

HOW TO USE THIS MANUAL

The RESPA Manual: A Complete Guide to the Real Estate Settlement Procedures Act is a practical guide to RESPA written especially for attorneys, compliance officers, and other mortgage professionals interested in all aspects of the Real Estate Settlement Procedures Act (RESPA). This revised edition fully integrates the extensive changes in compliance requirements announced in November 2008 and as amended since. RESPA—more than any other federal statute—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 compensation issues, which are discussed in Chapters 8 (kickbacks and unearned fees), 12 (mortgage brokers), 9 (computer loan originations), 10 (affiliated business arrangements), and 11 (employees). Other key issues dealt with by RESPA involve required disclosures, escrow practices, computer loan origination services, affiliated business arrangements, and the interplay between RESPA and state law.

The Manual provides useful sample disclosures and checklists. It also features full-text appendices covering essential resource materials, including the latest text of the RESPA statute and Regulation X, Department of Housing and Urban Development (HUD) and Federal Reserve Board (FRB) booklets, interpretations, statements of policy, and important HUD rulings. Key court rulings are also summarized. Editorial annotations help you find key points and quickly identify important changes, and practical tips help you quickly resolve common problems.

The Manual is organized as follows:

- Chapters 1 and 2 give a brief background on RESPA.
- Chapter 3 (A Quick Tour of RESPA) summarizes RESPA by describing the required disclosures and substantive rules.
- 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 the escrow account disclosures and procedures required by section 10.
- Chapter 14 (Mortgage Servicing Transfers) summarizes 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 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 useful checklists for compliance with RESPA.
- Appendices on CD include the RESPA statute, Regulation X, HUD policy statements, and other background materials.

Upcoming Compliance Date

The following compliance requirements covered in *The RESPA Manual* are effective January 1, 2010:

- Prescribed Good Faith Estimate (GFE): Chapter 6, Section 6.03[1]
- New definition of “application”: Chapter 5, Section 5.03
- Prohibition of any fee before GFE delivery: Chapter 6, Section 6.04[1]
- GFE Term Availability for 10 Business Days: Chapter 6, Section 6.05[1]
- Specified Tolerances for GFE Amounts: Chapter 6, Section 6.05[2]
- Revised GFEe: Chapter 6, Section 6.05[4]
- New Longer HUD-1 and HUD-1A Forms: Chapter 7