

New RESPA Rule FAQs

General

1) **Q:** When does the new RESPA Rule take effect?

A: The November 2008 RESPA Rule was effective January 16, 2009. Implementation of the provisions are as follows:

Provision	Implementation Date
Average Charge (optional)	January 16, 2009
Servicing Disclosure Statement	January 16, 2009
Other technical changes	January 16, 2009
New GFE	January 1, 2010
New HUD-1/HUD-1A (for all transactions in which the new GFE is used)	January 1, 2010
Tolerances	January 1, 2010
Elimination of FHA Cap On Origination Fees	January 1, 2010

2) **Q:** When does the revised required use definition take effect?

A: The revised required use definition was withdrawn by a separate final rule published May 15, 2009.

3) **Q:** Can a loan originator e-mail a GFE to a borrower?

A: Yes; as long as the borrower consents and the other specific requirements for consumer disclosures under the Electronic Signatures in Global and National Commerce Act (ESIGN) are met, a loan originator may e-mail, fax, or send by other electronic means the GFE (and other RESPA disclosures, such as the HUD-1/1A). See section 101(c) of ESIGN, 15 U.S.C. 7001(c); also see 24 CFR 3500.23. The loan originator may also continue to deliver the GFE to the borrower by hand delivery or by placing it in the mail, as provided by RESPA.

4) **Q:** RESPA and HUD's RESPA regulations require that certain records be retained for a period of time. Can those records be retained electronically?

A: Yes, if the person responsible for retaining records under RESPA and HUD's RESPA regulations meets the specific requirements and limitations applicable to the retention of electronic documents set out in the Electronic Signatures in Global and National Commerce Act (ESIGN), that person's responsibility will be satisfied by the retention of electronic records. See sections 101(d) and (e) of ESIGN, 15 U.S.C. 7001(d) and (e); also see 24 CFR 3500.23.

5) **Q:** Can we translate the GFE and the HUD-1 into languages other than English?

A: Yes, it is permissible to translate the GFE and the HUD-1 as long as the form has been translated accurately.

LAST UPDATE:

August 13, 2009

GFE

GFE - General

- 1) **Q:** What happens if a GFE is not provided to a borrower?
A: In a transaction involving a federally related mortgage, the loan originator is required to provide a GFE to the borrower. Failure to provide a GFE as required is a violation of Section 5 of RESPA.

- 2) **Q:** When will the use of the new GFE and HUD-1 forms be required?
A: The new GFE and HUD-1 forms must be used as of January 1, 2010. The new GFE and HUD-1 forms may be used before this date. Please note that if a loan originator issues a GFE on the new form, then the settlement agent must use the new HUD-1 form and the tolerances and other requirements in the revised RESPA regulations will apply.

- 3) **Q:** If a GFE is issued on the old form prior to January 1, 2010, and the loan will close after January 1, 2010, which HUD-1 form is to be completed by the settlement agent?
A: If a GFE is issued on the old form prior to January 1, 2010, then the old HUD-1 form must be used even if closing will occur after January 1, 2010. For GFEs issued on the old form, the loan originator has the option to reissue the GFE (with the same terms and charges) on the new form, in which case the settlement agent must complete the new HUD-1 form.

- 4) **Q:** When does a loan originator have to issue a GFE?
A: A loan originator must issue a GFE no later than 3 business days after the loan originator receives an application or information sufficient to complete an application. Application is defined as the submission of a borrower's financial information in anticipation of a credit decision relating to a federally related mortgage loan, which shall include the following: (1) borrower's name, (2) borrower's monthly income; (3) borrower's social security number to obtain a credit report; (4) property address; (5) estimate of value of the property; (6) loan amount and (7) any other information deemed necessary by the loan originator.

- 5) **Q:** What is a loan originator?
A: "Loan originator" means a lender or a mortgage broker.

- 6) **Q:** What fees can a loan originator charge before issuing a GFE?
A: Prior to issuing a GFE, the loan originator may, at its option, collect a fee limited to the cost of a credit report.

- 7) **Q:** I am a mortgage broker. Can I provide the GFE?
A: Yes, a mortgage broker can provide the GFE, however the lender is ultimately responsible for ascertaining that the GFE was provided to the applicant.

8) **Q:** There are not enough lines on the GFE or the HUD-1 to show all of the charges that are appropriate for some of the categories. Where should these charges be listed?

