



Compliance News...

Home Equity Lines of Credit – Part II

In last month's newsletter we discussed the periodic statement requirements for Home Equity Lines of Credit (HELOCs). While that requirement is not new, it has been garnering attention lately. But, the fact is, HELOCs have many requirements and we thought it might be a good time to address some of the other HELOC requirements.

Let's start with §226.5b of Regulation Z, "*Requirements for home equity plans*". Subsection 5b(d) states a financial institution must provide a program disclosure and subsection 5b(e) states a financial institution shall provide the "*home equity brochure published by the board*" (When Your Home is On the Line booklet). Both the program disclosure AND the brochure must be provided at the time the application is **provided** to the consumer or, in the case of a mail or telephone application, no later than three business days following the receipt of the application.

The Commentary to §226.5b(b) #1 further clarifies the requirements for mail or telephone applications. It states, "*if the creditor sends applications through the mail, the disclosure and brochure must accompany the application. If an application is taken over the telephone, the disclosure and brochure may be delivered or mailed within three business days of taking the application. If an application is mailed to the consumer following a telephone request, however, the creditor also must send the disclosures and brochure along with the application*". We commonly see the program disclosure and booklet delivered within three business days following application, even if the application is delivered to the applicant or received from the applicant in person.

Now you know what disclosures you have to provide to the customer, but what are the disclosures supposed to tell them? §226.5b(d) requires the following information to be disclosed, as applicable, in the program disclosure:

1. Retention of information statement
2. Conditions for disclosed terms
3. Security interest and risk to home
4. Possible actions by creditor
5. Payment terms
6. Annual percentage rate
7. Fees imposed by creditor
8. Fees imposed by third parties to open a plan
9. Negative amortization
10. Transaction requirements
11. Tax implications
12. Disclosures for variable-rate plans

Generally, a financial institution must have a program disclosure for EACH program it offers and each disclosure should include a statement that the consumer should ask about the financial institution's other home equity programs. For those institutions that have numerous programs, this can be quite cumbersome and difficult for lenders to keep the program disclosures straight. The Commentary to §226.5b(a) #4 provides some relief as it states that a financial institution "*may provide a single disclosure form for all of its home equity plans, as long as the disclosure describes all aspects of the plans. For example, if the creditor offers several payment options, all such options must be disclosed*".

Section 226.6 of Regulation Z, gives us the next set of requirements. The “initial disclosure statement” (the note or contract signed by the customer) is required to contain the following information:

1. Finance Charge
2. Other charges
3. Security interests
4. Statement of billing rights
5. Home equity plan information

One of the key things to remember about the initial disclosure statement is to maintain consistency with the program disclosure and the periodic statements. For example, use the same terminology for fee descriptions, make sure that the terms disclosed in the program disclosure match the terms disclosed in the initial disclosure statement, etc. Additionally, ensure that the initial disclosure statement contains the “statement of billing rights” disclosure. Model language for this disclosure can be found in Appendix G of Regulation Z.

Now you know what is required from application to closing and even to providing the periodic statements. Your confidence is rising and you think it is time to advertise. That is yet another set of requirements pertaining specifically to HELOCs so stay tuned.

FACT Act – Where Are We?

Once upon a time, compliance officers around the nation let out a collective groan with the passage of the Fair And Accurate Credit Transactions Act (FACTA) of 2003. They spent much of 2004 dreading the many additional requirements prescribed by the Act. Many frantically tried to interpret the Act and implement procedures before the effective compliance dates arrived. While most of the FACTA requirements are finalized, a few are not. Specifically, the Affiliate Marketing Opt Out rules and the Risk-Based Pricing Notice are still up in the air. We found a good resource on FACTA in the FDIC’s compliance handbook that we wanted to share. Check it out even if you’re not regulated by the FDIC. This document provides a good overview of the requirements, section by section, and what the examiners are looking for in their reviews. Be sure to scroll all the way to the end to see a nice table providing the statutory and regulatory citations.

<http://www.fdic.gov/regulations/compliance/handbook/html/chapt08.html#Fair>

Banker's Compliance Consulting Q & A Forum...

The following Q & A's were generated by a HUD-1/1A Settlement Statement Webinar presented by Banker's Online and taught by David Dickinson, President of Banker's Compliance Consulting. The following website has complete information regarding past and future Bankers Online webinars: <http://www.bollearningconnect.com>.

