



# RESPA Reform – Best Practices



## GOALS FOR TODAY'S SESSION



### Overview of new Rule

- New GFE
- New HUD-1
- New YSP disclosure
- Average Charge rules

### Best Practices for a successful implementation of the new rule

- Invoices / Tips and strategies
- 1100 HUD charges / Seller paid items
- Out of tolerance issues / Average charge rules



## Main Components of RESPA reform

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New Good Faith Estimate  
New YSP disclosure  
New HUD-1 Settlement Statement  
Average Charge Rules  
New Settlement Agent roles and responsibilities



## Good Faith Estimate – Final Rule

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Centerpiece of RESPA reform

Goal was *greater clarity and transparency*

Only HUD could simplify process by taking one page GFE and turning it into three pages

OMB Approval No. 2502-0265

### Good Faith Estimate (GFE)

<p>Name of Originator: First Bank of Bedrock          Originator Address: 4556 Slate Avenue          Originator Phone Num:          Originator Email: MAHolden@datatohomestead.com</p>	<p>Borrower: Fred Flintstone and Wilma Flintstone          Property Address: 123 Stonewedge Parkway, Bedrock, NE 68444          Date of GFE: 09/10/2009</p>
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**Purpose:** This GFE gives you an estimate of your settlement charges and loan terms if you are approved for this loan. For more information, see HUD's Special Information Booklet on settlement charges, your Truth-in-Lending Disclosure, and other consumer information at www.hud.gov/respa. If you decide you would like to proceed with this loan, contact us.

**Shopping for your loan:** Only you can shop for the best loan for you. Compare this GFE with other loan offers, so you can find the best loan. Use the shopping chart on page 3 to compare all the offers you receive.

**Important dates:**

- The interest rate for this GFE is available through 09/15/2009. After this time, the interest rate, some of your loan Origination Charges, and the monthly payment shown below can change until you lock your interest rate.
- This estimate for all other settlement charges is available through 09/15/2009.
- After you lock your interest rate, you must go to settlement within 60 days (your rate lock period) to receive the locked interest rate.
- You must lock the interest rate at least 7 days before settlement.

**Summary of your loan:**

Your initial loan amount is	\$160,000.00
You loan term is	30 years
Your initial interest rate is	5.6250%
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$921.05 per month
Can your interest rate rise?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of % . The first change will be in \$
Even if you make payments on time, can your loan balance rise?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of \$
Even if you make payments on time, can your monthly amount owed for principal, interest, and any mortgage insurance rise?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, the first increase can be in \$ and the monthly amount owed can rise to \$ . The maximum it can be is \$
Does your loan have a prepayment penalty?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, your maximum prepayment penalty is \$
Does your loan have a balloon payment?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, you have a balloon payment of \$ due in years

**Escrow account information:** Some lenders require an escrow account to hold funds for paying property taxes or other property-related charges in addition to your monthly amount owed of \$921.05. Do we require you to have an escrow account for your loan?  
 No, you do not have an escrow account. You must pay these charges directly when due.  
 Yes, you have an escrow account. It may or may not cover all of these charges. Ask us.

**Summary of your settlement charges:**

<b>A</b> Your Adjusted Origination Charges (See page 2)	\$1,500.00
<b>B</b> Your Charges for All Other Settlement Services (See page 3)	\$4,864.15
<b>A + B</b> Total Estimated Settlement Charges	\$6,364.15

**Understanding your estimated settlement charges**

Some of these charges can change at settlement. See the top of page 3 for more information.

**Your Adjusted Origination Charges**

- Our origination charge. This charge is for getting this loan for you. **\$2,000.00**
- Your credit or charge (points) for the specific interest rate chosen.
  - The credit or charge for the interest rate of % is included in "Our origination charge." (See item 1 above.)
  - You receive a credit of \$500.00 for the interest rate of 5.6250%. This credit reduces your settlement charges.
  - You pay a charge of \$ for this interest rate of %.
 This charge (points) increases your total settlement charges. The table on page 3 shows that you can change your total settlement charges by choosing a different interest rate for this loan. **\$-500.00**

**A** Your Adjusted Origination Charges **\$1,500.00**

**Your Charges for All Other Settlement Services**

- Required services that we select. These charges are for services we require to complete your settlement. We will choose the providers of these services.
 

