

Title 24—Housing and Urban Development
SUBTITLE A—OFFICE OF THE SECRETARY,
DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT

[Docket No. R-76-318]

PART 82—REAL ESTATE SETTLEMENT
PROCEDURES

The Real Estate Settlement Procedures Act Amendments of 1975 (herein the "RESPA Amendments"), signed into law January 2, 1976, made the following changes to the Real Estate Settlement Procedures Act of 1974 (RESPA)

1. **RESPA Section 3—Definitions.** Coverage of RESPA is limited to exclude temporary construction loans and to exclude junior mortgages. In addition, two other changes are made in the definition of "federally related mortgage loan." First, the provision regarding "eligibility" for purchase by FNMA, GNMA or FHLMC has been changed to a test of whether the loan is "intended to be sold by the originating lender" to FNMA, GNMA or FHLMC. Second, the definition of "creditor" excludes "any agency or instrumentality of any State."

2. **RESPA Section 4—Provision of Uniform Settlement Statement at Settlement; Inspection One Day Prior to Settlement.** The following new subsection (b) is added to section 4 to require provision of the settlement statement at settlement where practicable, and to require that the settlement statement be made available to the borrower one business day prior to settlement:

(b) The form prescribed under this section shall be completed and made available for inspection by the borrower at or before settlement by the person conducting the settlement, except that (1) the Secretary may exempt from the requirements of this section settlements occurring in localities where the final settlement statement is not customarily provided at or before the date of settlement, or settlements where such requirements are impractical and (2) the borrower may, in accordance with regulations of the Secretary, waive his right to have the form made available at such time. Upon the request of the borrower to inspect the form prescribed under this section during the business day immediately preceding the day of settlement, the person who will conduct the settlement shall permit the borrower to inspect those items which are known to such person during such preceding day.

In addition, the RESPA Amendments expand HUD's authority to allow local variations in the Uniform Settlement Statement. The requirement that the Uniform Settlement Statement contain Truth in Lending information is repealed.

3. **RESPA Section 5—Lender to provide estimates of closing costs at time of loan application.** The RESPA Amendments specify that application means written application and add the following new subsection (c) to Section 5:

(c) Each Lender shall include with the booklet a good faith estimate of the amount or range of charges for specific settlement services the borrower is likely to incur in connection with the settlement as prescribed by the Secretary.

4. **RESPA Section 6—Advance disclosure of settlement costs.** This provision is repealed.

5. **RESPA Section 7—Disclosure of previous selling price of existing real property.** This provision is repealed.

6. **RESPA Section 8—Prohibition against kickbacks and unearned fees.** The RESPA Amendments exempt from RESPA section 8 "payments pursuant to cooperative brokerage and referral arrangements or agreements between real estate agents and brokers" and such other payments as specified by HUD after consultation with other Federal Agencies.

7. **RESPA Section 10—Escrow accounts.** Section 10 is completely revised to remove numerous technical deficiencies in the original Section 10. Revised Section 10 provides as follows:

ESCROW ACCOUNTS

Sec. 10. A lender, in connection with a federally related mortgage loan, may not require the borrower or prospective borrower—

(1) to deposit in any escrow account which may be established in connection with such loan for the purpose of assuring payment of taxes, insurance premiums, or other charges with respect to the property, in connection with the settlement, an aggregate sum (for such purpose) in excess of a sum that will be sufficient to pay such taxes, insurance premiums and other charges attributable to the period beginning on the last date on which each such charge would have been paid under the normal lending practice of the lender and local custom: *Provided*, That the selection of each such date constitutes prudent lending practice, and ending on the due date of its first full installment payment under the mortgage, plus one-sixth of the estimated total amount of such taxes, insurance premiums and other charges to be paid on dates, as provided above, during the ensuing twelve-month period; or

(2) to deposit in any such escrow account in any month beginning with the first full installment payment under the mortgage a sum (for the purpose of assuring payment of taxes, insurance premiums and other charges with respect to the property) in excess of the sum of (A) one-twelfth of the total amount of the estimated taxes, insurance premiums and other charges which are reasonably anticipated to be paid on dates during the ensuing twelve months which dates are in accordance with the normal lending practice of the lender and local custom: *Provided*, That the selection of each such date constitutes prudent lending practice, plus (B) such amount as is necessary to maintain an additional balance in such escrow account not to exceed one-sixth of the estimated total amount of such taxes, insurance premiums and other charges to be paid on dates, as provided above, during the ensuing twelve-month period: *Provided, however*, That in the event the lender determines there will be or is a deficiency he shall not be prohibited from requiring additional monthly deposits in such escrow account to avoid or eliminate such deficiency.

8. **RESPA Section 19—Authority of the Secretary.** The RESPA Amendments include a new Section 19 which grants to the Secretary general authority to prescribe rules and regulations under all provisions of RESPA.

In addition to the above, Section 12 of the RESPA Amendments authorizes the Secretary to suspend any provisions of RESPA section 4 and section 5 for up to 180 days.

REGULATIONS CHANGES

Regulation X, 24 CFR Part 82, is revised as set forth below to implement the RESPA Amendments. The following changes are made in Regulation X:

1. Conforming amendments are made to reflect the changes in the definition of "federally related mortgage loan."

2. Conforming amendments are made regarding use of the Uniform Settlement Statement to eliminate reference to advance disclosure and Truth in Lending disclosures.

