

Good Funds Legislation; Good Faith Estimate; Truth in Lending; and RESPA Changes

Presenter:

**Ralph J. Schumann, Attorney at Law
and President, Illinois Real Estate Lawyers Association**



“Real Estate Law Update for the Experienced Practitioner”

Illinois State Bar Association | November 3, 2009 | Bloomington, Illinois

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New Changes: Good Funds, TILA, HUD-1 Statement Changes

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Illinois Real Estate Lawyers Association

Friday, October 3, 2008

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Illinois Real Estate Lawyers Association

The Illinois Real Estate Lawyers Association is comprised of experienced attorneys dedicated to assisting individuals and businesses in connection with real estate transactions of all types.

See Your Lawyer First!

Whether Buying, Selling, or Refinancing...

Announcements

Meetings of the Illinois Real Estate Lawyers Association, unless otherwise indicated, generally take place at 8:00 a.m. on the second Wednesday of each month at the Holiday Inn in Rolling Meadows, Illinois (3405 Algonquin Road, Rolling Meadows, IL - 847-259-5000). Meetings may take place at other locations – see "Next Meeting" section below.

Next Meeting



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New Changes: Good Funds, TILA, HUD-1 Statement Changes

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Next Meeting

The next general membership meeting will take place at 8:00 a.m. on **Wednesday, October 8, 2008** at the **Belvedere Events and Banquets** in Elk Grove Village (1170 W. Devon - 847-534-0600). Our speaker will be **Jordan Shifrin**, who will address current issues relating to condominiums. Jordan will speak on:

"Have Trouble With A Condo Association Lately? What To Do, What To Do"

IRELA member **Jordan I. Shifrin** is a well-known condominium attorney and Daily Herald columnist who is the Chairman of the **Condominium Advisory Council** for the State of Illinois. He will address current condominium problems, related legal issues, and proposed legislative initiatives.

There may be solutions after all to the problems practitioners are experiencing. Mr. Shifrin and his commission have conducted four regional public hearings obtaining testimony from owners, managers, and board members, but now he wants to hear from his colleagues. He invites attorneys to bring their questions, comments, ideas, and general complaints. This will be a golden opportunity for practitioners to make a difference, and to discuss how to **"Make Condominium Law Perfect"**



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Good Funds Legislation

- ✿ **PA 96-0645, Added 215 ILCS 155/26**
- ✿ **Amends the Title Insurance Act by adding a section titled "Settlement Funds."**
- ✿ **Effective January 1, 2010**

Good Funds Legislation

- ✿ **Act prohibits a title company, agent, or independent escrowee (collectively, "Closing Agent"), from disbursing money from a fiduciary trust account unless the funds received from a single party are either:**
 - **“Good Funds”;** or
 - **“Collected Funds”**
- ✿ **The form of the funds depends on the aggregate dollar amount.**

Good Funds Legislation

* If the aggregate funds received from a single party are **\$50,000 or greater**, the funds must be "good funds" in the form of:

(1) wired funds unconditionally held by the Closing Agent;

(2) a check issued by the State of Illinois, United States, or a subdivision of either; or,

(3) a check drawn on the fiduciary account of a title insurance company or agent that the Closing Agent reasonably believes contains sufficient funds.

Good Funds Legislation

- * If the aggregate funds from a single party are **less than \$50,000**, they must be good funds, collected funds or be in one of the following additional forms:
 - (1) lawful United States currency;
 - (2) a cashier's, certified, official bank or teller's check or a bank money order, from a U.S. bank, held unconditionally by the Closing Agent;
 - (3) personal checks in aggregate not to exceed **\$5,000** per closing that the Closing Agent reasonably believes are drawn on accounts with sufficient funds; or,
 - (4) a check drawn on the trust account of a lawyer or real estate broker that the Closing Agent reasonably believes has sufficient funds.