A: Additional lines may be added to Blocks 3, 6 and 11 of the GFE. Additional lines may also be added to the HUD-1.

9) **Q:** Is a GFE a loan commitment?

A: No, the GFE is not a loan commitment. A GFE is an estimate of settlement charges a borrower is likely to incur to obtain a specific loan.

10) **Q:** At what point can a loan originator charge a loan applicant fees for services other than the cost of obtaining a credit report?

A: After a loan applicant both receives a GFE and indicates an intention to proceed with the loan covered by the GFE, the loan originator may collect fees beyond the cost of a credit report for origination-related services.

11) **Q:** If the borrower is taking out two loans to finance the purchase, how should the loan originator disclose the charges from each loan on the GFE and the HUD-1?

A: Each loan must have a separate GFE and a separate HUD-1. However, the principal amount of the second loan and a brief explanation of the second loan should be listed on Lines 204 – 209 of the HUD-1 for the first loan.

12) **Q:** What are processing and administrative services?

A: Processing and administrative services are those services required to perform the functions involved in title service and origination service. Processing and administrative services include, but are not limited to the following: document delivery, document preparation, copying, wiring, preparing endorsements, document handling and notarization.

13) **Q:** Does a prepayment penalty include the requirement of paying interest on a monthly basis on an FHA loan?

A: No. FHA loans accrue interest on a monthly basis. The payment by a borrower of accrued interest upon payoff of an FHA loan is not a prepayment penalty.

GFE – Expiration

1) **Q:** When does a GFE expire?

A: If a borrower does not express an intent to continue with an application within ten business days after the GFE is provided (or such longer time period specified by the loan originator), the loan originator is no longer bound by the GFE.

GFE – Denial

1) **Q:** If a loan originator denies the loan before the end of the three business day period after application, does the loan originator need to issue a GFE?

A: No, the loan originator is not required to issue a GFE if, before the end of the three business day period, the loan originator denies the application or the loan applicant withdraws the application.

GFE – Written list of providers

1) **Q:** When do loan originators have to provide the borrower with a written list of identified providers?

A: When a loan originator permits a borrower to shop for third-party settlement services, the loan originator must provide the borrower with a written list of settlement services providers at the time of the GFE, on a separate sheet of paper.

2) **Q:** Does the borrower have to select a settlement service provider from the loan originator's written list of settlement service providers?

A: No. If the loan originator permits a borrower to shop for a settlement service provider, the borrower may choose a qualified provider that is not on the originator's written list.

3) **Q:** If the borrower chooses a settlement service provider that is not on the written list, does the tolerance apply?

A: No, if the borrower chooses a settlement service provider that is not on the loan originator's written list of providers, the amount paid for that service is not subject to a tolerance.

GFE – “Changed circumstances”

1) **Q:** Once a GFE is issued are there any circumstances under which the loan terms or charges can change?

A: Yes. The loan terms or charges can change in the event that there are changed circumstances. “Changed circumstances” is now defined in § 3500.2 as: (1) Acts of God, war, disaster, or other emergency; (2) Information particular to the borrower or transaction that was relied on in providing the GFE and that changes or is found to be inaccurate after the GFE has been provided, which information may include information about the credit quality of the borrower, the amount of the loan, the estimated value of the property, or any other information that was used in providing the GFE; (3) New information particular to the borrower or transaction that was not relied on in providing the GFE; or (4) Other circumstances that are particular to the borrower or transaction, including boundary disputes, the need for flood insurance, or environmental problems.”

None of the information collected by the loan originator prior to issuing the GFE may later become the basis for a “changed circumstance” upon which a loan originator may offer a revised GFE, unless the loan originator can demonstrate that there was a change in the particular information or that it was inaccurate, or that the loan originator did not rely on that particular information in issuing the GFE. In addition, the loan originator is presumed to have relied on the borrower's name, the borrower's monthly income, the property address, an estimated of the value of the property, the mortgage loan amount sought, and any information contained in any credit

report obtained by the loan originator before providing the GFE. The loan originator cannot base a revision of the GFE on this information, unless it changed or is later found to be inaccurate.

2) **Q:** Would the discovery of additional documents (such as releases) that must be recorded causing an increase in government recording fees be considered a “changed circumstance” allowing the loan originator to provide a revised GFE?

