

# **TILA-RESPA INTEGRATED DISCLOSURE RULE**

## **INTRODUCTION**

### **I. Current Law**

#### **A. Truth-in-Lending Act (TILA)<sup>1</sup>**

##### **1. Forms required:**

- a) Initial Truth-in-Lending Act disclosure statement after the loan application; and
- b) Final Truth-in-Lending Act disclosure form at closing.

#### **B. Real Estate Settlement Procedures Act (RESPA)<sup>2</sup>**

##### **1. Forms required:**

- a) Good Faith Estimate (GFE) after the loan application is received; and
- b) HUD-1 at closing.

### **II. TILA-RESPA Integrated Disclosure Rule**

#### **A. The Dodd Frank Wall Street Reform and Consumer Protection Act was enacted July 21, 2010 (the “Dodd-Frank Act”).**

1. The Act established the Consumer Financial Protection Bureau (the “CFPB”) within the Federal Reserve.
2. The Act placed sixteen different federal laws, including RESPA and Truth-in-Lending, under the jurisdiction of the CFPB.
3. The Act required the CFPB (within one year of operation) to propose rules and model disclosure forms that combine the disclosures required under the Truth-in-Lending Act and RESPA.

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<sup>1</sup> Truth-in-Lending Act (15 U.S.C. 1601 et seq.) and Regulation Z (12 CFR 1026)

<sup>2</sup> Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2601 et seq.) and Regulation X (originally 24 CFR part 3500, but restated at 12 CFR Part 1024 by CFPB on Dec 20, 2011 (76 Fed. Reg. 78978))

B. Proposed Rule

1. On July 9, 2012, the CFPB issued a proposed rule.

C. Final Rule

1. On November 20, 2013, the CFPB issued its Final Rule titled “Integrated Mortgage Disclosures under the Real Estate Settlement Procedures Act (Regulation X) and the Truth-in-Lending Act (Regulation Z)” (the “Integrated Disclosure Rule”).<sup>3</sup>
2. Among other things, the Final Rule:
  - a) Combines the early TIL and GFE into a new Loan Estimate form.
  - b) Combines HUD-1 and final TIL into a new Closing Disclosure form.

NOTE: Settlement agent vetting, best practices, and other issues created by CFPB Bulletin 2012-03 are **NOT** part of the Integrated Disclosure Rule.

3. Transactions subject to the Integrated Disclosure Rule:
  - a) Applies to most consumer mortgages, EXCEPT:
    - (1) Home-equity lines of credit;
    - (2) Reverse mortgages;
    - (3) Mortgages secured by a mobile home or dwelling not attached to land;
    - (4) No-interest second mortgage made for down payment assistance, energy efficiency or foreclosure avoidance; and
    - (5) Loans made by a creditor who makes five or fewer mortgages in a year.
  - b) Certain loans that are currently subject to TILA but not RESPA will be subject to the Integrated Disclosure Rule, including:
    - (1) Construction-only loans; and
    - (2) Loans secured by vacant land or by 25 or more acres.

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<sup>3</sup> 78 FR 7973

- c) For transactions subject to TILA and to RESPA but NOT the Integrated Disclosure Rule:
  - (1) the TIL, GFE, and HUD-1 forms must be used.
  - (2) Example: For HELOCs and Reverse Mortgages, an early TIL and GFE will be provided upon the loan application, and the final TIL and HUD-1 will be provided at closing.
- d) For transactions NOT subject to TILA, RESPA, or the Integrated Disclosure Rule:
  - (1) the Loan Estimate and Closing Disclosure forms can be used, but are not required to be used.

#### 4. Liability

- a) TILA and RESPA were established by separate Acts and liability for violations of each act differs.
- b) The Integrated Disclosure Rule does not specify which disclosures are subject to TILA liability and which are subject to RESPA liability.
  - (1) CFPB says: “detailed discussions of the statutory authority for each of the integrated disclosure provisions provide sufficient guidance for industry, consumers, and the courts regarding liability issues raised by the commenters”.

#### 5. Timeline for Implementation

- a) Prior to August 1, 2015:
  - (1) The current regulations under Regulation X and Z and the current TILs, GFE, and HUD-1 forms must be used.
    - (a) The new forms and rules cannot be used.
  - (2) No staggered implementation like RESPA reform in 2010.
- b) On or After August 1, 2015:
  - (1) New regulations apply and the Loan Estimate and Closing Disclosure forms must be used for loan applications received on or after August 1, 2015.

