

MYSTERIES OF THE NEW HUD-1 UNCOVERED


July 7, 2009

Presented by:
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Hosted by:
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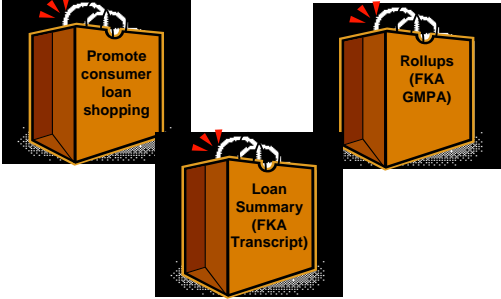
Links to the new forms may be found at the following website:

<http://www.stewartaffiliates.com/servlet/ViewSiteServlet?OfficeId=1130&CategoryId=27743>

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Purpose of RESPA Reform



Promote consumer loan shopping

Loan Summary (FKA Transcript)

Rollups (FKA GMPA)

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Changes from Proposal

No Closing Script

No Volume Based Discounts

30-Day Cure

Average Charge For All

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Key Dates

Key Dates

January 16, 2009

Key Dates

July 16, 2009 (?)

Key Dates

January 1, 2010 + (?)

Key Dates

Six / Twelve Months (?)

Key Dates

Infinity and Beyond

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Good Faith Estimate (GFE)

Print Form

Purpose This GFE gives you an estimate of your estimated charges and fees before you are required to pay for services. It is not a contract. It is not a guarantee of the amount you will be charged. It is only an estimate. It is not a contract. It is not a guarantee of the amount you will be charged. It is only an estimate.

Shopping for price lists Only you can shop for the best price for you. Compare this GFE with other fee offers, not just from the firm you are shopping for, but from all other providers.

Important dates 1. The amount due for this GFE is payable through [] after this date, the amount due for this GFE is payable through [] after this date, the amount due for this GFE is payable through [] after this date, the amount due for this GFE is payable through [] after this date.

2. The estimate for all other estimated charges is available through [] after this date, the amount due for this GFE is payable through [] after this date, the amount due for this GFE is payable through [] after this date, the amount due for this GFE is payable through [] after this date.

3. After you have your estimated charges, you must get to the office through [] after this date, the amount due for this GFE is payable through [] after this date, the amount due for this GFE is payable through [] after this date, the amount due for this GFE is payable through [] after this date.

4. You must pay the amount due at least [] days before [] after this date, the amount due for this GFE is payable through [] after this date, the amount due for this GFE is payable through [] after this date, the amount due for this GFE is payable through [] after this date.

Summary of your estimated charges

Item	Amount
Non-Adjusted Organizational Charges (see page 2)	\$ []
Adjusted Organizational Charges (see page 2)	\$ []
Total Estimated Organizational Charges	\$ []
Adjusted Organizational Charges (see page 2)	\$ []
Total Estimated Organizational Charges	\$ []

GFE
Page 1

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GFE Page 1

Compatibility with HUD-1/1A

Loan Terms

Summary of Settlement Costs (A+B) (Total Est. Charges)

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GFE Page 2

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GFE Page 2

Line 1 (origination): HUD 801

Line 2 (credit/charge): HUD 802

Line A (adjusted orig.): HUD 803

Line 3 (required): HUD 804 + ,902

Line 4 (title services): HUD 1101

Line 5 (owner's policy): HUD 1103

Line 6 (required u shop): HUD 1301

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HUD-1 Page 1

Taxes paid at closing – whatever is customary (1st, 2nd page)

Subordinate lien financing – currently: (1) show net funding in column in Line 204, (2) show loan amount outside column, (3) do separate HUD for each loan

Allowable Alterations in HUD-1/A

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Items Paid By Seller or Third Party

If seller pays charges shown on GFE, credit to borrower on Lines 204 - 209

If seller pays charges shown on GFE and credit borrower, charge seller on Lines 506 - 509

You must also identify on HUD any party giving credit (paying) if the party isn't seller

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HUD Seller Credit Example

200. Amounts Paid by or in Behalf of Borrower		500. Reductions In Amount Due to Seller	
201. Deposit or earnest money	\$2,000.00	501. Excess deposit (see instructions)	\$2,000.00
202. Principal amount of new loan(s)	\$300,000.00	502. Settlement charges to seller (line 1400)	\$16,735.00
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204.		504. Payoff of first mortgage loan	\$225,000.00
205.		505. Payoff of second mortgage loan	
206. Seller paid credit	\$2,000.00	506. Seller paid credit	\$2,000.00
207.		507.	
208.		508.	
209.		509.	

