

available at such time. Upon the request of the borrower to inspect the forms 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.

(c) Disclosure of fees

The standard form described in subsection (a) may include, in the case of an appraisal coordinated by an appraisal management company (as such term is defined in section 3350(11) of this title), a clear disclosure of—

- (1) the fee paid directly to the appraiser by such company; and
- (2) the administration fee charged by such company.

(d) Disclosure for charitable mortgage loan transactions

With respect to a mortgage loan transaction involving a residential mortgage loan offered at 0 percent interest with only bonafide and reasonable fees and that is primarily for charitable purposes, an organization described in section 501(c)(3) of title 26 and exempt from taxation under section 501(a) of such title may use forms HUD-1 and GFE (as defined under section 1024.2(b) of title 12, Code of Federal Regulations) together with a disclosure substantially in the form of the Loan Model Form H-2 (as depicted in Appendix H to part 1026 of title 12, Code of Federal Regulations), collectively, in lieu of the disclosure published under subsection (a) of this section.

(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; Pub. L. 111-203, title X, §1098(2), title XIV, §1475, July 21, 2010, 124 Stat. 2103, 2200; Pub. L. 116-342, §2(b), Jan. 13, 2021, 134 Stat. 5134.)

Editorial Notes

REFERENCES IN TEXT

The Truth in Lending Act, referred to in subsec. (a), is title I of Pub. L. 90-321, May 29, 1968, 82 Stat. 146, which is classified generally to subchapter I (§1601 et seq.) of chapter 41 of Title 15, Commerce and Trade. For complete classification of this Act to the Code, see Short Title note set out under section 1601 of Title 15 and Tables.

This chapter, referred to in subsec. (a), was in the original “this title” and was translated as reading “this Act”, meaning Pub. L. 93-533, which is classified principally to this chapter, to reflect the probable intent of Congress, because Pub. L. 93-533 does not contain titles.

AMENDMENTS

2021—Subsec. (d). Pub. L. 116-342 added subsec. (d).

2010—Subsec. (a). Pub. L. 111-203, §1098(2), substituted “The Bureau shall publish a single, integrated disclosure for mortgage loan transactions (including real estate settlement cost statements) which includes the disclosure requirements of this section and section 2604 of this title, in conjunction with the disclosure requirements of the Truth in Lending Act that, taken together, may apply to a transaction that is subject to both or either provisions of law. The purpose of such model disclosure shall be to facilitate compliance with

the disclosure requirements of this chapter and the Truth in Lending Act, and to aid the borrower or lessee in understanding the transaction by utilizing readily understandable language to simplify the technical nature of the disclosures.” for “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 forms” for “Such form”, “Bureau may” for “Secretary may”, “the forms” for “the form”, and “prescribed by the Bureau” for “prescribed by the Secretary” and substituted “standard forms” for “standard form” in two places.

Subsec. (b). Pub. L. 111-203, §1098(2)(B), (C), substituted “forms” for “form” wherever appearing and “Bureau” for “Secretary” in two places.

Subsec. (c). Pub. L. 111-203, §1475, added subsec. (c).

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 authorizing 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).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2021 AMENDMENT

Pub. L. 116-342, §2(c), Jan. 13, 2021, 134 Stat. 5135, provided that: “The amendments made by subsections (a) and (b) [amending this section and section 1604 of Title 15, Commerce and Trade] shall take effect on the date of the enactment of this Act [Jan. 13, 2021].”

EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by section 1098(2) of Pub. L. 111-203 effective on the designated transfer date, see section 1100H of Pub. L. 111-203, set out as a note under section 552a of Title 5, Government Organization and Employees.

Amendment by section 1475 of Pub. L. 111-203 effective on the date on which final regulations implementing that amendment take effect, or on the date that is 18 months after the designated transfer date if such regulations have not been issued by that date, see section 1400(c) of Pub. L. 111-203, set out as a note under section 1601 of Title 15, Commerce and Trade.

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.

EFFECTIVE DATE

Section effective 180 days after Dec. 22, 1974, see section 20 of Pub. L. 93-533, set out as a note under section 2601 of this title.