D. Guidance

1. CFPB Website:

<http://www.consumerfinance.gov/regulations/integrated-mortgage-disclosures-under-the-real-estate-settlement-procedures-act-regulation-x-and-the-truth-in-lending-act-regulation-z/#rule>

<http://www.consumerfinance.gov/regulatory-implementation/tila-respa/>

2. ALTA Website:

<http://www.alta.org/cfpb/index.cfm>

<http://blog.alta.org/mortgage-disclosures/>

## LOAN ESTIMATE FORM<sup>4</sup>

### I. General

- A. The Loan Estimate form integrates and replaces the Initial TIL and the GFE.
- B. Form:
  - 1. Content requirements are set out in 12 CFR § 1026.37.
    - a) Some contents vary depending on the transaction.
  - 2. Model Form is contained in Appendix H-24(A).
    - a) 3 page form.
    - b) The Model Form includes:
      - (1) two variations of page one,
      - (2) four variations of page two, and
      - (3) four variations of page three.
  - 3. Examples of completed Loan Estimate Forms are included in Appendix H-24(B) through H-24(G).
- C. Who Provides the Loan Estimate:
  - 1. The creditor is required to provide the Loan Estimate.<sup>5</sup>
  - 2. Exception: where a mortgage broker receives the consumer's application, either the creditor or the mortgage broker may provide the Loan Estimate.<sup>6</sup>
- D. Timing of Delivery:
  - 1. The Loan Estimate must be provided within three "business days" of receipt of the consumer's loan application.<sup>7</sup>
    - a) For delivery of the Loan Estimate form, a "business day" is a day on which the creditor's offices are open to the public for carrying out substantially all of its business functions.<sup>8</sup>

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<sup>4</sup> 12 CFR § 1026.19(e) and § 1026.37

<sup>5</sup> 12 CFR § 1026.19(e)(1)(i)

<sup>6</sup> 12 CFR § 1026.19(e)(1)(ii)

<sup>7</sup> 12 CFR § 1026.19(e)(1)(iii)

<sup>8</sup> 12 CFR § 1026.2(a)(6), Comment 19(e)(1)(iii)-1

- b) Note that “business day” is defined differently for delivery of the Closing Disclosure form.

E. Tolerances

- 1. Tolerances, which were created in the 2010 RESPA Reform, remain in the Integrated Disclosure Rule.
- 2. Groups:
  - a) Zero Tolerance
  - b) 10% Tolerance
  - c) No Restriction

F. Written List of Service Providers<sup>9</sup>

- 1. Under the Integrated Disclosure Rule, creditors are still required to provide a written list of service providers for services for which the consumer can shop.
  - a) The List is a separate piece of paper and must include at least one provider for each service for the which borrower may shop.<sup>10</sup>

G. Title Insurance<sup>11</sup>

- 1. Items that are a component of title insurance, or are for conducting the closing, must include the introductory description of “Title - ”.
  - a) Examples:
    - Title - closing protection letter fee
    - Title - lender’s title insurance policy
  - b) Items that are required for the issuance of title insurance policies may include:
    - (1) Examination to determine insurability;
    - (2) Preparation and issuance of the title commitment;
    - (3) Resolution of underwriting issues and satisfying conditions for the issuance of title insurance policies;
    - (4) Preparation and issuance of the title insurance policies; and
    - (5) Payment of premiums for any lender’s title insurance coverage.

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<sup>9</sup> 12 CFR § 1026.19(e)(1)(vi)(c)

<sup>10</sup> Model Form contained in Appendix H-27(A)

<sup>11</sup> 12 CFR § 1026.37(f)(2)(i); (g)(4)(i) and (g)(4)(ii), Comments 37(f)(2)-3; 37(f)(2)-4, and 37(g)(4)-2

2. Disclosure of the Loan Policy:

- a) The Loan Policy will be disclosed in the Loan Costs table.
- b) The amount of the premium for the Loan Policy must be disclosed without any adjustment for the simultaneous purchase of an owner's title insurance policy.

3. Disclosure of the Owner's Policy:

- a) The Owner's Policy will be disclosed in the Other Costs table.
- b) The amount of the Owner's Policy is calculated by taking the full owner's title insurance premium, adding the simultaneous issuance premium for the lender's coverage (if any), and then deducting the full premium for lender's coverage.
- c) The parenthetical phrase "(optional)" must appear at the end of the label for Owner's Title Insurance.

