University of Richmond Law Review

Volume 11 | Issue 3 Article 8

1977

RESPA Revised and Revisited

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RESPA REVISED AND REVISITED

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It is hard to believe that the Real Estate Settlement Procedures Act of 1974, which was signed by President Ford on December 22, 1974,[1] and the revision that became effective on January 2, 1976,[2] could have the same name—RESPA. It is even more remarkable that it took less than a year for the monstrosity which became effective on June 20, 1975, to evolve into what is now a reasonably workable statute with regulations which clarify rather than confuse. It is beyond the scope of this article to trace the history of RESPA in detail.[3] Suffice it to say that in a paroxysm of overprotective consumerism and inspired by sensational media representations to the effect that the residential real estate industry, including attorneys working in the field, was crooked, irresponsible and venal, Congress passed a statute which was vague, unenforceable and, to a large extent, unnecessary.[4] Interpretation of the original statute was not long in coming. Legal Opinion No. 1[5] came out on July 11, 1975, less than a month after the original RESPA and its "final"

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1. 12 U.S.C.A. § 2601 *et seq.* (Cum. Supp. 1976), *as amended*, 12 U.S.C.A. § 2601 *et seq.* (Supp. I, 1976).

2. 12 U.S.C.A. § 2601 *et seq.* (Supp. I, 1976), *amending* 12 U.S.C.A. § 2601 *et seq.* (Cum. Supp. 1976).

3. For the legislative history of 12 U.S.C.A. § 2601 *et seq.* (Cum. Supp. 1976) see [1974] U.S. CODE CONG. & AD. NEWS 6546.

4. *See generally* Hirschler, *Federal Regulation of Home Closings—The Real Estate Settlement Procedures Act of 1974*, 10 U. RICH. L. REV. 63 (1975); Field, *RESPA in a Nutshell*, 11 REAL. PROP., PROB. & TR. J. 747 (1976). The Senate Report noted three major problems areas affecting real estate settlement costs:

> (1) Abusive and unreasonable practices within the real estate settlement process that increase settlement costs to home buyers without providing any real benefits to them;
>
> (2) The lack of understanding on the part of most home buyers about the settlement process and its costs, which lack of understanding makes it difficult for a free market for settlement services to function at maximum efficiency; and
>
> (3) The basic complexities and inefficiencies in the present system for the recording of land titles on the public records, which has been identified as the single most important barrier to reduce significantly the present level of settlement costs.

[1974] U.S. CODE CONG. & AD. NEWS at 6547.

Those interested in the gory details should read C. PADRICK, JR., RESPA AND X (1975).

5. 40 Fed. Reg. 30480 (1975).

regulations became effective. Legal Opinion No. 2[6] followed two months later. But the damage was done. Residential real estate closings slowed from a walk to a crawl and some lenders sat numbly on their commitments not knowing what to do. HUD could not cope with the problem. Congress was inundated with complaints. The Senate Banking Committee opened hearings on RESPA revisions on September 15, 1975, less than ninety days after the original law became effective. As Senator Proxmire so aptly put it:

> I cannot recall a piece of supposedly pro-consumer legislation that has prompted such an outcry from both the affected industries and from those supposedly aided by the legislation.[7]

The Real Property, Probate and Trust Law Section of the American Bar Association, working with other sections of the ABA, prevailed on the Executive Committee of the Board of Governors of the ABA to take affirmative action. Recommendations and observations of the Association were presented to the appropriate House and Senate Committees urging that RESPA be "modified so that the effect of salutory provisions will not be diminished by cumbersome and unworkable provisions."[8] To a large extent this was done, and while some problems remain, RESPA, as amended by Congress and signed into law on January 2, 1976, is workable.[9]

The following analysis of the revised RESPA looks at the changes with the assumption that the reader has at least a general understanding of RESPA as it existed prior to the revisions. The most important eliminations from the old RESPA are the mandatory twelve-day advance disclosure of settlement charges[10] and the criminal provisions on disclosures with respect to properties over one year old.[11] The only current criminal sanctions involve kickbacks.

