

**Minnesota Association of Realtors<sup>®</sup>**  
Understanding the RESPA Rule Changes

**Top Takeaways**  
**New GFE/HUD-1**

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## Today's Session

1. Discuss impact on settlement service providers
2. Identify the most complicated and troubling aspects of the rule
3. Identify Top Takeaways from new GFE and HUD-1 for lenders, title companies, and consumers
4. Help you respond to your clients' questions and concerns

## Main Components

- New Good Faith Estimate
- 2. Controversial YSP Disclosure
- 3. Tolerance Limitations
- 4. New HUD-1 Settlement Statement
- 5. Average Charges

## New Good Faith Estimate

Centerpiece of RESPA reform

2. Goal was greater clarity and transparency
3. Only HUD could simplify process by taking one page GFE and turning it into three pages

## Tolerance Limitations

2. HUD holds lenders' feet to fire
3. Guts of the whole shindig
  - accuracy
  - clarity
  - encourage shopping

## **Tolerance Limitations (cont'd)**

**TOLERANCES = 3 BUCKETS**

- A. Zero Tolerance**
- B. 10% Tolerance**
- C. No Tolerance**

# Tolerance Limitations (cont'd)

## Instructions

Understanding which charges can change at settlement

This GFE estimates your settlement charges. At your settlement, you will receive a HUD-1, a form that lists your actual costs. Compare the charges on the HUD-1 with the charges on this GFE. Charges can change if you select your own provider and do not use the companies we identify. (See below for details.)

These charges cannot increase at settlement:	The total of these charges can increase up to 10% at settlement:	These charges can change at settlement:
<ul style="list-style-type: none"> <li>■ Our origination charge</li> <li>■ Your credit or charge (points) for the specific interest rate chosen <i>(after you lock in your interest rate)</i></li> <li>■ Your adjusted origination charges <i>(after you lock in your interest rate)</i></li> <li>■ Transfer taxes</li> </ul>	<ul style="list-style-type: none"> <li>■ Required services that we select</li> <li>■ Title services and lender's title insurance <i>(if we select them; or you use companies we identify)</i></li> <li>■ Owner's title insurance <i>(if you use companies we identify)</i></li> <li>■ Required services that you can shop for <i>(if you use companies we identify)</i></li> <li>■ Government recording charges</li> </ul>	<ul style="list-style-type: none"> <li>■ Required services that you can shop for <i>(if you do not use companies we identify)</i></li> <li>■ Title services and lender's title insurance <i>(if you do not use companies we identify)</i></li> <li>■ Owner's title insurance <i>(if you do not use companies we identify)</i></li> <li>■ Initial deposit for your escrow account</li> <li>■ Daily interest charges</li> <li>■ Homeowner's insurance</li> </ul>

# TOP TAKEAWAYS MORTGAGE INDUSTRY

## Top Takeaways – Mortgage Industry

### **No. 1: Lender is bound by GFE provided by mortgage broker**

- If lender accepts the GFE issued by the mortgage broker, the lender is subject to loan terms and settlement charges
- A zero tolerance applies
- Timely communication between the lender and mortgage broker is essential to assure compliance

(cont'd)

**No. 2: Fees to be paid on behalf of the borrower by the seller must be disclosed on GFE**

The Rule:

1. Charges “typically” paid for by the Borrower are always listed on GFE, even if seller pays them
2. Charges “always” paid for by the Seller are never listed on the GFE
3. Except that title charges always listed on the GFE no matter who pays for them

## **No. 3: A written list of settlement service providers must be provided to the consumer**

1. When lender/mortgage broker permits borrower to shop for third party settlement services, consumer must be provided with a list of providers on a separate sheet of paper
2. At least one provider per service required. Don't have to show price
3. Because provider chosen from lender list places service in the 10% tolerance bucket – expect lenders to limit number of vendors appearing on the list

## No. 4: New GFE imposes increased liability on Lenders

1. Lender required services and those selected from list identified by lender go in the 10% tolerance category
2. Beware of lenders that hold vendors' feet to fire by requiring guaranteed prices
  - Potential RESPA violation
3. However, look for vendors to guarantee their prices on their own
  - Sophisticated software helps
  - Distinguishes vendors from competition

