

# CFPB Loan and Closing Disclosures



MERIDIAN  
TITLE CORPORATION

Presented by  
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## The Dodd-Frank Act

- July 2010
  - Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act.
  - Title X of the Act
    - Creation of the Consumer Financial Protection Bureau (CFPB)
    - Transferred the authority to regulate RESPA from HUD to the CFPB
    - Mandated the integration of RESPA and TILA disclosure forms
- July 2012- Proposal Made Public
  - Included 1,099 pages
  - Required receipt of Closing Disclosure 3 days prior to closing
  - Any changes to Closing Statement could require a rescheduling of closing to meet the 3 day prior requirement

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## Final Ruling & Forms Released November 20, 2013

- Ruling includes 1,888 pages
- Implementation will be with loan applications taken after October 3, 2015.
- Loan Estimate must be delivered within 3 days after application has been made
- Closing Disclosure must be delivered to consumer 3 days prior to closing
- Applies To:
  - Most closed end consumer mortgage loans
- Does Not Apply To:
  - Home equity lines of credit
  - Reverse mortgages
  - Mortgage loans secured by a mobile home or by a dwelling that is not attached to real property
  - A creditor who makes five or fewer mortgages in a year
  - Commercial loans unless 1-4 residential properties
  - Certain no interest loans secured by subordinate liens made for purpose of down payments or similar home buyer assistance, property rehab, energy efficiency or foreclosure avoidance or prevention
  - Cash Transactions




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## CFPB Terms and Definitions

Term	Definition
Consumers	= Borrowers
Creditors	= Lenders
Application	= Submission of a consumer's financial information for purposes of obtaining an extension of credit
Issue	= To deliver or place in the mail, the application disclosure
Consummation	= Date a consumer becomes contractually obligated on a credit transaction
Settlement	= Process of executing legally binding documents regarding a lien on a property subject to a federally related mortgage loan
TRID	= TILA RESPA Integrated Disclosures
Collaboration	= The action of working with someone to produce or create something
Bifurcate	= Divide into 2 sections
ECOA	= Equal Credit Opportunity Act
MIC#	= Mortgage Insurance Case Number

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## CFPB Terms and Definitions

<u>Term</u>	<u>Definition</u>
Business Day/Loan Estimate	Day on which the creditor's offices are open to the public for carrying out substantially all of its business functions
Business Day/All Other Purposes	All calendar days except Sundays and legal public holidays specified in U.S.C. 6103(a)

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## October 3, 2015 Which Documents Will Apply?

For Qualifying Loans

- Loan Estimate to be used for loan applications taken October 3<sup>rd</sup> & after
- Loan Estimate may not be used for loan applications taken before October 3<sup>rd</sup>
- Closing Disclosure to be used for loan applications taken October 3<sup>rd</sup> & after in conjunction with Loan Estimate
- GFE & TIL must be used for loan applications taken before October 3<sup>rd</sup>
- HUD-1 to be used for loan applications taken before October 3<sup>rd</sup> in conjunction with GFE & TIL

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## What Does New Ruling Mean for Consumers?

Combining several forms and additional statutory disclosure requirements into two forms. This will reduce paperwork and consumer confusion.

- Using clear language and design that will help consumers understand complicated mortgage loan and real estate transactions.
- Highlighting the information that has proven to be most important to consumers:
  - On the new forms; 1)the interest rate, 2)monthly payments, and 3)total closing costs will be clearly presented on the first page.

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## What Does New Ruling Mean for Consumers

- Providing more information about the costs of taxes and insurance and how the interest rate and payments may change in the future.
- This information will help consumers decide whether they can afford the mortgage loan and the home, now and in the future.
- Warning consumers about features they may want to avoid, like penalties for paying off the loan early or increases to the mortgage loan balance even if payments are made on time.

