



**Will RESPA Reform Have Unintended Tech Consequences?  
*Settlement Tech Developers Scrambling to Update Systems and Forms, but  
are LOS Developers doing the same?***

**FOR IMMEDIATE RELEASE**

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**Annapolis, MD – February 10, 2009** – Barbara Miller looks up from her desk and wonders. The President and Chief Operating Officer at TSS Software Corp., one of the nation's top developers of title and settlement services technology, has been hearing the question a lot lately, but not in the media. "What's going to happen when the first new Good Faith Estimate (GFE) comes through the pipeline? Will my clients be ready to turn the new HUD-1 around if they aren't familiar with it?"

These are serious questions, but they have not yet entered the public spotlight. In late 2008, The Department of Housing and Urban Development (HUD) published a final rule resulting in the long-anticipated reform of the regulatory scheme surrounding the Real Estate Procedures Act (RESPA). The intention of the new rule, the first such attempt at reform in decades, was to protect consumers from unnecessarily high settlement costs by standardizing the GFE to facilitate shopping among settlement service providers; to require that the GFE provide a clear summary of the loan terms and total settlement charges; to mandate more accurate estimates of settlement services charges, and to facilitate comparison of the GFE and the HUD-1/HUD-1A Settlement, among other things. Much of the rule took effect on January 16, although compliance will not be mandatory until January, 2010. Because the new rule significantly increases lender liability for inaccurate GFEs, most agree it's highly unlikely the new GFE form will be fully adopted until next year.

The forms affected are the HUD-1 and the GFE, both of which are updated and delivered electronically more often than not. With increasing numbers of settlement firms and lenders taking an electronic approach to the entire process, the end result is a need for the developers of that technology to re-work the GFE and HUD-1 quickly and effectively. At a significant cost to the developers, the practical requirements involve a change in both data and programming.

Miller points out that TSS, for its part, has been on top of the development. “We have a dedicated team of developers preparing for, and now, implementing these changes. The problem is that the title industry needs to be prepared for the new forms. The new HUD-1s are significantly different, and will need to line up with the new GFE forms. If settlement agents are not ready for them, we could see a serious impact on workflow and turn time. There needs to be some ramp up and preparation.”

TSS, says Miller, is reworking its [www.FreeHUD1.com](http://www.FreeHUD1.com) Web site to allow users to work with the new GFE. The program, free to all, allows users to enter the GFE figures, and then ties them into the new HUD-1 form. “The site will now have an educational component,” said Miller. “I don’t think many in the title industry really realize how important it will be to prepare for this before next January. And it’s highly unlikely they’ll have many opportunities to practice elsewhere before then.”

Complicating the matter has been an air of uncertainty around the “finality” of the rule. With some elements of the rule already having been delayed as the result of litigation, and with an entirely new HUD administration in place, there are some who wonder if there are even more changes coming to the new RESPA rule. The administration of new president Barack Obama has also demonstrated a willingness to set aside, or at least, delay for review, many of the previous administration’s late-stage orders, rules and regulations, and has temporarily “frozen” at least part of the RESPA rule. “We pride ourselves on our customer service, so we can’t just wait and see,” says Miller. “Unfortunately, that means we have to rework our forms and programming and hope the rules don’t change again. If they do, we’ll be ready—but we’d rather re-dedicate our resources to other areas of customer service and product development.”

It’s a story sure to play out in the coming weeks and months of an already turbulent time for the mortgage industry. TSS, asserts Miller, will remain diligent. “If the rules change again, we’ll be ready. If they don’t, our clients should be in good shape. But title companies in general should be made aware that it will take time to get used to the new forms, and they should prepare accordingly.”

## **About TSS Software Corporation**

TSS Software Corporation is America’s leading independently-owned provider of software and services for real estate title, settlement, and abstracting companies. Its flagship product, TitleExpress, is the mission-critical software system selected by over 16,000 settlement services professionals nationwide. For more information, go to [www.iwantTSS.com](http://www.iwantTSS.com), or call 888-268-0422.