## **No. 5: New HUD-1 also imposes increased responsibility on Lenders**

1. How will the closing agent know whether to place a vendor fee in the zero tolerance or 10% tolerance category?
2. Won't know unless lender tells them
3. Likely result?
  - Include information with closing instructions
  - Perhaps create proforma HUD-1 page 3 for closing agents

## Top Takeaways – Mortgage Industry (cont'd)

### **No. 6: Lender not stuck with estimates if circumstances change**

1. Changed circumstances
  - Loan terms or conditions change
  - Property value changes
  - Borrower changes the deal
2. New GFE
  - Within 3 business days of change
  - 10 day shopping period starts over
  - Borrower can waive
3. Issuance of new GFE optional
  - Sometimes lender may choose to issue a new GFE
  - When?

## Top Takeaways – Mortgage Industry (cont'd)

### **No. 7: Lenders must defend APR calculation and new forms do not help**

1. New rules leave TIL in shadows
  - Industry complained, but to no avail
2. HUD wants bundled origination charges
  - But bundling camouflages finance charges
3. What's a lender to do?
  - Break out origination charges on a separate sheet of paper
  - Clearly identify finance charges

(cont'd)

## **No. 8: Seller incentives distort settlement charges on GFE**

If seller agrees to pay typical borrower charges,  
HUD says still put fees on GFE

### 2. Result?

- Borrower charges are inflated

### 3. What to do?

- Use asterisk (\*) next to charge
- \* “Seller, lender, or other third party to pay these fees on behalf of borrower.”

## No. 9: Timing considerations critical when mortgage broker involved

- \_\_\_\_\_
- Revised GFE must be provided within 3 business days of broker's receipt of information constituting “change circumstances,” not broker's communication of “changed circumstance” to lender
- Timely communication between the lender and mortgage broker is essential to assure compliance

**TOP TAKEAWAYS**  
**TITLE INSURANCE INDUSTRY**

## Top Takeaways – Title Industry

### No. 1: Required vs. voluntary use of the new HUD-1 form

- \_\_\_\_\_ when the transaction is covered by RESPA
- Federally related mortgage loan
  - Purchase money loan
  - Refinance transactions
  - Reverse mortgages
2. Voluntary when the transaction is not covered by RESPA
- All cash transaction
  - Commercial loans
  - Temporary financing
  - Investor transactions
3. Voluntary use of the HUD-1 in a non-covered transaction does not subject the transaction to RESPA's rules
- Once non-covered, always non-covered

**No. 2: New methods for disclosing lender charges, title charges and real estate commissions on HUD-1**

Lender origination charges bundled in Line 801 of HUD-1

- Processing fees, underwriting fees, doc prep fees, and even YSPs

2. Title charges bundled on Line 1101 of HUD-1
3. Real estate commissions will be shown as flat dollar amounts – not as percentages

# HUD-1 Settlement Statement – Page 2

L. Settlement Charges			
<b>700. Total Real Estate Broker Fees</b>		Paid From Borrower's Funds at Settlement	Paid From Seller's Funds at Settlement
Division of commission (line 700) as follows:			
701. \$ 9,000	to RE Broker #1		
702. \$ 9,000	to RE Broker #2		
703. Commission paid at settlement			16,000.00
704. Earnest money deposit held by RE Broker #2 \$2,000 P.O.C.			
<b>800. Items Payable in Connection with Loan</b>			
801. Our origination charge	ABC Broker/XYZ Mortgage	\$ 3,500	(from GFE #1)
802. Your credit or charge (points) for the specific interest rate chosen	\$ -2,000		(from GFE #2)
803. Your adjusted origination charges	ABC Broker/XYZ Mortgage		(from GFE A)
804. Appraisal fee to	Appraisal America		(from GFE #3)
805. Credit report to	Credit Report Co.		(from GFE #3)
806. Tax service to	Tax Service USA		(from GFE #3)
807. Flood certification	Flood Certification, Inc.		(from GFE #3)
808.			
<b>900. Items Required by Lender to Be Paid in Advance</b>			
901. Daily interest charges from	10/8 to 10/31 @ \$ 39.00/day		(from GFE #10)
902. Mortgage insurance premium	for 12 months to FHA		(from GFE #3)
903. Homeowner's insurance	for 1 years to ABC Insurance		(from GFE #11)
904.			
<b>1000. Reserves Deposited with Lender</b>			
1001. Initial deposit for your escrow account			(from GFE #9)
1002. Homeowner's insurance	1 months @ \$ 50.00 per month	\$ 50.00	
1003. Mortgage insurance	1 months @ \$ 130.00 per month	\$ 130.00	
1004. Property taxes	3 months @ \$ 166.00 per month	\$ 498.00	
1005.	months @ \$ per month	\$	
1006.	months @ \$ per month	\$	
1007. Aggregate Adjustment		-\$ 166.00	

