

September 17, 1996

Donald F. Catona, President
APCI Federal Credit Union
P.O. Box 20147
Lehigh Valley, Pennsylvania 18002-0147

Re: Requirement to provide a Uniform Settlement Statement Form
("HUD-1"). (Your August 6, 1996 Letter)

Dear Mr. Catona:

You requested our opinion as to whether your credit union is required under the Real Estate Settlement Procedures Act (RESPA) to submit a HUD-1 when making closed-end fixed rate second mortgage loans for which the credit union does not impose fees or points . The answer is no.

The RESPA regulation, section 3500.8(d), exempts two transactions from the use of the HUD-1. They are "[t]ransactions in which the borrower is not required to pay any settlement charges or adjustments" and "[t]ransactions in which the borrower is required to pay a fixed amount for all charges imposed at settlement and the borrower is informed of the fixed amount at the time of loan application." 24 C.F.R. §3500.8(d). Given the fact that the credit union does not charge fees for these mortgage loans, it does not have to provide a HUD-1.

Additionally, for your information, "[a] home improvement loan, loan to refinance, or other loan where the proceeds are not used to finance the purchase or transfer of legal title to the property[.]" are transactions exempt from coverage under RESPA. 24 C.F.R. §3500.5(d)(2).

Sincerely,

Richard S. Schulman
Associate General Counsel

GC/NSW:bhs
SSIC 3000
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