

Residential Finance News

Automated Closing Fee Calculator Provides Better Estimates

MBA (4/14/2008) Palaparty, Vijay

In an industry-wide effort to provide borrowers with better **good faith estimates**—avoiding potential surprises and bait-and-switch scenarios—companies such as **First Title and Escrow Inc.**, Rockville, Md., intersect **technology** to provide instant and exact **closing fees**.

“While talking to borrowers, it’s important to avoid payment shock and provide exact closing costs,” said **Jeff Lurin**, national sales manager at First Title. “It really helps large national lenders as well as local lenders to be able to automatically produce closing cost calculations that can be printed in the GFEs.”

First Title provides a closing cost calculator through its online system. Abstract fees, title premiums, recording and release fees, closing fees and city, county and state transfer taxes are included. The system interfaces with loan origination systems including **Encompass** from **Ellie Mae**, Pleasanton, Calif., and **Point** from **Calyx Software**, San Jose, Calif. Users of these systems can automatically pull closing fees prior to printing the GFE.

“Originators can price their loans more accurately at the correct time in the origination phase,” Lurin said. “This will serve to streamline the entire origination process and avoid the possibilities of fee inaccuracies that can result in lost loans or costly **compliance** or **RESPA** violations. Without integration, originators would have to use numerous web sites to pull information, decreasing **efficiency** and increasing room for error.”

First Title’s integration with Encompass streamlines into **MISMO’s Closing data set**, enabling seamless data transfer. The company is also working with Point users, but is using MISMO’s **Title data set** which requires sending a PDF to the user.

When a user submits a type of transaction from within Encompass, they identify the location, loan amount and purchase price. Within ePASS, they use First Title’s Fee Inquiry module which shows fee information that can be exported into the GFE.

“What it all comes down to is simply automation,” said **Stephen Papermaster**, president and CEO of First Title. “Whether you’re a local title company or a national title company, you should have familiarity on a jurisdiction-by-jurisdiction level of what costs should be. You should be able to get instant fees upfront that will not change and that you can take to the table.”