Good Funds Legislation

- ✿ **Alternatively, instead of good funds, the funds may be "collected funds," meaning funds finally deposited and credited to the fiduciary trust account of the Closing Agent.**

**- Note: Cashier's checks, certified checks, bank money orders, official bank checks, and teller's checks *are not considered good funds* for amounts of \$50,000.00 or more until they are deposited, finally settled, and credited to the fiduciary trust account.
(a/k/a Collected Funds)**

Truth in Lending (TILA)

Various federal laws passed to offset the real estate/mortgage meltdown:

- ✿ **Home Ownership and Equity Protection Act (HOEPA)**
- ✿ **Housing and Economic Recovery Act (HERA)**
- ✿ **Mortgage Disclosure Improvement Act (MDIA)**
 - **Truth in Lending Act Regulations Promulgated by the Federal Reserve Board**

Truth in Lending (TILA)

✿ **TILA Regs Purpose:**

- a. More transparent/fairer regulation of real estate industry**
- b. Prevent deceptive lending practices**
- c. Protect consumers by making them more informed/confident**

Truth in Lending (TILA)

* Mortgage Disclosure Improvement Act

a. Implemented July 30, 2009

b. Covers all mortgage loans

c. Initial disclosure mailed or delivered to borrower at least 7 business days before closing

- This will be the earliest a closing can be set

d. Final disclosure delivered at least 3 business days before closing

- Could help with final HUD prep

Truth in Lending (TILA)

e. Upfront fees (except credit report) cannot be collected until initial disclosure is received

1. If mailed, disclosure is considered received 3 business days after mailing (Saturday is generally a business day, unless a holiday).

2. Credit report fee can be collected with application

3. Disclosure sent via overnight delivery considered delivered the next business day

Truth in Lending (TILA)

- f. Appraisal cannot be ordered until 4th business day unless it was a face-to-face application meeting**

- g. Copy of appraisal must be delivered to borrower 3 business days before closing**

Truth in Lending (TILA)

h. If the APR changes **more than .125% from the initial disclosure, a revised Truth in Lending Disclosure must be issued at least 3 days before closing**

- Note: APR cannot be determined until the loan is locked**
- Loan pre-approval and locking rates will be even more important for prompt closings**

Truth in Lending (TILA)

The following language must be clearly written on the initial and final TIL:

"You are not required to complete this agreement merely because you have received these disclosures or signed a loan application."

Truth in Lending (TILA)

Sample Timeframe – A

1. **October 1 - Loan application taken;**
2. **Oct. 2 - Initial TIL is sent by mail;**
3. **Oct. 10 - Closing can occur on or after this date provided TIL was received and the APR did not change more than .125% on final TIL**

Truth in Lending (TILA)

Sample Timeframe – B

1. **October 1 - Loan application is taken;**
2. **Oct. 2 - Initial TIL is sent in the mail;**
3. **Oct. 4 - Borrower's interest rate increases causing the APR to change by more than .125% (1/8th of a point) which triggers a re-disclosure -- another TIL;**
4. **Oct. 5 - Revised TIL is mailed to borrower.**
5. **Oct. 12 – Earliest the closing can now occur**

New Changes: Good Funds, TILA, HUD-1 Statement Changes

Truth In Lending (TILA) CHART

FINANCE CHARGES

Administrative Fee	Per Diem Interest
Application Fee	Photo Copies
Assignment Fee	Pick up Fee
Assumption Fee	PHM
Attorney Fee	Post Closing Fee
Audit and Review Fee	Processing Fee
Bundle Fee	Rate Lock Fee
Buydown Fee	Recording Service Fee
Buydown Funds (if borrower paid)	Redraw Fee
Closing Agent Fee	Registration Fee
Closing Protection Letter	Release Fee
Closing Service Fee	Rural Development Fee
Commitment Fee	Rush Fee
Construction/Perm	Satisfaction Fee
Copy Fee	Settlement Agent Fee
Courier Fee	Shipping Fee
Delivery Service	Sub-Escrow Fee
Deposit Verification Fee	Subordination Agreement Fee
Discharge Tracking fee	Table Funding Fee
Discount Points	Tax Service Fee
Document Review Fee	Tax Stamp Fee
Draw Fee	Tax Verification Fee
E-Doc Fee	Title Agent fee
Escrow Fee	Transaction Fee
Escrow Waiver Fee	Underwriting Fee
Express Mail Fee	VA Funding Fee
Extended Lock Fee	Verification Fee
Fax Fee	VHDA Reservation Fee
Fed Express Fee	Warehousing Service Fee
FHA Counseling Fee	Wire Fee
FHA MIP	
File Review Fee	
Flood-Life of Loan	
Flood Fee	
Funding Fee	
Handling Charge	
HUD Line 1101 & 1107	
Inspection Fee (for staged construction loans only)	
Insured Closing Letter Fee	
Judgment Fee	
Loan Closing Fee	
Loan Tie-in Fee	
Lock in Fee	
MERS Fee	
MIP	
Modification Fee	
Mortgage Broker Fee (if borrower paid)	
Mortgage Insurance Premiums	
Origination Fee	
Overnight Mail Fee	
Payoff Fee	