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## Consumer Benefits Continued

- Making the cost estimates consumers receive for services required to close a mortgage loan more reliable, for example, appraisal or pest inspection fees.
  - The rule prohibits increases in charges from lenders, their affiliates, and for services for which the lender does not permit the consumer to shop unless a specific exception applies.
  - Examples of the specific exceptions include when information provided by a consumer at application was inaccurate or becomes inaccurate, or when the consumer asks for a change in the services.
- Requiring that consumers receive the Closing Disclosure at least three business days before closing on the mortgage loan.
  - Currently, consumers often receive this information at closing or shortly before closing.
  - This additional time will allow consumers to compare the final terms and costs to the terms and costs they received in the estimate.
  - Will better equip them to raise any questions before they go to the closing table.

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## The Mortgage Disclosures

- **Loan Estimate -- Combination of Initial TIL and GFE**
  - Three business days after application
  - Seven business days prior to consummation
- **Closing Disclosure -- Combination of HUD and Final TIL**
  - Three business days before closing
  - Seller must receive no later than day of consummation

### Waiver of waiting periods permitted

In bona fide financial emergencies  
Written statement by consumer  
No printed forms

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## Definition of "Business Day"

Not one, but two definitions

- **General** – a day on which the creditor's offices are open to the public for carrying on substantially all of its business functions
- **Specific**- all days except Sundays and the legal public holidays specified in 5 U.S.C. 6103 (a), such as New Year's Day, the Birthday of Martin Luther King, Jr., Washington's Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day
- **When Do I Use the General Definition of Business Day?**
  - To measure the three business days from Application to provide original Loan Estimate
  - To measure the three business days from an event to provide revised Loan Estimate
- **When Do I Use the Specific Definition of Business Day?**
  - To measure waiting periods to closing for delivery of closing disclosure
  - For mailing assumptions
  - Post-Consummation Escrow Disclosure
- **Can a lender always use the Specific definition**
  - Yes

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## Loan Estimate – Timing

- **Must be delivered or placed in mail within 3 business days of receiving consumer's application for a loan**
- Creditor-based definition of 'business day' applies to timeframe to deliver or place in mail-same as current law.
  - Any day on which creditor's offices are open to the public for conducting substantially all of its business functions.
- **Delivery in person-receipt upon delivery**
- **Anything other than delivery in person—"mailing rule" applies**
- Deemed receipt 3 business days after mailing or delivery by any other method, including electronic.
  - Specific definition of 'business day' applies.
- Or may rely on proof of actual receipt.
- **If multiple applicants /consumers all must be shown on Loan Estimate, but delivery can be to just one**
- **Loan Estimate also must be delivered or placed in mail at least 7 business days before consummation**
- Same as MDIA for TILA initial disclosures.
- Specific definition of 'business day' applies.
- Consumer may waive or modify waiting period based on a bona fide personal financial emergency.
  - Waiver or modification often not an issue as a practical matter, but if you are thinking about waiver or modification, forget about it!

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## Narrowed Definition of Application

The proposed rule amends the current definition of application and requires the lender to provide borrower with a Loan Estimate within 3 days of completing application

- **CFPB's definition of Application**
  - Contains 6 pieces of information that the lender can collect
    - Consumer's name
    - Consumer's income
    - Property Address
    - Estimate value of the property or sales price on a purchase transaction
    - Mortgage loan amount sought
    - Social Security Number

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## Application Continued

Lender may request additional information such as the Purchase Agreement, loan and property type to assist in preparation of Loan Disclosure, however, if items are not received, Creditor must still deliver loan estimate once they receive the 6 elements.

Creditors may delay receiving the 6<sup>th</sup> piece of information such as the SS# until they receive certain other information such as the loan type etc, but once all 6 are received you must deliver the Loan Estimate within 3 days.

Online systems will need to allow for "submission" with only these 6 pieces.

Creditors are limited to collecting only a fee necessary to obtain credit report until the consumer gives intent to proceed after receiving the loan estimate.

Not allowed to obtain post dated checks or retain credit card information if used for credit report cost.