H. Signature of the Consumer<sup>12</sup>

- 1. The consumer is not required to sign the Loan Estimate form, but a signature line can be added.
  - a) If added, it must contain the exact language from the model form.
- 2. If a signature line is not used, the Other Consideration table must include the following statement:

"You do not have to accept this loan because you have received this form or signed a loan application."

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<sup>12</sup> 12 CFR § 1026.37(n)(1) and (n)(2)

II. Example Loan Estimate Form

*Save this Loan Estimate to compare with your Closing Disclosure.*

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<p><b>Loan Estimate</b></p> <p>DATE ISSUED APPLICANTS</p> <p>PROPERTY SALE PRICE</p>	<p>LOAN TERM PURPOSE PRODUCT LOAN TYPE <input type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/> _____ LOAN ID # RATE LOCK <input type="checkbox"/> NO <input type="checkbox"/> YES, until <i>Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on</i></p>
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Loan Terms	Can this amount increase after closing?
<b>Loan Amount</b>	
<b>Interest Rate</b>	
<b>Monthly Principal &amp; Interest</b> <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	
<b>Does the loan have these features?</b>	
<b>Prepayment Penalty</b>	
<b>Balloon Payment</b>	

  

Projected Payments											
<b>Payment Calculation</b>											
Principal & Interest											
Mortgage Insurance											
Estimated Escrow <i>Amount can increase over time</i>											
<b>Estimated Total Monthly Payment</b>											
<b>Estimated Taxes, Insurance &amp; Assessments</b> <i>Amount can increase over time</i>	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;"><b>This estimate includes</b></td> <td style="width: 50%;"><b>In escrow?</b></td> </tr> <tr> <td><input type="checkbox"/> Property Taxes</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Homeowner's Insurance</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> <tr> <td colspan="2"><i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i></td> </tr> </table>	<b>This estimate includes</b>	<b>In escrow?</b>	<input type="checkbox"/> Property Taxes		<input type="checkbox"/> Homeowner's Insurance		<input type="checkbox"/> Other:		<i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i>	
<b>This estimate includes</b>	<b>In escrow?</b>										
<input type="checkbox"/> Property Taxes											
<input type="checkbox"/> Homeowner's Insurance											
<input type="checkbox"/> Other:											
<i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i>											

  

Costs at Closing	
<b>Estimated Closing Costs</b>	Includes _____ in Loan Costs + _____ in Other Costs – _____ in Lender Credits. <i>See page 2 for details.</i>
<b>Estimated Cash to Close</b>	Includes Closing Costs. <i>See Calculating Cash to Close on page 2 for details.</i>

  

Visit [www.consumerfinance.gov/mortgage-estimate](http://www.consumerfinance.gov/mortgage-estimate) for general information and tools.

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## Closing Cost Details

### Loan Costs

#### A. Origination Charges

% of Loan Amount (Points)

#### B. Services You Cannot Shop For

#### C. Services You Can Shop For

#### D. TOTAL LOAN COSTS (A + B + C)

### Adjustable Payment (AP) Table

Interest Only Payments?	
Optional Payments?	
Step Payments?	
Seasonal Payments?	
<b>Monthly Principal and Interest Payments</b>	
First Change/Amount	
Subsequent Changes	
Maximum Payment	

LOAN ESTIMATE

### Other Costs

#### E. Taxes and Other Government Fees

Recording Fees and Other Taxes  
Transfer Taxes

#### F. Prepays

Homeowner's Insurance Premium ( months)  
Mortgage Insurance Premium ( months)  
Prepaid Interest ( per day for days @ )  
Property Taxes ( months)

#### G. Initial Escrow Payment at Closing

Homeowner's Insurance	per month for	mo.
Mortgage Insurance	per month for	mo.
Property Taxes	per month for	mo.

#### H. Other

#### I. TOTAL OTHER COSTS (E + F + G + H)

#### J. TOTAL CLOSING COSTS

D + I  
Lender Credits

### Calculating Cash to Close

Total Closing Costs (J)  
Closing Costs Financed (Paid from your Loan Amount)  
Down Payment/Funds from Borrower  
Deposit  
Funds for Borrower  
Seller Credits  
Adjustments and Other Credits

#### Estimated Cash to Close

### Adjustable Interest Rate (AIR) Table

Index + Margin	
Initial Interest Rate	
Minimum/Maximum Interest Rate	
<b>Change Frequency</b>	
First Change	
Subsequent Changes	
<b>Limits on Interest Rate Changes</b>	
First Change	
Subsequent Changes	

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## Additional Information About This Loan

LENDER  
 NMLS/\_\_\_ LICENSE ID  
 LOAN OFFICER  
 NMLS/\_\_\_ LICENSE ID  
 EMAIL  
 PHONE

MORTGAGE BROKER  
 NMLS/\_\_\_ LICENSE ID  
 LOAN OFFICER  
 NMLS/\_\_\_ LICENSE ID  
 EMAIL  
 PHONE

### Comparisons

Use these measures to compare this loan with other loans.

