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Articles 20 July 2010

GFEazy Helps Lenders Comply With New Real Estate Regulations

by PR or News Wire

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With the majority of lending institutions unable to comply with the biggest reforms to the Real Estate Settlement Procedures Act (RESPA) in more than 30 years, GFEazy is helping ease the challenges and reduce liability under these sweeping changes.

The new RESPA regulations require lenders and brokers to provide customers with accurate fees for services included in blocks 3-8 of the standard Good Faith Estimate (GFE), including settlement and title services, title insurance, inspections, surveys, government recording charges and transfer taxes. Closing agents are then required to provide borrowers with the new HUD-1 Settlement Statement that plainly compares consumers' final costs with the originally quoted charges. As stipulated by the new rule, the final price for most services must be within 10 percent of the quoted price or lenders will be held financially accountable for any discrepancies.

One bank failed to include an \$80,000 transfer tax on the GFE and is now responsible for the oversight.

"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 purchase of their lives," said Brian Charlesworth, CEO of GFEazy. "We're simply trying to make the process equally helpful and convenient for the lenders."

Already working with some of the largest mortgage lenders in the country, GFEazy is offering a data solution that eases compliance for sections 3 through 8 on the 2010 GFE form. The proprietary web portal allows lenders to log on and access real-time quotes for the various services included in the GFE.

"While industry groups are fully supportive of the effort to help consumers make more informed loan decisions, the new rule places additional burdens on lenders and settlement agents," Charlesworth added. "Unfortunately, these changes are forcing them to step outside of their core competencies and complicating the process. That's where we come in."

In the ever changing world of regulatory compliance, lenders are constantly being subjected to new requirements and, as a result, continue to seek clear guidance and interpretation of banking regulations. Despite the fact that closing service professionals and lenders have taken extensive measures to meet the implementation requirements – including investment and commitment in technology, training and quality control – a recent *RESPA News* survey found that nearly 81 percent of respondents have encountered difficulties in beginning to use the new GFE or HUD-1 forms.

According to President David Leoncavallo, it is crucial that lenders have a reliable third party source to provide verified information when implementing technology solutions to meet the requirements. "We saw an opportunity to use our more than 30 years of experience in the home inspection industry to create GFEazy and make it easy for lenders to comply with the new regulations," he added.

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