§ 2604. Home buying information booklets

(a) Preparation and distribution

The Director of the Bureau of Consumer Financial Protection (hereafter in this section re-

ferred to as the “Director”) shall prepare, at least once every 5 years, a booklet to help consumers applying for federally related mortgage loans to understand the nature and costs of real estate settlement services. The Director shall prepare the booklet in various languages and cultural styles, as the Director determines to be appropriate, so that the booklet is understandable and accessible to homebuyers of different ethnic and cultural backgrounds. The Director shall distribute such booklets to all lenders that make federally related mortgage loans. The Director shall also distribute to such lenders lists, organized by location, of homeownership counselors certified under section 1701x(e) of this title for use in complying with the requirement under subsection (c) of this section.

(b) Contents

Each booklet shall be in such form and detail as the Director shall prescribe and, in addition to such other information as the Director may provide, shall include in plain and understandable language the following information:

(1) A description and explanation of the nature and purpose of the costs incident to a real estate settlement or a federally related mortgage loan. The description and explanation shall provide general information about the mortgage process as well as specific information concerning, at a minimum—

- (A) balloon payments;
- (B) prepayment penalties;
- (C) the advantages of prepayment; and
- (D) the trade-off between closing costs and the interest rate over the life of the loan.

(2) An explanation and sample of the uniform settlement statement required by section 2603 of this title.

(3) A list and explanation of lending practices, including those prohibited by the Truth in Lending Act or other applicable Federal law, and of other unfair practices and unreasonable or unnecessary charges to be avoided by the prospective buyer with respect to a real estate settlement.

(4) A list and explanation of questions a consumer obtaining a federally related mortgage loan should ask regarding the loan, including whether the consumer will have the ability to repay the loan, whether the consumer sufficiently shopped for the loan, whether the loan terms include prepayment penalties or balloon payments, and whether the loan will benefit the borrower.

(5) An explanation of the right of rescission as to certain transactions provided by sections 125 and 129 of the Truth in Lending Act [15 U.S.C. 1635, 1639].

(6) A brief explanation of the nature of a variable rate mortgage and a reference to the booklet entitled “Consumer Handbook on Adjustable Rate Mortgages”, published by the Director, or to any suitable substitute of such booklet that the Director may subsequently adopt pursuant to such section.

(7) A brief explanation of the nature of a home equity line of credit and a reference to the pamphlet required to be provided under section 127A of the Truth in Lending Act [15 U.S.C. 1637a].

(8) Information about homeownership counseling services made available pursuant to section 1701x(a)(4) of this title, a recommendation that the consumer use such services, and notification that a list of certified providers of homeownership counseling in the area, and their contact information, is available.

(9) An explanation of the nature and purpose of escrow accounts when used in connection with loans secured by residential real estate and the requirements under section 2609 of this title regarding such accounts.

(10) An explanation of the choices available to buyers of residential real estate in selecting persons to provide necessary services incidental to a real estate settlement.

(11) An explanation of a consumer’s responsibilities, liabilities, and obligations in a mortgage transaction.

(12) An explanation of the nature and purpose of real estate appraisals, including the difference between an appraisal and a home inspection.

(13) Notice that the Office of Housing of the Department of Housing and Urban Development has made publicly available a brochure regarding loan fraud and a World Wide Web address and toll-free telephone number for obtaining the brochure.

(14) An explanation of flood insurance and the availability of flood insurance under the National Flood Insurance Program or from a private insurance company, whether or not the real estate is located in an area having special flood hazards, and the following statement: “Although you may not be required to maintain flood insurance on all structures, you may still wish to do so, and your mortgage lender may still require you to do so to protect the collateral securing the mortgage. If you choose to not maintain flood insurance on a structure, and it floods, you are responsible for all flood losses relating to that structure.”.

The booklet prepared pursuant to this section shall take into consideration differences in real estate settlement procedures that 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 Bureau. Each lender shall also include with the booklet a reasonably complete or updated list of homeownership counselors who are certified pursuant to section 1701x(e) of this title and located in the area of the lender.