A: The discovery of previously undisclosed circumstances affecting settlement costs such as unreleased liens could be considered a “changed circumstance”. A loan originator may choose to issue a revised GFE reflecting only the increased charges resulting from the “changed circumstance” or may choose not to reissue a GFE if the increase is minimal. If the loan originator chooses to issue a revised GFE, only the increase in recording fees may change on the GFE: all other charges must remain the same.

3) **Q:** If there is a “changed circumstance”, when does the loan originator issue a new GFE?

A: When there is a “changed circumstance” and the loan originator intends to issue a revised GFE, the loan originator must do so within three business days of receiving the information sufficient to establish changed circumstances.

4) **Q:** If a loan originator issues a revised GFE based on changed circumstances, how long must the loan originator retain documentation for providing a revised GFE?

A: The documentation that establishes changed circumstances must be retained for no less than three years after settlement of the loan.

5) **Q:** If circumstances change, may a loan originator issue a revised GFE with changes to all of the charges and terms related to the loan?

A: No, the loan originator may only change those charges and terms that are affected by the specific changed circumstance.

GFE – New construction

1) **Q:** If a transaction involves new construction in which the loan may not close for months, how does this affect the issuance of a GFE?

A: In transactions involving new home purchases, where settlement is anticipated to occur more than 60 calendar days from the time a GFE is provided, the loan originator may provide the GFE to the borrower with a clear and conspicuous disclosure stating that at any time up until 60 calendar days prior to closing, the loan originator may issue a revised GFE. If no such separate disclosure is provided, the loan originator cannot issue a revised GFE in the absence of changed circumstances or another event as provided in § 3500.7(f) of HUD's new RESPA regulations.

GFE – Page 1

GFE – Name of originator

1) **Q:** Should the name of the individual loan originator or the name of the loan origination entity go in the “Name of Originator” box at the top of page 1 of the GFE?

A: The name of the loan originator entity (such as ABC Loan Originator) must go in the box at the top of page 1 of the GFE. In addition to the name of the entity, the name of the individual loan originator may also be added.

GFE – Important dates

1) **Q:** In the “Important dates” section of the GFE, where it states “The interest rate for this GFE is available through _____”, does the loan originator have to leave the interest rate open for a specific amount of time, like 10 days?

A: There are no restrictions on the amount of time the interest rate must remain available. The interest rate can be available for any period of time that the loan originator chooses, including for example, a period of time within one day or for several days.

2) **Q:** In the “Important dates” section of the GFE, line 2, for how long must the estimate for all other settlement charges be available?

A: The estimate for “all other settlement charges” in the “Important dates” section of the GFE must be available for at least ten business days.

GFE – Summary of your loan

1) **Q:** In a refinance, does the prepayment penalty in the “Summary of your loan” section of the GFE refer to the loan being paid off or the new loan being applied for?

A: The prepayment penalty refers to the new loan the borrower is applying for.

2) **Q:** How should the loan originator complete the “Your initial monthly amount owed for principal, interest, and any mortgage insurance is” in the “Summary of your loan” section of the GFE for a loan that begins as an interest-only and then becomes fully amortized?

A: Regardless of the type of loan, the loan originator must fill in the initial monthly amount owed for principal, interest, and any mortgage insurance. The amount shown must be the greater of: (1) The required monthly payment for principal and interest for the first regularly scheduled payment, plus any monthly mortgage insurance payment; or (2) the accrued interest for the first regularly scheduled payment, plus any monthly mortgage insurance payment.

3) **Q:** May discretionary charges such as credit insurance be included in the “Your initial monthly amount for principal, interest, and any mortgage insurance is _____”?

A: No. “Your initial monthly amount for principal, interest and any mortgage insurance is _____” may not contain discretionary amounts such as credit insurance. It should only contain the combined charges of principal, interest, and mortgage insurance.

4) **Q:** What is meant by “initial loan amount.”?

A: The initial loan amount is the amount of the principal loan balance on the date of closing.

5) **Q:** Why did HUD use the term “initial loan amount”?

A: HUD used the term “initial loan amount” because some loans allow for negative amortization that will increase the loan balance over time. Negative amortization occurs when the interest accrued during a payment period is greater than the scheduled payment and the excess amount is added to the outstanding loan balance.

6) **Q:** What is meant by “initial interest rate”?