3. The new requirements to provide an opportunity for inspection of the settlement statement at or before settlement and to provide an opportunity to inspect the settlement statement one business day prior to settlement are suspended to June 30, 1976. These requirements have been suspended in order to prepare appropriate regulations for their implementation, including determinations as to what exemptions, if any, should be provided for "localities where the final settlement statement is not customarily provided at or before the date of settlement, or settlements where such requirements are impractical."

4. The requirements to provide a booklet and to provide a good faith estimate of settlement costs at time of loan application are suspended to June 30, 1976. These requirements have been suspended in order to prepare an appropriate revised booklet and to develop appropriate regulations to govern the making of the required estimates. The suspension will enable the Department to obtain and make use of extensive public comment.

5. Provisions regarding advance disclosure are deleted.

6. The instructions to the Uniform Settlement Statement form, HUD Form 1, are revised to eliminate references to advance disclosure and Truth in Lending disclosures.

7. Appendix B regarding Truth in Lending disclosures is deleted. The Appendix regarding RESPA Legal Opinions under RESPA section 7 is deleted.

These regulations amendments are made effective January 2, 1976, in light of the need to conform the regulations immediately to the RESPA Amendments which became effective January 2, 1976.

The Department intends to publish proposed regulations for comment under suspended RESPA sections 4(b) and 5. To assist the Department in preparing such proposed regulations, comments are hereby requested regarding implementation of RESPA section 5(c) which requires the Lender to provide, at the time of written loan application, a good faith estimate of the amount or range of charges for specific settlement services the borrower is likely to incur in connection with the settlement as prescribed

by HUD. The House Report (H.R. Rep. No. 94-667) states as follows with respect to this provision:

The figures provided the prospective borrower are estimates of the settlement charges prevailing in the area and applicable with respect to the particular Lender. These estimates could appear on pre-printed forms geared to various sales prices or mortgage amounts at intervals of, for example, \$2,500. Where the Lender will arrange to have a settlement service provided by a particular provider, the prospective borrower should be so informed and the estimates given should reflect the Lender's knowledge of the cost of that service.

The Department invites comment as to problems which may arise in implementing RESPA section 5(c) and possible resolutions of these problems. Comments should be submitted on or before January 31, 1976, to the Rules Docket Clerk, Room 10245, Department of Housing and Urban Development, 451 7th Street, SW., Washington, D.C., 20410.

Accordingly, 24 CFR Part 82, is revised as follows:

REGULATION X

- Sec.
- 82.1 Authority, scope and purpose.
- 82.2 Definitions.
- 82.3 No delegation of authority under RESPA to HUD field offices.
- 82.4 Reliance upon rule, regulation or interpretation by HUD of RESPA.
- 82.5 Applicability.
- 82.6 Information booklet for persons applying for loans to purchase residential real property.
- 82.7 Good faith estimate of closing costs at time of loan application.
- 82.8 Use of Uniform Settlement Statement form.
- 82.9 Printing of Uniform Settlement Statement form.
- 82.10 Request to inspect Uniform Settlement Statement one day in advance of settlement.
- 82.11 Mailing.
- 82.12 No fee.
- 82.13 Relation to state laws.

Appendix—Instructions for Completing Uniform Disclosure/Settlement Statement (HUD Form 1)

AUTHORITY: Real Estate Settlement Procedures Act of 1974, Pub. L. 93-533 (12 U.S.C. 2601).

REGULATION X

§ 82.1 Authority, scope and purpose.

This part, which may be referred to as Regulation X, comprises the regulations issued by the Secretary of Housing and Urban Development pursuant to the Real Estate Settlement Procedures Act of 1974 (Pub. L. 93-533), 12 U.S.C. 2601, as amended by the Real Estate Settlement Procedures Act Amendments of 1975, herein "RESPA".

§ 82.2 Definitions.

(a) "Date of Settlement." Reserved during suspension of RESPA section 4 (b) from January 2, 1976, to June 30, 1976.

(b) "Federally Related Mortgage Loan" is defined in § 82.5.

(c) "Lender" means the secured creditor or creditors named as such in the debt obligation and document creating the lien or other security interest.

(d) "Loan Application." Reserved during suspension of RESPA section 5 from January 2, 1976, to June 30, 1976.

(e) "Mortgaged Property" means the real property covered by the Federally Related Mortgage Loan, or the cooperative unit with respect to which stock is pledged to secure the Federally Related Mortgage Loan.

(f) "Person" means any individual, corporation, partnership, trust, association or other entity.

(g) "RESPA" means the Real Estate Settlement Procedures Act of 1974 (Pub. L. 93-533), 12 U.S.C. 2601, as amended by the Real Estate Settlement Procedures Act Amendments of 1975.

(h) "Secretary" means the Secretary of Housing and Urban Development or any official delegated the authority of the Secretary with respect to RESPA.

(i) "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

§ 82.3 No delegation of authority to HUD Field Offices.

