



The ESCROW EXAMINER

February 2010



RESPA REFORM an update

At Pickford Escrow and The Escrow Firm our job is to be on top of all the latest regulatory changes so that we can close your deals smoothly. We serve as the escrow experts in each transaction AND there are things you need to know so that you can educate your clients and supply both the escrow company and the lender with the information required to avoid undue delays at closing.



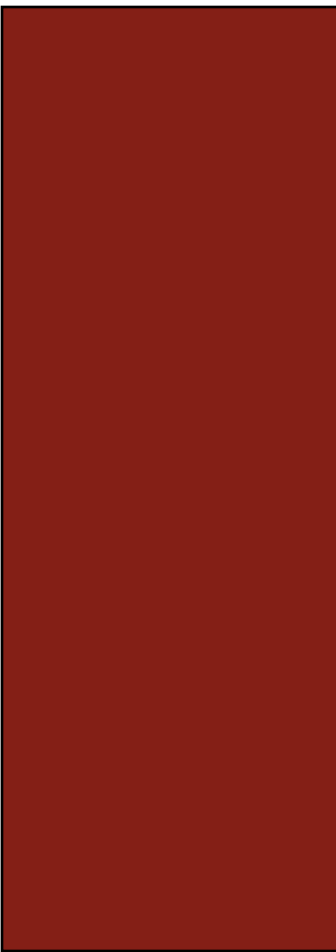
THREE IMPACTS YOU NEED TO KNOW

1) New RESPA Reform Good Faith Estimate (GFE)

- Changes should help your buyers avoid surprise charges at closing, have the ability to shop for the best loan, and ultimately feel more informed about the all-in cost of the transaction.
- The new GFE is required on any mortgage application taken on or after January 1, 2010 (with a property identified) – although there is no penalty until the second half of 2010 for not using it.
- Additionally, Escrow and Title Agents will be required to provide borrowers with the new RESPA Reform HUD-1 settlement statement that closely aligns with the new GFE, for any closing originated after January 1, 2010 or prior if the new GFE was used.

Impact: No significant impact on the way you do business.

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ALTOS WEBINARS February 2010

Altos 101: Understanding the Altos Research Market Reports

Wed., Feb. 17, 2010 from 9 am - 10 am. [Click HERE](#) to register

Learn the basics of the weekly Altos Research market reports. We will walk through the most common questions and answer your specific questions. During this session, we'll review both the "Executive Summary" and more detailed "Market Update" reports available to you from Pickford Escrow & The Escrow Firm.

Altos 201: Blogging Lite - How to Blog without Blogging

Mon., Feb. 8, 2010 from 9 am - 10am. [Click HERE](#) to register

This webinar will show the specifics on how to integrate blogging principles into your everyday marketing without the "heavy lifting" of maintaining and hosting a complete blogging platform. We'll cover how to use tools and resources available from Altos Research in places like Posterous, Facebook, Twitter, and yes, a little WordPress too! - to help you share key real estate market information with your clients without the day-to-day maintenance of a blog.

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2) New RESPA Reform HUD-1

- The new settlement statement has been increased from two to three pages.
- It includes a side-by-side comparison chart to help borrowers compare the final loan terms disclosed on their latest GFE with the charges shown on the HUD-1.
- Buyer and Seller will now be required to sign an estimated HUD-1 rather than or in addition to an estimated settlement statement

Business Impact: ALL charges are disclosed on the HUD-1 for the borrower to review and compare to the GFE. If some charges differ by more than 10% at settlement, this may cause delays in closing (see Page 3 of the New GFE for an explanation of what charges can change and what cannot). Escrow will be sending fees to the Lender early in the process to help ensure accurate GFE and HUD-1's.

3) Time line impact

- In the event the estimated HUD-1 shows an increase of more than 10% of those to fees subject to tolerance increases, the closing may be delayed.
- The lender must work with the Escrow and/or Title Company to determine if the change requires a revised GFE to be issued to the borrower. (For a new GFE to be issued there must be a "changed circumstance" i.e. rate change or loan product change)

- If the charges result in an increase in the APR of more than .125%, there may be an additional timing impact since a PreClosing TIL will need to be provided.

Business Impact: Two potential closing delays:

- (1) A revised GFE must be provided to the borrower allowing at least 1 business day for their review prior to closing.
- (2) If the APR increases more than .125%, the Truth in Lending (TIL) disclosure (we call it a PreClosing TIL) must be reissued at least 7 business days prior to closing. By law this allows 3 business days for mailing and provides the customers with the time required to determine if they are comfortable with their loan choice.

NOTE: TO BRING THE FEES WITHIN TOLERANCE it is AGAINST THE LAW for a lender or agent to ask the ESCROW OR TITLE COMPANY to change their fees.

SOURCE: consolidated information from HUD.GOV website.

BY THE NUMBERS

576: Number of agents who have registered or attended an Altos Research Webinar – brought to you by Pickford Escrow & The Escrow Firm

58.6: Re-default rate percentage for Fannie Mae Portfolio Loans 12 months after modification (per OTS Mortgage Metrics Report)

A RECAP: State of Foreclosures 2010

We've had two very well-attended events with Rick Sharga of RealtyTrac – discussing foreclosure trends from 2009 and looking forward into 2010 and beyond. We've recorded a video session and if you'd like a DVD of the presentation please contact your Pickford Escrow Officer or Sales Rep and we can get one to you.

For a short video clip of Rick Sharga and Joe Curtis discussing the future of foreclosures and an outlook for 2010 with regard to short sales -

CLICK HERE 

LOOK FOR ANOTHER RICK SHARGA EVENT COMING TO LOS ANGELES IN THE COMING MONTHS!