<b>In 5 Years</b>	Total you will have paid in principal, interest, mortgage insurance, and loan costs. Principal you will have paid off.
<b>Annual Percentage Rate (APR)</b>	Your costs over the loan term expressed as a rate. This is not your interest rate.
<b>Total Interest Percentage (TIP)</b>	The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

### Other Considerations

- Appraisal** We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.
- Assumption** If you sell or transfer this property to another person, we  
 will allow, under certain conditions, this person to assume this loan on the original terms.  
 will not allow assumption of this loan on the original terms.
- Homeowner's Insurance** This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.
- Late Payment** If your payment is more than \_\_\_ days late, we will charge a late fee of \_\_\_\_\_
- Refinance** Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.
- Servicing** We intend  
 to service your loan. If so, you will make your payments to us.  
 to transfer servicing of your loan.

### Confirm Receipt

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

\_\_\_\_\_  
 Applicant Signature

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Co-Applicant Signature

\_\_\_\_\_  
 Date

LOAN ESTIMATE

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## CLOSING DISCLOSURE FORM<sup>13</sup>

### I. General

A. The Closing Disclosure form integrates and replaces the final TIL and HUD-1.

### B. The Form:

1. Content requirements are established by 12 CFR § 1026.38.
  - a) Some contents vary depending on the transaction.
2. Model Form is contained in Appendix H-25(A).
  - a) 5 page form.
  - b) The Model Form includes:
    - (1) Three variations of page one;
    - (2) One variation of page two;
    - (3) One variation of page three;
    - (4) Four variations of page four; and
    - (5) Four variations of page five.
3. Examples of completed Closing Disclosure Forms are included in Appendix H-25(B) through H-25(H).
4. Appendix H-25(I) contains a Model Form for a Separate Seller's Disclosure.
  - a) The Seller may be provided either:
    - (1) the standard Closing Disclosure Form, which contains both the Borrower and Seller's information, OR
    - (2) a separate disclosure from which includes only information applicable to the seller's transaction.

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<sup>13</sup> 12 CFR § 1026(19)(f) and § 1026.38

C. Who Prepares the Closing Disclosure Form:

1. The Lender is responsible for preparing the Closing Disclosure Form.<sup>14</sup>
  - a) However, the Lender and Settlement Agent may agree to divide the responsibility, with the Settlement Agent completing some or all of the disclosures.<sup>15</sup>

D. Who Provides the Closing Disclosure Form:

1. Borrower: The Lender is responsible for providing the Closing Disclosure to the Borrower.<sup>16</sup>
  - a) However, the Lender may contract with the Settlement Agent to have the Settlement Agent provide the Closing Disclosure to the Borrower.<sup>17</sup>
    - (1) The Lender is legally responsible for any errors or defects.
2. Seller: The Settlement Agent is responsible for providing the Closing Disclosure or Seller's Separate Disclosure Form to the Seller.<sup>18</sup>
  - a) If the Settlement Agent provides the Seller's Separate Disclosure instead of the Closing Disclosure, the Settlement Agent must also provide a copy to the Lender.<sup>19</sup>

E. Timing of Delivery

1. Borrower:
  - a) The Closing Disclosure must be provided to the Borrower no later than 3 business days before consummation.<sup>20</sup>
    - (1) The loan cannot be consummated less than 3 business days after the Closing Disclosure is received by the Borrower.
      - (a) The Rule contains an exception for a bona fide personal financial emergency.<sup>21</sup>

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<sup>14</sup> 12 CFR § 1026.19(f)(1)(i)

<sup>15</sup> 12 CFR § 1029.19(f)(i)(v) and Comment 19(f)(1)(v)-4.

<sup>16</sup> 12 CFR § 1026.19(f)(1)(i)

<sup>17</sup> 12 CFR § 1026.19(f)(1)(v)

<sup>18</sup> 12 CFR § 1026.19(f)(4)

<sup>19</sup> 12 CFR § 1026.19(f)(4)(iv)

<sup>20</sup> 12 CFR § 1026.19(f)(1)(ii)

<sup>21</sup> 12 CFR § 1026.19(f)(1)(iv)

(2) For the Closing Disclosure, a “business day” means all calendar days except Sundays and the legal public holidays specified in 5 U.S.C. 6103(a).<sup>22</sup>

(a) Note that “business day” is defined differently for delivery of the Loan Estimate Form.