Service	Charge
Appraisal	\$400.00
Credit Report	\$15.00
Tax Service	\$50.00
Flood Certification	\$17.00

**\$457.00**
- Title services and lender's title insurance. This charge includes the services of a title or settlement agent, for example, and title insurance to protect the lender, if required. **\$300.00**
- Owner's title insurance. You may purchase an owner's title insurance policy to protect your interest in the property. **\$693.90**
- Required services that you can shop for. These charges are for other services that are required to complete your settlement. We can identify providers of these services or you can shop for them yourself. Our estimates for providing these services are below.
 

Service	Charge
Home Inspection	\$400.00

**\$400.00**
- Government recording charges. These charges are for state and local fees to record your loan and title documents. **\$100.00**
- Transfer taxes. These charges are for state and local fees on mortgages and home sales. **\$0.00**
- Initial deposit for your escrow account. This charge is held in an escrow account to pay future recurring charges on your property and includes  all property taxes,  all insurance, and  other. **\$1,500.00**
- Daily interest charges. This charge is for the daily interest on your loan from the day of your settlement until the first day of the next month or the first day of your normal mortgage payment cycle. This amount is \$ 27.35 per day for 60 days if your settlement is 09/15/2009. **\$413.25**
- Homeowner's insurance. This charge is for the insurance you must buy for the property to protect from a loss, such as fire.
 

Service	Charge
Homeowner's Insurance	\$1,000.00

**\$1,000.00**

**B** Your Charges for All Other Settlement Services **\$4,864.15**

**A + B** Total Estimated Settlement Charges **\$6,364.15**



*Some of these charges can change at settlement. See the top of page 3 for more information.*

<b>Your Charges for All Other Settlement Services</b>		
<b>3. Required services that we select</b> These charges are for services we require to complete your settlement. We will choose the providers of these services.		
<b>Service</b>	<b>Charge</b>	
Appraisal	\$400.00	
Credit Report	\$15.00	
Tax Service	\$30.00	
Flood Certification	\$12.00	\$457.00
<b>4. Title services and lender's title insurance</b> This charge includes the services of a title or settlement agent, for example, and title insurance to protect the lender, if required.		\$300.00
<b>5. Owner's title insurance</b> You may purchase an owner's title insurance policy to protect your interest in the property.		\$693.90
<b>6. Required services that you can shop for</b> These charges are for other services that are required to complete your settlement. We can identify providers of these services or you can shop for them yourself. Our estimates for providing these services are below.		
<b>Service</b>	<b>Charge</b>	
Home Inspection	\$400.00	\$400.00

## **Good Faith Estimate – YSP Controversy**



What is a YSP?

Mortgage brokers must disclose YSP

Mortgage bankers do not



Base line: Loan charge of \$1000 / Interest rate of 5.75% / No "points"

Credit line: Loan charge of \$2000 / Interest rate of 5.625% / credit \$500

Charge line: loan charge of \$1000 / Interest rate of 4.5% / charge of \$1000

Understanding your  
estimated settlement  
charges

Your Adjusted Origination Charges	
1. Our origination charge This charge is for getting this loan for you.	\$2,000.00
2. Your credit or charge (points) for the specific interest rate chosen <input type="checkbox"/> The credit or charge for the interest rate of % is included in "Our origination charge." (See item 1 above.) <input checked="" type="checkbox"/> You receive a credit of \$500.00 for this interest rate of 5.625%. This credit reduces your settlement charges. <input type="checkbox"/> You pay a charge of \$ for this interest rate of %. This charge (points) increases your total settlement charges. The tradeoff table on page 3 shows that you can change your total settlement charges by choosing a different interest rate for this loan.	\$-500.00
<b>A</b> Your Adjusted Origination Charges	\$1,500.00

## Good Faith Estimate – NAMB Lawsuit



December 19, 2008 NAMB sues HUD  
Claims rule is arbitrary and capricious -  
violates Administrative Procedures Act

### ***Inman News | July 31, 2009 | Judge throws out NAMB law suit***

Unless Congress says otherwise, mortgage brokers will have to disclose rebates paid by lenders and credit them against borrowers' closing costs beginning Jan. 1, following a judge's dismissal of a trade group's lawsuit challenging the new rules.