# HUD-1 Settlement Statement – Page 2

<b>1100. Title Charges</b>					
1101. Title services and lender's title insurance	ABC Title		(from GFE #4)	\$2,110.00	
1102. Settlement or closing fee	ABC Title	\$		\$125.00	
1103. Owner's title insurance	ABC Title/Underwriter		(from GFE #5)	\$900.00	
1104. Lender's title insurance	ABC Title/Underwriter	\$	175.00		
1105. Lender's title policy limit	\$	295,000			
1106. Owner's title policy limit	\$	300,000			
1107. Agent's portion of the total title insurance premium	\$	860.00			
1108. Underwriter's portion of the total title insurance premium	\$	215.00			
<b>1200. Government Recording and Transfer Charges</b>					
1201. Government recording charges			(from GFE #7)	\$55.00	
1202. Deed	\$ 25.00	Mortgage \$ 30.00	Releases \$ 15.00	\$15.00	
1203. Transfer taxes			(from GFE #8)	\$1,200.00	
1204. City/County tax/stamps	Deed \$ 600.00	Mortgage \$ 600.00			
1205. State tax/stamps	Deed \$ 600.00	Mortgage \$ 600.00			
1206.					
<b>1300. Additional Settlement Charges</b>					
1301. Required services that you can shop for			(from GFE #6)	\$270.00	
1302. Survey to XYZ Survey Co.	\$	225.00			
1303. Pest Inspection to Bug-B-Gone	\$	45.00			
1304. Home Warranty to Home Warranty USA				\$300.00	
1305.					
<b>1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K)</b>				\$13,922.00	\$17,340.00

## Top Takeaways – Title Industry (cont'd)

### No. 3: Length of closing expected to increase

Longer form = more consumer inquiries

2. Pressure on closing agent to respond to mortgage-related questions
  - Closing agent can shift responsibility back to lender
  - Could cause delays and unhappy lenders/consumers
3. Learning curve
  - Expect longer closings
  - After a few months, process will improve

## **No. 4: P.O.C. not allowed on GFE, what about HUD-1?**

1. Final rule forbids “Paid Outside of Closing” notations on the GFE form
2. “Paid Outside of Closing” acceptable on HUD-1
  - Listed inside the line item
  - Same as current practices

## Top Takeaways – Title Industry (cont'd)

### **No. 5: Borrower charges paid by seller are disclosed as a credit/charge on HUD-1**

1. HUD insists that charges typically paid for by the borrower must be listed under the borrower column on the HUD-1
2. Address through seller credits on page 1 of HUD-1
  - Lines 206 and 506

# HUD-1 Settlement Statement – Page 2

<b>1100. Title Charges</b>					
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1105. Lender's title policy limit	\$	295,000			
1106. Owner's title policy limit	\$	300,000			
1107. Agent's portion of the total title insurance premium		\$	860.00		
1108. Underwriter's portion of the total title insurance premium		\$	215.00		
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1202. Deed	\$ 25.00	Mortgage	\$ 30.00	Releases \$ 15.00	
1203. Transfer taxes			(from GFE #8)	\$1,200.00	
1204. City/County tax/stamps	Deed \$ 600.00	Mortgage	\$ 600.00		
1205. State tax/stamps	Deed \$ 600.00	Mortgage	\$ 600.00		
1206.					
<b>1300. Additional Settlement Charges</b>					
1301. Required services that you can shop for			(from GFE #6)	\$270.00	
1302. Survey to XYZ Survey Co.		\$	225.00		
1303. Pest Inspection to Bug-B-Gone		\$	45.00		
1304. Home Warranty to Home Warranty USA				\$300.00	
1305.					
<b>1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K)</b>				\$13,922.00	\$17,340.00