Consumer has 10 days to give lender "intent to proceed"

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## Pre-Application Worksheet and Disclosure

- If consumer provided with a written estimate of terms or costs specific to that consumer before the creditor receives a loan application, document must include disclaimer:
  - **"Your actual rate, payment, and costs could be higher. Get an official Loan Estimate before choosing a loan."**
- Disclaimer must appear at the top on first page of estimate in 12-point or larger font
- Model Form H26
  - Can ask for credit verification documentation as long as you don't receive 6 pieces that define an application

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## Loan Estimate

- Is a combination of the TIL & GFE
- Can be provided by Mortgage Broker or Creditor
- Regardless of who delivers, the creditor remains responsible for complying with provisions of the form including 3 day timeline

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# Loan Estimate

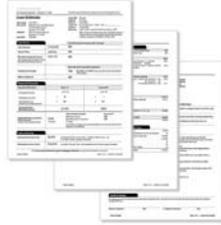
## BEFORE

Current: Initial TIL disclosure + Good Faith Estimate



## AFTER

New: Loan Estimate



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## Loan Estimate

**DATE ISSUED** 2/15/2013  
**APPLICANTS** Michael Jones and Mary Stone  
 123 Anywhere Street  
 Anytown, ST 12345  
**PROPERTY** 456 Somewhere Avenue  
 Anytown, ST 12345  
**SALE PRICE** \$180,000

**LOAN TERM** 30 years  
**PURPOSE** Purchase  
**PRODUCT** Fixed Rate  
**LOAN TYPE**  Conventional  FHA  VA  \_\_\_\_\_  
**LOAN ID #** 123456789  
**RATE LOCK**  NO  YES, until 4/16/2013 at 5:00 p.m. EDT  
*Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on 3/4/2013 at 5:00 p.m. EDT*

Loan Terms		Can this amount increase after closing?
<b>Loan Amount</b>	\$162,000	<b>NO</b>
<b>Interest Rate</b>	3.875%	<b>NO</b>
<b>Monthly Principal &amp; Interest</b> <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$761.78	<b>NO</b>
<b>Does the loan have these features?</b>		
<b>Prepayment Penalty</b>	<b>YES</b> • As high as \$3,240 if you pay off the loan during the first 2 years	
<b>Balloon Payment</b>	<b>NO</b>	

Projected Payments		
Payment Calculation	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82	+ —
Estimated Escrow <i>Amount can increase over time</i>	+ 206	+ 206
<b>Estimated Total Monthly Payment</b>	<b>\$1,050</b>	<b>\$968</b>
<b>Estimated Taxes, Insurance &amp; Assessments</b> <i>Amount can increase over time</i>	\$206 a month	<b>This estimate includes</b> <input checked="" type="checkbox"/> Property Taxes <input checked="" 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>In escrow?</b> <b>YES</b> <b>YES</b>

Costs at Closing	
<b>Estimated Closing Costs</b>	\$8,054 Includes \$5,672 in Loan Costs + \$2,382 in Other Costs – \$0 in Lender Credits. <i>See page 2 for details.</i>
<b>Estimated Cash to Close</b>	\$16,054 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.



## Additional Information About This Loan

**LENDER** Ficus Bank  
**NMLS/\_\_\_ LICENSE ID**  
**LOAN OFFICER** Joe Smith  
**NMLS/\_\_\_ LICENSE ID** 12345  
**EMAIL** joesmith@ficusbank.com  
**PHONE** 123-456-7890

**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>	<b>\$56,582</b> Total you will have paid in principal, interest, mortgage insurance, and loan costs. <b>\$15,773</b> Principal you will have paid off.
<b>Annual Percentage Rate (APR)</b>	<b>4.274%</b> Your costs over the loan term expressed as a rate. This is not your interest rate.
<b>Total Interest Percentage (TIP)</b>	<b>69.45%</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 15 days late, we will charge a late fee of 5% of the monthly principal and interest payment.

#### 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

## The Loan Estimate Form

- Page 1
  - Provides the loan terms
- Page 2
  - Analyses loan fees and gives estimated Cash to Close
- Page 3
  - Additional information about the loan and the information originally found on initial TIL.