Note: In some of the answers below we may refer you to look at a certain page in the manual. The manual we are referring to is Banker's Compliance Consulting's Advanced Lending Manual. If you do not have this manual and would like to purchase it, please contact our office.

Construction Loans Draws/Undisbursed Loan Proceeds

Question 1. In what section and line should LIP (Loan in Process) appear in the event all funds are not disbursed at closing?

Question 2. How do you disclose draw advances on an interim construction loan? We have a lender who mentioned that he had a loan that was cited during a past exam at a previous bank because the officer listed the draw advances on line 303 and the examiners mentioned that since the borrower didn't leave the closing with that amount, it was incorrect. They also said that the construction cost/amount should be on line 105.

Question 3. Where do you put construction funds on the HUD-1 for construction-permanent loans?

Question 4. For construction loans that will be advancing in draws how should it be shown on the HUD?

Question 5. We very often will have borrowers that have committed to pay cash to subcontractors at closing, and want to show that disbursement on the Settlement Statement (so a check can be cut immediately). In this case, we have shown the loan amount on line 202, the amount being deposited to a construction escrow on line 104 and a construction disbursement (paid to ABC Contractor) on line 105. Is this acceptable?

Answer: The Settlement Statement is not concerned with "when" the borrower receives the money or draws are made. Therefore, the Settlement Statement should show the entire amount that will be advanced to the customer over the course of the loan, not just the amount advanced at closing. The entire amount should be disclosed on line 303 of the HUD-1 or line 1604 of the HUD-1A, as applicable.

In the instance where a bank was cited for this, the examiner was wrong or misunderstood the situation. Construction funds should not appear on line 105.

POC items

Question 6. Do you show closing costs paid by the seller on behalf of the buyer as POC or "paid by seller"?

Answer: POC is meant to show the borrower "when" the fee is paid not "who" pays the fee. POC should only be used when a fee is truly Paid Outside of the Closing. Closing costs paid by the seller outside of the closing should be marked as POC. Closing costs paid by the seller at closing would not be marked POC. In either scenario, the amount of closing costs paid by the seller would be disclosed in the seller's column of the Settlement Statement.

Question 7. Is the use of POCL and POCB considered acceptable?

Answer: RESPA only mentions disclosing fees POC; however, we have seen numerous financial institutions use POC-L (Paid Outside Closing by Lender) and POC-B (Paid Outside Closing by Borrower). If you choose to use these terms, we would recommend defining what POC-L and POC-B mean, possibly at the bottom of the Settlement Statement so the customer understands these acronyms.

Question 8. If the customer is paying cash for interest due or fees, how should we show it on the HUD if the fees are not being financed? I think we have been doing them POC, but I don't know if that is correct.

Answer: Show all fees on the Settlement Statement whether they are financed or not. If they are paid in cash at closing, do not list as POC. If they are paid prior to or after closing list as POC.

Taxes and Insurance

Question 9. Must we disclose the annual property tax amount as POC on the line 800 series?

Answer: The technical answer is yes. However, the different regulatory agencies have differing opinions on this. We recommend always disclosing this information so you are always covered in the instance that an examiner or agency changes their opinion.

Question 10. On a construction loan where real estate taxes are not yet determined, do we list what they are just on the lot or do we try to estimate what they will be upon completion?

Answer: Only list the actual charge and to whom they are paid. Don't try to estimate taxes for the Settlement Statement.

Question 11. If the bank requires 3 months paid hazard insurance (we show 3 months premium on HUD1) do we still need to show the other 9 months premium as POC?

Answer: You are not required to list a year's worth of hazard insurance. RESPA requires you to list an amount and term. If you want to list the term as 3 months, then this is fine.

Question 12. If we have two properties for collateral can we lump the home insurance premiums together?

Answer: I've never seen this, but I believe you can as long as they are payable to the same insurance company.

Fees Paid by a 3rd Party (Seller, Lender, etc.)

Question 13. If the seller has agreed to pay up to \$3,000.00 in closing costs, does the seller have the right to know what fees the \$3,000.00 is paying for?

Answer: The Settlement Statement must show all fees paid at closing for both the buyer and seller in a purchase transaction. Although, not addressed in the Regulation, we would feel that the seller is entitled to know what their money is being used for.

Question 14. If the lender pays all fees and is reimbursed at closing from borrower how are the fees listed on HUD?

Answer: Ultimately, the borrower is paying the fees at closing and it should be disclosed this way. It makes no difference if the lender pays the fees upfront.