# HUD-1 Settlement Statement – Page 1



## A. Settlement Statement (HUD-1)

OMB Approval No. 2502-0265

B. Type of Loan			C. Notes		
1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> RHS	3. <input type="checkbox"/> Conv. Unins.	4. <input type="checkbox"/> Conv. Ins.	5. <input type="checkbox"/> Conv. Ins.	6. File Number:
7. Loan Number:	8. Mortgage Insurance Case Number:	<p>This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.u.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.</p>			
D. Name & Address of Borrower:		E. Name & Address of Seller:		F. Name & Address of Lender:	
G. Property Location:		H. Settlement Agent:		I. Settlement Date:	
		Place of Settlement:			

  

J. Summary of Borrower's Transaction		K. Summary of Seller's Transaction	
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 1400)		403.	
104.		404.	
105.		405.	
Adjustment for items paid by seller in advance		Adjustments for items paid by seller in advance	
106. City/town taxes to		406. City/town taxes to	
107. County taxes to		407. County taxes to	
108. Assessments to		408. Assessments to	
109.		409.	
110.		410.	
111.		411.	
112.		412.	
120. Gross Amount Due from Borrower		420. Gross Amount Due to Seller	
200. Amounts Paid by or in Behalf of Borrower		500. Reductions in Amount Due to Seller	
201. Deposit or 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. Seller credit for transfer taxes	1,200.00	506. Seller credit for transfer taxes	1,200.00
207.		507.	
208.		508.	
209.		509.	
Adjustments for items unpaid by seller		Adjustments for items unpaid by seller	
210. City/town taxes to		510. City/town taxes to	
211. County taxes to		511. County taxes to	
212. Assessments to		512. Assessments to	
213.		513.	
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. Total Paid by/for Borrower		520. Total Reduction Amount Due Seller	
300. Cash at Settlement from/to Borrower		600. Cash at Settlement from/to Seller	
301. Gross amount due from borrower (line 120)		601. Gross amount due to seller (line 420)	
302. Less amounts paid by/for borrower (line 220)	( )	602. Less reductions in amount due seller (line 520)	( )
303. Cash <input type="checkbox"/> From <input type="checkbox"/> To Borrower		603. Cash <input type="checkbox"/> To <input type="checkbox"/> From Seller	

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## Top Takeaways – Title Industry (cont'd)

### **No. 6: Tax deductible points must be identified on HUD-1**

1. If deductible points are included in the bundled origination charge on Line 801, these points must be separately designated for IRS purposes
2. How?
  - Inside line on Line 801 “(Includes Origination Point 1% or \$1,000)”
  - or
  - Disclosure in 1400 series “\*\*Includes Origination Point (1% or \$1,000)”

## **No. 7: Bundling title insurance charges can be tricky**

1. Title insurance and title services charges are bundled on Line 1101
  - Lender's insurance
  - Title exam fee
  - Title commitment fee
  - Document preparation fee
  
2. Third-party vendor fees included in bundle
  - But must be separately itemized inside the column in 1100 series
  - Example: attorney performs closing or abstract company performs exam

# HUD-1 Settlement Statement – Page 2

<b>1100. Title Charges</b>					
1101. Title services and lender's title insurance	ABC Title		(from GFE #4)	\$2,110.00	
1102. Settlement or closing fee	Joe Attorney	\$ 125.00		\$125.00	
1103. Owner's title insurance	ABC Title/Underwriter		(from GFE #5)	\$900.00	
1104. Lender's title insurance	ABC Title/Underwriter	\$ 175.00			
1105. Lender's title policy limit	\$ 295,000				
1106. Owner's title policy limit	\$ 300,000				
1107. Agent's portion of the total title insurance premium		\$ 860.00			
1108. Underwriter's portion of the total title insurance premium		\$ 215.00			
<b>1200. Government Recording and Transfer Charges</b>					
1201. Government recording charges			(from GFE #7)	\$55.00	
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1204. City/County tax/stamps	Deed \$ 600.00	Mortgage \$ 600.00			
1205. State tax/stamps	Deed \$ 600.00	Mortgage \$ 600.00			
1206.					
<b>1300. Additional Settlement Charges</b>					
1301. Required services that you can shop for			(from GFE #6)	\$270.00	
1302. Survey to XYZ Survey Co.		\$ 225.00			
1303. Pest Inspection to Bug-B-Gone		\$ 45.00			
1304. Home Warranty to Home Warranty USA				\$300.00	
1305.					
<b>1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K)</b>				\$13,922.00	\$17,340.00

## Top Takeaways – Title Industry (cont'd)

### **No. 8: Settlement Service providers not permitted to make a profit on average charges**

What to do if average charge turns out to be higher than actual charges?