A: The initial interest rate is the interest rate that is applicable on the date of closing.

7) **Q:** If a loan contains a conditional preferred rate feature (such as a lower interest rate to an employee as long as the employee still works for the same employer), what is the “initial interest rate”? What is the first change date on loans containing conditional preferred rate features?

A: The initial interest rate is the interest rate that is applicable on the date of closing. If the first interest rate change date is not known due to a conditional preferred rate feature, the first change date box should state “unknown.”

8) **Q:** Do loan originators have to provide a price for Owner’s title insurance on the GFE?

A: Loan originators must provide an estimate of the charge for an Owner’s title insurance policy in Block 5, “Owner’s title insurance” on the GFE on all purchase transactions. For non-purchase transactions, the loan originator may enter “NA” or “Not Applicable” in this Block.

9) **Q:** If a seller typically pays for the Block 5, “Owner’s title insurance”, does the charge still have to be shown on the GFE?

A: Yes, an estimate of the cost must be shown in Block 5, “Owner’s title insurance” for all purchase transactions regardless of who is selecting or paying for it.

GFE – Escrow account information

1) **Q:** How does the loan originator complete the “Escrow account information” section on the GFE?

A: On the GFE, in the “Escrow account information” section, the first box is for the monthly payment that the borrower will owe for principal, interest, and mortgage insurance (i.e., the same amount shown above on the GFE as “Your initial monthly amount owed for principal, interest, and any mortgage insurance is”). If the lender does not require an escrow account, the loan originator should check the box for “No, you do not have an escrow account. You must pay these charges directly when due.” If the lender does require an escrow account, the loan originator should check the box for “Yes, you have an escrow account. It may or may not cover all of these charges. Ask us.”

2) **Q:** On the GFE, in the “Escrow account information” section, does the first block for the monthly amount owed include the amount of the estimated escrow payment?

A: No, the first block is for the monthly amount that will be owed for principal, interest, and mortgage insurance only. Additional information on charges relating to the escrow account is in Block 9 on page 2 of the GFE.

GFE – Page 2

GFE – Block 1 “Our origination charge”

1) **Q:** If there is a lender and a mortgage broker in the same transaction, where does the loan originator put the lender and mortgage broker charges?

A: The total of all charges for all loan originators (lenders and mortgage brokers) must be contained in Block 1, “Our origination charge” on page 2 of the GFE, except for any charge for the specific interest rate chosen.

2) **Q:** Where does the loan originator put the lender’s processing fee on the GFE?

A: All loan originator charges—including processing, application, administration fees, underwriting, document preparation, wire, lender inspection, mortgage broker, loan handling, and other miscellaneous fees—are contained in Block 1, “Our origination charge”.

3) **Q:** Can the charge shown on the GFE, Block 1, “Our origination charge”, increase after the GFE has been issued?

A: No. Block 1, “Our origination charge” cannot increase unless there is a “changed circumstance” as defined in 24 CFR § 3500.2.

GFE – Block 2

1) **Q:** How does a loan originator show a "no cost" loan on the GFE?

A: Where a "no cost" loan encompasses the loan origination charge and some or all third party fees, a credit should be listed in Block 2 of the GFE to offset all fees encompassed in the "no cost" loan resulting in a negative number in Block A to cover the intended third party fees, listed in Blocks 3 thru 11 as appropriate.

2) **Q:** I am a mortgage broker. If a lender is paying a yield spread premium through the loan, how do I show the charge for discount points on the GFE?

A: There may not be a credit for a yield spread premium and a charge for discount points in the same transaction. Only one box in GFE Block 2, “Your credit or charge for the specific interest rate chosen,” may be checked.

GFE – Block 3

1) **Q:** Where should a VA funding fee be disclosed on the GFE?

A: Fees specific to government loan programs, such as a VA Funding Fee, should be disclosed in Block 3, “Required services that we select.”

GFE – Block 4

1) **Q:** Where should the quote for the Lender's title insurance policy premium be disclosed on the GFE?

A: The Lender's title insurance premium is part of Block 4, "Title services and lender's title insurance" on the GFE, along with any fees for title searches, examinations, endorsements and all charges associated with the title services and settlement (closing) agent services.

2) **Q:** Are delivery fees included in "Title services" and therefore included in Block 4 of the GFE?

A: Yes, delivery fees are included in the definition of "title services" and are included in the charge shown in Block 4 of the GFE.