(b) The legal public holidays pursuant to 5 U.S.C. § 6103(a):

(i) New Year’s Day, January 1.

(ii) Birthday of Martin Luther King, Jr., the third Monday in January.

(iii) Washington’s Birthday, the third Monday in February.

(iv) Memorial Day, the last Monday in May.

(v) Independence Day, July 4.

(vi) Labor Day, the first Monday in September.

(vii) Columbus Day, the second Monday in October.

(viii) Veterans Day, November 11.

(ix) Thanksgiving Day, the fourth Thursday in November.

(x) Christmas Day, December 25.

b) When the Closing Disclosure is considered received by the Borrower depends on the method of delivery:

(1) If provided in person, it is considered received on the day it is provided.

(2) If mailed or delivered electronically, it is considered received 3 business days AFTER it is sent.<sup>23</sup>

c) The Three Day Waiting Period, combined with the Three Day Mailing Rule essentially means that, unless the Closing Disclosure is delivered in person, the Closing Disclosure must be finished at least 7 days before the Closing Date (or longer if there is a Holiday).

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<sup>22</sup> 12 CFR § 1026.2(a)(6)

<sup>23</sup> 12 CFR § 1026.19(f)(1)(iii)

- (1) For a chart to help calculate dates, see:

<http://blog.alt.org/2014/08/how-to-comply-with-the-closing-disclosures-three-day-rule.html>

- d) Changes to the Closing Disclosure form:

- (1) A corrected Closing Disclosure must be delivered and another Three Day Waiting Period must be given if there are:<sup>24</sup>

- (a) Changes to the loan's APR;
- (b) Changes to the loan product; or
- (c) The addition of a prepayment penalty.

- (2) If there are any other changes, the corrected Closing Disclosure must be provided to the Borrower at or before consummation.<sup>25</sup>

2. Seller: The Closing Disclosure or Seller's Separate Disclosure must be provided to the Seller at consummation.<sup>26</sup>

#### F. Title Insurance

1. Title Insurance is disclosed in the same manner as disclosed on the Loan Estimate form.<sup>27</sup>

#### G. Signatures<sup>28</sup>

1. The consumer is not required to sign the Closing form, but a signature line can be added.
  - a) If added, it must contain the exact language from the model form.
2. COMMENT: Given the limitations on the signature on the Closing Disclosure, it may be prudent to create a separate form signed by all parties showing income and disbursements, attesting to the accuracy thereof, and authorizing the Settlement Agent to disburse as listed.

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<sup>24</sup> 12 CFR § 1026.19(f)(2)(ii)

<sup>25</sup> 12 CFR § 1026.19(f)(2)(i)

<sup>26</sup> 12 CFR § 1026.19(f)(4)(i) and (f)(4)(ii)

<sup>27</sup> 12 CFR § 1026.38(g)(4)(i) and (g)(4)(ii)

<sup>28</sup> 12 CFR § 1026.38(s)(1) and (s)(2)

II. Wells Fargo Settlement Agent Communications dated September 24, 2014

A. Wells Fargo announced its plans for preparation and delivery of the Closing Disclosure Form:

1. Borrowers: Wells Fargo will prepare and deliver the Closing Disclosure to the Borrowers.
  - a) Wells Fargo recognized that they will have to work with Settlement Agents to obtain the information for the Closing Disclosure.
2. Sellers: The Settlement Agent will prepare and deliver the Seller's Closing Disclosure to the Sellers and deliver a copy to Wells Fargo.

