

December 31, 2009

NEW RESPA RULES NOTICE!

Attached you will find new RESPA guidelines going into effect January 1, 2010. The most important part for us is the new rules concerning GFE disclosures. Even though these guidelines come from Bank of America and make reference to Reverseware, they are very complete in laying out the new GFE requirements.

Also the new Requirements from Reversevision are attached and training is available at

<http://faq.reversevision.com/doku.php?id=training>

It is recommended that you attend one of the trainings before doing any loan applications after today.

There is a new disclosure that must be added to all application packages effective 1-1-2010 and it goes right behind the new GFE and sample HUD in the application package. It is called the "Settlement Services Provider List" and is attached to the email this memo was sent with. It is also available on the srfreedom.com website on the documents page.

The most important aspect of the new RESPA rules is the importance of having accurate GFE fees in the initial GFE. We can pretty well nail all the lender fees and can slightly over-disclose some costs for credit reports, flood certs, appraisals, etc, but we will need to figure the Correspondent fee (TSP) manually and be sure and show it as POC. Every lender has a different way of calculating YSP, and we will get the formula from each early next week.

The title fees need to be accurate as well. The way to do that is to send a Reverse Mortgage Analysis (RMA) created for your borrower to one of the title companies listed on the Settlement Services Provider List and ask for the title fees for the loan before printing the application. (The RMA is the comparison page of the loan application) Once you have your borrower info in Reversevision, Synchronize and then go to docs and select only the comparison. Send it along with a GFE title fee sheet to the title company. You will probably have to add GFE lines in Reversevision to get all the title fees in the GFE.

Most importantly, if you are not sure about anything, please call Lawrence or myself, or one of the processors BEFORE printing an application. If you are presenting preliminary information to a prospective borrower, do not include a sample GFE. All that is needed in a preliminary presentation is the comparison. You can also show a TALC, Amortization, and TIL if you like, but I prefer to show only the comparison.

All the forms attached in the email are also available on the srfreedom.com website on the documents page (click on the equal housing logo at the upper left of any page).