No authority granted to the Secretary under RESPA has been delegated to HUD Regional Offices, HUD Area Offices or HUD Insuring Offices. Any questions or suggestions from the public regarding the Uniform Settlement Statement, HUD Form 1, should be directed to the Office of Policy and Program Analysis and Development, Assistant Secretary for Housing Production and Mortgage Credit, Department of Housing and Urban Development, 451 7th Street, S.W., Washington, D.C. 20410. Any questions or suggestions regarding other aspects of Regulation X should be addressed to the Assistant General Counsel for Home Mortgages, Department of Housing and Urban Development, 451 7th Street, S.W., Washington, D.C. 20410.

§ 82.4 Reliance upon rule, regulation or interpretation by HUD of RESPA.

(a) Section 19(b) of RESPA provides:

No provision of this Act or of the laws of any State imposing any liability shall apply to any act done or omitted in good faith in conformity with any rule, regulation, or interpretation thereof by the Secretary or the Attorney General, notwithstanding that after such act or omission has occurred, such rule, regulation, or interpretation is amended, rescinded, or determined by judicial or other authority to be invalid for any reason.

(b) For purposes of section 19(b), only the following constitute a "rule, regulation, or interpretation thereof by the Secretary":

(1) The Uniform Settlement Statement, HUD Form 1, and HUD instructions set forth in Appendix A to this part and

(2) All other provisions and Appendices contained in this part, but not including any document referred to in this part except to the extent such document is set forth in this part.

cept to the extent such document is set forth in this part.

(c) A "rule, regulation, or interpretation thereof by the Secretary" for purposes of RESPA section 19(b) shall not include the Special Information Booklet prescribed by the Secretary or any other statement or issuance, whether oral or written, by an officer or representative of HUD, letter or memorandum by the Secretary, General Counsel, any Assistant Secretary or other officer or employee of HUD, preamble to a regulation or other issuance of HUD, report to Congress, pleading, affidavit or other document in litigation, pamphlet, handbook, guide, telegraphic communication, explanation, instructions to forms, speech or other material of any nature which is not specifically included in paragraph (b) of this section.

§ 82.5 Coverage of RESPA.

(a) *Applicability.* RESPA and this part are applicable to all Federally Related Mortgage Loans.

(b) *Definition of Federally Related Mortgage Loan.* "Federally Related Mortgage Loan" means a loan which is not made to finance an exempt transaction specified in paragraph (d) of this section, and which meets all of the following four requirements:

(1) The proceeds of the loan are used in whole or in part to finance the purchase by the borrower, or other transfer of title, of the Mortgaged Property;

(2) The loan is secured by a first lien or other first security interest covering real estate, including a fee simple, life estate, remainder interest, ground lease or other long-term leasehold estate.

(i) Upon which there is located a structure designed principally for the occupancy of from 1 to 4 families; or

(ii) Upon which there is located a mobile home; or

(iii) Upon which a structure designed principally for the occupancy of from 1 to 4 families is to be constructed using proceeds of the loan; or

(iv) Upon which there will be placed a mobile home to be purchased using proceeds of the loan; or

(v) Which is a 1 to 4 family residential condominium unit (or the first lien covering a cooperative unit);

(3) The Mortgaged Property is located in a State; and

(4) The loan (i) is made by a Lender meeting the requirements of paragraph (c) of this section, or (ii) is made in whole or in part, or insured, guaranteed, supplemented, or assisted in any way, by the Secretary or any other officer or agency of the Federal Government, or (iii) is made in connection with a housing or urban development program administered by the Secretary or other agency of the Federal Government, or (iv) is intended to be sold by the originating lender to the Federal National Mortgage Association (FNMA), the Government National Mortgage Association (GNMA), or the Federal Home Loan Mortgage Corporation (FHLMC), or to a financial institution which intends to sell the mortgage to FHLMC.

(c) A Lender is within paragraph (b) (4) (i) of this section if it is: (1) A lending institution the deposits or accounts of which are insured by the Federal Savings and Loan Insurance Corporation (FSLIC), the Federal Deposit Insurance Corporation (FDIC) or any other agency of the Federal Government, or (2) a lending institution which is regulated by the Federal Home Loan Bank Board or any other agency of the Federal Government, or (3) a "creditor," as defined in section 103(f), who makes or made new investments in residential real estate loans aggregating more than \$1,000,000 in either the calendar year in which the Date of Settlement of the Federally Related Mortgage Loan in question occurs or the calendar year prior thereto, except that the term "creditor" does not include any agency or instrumentality of any state. Section 103(f) of the Consumer Credit Protection Act (15 U.S.C. 1602(f)) defines "creditor" as follows:

(f) The term "creditor" refers only to creditors who regularly extend, or arrange for the extension of, credit for which payment of a finance charge is required, whether in connection with loans, sales of property or services, or otherwise. The provisions of this title apply to any such creditor, irrespective of his or its status as a natural person or any type of organization.

(d) *Exempt transactions.* This part shall not apply to:

(1) A loan to finance the purchase or transfer of a property of 25 or more acres;

(2) A home improvement loan, loan to refinance, or other loan where the proceeds are not used to finance the purchase or transfer of the property. Execution of an instrument creating a security interest is not considered to be a transfer of the property for purposes of this part;

(3) A loan to finance the purchase or transfer of a vacant lot, where no proceeds of the loan are to be used for the construction of a 1 to 4 family residential structure or for the purchase of a mobile home to be placed on the lot;

(4) An assumption, novation, or sale or transfer subject to a pre-existing loan, except the use of or conversion of a construction loan to a permanent mortgage loan to finance purchase by the first user;

(5) A construction loan, except where the construction loan is intended to be used as or converted to a permanent loan to finance purchase by the first user;

(6) A permanent loan the proceeds of which will be used to finance the construction of a 1 to 4 family structure, where the lot is already owned by the borrower or borrowers; or

(7) A loan to finance the purchase of a property where the primary purpose of the purchase is for resale.

