

## **RESPA Changes Effective January 1**

Effective January 1, 2010, there are material changes to the Real Estate Settlement Procedures Act ("RESPA"). The United States Department of Housing and Urban Development ("HUD") has amended Regulation X, relating primarily to the Good Faith Estimate ("GFE") and the Uniform Settlement Statement ("HUD-1"). With some minor exceptions, these changes to Regulation X require mandatory compliance on January 1, 2010. Examiners will begin examining for compliance with the amended provisions of Regulation X immediately.

### **Summary:**

As of January 1, 2010, compliance with the following provisions of Regulation X is mandatory:

- the new version of the GFE which is subject to tolerances for accuracy;
- the expanded HUD-1 which promotes comparison of loan terms and settlement charges between the HUD-1 and the GFE;
- reimbursement to borrowers within 30 days of settlement of any overcharges outside permitted tolerances.

The amended rule also provides that inadvertent or technical errors on the HUD-1 / 1A will not be deemed a violation of RESPA if a revised HUD-1 / 1A is provided to the borrower within 30 days of settlement.

You can access the RESPA materials at [HUD's web site](#). Among the downloadable resources that can be found on the HUD web site are the final RESPA rule; recently revised FAQs; and the just updated *Settlement Cost Booklet*. The new GFE and *Settlement Cost Booklet* must be used for qualified applications taken on or after January 1, 2010. If the new GFE is used, the new HUD-1 or HUD-1A must also be used, and the rules regarding permissible tolerances apply. If the "old" GFE was used for an application taken in 2009, the loan can be closed using the "old" HUD-1 or HUD-1A even though the closing occurs in 2010. In those circumstances, it would also be permissible to provide a second GFE on the new form and then close using the new HUD-1 or HUD-1A.

If you have any questions or if we can provide any additional information or assistance, please contact [Katie Edge](#) at [kedge@millermartin.com](mailto:kedge@millermartin.com) or 615-744-8400.

*The opinions expressed in this bulletin are intended for general guidance only. They are not intended as recommendations for specific situations. As always, readers should consult a qualified attorney for specific legal guidance. Should you need assistance from a Miller & Martin attorney, please call 1-800-275-7303.*

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