- Consumers do not get a refund
- Overage credited to next average charge period

## Top Takeaways – Title Industry (cont'd)

### **No. 9: Reprieve until April 30, 2010 to comply with new rules**

1. Don't believe what you hear
2. Believe what you read
  - HUD's Mortgagee Review Board will restrain its enforcement efforts against FHA-approved mortgagees
  - Throw the book at those who do not make a good faith attempt to comply

# TOP TAKEAWAYS CONSUMERS

**No. 1: Can I shop for everything on the GFE for the next 10 business days?**

1. No – the expiration date for the interest rate may be different
  
2. Final rule gives lenders the discretion to set the interest rate expiration date and time
  - “Important Dates” Item #1

# Good Faith Estimate – Page 1

OMB Approval No. 2502-0265



## Good Faith Estimate (GFE)

Name of Originator	ABC Mortgage Broker
Originator Address	123 Maple Ave. Washington, DC 20006
Originator Phone Number	(202) 555-5555
Originator Email	loan@abcmb.com

Borrower	John Doe
Property Address	123 Main St. Arlington, VA 22201
Date of GFE	September 22, 2009

### 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 Disclosures, and other consumer information at [www.hud.gov/respa](http://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

1. The interest rate for this GFE is available through . 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.
2. This estimate for all other settlement charges is available through .
3. After you lock your interest rate, you must go to settlement within  days (your rate lock period) to receive the locked interest rate.
4. You must lock the interest rate at least  days before settlement.

## Top Takeaways – Consumers (cont'd)

### **No. 2: There is a credit to the origination charge. Do I get cash back?**

1. Consumers likely to question the meaning of a “credit” in Block 2 of the GFE
2. Gives lender the opportunity to explain:
  - Premium payment to a mortgage broker
  - Lender payment of settlement charges
3. Confusion could carry over to the HUD-1 and Line 802
  - Closing agent will get these questions

## Good Faith Estimate – Page 2

Understanding  
your estimated  
settlement charges

Your Adjusted Origination Charges	
1. Our origination charge This charge is for getting this loan for you.	<b>3,500</b>
2. Your credit or charge (points) for the specific interest rate chosen <input type="checkbox"/> The credit or charge for the interest rate of <input type="text"/> % is included in "Our origination charge." (See item 1 above.) <input checked="" type="checkbox"/> You receive a credit of \$ <input type="text" value="2,000"/> for this interest rate of <input type="text" value="6.5"/> %. This credit reduces your settlement charges. <input type="checkbox"/> You pay a charge of \$ <input type="text"/> for this interest rate of <input type="text"/> %. 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.	<b>-2,000</b>
<b>A</b> Your Adjusted Origination Charges	<b>\$ 1,500</b>

## Top Takeaways – Consumers (cont'd)

### **No. 3: I know I have to hire an attorney to close the loan. Why aren't attorneys fees listed on the GFE?**

1. Closing services are included in the definition of “title services”
2. “Title services” fees bundled and disclosed in Block 4 of the GFE
  - No separate itemization of charges (unlike HUD-1)
3. Written list of providers may identify closing attorney separate from title insurance company

## Good Faith Estimate – Page 2

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

Your Charges for All Other Settlement Services		
<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.		\$5,326.00
<i>Service</i>	<i>Charge</i>	
Appraisal/Credit Report	\$220 / \$40	
Tax Service/Flood Certification	\$54 / \$12	
Upfront Mortgage Insurance Premium	\$5,000.00	
<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.		\$1,000.00
<b>5. Owner's title insurance</b> You may purchase an owner's title insurance policy to protect your interest in the property.		\$725.00
<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.		\$295.00
<i>Service</i>	<i>Charge</i>	
Survey	\$250	
Pest Inspection	\$45	
<b>7. Government recording charges</b> These charges are for state and local fees to record your loan and title documents.		\$50.00
<b>8. Transfer taxes</b> These charges are for state and local fees on mortgages and home sales.		\$1,200.00

