



ANNOUNCEMENT#10-08, March 12, 2010

To: All Michigan Mutual Brokers

Re: Guidance on New GFE and HUD-1 regarding Transfer Tax

Michigan Mutual Inc. has received numerous questions regarding the handling of Transfer Tax on the new GFE and HUD-1 forms. With the new page 3 of the HUD-1 the costs that are paid by the borrower, paid on behalf of the borrower, or paid outside of closing are reconciled versus the costs disclosed on the GFE.

Transfer Tax is one of the costs that cannot increase on the HUD-1 from the costs disclosed on the GFE. The confusion occurs in many states where the Transfer Tax is by law a cost to the seller. In those cases the Transfer Tax does not have to be disclosed to the borrower on the GFE and would not be shown on the HUD-1 as a charge to the borrower.

Michigan Mutual will accept a GFE without the disclosure of the Transfer Tax provided the costs are legally defined as the responsibility of the seller and will not appear on page 3 of the HUD-1.

Please note in some real estate transactions the cost of the Transfer Tax is negotiated to be paid by the buyer. In those cases, the Transfer Tax must be disclosed with the initial GFE unless the cost of the Transfer Tax was renegotiated to the borrower during the transaction. Under the renegotiation scenario, the rules that apply to change of circumstance would apply.

If the Transfer Tax is not disclosed on the GFE and the borrower is responsible for paying the Transfer Tax, then the cost of the Transfer Tax must be paid out of broker's compensation.

Please contact your account executive if you have any questions.

We appreciate and value your business!