3) **Q:** Are notary fees included in "Title services" and therefore included in GFE Block 4?

A: Yes, notary fees are included in the definition of "title services" and are included in the charge shown in Block 4 of the GFE.

GFE – Block 11

1) **Q:** What types of insurance are included on the GFE, Block 11, "Homeowner's insurance"?

A: Block 11 of the GFE contains estimates for premiums for all types of insurance (other than title insurance) that must be purchased to meet the loan originator's requirements to protect the property from loss, such as hazard insurance (homeowner's insurance), flood insurance, and earthquake insurance.

2) **Q:** Where should the charge for flood insurance go on the new GFE?

A: Flood insurance is a type of insurance that would protect the property from loss. The charge for flood insurance should be itemized in Block 11 on the GFE and included in the Block 11 total.

GFE – Page 3

GFE – Tradeoff table

1) **Q:** Are loan originators required to complete the Tradeoff table?

A: The loan originator must complete the left-hand column ("The loan in this GFE") of the Tradeoff table with the information pertaining to the loan as shown on page 1 of the GFE. The loan originator, at its option, may also complete the remaining sections in the Tradeoff table with the same information showing an alternate loan with a higher interest rate and one with a lower interest rate, if the loan originator has those loans available and would issue a GFE based on the same information provided by the applicant. The alternative loans must use the same loan amount and be identical to the loan in the GFE except for the interest rate and closing costs.

Average Charge

1) **Q:** What services can be estimated and charged using an average charge?

A: Third party charges for services that are not based on the property value or loan amount may be estimated, charged, and reported using an average charge. These third party charges are permitted for services that include but are not limited to: appraisals, credit reports, flood certificates, tax service, and recording documents (such as charges by a locality on a per page basis).

Average charges may not be used for items such as transfer taxes, interest charges, escrow reserves and insurances (including title insurance).

2) **Q:** How long does the settlement service provider have to keep documentation on how it calculated an average charge?

A: A settlement service provider must keep documentation used to calculate an average charge for at least three years after any settlement for which that average charge was used.

3) **Q:** What if the use of an average charge is not permitted under state law?

A: The use of an average charge is only one option under HUD's RESPA rule. HUD's average charge provision does not preempt state law. If a state in which a settlement service provider does business prohibits average charges, the settlement service provider may not use an average charge in that state.

Section 4 and 5 – Right to cure and tolerance violations

1) **Q:** If there is an inadvertent or technical error on the HUD-1, is this considered a violation of Section 4 of RESPA?

A: As long as a revised HUD-1 is provided to all parties within 30 calendar days after settlement, it would not be considered a violation of RESPA Section 4.

2) **Q:** Who is responsible for any tolerance violation?

A: The lender is responsible for curing tolerance violations.

3) **Q:** Does the settlement agent have to stop the closing if a tolerance would be violated?

A: No, the settlement agent does not need to stop the closing. While HUD recommends that the lender cure the tolerance violation at closing, the lender has 30 calendar days to cure.

4) **Q:** If a charge on the HUD-1 is less than the charge on the GFE, is this a tolerance violation?

A: No. It is permissible for charges to the borrower to decrease. This is not considered a violation.

5) **Q:** What happens if the charges are not properly calculated on the GFE and later result in a tolerance violation? Will the settlement agent be responsible for paying the difference to the consumer?

A: The lender is responsible for curing all tolerance violations; not the settlement agent. The lender must cure the violation at closing or within 30 days after settlement.

6) **Q:** If a loan originator pressures a settlement agent to reduce their charges or to 'cover the difference' to bring the costs into compliance with the tolerances, is that considered a violation of RESPA Section 8(a)?

A: If a loan originator (or other settlement service provider) pressures a settlement agent (or other settlement service provider) to reduce their charges or otherwise 'cover the difference' to bring the costs into compliance with the tolerances as a condition of receiving future referrals of business, it may be considered a potential violation of RESPA Section 8(a). Please contact the Office of RESPA and ILS to file a complaint.

7) **Q:** If the lender does not cure a tolerance violation at closing but does cure the violation within the 30-day right-to-cure period, who sends the borrower the reimbursement? Who prepares the revised HUD-1?