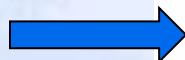
NOT FINANCE CHARGES

Aggregate Adjustment
Annual Assessment Fees
Credit Report Fee
Document Prep Fee
Endorsements
FHA 203 (k) Consultant Fee
Flood Insurance Premiums
State Loan Fee
Hazard Insurance Premiums
Inspection fee
Intangible Taxes
License Fee
Mortgage Broker Fee (If paid by lender)
Name Search fee
Notary Fee
Per diem interest credit (negative # on HUD line 901)
Per diem interest credit (billed portion only)
Pest Inspection Fee
Reconveyance Fee
Recordation Fee and Filing Fee
Seller's Points and Seller Paid Fee
Stamp Fee
Survey Fee
Taxes (property, city, county taxes, etc.)
Title Exam Fee, Abstract of Title Fee (unless VA)
Title Binder Fee, Title Search Fee (unless VA)
Title Binder Update Fee
Title Insurance Premiums



New Changes: Good Funds, TILA, HUD-1 Statement Changes

Truth In Lending (TILA) CHART (Upper Portion)



FINANCE CHARGES

Administrative Fee	Per Diem Interest
Application Fee	Photo Copies
Assignment Fee	Pick up Fee
Assumption Fee	PMI
Attorney Fee	Post Closing Fee
Audit and Review Fee	Processing Fee
Bundle Fee	Rate Lock Fee
Buydown Fee	Recording Service Fee
Buydown Funds (if borrower paid)	Redraw Fee
Closing Agent Fee	Registration Fee
Closing Protection Letter	Release Fee
Closing Service Fee	Rural Development Fee
Commitment Fee	Rush Fee
Construction/Perm	Satisfaction Fee
Copy Fee	Settlement Agent Fee
Courier Fee	Shipping Fee
Delivery Service	Sub-Escrow Fee
Deposit Verification Fee	Subordination Agreement Fee
Discharge Tracking fee	Table Funding Fee
Discount Points	Tax Service Fee
Document Review Fee	Tax Stamp Fee
Draw Fee	Tax Verification Fee
E-Doc Fee	Title Agent fee
Escrow Fee	Transaction Fee
Escrow Waiver Fee	Underwriting Fee
Express Mail Fee	VA Funding Fee
Extended Lock Fee	Verification Fee
Fax Fee	WHDA Reservation Fee
Fed Express Fee	Warehousing Service Fee
FHA Counseling Fee	Wire Fee
FHA MIP	
File Review Fee	
Flood-Life of Loan	

Finance Charges List incomplete

NOT FINANCE CHARGES

Aggregate Adjustment
Annual Assessment Fees
Credit Report Fee
Document Prep Fee
Endorsements
FHA 203 (k) Consultant Fee
Flood Insurance Premiums
State Loan Fee
Hazard Insurance Premiums
Inspection fee
Intangible Taxes
License Fee
Mortgage Broker Fee (If paid by lender)
Name Search fee
Notary Fee
Per diem interest credit (negative # on HUD line 901)
Per diem interest credit (billed portion only)
Pest Inspection Fee
Reconveyance Fee
Recordation Fee and Filing Fee
Seller's Points and Seller Paid Fee
Stamp Fee
Survey Fee
Taxes (property, city, county/taxes ,etc.)
Title Exam Fee, Abstract of Title Fee (unless VA)
Title Binder Fee, Title Search Fee (unless VA)
Title Binder Update Fee
Title Insurance Premiums



