

# *Good Faith Estimate Guarantee*

## **The Problem with “Estimates”**

For years now, borrowers have been frustrated at closing tables when they find that their closing costs are higher than they were quoted. Loan officers are under no legal obligation to deliver accurate closing costs as quoted on their good faith estimates. Instead, they lean heavily on the word “estimate” in explaining that the differences were unforeseeable.

## **Bait and Switch in the Mortgage Industry**

The fact that there is no legal consequence for lenders who do not stick to their estimates has allowed many unscrupulous loan officers to operate a bait-and-switch marketing technique. These lenders often quote terms they know they cannot deliver in order to get your business. Unfortunately, when it comes time to close on your new house, and you finally see the real terms, it can be very difficult to walk away from the closing table and the home that you are under contract to purchase. Until there is stronger regulation, mortgage borrowers should be especially wary of the “too good to be true” estimates.

## **Inexperience**

Although the bad actors mentioned above may be few and far between, there are certainly plenty of inexperienced loan officers in the business who simply misquote fees and rates accidentally. In fact, many believe it is impossible to quote accurate fees, especially in the face of fierce competition for your business. This has also become increasingly difficult as lending guidelines continuously change.

## **My Guarantee**

Contrary to popular belief, an experienced loan officer does have the ability to accurately predict closing costs. This is why I offer this guarantee in writing! If your loan is approved as quoted by our underwriters, the fees you are charged at the closing will be the same or lower than my initial quote or I will pay the difference, to the penny, at closing in the form of a credit on your settlement statement.

Your interest rate is also guaranteed. Because rates fluctuate daily, I can only guarantee a rate which we have agreed in writing to lock. Your interest rate at closing will be the same documented on your signed lock confirmation, or I will pay an additional \$250 credit toward your closing costs.

In truth, I have been operating this way for years—with or without a written guarantee.

## **Conditions and Exceptions**

This guarantee is made by Nelson Barss, and is not binding on any other loan officers at Academy Mortgage, or on Academy Mortgage Corporation. This guarantee applies only to your interest rate and to items listed as closing costs on your estimate. Items listed as pre-paid items are excluded because they are determined by your chosen insurance company and your local taxing entity after the initial estimate is given.



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