









## Lender Costs

-  Lender costs are the fees that they charge the borrower that they keep as opposed to the fees that lenders charge that they pay out to third parties such as the appraisal fee and credit report fee
-  Different lenders often use different terminology for the various fees and expenses which can make things very complicated from the borrower's perspective
-  Fees and expenses also vary by lender, mortgage program and geography which makes it difficult to evaluate and compare fees across multiple lenders
-  Some lenders may charge no fee, a flat fee or break-out the fees into separate cost items as outlined in the table below
-  When a lender offers a "no fee" mortgage, it is important to understand that this loan will likely have a higher interest rate than a loan with standard lender fees. Additionally, the borrower is still required to pay non-lender closing costs such as appraisal, title, escrow and attorney (if applicable) fees
-  Because a "no fee" mortgage typically has a higher interest rate than a mortgage with standard lender fees, the borrower could pay thousands more in interest expense over the life of the loan
-  The table below outlines the names of the various lender fees that you may come across in the mortgage process
-  There are two important points to know about lender costs:
  - 1** All of the lender costs will be captured in the Origination Charge box on the Good Faith Estimate (GFE). The GFE may not provide a breakdown of the lender costs but the total lender costs will be presented
  - 2** A breakdown of the various lender costs will be included on the Lender Fees Worksheet. FREEandCLEAR highly recommends that you request a copy of the Lender Fees Worksheet from your lender

Lender Costs	
<b>Origination Fee (or Origination Points)</b>	<ul style="list-style-type: none"> <li>— Lender cost for processing the mortgage</li> <li>— Can be charged by the funding lender or a third-party originator such as a mortgage broker</li> <li>— Typically expressed as a percentage of the mortgage amount and called an origination point or points</li> <li>— One origination point equals 1.0% of the mortgage amount</li> </ul>
<b>Discount Points</b>	<ul style="list-style-type: none"> <li>— A one-time, up-front fee equal to 1.0% of the mortgage amount charged by the lender or mortgage broker to obtain a lower interest rate than the borrower would otherwise receive</li> <li>— The borrower determines whether or not it makes sense to pay a discount point or points to obtain a lower interest rate</li> </ul>
<b>Mortgage Broker's Fee</b>	<ul style="list-style-type: none"> <li>— Fee paid to mortgage broker, if you are working with a mortgage broker</li> <li>— Mortgage broker cost for processing the mortgage</li> <li>— Similar to the origination fee that a lender may charge</li> <li>— The fee is typically expressed in points with one point equaling 1% of the mortgage amount</li> </ul>
<b>Administration Fee</b>	<ul style="list-style-type: none"> <li>— Lender cost for processing your mortgage</li> <li>— Charged by the funding lender</li> </ul>
<b>Commitment Fee</b>	<ul style="list-style-type: none"> <li>— Lender costs for locking in rate</li> <li>— Not charged by most lenders</li> </ul>
<b>Funding Fee</b>	<ul style="list-style-type: none"> <li>— Lender cost for funding mortgage</li> <li>— Some government-backed mortgage programs such as the Veterans Administration (VA) program charge a separate funding fee in addition to any funding fee charged by the lender</li> </ul>
<b>MERS Fee</b>	<ul style="list-style-type: none"> <li>— A lender cost to register the mortgage in the Mortgage Electronic Registration System (MERS)</li> <li>— MERS allows lenders to buy and sell mortgages more easily</li> </ul>
<b>Rate Lock Extension Fee</b>	<ul style="list-style-type: none"> <li>— A fee charged to extend the period of time for which your interest rate is locked</li> <li>— Most lenders do not charge rate lock extension fees and borrowers should try to avoid them</li> </ul>
<b>Underwriting Fee</b>	<ul style="list-style-type: none"> <li>— Lender cost for reviewing borrower documents and determining mortgage qualification</li> <li>— Charged by funding lender</li> </ul>
<b>Wire Transfer Fee</b>	<ul style="list-style-type: none"> <li>— Lender cost for wiring funds to settlement agent</li> <li>— Charged by funding lender</li> </ul>