New Changes: Good Funds, TILA, HUD-1 Statement Changes

Truth In Lending (TILA) CHART (Finance Charges - Lower Portion)

FLOOD-LITE OT LOAN
Flood Fee
Funding Fee
Handing Charge
HUD Line 1101 & 1107
Inspection Fee (for staged construction loans only)
Insured Closing Letter Fee
Judgment Fee
Loan Closing Fee
Loan Tie-in Fee
Lock in Fee
MERS Fee
MIP
Modification Fee
Mortgage Broker Fee (if borrower paid)
Mortgage Insurance Premiums
Origination Fee
Overnight Mail Fee
Payoff Fee

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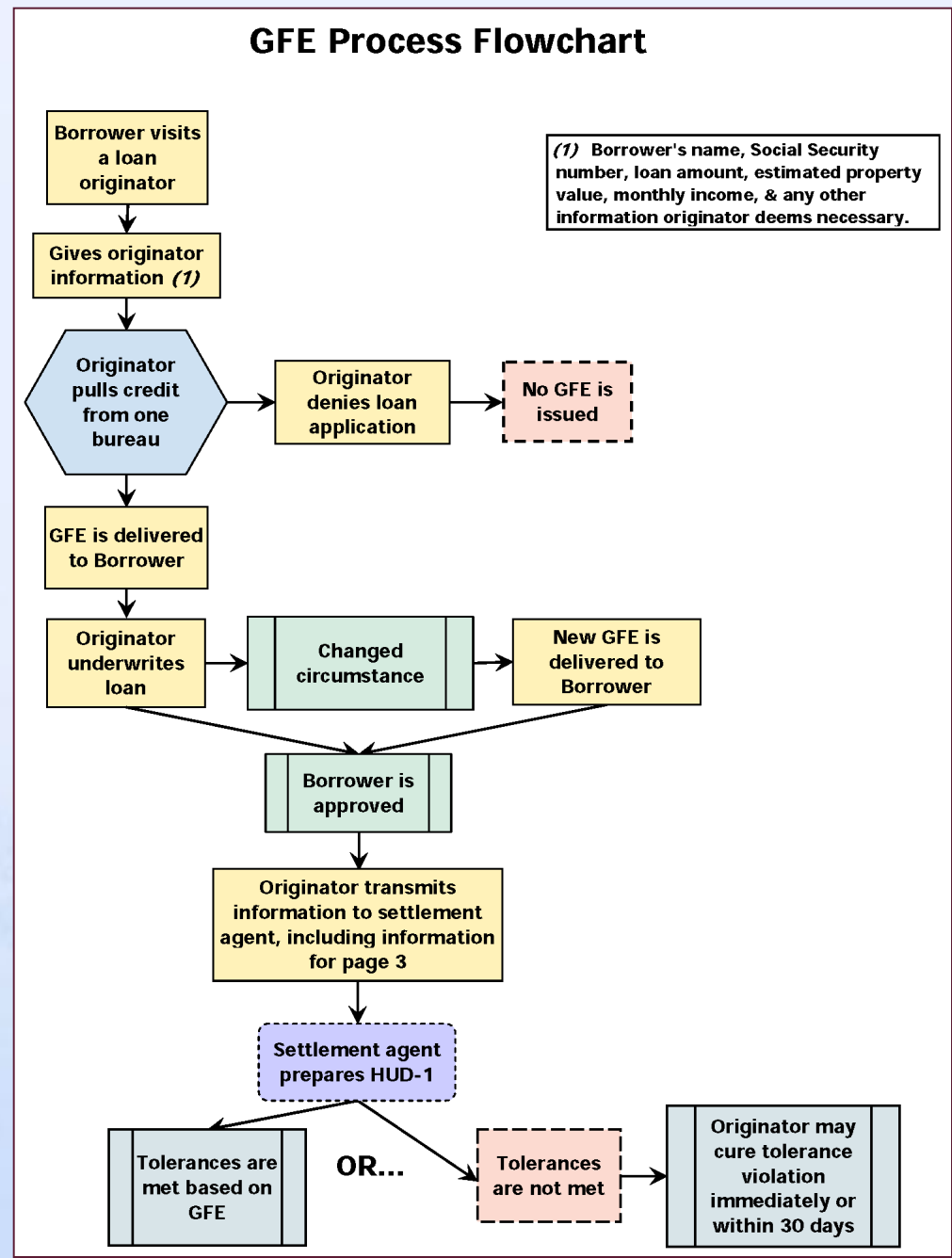
Good Faith Estimate (GFE)

