



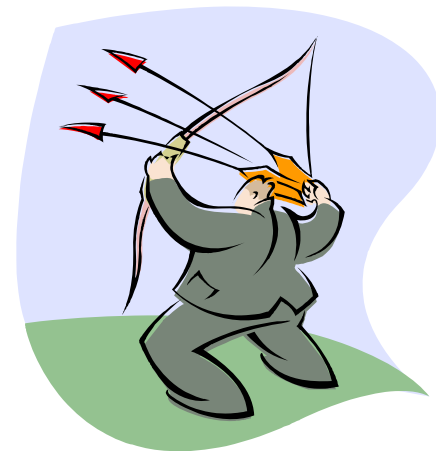
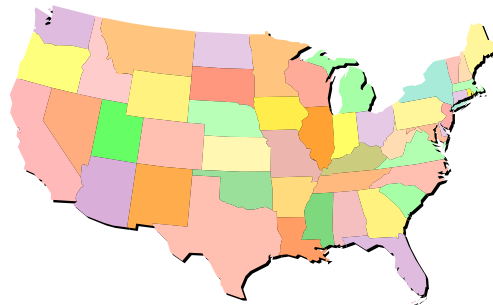
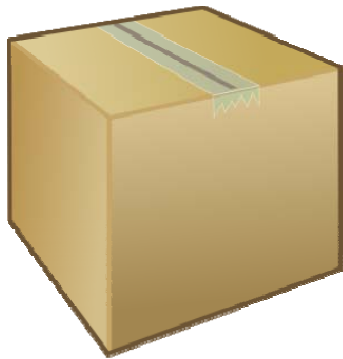
MBA's NATIONAL TECHNOLOGY IN
MORTGAGE BANKING CONFERENCE & EXPO
APRIL 25-28, 2010, HYATT REGENCY CHICAGO

State Laws: The Rest of the RESPA Story

Jason Roth, CMT – SVP & Co-founder ComplianceEase



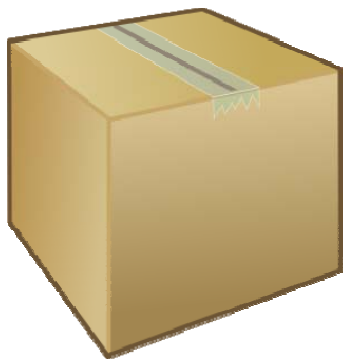
1. Don't lose track of component fees
2. Enable different behavior state by state
3. Flexible programming for moving targets



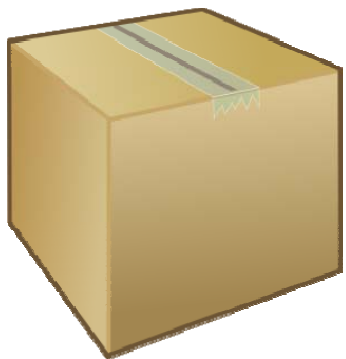
1. Un-bundling Component Fees



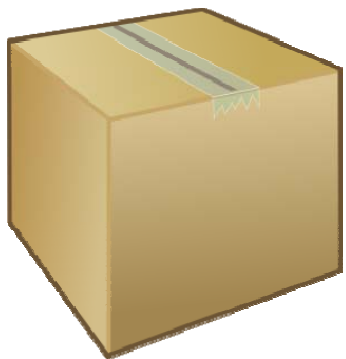
- Limits based on “points and fees”
- Closely tied to federal “finance charge”
- Finance charge still itemized...for now
- Aggregates may over-state “high-cost” status



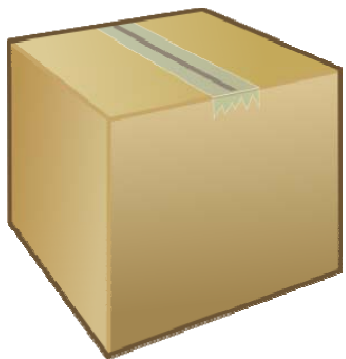
- “Named fee” prohibitions or limits
- E.g. “Application Fee”, “Processing Fee”
- Limits on parts of “Our Origination Charge”
- Can these still exist under new disclosures?