§ 82.6 Information booklet for persons applying for loans to purchase residential real property.

The requirement under RESPA section 5 to provide an information booklet to persons applying for mortgages

at time of loan application is suspended effective from January 2, 1976, through June 30, 1976, pursuant to the authority granted to the Secretary to suspend any provisions of RESPA section 4 or 5 for up to one hundred eighty days under section 12 of the Real Estate Settlement Procedures Act Amendments of 1975.

§ 82.7 Good faith estimate of closing costs at time of loan application.

Commencing January 2, 1976, RESPA section 5(c), as amended, provides that at time of Loan Application, the Lender shall provide a good faith estimate of the amount or range of charges for specific settlement services the borrower is likely to incur in connection with the settlement. The said requirement is suspended from January 2, 1976, through June 30, 1976, pursuant to the authority granted to the Secretary to suspend any provision of RESPA sections 4 and 5 for up to one hundred eighty days under section 12 of the Real Estate Settlement Procedures Act Amendments of 1975. During the suspension period, Lenders are encouraged to provide as much information as possible to borrowers regarding settlement procedures and settlement costs.

§ 82.8 Use of Uniform Settlement Statement Form.

(a) *Use of HUD Form 1.* As required by RESPA section 4, the Uniform Settlement Statement, HUD Form 1, set forth in Appendix A to this part, shall be used by the person conducting settlement, whether or not such person is the Lender, as the settlement statement for every Federally Related Mortgage Loan settlement transaction.

(b) *Charges to be stated.* The Uniform Settlement Statement, HUD Form 1, shall be completed to itemize all charges imposed upon the borrower and the seller in connection with the settlement, including all settlement charges which borrower or seller contract to pay for separately outside of the settlement. Lines and columns which relate to the borrower's transaction may be deleted from the form which will be furnished to the seller and lines and columns which relate to the seller's transactions may be deleted from the form which will be furnished to the borrower.

(c) *Delivery.* The settlement shall be delivered or mailed to the borrower and the seller on the date of settlement, or if not practicable, then as soon thereafter as is practicable. Where there is more than one borrower or more than one seller, delivery or mailing to one borrower and one seller shall satisfy this requirement.

(d) *Recordkeeping.* Lender shall obtain and retain a copy of each settlement statement (both borrower's and seller's copies, where different) required to be prepared pursuant to RESPA section 4 for 2 years, except that in the event Lender disposes of its interest in the mortgage and does not service the mortgage, Lender may permit its copy of the settlement statement to be de-

livered to the owner or servicer of the mortgage as part of the transfer of the loan file. A copy of the settlement statement may be required to be submitted to the Secretary and/or Federal agencies.

§ 82.9 Printing and duplication of Uniform Settlement Statement Form.

(a) *Permissible changes.* The Uniform Settlement Statement form, HUD Form 1, may be reproduced by Lenders or others. Only the following permissible changes and insertions may be made:

(1) In Block A, the Lender or other person reproducing the form may insert its business name and/or logotype and may rearrange, but not delete, the other information which appears in Block A.

(2) In Block F, the name, address and other information regarding the Lender may be printed, and a space or spaces may be printed for Lender's loan number or similar information.

(3) No changes in the size or type style of print or the layout of the form shall be made, except as follows: (i) The layout of the form may only be reset in type if such type style is approximately the same size and appearance, is easily readable, and the entire form layout is identical to the form as prescribed by HUD; and (ii) where necessary to accommodate computer equipment, the first two pages of the form may be printed in a larger size of print and different type style and the distance between lines may be increased, but not decreased, but there shall be no other change in the layout and placement of information on the form.

(4) In the first two pages, blank lines or items listed in Blocks J, K, and L of the form not used locally or not used in connection with mortgages by the Lender may be deleted, except for the following: Lines 100, 120, 200, 220, 300, 301, 302, 303, 400, 420, 500, 520, 600, 601, 602, 603, 700, 800, 900, 1000, 1100, 1200, 1300, and 1400. The form may be correspondingly shortened. The number of a deleted item shall not be used for a substitute or new item, but the number of a blank space may be used for a substitute or new item. The numbering sequence shall not otherwise be changed.

(5) Charges not listed which are made locally may be inserted in blank spaces in any style or type of print of similar size, but which is different from the style and type of print used in the balance of the form (to indicate items not listed nationwide).

(6) Signature lines may be added at the end of the second page.

(7) Additional blank space may be added above and/or below each page and the form may be printed on rolls, which may have sprocket holes, e.g., for computer purposes. The pages may be printed on separate sheets or placed on the front and back of a single sheet, or one above the other on a single, continuous sheet.

(8) The form may be printed on light shades of tinted paper and may be printed in one or more colors of clearly legible ink.