A: The lender is responsible for making the reimbursement, but either the lender or a third party authorized by the lender (including the settlement agent) may send the reimbursement to the borrower. RESPA and § 3500.8 of HUD's regulations require the settlement agent (person conducting the settlement) to complete the HUD-1 Settlement Statement. Therefore, a HUD-1 that is revised to adjust charges, such as to cure a tolerance violation, is also completed by the settlement agent.

8) **Q:** May separate HUD-1s be given to the seller and the borrower with only their own information on each HUD-1?

A: Yes. It is permissible to have two separate HUD-1s in a transaction; one with the buyer's credits and charges only, and one with the seller's credits and charges only. The settlement agent must provide the lender with a copy of both HUD-1s when the borrower's and the seller's copies differ.

HUD-1

HUD-1 – General

1) **Q:** How are courier and overnight delivery fees shown on the HUD-1 Settlement Statement?

A: Courier and overnight delivery fees are considered to be fees for administrative or processing services. They are part of a primary service, such as the origination service or title service, and may not be separately itemized.

2) **Q:** Does voluntarily using the HUD-1 in a transaction that otherwise is not subject to RESPA result in RESPA applying to the transaction?

A: No, using the HUD-1 form does not subject a transaction to coverage under RESPA.

3) **Q:** Does “conducting a settlement” (from the definition of “title service”) have the same meaning as “conducting the closing”?

A: Yes. The terms “conducting a settlement” and “conducting the closing” have the same meaning under HUD's RESPA regulations and are subject to identical requirements under the regulations.

HUD-1 – Page 1

HUD-1 – Seller-paid items

1) **Q:** What if at closing the seller is paying for a settlement service that was listed on the GFE, such as the Owner's title insurance policy? How is this shown on the HUD-1?

A: If the seller is paying for a service that was on the GFE, such as Owner's title insurance, the charge remains in the borrower's column on the HUD-1. A credit from the seller to the borrower to offset the charge should be listed on the first page of the HUD-1 in Lines 204-209 and Lines 506-509 respectively.

HUD-1 – Page 2

HUD-1 – 700 series

1) **Q:** Where do I put the percentage of commission to the real estate agents on the HUD-1?

A: The percentage used to compute the sales commission has been removed from the HUD-1 to better reflect current practices in the real estate industry. The total amount of the commission to each real estate broker or agent must be shown on Lines 701 and 702. The amount of the commissions disbursed at settlement must be shown inside the columns on Line 703.

HUD-1 – 800 series

1) **Q:** What charges are included in “Our origination charge” on Line 801 of the HUD-1?

A: Line 801 includes all charges received by a loan originator, except for any additional charge (“points”) for the interest rate chosen on the loan. The amount on Line 801 also includes all amounts received for any service, including administrative and processing services, performed by or on behalf of the lender or any mortgage broker. (The amount on Line 801 is not listed in the columns.)

2) **Q:** If an attorney prepares loan documents for a lender, where does that charge go on the HUD-1?

A: Loan document preparation fees are included in the charge on Line 801 of the HUD-1. If a third-party provider, such as an attorney, is compensated for document preparation, the payment to the third party must be itemized on a blank line in the 800 series with the amount listed outside of the column.

3) **Q:** How does a settlement agent show a “no cost” loan on the HUD-1?

A: In the case of “no cost” loans where “no cost” refers only to the loan originator’s fees, a credit equal to the amount shown in Line 801 on the HUD-1 must be given in Line 802 of the HUD-1 so that the adjusted origination charge in Line 803 of the HUD-1 equals zero. In the case of “no cost” loans where “no cost” encompasses some or all third party fees and the origination charge, a credit should be listed in Line 802 of the HUD-1 to offset all fees encompassed in the “no cost” loan, resulting in a negative number for the adjusted origination charge on Line 803 of the HUD-1. The third party services covered by this offset must be itemized and listed in the borrower’s column.

HUD-1 – 900 series

1) **Q:** Where is the charge for flood insurance shown on the HUD-1? What if the borrower pays it prior to settlement?

A: Flood insurance should be disclosed on Line 904 of the HUD-1 with the charge in the borrower’s column. If the borrower pays the insurance prior to closing, the item should be shown on Line 904 of the HUD-1 noted as “Paid Outside of Closing” or P.O.C. with the charge to the left of the column.

HUD-1 – 1000 series

1) **Q:** Does Line 1001 reflect the total of all other lines in the 1000 series?