- **Standardized three-page form delivered at initiation of deal.**
- **Key loan terms and costs, tied to HUD-1 Settlement Statement.**
- **Establishes tolerances for certain charges that may or may not change from GFE to HUD-1.**

New Changes: Good Funds, TILA, HUD-1 Statement Changes

Good Faith Estimate

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New Changes: Good Funds, TILA, HUD-1 Statement Changes

Good Faith Estimate (GFE)

Page 1

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Good Faith Estimate (GFE)

OMB Approval No. 2502-0265

Print Form

Name of Originator	Borrower
Originator Address	Property Address
Originator Phone Number	Date of GFE
Originator Email	

Purpose

This GFE gives you an estimate of your settlement charges and loan terms if you are approved for this loan. For more information, see HUD's *Special Information Booklet* on settlement charges, your *Truth-in-Lending Disclosures*, and other consumer information at www.hud.gov/respa. If you decide you would like to proceed with this loan, contact us.

Shopping for your loan

Only you can shop for the best loan for you. Compare this GFE with other loan offers, so you can find the best loan. Use the shopping chart on page 3 to compare all the offers you receive.

Important dates

- The interest rate for this GFE is available through []. After this time, the interest rate, some of your loan Origination Charges, and the monthly payment shown below can change until you lock your interest rate.
- This estimate for all other settlement charges is available through [].
- After you lock your interest rate, you must go to settlement within [] days (your rate lock period) to receive the locked interest rate.
- You must lock the interest rate at least [] days before settlement.

Summary of your loan

Your initial loan amount is	\$
Your loan term is	years
Your initial interest rate is	%
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ per month
Can your interest rate rise?	<input type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of %. The first change will be in .
Even if you make payments on time, can your loan balance rise?	<input type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of \$
Even if you make payments on time, can your monthly amount owed for principal, interest, and any mortgage insurance rise?	<input type="checkbox"/> No <input type="checkbox"/> Yes, the first increase can be in and the monthly amount owed can rise to \$. The maximum it can ever rise to is \$
Does your loan have a prepayment penalty?	<input type="checkbox"/> No <input type="checkbox"/> Yes, your maximum prepayment penalty is \$
Does your loan have a balloon payment?	<input type="checkbox"/> No <input type="checkbox"/> Yes, you have a balloon payment of \$ due in years.

Escrow account information

Some lenders require an escrow account to hold funds for paying property taxes or other property-related charges in addition to your monthly amount owed of \$ []. Do we require you to have an escrow account for your loan?

No, you do not have an escrow account. You must pay these charges directly when due.

Yes, you have an escrow account. It may or may not cover all of these charges. Ask us.

Summary of your settlement charges

A	Your Adjusted Origination Charges (See page 2.)	\$
B	Your Charges for All Other Settlement Services (See page 2.)	\$
A + B	Total Estimated Settlement Charges	\$

Good Faith Estimate (HUD-GFE) 1



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New Changes: Good Funds, TILA, HUD-1 Statement Changes

Good Faith Estimate (GFE)

Page 2

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Understanding your estimated settlement charges

Some of these charges can change at settlement. See the top of page 3 for more information.