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Items Paid in Advance – 900 Series

**Lines 901 – 904
(Interest, MIP,
homeowner's
insurance)**

**Show Charges
Inside Borrower's
Column**

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HUD 900 Series Example

900. Items Required by Lender to Be Paid in Advance

901. Daily interest charges from 1280 to 1291 @ \$30.00 /day	(from GFE #1)	\$100.00
902. Mortgage insurance premium for months to FHA	(from GFE #3)	\$4,500.00
903. Homeowner's insurance for 1 years to insure-it	(from GFE #1)	\$800.00
904.		

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Reserves Deposited With Lender – 1000 Series

**Line 1001 (initial
deposit) – Show
Inside Borrower's
Column**

**Lines 1002-1007
(specific deposits) –
Show Outside
Borrower's Column**

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HUD 1000 Series Example

1000. Reserves Deposited with Lender			
1001. Initial deposit for your escrow account		(from GFE #)	\$306.80
1002. Homeowner's insurance	1 months @ \$50.00	per month \$50.00	
1003. Mortgage insurance	1 months @ \$89.83	per month \$89.83	
1004. Property taxes	2 months @ \$166.67	per month \$333.34	
1005.	months @ \$	per month \$	
1006.	months @ \$	per month \$	
1007. Aggregate Adjustment		-\$166.67	

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Title Charges – 1100 Series

Line 1101 –
"Title Services
and Lender's Title
Insurance" –
rollup

Show 1101 –
Show Inside
Borrower's
Column

Line 1101 –
Lender's Title
Insurance,
commitment,
policy, abstract,
endorsements,
closing, search,
title examination,
settlement

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Title Charges – 1100 Series

Line 1101 – Do
Not Itemize
Unless Third
Party Charges

Payee not
stated if
settlement
agent same as
title company

No Mark Up of
Third Party
Charges

Average
Charges
Treated
Separately

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Title Charges – 1100 Series

Line 1101 – No breakout if Administrative and Processing, such as delivery, copying, wiring, notary, fed ex, in-house employee

Line 1102 – Settlement, escrow, closing, notary sign-up

Line 1102 – Show name outside column if payee not same as Line 1101

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Title Charges – 1100 Series

Line 1102 – Show Seller paid customary closing charge inside seller column

Lines 1102, 1104 to 1108 – show outside of borrower column

Line 1103 – Show basic Owner's Policy in buyer/borrower column. If seller pays for policy, show credit on Line 204+ and debit on line 506+

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Title Charges – 1100 Series

Line 1103 – Either show extra charges for enhanced coverage (extended, Homeowner's, endorsements) in Line 1103, with breakout outside column, OR show extra charge in Line 1109 in column. If no sale, shouldn't matter

Line 1107 – Show Agent's portion of premium (not percentage)

Line 1108 – Show Underwriter's portion

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Title Charges – 1100 Series

**Line 1109+ –
Show attorney's
fees for
representing
seller in seller's
column**

**Line 1109+ –
Show
borrower's
attorney's fees
in borrower's
column**

**Line 1109+ –
Show attorney's
fees for
preparing
deed/release etc.
in seller's
column**

**Line 1109+ –
Other charges
by name**

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HUD 1100 Series Example

1100. Title Charges			
1101. Title services and lender's title insurance	(from GFE #4)		\$825.00
1102. Settlement or closing fee	\$		
1103. Owner's title insurance	(from GFE #5)		\$725.00
1104. Lender's title insurance	\$175.00		
1105. Lender's title policy limit \$300,000			
1106. Owner's title policy limit \$300,000			
1107. Agent's portion of the total title insurance premium	\$ 720.00		
1108. Underwriter's portion of the total title insurance premium	\$ 180.00		

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HUD 1100 Series 3d Party Closing Example

1100. Title Charges			
1101. Title services and lender's title insurance	(from GFE #4)		\$825.00
1102. Settlement or closing fee	3rd party closing company	\$100.00	\$75.00
1103. Owner's title insurance	(from GFE #5)		\$725.00
1104. Lender's title insurance	\$175.00		
1105. Lender's title policy limit \$300,000			
1106. Owner's title policy limit \$300,000			
1107. Agent's portion of the total title insurance premium	\$ 720.00		
1108. Underwriter's portion of the total title insurance premium	\$ 180.00		

