

Local company helping banks comply with new guidelines

By **Ryan Shelton**

The Enterprise

The biggest changes to home loan disclosures since 1974 took effect on Jan. 1 and Salt Lake City-based GFEazy, a division of Housemasters, is helping some of the nation's largest and most influential banks comply with the new guidelines.

The overhaul of the good-faith estimate, or GFE, a standard disclosure document sent to borrowers under the Real Estate Settlement Procedures Act (RESPA) developed by the U.S. Department of Housing and Urban Development, came after years of attempts to improve transparency on costs associated with closing a loan, including broker fees and to prevent the kind of surprising jumps in payments that made the housing crisis worse.

"The changes outlined in the new rule are designed to help consumers better understand their loan terms so that they can shop more effectively for what may be the largest purchases of their lives," said GFEazy CEO Brian Charlesworth. "We're simply trying to make the process equally helpful and convenient for the lenders."

Banks and lending institutions are now required to guarantee price quotes in GFEs and provide borrowers with the new HUD-1 Settlement Statement that plainly compares consumers' final costs with the original quoted charges. The final price must be within 10 percent of the quoted price or lenders will be held financially accountable for any discrepancies.

"One bank we're working

with failed to include a \$80,000 transfer tax on one of their GFEs," said GFEazy president David Leoncavallo. "Under the new guidelines these kinds of mistakes can add up quickly for banks."

GFEazy offers data-based solutions allowing lenders to log onto their proprietary Web portal to access real-time, market-specific quotes for the types of fees included on GFEs, such as settlement and title services, surveys, title insurance, inspections, government recording charges and transfer taxes.

"The data needed to accurately quote GFE costs to within 10 percent is constantly changing in today's volatile market," Leoncavallo said. "We've had 39,000 individual changes in our pricing information database since June of 2009."

The majority of transactions covered under RESPA are federally regulated mortgage loans, which include most loans secured by a lien on residential property. Home purchase loans, refinances, lender-approved assumptions, property improvement loans, equity lines of credit and reverse mortgages are all covered under the new RESPA guidelines as well.

"This is a huge change for the industry," Leoncavallo said. "They really need assistance to comply with RESPA and we have the best data out there."

GFEazy is a subsidiary of Salt Lake City-based Sopra Capital, which also owns Housemasters, a nationwide home inspection franchise. GFEazy employees two dozen workers.