HUD-1 2010 Changes: Statement to Our Customers
May 2010

HUD changed the content of the HUD-1 Settlement Statement and made the changes mandatory on January 1, 2010. At Miller/Davis Company, our mission is to provide the most current forms, and we updated our systems accordingly. Since the change, however, many clients have contacted us with feedback and questions. The most frequent questions regard how and what data could be entered in the new HUD-1's columns.

While Miller/Davis does not provide legal advice, we want our clients to understand the process we followed for updating our Conveyancing and Realtor modules. In preparation, we reviewed the regulations for completing the HUD-1 as published in the Code of Federal Regulations and the instructions provided by HUD. Where the rules or the instructions designated information as purely seller data or buyer data, our new iteration of the form reflects that by not allowing the data to be designated otherwise.

Most of the people who have contacted us expressed concerns over Lines 800 to 811. This is understandable as this was where the biggest change to the form occurred. This section is now tied directly to the Good Faith Estimate (GFE), which the buyer/borrower should have received prior to closing. Since a seller is not borrowing funds, there is no Seller GFE from which to derive any figures. Therefore, HUD does not permit any amounts to be entered in the Seller's column in this area of the form. HUD knows that there are instances where the seller will agree to pay a portion of the closing costs; however, HUD expects that those amounts will be recorded on page one as a credit to the buyer described on a blank line in the 200's, and as a debit to the seller on a blank line provided in the 500's.

Others have commented that page two of the document contains instances where they can enter amounts to the left of the buyer and seller columns, but that they are prevented from entering those sums again in either or both of the parties' columns. The general reason for this is that the amounts (a) reflect a component of a larger number already entered in one of the columns, or (b) pertain to amounts paid outside the closing. This ensures that the closer does not improperly include amounts when adding them and that figures balance properly at the end.

Finally, some of our customers have indicated that they expected information to automatically copy to all spaces throughout the form where it is duplicated. We could not make generalized and automatic copies of this sort because they would not be suitable for all closing types. Rather than provide pre-filling entries that would work for only some of our clients, we only provided entries called for on the face of the HUD-1 itself (e.g., references to amounts from specific line numbers). We appreciate that this may require additional keying, but the updated form is designed to give our clients a more accurate end product.

We welcome your continued comments and suggestions concerning our forms. As suggestions are made that we feel will benefit M/Docs and M/Docs II customers as a group, we will make every effort to implement them.