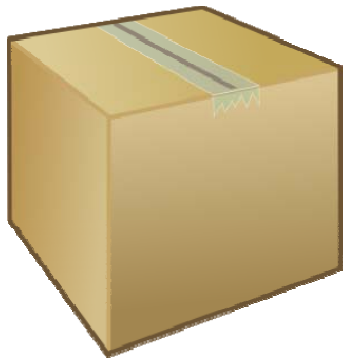
- Pennsylvania limits Application/Origination Fees
- Application Fees might not “exist” on disclosures
- GFE/HUD-1 may show “Our Origination Charge”
- PA informally says assume it’s “Origination Fee”
- But you may show otherwise by un-bundling
- Compliance rules either conservative or “smart”



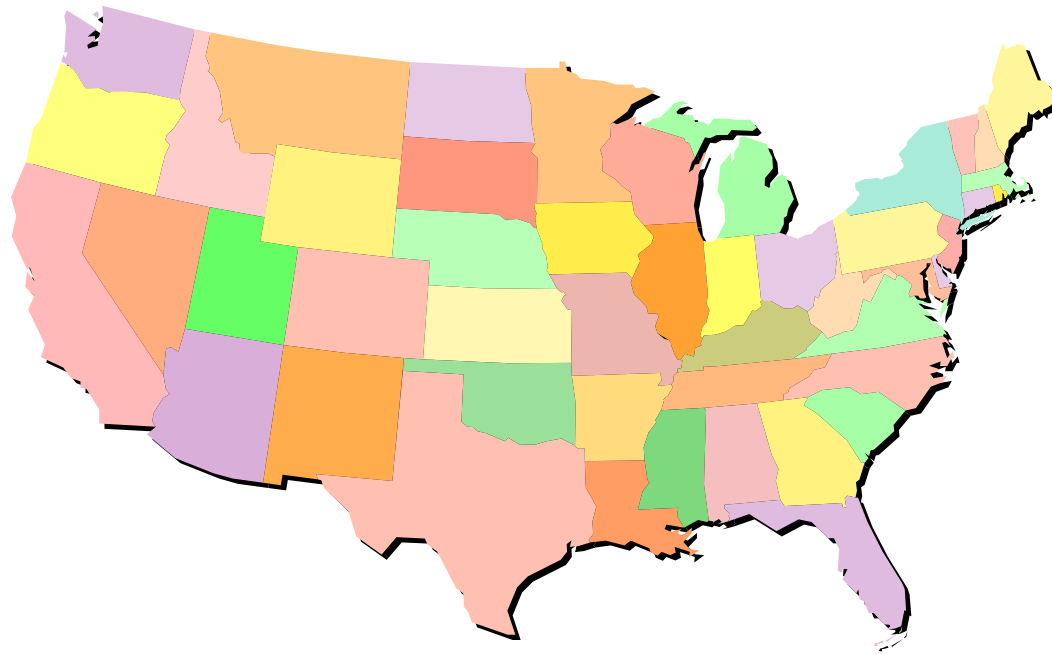
- Veterans Administration says to un-bundle
- See Veterans Administration Circular 26-10-01
- HUD has said un-bundle for these purposes is OK
- No component fees on GFE, may not fit on HUD-1
- Fees not on disclosures still needed for rules



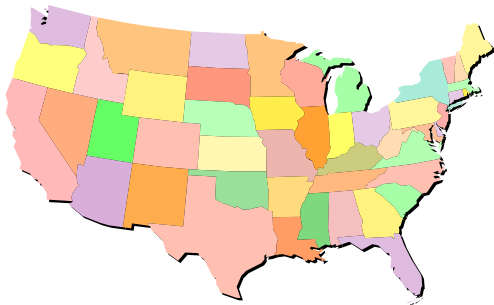
- Store data beyond just what was disclosed
- Keep component fees somewhere
- Without them, rules/edits need to be conservative
- Track which parts of fees go to which parties
- Lines #1 & #4, 801 & 1101 particularly important



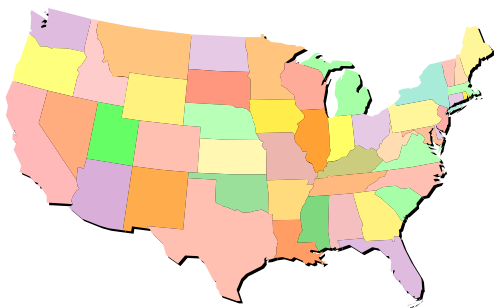
2. RESPA from state to state



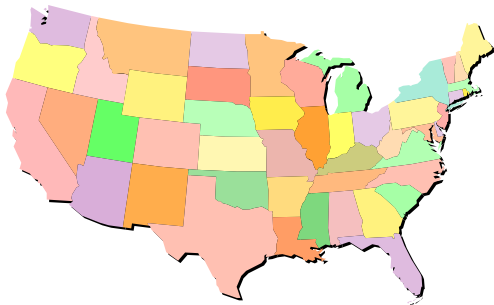
- Differing viewpoints on aggregate/component fees
- Don't just always itemize for state compliance
- State compliance rules/edits may need adjusting
- Compliance rules/edits need to vary by state



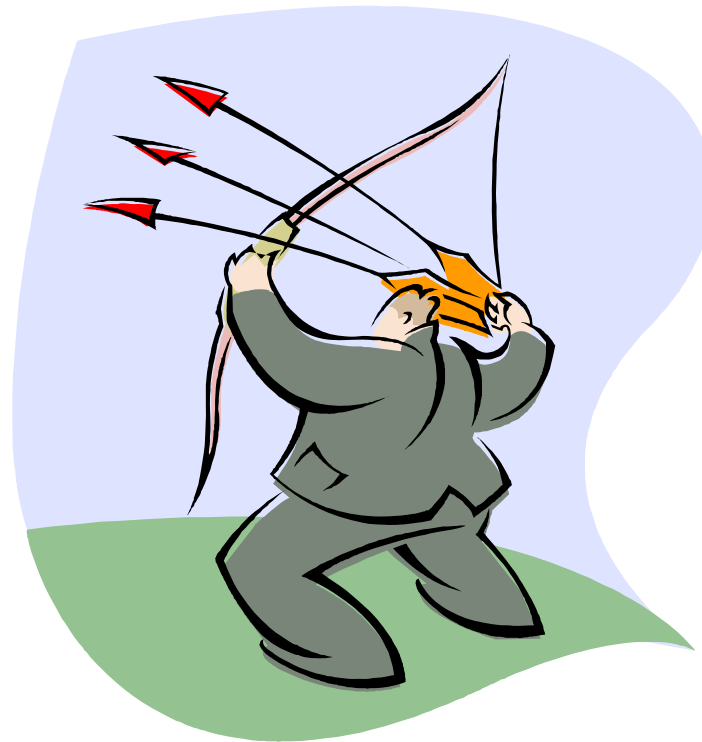
- Like PA, Washington state limits Origination Fees
- Can you just itemize “Our Origination Charge”?
- WA informally says they limit entire fee to lender
- This means entire aggregate fee can be limited
- Similar restrictions but different state viewpoints



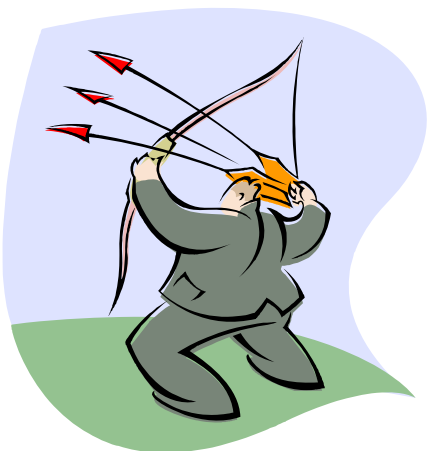
- Revisit state laws in light of RESPA disclosures
- Maintain state by state compliance calculations
- Basic fee caps or edits don't work any more
- Only state regulators can tell you the right way
- Business rules engine and/or vendors can help



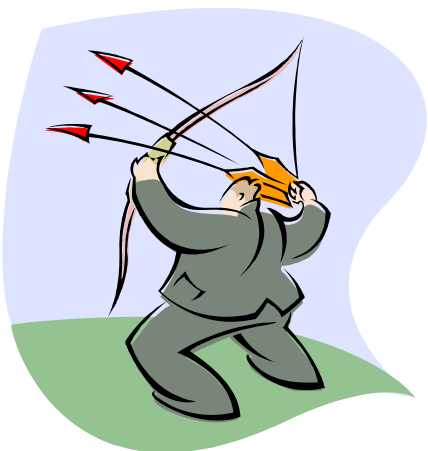
3. Moving Targets



- HUD's RESPA FAQs
- State regulators have sort of waited for HUD
- They are still deciding and weighing in
- State fee calculations: aggregate vs. component
- Upcoming Federal TILA amendments



- Save component fees, who pays, who gets paid
- Don't "hard-code" state fee limits
- Save APR-affecting status for component fees



Thanks & Good Luck!

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