# HUD-1 Settlement Statement

Final settlement figures

HUD seeks simplicity but turns 2 page Settlement Statement into 3

All settlement service providers critical of proposed March 2008 HUD-1

GDH Approval No. 2502-0263

### A. Settlement Statement (HUD-1)

**B. Type of Loan**

FHA    2    RHS    3    Conv.    U.S.    F.    Loan Number: 12345678    Mortgage Insurance Case Number: 987-1234  
 VA    5    Conv.    Ins.

**C. Note:** This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agents are shown. Some numbers may not add due to rounding. They are shown here for informational purposes and are not included in the totals.

**D. Name & Address of Borrower:**  
Fred Flintstone  
123 Stoneage Parkway, Bedrock, Bedrock, NE 08444  
Lot 7 of Stoneage Subdivision

**E. Name & Address of Seller:**  
Barney Rubble  
Betsy Rubble

**F. Name & Address of Lender:**  
First Bank of Bedrock, NA  
2345 State Avenue, Bedrock, Nebraska 68444

**G. Property Location:**  
123 Stoneage Parkway, Bedrock, Bedrock, NE 08444  
Lot 7 of Stoneage Subdivision

**H. Settlement Agent:**  
Duke's Homebased Title Inc.  
Place of Settlement: 315 S. Phillips Ave. Sioux Falls, SD 57104  
Phone: 605.336.0300 Fax: 605.336.0669

**I. Settlement Date:** 9/15/2009  
**Declaration Date:** 9/15/2009  
**Frontload:** 1 coin  
**Printed:** 09/15/2009 at 9:54 am EST

J. Summary of Borrower's Transactions		K. Summary of Seller's Transactions	
100	Gross Amount Due from Borrower	400	Gross Amount Due to Seller
101	Contract sales price	401	Contract sales price
102	Personal property	402	Personal property
103	Settlement charges to borrower (line 1430)	403	
104		404	
105		405	
Adjustments for items paid by seller in advance		Adjustments for items paid by seller in advance	
106	City/town taxes	406	City/town taxes
107	County taxes	407	County taxes
108	Assessments	408	Assessments
109		409	
110		410	
111		411	
112		412	
100	Gross Amount Due from Borrower	400	Gross Amount Due to Seller
200	Amounts Paid by or in Behalf of Borrower	500	Reductions in Amount Due to Seller
201	Deposit of earnest money	501	Excess deposit (see instructions)
202	Principal amount of new loan(s)	502	Settlement charges to seller (line 1400)
203	Existing loan(s) taken subject to	503	Existing loan(s) taken subject to
204		504	Payoff of first mortgage loan
205		505	Payoff of second mortgage loan
206		506	
207		507	
208		508	
209		509	
Adjustments for items unpaid by seller		Adjustments for items unpaid by seller	
210	City/town taxes	510	City/town taxes
211	County taxes	511	County taxes
212	Assessments	512	Assessments
213		513	
214		514	
215		515	
216		516	
217		517	
218		518	
219	Credit for Seller Portion of Title Fees	519	Credit for Seller Portion of Title Fees
220	Total Paid by the Borrower	520	Total Reduction Amount Due to Seller
300	Cash at Settlement from the Borrower	600	Cash at Settlement to/from Seller
301	Gross amount due from borrower (line 120)	601	Gross amount due to seller (line 420)
302	Less amounts paid to the borrower (line 220)	602	Less reductions in amount due to seller (line 520)
303	Cash <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower	603	Cash <input checked="" type="checkbox"/> To <input type="checkbox"/> From Seller
	43,938.54		37,488.44

The Public Reporting Burden for this collection of information is estimated to average 35 minutes per response for collecting, reviewing, and reporting the data. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. No confidentiality is assumed. The disclosure is mandatory. This is designed to provide the parties to a RESPA covered transaction with information during the settlement process.