Your Adjusted Origination Charges							
1. Our origination charge This charge is for getting this loan for you.							
2. Your credit or charge (points) for the specific interest rate chosen <input type="checkbox"/> The credit or charge for the interest rate of _____ % is included in "Our origination charge." (See item 1 above.) <input type="checkbox"/> You receive a credit of \$ _____ for this interest rate of _____ %. This credit reduces your settlement charges. <input type="checkbox"/> You pay a charge of \$ _____ for this interest rate of _____ %. This charge (points) increases your total settlement charges. The tradeoff table on page 3 shows that you can change your total settlement charges by choosing a different interest rate for this loan.							
A	Your Adjusted Origination Charges	\$ _____					
Your Charges for All Other Settlement Services							
3. Required services that we select These charges are for services we require to complete your settlement. We will choose the providers of these services. <table border="1"> <thead> <tr> <th>Service</th> <th>Charge</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> </tbody> </table>	Service	Charge					
Service	Charge						
4. Title services and lender's title insurance This charge includes the services of a title or settlement agent, for example, and title insurance to protect the lender, if required.							
5. Owner's title insurance You may purchase an owner's title insurance policy to protect your interest in the property.							
6. Required services that you can shop for These charges are for other services that are required to complete your settlement. We can identify providers of these services or you can shop for them yourself. Our estimates for providing these services are below. <table border="1"> <thead> <tr> <th>Service</th> <th>Charge</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> </tbody> </table>	Service	Charge					
Service	Charge						
7. Government recording charges These charges are for state and local fees to record your loan and title documents.							
8. Transfer taxes These charges are for state and local fees on mortgages and home sales.							
9. Initial deposit for your escrow account This charge is held in an escrow account to pay future recurring charges on your property and includes <input type="checkbox"/> all property taxes, <input type="checkbox"/> all insurance, and <input type="checkbox"/> other _____.							
10. Daily interest charges This charge is for the daily interest on your loan from the day of your settlement until the first day of the next month or the first day of your normal mortgage payment cycle. This amount is \$ _____ per day for _____ days (if your settlement is _____).							
11. Homeowner's insurance This charge is for the insurance you must buy for the property to protect from a loss, such as fire. <table border="1"> <thead> <tr> <th>Policy</th> <th>Charge</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> </tbody> </table>	Policy	Charge					
Policy	Charge						
B	Your Charges for All Other Settlement Services	\$ _____					
A + B	Total Estimated Settlement Charges	\$ _____					



Good Faith Estimate – Page 2, B 5

- **Owner Title Insurance:**

“You may purchase an owner’s title insurance policy to protect your interest in the property.”

- **Question:**

Since the buyer does not pay for the Owner’s Policy in Illinois in a buy-sell transaction, is the amount disclosed to the borrower/buyer \$0 or must the full amount be disclosed?

Answer: The Owner’s Policy charge must be set forth on the GFE

New HUD-1 Settlement Statement

- **Revised to compare charges with those on GFE.**
- **Categorized - eliminates fee proliferation.**
- **Third party charges listed outside column.**
- **Added third page to HUD-1/1A. Highlights key loan terms.**