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

Each lender referred to in subsection (a) 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. The lender shall provide the

booklet in the version that is most appropriate for the person receiving it. 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 Bureau

Booklets may be printed and distributed by lenders if their form and content are approved by the Bureau 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; Pub. L. 111-203, title X, §1098(3), title XIV, §1450, July 21, 2010, 124 Stat. 2104, 2174; Pub. L. 112-141, div. F, title II, §100222, July 6, 2012, 126 Stat. 934; Pub. L. 113-89, §13(b), Mar. 21, 2014, 128 Stat. 1026.)

Editorial Notes

REFERENCES IN TEXT

This chapter, referred to in subsec. (a), was in the original “this title” and was translated as reading “this Act”, meaning Pub. L. 93-533, which is classified principally to this chapter, to reflect the probable intent of Congress, because Pub. L. 93-533 does not contain titles.

The Truth in Lending Act, referred to in subsec. (b)(3), is title I of Pub. L. 90-321, May 29, 1968, 82 Stat. 146, which is classified generally to subchapter I (§1601 et seq.) of chapter 41 of Title 15, Commerce and Trade. Two sections 129 of the Act have been enacted and are classified to sections 1639 and 1639a of Title 15. For complete classification of this Act to the Code, see Short Title note set out under section 1601 of Title 15 and Tables.

AMENDMENTS

2014—Subsec. (b)(14). Pub. L. 113-89 inserted before period at end “, and the following statement: ‘Although you may not be required to maintain flood insurance on all structures, you may still wish to do so, and your mortgage lender may still require you to do so to protect the collateral securing the mortgage. If you choose to not maintain flood insurance on a structure, and it floods, you are responsible for all flood losses relating to that structure.’” and transferred par. (14) to appear after par. (13).

2012—Subsec. (b)(14). Pub. L. 112-141 added par. (14) at end of subsec. (b).

2010—Pub. L. 111-203, §1450(1), substituted “Home buying” for “Special” in section catchline.

Pub. L. 111-203, §1098(3)(A), substituted “Bureau” for “Secretary” wherever appearing.

Subsec. (a). Pub. L. 111-203, §1450(2), added subsec. (a) and struck out former subsec. (a). Prior to amendment, text read as follows: “The Bureau shall prepare and distribute booklets jointly addressing compliance with the requirements of the Truth in Lending Act and the provisions of this chapter, in order 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 Bureau shall distribute such booklets to all lenders which make federally related mortgage loans.”

Pub. L. 111-203, §1098(3)(B), substituted “The Bureau shall prepare and distribute booklets jointly addressing compliance with the requirements of the Truth in Lending Act and the provisions of this chapter, in order 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.” for “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.”

Subsec. (b). Pub. L. 111-203, §1450(2), added subsec. (b) and struck out former subsec. (b) which related to form and detail, cost elements, standard settlement form, escrow accounts, selection of persons for settlement services; and consideration of differences in settlement procedures.

Subsec. (c). Pub. L. 111-203, §1450(3), inserted at end “Each lender shall also include with the booklet a reasonably complete or updated list of homeownership counselors who are certified pursuant to section 1701x(e) of this title and located in the area of the lender.”

Subsec. (d). Pub. L. 111-203, §1450(4), inserted “The lender shall provide the booklet in the version that is most appropriate for the person receiving it.” after the first sentence.

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).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by section 1098(3) of Pub. L. 111-203 effective on the designated transfer date, see section 1100H of Pub. L. 111-203, set out as a note under section 552a of Title 5, Government Organization and Employees.

Amendment by section 1450 of Pub. L. 111-203 effective on the date on which final regulations implementing that amendment take effect, or on the date that is 18 months after the designated transfer date if such regulations have not been issued by that date, see section 1400(c) of Pub. L. 111-203, set out as a note under section 1601 of Title 15, Commerce and Trade.

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.

EFFECTIVE DATE

Section effective 180 days after Dec. 22, 1974, see section 20 of Pub. L. 93-533, set out as a note under section 2601 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