

LENDERS UPDATE™

A MONTHLY SERVICE TO THE MORTGAGE LENDING INDUSTRY

AN ALT & ASSOCIATES NEWSLETTER

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The purpose of the Lenders Update is to provide a “heads-up” of new legislation and regulations affecting the mortgage lending industry. We provide summaries of new matters so our readers can judge whether the subject impacts their operations. We recommend that our readers review the entire new statute, regulation or other material in detail where it is relevant to them. For convenience, the applicable matter can be easily identified in the summary, and, where possible, a link is provided.

The Update includes information available to Alt & Associates as of November 12, 2008.

HUD ISSUES RESPA RULES

As you may remember the Department of Housing and Urban Development (HUD) proposed new rules for RESPA in March of this year. Yesterday, November 11, 2008 HUD announced the final rules through a Press Release that can be found at www.hud.gov/news/release.cfm?content=pr08-175.cfm. HUD anticipates that the final rules will be published in the Federal Register November 14, 2008.

The Lenders Update will publish a more detailed analysis later this month, after the final rules are available.

The final rules will be effective 60 days after publication, although the new GFE and HUD-1 forms will be required beginning January 1, 2010.

Some of the new provisions which we will detail later, are:

- A new 3 page Good Faith Estimate (GFE) that “clearly discloses key loan terms and closing costs. HUD estimates its new regulation will save consumers nearly \$700.00 at the closing table”.
- A new page on the HUD-1 Settlement Statement that will give borrowers the opportunity to compare final loan terms and costs with those provided on the original GFE.
- The GFE will consolidate closing costs into major categories “to prevent junk fees” and to present them so they can easily be compared.
- HUD will specify the closing costs that can and cannot be changed at settlement, and where the cost can change, the amount of the change allowed.
- The GFE and HUD-1 will be cross-referenced for easier comparison.
- Clear disclosures of Yield Spread Premiums.
- Verification of borrower information can not occur until after the applicant makes the decision to proceed. The new rule will provide more specifics, we hope.

As indicated, we will provide you a more detailed summary after the entire new rule is published and we have had a chance to digest and summarize it.

Our monthly Lenders Update is published via e-mail as a complimentary service to our friends and clients in the financial industry throughout California and the United States. Only those persons who have requested this newsletter are on our mailing list. Should you have colleagues who wish to receive this complimentary service, please have them e-mail us at

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ALT & ASSOCIATES provides regulatory, compliance, operational advice and transactional assistance, as well as litigation representation, to the financial services industry. Over the past two decades, members of the firm have represented Institutional Lenders and Mortgage Bankers and Brokers in all aspects of their operations. If you have any questions please contact:

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