Question 15. Where do taxes paid at closing go if paid by the buyer? By the seller?

Answer: In a purchase transaction, the taxes prorated between the buyer and seller would be disclosed on lines 211 and 511. In a non-purchase transaction, taxes would be disclosed on lines 808-811. The amount that each party pays should be reflected in their respective column of the settlement statement.

If any delinquent taxes are being paid as part of the transaction, they should be disclosed on lines 808-811 as well.

Question 16. If the seller is paying for a portion of the borrowers closing costs, can it be lumped or does it need to be itemized on page 2?

Question 17. For buyer closing costs paid by seller at closing (prepaids, escrows, etc.) do you prefer it in section 210 - 219 or should it be in section 200 - 209?

Question 18. Many times the purchase agreement indicates the seller will pay up to a certain dollar amount of the buyer's closings costs with no detail as to what charges they are paying. Is it acceptable to put this lump sum amount on page 1 in Section 200?

Question 19. In the purchase agreement, it is listed that the seller will pay either a certain amount of buyer's closing costs, prepaids and escrows or even a % of the purchase price towards the same. We show it as a sum on line 207, as a lump sum on 507, is this correct?

Question 20. If the purchase contract indicates the seller will pay \$1,000.00 of the closing costs, do we need to break this out in Section L as "seller paid" or can we show this in the 210 series in Section J and in the 510 series in Section K?

Answer: Closing costs paid by the seller should be itemized and disclosed in Section L (page 2) in the seller's column. In some instances it may not be known which closing costs the seller is paying (for example, the seller is paying a flat amount, say \$500 or a %). In this case, the total amount could be lumped together in the 200 series (page 1).

Question 21. If an attorney (settlement agent) waives a closing fee as a professional courtesy, should it be disclosed as 'waived'? We ask that it be shown as 'waived PC' (professional courtesy).

Follow-up - Follow up to professional courtesy question. In the HUD Q&As, Attachment A, question #8, it appears that it is not an issue if a required provider provides a service without charge (for whatever reason). Wouldn't an attorney who is acting as a settlement agent, who wishes to waive a fee for a friend (for example) be able to follow the same logic as in Question 8?

Answer: If the fee is never charged by the attorney then it should not be listed on the Settlement Statement. If the fee was charged but waived by the bank then the fee must be listed as POC.

Settlement Agent/Place of Settlement

Question 22. If the lender is closing the loan at a branch, what is required in the "Settlement Agent" and "Place of Settlement" fields on the HUD-1A?

Question 23. So if the place of settlement and settlement agent are not one in the same (e.g. place of settlement = loan officer's office and settlement agent = title company closing agent), should the loan officer's location still be listed as the location of settlement although the lender was not considered the settlement agent?

Answer: The “settlement agent” is the person that executes the legally binding documents with the buyer (they typically complete the Settlement Statement). The “place of settlement” is the physical location where the execution of documents took place. These can be, and often times are, different.

Question 24. If the lender prepares the HUD-1 Settlement Statement and provides the HUD-1 Settlement Statement to the borrower when the note is signed at the bank, but a title company disburses the funds should we be showing both the lender and the title company as settlement agents?

Answer: Since the legally binding documents (note, etc.) are being signed at the bank, we would consider the bank as both the “settlement agent” AND the “place of settlement”. It does not matter where the customer gets their check but rather where they execute the documents.

Question 25. If a settlement agent completes the closing, would the bank be required to complete the HUD? Would there be two HUDs? What if the agent completes the HUD incorrectly and we don't catch it before closing, is there a way to correct it? Since HUD has no tolerance, could we correct the Settlement Statement and put a corrected copy in the file with a note?

Answer: The settlement agent is the party responsible for completing the Settlement Statement. There should only be one Settlement Statement. If the bank is not completing it, they should get a copy for their file from the settlement agent. If the settlement agent does not complete the Settlement Statement correctly, the bank is ultimately responsible for their errors. There is no way to go back and correct a Settlement Statement after the fact.

Payoffs on HUD

Question 26. Can the amount that appears in line 303 on the HUD 1 Settlement Statement be equal to the amount that is made payable to (for example payoff credit cards) and the unfunded loan amount which are both itemized on the TIL or does the amount in that line have to be made payable to the customer? Multiple purpose loans with various disbursements (purchase loan but also paying off credit card debt and cash out for home improvements to the house being purchased and various other examples) seem to cause confusion.