New Changes: Good Funds, TILA, HUD-1 Statement Changes

New HUD-1 Settlement Statement

Page 2

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L. Settlement Charges				Paid From Borrower's Funds at Settlement	Paid From Seller's Funds at Settlement
700. Total Real Estate Broker Fees					
Division of commission (line 700) as follows:					
701. \$	to				
702. \$	to				
703. Commission paid at settlement					
704.					
800. Items Payable in Connection with Loan					
801. Our origination charge		\$	(from GFE #1)		
802. Your credit or charge for the specific interest rate chosen		\$	(from GFE #2)		
803. Your adjusted origination charges (from GFE A)					
804. Appraisal fee to (from GFE #3)					
805. Credit report to (from GFE #3)					
806. Tax service to (from GFE #3)					
807. Flood certification (from GFE #3)					
808.					
900. Items Required by Lender to Be Paid in Advance					
901. Daily interest charges from	to	@ \$	/day (from GFE #10)		
902. Mortgage insurance premium for months to (from GFE #3)					
903. Homeowner's insurance for years to (from GFE #11)					
904.					
1000. Reserves Deposited with Lender					
1001. Reserves or escrow (from GFE #9)					
1002. Homeowner's insurance	months @ \$	per month	\$		
1003. Mortgage insurance	months @ \$	per month	\$		
1004. Property taxes	months @ \$	per month	\$		
1005.	months @ \$	per month	\$		
1006.	months @ \$	per month	\$		
1007. Aggregate Adjustment				-\$	
1100. Title Charges					
1101. Title services and required title insurance (from GFE #4)					
1102. Settlement or closing fee \$					
1103. Owner's title insurance (from GFE #5)					
1104. Lender's title insurance premium \$					
1105. Lender's title policy limit \$					
1106. Owner's title policy limit \$					
1107. Agent's portion of the total title insurance premium \$					
1108. Underwriter's portion of the total title insurance premium \$					
1200. Government Recording and Transfer Charges					
1201. Government recording charges (from GFE #7)					
1202. Deed \$	Mortgage \$	Releases \$			
1203. Transfer taxes (from GFE #8)					
1204. City/County tax/stamps	Deed \$	Mortgage \$			
1205. State tax/stamps	Deed \$	Mortgage \$			
1206.					
1300. Additional Settlement Charges					
1301. Required services that you can shop for (from GFE #6)					
1302. \$					
1303. \$					
1304.					
1305.					
1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K)					



Comparison Chart

- **Compares charges listed on GFE and actual charges listed on the HUD-1/1A.**
- **Identifies tolerance compliance or violation.**
- **Three categories:**
 - Charges that cannot increase;**
 - Sum of charges that cannot increase more than 10%; and**
 - Charges that can increase.**

New Changes: Good Funds, TILA, HUD-1 Statement Changes

Charges That Cannot Increase

Comparison of Good Faith Estimate (GFE) and HUD-1 Charges		Good Faith Estimate	HUD-1
Charges That Cannot Increase	HUD-1 Line Number		
Our origination charge	# 801	\$6,250.00	\$6,250.00
Your credit or charge (points) for the specific interest rate chosen	# 802	-\$3,000.00	-\$3,000.00
Your adjusted origination charges	# 803	\$3,250.00	\$3,250.00
Transfer taxes	#1203	\$1,368.00	\$1,368.00

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Charges That In Total Cannot Increase More Than 10%

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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Charges That Can Change

Charges That Can Change		Good Faith Estimate	HUD-1/1A
Initial deposit for reserves or escrow	#1001	\$306.60	\$306.60
Daily interest charges	# 901 \$50 /day	\$100.00	\$100.00
Homeowner's insurance	# 903	\$600.00	\$600.00
<input type="text"/>	#		
<input type="text"/>	#		
<input type="text"/>	#		



**New Changes: Good Funds, TILA,
HUD-1 Statement Changes**

Loan Terms

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Loan Terms	
Your initial loan amount is	\$ _____
Your loan term is	_____ years
Your initial interest rate is	_____ %
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ _____ includes <input type="checkbox"/> Principal <input type="checkbox"/> Interest <input type="checkbox"/> Mortgage Insurance
Can your interest rate rise?	<input type="checkbox"/> No. <input type="checkbox"/> Yes, it can rise to a maximum of _____%. The first change will be on _____ and can change again every _____ after _____ . Every change date, your interest rate can increase or decrease by _____%. Over the life of the loan, your interest rate is guaranteed to never be lower than _____% or higher than _____%.
Even if you make your payments on time, can your loan balance rise?	<input 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 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 type="checkbox"/> No. <input type="checkbox"/> Yes, your maximum prepayment penalty is \$ _____ .
Does your loan have a balloon payment?	<input 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 type="checkbox"/> You do have an additional monthly escrow payment of \$ _____ . That results in a total initial monthly amount owed of \$ _____ . This includes principal, interest, and any mortgage insurance, and any items checked below: <input type="checkbox"/> Property taxes <input type="checkbox"/> Homeowner's insurance <input type="checkbox"/> Flood insurance <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____



Title Charges

- **Two standards:**
 - **Subject to 10% limit on cost change *if* the lender selects the title insurer or the borrower uses a company identified by the lender.**
 - **No limitation on cost change if the borrower does not use a title insurer identified by the lender.**
- **This gives the lender a great deal of power over selection of the title insurer.**

Fee Categories; 1100s: Title Insurance

- **Line 1101**

Includes all “Title services and lender’s title insurance” from Box 4 on the GFE.