III. Example of the Closing Disclosure Form

<b>Closing Disclosure</b>		This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.	
<b>Closing Information</b> Date Issued Closing Date Disbursement Date Settlement Agent File # Property Sale Price	<b>Transaction Information</b> Borrower Seller Lender	<b>Loan Information</b> Loan Term Purpose Product Loan Type <input type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/> _____ Loan ID # MIC #	
<b>Loan Terms</b>		<b>Can this amount increase after closing?</b>	
<b>Loan Amount</b>			
<b>Interest Rate</b>			
<b>Monthly Principal &amp; Interest</b> <small>See Projected Payments below for your Estimated Total Monthly Payment</small>			
<b>Does the loan have these features?</b>			
<b>Prepayment Penalty</b>			
<b>Balloon Payment</b>			
<b>Projected Payments</b>			
<b>Payment Calculation</b>			
Principal & Interest			
Mortgage Insurance			
Estimated Escrow <small>Amount can increase over time</small>			
<b>Estimated Total Monthly Payment</b>			
<b>Estimated Taxes, Insurance &amp; Assessments</b> <small>Amount can increase over time See page 4 for details</small>	<b>This estimate includes</b> <input type="checkbox"/> Property Taxes <input type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <small>See Escrow Account on page 4 for details. You must pay for other property costs separately.</small>	<b>In escrow?</b>	
<b>Costs at Closing</b>			
<b>Closing Costs</b>	Includes _____ in Loan Costs + _____ in Lender Credits. <small>See page 2 for details.</small>		
<b>Cash to Close</b>	Includes Closing Costs. <small>See Calculating Cash to Close on page 3 for details.</small>		
CLOSING DISCLOSURE		PAGE 1 OF 5 • LOAN ID #	



## Closing Cost Details

Loan Costs	Borrower-Paid		Seller-Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
<b>A. Origination Charges</b>					
01 % of Loan Amount (Points)					
02					
03					
04					
05					
06					
07					
08					
<b>B. Services Borrower Did Not Shop For</b>					
01					
02					
03					
04					
05					
06					
07					
08					
09					
10					
<b>C. Services Borrower Did Shop For</b>					
01					
02					
03					
04					
05					
06					
07					
08					
<b>D. TOTAL LOAN COSTS (Borrower-Paid)</b>					
Loan Costs Subtotals (A + B + C)					
<b>Other Costs</b>					
<b>E. Taxes and Other Government Fees</b>					
01 Recording Fees                      Deed:                      Mortgage:					
02					
<b>F. Prepays</b>					
01 Homeowner's Insurance Premium (    mo.)					
02 Mortgage Insurance Premium (    mo.)					
03 Prepaid Interest (    per day from    to    )					
04 Property Taxes (    mo.)					
05					
<b>G. Initial Escrow Payment at Closing</b>					
01 Homeowner's Insurance                      per month for    mo.					
02 Mortgage Insurance                      per month for    mo.					
03 Property Taxes                      per month for    mo.					
04					
05					
06					
07					
08 Aggregate Adjustment					
<b>H. Other</b>					
01					
02					
03					
04					
05					
06					
07					
08					
<b>I. TOTAL OTHER COSTS (Borrower-Paid)</b>					
Other Costs Subtotals (E + F + G + H)					
<b>J. TOTAL CLOSING COSTS (Borrower-Paid)</b>					
Closing Costs Subtotals (D + I)					
Lender Credits					

**Calculating Cash to Close**

Use this table to see what has changed from your Loan Estimate.

	Loan Estimate	Final	Did this change?
Total Closing Costs (J)			
Closing Costs Paid Before Closing			
Closing Costs Financed (Paid from your Loan Amount)			
Down Payment/Funds from Borrower			
Deposit			
Funds for Borrower			
Seller Credits			
Adjustments and Other Credits			
<b>Cash to Close</b>			

**Summaries of Transactions**

Use this table to see a summary of your transaction.

**BORROWER'S TRANSACTION****K. Due from Borrower at Closing**

01 Sale Price of Property	
02 Sale Price of Any Personal Property Included in Sale	
03 Closing Costs Paid at Closing (J)	
04	
<b>Adjustments</b>	
05	
06	
07	
<b>Adjustments for Items Paid by Seller in Advance</b>	
08 City/Town Taxes to	
09 County Taxes to	
10 Assessments to	
11	
12	
13	
14	
15	

**L. Paid Already by or on Behalf of Borrower at Closing**

01 Deposit	
02 Loan Amount	
03 Existing Loan(s) Assumed or Taken Subject to	
04	
05 Seller Credit	
<b>Other Credits</b>	
06	
07	
<b>Adjustments</b>	
08	
09	
10	
11	
<b>Adjustments for Items Unpaid by Seller</b>	
12 City/Town Taxes to	
13 County Taxes to	
14 Assessments to	
15	
16	
17	

**CALCULATION**

Total Due from Borrower at Closing (K)	
Total Paid Already by or on Behalf of Borrower at Closing (L)	
<b>Cash to Close</b> <input type="checkbox"/> From <input type="checkbox"/> To Borrower	