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## Loan Estimate

- Unlike with the GFE, when the lender is completing the Loan Estimate, they must show all the charges in each category in **alphabetical order**
- If the owner's premium is to be paid by borrower, the charge must be shown as "**optional**" in the description and be calculated at the full owners premium plus simultaneous amount less full loan premium
- The instructions for completing the form require the lender **group the title related charges together** by using the word "**Title**" before each charge and then **alphabetizing** the list thereafter
- Loan policy premiums are to be quoted as full basic premiums, not enhanced policy, without simultaneous issue discounts, other discounts may be reflected
- Unlike the current RESPA rule, the owner's policy is **not** required to be shown as a borrower charge if the seller is paying the premium

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## Loan Estimate

- Just like the GFE, the consumer is encouraged to shop the loan program against other loan programs
- The final rule and the Official Interpretations (on which creditors and other persons can rely) contain detailed instructions as to how each line on the Loan Estimate form should be completed
- There are sample forms for different types of loan products
- Spanish language versions of the Loan Estimate will be available
- The Loan Estimate form also incorporates new disclosures required by Congress under the Dodd-Frank Act

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## Variations...the New Tolerances

### Tolerances now called "Variations"

- The CFPB— like the RESPA rules — places a tolerance level on charges that increase at closing
- As with the RESPA rules, the cost of certain items may not change from the time of the initial disclosure
- Other charges from provider not shown on the lender's list can go up at closing with no penalty to the lender
- Must contain a "good faith" estimate of all credit cost and terms with the best information available, using due diligence in obtaining all information needed, including amounts consumer is likely to pay or has contracted with persons other than creditor

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## Variation Buckets

- No Variations (Zero Bucket) expanded to include:
  - Affiliate charges
  - Fees paid to unaffiliated SSP that consumer cannot shop for
  - Fees paid to creditor or mortgage broker
  - Transfer Taxes
  - Lender Credit
- Limited Increases (10% Bucket)
  - Charge paid to unaffiliated SSP selected from creditor's SSPL
  - Recording Charges
- Variations permitted (No Tolerance Bucket)
  - SSP shopped for by consumer
  - Prepaid interest
  - Property insurance premiums
  - Escrow amounts, impound reserves
  - Charges paid for third party services not required by lender (new)
  - Owners Title Insurance, when not required by the lender

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## Exceptions

- The consumer asks for a change
- The consumer chooses a service provider that was not identified by the creditor
- The information provided at application was inaccurate or becomes inaccurate
- The Loan Estimate expires

When an exception applies, the creditor generally must provide an updated Loan Estimate form within three business days, unless the change does not cause the aggregate total to increase above 10%.

If interest rate change, the revised disclosure must go out within 3 days

Creditor must supply consumer a revised Loan Estimate within 3 days of consumer locking in an interest rate (this recently changed from a 1 day requirement)

Consumer must receive revision no later than 4 days before closing, if less than 4 days, the change will appear on the Closing Disclosure, which means if mailing rule applies, loan estimate must be placed in the mail 7 days before consummation.

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## Loan Estimate

- The instructions for completing the form require the lender **group the title related charges together** by using the word **"Title"** before each charge and then **alphabetizing** the list thereafter.

C. Services You Can Shop For	\$3,198
Pest Inspection Fee	\$135
Survey Fee	\$65
Title – Insurance Binder	\$700
Title – Lender's Title Policy	\$535
Title – Title Search	\$1,261
Title – Settlement Agent Fee	\$502

- Loan policy premiums are to be quoted as full premiums without simultaneous issue discounts, other discounts may be reflected.

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## Loan Estimate

Just like the GFE, the consumer is encouraged to shop the loan program against other loan programs

Comparisons	Use these measures to compare this loan with other loans.	
In 5 Years	\$56,582	Total you will have paid in principal, interest, mortgage insurance, and loan costs.
	\$15,773	Principal you will have paid off.
Annual Percentage Rate (APR)	4.494%	Your costs over the loan term expressed as a rate. This is not your interest rate.
Total Interest Percentage (TIP)	69.447%	The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

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## Closing Disclosure

Current: Final TIL disclosure + HUD-1 Settlement Statement      New: Closing Disclosure

The image shows a side-by-side comparison of two sets of closing disclosure forms. On the left, under the heading 'Current: Final TIL disclosure + HUD-1 Settlement Statement', there are four separate forms: a Loan Estimate, a HUD-1 Settlement Statement, a Closing Disclosure, and a TIL Disclosure. On the right, under the heading 'New: Closing Disclosure', there are two larger, more integrated forms that combine the information from the previous forms into a single document.

