

REGULATORY ALERT

NATIONAL CREDIT UNION ADMINISTRATION
1775 DUKE STREET, ALEXANDRIA, VA 22314

DATE: January 2010

NO: 10-RA-02

TO: All Federally-Insured Credit Unions

SUBJECT: Real Estate Settlement Procedures Act Settlement
Statements and Frequently Asked Questions

REF: 1. 73 Fed. Reg. 68204, 68288 (November 17, 2008)

Dear Board of Directors:

The Department of Housing and Urban Development (HUD) has recently released a revised Real Estate Settlement Procedures Act (RESPA) Frequently Asked Questions (FAQs). These FAQs are based upon the HUD's final RESPA rule, issued November 17, 2008, designed to simplify and improve the process of obtaining mortgages and to reduce consumer settlement costs. The final rule was effective January 16, 2009; however, compliance with the new requirements pertaining to the Good Faith Estimate (GFE) statement and the HUD-1/HUD-1A statement forms are required beginning January 1, 2010.

The revised forms are designed to improve consumer understanding of mortgage loans and the associated settlement costs by requiring certain disclosures in a clear, user friendly, format. Revisions to the HUD-1/HUD-1A forms include a summary page of information that provides a comparison of the GFE and HUD-1/HUD-1A list of charges and a listing of final terms.

On November 13, 2009, HUD issued a press release regarding the RESPA rule requirements effective January 1, 2010. In that press release, HUD stated they would exercise restraint in enforcement for non-FHA originators and other settlement service providers who demonstrate a good faith effort to implement RESPA's new rules. In determining whether a mortgagee has made a good faith effort, the HUD Mortgagee Review Board (MRB) staff will consider whether the mortgagee has relied on the new RESPA rule and other written guidance issued by HUD and the extent to which the mortgagee has made sufficient investment and commitment in technology, training, and quality control designed to comply with the new rule.

HUD is asking other federal and relevant state enforcement agencies to exercise the same 120-day restraint in enforcement for non-FHA originators and other settlement service providers who demonstrate the good faith effort to implement RESPA's new rule. NCUA concurs with HUD's request and, provided credit unions demonstrate a

good faith effort to comply, will grant credit unions additional time to reach full compliance with the RESPA rule.

You may obtain a copy of the revised forms from HUD's website at this link: <http://www.hud.gov/offices/adm/hudclips/forms/>. Enclosed you will find HUD's RESPA FAQs with the changes noted in **bold**. An electronic version is available at: <http://www.hud.gov/offices/hsg/ramh/res/resparulefaqs.pdf>.

You may obtain a copy of the RESPA rule, Volume 73, Number 222 from this link: <http://edocket.access.gpo.gov/2008/pdf/E8-27070.pdf> or <http://www.hud.gov/offices/hsg/ramh/res/finalrule.pdf>.

Should you have questions about the new RESPA requirements, please do not hesitate to contact your NCUA regional office or state supervisory authority.

Sincerely,

/s/

Debbie Matz
Chairman