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6. 40 Fed. Reg. 44129 (1975).

7. 121 CONG. REC. 18,943 (daily ed. Oct. 30, 1975). Senator Proxmire made these remarks while introducing S. 2596, 94th Cong., 1st Sess. (1975).

8. Statement of the American Bar Association concerning the Real Estate Settlement Procedures Act of 1974 (RESPA), Nov. 10, 1975. The text is reproduced in full in Appendix 1 of this article.

9. 12 U.S.C.A. § 2601 *et seq.* (Supp. I, 1976), *amending* 12 U.S.C.A. § 2601 *et seq.* (Cum. Supp. 1976).

10. Act of Dec. 22, 1974, Pub. L. No. 93-533, § 6, 88 Stat. 1726 (repealed 1976).

11. Act of Dec. 22, 1974, Pub. L. No. 93-533, § 7, 88 Stat. 1727 (repealed 1976).

RESPA is now limited to first mortgages made by a federally regulated or insured lending institution.[12] Other lenders which *intend* to sell loans to the Federal National Mortgage Association, the Government National Mortgage Association or the Federal Home Loan Mortgage Corporation are also covered,[13] but mere *eligibility* to sell to these institutions does not trigger RESPA. RESPA applies to one- to four-family residences and includes condominiums, cooperatives and mobile homes.[14] Persons who make residential real estate loans aggregating $1,000,000 or less in a year are not covered.[15] The HUD Uniform Settlement Statement Form[16] must be used.[17] The latest regulations appeared on June 4, 1976.[18] On June 8, 1976, six separate corrections were released.[19] After the RESPA amendments became law, HUD reorganized, set up what is known as the "Office of the Assistant Secretary for Consumer Affairs and Regulatory Functions" and charged that office with full responsibility for drafting the regulations dealing with the revised provisions of RESPA and the revised booklet,[20] all of which became effective June 30, 1976.[21] The regulations were published on June 4, 1976[22] and the booklet came out on June 10, 1976.[23] Obviously, there are going to be errors, and clarifications will be forthcoming. Mrs. Constance B. Newman, the Assistant Secretary of HUD charged with the responsibility of administering RESPA, so stated at the

12. 12 U.S.C.A. § 2602(1)(A) (Supp. I, 1976), *amending* 12 U.S.C.A. § 2602 (Cum. Supp. 1976).

13. 24 C.F.R. § 82.5 (1976).

14. 12 U.S.C.A. § 2602(1)(A) (Supp I, 1976), *amending* 12 U.S.C.A. § 2602 (Cum. Supp. 1976).

15. 12 U.S.C.A. § 2602(1)(B)(iv) (Supp. I, 1976), *amending* 12 U.S.C.A. § 2602 (Cum. Supp. 1976).

16. 41 Fed. Reg. 22710 (1976). Instructions for filling out HUD-1 are at 41 Fed. Reg. 22707-09 (1976). The form is reproduced in full at Appendix 2.

17. 12 U.S.C.A. § 2603(a) (Supp. I, 1976), *amending* 12 U.S.C.A. § 2603 (Cum. Supp. 1976).

18. 41 Fed. Reg. 22701 (1976).

19. 41 Fed. Reg. 23673 (1976).

20. 41 Fed. Reg. 19365 (1976).

21. *Id.* at 22702.

22. *Id.*

23. U.S. DEP'T OF HOUSING & URBAN DEV., OFFICE OF CONSUMER AFFAIRS & REGULATORY FUNCTIONS, SETTLEMENT COSTS, A HUD GUIDE (1976), reprinted at 41 Fed. Reg. 23621 (1976). Copies can be obtained by writing to the address noted at the end of this article or from the U.S. Government Printing Office.

briefing when the final regulations and new booklet were presented.[24]

The revised booklet entitled *Settlement Costs, A HUD Guide* must now be given or mailed to all loan applicants either by handing it to them or by placing it in the mail, addressed to the borrower, not later than three business days (not including the day the written loan application is received) after receipt by the lender of the completed loan application, on the lender's form.[25] If there are two borrowers, only one need receive the booklet. There is no requirement in the law or the regulations that a lender get a receipt for either the booklet or the "good faith" estimates which must be furnished, or that the lender do other than mail or hand them to a borrower. It would seem that a lender could prove the delivery of these documents without resorting to certified mail, receipts or service by the sheriff.