**SELLER'S TRANSACTION****M. Due to Seller at Closing**

01 Sale Price of Property	
02 Sale Price of Any Personal Property Included in Sale	
03	
04	
05	
06	
07	
08	
<b>Adjustments for Items Paid by Seller in Advance</b>	
09 City/Town Taxes to	
10 County Taxes to	
11 Assessments to	
12	
13	
14	
15	
16	

**N. Due from Seller at Closing**

01 Excess Deposit	
02 Closing Costs Paid at Closing (J)	
03 Existing Loan(s) Assumed or Taken Subject to	
04 Payoff of First Mortgage Loan	
05 Payoff of Second Mortgage Loan	
06	
07	
08 Seller Credit	
09	
10	
11	
12	
13	
<b>Adjustments for Items Unpaid by Seller</b>	
14 City/Town Taxes to	
15 County Taxes to	
16 Assessments to	
17	
18	
19	

**CALCULATION**

Total Due to Seller at Closing (M)	
Total Due from Seller at Closing (N)	
<b>Cash</b> <input type="checkbox"/> From <input type="checkbox"/> To Seller	

## Additional Information About This Loan

### Loan Disclosures

#### Assumption

If you sell or transfer this property to another person, your lender

- will allow, under certain conditions, this person to assume this loan on the original terms.
- will not allow assumption of this loan on the original terms.

#### Demand Feature

Your loan

- has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details.
- does not have a demand feature.

#### Late Payment

If your payment is more than \_\_\_ days late, your lender will charge a late fee of \_\_\_\_\_

#### Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

- are scheduled to make monthly payments that do not pay all of the interest due that month. As a result, your loan amount will increase (negatively amortize), and your loan amount will likely become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
- may have monthly payments that do not pay all of the interest due that month. If you do, your loan amount will increase (negatively amortize), and, as a result, your loan amount may become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
- do not have a negative amortization feature.

#### Partial Payments

Your lender

- may accept payments that are less than the full amount due (partial payments) and apply them to your loan.
- may hold them in a separate account until you pay the rest of the payment, and then apply the full payment to your loan.
- does not accept any partial payments.

If this loan is sold, your new lender may have a different policy.

#### Security Interest

You are granting a security interest in \_\_\_\_\_

\_\_\_\_\_

You may lose this property if you do not make your payments or satisfy other obligations for this loan.

### Adjustable Payment (AP) Table

Interest Only Payments?	
Optional Payments?	
Step Payments?	
Seasonal Payments?	
<b>Monthly Principal and Interest Payments</b>	
First Change/Amount	
Subsequent Changes	
Maximum Payment	

CLOSING DISCLOSURE

#### Escrow Account

For now, your loan

- will have an escrow account (also called an "impound" or "trust" account) to pay the property costs listed below. Without an escrow account, you would pay them directly, possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment.

Escrow		
Escrowed Property Costs over Year 1		Estimated total amount over year 1 for your escrowed property costs:
Non-Escrowed Property Costs over Year 1		Estimated total amount over year 1 for your non-escrowed property costs:  You may have other property costs.
Initial Escrow Payment		A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment		The amount included in your total monthly payment.

- will not have an escrow account because  you declined it  your lender does not offer one. You must directly pay your property costs, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.

#### No Escrow

Estimated Property Costs over Year 1		Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee		

#### In the future,

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

### Adjustable Interest Rate (AIR) Table

Index + Margin	
Initial Interest Rate	
Minimum/Maximum Interest Rate	
<b>Change Frequency</b>	
First Change	
Subsequent Changes	
<b>Limits on Interest Rate Changes</b>	
First Change	
Subsequent Changes	

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**Loan Calculations**

<b>Total of Payments.</b> Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	
<b>Finance Charge.</b> The dollar amount the loan will cost you.	
<b>Amount Financed.</b> The loan amount available after paying your upfront finance charge.	
<b>Annual Percentage Rate (APR).</b> Your costs over the loan term expressed as a rate. This is not your interest rate.	
<b>Total Interest Percentage (TIP).</b> The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	



**Questions?** If you have questions about the loan terms or costs on this form, use the contact information below. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at [www.consumerfinance.gov/mortgage-closing](http://www.consumerfinance.gov/mortgage-closing)

**Other Disclosures**

**Appraisal**

If the property was appraised for your loan, your lender is required to give you a copy at no additional cost at least 3 days before closing. If you have not yet received it, please contact your lender at the information listed below.

**Contract Details**

See your note and security instrument for information about

- what happens if you fail to make your payments,
- what is a default on the loan,
- situations in which your lender can require early repayment of the loan, and
- the rules for making payments before they are due.