Answer: Any loan disbursements such as payoffs would be disclosed on lines 104-105. Thus, line 303 should not include monies for items paid on behalf of the customer. When “cash TO borrower” is listed on line 303 that amount should be the amount payable to the customer.

Keep in mind that RESPA and Truth in Lending are two different regulations and are not intended to disclose the same information. Thus, these disclosures will, and most times do, show different amounts which cannot be reconciled.

Question 27. Where do you suggest credit card payoffs or payments be listed in the case of a refinance to consolidate debt?

Question 28. If you choose to use the HUD-1 for a refinance where do you list the payoff of the loan to ABC bank?

Question 29. Can lines 104-105 be used for the borrower for payoffs or total from an attachment when HUD-1 is used for a refinance, not the HUD-1A? Where do you list the payoffs of several credit cards as a part of the approved loan? Can an attachment be used? Our regulator did approve this.

Question 30. If you elect to complete a HUD-1 for a refinancing transaction instead of the HUD-1A, generally you have a payoff of another bank's loan, where do you put that amount? Would it be acceptable to list it on line 104 as payoff of ABC Bank?

Answer: If using a HUD-1 these items should appear on lines 104-105 (page 1). If a HUD-1A is used, then these items should appear in Section M (disbursements to others).

The regulation does not give much guidance on attachments to the Settlement Statement. In the General Instructions from Appendix A it states, "*An additional page(s) may be attached to the HUD-1 for the purpose of including customary recitals and information used locally in settlements, for example, a breakdown of payoff figures; a breakdown of the Borrower's total monthly mortgage payments; check disbursements; a statement indicating receipt of funds; applicable special stipulations between Borrower and Seller, and the date funds are transferred.*"

From this statement, I feel it would be okay to add an attachment to list additional payoff items. Or, you could include these extra items on lines 109-112 as they are still amounts "owed" by the borrower.

Identifying to whom all fees are paid

Question 31. My question is in regards to identifying recipients on the HUD Settlement Statement. We work with several institutions with varying software programs. It has been our understanding that all charges included on the HUD Settlement Statement must include a recipient, including recording fees and state tax/stamps (mortgage registration tax). We have identified, however, in one particular mortgage software that the program does allow you to include the recipient for these charges (recording fees and state tax/stamps) if the loan is a refinance but does not allow you to enter a recipient if the loan type is a purchase. Does the regulation require a recipient to be listed for all charges and if the loan type is either a purchase or refinance, does the regulation have a different set of requirements relating to this question?

Question 32. Is it necessary to indicate the recipient for recording fees and state tax/stamps?

Question 33. Why on page 11, line 513, do you not list the name of the treasurer and county to whom the taxes are paid?

Answer: The Regulation does not distinguish between purchase or refinance transactions with regards to disclosing the recipient of fees. It simply states that all fees must show to whom they are ultimately paid. Technically, this includes recording fees, state tax stamps, etc. I have never seen this cited by examiners. This is the reason for our omission on the Settlement Statement on page 11, line 513, of the materials.

Question 34. If the bank has an in-house appraiser, do you show the fee being paid to the bank or the individual appraiser? Appraiser is salaried.

Answer: Since the appraiser is salaried by the bank and not a separate entity, the fee would be paid to the bank. You do not need to identify the bank as the recipient of a fee.

Question 35. On construction loans we have an inspection fee that we charge in addition to the appraisal fee. We show this on a different line, however, since it is a fee we hold until inspections are done. We show the fee paid to our bank then we disburse it to the appraiser as the inspections are completed. Should this fee be shown paid to the appraiser on the HUD rather than the bank since it is ultimately paid to the appraiser?

Answer: Yes. The Regulation states you must disclose to whom all fees are ULTIMATELY paid. These would not be listed as POC since the borrower is paying the fee at closing.

Fee Accuracy/Finance charges

Question 36. The lender charges a \$65 Credit Reporting Fee and lists Equifax as the recipient of the fee. Come to find out that of the \$65 Credit Reporting Fee, only \$15 is going to Equifax. Part of the \$65 is going to pay for Desktop Underwriting, but not every loan goes through DU. Am I correct in saying that the Credit Reporting Fee should be listed on the HUD as \$15 and not considered a finance charge for residential mortgage transactions? The remaining \$50 should be considered an Underwriting Fee on the HUD and considered a finance charge. Is this correct?