As previously stated, a lender must deliver or place in the mail, within three days after the written loan application is received, a good faith estimate of charges the borrower may expect at settlement, exclusive of escrows for taxes and insurance or advance hazard insurance premiums.[26] If the lender requires that a particular attorney, title insurer, abstracter or any other person or firm be involved in the transaction or conduct the settlement, disclosure must be made and the estimate must be based on the charge of that provider.[27] However, if a seller makes the sale contingent on the buyer's purchase of title insurance from a particular title company, it is a violation of RESPA.[28] While no specific form of good faith estimate is required, the lender's name must be disclosed; and it certainly makes good sense to follow the HUD-1 form as closely as possible. The regulations suggest that this be done and the item numbers mirror those shown thereon.[29] It is advisable to state in the disclosure that the estimates are merely estimates, that the final charges may be different and that the good faith estimate is furnished because RESPA requires it. Either a dollar amount or a

24. See corrections cited note 19 *supra*.
25. 41 Fed. Reg. 23631 (1976).
26. *Id.*
27. *Id.*
28. *Id.* at 23635.
29. *Id.* at 23632.

range can be used.[30] Interest and mortgage insurance paid in advance normally cannot exceed 29 days; and the lender, if he is going to require advance deposits, may just set out the maximum and identify it as such.[31] There are no elaborate rules. Good faith and common sense will suffice. If there is any doubt about the clarity of a provision the lender should explain it.

If the borrower is going to have to pay a fixed charge to cover settlement costs, so long as the lender sends the booklet, advises the applicant of the amount of the charge and states what it covers, he has complied; provided, of course, that the fixed charge covers all the settlement costs for which a good faith estimate is required. If the borrower pays none of the good faith estimate charges, then there is no requirement that the lender send the borrower any good faith estimate form, and he presumably can also forget about the booklet.

There is a new provision of RESPA which became effective June 30, 1976. A final accurate settlement statement must be made available to the borrower by the person conducting the settlement one business day prior to the settlement, but only to the extent the settler has the information at that time.[32] While neither RESPA nor the regulations so require, it would seem that most settlement statements could and should be completed the day before settlement. Abuse of this de minimis protection for the concerned consumer can only lead to burdensome regulations or statutes. In states such as California, however, where neither the borrower nor his representative attend a closing, or in the jurisdictions where the parties do not meet to close, the one-day provision is waived. Nevertheless, it should be mailed promptly after the closing. As a practical matter it would seem that a purchaser anywhere would have to know his precise closing costs and purchase price in order to come up with the money to settle. This being so, one day's notice is certainly the least a purchaser should get.

One of the big problems faced by RESPA is the situation where the lender requires that a particular attorney, title company, title

30. *Id.* at 23631.
31. 41 Fed. Reg. 23644 (1976).
32. 24 C.F.R. § 82.10 (1976).

examiner, person or firm conduct the settlement. Proposed solutions ranged from outright denying the lender the right to so designate these to suggestions that it was the lender's money and, restrictions would reduce an already insufficient commitment for home mortgages. What is now set out in the law and the regulations is that a lender can designate such a provider of services *if* the lender provides in the good faith estimate form:[33]

(a) The name, address and telephone number of the person, firm or corporation designated by the lender ("the provider");

(b) A statement that the lender's estimate is based on the charge made by the provider so designated; and

(c) A statement as to the fact that either (i) the provider has a business relationship with the lender or (ii) the provider has no business relationship with the lender. While the term "business relationship" is not defined, once again it is submitted that all that is required is good common sense and proper moral and ethical judgments.

Kickbacks and unearned fees are banned. This is enforced by both civil and criminal penalties. Thus, no person can give or accept anything of value in order to get any business arising out of a settlement on a real estate home loan or for anything other than services actually performed.[34] "Things of value" and "agreement or understanding" are defined.[35] If there is any doubt as to what is covered, read the statutes and the regulations. However, a review of the exemptions should be helpful.

Fees to attorneys for services rendered title companies or their agents in issuing a policy or fees to lenders or their agents for services performed in making the loan are exempt.[36] It should be noted at this point that *lenders* cannot charge a fee for preparation of HUD-1, which is the Uniform Settlement Statement, or the statement which is required by the Truth in Lending Act.[37] Anyone can

33. 41 Fed. Reg. 23632 (1976).

34. 12 U.S.C.A. § 2607 (Supp. I, 1976), *amending* 12 U.S.C.A. § 2607 (Cum. Supp. 1976); 41 Fed. Reg. 22703, 22707 (1976); 41 Fed. Reg. 22712 (1976).

35. 41 Fed. Reg. 22707 (1976).

36. 24 C.F.R. § 82.12 (1976).

37. Parties other than lenders can charge. 41 Fed. Reg. 22706 (1976).

be paid for goods or facilities actually furnished or for services actually performed. Cooperative brokerage and referral arrangements or agreements between real estate agents or brokers are exempt from RESPA section 8, as are normal promotional and educational activities not directly conditioned on the referral of business. A title company can give a reception, sponsor a free seminar on title matters, furnish names and record owners of property without charge and give away things of "nominal" value.[38] If a lender waives a prepayment penalty conditioned on the lender making a loan to a purchaser from the original borrower, there is no violation.[39] Such things as large compensating balances, payment for items usually furnished at no charge, undercharging a builder or lender in order to get referrals of the ultimate purchasers or borrowers and like matters are all RESPA violations by all parties participating therein.[40] Attorneys for title insurance companies as well as real estate agents and brokers should review these regulations carefully.

RESPA and the former regulations were obscure on escrows. Under the revisions, the industry practice of requiring escrows for taxes, insurance and Federal Housing Administration or private mortgage insurance in the amount needed to make the payments, plus two month's deposits, has been legitimized.[41]

Banks and savings and loan associations must disclose to the Federal Deposit Insurance Corporation (FDIC) or Federal Savings and Loan Insurance Corporation (FSLIC) the identity of the party receiving the beneficial interest in a loan made to a fiduciary.[42]

As has been previously stated, RESPA now, while not perfect, can be lived with. The booklet is too long and, as a result, too expensive to reproduce and give away, but the law so requires and lenders must comply; as with all costs involved in closing, the borrowers will bear it in the end. Much of part two of the booklet will be read only by sophisticated buyers and much of it will not be understood even by them. Part two should be carefully studied by lawyers and others who perform settlement services. For these professionals it is an

38. *Id.* at 22707.
39. *Id.*
40. *Id.*
41. 12 U.S.C.A. § 2609 (Cum. Supp. 1976).
42. 12 U.S.C.A. § 1730f (Cum. Supp. 1976).

excellent reference work. The booklet should, but fails to, stress the importance of obtaining advice before signing contracts or entering into loan commitments for residential real estate. The author was advised, however, that a separate booklet on this topic will be prepared by HUD in the near future.[43]

The following types of settlements are excepted from all RESPA requirements:[44]

(1) Mortgaged property of 25 acres or more;

(2) Home improvement loans, loans to refinance or "other loans where the proceeds are not used to finance the purchase or transfer of the property;"

(3) Loans to finance the purchase or transfer of a vacant lot, where no proceeds are to be used to construct a home or purchase a mobile home;

(4) Assumptions, novations and sales subject to pre-existing loans, except where construction loan is used as or converted to a permanent mortgage to finance a purchase by the first user;

(5) Construction loans to developers;

(6) Permanent loans on a lot already owned where the proceeds are used to finance the construction of a one- to four-family structure;

(7) Loans to finance the purchase of property where the primary purpose of the purchase is resale;

(8) Execution of land sales contracts or installment land contracts where legal title is not transferred to the purchaser on execution. However, loans to finance the acquisition of title are covered.

This is a broad overview. Obviously no article can act as a substitute for reading the statute and the regulations. If this article, the

43. Interview with Dr. Charles Field of the Office of Assistant Secretary for Consumer Affairs and Regulatory Functions, HUD, in Washington, D.C. (Nov. 12, 1976).

44. 24 C.F.R. § 82.5 (1976).

statute, the regulations and the booklet still do not cover your particular problem, write to the address below:

Assistant Secretary for Consumer
Affairs and Regulatory Functions
Attention: RESPA Office, Suite 4100
U.S. Department of Housing & Urban Development
451 7th Street, S.W.
Washington, D.C. 20410

APPENDIX 1

1. *Statement of the American Bar Association Concerning the Real Estate Settlement Procedures Act of 1974 (RESPA), November 10, 1975.*

The American Bar Association appreciates the opportunity of presenting its views concerning the Real Estate Settlement Procedures Act of 1974, a statute affecting many, if not all, of those involved in the residential real estate industry—the seller of residential property; the real estate agent making the sale; the buyer or borrower (consumer); the lender, which may be any of a large number of institutions or agencies; the title insurance company; and the lawyer for any of these parties.

The Association participated in the hearings in both Senate and House during the legislative process which brought RESPA into being and, of course, many of its members have been involved in transactions subject to the law since it went into effect last June 20.

It is generally understood that the law flows from and follows the economy and the practices of the marketplace; hence the passage of time is necessary to ascertain the desirability, effectiveness and scope of any specific piece of legislation. Because RESPA has been in effect for only four months, insufficient time has elapsed to permit the organized bar to evaluate the impact of the law on all participants in residential real estate transactions. However, problems which have already surfaced are acute and complex. Lawyers, therefore, as advocates and representatives of interested parties in residential real estate transactions, suggest there are provisions of the Act that should be studied and modified so that the effect of salutary provisions will not be diminished by some cumbersome and possibly unworkable provisions.

For many years the American Bar Association has directed a great deal of attention to the problems inherent in residential real estate transactions. Among the components of the Association which have been contributing, and continue to contribute, to the effort are the Special Committee on Residential Real Estate Transactions; the Section of Real Property, Probate and Trust Law; the Section of General Practice; the Section of Corporation, Banking and Business Law; and the Young Lawyers Section. Acting separately and jointly,

those groups have developed the recommendations contained in this statement.

Consistent with the considerations set out earlier, and the brief, unhappy experience with the law as it exists, the Association recommends that sections 6 and 7 should be repealed, and sections 4 and 9 should be suspended to allow for their intensive consideration by Congress, HUD, and all concerned parties, and the development of proposed amendments to the law and to the forms required by it. Further, sections 3, 5, and 8 should be amended. From a review of Senate and House testimony, it is apparent that the law is vague in a number of respects, and that the notice requirements impose unnecessary hardships, have increased, rather than decreased, closing costs, and have unduly delayed settlement in many instances.

The Association is aware of the fact that there are those who would amend and/or repeal various sections of RESPA, and not suspend any. Therefore, if suspension with time for further study and comment is not feasible, we suggest consideration of the following amendments to the sections noted.

Section 3

We support the exclusion of temporary financing and construction loans to builders, and the restriction of coverage to first lien situations. Moreover, in (B)(iii) the test should not be whether a transaction is *eligible* for a federally-related mortgage loan, but whether the loan is *actually originated* for sale to the federal agency involved. Finally, we believe the definition of "creditor" should be specifically set forth in RESPA, obviating any need for referring to some other statute as is provided in (B)(iv) at present.