(9) The form may be printed in multi-copy tear-out sets. Lines and columns

which relate to the borrower's transaction may be deleted from the form which will be furnished to the seller and lines and columns which relate to the seller's transactions may be deleted from the form which will be furnished to the borrower.

(10) The form may be translated into any other language with the approval of the Secretary.

(11) The form may be printed deleting references to advance disclosure, Truth in Lending and waiver of advance disclosure.

(12) Any other deviation in the form is only permissible upon receipt of written approval of the Secretary. A request to the Secretary for approval must be submitted in writing to the Assistant Secretary for Housing Production and Mortgage Credit—Federal Housing Commissioner, Room 6100, 451 7th Street, SW., Washington, D.C. 20410, stating the reasons why the applicant believes such deviation is needed. Prior to receiving such approval, the prescribed form must be used.

(b) *HUD-prescribed additions of items to form.* HUD reserves the right to direct the order and the manner in which additional items are added to the form or in which any other changes are made for any locality, jurisdiction or area.

(c) *Additional sheet.* Where there is an unusually large number of insertions for which blank spaces in the form are not sufficient, an additional sheet for such items may be added to the form and referenced at the appropriate place or places in the form. Such additional sheets may be printed. The reverse side of the form may be used instead of an additional sheet.

§ 82.10 Request to Inspect Uniform Settlement Statement One Day in Advance of Settlement.

Commencing January 2, 1976, RESPA section 4(b), as amended, provides that upon the request of the borrower to inspect the Uniform Settlement Statement during the business day immediately preceding the day of settlement, the person who will conduct the settlement shall permit the borrower to inspect those items which are known to such person during such preceding day. RESPA section 4(b) also requires the settlement statement to be provided for inspection at or prior to settlement, except where exempted under HUD regulations or waived by the borrower as provided in HUD regulations. The requirements of section 4(b) are suspended from January 2, 1976, through June 30, 1976, pursuant to the authority granted to the Secretary to suspend any provision of RESPA sections 4 and 5 for up to one hundred eighty days under section 12 of the Real Estate Settlement Procedures Act Amendments of 1975.

§ 82.11 Mailing.

The provisions of this part requiring or permitting mailing of settlement statements or other documents shall be deemed to be satisfied by placing the document in the mail (whether or not

received by the addressee) addressed to the address stated in the Loan Application or in other information submitted to or obtained by Lender at the time of Loan Application, or submitted to or obtained by the person conducting the settlement, except that a revised address shall be used where the Lender or such other person has been expressly informed in writing of a change of address.

§ 82.12 No fee.

As provided in RESPA section 12, no fee shall be imposed or charge made upon any other person, as a part of settlement costs or otherwise, by a Lender in connection with or on account of the preparation and distribution required by RESPA of the statement or statements required by RESPA section 4 (Uniform Settlement Statement) or by the Truth in Lending Act.

§ 82.13 Relation to State Laws.

RESPA section 18 provides:

This Act does not annul, alter, or affect, or exempt any person subject to the provisions of this Act from complying with the laws of any State with respect to settlement practices, except to the extent that those laws are inconsistent with any provision of this Act, and then only to the extent of the inconsistency. The Secretary is authorized to determine whether such inconsistencies exist. The Secretary may not determine that any State law is inconsistent with any provision of this Act if the Secretary determines that such law gives greater protection to the consumer. In making these determinations the Secretary shall consult with the appropriate Federal agencies.

A determination by the Secretary that such an inconsistency exists shall be made, after consultation with appropriate Federal agencies, by publication of a notice in the FEDERAL REGISTER.

Effective date. These regulations are effective as of January 2, 1976.

ROBERT R. ELLIOTT,
Acting Secretary of Housing
and Urban Development.

APPENDIX—INSTRUCTIONS FOR COMPLETING UNIFORM DISCLOSURE/SETTLEMENT STATEMENT (HUD FORM 1)

The following are instructions for completing the first 2 pages of the Uniform Settlement Statement, HUD Form 1, required under Sections 4 and 6 of the Real Estate Settlement Procedures Act of 1974 (Pub. L. 93-533), as amended, and the Regulations thereto issued by the U.S. Department of Housing and Urban Development called Regulation X (24 CFR Part 82). This form is to be used as a uniform statement of actual costs and adjustments to be given to the parties in connection with the settlement. The Instructions for completion are primarily for the benefit of the persons who prepare the statements and need not be transmitted to the parties as an integral part of the form. To determine if the Uniform Settlement Statement is legally required to be used in a particular mortgage loan transaction, refer to Regulation X of the Department of Housing and Urban Development (24 CFR Part 82). There is no objection to the use of the form in transactions in which its use is not legally required.

GENERAL INSTRUCTIONS

Information and amounts may be filled in by typewriter, hand printing, computer

printing, or any other method producing clear and legible results. Copies of the form sent to the borrower and the seller may be carbon copies, electrostatic copier copies, or other clearly legible copies. Refer to Regulation X regarding rules applicable to printing of the form.

Where there is an unusually large number of insertions for which blank spaces in the form are not sufficient, an additional sheet for such items may be added to the form and referenced at the appropriate place or places in the form. Such additional sheets may be printed. The reverse side of the form may be used instead of an additional sheet.

