Our service charge These charges are for the services we provide when we get and process this loan for you.	
2. Your credit or charge for the specific interest rate chosen (points) <input type="checkbox"/> The credit or charge for the interest rate you have chosen is included in "Our service charge." (See item 1 above.) <input type="checkbox"/> You receive a credit of \$ _____ for this interest rate of ____%. This credit reduces your upfront charges. <input type="checkbox"/> You pay a charge of \$ _____ for this interest rate of ____%. This payment (discount points) increases your upfront charges. (See the table on page 3 to see how you can change this charge or credit by choosing a different interest rate.)	
A	Your Adjusted Origination Charges \$ _____

Your Charges for All Other Settlement Services									
3. Required services that we select These charges are for services we require to complete your settlement. We will choose the providers of these services. <table border="1"> <thead> <tr> <th>Service</th> <th>Charge</th> </tr> </thead> <tbody> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </tbody> </table>	Service	Charge							
Service	Charge								
4. Title services and lender's title insurance This charge includes the services of a title agent, for example, and title insurance to protect the lender, if required.									
5. Required services that you can shop for These charges are for other services that are required to complete your settlement. We can refer you to providers of these services or you can shop for them yourself. Our estimates for providing these services are below. <table border="1"> <thead> <tr> <th>Service</th> <th>Charge</th> </tr> </thead> <tbody> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </tbody> </table>	Service	Charge							
Service	Charge								
6. Government recording and transfer charges This includes state and local charges on mortgages and home sales.									
7. Reserves or escrow This charge is held in an escrow account to pay recurring charges on your property, such as property taxes or insurance.									
8. Daily interest charges This charge is for the daily interest on your loan from the day of your settlement until the first day of the next month or the first day of your normal mortgage payment cycle. For this loan, this amount is \$ _____ per day for _____ days (if your closing date is ____/____/____).									
9. Homeowner's insurance This charge is for the insurance you must buy for the property to protect from a loss, such as fire.									
10. Optional owner's title insurance This charge is for additional insurance you can choose to buy to protect yourself from title defects.									
B	Your Charges for All Other Settlement Services \$ _____								
A + B	Total Estimated Settlement Charges \$ _____								



Important Information and Instructions

Shopping for a loan offer

Only you can shop for the best loan for you. Compare this GFE with other loan offers, so you can find the best loan. Use the table on page 4 to compare all the offers you receive.

Understanding which charges can change at settlement

The GFE estimates your settlement charges. At your settlement, you will receive a HUD-1. Compare the charges on the HUD-1 with the charges on this GFE. Charges can change if you select your own provider and do not use the companies your lender suggests.

The list below shows you how much the estimated charges on this GFE can change at your closing.

These charges cannot increase at settlement:	The total of these charges can increase up to 10% at settlement:	These charges can change at settlement:
<ul style="list-style-type: none"> • Our service charge • Your charge or credit for the specific interest rate chosen (after you lock in your interest rate) • Government recording and transfer charges 	<ul style="list-style-type: none"> • Required services that we select • Title services and lender's title insurance (if we select them or you use providers identified by us) • Required services that you can shop for (if you use providers identified by us) • Optional owner's title insurance (if you use providers identified by us) 	<ul style="list-style-type: none"> • Required services that you can shop for (if you do not use providers identified by us) • Title services and lender's title insurance (if you do not use providers identified by us) • Reserves or escrow • Daily interest rate charges • Homeowner's insurance • Optional owner's title insurance (if you do not use providers identified by us)

Looking at trade-offs

In this GFE, we offered you a particular interest rate and estimated settlement charges. But, you could choose other loans to get a lower interest rate or lower settlement charges.

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

The table below shows how the loan for this GFE compares to two other options. If you decide you want to make one of these trade-offs, you must ask us for a new GFE.

	The loan in this GFE	A loan with a lower interest rate	A loan with lower settlement charges
Your loan amount	\$	\$	\$
Your interest rate	%	%	%
How much your monthly payment will be	\$	\$	\$
How much more or less in monthly payments from this GFE	No Change	You will pay \$ less every month	You will pay \$ more every month
How much more or less you will pay at settlement with this interest rate	No Change	Your lower interest rate will raise your settlement charges by \$	Your higher interest rate will lower your settlement charges by \$
How much your total estimated settlement charges will be	\$	\$	\$

If this loan offer is for an adjustable rate loan, the comparisons in the table are for the initial interest rate before any adjustments are made.



Your financial responsibilities as a homeowner

In addition to your monthly amount owed for principal, interest, and mortgage insurance, you may need to pay other required annual charges to keep your property. We must provide an estimate for annual property taxes along with homeowner's, flood, and other required property protection insurance, but we are not required to provide estimates for the other charges. You may have to identify the other charges and ask for additional estimates from others.

Different sources might use different techniques to estimate these charges, but the actual charges will be the same in the end. Therefore, do not use these estimates to compare settlement charges from different loan originators.

Annual property taxes	
Annual homeowner's insurance	
Annual flood insurance	
Annual homeowners association/condominium fees	
Other	
Total Other Annual Charges	

Applying for this loan

If you decide you would like to apply for this loan, contact us at [redacted]. You must pay a fee of \$ [redacted]. This fee will be subtracted from your settlement charges.

Getting more information

The type of loan you choose can affect your current and future monthly payments. You can ask us for more information about loan types. You can also look at several government publications: HUD's *Special Information Booklet* on settlement charges, your *Truth-in-Lending Disclosures*, and consumer information publications of the Federal Reserve Board.

Using the shopping chart

Use this chart to compare Good Faith Estimates (GFEs) from different loan originators. Fill in the information by using a different column for each GFE you receive.

By comparing loan offers, you can shop for the best loan.

	Loan 1	Loan 2	Loan 3	Loan 4
Loan Originator Name				
Initial Loan Balance				
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 ▶				

If your loan is sold in the future

Lenders can receive additional fees by selling your loan at some future date after settlement. Once you have obtained your loan at settlement, however, your loan terms, adjusted origination charges, and total settlement charges cannot change. After settlement, any fees lenders receive in the future cannot change the loan you received or the charges you paid at settlement.

