

New Regulation X changes alters the way settlement charges are disclosed to your clients.

Thanks to Beth Allen (Bank of America Home Loans) for the following information:

These changes, effective with new first mortgage applications received on or after January 1, 2010, are intended to provide a better understanding of the settlement charges associated with a loan transaction and include the following:

- **Good Faith Estimate (GFE) and HUD Settlement Statement (HUD-1) Forms.** Redesigned and with substantial changes, the GFE and HUD-1 forms will standardize how fees are disclosed - making it easier for borrowers to compare offers between lenders. The GFE and HUD-1 will also be aligned to provide even greater transparency for borrowers when comparing settlement charges at closing.
- **Settlement Service Provider List.** Lenders will be required to provide the borrower with a Settlement Service Provider List that includes service provider names. This pertains to any service where a settlement service is required but the borrower can select a provider – for example: title, pest and septic inspections.
- **Fee Tolerances.** In an effort to improve the accuracy of the settlement charge information provided to borrowers, new restrictions will be placed on lenders regarding how and when fees disclosed on the GFE may change. Changes to settlement charges between the final GFE and HUD-1 will be limited based on three categories of “fee tolerance”. The guidelines for these tolerance categories are set forth on the new GFE form.

For more information regarding these changes e-mail your question to education@wcrflagler.org



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Home Loans

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