A: Yes, Line 1001 is the total of all escrow items contained in the 1000 series of the HUD-1.

HUD-1 – 1100 series

1) **Q:** What are title services?

A: The term “title services” includes:

1. Any service involved in the provision of title insurance, including but not limited to:

- title examination and evaluation
- preparation and issuance of commitment
- clearance of underwriting objections
- preparation and issuance of policies
- all processing and administrative services required to perform these functions (e.g. document delivery, preparation and copying, wiring, endorsements, and notary); and

2. The service of conducting a settlement.

2) **Q:** Where should the settlement agent list the commitment fee, wire fee and other miscellaneous title fees on the HUD-1?

A: The commitment fee, wire fee, and other miscellaneous fees are included as processing and administrative fees that are part of the definition of “title services.” All of these types of fees must be included in the charges shown on Line 1101 of the HUD-1, and are not to be itemized separately.

3) **Q:** Are document preparation fees included in “title services” or would they appear as separate line item charge in the borrower’s column?

A: Document preparation fees are part of administrative or processing fees which are included in the charge in Line 1101 of the HUD-1 and may not be separately itemized.

4) **Q:** Are delivery fees included in “Title services” and therefore included in Line 1101 of the HUD-1?

A: Yes, delivery fees are included in the definition of “title services” and are included in the charge shown in Line 1101 of the HUD-1.

5) **Q:** Are notary fees included in “Title services” and therefore included in Line 1101 of the HUD-1?

A: Yes, notary fees are included in the definition of “title services” and are included in the charge shown in Line 1101 of the HUD-1.

6) **Q:** What is the Lender’s title policy limit on Line 1105 of the HUD-1?

A: The Lender’s title policy limit, Line 1105 of the HUD-1, is the maximum dollar amount of coverage available under the policy.

7) **Q:** Where should the quote for the Lender’s title insurance policy premium be disclosed on the HUD-1?

A: The Lender’s title insurance premium is part of the charge shown on Line 1101, “Title services and lender’s title insurance” on the HUD-1, along with any fees for title searches, examinations, endorsements and all charges associated with the title services and settlement (closing) agent services.

8) **Q:** Do the disclosures of the title agent’s and the title underwriter’s portions of the title insurance premium on Lines 1107 and 1108 of the HUD-1 Settlement Statement also contain the charges for the title policy endorsements?

A: Yes, disclosure of the agent’s and the underwriter’s portions of the title insurance premium on Lines 1107 and 1108 of the HUD-1 Settlement Statement also contains any charges for title policy endorsements that are retained by the title agent or title underwriter.

9) **Q:** If a title insurance underwriter is also the title agent, what should be shown on Lines 1107 and 1108 of the HUD-1?

A: If there is no premium split between the title underwriter and a separate title agent, all of the title insurance premium (including charges for endorsements) would be shown on Line 1108, and \$0 would be shown on Line 1107.

HUD-1 – 1200 series

1) **Q:** If there are additional government recording fees, such as to record a power of attorney or road maintenance agreement, are they included in Line 1201 of the HUD-1 or can they be charged separately?

A: Line 1201 is used to record the total government recording charges. Additional items the lender requires to be recorded, other than those already enumerated in Line 1202, must be itemized on Line 1206. The charges for these additional items must be stated outside the column.

HUD-1 – Page 3

1) **Q:** How do settlement agents get the information to prepare page 3 of the HUD-1? Do they have to search through all of the loan documents to get this information?

A: The lender is required to transmit the information necessary to complete the HUD-1. The instructions for completing the HUD-1 state that the lender must provide information to the settlement agent in a format that permits the settlement agent to simply enter the necessary information to complete the loan terms section on page 3 of the HUD-1 without having to refer to the loan documents.

2) **Q:** Is it a violation of the tolerance if some of the items in the 10% category in the Comparison Chart exceed 10%, but other items in the category do not exceed 10%?

A: The tolerance applies to the total of all charges shown in the category “Charges That in Total Cannot Increase More Than 10%.” A tolerance violation of this category means that the total of all actual charges in this category exceed the total of all estimated charges in this category by more than 10%.

Settlement cost booklet

1) **Q:** When will the Settlement Cost Booklet be revised?

A: HUD is currently revising the Settlement Cost Booklet. The Booklet will be available on HUD’s website and will be published in the Federal Register when it is completed.