- **Line 1107**

Amount of title insurance premium plus endorsements retained by the *title agent*.

- **Line 1108**

Amount of title insurance premium plus endorsements retained by the *underwriter*.

Right To Cure

- **Inadvertent or technical errors are not a violation of RESPA Section 4 *if*:**

- A revised HUD-1 is provided within 30 calendar days after settlement.**

Loan Terms

- Ensures borrowers that they received the loan applied they applied for.
- Highlights key loan terms.



New Changes: Good Funds, TILA, HUD-1 Statement Changes

Loan Terms

Loan Terms	
Your initial loan amount is	\$ 300,000
Your loan term is	30 years
Your initial interest rate is	6%
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ 1,888.58 includes <input checked="" type="checkbox"/> Principal <input checked="" type="checkbox"/> Interest <input checked="" type="checkbox"/> Mortgage Insurance
Can your interest rate rise?	<input checked="" type="checkbox"/> No. <input type="checkbox"/> Yes, it can rise to a maximum of % . The first change will be on and can change again every after . Every change date, your interest rate can increase or decrease by % . Over the life of the loan, your interest rate is guaranteed to never be lower than % or higher than % .

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New Changes: Good Funds, TILA, HUD-1 Statement Changes

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 \$ <input type="text"/> .
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 \$ <input type="text"/> . The earliest it can reach this amount is <input type="text"/> .
Does your loan have a prepayment penalty?	<input checked="" type="checkbox"/> No. <input type="checkbox"/> Yes, your maximum prepayment penalty is \$ <input type="text"/> .
Does your loan have a balloon payment?	<input checked="" type="checkbox"/> No. <input type="checkbox"/> Yes, you have a balloon payment of \$ <input type="text"/> due in <input type="text"/> years on <input type="text"/> .
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 \$ 216.67 <input type="text"/> . That results in a total initial monthly amount owed of \$ 2,105.25 <input type="text"/> . 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="text"/> <input type="checkbox"/> <input type="text"/> <input type="checkbox"/> <input type="text"/>

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HUD - FAQs

Q: If a GFE is issued on the **old form** prior to January 1, 2010, and the loan will close after January 1, 2010, which HUD-1 form is to be completed by the settlement agent?

A: If a GFE is issued on the old form prior to January 1, 2010, then the old HUD-1 form must be used even if closing will occur after January 1, 2010. For GFEs issued on the old form, the loan originator has the option to reissue the GFE (with the same terms and charges) on the new form, in which case the settlement agent must complete the new HUD-1 form.

HUD - FAQs

Q: What fees can a loan originator charge before issuing a GFE?

A: Prior to issuing a GFE, the loan originator may, at its option, collect a fee limited to the cost of a **credit report**.

HUD - FAQs

Q: If the borrower is taking out **two loans** to finance the purchase, how should the loan originator disclose the charges from each loan on the GFE and the HUD-1?

A: Each loan must have a **separate GFE** and a **separate HUD-1**. However, the principal amount of the second loan and a brief explanation of the second loan should be listed on Lines 204 – 209 of the HUD-1 for the first loan.

New Changes: Good Funds, TILA, HUD-1 Statement Changes

HUD - FAQs

**U. S. Department of Housing and Urban
Development FAQs URL:**

<http://www.hud.gov/faqs/faqbuying.cfm>

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Ralph J. Schumann

- **President**, Illinois Real Estate Lawyers Association (IRELA)

www.irela.org



- Secretary, ISBA Real Estate Law Section Council
- Chair, Real Estate Committee, Northwest Suburban Bar Association
- Principal, Law Offices of Ralph J. Schumann 847.806.6455

www.SchumannLaw.com



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