



New HUD Rules Will Prevent 'Sticker Shock' At Closing

New government rules are aimed at eliminating surprises at closing for anyone purchasing or refinancing a home.

At NASA Federal Credit Union, we've always worked hard to protect our members' interests. We're here to help you get the home loan that's right for your circumstances, with no "sticker shock" or hidden terms to worry about.

Unfortunately, in the past, many borrowers who have used other lenders have been stunned at settlement. Their "Good Faith Estimate" of closing costs turned out to be inaccurate, and actual costs were considerably higher. They were faced with either paying the higher costs or possibly losing out on their mortgage – and the house sale.

The U.S. Department of Housing and Urban Development (HUD) has addressed the "sticker shock" problem. Rule changes to the Real Estate Settlement Procedures Act were effective starting Jan. 1, 2010.

The reforms include a revised, plain-English "Good Faith Estimate" form that clearly states fees and terms.

The new rules also limit the amount that fees can change between the "Good Faith Estimate" form and the final settlement. These limits will save borrowers nearly \$700 in closing costs, HUD says.

Estimated fees are divided into three groups. Some fees are not permitted to change from the estimate to final closing, some can increase up to 10% and some can change without limit. Lenders have 30 days from the date of closing to correct errors and violations, and must repay borrowers any overcharges.

HUD also revised the HUD-1 Settlement Statement to allow borrowers to easily compare the final costs to the estimated costs they received earlier. The HUD forms also encourage borrowers to compare costs from different service providers.