Answer: Yes. If you list \$65 as a credit reporting fee, you are not itemizing all fees as the Regulation requires. We would recommend always separating these two fees as there may be instances where you charge one but not the other and still collect the \$65 which is considered “up-charging” which is a much more serious matter (a Section 8 violation). Refer to Section 3500.14 for more information on Section 8 issues.

Question 37. Our credit bureau company supplies our CBI reports via on-line. They charge various fees per each credit report. We do not know how much the fee is per report until our bill is received at the end of the month. How do you disclose an accurate CBI report cost on the HUD in this case?

Answer: The Regulation gives no tolerance level and states that the actual charges must be disclosed at the time of closing. Estimates are not sufficient. However, I understand the tough situation you are in. I recommend you charge the most accurate fee possible. I also recommend you monitor the bills occasionally to ensure you are remaining as accurate as possible.

Question 38. Why do the fees listed on my HUD statement not match the fees stated on my Truth in Lending itemization?

Answer: Truth in Lending and RESPA are two separate regulations - each dealing with different requirements. Truth in Lending requires an itemization of the amount financed while RESPA requires an itemization of all fees. Not all fees that are charged will be fees that affect the amount financed.

You may also benefit from reading footnote #40 to Section 226.18(c) in Regulation Z (as well as its commentary) which indicates you do not need to provide an itemization of the amount financed when you provide a Good Faith Estimate and Settlement Statement. This might save you some headaches of trying to reconcile the two.

Question 39. Where can we get a cheat sheet for which fees effect the APR?

Answer: One word of caution when it comes to finance charge cheat sheets. Cheat sheets give a general rule of thumb but they are not absolute. It is impossible to tailor a cheat sheet to fit every institution as many different factors, such as type of fee, when it's charged, etc., play into the finance charge determination. The best practice would be to evaluate every fee assessed by your institution, determine if it is in fact a finance charge and then develop an “internal use” cheat sheet.

Some fees that are typically always a finance charge are:

- Origination fee
- Loan discount fee
- Odd days interest
- PMI insurance (the amount paid up front)

The following fees may be a finance charge:

- Inspection fee (if performed after loan closing)
- Flood (life of loan portion)
- Credit life & disability insurance (if the borrower does not sign an acknowledgement that they wish to purchase the insurance)
- Settlement fee

However any fee can be a finance charge if it is not a bonafide and reasonable charge. You should refer to Section 226.4 of Regulation Z.

For additional assistance, you may review the OCC finance charge chart on page 98 of the Truth In Lending handbook which can be found at www.occ.treas.gov/handbook/til.pdf.

Combining Fees

Question 40. When keying an appraisal fee where a portion is for the final inspection how is this to be broken out?

Answer: If you truly do not know how much is for appraisal and for inspection AND the fee is paid to the same vendor, it would be acceptable to lump the fee into one. However, you will need to know if any of the appraisal/inspection will be conducted after closing. If so, it will need to be included as a finance charge for Truth in Lending.

Question 41. How would you recommend 'bundled' settlement services, as defined by Regulation Z, that includes the closing fee, be disclosed on the HUD?

Question 42. Title companies are wanting to list 'one fee' which includes escrow and title charges. How should we handle that on the Settlement Statement?

Answer: You must itemize all fees or the disclosure is inaccurate. You have the option of finding a new vendor or you take the opportunity to educate the vendor as to why you need the information. Providing an inaccurate disclosure, especially a material disclosure, could be a civil liability issue.

Credit Life/Disability

Question 43. How would you disclose credit life premiums on the HUD-1A if the premium is added to the unpaid principal balance monthly?

Answer: You could show one month premium due at closing or if nothing is due at closing you could show one year's premium POC. Either way, you should show a term and the corresponding amount.

Question 44. If we sell credit life and disability insurance and add it to the loan amount and disclose it on line 905 of the HUD-1A, do we also need to show the payment to the insurance company under Section M, "Disbursements to Others" when it's disbursed at closing?

Answer: No. When you disclose the charge on line 905 you will also show the recipient of the charge. Insurance premiums are not a disbursement of the loan proceeds.

Title Insurance Charges

Question 45. What do we put on lines 1109 and 1110 if the title company doesn't give us a breakdown on the lender's and owner's coverage premiums?

Answer: Tell the title company you must have the information. It is a requirement of the form.

Question 46. We were recently cited for an issue (re: title charges lumped on line 1107). We were told that if in fact a title search was performed, the title attorney must list 1102 or 1104 (which is where the title insurance commission is derived) under 'includes above items numbers'. On your HUD example on pg 14 of the handout, neither 1102 or 1104 are referenced.

