

L. 98-181, title IV, § 461(a), Nov. 30, 1983, 97 Stat. 1230; Pub. L. 102-550, title IX, § 908(a), (b), Oct. 28, 1992, 106 Stat. 3873, 3874; Pub. L. 104-208, div. A, title II, § 2103(c)(1), Sept. 30, 1996, 110 Stat. 3009-400.)

#### AMENDMENTS

1996—Par. (7). Pub. L. 104-208 substituted “affiliated business arrangement” for “controlled business arrangement”.

1992—Par. (1)(A). Pub. L. 102-550, § 908(b), inserted “or subordinate” after “first” and “, including any such secured loan, the proceeds of which are used to prepay or pay off an existing loan secured by the same property” after “families”.

Par. (3). Pub. L. 102-550, § 908(a), inserted “the origination of a federally related mortgage loan (including, but not limited to, the taking of loan applications, loan processing, and the underwriting and funding of loans),” after “broker.”

1983—Pars. (7), (8). Pub. L. 98-181 added pars. (7) and (8).

1976—Par. (1). Pub. L. 94-205, § 2(1), inserted “(other than temporary financing such as a construction loan)” in introductory text.

Par. (1)(A). Pub. L. 94-205, § 2(2), inserted “a first lien on” after “is secured by”.

Par. (1)(B)(iii). Pub. L. 94-205, § 2(3)–(5), substituted “is intended to be sold by the originating lender to” for “is eligible for purchase by” and “a” and “is to” for “from any” and “could”, respectively, and struck out “or” after “the Government National Mortgage Association”.

Par. (1)(B)(iv). Pub. L. 94-205, § 2(6), inserted “, except that for the purpose of this chapter, the term ‘creditor’ does not include any agency or instrumentality of any State” after “more than \$1,000,000 per year”.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Section 908(d) of Pub. L. 102-550 provided that: “This section [amending this section and enacting provisions set out below] shall take effect on the date of enactment of this Act [Oct. 28, 1992] and shall not apply retroactively.”

#### EFFECTIVE DATE OF 1983 AMENDMENT

Section 461(f) of Pub. L. 98-181 provided that: “The amendments made by this section [amending this section and sections 2607, 2614, and 2617 of this title] shall become effective on January 1, 1984.”

#### EFFECTIVE DATE OF 1976 AMENDMENT

Section 12 of Pub. L. 94-205 provided that: “The provisions of this Act and the amendments made hereby [enacting section 2617 of this title, amending this section, sections 2603, 2604, 2607, 2609, and 2616 of this title, and section 1631 of Title 15, Commerce and Trade, repealing sections 2605 and 2606 of this title, and enacting and amending provisions set out as notes under section 2601 of this title] shall become effective upon enactment [Jan. 2, 1976]. The Secretary may suspend for up to one hundred and eighty days from the date of enactment of this Act [Jan. 2, 1976] any provision of section 4 and section 5 of the Real Estate Settlement Procedures Act of 1974 [sections 2603 and 2604 of this title], as amended by this Act.”

#### REGULATIONS

Section 908(c) of Pub. L. 102-550 provided that: “The Secretary of Housing and Urban Development shall issue regulations to implement the amendments made by this section [amending this section] not later than the expiration of the 180-day period beginning on the date of the enactment of this Act [Oct. 28, 1992]. The regulations shall be issued after notice and opportunity for public comment pursuant to the provisions of section 553 of title 5, United States Code (notwithstanding subsections (a)(2), (b)(B), and (d)(3) of such section).”

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in title 15 section 6603.

### § 2603. Uniform settlement statement

(a) The Secretary, in consultation with the Administrator of Veteran’s Affairs, the Federal Deposit Insurance Corporation, and the Director of the Office of Thrift Supervision, shall develop and prescribe a standard form for the statement of settlement costs which shall be used (with such variations as may be necessary to reflect differences in legal and administrative requirements or practices in different areas of the country) as the standard real estate settlement form in all transactions in the United States which involve federally related mortgage loans. Such form shall conspicuously and clearly itemize all charges imposed upon the borrower and all charges imposed upon the seller in connection with the settlement and shall indicate whether any title insurance premium included in such charges covers or insures the lender’s interest in the property, the borrower’s interest, or both. The Secretary may, by regulation, permit the deletion from the form prescribed under this section of items which are not, under local laws or customs, applicable in any locality, except that such regulation shall require that the numerical code prescribed by the Secretary be retained in forms to be used in all localities. Nothing in this section may be construed to require that that part of the standard form which relates to the borrower’s transaction be furnished to the seller, or to require that that part of the standard form which relates to the seller be furnished to the borrower.

(b) The form prescribed under this section shall be completed and made available for inspection by the borrower at or before settlement by the person conducting the settlement, except that (1) the Secretary may exempt from the requirements of this section settlements occurring in localities where the final settlement statement is not customarily provided at or before the date of settlement, or settlements where such requirements are impractical and (2) the borrower may, in accordance with regulations of the Secretary, waive his right to have the form made available at such time. Upon the request of the borrower to inspect the form prescribed under this section during the business day immediately preceding the day of settlement, the person who will conduct the settlement shall permit the borrower to inspect those items which are known to such person during such preceding day.

(Pub. L. 93-533, § 4, Dec. 22, 1974, 88 Stat. 1725; Pub. L. 94-205, § 3, Jan. 2, 1976, 89 Stat. 1157; Pub. L. 104-208, div. A, title II, § 2103(g)(1), Sept. 30, 1996, 110 Stat. 3009-401.)

#### AMENDMENTS

1996—Subsec. (a). Pub. L. 104-208 substituted “Director of the Office of Thrift Supervision” for “Federal Home Loan Bank Board”.

1976—Subsec. (a). Pub. L. 94-205, § 3(1)–(3), designated existing provisions as subsec. (a), struck out “minimum” after “with such” and “unavoidable” after “necessary to reflect” in parenthetical provisions covering allowable regional variations in the uniform settlement statement, and substituted provisions authoriz-

ing the Secretary to permit deletions from the standard form for provisions requiring that the standard form contain all the information and data required under the Truth in Lending Act.

Subsec. (b). Pub. L. 94-205, §3(4), added subsec. (b).

#### CHANGE OF NAME

Reference to Administrator of Veterans' Affairs deemed to refer to Secretary of Veterans Affairs pursuant to section 10 of Pub. L. 100-527, set out as a Department of Veterans Affairs Act note under section 301 of Title 38, Veterans' Benefits.

#### EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by Pub. L. 94-205 effective Jan. 2, 1976, with the Secretary authorized to suspend for up to 180 days from Jan. 2, 1976, any provision of this section as amended by Pub. L. 94-205, see section 12 of Pub. L. 94-205, set out as a note under section 2602 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 2604, 2609, 2610 of this title.

### § 2604. Special information booklets

#### (a) Distribution by Secretary to lenders to help borrowers

The Secretary shall prepare and distribute booklets to help persons borrowing money to finance the purchase of residential real estate better to understand the nature and costs of real estate settlement services. The Secretary shall distribute such booklets to all lenders which make federally related mortgage loans.

#### (b) Form and detail; cost elements, standard settlement form, escrow accounts, selection of persons for settlement services; consideration of differences in settlement procedures

Each booklet shall be in such form and detail as the Secretary shall prescribe and, in addition to such other information as the Secretary may provide, shall include in clear and concise language—

- (1) a description and explanation of the nature and purpose of each cost incident to a real estate settlement;
- (2) an explanation and sample of the standard real estate settlement form developed and prescribed under section 2603 of this title;
- (3) a description and explanation of the nature and purpose of escrow accounts when used in connection with loans secured by residential real estate;
- (4) an explanation of the choices available to buyers of residential real estate in selecting persons to provide necessary services incident to a real estate settlement; and
- (5) an explanation of the unfair practices and unreasonable or unnecessary charges to be avoided by the prospective buyer with respect to a real estate settlement.

Such booklets shall take into consideration differences in real estate settlement procedures which may exist among the several States and territories of the United States and among separate political subdivisions within the same State and territory.

#### (c) Estimate of charges

Each lender shall include with the booklet a good faith estimate of the amount or range of

charges for specific settlement services the borrower is likely to incur in connection with the settlement as prescribed by the Secretary.

#### (d) Distribution by lenders to loan applicants at time of receipt or preparation of applications

Each lender referred to in subsection (a) of this section shall provide the booklet described in such subsection to each person from whom it receives or for whom it prepares a written application to borrow money to finance the purchase of residential real estate. Such booklet shall be provided by delivering it or placing it in the mail not later than 3 business days after the lender receives the application, but no booklet need be provided if the lender denies the application for credit before the end of the 3-day period.

#### (e) Printing and distribution by lenders of booklets approved by Secretary

Booklets may be printed and distributed by lenders if their form and content are approved by the Secretary as meeting the requirements of subsection (b) of this section.

(Pub. L. 93-533, §5, Dec. 22, 1974, 88 Stat. 1725; Pub. L. 94-205, §4, Jan. 2, 1976, 89 Stat. 1158; Pub. L. 102-550, title IX, §951, Oct. 28, 1992, 106 Stat. 3892.)

#### AMENDMENTS

1992—Subsec. (d). Pub. L. 102-550 substituted “Such booklet shall be provided by delivering it or placing it in the mail not later than 3 business days after the lender receives the application, but no booklet need be provided if the lender denies the application for credit before the end of the 3-day period.” for “Such booklet shall be provided at the time of receipt or preparation of such application.”

1976—Subsecs. (c) to (e). Pub. L. 94-205 added subsec. (c), redesignated former subsec. (c) as (d), substituted “or for whom it prepares a written application” for “an application” and inserted “or preparation” after “receipt”, and redesignated former subsec. (d) as (e).

#### EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by Pub. L. 94-205 effective Jan. 2, 1976, with the Secretary authorized to suspend for up to 180 days from Jan. 2, 1976, any provision of this section as amended by Pub. L. 94-205, see section 12 of Pub. L. 94-205, set out as a note under section 2602 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 2607 of this title.

### § 2605. Servicing of mortgage loans and administration of escrow accounts

#### (a) Disclosure to applicant relating to assignment, sale, or transfer of loan servicing

Each person who makes a federally related mortgage loan shall disclose to each person who applies for the loan, at the time of application for the loan, whether the servicing of the loan may be assigned, sold, or transferred to any other person at any time while the loan is outstanding.

#### (b) Notice by transferor of loan servicing at time of transfer

##### (1) Notice requirement

Each servicer of any federally related mortgage loan shall notify the borrower in writing of any assignment, sale, or transfer of the servicing of the loan to any other person.