



# THE ESCROW "REPORTER"

## LOAN ESTIMATE CHARGES

Under the new rule, creditors are required to act in good faith and exercise due diligence to obtain the information for the Loan Estimate. Really no different from what we are used to already, although some of the language and some of the rules have changed. Whether or not a Loan Estimate was made in good faith is determined by the difference between the estimated charges provided in the Loan Estimate and the actual charges on the Closing Disclosure. If the cost of an item charged to the consumer is higher than the amount originally disclosed on the Loan Estimate it is not in good faith, regardless of whether an error, miscalculation, or underestimation of a charge was made. A Loan Estimate is in good faith if the creditor charges the consumer less than the amount disclosed on the Loan Estimate, without regard to any tolerance limitations. The creditor is expected to make a reasonable effort to determine charges in good faith.

After August 1, 2015 we will need to continue to provide the creditors with estimated figures for their Loan Estimates. However, the new tolerance requirements will make it more important than ever for us to make sure that we accurately provide our charges. This means asking some extra questions when your client calls for a free quote, especially for your recording fees. The current tolerance is calculated on several charges, one of which is the recording fees. After August 1, 2015 the only charge in the 10% tolerance bucket may be the recording fees, depending on whether the consumer is permitted to shop for certain services. It will be important for you to ask questions such as:

- How many pages in your deed of trust?
- Will there be additional recordable documents such as a deed or subordination agreement?
- Is the property in a trust and if so, will it need to come out of the trust?

But the most important value you can add for your clients after August 1, 2015, is making sure you start communicating with your clients now about the upcoming changes and start the dialogue with them about what their expectations will be, and how WFG can assist them in this new, ever changing world.