

**1. The interest rate is available thru\_\_\_\_\_**

**I. REG X**

**Section 3500.7 Good Faith Estimate page 68240**

None

Link: <http://www.hud.gov/offices/hsg/ramh/res/finalrule.pdf>

**II. REG X Instructions Appendix C to Part 3500 – Instructions for Completing Good Faith Estimate (GFE Form); Federal Register, page 68253**

In Line 1, the loan originator must state the date and, if necessary, time until which the interest rate for the GFE will be available.

Link: [http://edocket.access.gpo.gov/cfr\\_2009/aprqrtr/24cfr3500AppC.htm](http://edocket.access.gpo.gov/cfr_2009/aprqrtr/24cfr3500AppC.htm)

**III. HUD RESPA FAQs**

GFE – Important dates

Q: In the “Important dates” section of the GFE, where it states “The interest rate for this GFE is available through \_\_\_\_\_”, does the loan originator have to leave the interest rate open for a specific amount of time, like 10 days?

A: There are no restrictions on the amount of time the interest rate must remain available. The interest rate can be available for any period of time that the loan originator chooses, including for example, a period of time within one day or for several days.

Q: In the “Important dates” section of the GFE, line 2, for how long must the estimate for all other settlement charges be available?

A: The estimate for “all other settlement charges” in the “Important dates” section of the GFE must be available for at least ten business days.

Q: What charges can change before the interest rate is locked?

A: With the exception of interest rate-dependent charges and terms, the charges and terms for all settlement services on the GFE must be available for 10 business days from when the GFE is provided, or for such longer period of time as the loan originator provides in item 2 of the “Important dates” section of the GFE. The interest rate-dependent charges and terms cannot change before the expiration of the period indicated by the loan originator in item 1 of the “Important dates” section of the GFE. Between the period of time indicated in item 1 and item 2 of the “Important dates” section, only interest rate-dependent charges may change until the interest rate is locked. After the expiration of the period indicated in item 2 of the “Important dates” section, the loan originator is permitted to change all of the charges and terms on the GFE (assuming that the interest rate is no longer available, as indicated in item 1 of the “Important dates” section). Interest rate-dependent charges and terms include: (1) “Your charge or credit (points) for the specific interest rate chosen,” in Block 2 on page 2 of the GFE; (2) “Your adjusted origination charges”

on Line A on page 2 of the GFE; (3) “Daily interest charges” in Block 10 of the GFE; and (4) interest rate-related loan terms, such as monthly amount owed.

Q: If the interest rate is locked at the time the GFE is issued, how should the loan originator complete Lines 1, 3, and 4 in the “Important dates” section on the GFE?

A: When the interest rate is locked before the GFE is issued, the information in Line 1 in the “Important dates” section on the GFE must be completed by disclosing the date that the interest rate lock will expire, Line 3 must be completed to state the number of days the interest rate lock period is good through, and Line 4 must be completed with “N/A”.

Q: If a lender does not offer a rate lock, how should Line 1 in the “Important dates” section on the GFE be completed?

A: Line 1 is completed the same way whether or not the lender offers a rate lock. In Line 1, the loan originator must state the date, and if applicable, time until which the interest rate for the GFE will be available.

Q: If a lender does not offer a rate lock, how should Lines 3 and 4 in the “Important dates” section on the GFE be completed?

A: If the lender does not offer a rate lock, then Lines 3 and 4 of the “Important dates” section should state “Not Available” or “NA”.

Q: If a revised GFE is provided due to changed circumstances or a borrower requested change, is it necessary to complete Line 3 of the “Important dates” section of the GFE if the borrower has already locked the rate shown on the revised GFE?

A: Yes, the loan originator must complete Line 3 in the “Important dates” section with the information that was on the preceding GFE, unless the rate lock period was the basis for the issuance of a revised GFE.

Q: The estimate of “all other settlement charges” in the “Important dates” section on the GFE must be available for at least 10 business days. When a GFE is mailed, are the 10 business days measured from when it is mailed?

A: Yes. The estimate of “all other settlement charges” in the “Important dates” section on the GFE must be available for at least 10 business days from when the GFE is provided, which, in this instance, is the date the GFE is placed in the mail to the borrower. The originator should put the date the GFE is provided into the box for “Date of GFE”.

Q: If state law does not permit a mortgage broker to provide an interest rate, how should the mortgage broker complete the “Important dates” section on the GFE?

A: RESPA and HUD’s regulations do not exempt any person from complying with consistent laws of any state. HUD’s regulations provide a process for addressing questions of consistency between state laws and RESPA. See 24 CFR § 3500.13.

Q: If a loan originator offers a “float-down” lock option, how would the loan originator complete the “Important dates” section on the GFE?

A: A “float-down” option should not affect any of the lines in the “Important dates” section on the GFE.

Q: The loan originator must state how many calendar days within which the applicant must go to settlement once the interest rate is locked. The number of days cannot be determined until the lock period is determined. May the loan originator enter a range of days for allowable lock periods? Must the loan originator account for the rescission period if the loan is rescindable?

A: No, the loan originator may not enter a range of rate lock options on the GFE. Line 3 requires the disclosure of the number of days in which the borrower must go to settlement. Line 3 in the “Important

dates” section on the GFE must be completed with one rate lock period and may need to take into account factors affecting the settlement date.

Q: If a revised GFE is provided due to changed circumstances or a borrower requested change, must a loan originator complete Line 2 in the “Important dates” section on the revised GFE if the shopping period has ended and the borrower has already expressed intent to continue with the application?

A: Yes, the loan originator must complete Line 2 in the “Important dates” section with the same date from the last GFE. The borrower is not required to re-indicate the intent to proceed with the revised GFE because the borrower has previously expressed an intent to move forward with the transaction.

Q: If a lender accepts a GFE issued by a mortgage broker, may the lender revise the information contained in the “Important dates” section on the GFE?

A: No, after the lender has accepted the GFE issued by a mortgage broker, the lender may not revise the information contained in the “Important dates” section on the GFE, unless the revised GFE is issued in compliance with 24 CFR § 3500.7(f).

Q: If Line 1 in the “Important dates” section of the GFE changes, does Line 2 of the same section also change?

A: No. Line 1 and Line 2 of the “Important dates” section are not related to each other. Line 1 is the date and time that the interest rate is good through. Line 2 is the date that all non-interest rate-dependent charges are good through (Blocks 1, 3, 4, 5, 6, 7, 8, 9 and 11). After the borrower expresses intent to proceed with the transaction, the estimates for Blocks 1, 3, 4, 5, 6, 7, 8, 9, and 11 may not change unless there is a “changed circumstance” or a borrower requested change.

Q: If the borrower expresses intent to proceed before the date disclosed in Line 2 in the “Important dates” section of the GFE expires, can the estimates for “Your Charges for All Other Settlement Services” change?

A: No. If the borrower has expressed an intent to proceed, the estimates for “Your Charges for All Other Settlement Services” may not change through settlement (except for Block 10) unless there is a “changed circumstance” or borrower requested change.

Link: <http://www.hud.gov/offices/hsg/ramh/res/resparulefaqs.pdf>

#### **IV. P&P Comment:**