Answer: Your examiner is correct. The reason we do not reference lines 1102 or 1104 on the Settlement Statement in our materials is that we do not list a charge on line 1107.

HUD-1 vs. HUD-1A

Question 47. We have property willed and deeded to 4 siblings. One is now buying out the other 3. Can this be done as a refinance since one of the siblings is an owner or must this be done as a purchase?

Answer: There is still a transfer of title and it should be treated as a purchase using a HUD-1.

Question 48. If the settlement agent uses the HUD-1 form for a refinance, should the borrower's name be listed as both the buyer and the seller or should the seller section be blank?

Answer: Since there is no seller, leave the seller space blank.

Miscellaneous Questions

Question 49. Where do you put homeowners association dues paid by buyer if not prorated? By seller if not prorated?

Answer: It depends on the situation and how these dues are typically paid. They could appear in either the 100/400 (borrower owes money for the dues) series or the 200/500 series (seller paid the dues and needs reimbursed for his portion).

Question 50. Do you have to have a loan number on the HUD-1A?

Answer: No. This is optional.

Question 51. Do we have to list the name of our bank on line 800?

Answer: No. This line needs no additional information.

Question 52. If you run out of lines in the 800 series on the HUD-1, did you say that we could use an attachment to list additional lines, descriptions and fees?

Answer: The regulation does not give much guidance on attachments to the Settlement Statement. In the General Instructions from Appendix A it states, “An additional page(s) may be attached to the HUD-1 for the purpose of including customary recitals and information used locally in settlements, for example, a breakdown of payoff figures; a breakdown of the Borrower's total monthly mortgage payments; check disbursements; a statement indicating receipt of funds; applicable special stipulations between Borrower and Seller, and the date funds are transferred.”

From this statement, I feel it would be okay to add an attachment to list additional settlement charges. Or, you could include these extra items in the 1300 series (additional settlement charges).

Question 53. We are showing the borrower's social security number in Section D of the HUD-1A. This is not a HUD-1 requirement, but I'm wondering if this would be a Privacy issue. Please advise.

Answer: The social security number is not required to be listed on the Settlement Statement. I'm not certain why you want to list it. However, I'm also not certain how this is a Privacy issue since the Settlement Statement is not a public document. If it is a HUD-1A, as you state in your question, it is only being provided to the borrower and no one else outside the bank. You could also omit or hide the information on the borrower's copy of the Settlement Statement but retain it on the file copy.

Question 54. On an 80/20 loan where the lender is doing both the 80% loan and the 20% loan, on the HUD-1A for the 20%, do we show the disbursement to the bank in section 1500 or to the borrower on line 1604? Either way, the disbursement amount on the HUD-1A is then shown on the HUD-1 in the 200 series of Section J. Is this correct?

Answer: It is not acceptable to do a HUD-1A for the 20% loan since it is also used to purchase the dwelling. You can't argue that one loan is used to purchase the house and the other isn't.

If you have two loans involved and you have a simultaneous closing on the two loans, the settlement agent is required to include all pieces of the puzzle on one Settlement Statement. Refer to the line item instructions:

“Lines 204-209 can also be used to indicate any Seller financing arrangements or other new loan not listed in Line 202. “

Question 55. Is it acceptable when you are doing a loan where you are transferring title to have the borrower sign all the loan docs which we consider closing #1 (with the exception of the HUD) at the bank and then have the borrower go to the title company (with those executed docs) and say this is closing #2. The borrower does not get the HUD-1 until they get to the title company 'closing' and several fees (origination fee, appraisal, flood, etc) that the borrower paid the bank for 30 minutes before are listed as POCB (Paid Outside of Closing Bank). They see the HUD-1 before hand, but don't get a copy of it. Is this a problem?

Answer: We would recommend changing this procedure. RESPA states that the settlement agent must deliver a completed copy of the Settlement Statement to the customer at or before settlement. The customer even has the right to inspect the Settlement Statement one day prior to closing if they so choose.

Escrows

Although this training did not cover escrows, I had a question during the training concerning aggregate and single item analysis (itemizing the initial escrow deposit) and how to properly disclose this information on the Settlement Statement. We have developed an “Escrow Analysis” calculator (in Excel) that will be helpful in determining the proper amounts for each item in escrow. You can download the calculator from this page of our website: <http://www.bankerscompliance.com/downloads.htm>.