L. Settlement Charges				Paid From Borrower's Funds at Settlement	Paid From Seller's Funds at Settlement
<b>700. Total Real Estate Broker Fees</b>					
701	\$6,000.00	to	Bedrock Realty		
702	\$6,000.00	to			
703	Commission paid at settlement	to			12,000.00
704		to			
<b>800. Items Payable in Connection With Loan</b>					
801	Our origination charge	\$2,000.00	(from GFE #1)		
802	Your credit or charge (points) for the specific interest rate chosen	\$-500.00	(from GFE #2)		
803	Your adjusted origination charges	to	Rocky Appraisals	(from GFE #3)	1,500.00
804	Appraisal fee	to	Rocky Appraisals	(from GFE #3)	400.00
805	Credit report	to	Credit Facts	(from GFE #3)	15.00
806	Tax service	to	Tax Service America	(from GFE #3)	30.00
807	Flood certification	to	Equal Food	(from GFE #3)	12.00
808		to		(from GFE #3)	
<b>900. Items Required By Lender To Be Paid In Advance</b>					
901	Daily interest charges	from 09/16/2009 to 09/30/2009 @ \$27.5500/day	(from GFE #10)	386.79	
902	Mortgage insurance premium	months to	(from GFE #5)		
903	Homeowner's insurance	for 12 months to Alstate	(from GFE #11)	944.22	
904		months to	(from GFE #11)		
<b>1000. Reserves Deposited With Lender</b>					
1001	Initial deposit for your escrow account		(from GFE #9)	1,180.89	
1002	Homeowner's insurance	1 months @ 78.69/month			
1003	Mortgage insurance	months @			
1004	Property taxes	10 months @ 110.22/month			
1005		months @			
1006		months @			
1007	Aggregate Adjustment				
<b>1100. Title Charges</b>					
1101	Title services and lender's title insurance		(from GFE #4)	295.00	
1102	Settlement or closing fee	\$100.00			100.00
1103	Owner's title insurance		(from GFE #6)	693.90	
1104	Lender's title insurance Dakota Homestead Title Insurance Compar	\$125.00			
1105	Lender's title policy	\$160,000.00			
1106	Owner's title policy	\$200,000.00			
1107	Agent's portion of the total title insurance premium	\$675.12			
1108	Underwriter's portion of the total title insurance premium	\$168.78			
1109	Closing Protection Letter Fee	\$25.00			
1110	Mobile Notary Service				150.00
1111	Express Mail Charge	\$25.00			25.00
1112	Wire Fee	\$20.00			20.00
<b>1200. Government Recording and Transfer Charges</b>					
1201	Government recording charges		(from GFE #7)	88.00	
1202	Deed \$22.00	Mortgage \$66.00	Release \$11.00		11.00
1203	Transfer taxes		(from GFE #8)		
1204	City/County tax/stamps	Deed \$	Mortgage \$		
1205	State tax/stamps	Deed \$	Mortgage \$		
1206		Deed \$	Mortgage \$		
<b>1300. Additional Settlement Charges</b>					
1301	Required services that you can shop for		(from GFE #6)	610.00	
1302	Home inspection	to Lendax No Risk U \$950.00			
1303	Survey	to Bedrock Surveys \$60.00			
1304	Homeowners Warranty	to Home Warranty			
1305		to			
1400	<b>Total Settlement Charges</b>	(enter on lines 103, Section J and 502, Section K)		<b>6,154.71</b>	<b>13,056.00</b>

1000. Reserves Deposited with Lender					
1001.	Initial deposit for your escrow account			(from GFE #9)	\$800.00
1002.	Homeowner's insurance	months @ \$	per month \$	350.00	
1003.	Mortgage insurance	months @ \$	per month \$		
1004.	Property taxes	months @ \$	per month \$	450.00	
1005.		months @ \$	per month \$		
1006.		months @ \$	per month \$		
1007.	Aggregate Adjustment			-\$	

## HUD-1 Settlement Statement – How to show fees

\$200,000 Owners Policy of Title Insurance – Extended Coverage	693.90	B/S
\$160,000 Lenders Policy of Title Insurance – Simultaneously issued	75.00	B
CPL Lenders Closing Protection Letter	25.00	B
Closing Fee Buyers/Sellers closing fee (split 50% to buyer and 50% to seller)	200.00	B/S
Endorse Comp 100 endorsement for Lenders Policy	50.00	B
Other Wire Fees (2 @\$20), Express Mail Fees (2 @\$25)	90.00	B/S
Mobile Notary Mobile Notary Fee	150.00	S

Total Title Insurance Charges = \$843.90  
Underwriter Portion = \$168.78 / Agent Portion = \$675.12

