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# Pam-a-gram

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Newsletter for California Mortgage & Real Estate Brokers

## In This Issue

- RESPA/GFE/HUD-1
- HUD Settlement Cost Booklet
- SAFE Act

## Online Continuing Education

[Online DRE Classes](#)

[CRMLA Agency & Ethics Package](#)

## Department of Real Estate Links

[Home Page](#)

[eLicensing](#)

[License Status](#)

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## About Pam Strickland

Pam is a Real Estate Broker from Santa Barbara with over 30 years experience in Real Estate and Mortgage Lending.

Past-President, CAMB (California Association of Mortgage Brokers). Selected Mortgage Broker of the Year in 1992 by the CAMB and in 1993 by the NAMB (National Association of Mortgage Brokers).

Member, National Mortgage Review Committee for the SAFE Mortgage Test.

Member, California Mortgage Review Committee for the SAFE Mortgage Test.

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 Any recommendations contained in this message are based on Pam's many years of personal experience and research in the Real Estate industry and must not be considered legal advice. Please consult with appropriate legal counsel for further clarification.

Contact Pam at:

[pam@pamstrickland.com](mailto:pam@pamstrickland.com)

## Happy New Year, and not-so-happy new forms, laws, rules and regulations for 2010.



### RESPA/GFE/HUD-1

The new Federal Good Faith Estimate (GFE) and HUD-1 will be required on all new originations beginning January 1, 2010. If you are licensed by the CA Department of Real Estate (DRE), you will also have to provide the proper Mortgage Loan Disclosure Statement (MLDS). The DRE is working on a revised MLDS, but there has not been a release date announced (as of December, 2009). The existing versions will have to be used until the revised versions are available.

The new GFE is completely and totally different from any that have ever existed in the past and the method of completion is also completely new. HUD has posted examples and samples and over 50 pages of Frequently Asked Questions from the industry on their website. The link below will take you to the menu for HUD's resources that explain the form and the FAQ, and I highly suggest that everyone, from Broker/Owners to Loan Agents to Processors, read and study the information. This one is a game-changer, folks!

[www.hud.gov/offices/hsg/ramh/res/respa\\_hm.cfm](http://www.hud.gov/offices/hsg/ramh/res/respa_hm.cfm)

### HUD Settlement Cost Booklet

In addition to the new GFE and HUD-1, HUD has also prepared a new Settlement Costs Booklet. Unlike the previous version that was only used for purchase transactions, this one must be provided along with the GFE on *all* loans (purchase, refinance and home-equity). A .pdf version of the booklet is available from HUD at the link shown above.

### SAFE Act

The SAFE Act will take effect for Department of Corporation (DOC) licensees in July, 2010, and for DRE licensees in December, 2010. To originate loans anywhere in California (or in the United States, for that matter), each originator who does not work for a federally chartered institution must take and pass both a national and an individual state test (one for each state in which the loan agent originates), have a federal background check, take 20 hours of pre-licensing education if not already licensed by the DRE, have a credit report run and approved (the criteria for which has not yet been established in CA), and take an additional 8 hours of continuing education in mortgage lending each year starting in 2011 (which varies by state as to content and required hours).

All originators currently licensed by the DRE will receive an endorsement on their existing license after meeting the above criteria (all of which is in addition to the DRE licensing and education requirements). This endorsement will have to be renewed every year. For those originators employed by a CFL or CRMLA licensee, each individual will now have their own mortgage originator license. Each individual must be sponsored by a company or Broker in order to work in the field.

Broker/Owners will have to be registered federally and will have to file

both state and federal reports regarding employees and origination volumes. I will be sending more information as the year progresses and the Act nears implementation.

## Compliance Consulting

For a thorough evaluation of your company's compliance with the multitude of regulations that pertain to the real estate industry, Pam is available for private, confidential in-office consulting. Further information is available on her website: