

## **RESPA AND PROPER COMPLETION OF THE HUD-1 SETTLEMENT STATEMENT**

<b>CESA</b>	<b>CAEA</b>	<b>Topic/Issue</b>
		<b>INTRODUCTION</b>
		<ul style="list-style-type: none"> <li>RESPA and its Relationship to the Title Industry</li> </ul>
<b>X</b>		<ul style="list-style-type: none"> <li>Completion of the Settlement Statements</li> </ul>
		<ul style="list-style-type: none"> <li>Federally Related Mortgage Loans</li> </ul>
<b>X</b>		<ul style="list-style-type: none"> <li>Required use of HUD-1 form on “Federally Related Mortgage Loans”</li> </ul>
<b>X</b>		<ul style="list-style-type: none"> <li>Permissible to use HUD-1 Settlement Statement on other types of loans at the option of the parties to the transaction</li> </ul>
<b>X</b>		<ul style="list-style-type: none"> <li>In a sale transaction, the side applicable to the borrower may be left blank on the HUD-1 given to the seller and the side applicable to the seller may be left blank on the HUD-1 given to the borrower</li> </ul>
		<b>LENDER ESCROW INSTRUCTIONS</b>
		<ul style="list-style-type: none"> <li>General Requirements</li> </ul>
<b>X</b>		<ul style="list-style-type: none"> <li>Title Agencies must close transactions in accordance with Lender’s Escrow Instructions unless fraud or fraudulent behavior is suspected.</li> </ul>
<b>X</b>		<ul style="list-style-type: none"> <li>Title Agencies responsibility when lender instructions conflict with Appendix A and the HUD FAQ document</li> </ul>
		<ul style="list-style-type: none"> <li>Amendment of Lender Escrow Instructions</li> </ul>
<b>X</b>		<ul style="list-style-type: none"> <li>Requirements of Title Agent if Lender refuses to amend instructions</li> </ul>
		<b>HUD-1 ACCOUNTABILITY AND DISBURSEMENT</b>
<b>X</b>		<ul style="list-style-type: none"> <li>HUD-1 must truthfully and accurately account for funds received and disbursed by escrow agent conducting the closing</li> </ul>
<b>X</b>		<ul style="list-style-type: none"> <li>Changes to HUD-1 Settlement Statement must be authorized by all parties and delivered to lender prior to funding</li> </ul>
<b>X</b>		<ul style="list-style-type: none"> <li>TDI Minimum Escrow Accounting Procedures and Internal Controls #18 regarding revised settlement statements</li> </ul>
		<b>COMPLETION OF HUD-1</b>
<b>X</b>		<ul style="list-style-type: none"> <li>Must be completed according to Appendix A and the HUD FAQ document – see those documents for instructions for proper completion</li> </ul>
<b>X</b>		<ul style="list-style-type: none"> <li>Must, additionally, comply with TDI audit guidelines – posted on the TDI website</li> </ul>
<b>X</b>		<ul style="list-style-type: none"> <li>If a commission payable to a real estate broker is to be disbursed to other parties, the file must contain an authorization signed by the broker and the names of the payees must appear in the 700 series on the HUD-1 signed by the seller and buyer</li> </ul>
<b>X</b>		<ul style="list-style-type: none"> <li>If an “outside closing” payment to a third party is to be made from the escrow on behalf of the lender, such as to a loan broker, the form T-63 must be completed and signed by an escrow officer</li> </ul>
<b>X</b>		<ul style="list-style-type: none"> <li>Although RESPA regulations do not require signature of the HUD-1 Settlement Statement, lender requirements and general audit guidelines require that it be signed by all sellers and buyers in a purchase transaction;</li> </ul>

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		or by all borrowers in a loan-only transaction, as well as by the settlement agent.