## Invoicing suggestions

QTY	DESCRIPTION	UNIT PRICE	LINE TOTAL
\$200,000	Owners Policy of Title Insurance - Extended Coverage	693.90	693.90
\$160,000	Lenders Policy of Title Insurance - Simultaneously issued	75.00	75.00
CPL	Lenders Closing Protection Letter	25.00	25.00
Closing Fee	Buyers/Sellers closing fee (split 50% to buyer and 50% to seller)	200.00	200.00
Endorse	Comp 100 endorsement for Lenders Policy	50.00	50.00
Other	Wire Fees (2 @\$20), Express Mail Fees (2 @\$25)	90.00	90.00
Mobile Notary	Mobile Notary Fee	150.00	150.00
Total Title Insurance Charges = \$843.90 Underwriter Portion = \$168.78 / Agent Portion = \$675.12			
Amount which should be shown on the GFE #4 (Title Services and Lenders Title Insurance)		\$295.00	
Amount which should be shown on the GFE #5 (Owners Title Insurance)		\$693.90	
SUBTOTAL			1,283.90



## Invoicing suggestions

- Show underwriter split
- Show proper amounts for GFE to lender
- Itemize who pays for fee in area.



## HUD-1 Settlement Statement – How to show fees

Old Way:

1100. Title Charges			
1101. Settlement or closing fee	to Bedrock Title Co.	100.00	100.00
1102. Abstract or title search	to		
1103. Title examination	to		
1104. Title insurance binder	to		
1105. Document preparation	to		
1106. Notary fees	to Mobile Notary Service		150.00
1107. Closing Protection Letter	to Bedrock Title Co.	25.00	
(includes above items numbers:	)		
1108. Title insurance	to	818.90	346.95
(includes above items numbers:	1102, 1103 & 1104	)	
1109. Lender's coverage	\$160,000.00 - \$125.00		
1110. Owner's coverage	\$200,000.00 - \$693.90		
1111. Wire Fees	to Bedrock Title Co.	20.00	20.00
1112. Express Mail Fees	to Fed Ex	25.00	25.00
1113.	to		

# HUD-1 Settlement Statement – How to show fees

New Way:

Underwriter Premium split is shown here!

Lines 1102, 1104, 1109; 1111 & 1112 all total out of column and are shown in line 1101 as "Title Services and Lenders Title Insurance"

1100. Title Charges			
1101. Title services and lender's title insurance		(from GFE #4)	295.00
1102. Settlement or closing fee	\$100.00		100.00
1103. Owner's title insurance		(from GFE #5)	693.90
1104. Lender's title insurance Dakota Homestead Title Insurance Compar	\$125.00		
1105. Lender's title policy	\$160,000.00		
1106. Owner's title policy	\$200,000.00		
1107. Agent's portion of the total title insurance premium	\$675.12		
1108. Underwriter's portion of the total title insurance premium	\$168.78		
1109. Closing Protection Letter Fee	\$25.00		
1110. Mobile Notary Service			150.00
1111. Express Mail Charge	\$25.00		25.00
1112. Wire Fee	\$20.00		20.00

Comparison of Good Faith Estimate (GFE) and HUD-1 Charges		Good Faith Estimate	HUD-1
<b>Charges That Cannot Increase</b>			
Our origination charge	# 801	2,000.00	2,000.00
Your credit or charge (points) for the specific interest rate chosen	# 802	500.00	500.00
Your adjusted origination charges	# 803	1,500.00	1,500.00
Transfer taxes	# 1203	0.00	0.00
<b>Charges That in Total Cannot Increase More Than 10%</b>			
Government recording charges	# 1201	100.00	88.00
Appraisal fee	# 804	400.00	400.00
Credit report	# 805	15.00	15.00
Tax service	# 806	30.00	30.00
Flood certification	# 807	12.00	12.00
Title services and lender's title insurance	# 1101	300.00	295.00
Home inspection	# 1302	400.00	560.00
Survey	# 1303	0.00	60.00
	<b>Total</b>	1,267.00	1,450.00
	<b>Increase between GFE and HUD-1 Charges</b>	1183.00	or 15.3540%
<b>Charges That Can Change</b>			
Daily interest charges	# 901 \$27.550/day	400.00	385.70
Homeowner's insurance	# 903	1,000.00	944.22
Total deposit for your escrow account	# 1001	1,500.00	1,180.99
<b>Loan Terms</b>			
Your initial loan amount is	\$		
Your loan term is	years		
Your initial interest rate is	%		
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ includes <input type="checkbox"/> Principal <input type="checkbox"/> Interest <input type="checkbox"/> Mortgage Insurance		
Can your interest rate rise?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of % The first change will be on / / and change again every years after / / Every change date, your interest rate can increase or decrease by % Over the life of the loan, your interest rate is guaranteed to never be lower than % or higher than %		
Even if you make payments on time, can your loan balance rise?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of \$.		
Even if you make payments on time, can your monthly amount owed for principal, interest, and mortgage insurance rise?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, the first increase can be on / / and the monthly amount owed can rise to \$. The maximum it can ever rise to is \$.		
Does your loan have a prepayment penalty?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, your maximum prepayment penalty is \$		
Does your loan have a balloon payment?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, you have a balloon payment of \$ due in years on / /		
Total monthly amount owed including escrow account payments	<input checked="" type="checkbox"/> You do not have a monthly escrow payment for items, such as property taxes and homeowner's insurance. You must pay these items directly yourself. <input type="checkbox"/> You have an additional monthly escrow payment of \$ that results in a total initial monthly amount owed of \$. This includes principal, interest, any mortgage insurance and any items checked below: <input type="checkbox"/> Property taxes <input type="checkbox"/> Homeowner's insurance <input type="checkbox"/> Flood insurance <input type="checkbox"/>		

