

## Your Good Faith Estimate

Within three days of taking your loan application, your lender is required by The Real Estate Settlement Procedures Act (RESPA) to prepare a Good Faith Estimate of your closing costs. A good faith estimate is a lender's best approximation of your closing costs, so you'll have an idea of how much money you'll need to bring to the closing.

The Good Faith Estimate is often a range of charges which are the lender's best approximation of fees.

The costs will vary with the person or company who does the work. Often the lender will offer a range of values to account for differences in costs for the same item. The Good Faith Estimate lets you know approximately how much money you will need to close.

Buyers and sellers pay different closing costs. Specific costs are normal for each. Some of the buyer costs can be shifted to the seller when negotiated in the contract. The actual closing costs are presented to the buyer and the seller at closing on the HUD-1 Settlement Statement.

Closing costs can be divided into five categories:

1. Costs related to the buyer's mortgage
2. Government related costs
3. Items required by the lender to be paid in advance
4. Items related to the title
5. Other fees