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Government Charges Inside Column – 1200 Series

Line 1201 – Rollup government recording charge to buyer/borrower

Line 1203 – Rollup transfer taxes to buyer/borrower

Charges customarily/contractually charged to seller can be shown in seller's applicable column

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Government Charges Outside Borrower Column – 1200 Series

Line 1202 – Specific government recording charge to buyer/borrower

Line 1204 – City/County/Tax/Stamp to buyer / borrower

Line 1205 – State Tax/Stamps to buyer/borrower

Line 1206 – Other Recording and Transfer Services

Show charges customarily paid by seller in seller's column

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HUD 1200 Series Inside Column Example

1200. Government Recording and Transfer Charges			
1201. Government recording charges	(from GFE #7)	\$50.00	
1202. Deed \$ 25.00	Mortgage \$ 25.00	Releases \$ 15.00	\$15.00
1203. Transfer taxes	(from GFE #8)	\$1,368.00	
1204. City/County tax/stamps	Deed \$ 684.00	Mortgage \$	
1205. State tax/stamps	Deed \$ 684.00	Mortgage \$	
1206.			

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HUD 1200 Series Outside Column Example

1200. Government Recording and Transfer Charges				
1201. Government recording charges		(from GFE #7)	\$50.00	
1202. Deed \$ 25.00	Mortgage \$ 25.00	Releases \$ 15.00		\$15.00
1203. Transfer taxes		(from GFE #8)	\$1,368.00	
1204. City/County tax/stamps	Deed \$ 684.00	Mortgage \$		
1205. State tax/stamps	Deed \$ 684.00	Mortgage \$		
1206.				

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Other Charges – 1300 Series

Line 1301 – Rollup in borrower column required services the borrower can shop (survey, pest inspection)

Line 1302 + – Required services outside column

Line 1302 + – Other charges of borrower/buyer or seller inside columns (e.g. home warranties, insurance, other inspections, taxes paid, enhanced otp)

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HUD 1300 Series Inside Column Example

1300. Additional Settlement Charges				
1301. Required services that you can shop for		(from GFE #6)	\$270.00	
1302. Survey to Measure-It	\$225.00			
1303. Pest Inspection to Rid-A-Bug	\$45.00			
1304.				
1305.				

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HUD Comparison Chart

Compares GFE and HUD Charges

Has 3 Comparison Charts:

- (1) Charges that can't increase;
- (2) Aggregate charges that can't increase more than 10%;
- (3) Charges that can change any %

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HUD Comparison Chart

Shows 0% and 10% aggregate tolerance compliance or violation

Loan Originator must identify third party services selected by borrower and not on list provided by Loan Originator, so not subject to 10% tolerance limit

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HUD Charges That Can't Increase Example

Comparison of Good Faith Estimate (GFE) and HUD-1 Charges		Good Faith Estimate	HUD-1
Charges That Cannot Increase	HUD-1 Line Number		
Origination charges	= 01	\$8,250.00	\$8,250.00
Prepaid charges to the borrower (interest reserve)	= 02	-\$9,000.00	-\$9,000.00
Prepaid origination charges	= 03	\$3,250.00	\$3,250.00
Reserve(s)	= 04	\$1,888.00	\$1,888.00

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HUD Chart 10% Tolerance Limit Example

Charges That in Total Cannot Increase More Than 10%		Good Faith Estimate	HUD-1/1A
Appraisal	#804	\$250.00	\$250.00
Credit Report	#805	\$40.00	\$40.00
Tax Service	#806	\$76.00	\$76.00
Flood Certification	#807	\$12.00	\$12.00
Up-front Mortgage Insurance Premium	#902	\$4,500.00	\$4,500.00
	#		
	#		
	#		
Total		\$4,878.00	\$4,878.00
Increase between GFE and HUD-1/1A Charges		\$0	or 0%

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HUD Chart 10% Tolerance Limit Example