Where charges are paid outside of the settlement (normally by separate check), they shall be stated with the notation "P.O.C." (paid outside closing) and shall not be included in computing totals.

LINE ITEM INSTRUCTIONS

Instructions for completing the individual items on the form follow. Where no instructions are given, the item is thought to be self-explanatory.

Section A. The lender, title company, or other firm preparing the form may insert its name and/or logotype in Section A.

Section B. Check appropriate loan type and complete the remaining items as applicable.

Section C. Check the box indicating that the form is being used as a statement of actual costs and disbursements at or after settlement.

Sections D and E. Fill in the names and current mailing addresses of the borrower and the seller. Where there is more than one buyer or seller, the name and address of one is sufficient.

Section F and H. Fill in the name and address of the lender and the person conducting settlement. If, at the time of advance disclosure, the settlement agent has not yet been selected, the advance disclosure form should have "not known" entered in Section H.

Section G. The street address of the security property, if any, should be given. If there is no street address, a brief legal description or other location of the property should be inserted. In all cases give the zip code of the property.

Section I. Fill in these dates to the extent they are known. If the prorations of taxes, insurance, etc., are to be made as of a date different than the settlement date, indicate the date of prorations on the last line in this section.

Section J. Summary of Borrower's Transaction. The Borrower may be given a copy of the form (in case of both advance disclosure and settlement) which does not contain the information filled in under "Summary of Seller's Transaction" (Block K, Series 400, 500, and 600 items).

Lines 104 and 105 are for additional amounts owed by the buyer. For example, the balance in the seller's reserve account held by the lender, if assigned to the buyer in a loan assumption case, would be entered here.

Lines 106 through 112 are for items which the seller had paid in advance, and for which the buyer must therefore reimburse the seller. Examples of items for which adjustments are made may include taxes and assessments paid in advance for an entire year or other period, when settlement occurs prior to the expiration of the year or other period for which they were paid. Additional examples include flood and hazard insurance premiums if the buyer is being substituted as an insured under the same policy; mortgage insurance in loan assumption cases; PUD or condominium association assessments paid in advance; fuel or other supplies on hand; purchased by the seller, which the buyer will use when buyer takes possession of the

property; and ground rent paid in advance.

Line 203 is used for cases in which the buyer is assuming or taking title subject to an existing loan or other lien.

Lines 204 and 205 may be used in cases in which the seller has taken a trade-in or other property from the buyer in part payment for the property being sold, or when a tenant in the property has not yet paid his rent for a period of time prior to the settlement, and which the buyer will collect. They may also be used in cases in which a seller (typically a builder) is making an "allowance" to the buyer for carpets or drapes which the buyer is to purchase on his own. Such an allowance should also be entered on lines 505-509.

Lines 206 through 212 are for items which have not yet been paid, and which the buyer is expected to pay, but which are attributable in part to a period of time prior to the settlement. In jurisdictions in which taxes are paid late in the tax year, most cases will show the proration of taxes in these lines. See Instruction to Block C above regarding advance disclosure of taxes and assessments on the assumption that no taxes and assessments are delinquent. Other examples include utilities used but not paid for by the seller, rent collected in advance by the seller from a tenant for a period extending beyond the settlement date, and interest on loan assumptions. As with lines 106 to 112, these amounts will normally be only estimates on the advance disclosure statement.

Line 303 may indicate either the cash required from the borrower at settlement (the usual case in a purchase transaction) or cash payable to the borrower at settlement (if, for example, the buyer's earnest money deposit exceeded his cash obligations in the transaction). The appropriate box should be checked.

Section K. Summary of Seller's Transaction. The Seller may be given a copy of the form (in case of both advance disclosure and settlement) which does not contain the information filled in under "Summary of Borrower's Transaction" (Block J, Series 100 200, and 300 items).

Instructions for the use of lines 106-112, above, apply also to lines 405 to 411.

Line 504 is used if the purchaser is assuming or taking title subject to existing liens which are to be deducted from sales price.

Lines 505 through 509 may be used to list additional liens which must be paid off through settlement to clear title to the property. They may also be used to indicate funds to be held by the settlement agent for the payment of repairs the seller is obligated to make or payment of water, fuel, or other utility bills which cannot be prorated between the parties at settlement because the amounts used by the seller prior to settlement are not yet known.

If the seller's real estate broker has received and held an earnest money deposit which exceeds the commission owed to him, and if he will tender the excess deposit directly to the seller rather than through the settlement agent, the amount of excess deposit should be entered on one of lines 505-

509, thus reducing the amount to be paid to the seller by the settlement agent by that amount.

Instructions for the use of lines 510 through 515 are the same as those for lines 206 to 212, above.

Section L. Settlement Charges. General: For all items except those paid to and retained by the lender, the name of the person or firm receiving the payment should be shown.

Line 700. If the sales commission paid by the seller is based on a percentage of the purchase price, enter the purchase price and the percentage here.

Line 701. The dollar amount of the total commission paid by the seller is entered here. A single entry is made, regardless of whether compensation will be paid to one agent or split among several agents.

Lines 702-703 are to be used to state the split of the commission where the person conducting the settlement disburses portions of the commission to two or more agents. Only the total commission is to be shown in the borrower's or seller's columns.

Line 704 may be used for additional charges made by the sales agent, or for a sales commission charged to the buyer, which will be disbursed by the settlement agent.

