

## NAR Initial Analysis of RESPA Final Rule (11-13-08)

Issue	Proposed Rule	Final Rule
<b>Good Faith Estimate</b>	Four pages	Reduced to three pages.
<b>HUD-1</b>	Two pages	Expanded to three pages. Redesigned to look like GFE with additional cross-references and a "cross-walk" chart comparing charges in the GFE with the final charges.
<b>Closing Script</b>	Required	Eliminated
<b>30-Day Cure Period</b>	Not in Proposed Rule	Loan originators may reimburse borrower for tolerance violations within 30 days of settlement.
<b>Tolerances</b>	10% price tolerances for certain services packaged by lenders	No change
<b>Volume-Based Discounts</b>	Allows lenders to negotiate volume based discounts and requires lenders to guarantee the prices.	Eliminates explicit volume-based discount language and reiterates HUD's contention that all settlement service providers may negotiate discounts as long as they go to the consumer.
<b>Average Cost Pricing</b>	Limited to loan originators with strict rules for calculations.	Renamed "average charges" and now available to all settlement service providers with added flexibility for calculations.
<b>Required Use</b>	May have prevented agents/brokers from offering traditional consumer discounts. Limited to "borrowers"	Extended to all "persons" (sellers and borrowers) and allows legitimate consumer discounts. Requires discounts/incentives be given by the referred provider and not as an inducement by the referrer. So the real estate broker cannot give a gift card to use the mortgage company. The mortgage company must give the incentive directly.
<b>Two-stage application</b>	Created a two-stage process with an "application GFE" in addition to a loan application	One-stage application process with greater flexibility on selecting underwriting criterion.
<b>12 Month Implementation Period</b>	Compliance with new GFE and Settlement Statements by January 1, 2010	No change