

There's lots of confusion in the industry right now! Changes are coming to TILA 7/30/09 which affect the DELIVERY of ADVANCE TRUTH IN LENDING (TIL) DISCLOSURES and could affect the closing date! This isn't the new RESPA GFE/HUD-1 requirement!
→ Accurate fee quotes will be critical for both! Read on for more info...

BIG CHANGE IS COMING SOON!

Pre-Closing TILs START! JULY 2009

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

This is **TILA**
Truth in Lending Act

TILA (Reg Z - 1968)

Consumer Credit Protection Act that **provides borrowers information on the costs and terms of the credit transaction**, including amendments, which have been enacted to:

- Eliminate confusion and disclose the true cost of credit
- As a percentage (Annual Percentage Rate - APR)
- As a **dollar amount** (Finance Charge)
- Enable consumers to make informed decisions about borrowing
- Provide certain disclosures prior to loan consummation based on type of loan product

Major forms/disclosures (costs/terms of credit)

- Truth in Lending Disclosure Statement (TIL) – estimated & final
- Notice of Right to Cancel (Rescission Notice)

TILA: What's happening? (major forms are TIL & Rescission Notice)

- Effective date 7/30/09
- The new TIL disclosures are not a new RESPA requirement
- Requires accurate fee quotes for an upfront initial TIL and possibly thereafter a final pre-closing TIL or re-disclosure and delay of closing could result
- Early disclosure applies to principal dwelling & other 1-4 family properties such as second homes (this is new!)

SETTLEMENT AGENTS BE AWARE! As of July 30, 2009, **failure to provide lender an accurate quote of your settlement charges** (closing fee, e-doc fee, courier charges, wire fees, extra check charges, courtesy signing fee, etc.) **at least seven (7) days in advance of closing (signing) date** could result in a delay of closing!

Be proactive & have a smooth closing!

- 1) Use a fee quote form & save a copy!
- 2) Ask questions!
- 3) Communicate with lender!

RESPA (Reg X – 1974)

Consumer Protection Statute that **provides borrowers information on their settlement charges**, which was enacted to:

- Help consumers become better shoppers for settlement services
- Eliminate kickbacks & referral fees
- Requires disclosures at certain times
- Prohibits certain practices that increase settlement costs
- Generally covers federally related mortgage loans for 1-4 family residential properties

Major forms/disclosures (settlement charges):

- Good Faith Estimate (GFE)
- HUD-1 Settlement Statement

This is RESPA

Real Estate Settlement Procedures Act

RESPA: What's happening? (major forms are GFE & HUD-1)

- New forms effective 1/1/10 **unless new GFE used earlier by lender**
- The **new GFE** is not a new TILA requirement although it contains some TIL elements
- **Accurate fee quotes** will be required for the **new GFE under RESPA** as well as for the **TILs required under TILA**. Implementation concerns have been raised as to tolerance, timing and other requirement inconsistencies between the two regulations and additional information will be forthcoming once available. **CAUTION:** Inaccurate fee quotes may lead to delay of closing under **either TILA or RESPA!**

NEW GFE & HUD-1 START unless lender uses new GFE earlier than all rules apply! Tolerances, 30 day right to cure, HUD-1 page 2 changes (fee roll-ups, title premium splits, etc.), new HUD-1 page 3!

JANUARY 2010

			Friday	Saturday
			1	2
			8	9
10	11	12	13	14
15	16			