## Top Takeaways – Consumers (cont'd)

### **No. 4: How do the tolerances affect the settlement fees I have to pay?**

1. Possible refund to consumer
  - Explain tolerances
  - 3 buckets
2. Tolerance violations can be cured in 2 ways:
  - A lender credit on the HUD-1
  - A lender refund within 30 days of closing

## Top Takeaways – Consumers (cont'd)

### No. 5: Is the “Total Estimated Settlement Charges” the amount I must bring to closing?

1. The amount on GFE to reflect the “worst case scenario” for possible settlement charges
  - GFE may include charges that seller intends to pay on borrower’s behalf
  - Certain charges on GFE could increase at closing (daily interest charges, escrow amount)
2. Other charges reflected in purchase agreement not required to appear on GFE

## Top Takeaways – Consumers (cont'd)

### No. 6: What's the title insurance premium split about?

1. Lines 1107 and 1108 of HUD-1 disclose premium split between title agent and title underwriter
2. Consumer concerns:
  - High premium amount received by title agent
  - Lines 1107/1108 = double payment for title insurance?
3. Futile disclosure – too late in the game
  - Title industry complains others don't have to disclose their splits

# HUD-1 Settlement Statement – Page 2

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1301. Required services that you can shop for			(from GFE #6)	\$270.00	
1302. Survey to XYZ Survey Co.	\$	225.00			
1303. Pest Inspection to Bug-B-Gone	\$	45.00			
1304. Home Warranty to Home Warranty USA				\$300.00	
1305.					
<b>1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K)</b>				\$13,922.00	\$17,340.00

## Top Takeaways – Consumers (cont'd)

### **No. 7: Why am I being charged for owner's title insurance when the seller agreed to pay for it?**

1. HUD requires owner's title insurance to always be disclosed on the GFE for purchase transactions
2. Owner's title insurance charge will appear in the borrower's column of the HUD-1
3. Borrower credit will appear on page 1 of HUD-1

## Top Takeaways – Consumers (cont'd)

### **No. 8: The fees in the 10% tolerance have increased by \$1,542. Do I get a \$1,542 refund?**

1. 10% tolerance category - Consumer is entitled to a credit or refund for only the amount above the 10% tolerance
2. Example: Fees in the 10% tolerance category increase by \$1,542 or 21.7%
  - Consumer receives a credit or refund for \$831 or the 11.7% increase above the 10% tolerance

# HUD-1 Settlement Statement – Page 3

Comparison of Good Faith Estimate (GFE) and HUD-1 Charges		Good Faith Estimate	HUD-1
Charges That Cannot Increase	HUD-1 Line Number		
Our origination charge	# 801	\$3,500.00	\$3,500.00
Your credit or charge (points) for the specific interest rate chosen	# 802	\$-2,000.00	\$-2,000.00
Your adjusted origination charges	# 803	\$1,500.00	\$1,500.00
Transfer taxes	#1203	\$1,200.00	\$1,200.00

Charges That in Total Cannot Increase More Than 10%		Good Faith Estimate	HUD-1
Government recording charges	# 1201	\$50.00	\$55.00
Appraisal	# 804	\$220.00	\$450.00
Credit Report	# 805	\$40.00	\$40.00
Tax Service Fee	# 806	\$54.00	\$76.00
Flood Certification	# 807	\$12.00	\$12.00
Upfront Mortgage Insurance	# 902	\$5,000.00	\$5,000.00
Title Services – Lender’s Insurance	# 1101	\$1,000.00	\$2,110.00
Owner’s Title Insurance	# 1103	\$725.00	\$900.00
<b>Total</b>		\$7,101.00	\$8,643.00
<b>Increase between GFE and HUD-1 Charges</b>		\$ <b>1,542.00</b>	or <b>21.7 %</b>

Charges That Can Change		Good Faith Estimate	HUD-1
Initial deposit for your escrow account	#1001	\$400.00	\$512.00
Daily interest charges	# 901 \$ 39.00/day	\$39.00	\$897.00
Homeowner’s insurance	# 903	\$650.00	\$600.00
Survey	# 1302	\$250.00	\$225.00
Pest Inspection	# 1303	\$45.00	\$45.00
	#		

1. New forms provide more transparency and clarity and will likely result in more accurate estimates for borrower charges
2. Expect turmoil during first few months of 2010
3. **Chill out, it'll get better**
4. But hey, its RESPA – Expect the unexpected