Note: If you have any questions about the Settlement Charges and Loan Terms listed on this form, please contact your lender.

## New HUD-1, page 3

Comparison of Good Faith Estimate (GFE) and HUD-1 Charges			Good Faith Estimate	HUD-1
<b>Charges That Cannot Increase</b>				
	<b>HUD-1 Line Number</b>			
Our origination charge	# 801		2,000.00	2,000.00
Your credit or charge (points) for the specific interest rate chosen	# 802		500.00	-600.00
Your adjusted origination charges	# 803		1,500.00	1,600.00
Transfer taxes	# 1203		0.00	0.00
<b>Charges That in Total Cannot Increase More Than 10%</b>				
Government recording charges	# 1201		100.00	88.00
Appraisal fee	# 804		400.00	400.00
Credit report	# 805		15.00	15.00
Tax service	# 806		30.00	30.00
Flood certification	# 807		12.00	12.00
Title services and lender's title insurance	# 1101		300.00	295.00
Home Inspection	# 1302		400.00	550.00
Survey	# 1303		0.00	60.00
<b>Total</b>			1,257.00	1,450.00
<b>Increase between GFE and HUD-1 Charges</b>			\$193.00	or 15.3640%
<b>Charges That Can Change</b>				
Daily interest charges	# 901	\$27.5500/day	400.00	385.70
Homeowner's insurance	# 903		1,000.00	944.22
Initial deposit for your escrow account	# 1001		1,500.00	1,180.89

## New HUD-1, page 3 issues

Total of all items in 10% tolerance may not increase more than 10%.

Title fees part of total, subject to 10% aggregate tolerance.

Title section limitations

## Tolerance Rules



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No tolerance bucket

10% tolerance bucket

30 day cure period

Only lender responsible for curing / *NOT TITLE CO*

NEW HUD-1 WILL LIKELY BE ISSUED by the title company and sent to the buyer and lender if a refund is due from the lender

## Average Charges



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What's that all about?

Settlement Service Providers getting killed by class action lawsuits

March 2008 rule allowed only lenders to use average charges

Final rule permits all settlement service providers opportunities to use average charges

Victory for ALTA and NAR



## Average Charges

Fed Ex Fees: Month of December	Sale transactions	Refi Transactions
09-12-001	\$22.00	
09-12-002		\$12.00
09-12-003	\$36.00	
09-12-004	\$14.00	
09-12-005		\$25.00
Average Charge:	\$24.00 <small>(72.00 / 3)</small>	\$18.50 <small>(37 / 2)</small>



## Best Practices

Showing 1100 charges correctly

Invoicing and disclosing fees

Out of tolerance issues

## EFFECTIVE DATES



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New GFE and HUD-1 forms go into effect  
January 1, 2010

Average Charges went into effect  
January 16, 2009

Required Use definition has been canceled by  
HUD

## CONCLUSION



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HUD did a decent job of providing more transparency  
and clarity to settlement process

Likely to encourage greater consumer shopping

Some settlement service providers got scraped up  
during the process, but others had their concerns  
addressed

Lots of changes – EXPECT THE UNEXPECTED

# RESPA Reform

## Q & A

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Questions and answers

### **Michael Holden**

Dakota Homestead Title  
Insurance Company

315 S. Phillips Avenue  
Sioux Falls SD 57104  
800-425-0388

[www.dakotahomestead.com](http://www.dakotahomestead.com)