Section 4

The requirement for a uniform settlement statement is generally considered a salutary provision of the law. However, the Association recognizes the view that consideration should be given to local custom as to whether a party to a transaction should receive a copy of the charges assessed against another party, or merely his own.

The last sentence of section 4 should be clarified as to the Truth in Lending Act information. It is not clear whether additional truth in lending information is required at settlement, and if so, what that

information is. We are satisfied of the need for a truth in lending statement along with the advance disclosure, but find it unnecessary at settlement.

From evidence before the Congress it appears that a number of persons agree with those provisions of pending House and Senate bills which require that the settlement statement should be completed and made available for inspection to the borrower, by the person conducting the settlement, at least one business day prior to the settlement. However, the ABA believes all parties concerned will be better served if a more realistic period of three days is required. We support, however, the proposition that the borrower should be permitted to waive his right to the three-day notice.

Section 5

The Association recommends that the lender be required to provide a copy of the information booklet only upon *written* application to borrow money. The existing provision requiring that the booklet be provided upon *any* application for a loan would appear to add undue costs to the lender (and indirectly to the borrower) in the preparation and distribution of an unnecessarily large number of booklets. We leave to the judgment of Congress the determination of whether existing regulations effectively have implemented such a change or whether explicit legislative language is preferable. This concern would, however, be reduced if HUD undertook to print the booklets and distribute them to lending institutions.

Another proposed change in this section, supported by a number of witnesses, would require a lender to provide at the time of the written loan application, an estimate of settlement costs likely to be incurred by a borrower. This appears to be a sound means of informing a borrower of his potential expenses in purchasing real estate. The Association strongly supports the view that this information should be provided prior to loan commitment. Ideally, this cost information should be given to a purchaser before the contract has been signed; however, no practical method of accomplishing this has yet been advanced.

Section 6

The American Bar Association recommends that section 6 be re-

pealed. The reported experience of lawyers who have been involved in RESPA closings is that section 6 has caused all parties unnecessary delay and an apparent increase in cost without any resulting benefits. By amending section 4 to entitle a borrower to a copy of the settlement statement at least three days prior to settlement, and by amending section 5 to require the lender to provide an estimate of closing costs prior to the loan commitment and at the time of furnishing the booklet, adequate protection would be afforded the borrower, and the lender would be relieved of assembling data over which it has no control and of which it has no firsthand knowledge.

Section 7

The existing requirement that the previous price of real estate involved in a particular transaction be disclosed is of limited value. Although it would appear that the suspension of this section would allow Congress to inquire more fully into the need for continuation or amendment of the section, the American Bar Association prefers the outright repeal of the section.

Section 8

The Association has always opposed kick-backs and unearned fees. Consequently, we support section 8. However, the Association finds the present language of section 8 overly broad and indefinite. In addition, the inability to obtain definitive guidance and interpretations from any federal agency has inhibited the elimination of questionable practices and placed many persons in jeopardy by continuing long-existing practices which they consider legitimate, but which may be subject to interpretation as being violative of the Act. For the time being, this Association supports the provisions of proposed legislation giving HUD interpretive and regulatory authority with respect to this section.

Section 9

Section 9 prohibits a seller from requiring a buyer to use a particular title company. As proposed to be amended in a pending Senate bill, the section would provide similarly with respect to the selection of a lawyer. In its present form, and as proposed to be amended, the section has engendered considerable good-faith controversy among

knowledgeable people. Because of the foregoing, and because of wide geographic variances in practice, the Association urges that the section be suspended to allow for a more thoughtful development of good law.

Finally, the Association concurs with the recommendation of the General Counsel of HUD that thorough technical revision of section 10 is needed to eliminate defects and a lack of practicality in the present statute, and also agrees with those who have emphasized that, notwithstanding section 12, the cost of additional paper work and red tape will ultimately be borne by the consumer.