Line 801. Enter the fee charged by the lender for processing or originating the loan. If this fee is computed as a percentage of the loan amount, enter the percentage in the blank indicated.

Line 802. Enter the loan discount charged by the lender, and if it is computed as a percentage of the loan amount, enter the percentage in the blank indicated.

Line 803. Enter appraisal fees, if there is a charge separate from the origination fee.

Line 805 is used only for inspections by the Lender or his personnel. Charges for other pest or structural inspections required by Regulation X to be stated should be entered in lines 1302-1305.

Line 806 should be used for a VA appraisal fee, FHA application fee (which covers the cost of appraisal by the agency as well), or a fee required by a private mortgage insurance company.

Line 807 is provided for convenience in using the form for loan assumption transactions if a fee is charged by the Lender for agreeing to an assumption or transfer subject to an existing indebtedness.

Line 901. If interest is collected at settlement for a part of a month or other period between settlement and the date from which interest will be collected with the first regular monthly payment, enter that amount here. If such interest is not collected until the first regular monthly payment, no entry should be made on line 901.

Line 1000. This section is used for amounts collected by the Lender and held in an account for the future payment of the obligations listed as they fall due. In many jurisdictions this is referred to as an "escrow", "impound" or "trust" account. In addition to the items listed, some Lenders may require reserves for flood insurance, condominium owners association assessments, etc.

Line 1100. In many jurisdictions the same person (e.g., an attorney or a title insurance company) performs several of the services listed in this section, and makes a single undifferentiated charge for so doing. In such cases, enter the overall fee on line 1107, (for attorneys) or line 1108 (for title companies), and enter on the line provided the item numbers of the services listed which are covered in the overall fee. In such cases no amounts should be entered for the individual items which are covered by overall fees.

Line 1101. Enter here the fee of the person or firm conducting the settlement. In some jurisdictions this is termed a closing or escrow fee. If two or more persons or firms make charges in connection with the same transaction, enter total charges in the appropriate columns, and indicate the breakdown of charges on the line after the word "to".

Lines 1102 and 1103. In some jurisdictions the same person (e.g., an attorney) both searches the title (that is, performs the necessary research in the records) and examines title (that is, makes a determination as to what matters affect title, and provides a title report or opinion.) If such a person charges only one fee for both services, it should be entered on line 1103. If separate persons perform these tasks, or if separate charges are made for searching and examination, they should be listed separately.

Line 1105. Enter charges for preparation of deeds, mortgages, notes, etc. If more than one person receives a fee for such work in the same transaction, show the total paid in the appropriate column and the individual charges on the line following the word "to".

Lines 1108-1110. Enter the total charge for title insurance (except the cost of the title binder) on line 1108. Enter on lines 1109 and 1110 the individual charges for the Lender's and owner's policies. Note that these charges are not carried over into the borrower's and seller's columns, since to do so would result in a duplication of the amount in line 1108.

Lines 1111-1113. These lines are for entry of other title charges not already itemized. Examples in some jurisdictions would include a fee to a private tax service, a fee to a county tax collector for a tax certificate, and a fee to a public title registrar for a certificate of title under a Torrens Act. Show the lender's attorney's fee, if any, on line 1107 and other attorneys' fees, if required to be stated under Regulation X, on lines 1111-1113.

Lines 1303-1305. Enter on these lines any other settlement charges not referable to the categories listed above on the form which are required by Regulation X to be stated. Examples may include structural inspections or pre-sale inspection of heating, plumbing, or electrical equipment. These inspection charges may include a fee for insurance or warranty coverage.

Line 1400. Enter the total settlement charges paid from borrower's funds and seller's funds. These totals are also entered on lines 103 and 503, respectively, in Sections J and K.