Charges That in Total Cannot Increase More Than 10%		Good Faith Estimate	HUD-1/1A
Appraisal	#804	\$250.00	\$250.00
Credit Report	#805	\$40.00	\$40.00
Tax Service	#806	\$76.00	\$76.00
Flood Certification	#807	\$12.00	\$12.00
Up-front Mortgage Insurance Premium	#902	\$4,500.00	\$4,500.00
	#		
	#		
	#		
Total		\$4,878.00	\$4,878.00
Increase between GFE and HUD-1/1A Charges		\$0	or 0%

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HUD Chart Charges Can Change Example

Charges That Can Change		Good Faith Estimate	HUD-1/1A
Pre-paid interest	#101	\$306.60	\$306.60
Day 1 interest	#102 \$50	\$100.00	\$100.00
Homeowner's title	#103	\$600.00	\$600.00
	#		
	#		
	#		

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HUD Loan Terms

Even if you make your payments on time, can your loan balance rise?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of \$ _____.
Even if you make your payments on time, can your monthly amount owed for principal, interest, and mortgage insurance rise?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of \$ _____. The earliest it can reach this amount is _____.
Does your loan have a prepayment penalty?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, your maximum prepayment penalty is \$ _____.
Does your loan have a balloon payment?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, you have a balloon payment of \$ _____ due in _____ years on _____.
Total monthly amount owed including escrow account payments	<input type="checkbox"/> You do not have a monthly escrow payment for items, such as property taxes and homeowner's insurance. You must pay these items directly yourself. <input checked="" type="checkbox"/> You do have an additional monthly escrow payment of \$ 218.67 . That results in a total initial monthly amount owed of \$ 2,105.25 . This includes principal, interest, and any mortgage insurance, and any items checked below: <input checked="" type="checkbox"/> Property taxes <input checked="" type="checkbox"/> Homeowner's insurance <input type="checkbox"/> Flood insurance <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____

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New Average Charge

Average Charge may apply to a Settlement Service (not loan amount or value of property)

Any settlement service provider may use Average Charge

Must relate to a Class of transactions

May not exceed total amounts paid a provider for the services

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New Average Charge

Class must include period of time (30 days to six months, keep record 3 years)

Class must include the geographic area

Class must include type of loans

If use average charge, must use for all transactions in class

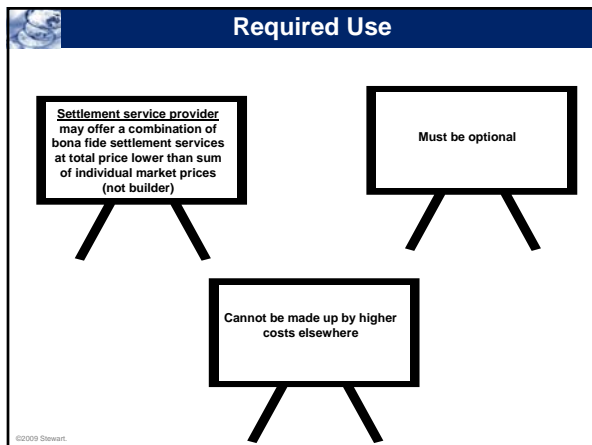
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Required Use

“Required use means a situation in which a person’s access to some distinct service, property, discount, rebate, or other economic incentive, or the person’s ability to avoid an economic disincentive or penalty, is contingent upon the person using or failing to use a referred provider of settlement services.”

Now Withdrawn

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(and all settlement service providers lived happily ever after)

We will have more webinars this year

We will have one or more bulletins this year

We will provide an interactive HUD-1 as a teaching tool

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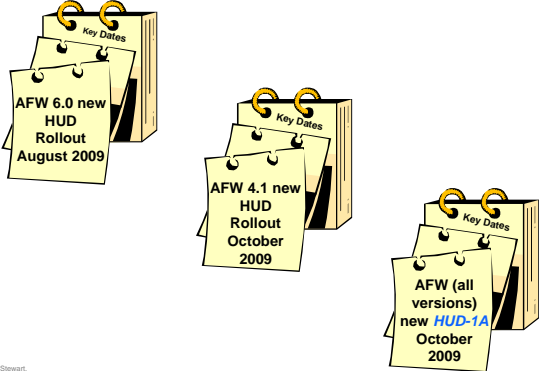


**NEW HUD-1
AIM Development Update**
July 7, 2009

Prepared by:
Jennifer Dumas, SVP Product Development
PropertyInfo Corporation
jdumas@stewart.com

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AIM For Windows (AFW) Key Dates