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# Closing Disclosure

This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

## Closing Information

**Date Issued** 4/15/2013  
**Closing Date** 4/15/2013  
**Disbursement Date** 4/15/2013  
**Settlement Agent** Epsilon Title Co.  
**File #** 12-3456  
**Property** 456 Somewhere Ave  
 Anytown, ST 12345  
**Sale Price** \$180,000

## Transaction Information

**Borrower** Michael Jones and Mary Stone  
 123 Anywhere Street  
 Anytown, ST 12345  
**Seller** Steve Cole and Amy Doe  
 321 Somewhere Drive  
 Anytown, ST 12345  
**Lender** Ficus Bank

## Loan Information

**Loan Term** 30 years  
**Purpose** Purchase  
**Product** Fixed Rate  
**Loan Type**  Conventional  FHA  
 VA  \_\_\_\_\_  
**Loan ID #** 123456789  
**MIC #** 000654321

Loan Terms	Can this amount increase after closing?	
<b>Loan Amount</b>	\$162,000	<b>NO</b>
<b>Interest Rate</b>	3.875%	<b>NO</b>
<b>Monthly Principal &amp; Interest</b> <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$761.78	<b>NO</b>
<b>Prepayment Penalty</b>	<b>Does the loan have these features?</b> <b>YES</b> • As high as \$3,240 if you pay off the loan during the first 2 years	
<b>Balloon Payment</b>	<b>NO</b>	

Projected Payments	Years 1-7	Years 8-30
<b>Payment Calculation</b>		
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82.35	+ —
Estimated Escrow <i>Amount can increase over time</i>	+ 206.13	+ 206.13
<b>Estimated Total Monthly Payment</b>	<b>\$1,050.26</b>	<b>\$967.91</b>
<b>Estimated Taxes, Insurance &amp; Assessments</b> <i>Amount can increase over time See page 4 for details</i>	\$356.13 a month	<b>This estimate includes</b> <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input checked="" type="checkbox"/> Other: Homeowner's Association Dues <i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i>
		<b>In escrow?</b> <b>YES</b> <b>YES</b> <b>NO</b>

Costs at Closing	
<b>Closing Costs</b>	\$9,712.10 Includes \$4,694.05 in Loan Costs + \$5,018.05 in Other Costs – \$0 in Lender Credits. See page 2 for details.
<b>Cash to Close</b>	\$14,147.26 Includes Closing Costs. See Calculating Cash to Close on page 3 for details.

# 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>	<b>\$1,802.00</b>				
01 0.25 % of Loan Amount (Points)	\$405.00				
02 Application Fee	\$300.00				
03 Underwriting Fee	\$1,097.00				
04					
05					
06					
07					
08					
<b>B. Services Borrower Did Not Shop For</b>	<b>\$236.55</b>				
01 Appraisal Fee to John Smith Appraisers Inc.					\$405.00
02 Credit Report Fee to Information Inc.		\$29.80			
03 Flood Determination Fee to Info Co.	\$20.00				
04 Flood Monitoring Fee to Info Co.	\$31.75				
05 Tax Monitoring Fee to Info Co.	\$75.00				
06 Tax Status Research Fee to Info Co.	\$80.00				
07					
08					
09					
10					
<b>C. Services Borrower Did Shop For</b>	<b>\$2,655.50</b>				
01 Pest Inspection Fee to Pests Co.	\$120.50				
02 Survey Fee to Surveys Co.	\$85.00				
03 Title – Insurance Binder to Epsilon Title Co.	\$650.00				
04 Title – Lender’s Title Insurance to Epsilon Title Co.	\$500.00				
05 Title – Settlement Agent Fee to Epsilon Title Co.	\$500.00				
06 Title – Title Search to Epsilon Title Co.	\$800.00				
07					
08					
<b>D. TOTAL LOAN COSTS (Borrower-Paid)</b>	<b>\$4,694.05</b>				
Loan Costs Subtotals (A + B + C)	\$4,664.25	\$29.80			
<b>Other Costs</b>					
<b>E. