



WHAT IS RESPA?

The Real Estate Settlement Procedures Act (RESPA) was passed by congress to help consumers become better shoppers for settlement services and to eliminate actions that unnecessarily increase the costs of certain settlement services.

RESPA requires that borrowers receive disclosures at various times. Some disclosures spell out the costs associated with loan settlement, others outline lender servicing and escrow account practices and describe business relationships between settlement service providers.

The law requires mortgage lenders to provide consumers with the following:

- A good faith estimate of the costs of obtaining a mortgage within three business days after completing the loan application.
- A copy of Settlement Costs — a government booklet with information on shopping for a mortgage loan.
- A Mortgage Servicing Disclosure Statement, which discloses to the borrower whether the lender intends to service the loan or transfer it to another lender. It also provides information about complaint resolution.

RESPA is about closing costs and settlement procedures. It covers most purchase loans, assumptions, refinances, property improvement loans and equity lines of credit. RESPA is administered by the U.S. Department of Urban Development (HUD).



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