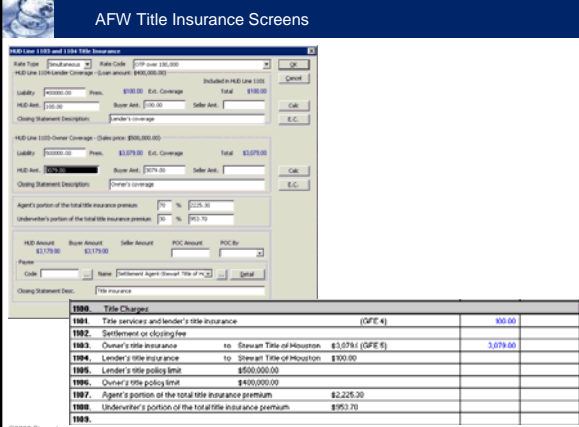
AFW 6.0 new HUD Rollout August 2009

AFW 4.1 new HUD Rollout October 2009

AFW (all versions) new HUD-1A October 2009

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AFW Title Insurance Screens



HUD Line 1015-Owner Coverage (Order price: \$100,000.00)

HUD Line 1016-Lender Coverage (Even amount: \$400,000.00)

HUD Line 1017-Owner Coverage (Order price: \$100,000.00)

HUD Line 1018-Lender Coverage (Order price: \$400,000.00)

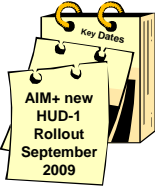
Agent's portion of the total title insurance premium: 2.25%

Underwriter's portion of the total title insurance premium: 95.75%

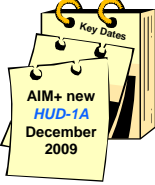
Code	Description	Amount
1000	Title Charges	
1001	Title services and lender's title insurance (GFE #)	600.00
1002	Settlement or closing fee	
1003	Owner's title insurance to Stewart Title of Houston	\$1,078.1 (GFE #)
1004	Lender's title insurance to Stewart Title of Houston	1,000.00
1005	Lender's title policy limit	\$500,000.00
1006	Owner's title policy limit	\$400,000.00
1007	Agent's portion of the total title insurance premium	\$2,226.30
1008	Underwriter's portion of the total title insurance premium	\$95,770
1009		

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AIM+ Key Dates



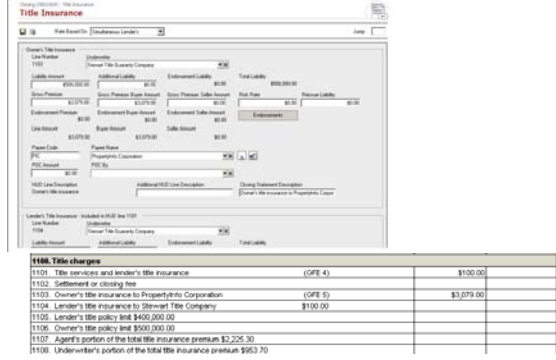
AIM+ new HUD-1 Rollout September 2009



AIM+ new HUD-1A December 2009

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AIM+ Title Insurance Screens



The screenshot displays the 'Title Insurance' screen with fields for Loan Number, Lender's Title Insurance, and various liability amounts. Below the form is a table of title charges:

Code	Description	Amount
1100	Title charges	
1101	Title services and lender's title insurance (GFE 4)	\$100.00
1102	Settlement or closing fee	
1103	Owner's title insurance to PropertyInfo Corporation (GFE 5)	\$3,079.00
1104	Lender's title insurance to Stewart Title Company	\$100.00
1105	Lender's title policy limit \$400,000.00	
1106	Owner's title policy limit \$500,000.00	
1107	Agent's portion of the total title insurance premium \$2,225.30	
1108	Underwriter's portion of the total title insurance premium \$953.70	

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AIM New HUD Training

AFW new HUD Monthly Webinars beginning August 2009

AFW new HUD electronic tutorials November 2009

AIM+ new HUD Monthly Webinars beginning September 2009

AIM+ new HUD electronic tutorials October 2009

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HOUSEKEEPING

- For Escrow Officer Credit please email the **password** and attendees names to ken.wrider@stewart.com for your certificate(s)
- Send to your training administrator if applicable
- Visit www.stewarttexas.com for presentation materials within 5 business days of the webinar

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Questions?

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