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FORM APPROVED
OMB NO. 63-R-1501

A.	B. TYPE OF LOAN
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	1. ☐ FHA 2. ☐ FmHA 3. ☐ CONV. UNINS 4. ☐ VA 5. ☐ CONV. INS.
SETTLEMENT STATEMENT	6. FILE NUMBER: 7. LOAN NUMBER:
	8. MORTGAGE INSURANCE CASE NUMBER:

C. *NOTE: This form is furnished to give you a statement of actual settlement 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 the totals.*

D. NAME OF BORROWER:	E. NAME OF SELLER:	F. NAME OF LENDER:
G. PROPERTY LOCATION:	H. SETTLEMENT AGENT: PLACE OF SETTLEMENT:	I. SETTLEMENT DATE:

J. SUMMARY OF BORROWER'S TRANSACTION		K. SUMMARY OF SELLER'S TRANSACTION	
100. GROSS AMOUNT DUE FROM BORROWER:		400. GROSS AMOUNT DUE TO SELLER:	
101. Contract sales price		401. Contract sales price	
102. Personal property		402. Personal property	
103. Settlement charges to borrower *(line 1400)*		403.	
104.		404.	
105.		405.	
Adjustments for items paid by seller in advance		*Adjustments for items paid by seller in advance*	
106. City/town taxes to		406. City/town taxes to	
107. County taxes to		407. County taxes to	
108. Assessments to		408. Assessments to	
109.		409.	
110.		410.	
111.		411.	
112.		412.	
120. GROSS AMOUNT DUE FROM BORROWER		420. GROSS AMOUNT DUE TO SELLER	
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:		500. REDUCTIONS IN AMOUNT DUE TO SELLER:	
201. Deposit or earnest money		501. Excess deposit *(see instructions)*	
202. Principal amount of new loan(s)		502. Settlement charges to seller *(line 1400)*	
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204.		504. Payoff of first mortgage loan	
205.		505. Payoff of second mortgage loan	
206.		506.	
207.		507.	
208.		508.	
209.		509.	
Adjustments for items unpaid by seller		*Adjustments for items unpaid by seller*	
210. City/town taxes to		510. City/town taxes to	
211. County taxes to		511. County taxes to	
212. Assessments to		512. Assessments to	
213.		513.	
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. TOTAL PAID BY/FOR BORROWER		520. TOTAL REDUCTION AMOUNT DUE SELLER	
300. CASH AT SETTLEMENT FROM/TO BORROWER		600. CASH AT SETTLEMENT TO/FROM SELLER	
301. Gross amount due from borrower *(line 120)*		601. Gross amount due to seller *(line 420)*	
302. Less amounts paid by/for borrower *(line 220)*	( )	602. Less reductions in amount due seller *(line 520)*	( )
303. CASH (☐ FROM) (☐ TO) BORROWER		603. CASH (☐ TO) (☐ FROM) SELLER	

L. SETTLEMENT CHARGES			PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
700. TOTAL SALES/BROKER'S COMMISSION based on price $	@	% =		
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. 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 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	months to			
903. Hazard Insurance Premium for	years to			
904.	years to			
905.				
1000. RESERVES DEPOSITED WITH LENDER				
1001. Hazard insurance	months @ $	per month		
1002. Mortgage insurance	months @ $	per month		
1003. City property taxes	months @ $	per month		
1004. County property taxes	months @ $	per month		
1005. Annual assessments	months @ $	per month		
1006.	months @ $	per month		
1007.	months @ $	per month		
1008.	months @ $	per month		
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 numbers;		)		
1108. Title insurance to				
(includes above items numbers;		)		
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.				
1205.				
1300. ADDITIONAL SETTLEMENT CHARGES				
1301. Survey to				
1302. Pest inspection to				
1303.				
1304.				
1305.				
1400. TOTAL SETTLEMENT CHARGES *(enter on lines 103, Section J and 502, Section K)*				

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LAW REVIEW

VOLUME 11 · SPRING 1977 NUMBER 3