

How to Use This Guide

The Mortgage Industry Guide to RESPA: Compliance, Disclosures, and Procedures is a practical guide to RESPA written especially for mortgage professionals. Although mortgage brokers largely follow state law, one federal law — the Real Estate Settlement Procedures Act (RESPA) — more than any other, profoundly affects how the mortgage industry conducts its business. RESPA's application to the evolving mortgage industry has raised more than its fair share of controversial issues, including the mortgage broker fee issue, which is discussed in Chapter 12. Other key issues dealt with by RESPA involve required disclosures, computer loan origination services, affiliated business arrangements, and the interplay between RESPA and state law.

Written for non-lawyers, the Guide helps users understand what they need to know to comply with RESPA on a daily basis and when to contact an attorney. *The Mortgage Industry Guide to RESPA: Compliance, Disclosures, and Procedures* includes an easy-to-understand explanation and analysis of each provision of RESPA and Regulation X. It also contains checklists to help you conduct self-audits of your compliance with RESPA, practical tips to help you comply, and copies of RESPA statutes and other federal regulatory issuances dealing with RESPA.

The Guide is organized as follows:

- Chapters 1 and 2 introduce *The Mortgage Industry Guide to RESPA: Compliance, Disclosures, and Procedures* and give a brief background on RESPA.
- Chapter 3 (A Quick Tour of RESPA) summarizes RESPA by describing the required disclosures and substantive rules of behavior.
- Chapter 4 (Scope and Coverage) explains which transactions RESPA does and does not cover.
- Chapters 5 and 6 (Special Information Booklet; Good Faith Estimate) describe the disclosures lenders and brokers must provide when they receive applications for loans covered by RESPA, as required by Section 5.
- (Chapter 6A addresses the RESPA provisions affecting Good Faith Estimates effective through December 31, 2009.)
- Chapter 7 (HUD-1 and HUD-1A Settlement Statements) addresses the requirement set forth in Section 4 that borrowers receive a statement itemizing fees paid at settlement.

- (Chapter 7A addresses the RESPA provisions affecting closing disclosures effective through December 31, 2009.)
- Chapters 8 through 12 analyze section 8 (Prohibition of Kickbacks and Unearned Fees) first by examining section 8 as a whole and then by applying it to Computer Loan Origination Systems (CLOs), Affiliated Business Arrangements (AfBAs), Employer-Employee Compensation, and Mortgage Broker Fees.
- Chapter 13 (Escrow Accounts) summarizes what mortgage brokers need to know about the escrow account disclosures and procedures required by section 10.
- Chapter 14 (Mortgage Servicing Transfers) summarizes what mortgage brokers need to know about the special rules of section 6 governing transfers of mortgage servicing.
- Chapter 15 (Title Companies) explains the prohibition in section 9 against sellers requiring buyers to purchase title insurance from particular title agencies.
- Chapter 16 (Enforcement Provisions) describes the risks and opportunities present when RESPA is violated.
- Chapter 17 (Miscellaneous Provisions) addresses other provisions of RESPA, including mailing and delivery requirements, recordkeeping, prohibited fees for RESPA disclosures, and preemption of state laws.
- Chapter 18 (Compliance Checklists) provides convenient checklists for self-auditing compliance with RESPA.
- Appendixes include the RESPA statute, Regulation X, HUD policy statements, sample regulatory forms, and other background materials.