

Informational Memorandum



January 29, 2009

To: Chairman, Board of Directors
Chief Executive Officer
All Farm Credit System Institutions

From: Thomas G. McKenzie, Director and Chief Examiner
Office of Examination

A handwritten signature in black ink that reads "Thomas G. McKenzie". The signature is written in a cursive style and is positioned to the right of the "From:" field.

Subject: Amendments to the Regulatory Requirements of the Real Estate Settlement Procedures Act

On November 17, 2008, the U.S. Department of Housing and Urban Development (HUD) published a final rule amending its regulations implementing the Real Estate Settlement Procedures Act (RESPA) by requiring more timely and effective disclosures related to mortgage settlement costs for federally related mortgage loans to consumers. According to HUD, the changes made by the final rule are designed to protect consumers from unnecessarily high settlement costs; HUD estimates the new regulation will save consumers nearly \$700 at the closing table. The regulations require, among other things, that lenders and mortgage brokers provide consumers with new, standardized Good Faith Estimate (GFE) and HUD-1 settlement statement forms.

Compliance with the new requirements pertaining to the GFE and settlement statement forms is not required until January 1, 2010. However, certain other provisions of the final regulations must be implemented upon the effective date of the rule, which is January 16, 2009.

The final rule was published at 73 FR 68204 (Nov. 17, 2008). More information about the rule, and about RESPA in general, can be found at HUD's RESPA homepage <http://www.hud.gov/news/release.cfm?content=pr08-175.cfm>, which provides, among other things, links to the rule and the new, standardized forms. (If the RESPA homepage address changes, you can search for it by typing "RESPA" into the search box on the main HUD homepage.)

We advise all Farm Credit System institutions to review this new rule carefully to ensure they will be prepared for their compliance obligations.

If you have any questions about this Informational Memorandum, please contact Jennifer A. Cohn, Senior Counsel, Office of General Counsel, at (703) 883-4028, or by e-mail at cohnj@fca.gov; and/or David Stephens, Office of Examination, at (703) 883-4412, or by e-mail at stephensd@fca.gov.