Form Approved
OMB No. 63-R1501

A. U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT DISCLOSURE/SETTLEMENT STATEMENT		B. TYPE OF LOAN: 1. <input type="checkbox"/> FHA 2. <input type="checkbox"/> FVHA 3. <input type="checkbox"/> CONV. UNINS. 4. <input type="checkbox"/> VA 5. <input type="checkbox"/> CONV. INS. 6. FILE NUMBER 7. LOAN NUMBER 8. MORTG. INS. CASE NO.					
If the Truth-in-Lending Act applies to this transaction, a Truth-in-Lending statement is attached as page 3 of this form.							
C. NOTE: This form is furnished to you prior to settlement to give you information about your settlement costs, and again after settlement to show the actual costs you have paid. The present copy of the form is: <input type="checkbox"/> ADVANCE DISCLOSURE OF COSTS. Some items are estimated, and are marked "(e)". Some amounts may change if the settlement is held on a date other than the date estimated below. The preparer of this form is not responsible for errors or changes in amounts furnished by others. <input type="checkbox"/> STATEMENT OF ACTUAL COSTS. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in totals.							
D. NAME OF BORROWER		E. SELLER					
G. PROPERTY LOCATION		H. SETTLEMENT AGENT I. DATES <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">LOAN COMMITMENT</td> <td style="width: 50%;">ADVANCE DISCLOSURE</td> </tr> <tr> <td>PLACE OF SETTLEMENT</td> <td>DATE OF PROVISIONS IF DIFFERENT FROM SETTLEMENT</td> </tr> </table>		LOAN COMMITMENT	ADVANCE DISCLOSURE	PLACE OF SETTLEMENT	DATE OF PROVISIONS IF DIFFERENT FROM SETTLEMENT
LOAN COMMITMENT	ADVANCE DISCLOSURE						
PLACE OF SETTLEMENT	DATE OF PROVISIONS IF DIFFERENT FROM SETTLEMENT						
J. SUMMARY OF BORROWER'S TRANSACTION		K. SUMMARY OF SELLER'S TRANSACTION					
100. GROSS AMOUNT DUE FROM BORROWER: 101. Contract sales price 102. Personal property 103. Settlement charges to borrower (from line 1400, Section I.) 104. 105. Adjustments for items paid by seller in advance: 106. City/town taxes to 107. County taxes to 108. Assessments to 109. to 110. to 111. to 112. to 120. GROSS AMOUNT DUE FROM BORROWER: 200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER: 201. Deposit or earnest money 202. Principal amount of new loan(s) 203. Existing loan(s) taken subject to 204. 205. Credits to borrower for items unpaid by seller: 206. City/town taxes to 207. County taxes to 208. Assessments to 209. to 210. to 211. to 212. to 220. TOTAL AMOUNTS PAID BY OR IN BEHALF OF BORROWER 300. CASH AT SETTLEMENT REQUIRED FROM OR PAYABLE TO BORROWER: 301. Gross amount due from borrower (from line 120) 302. Less amounts paid by or in behalf of borrower (from line 220) 303. CASH (<input type="checkbox"/> REQUIRED FROM) OR (<input type="checkbox"/> PAYABLE TO) BORROWER:		400. GROSS AMOUNT DUE TO SELLER: 401. Contract sales price 402. Personal property 403. 404. Adjustments for items paid by seller in advance: 405. City/town taxes to 406. County taxes to 407. Assessments to 408. to 409. to 410. to 411. to 420. GROSS AMOUNT DUE TO SELLER 500. REDUCTIONS IN AMOUNT DUE TO SELLER: 501. Payoff of first mortgage loan 502. Payoff of second mortgage loan 503. Settlement charges to seller (from line 1400, Section I.) 504. Existing loan(s) taken subject to 505. 506. 507. 508. 509. Credits to borrower for items unpaid by seller: 510. City/town taxes to 511. County taxes to 512. Assessments to 513. to 514. to 515. to 520. TOTAL REDUCTIONS IN AMOUNT DUE TO SELLER 600. CASH TO SELLER FROM SETTLEMENT: 601. Gross amount due to seller (from line 420) 602. Less total reductions in amount due to seller (from line 520) 603. CASH TO SELLER FROM SETTLEMENT					

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L. SETTLEMENT CHARGES		PAID FROM BORROWER'S FUNDS	PAID FROM SELLER'S FUNDS
700. SALES/BROKER'S COMMISSION based on price \$	%		
701. Total commission paid by seller			
Division of commission as follows:			
702. \$	to		
703. \$	to		
704.			
800. ITEMS PAYABLE IN CONNECTION WITH LOAN.			
801. Loan Origination fee %			
802. Loan Discount %			
803. Appraisal Fee to			
804. Credit Report to			
805. Lender's inspection fee			
806. Mortgage insurance application fee to			
807. Assumption/refinancing fee			
808.			
809.			
810.			
811.			
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE.			
901. Interest from to @ \$ /day			
902. Mortgage insurance premium for mo. to			
903. Hazard insurance premium for yrs. to			
904. yrs. to			
905.			
1000. RESERVES DEPOSITED WITH LENDER FOR:			
1001. Hazard insurance mo. \$ /mo.			
1002. Mortgage insurance mo. \$ /mo.			
1003. City property taxes mo. \$ /mo.			
1004. County property taxes mo. \$ /mo.			
1005. Annual assessments mo. \$ /mo.			
1006. mo. \$ /mo.			
1007. mo. \$ /mo.			
1008. mo. \$ /mo.			
1100. TITLE CHARGES:			
1101. Settlement or closing fee to			
1102. Abstract or title search to			
1103. Title examination to			
1104. Title insurance binder to			
1105. Document preparation to			
1106. Notary fees to			
1107. Attorney's Fees to			
(includes above items No.:			
1108. Title insurance to			
(includes above items No.:			
1109. Lender's coverage \$			
1110. Owner's coverage \$			
1111.			
1112.			
1113.			
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES			
1201. Recording fees: Deed \$; Mortgage \$ Releases \$			
1202. City/county tax/stamps: Deed \$; Mortgage \$			
1203. State tax/stamps: Deed \$; Mortgage \$			
1204.			
1300. ADDITIONAL SETTLEMENT CHARGES			
1301. Survey to			
1302. Pest inspection to			
1303.			
1304.			
1305.			
1400. TOTAL SETTLEMENT CHARGES (entered on lines 103 and 593, Sections J and K)			

NOTE: Under certain circumstances the borrower and seller may be permitted to waive the 12-day period which must normally occur between advance disclosure and settlement. In the event such a waiver is made, copies of the statements of waiver, executed as provided in the regulations of the Department of Housing and Urban Development, shall be attached to and made a part of this form when the form is used as a settlement statement.

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