**Liability after Foreclosure**

If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan,

state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and have to pay any debt remaining even after foreclosure. You may want to consult a lawyer for more information.

state law does not protect you from liability for the unpaid balance.

**Refinance**

Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.

**Tax Deductions**

If you borrow more than this property is worth, the interest on the loan amount above this property's fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.

**Contact Information**

	Lender	Mortgage Broker	Real Estate Broker (B)	Real Estate Broker (S)	Settlement Agent
<b>Name</b>					
<b>Address</b>					
<b>NMLS ID</b>					
<b>__ License ID</b>					
<b>Contact</b>					
<b>Contact NMLS ID</b>					
<b>Contact __ License ID</b>					
<b>Email</b>					
<b>Phone</b>					

**Confirm Receipt**

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

Applicant Signature \_\_\_\_\_ Date \_\_\_\_\_

Co-Applicant Signature \_\_\_\_\_ Date \_\_\_\_\_

CLOSING DISCLOSURE

PAGE 5 OF 5 - LOAN ID #



IV. Example of Appendix H-25(I) Separate Seller's Disclosure.

## Closing Disclosure

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**Closing Information**

Date Issued  
 Closing Date  
 Disbursement Date  
 Settlement Agent  
 File #  
 Property

Sale Price

**Transaction Information**

Borrower

Seller

**Summaries of Transactions**

**SELLER'S TRANSACTION**

**Due to Seller at Closing**

01 Sale Price of Property

02 Sale Price of Any Personal Property Included in Sale

03

04

05

06

07

08

**Adjustments for Items Paid by Seller in Advance**

09 City/Town Taxes to

10 County Taxes to

11 Assessments to

12

13

14

15

16

**Due from Seller at Closing**

01 Excess Deposit

02 Closing Costs Paid at Closing (J)

03 Existing Loan(s) Assumed or Taken Subject to

04 Payoff of First Mortgage Loan

05 Payoff of Second Mortgage Loan

06

07

08 Seller Credit

09

10

11

12

13

**Adjustments for Items Unpaid by Seller**

14 City/Town Taxes to

15 County Taxes to

16 Assessments to

17

18

19

**CALCULATION**

Total Due to Seller at Closing

Total Due from Seller at Closing

Cash  From  To Seller

**Contact Information**

**REAL ESTATE BROKER (B)**

Name

Address

License ID

Contact

Contact License ID

Email

Phone

**REAL ESTATE BROKER (S)**

Name

Address

License ID

Contact

Contact License ID

Email

Phone

**SETTLEMENT AGENT**

Name

Address

License ID

Contact

Contact License ID

Email

Phone

?

**Questions?** If you have questions about the loan terms or costs on this form, use the contact information above. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at [www.consumerfinance.gov/mortgage-closing](http://www.consumerfinance.gov/mortgage-closing)

CLOSING DISCLOSURE

PAGE 1 OF 2

## Closing Cost Details

Loan Costs	Seller-Paid	
	At Closing	Before Closing
<b>A. Origination Charges</b>		
01 % of Loan Amount (Points)		
02		
03		
04		
05		
06		
07		
08		
<b>B. Services Borrower Did Not Shop For</b>		
01		
02		
03		
04		
05		
06		
07		
08		
<b>C. Services Borrower Did Shop For</b>		
01		
02		
03		
04		
05		
06		
07		
08		

Other Costs		
<b>E. Taxes and Other Government Fees</b>		
01 Recording Fees	Deed: _____ Mortgage: _____	
02		
<b>F. Prepays</b>		
01 Homeowner's Insurance Premium ( ____ mo.)		
02 Mortgage Insurance Premium ( ____ mo.)		
03 Prepaid Interest ( _____ per day from _____ to _____ )		
04 Property Taxes ( ____ mo.)		
05		
<b>G. Initial Escrow Payment at Closing</b>		
01 Homeowner's Insurance	per month for ____ mo.	
02 Mortgage Insurance	per month for ____ mo.	
03 Property Taxes	per month for ____ mo.	
04		
05		
06		
07		
08 Aggregate Adjustment		
<b>H. Other</b>		
01		
02		
03		
04		
05		
06		
07		
08		
09		
10		
11		
12		
13		
<b>J. TOTAL CLOSING COSTS</b>		

## **IMPLEMENTATION CONCERNS**

- Role of the Settlement Agent in preparing and delivering the Closing Disclosure form.
- Training.
- Software.
- Impact of the 3 Day Rule.
- Creation of a new disbursement form.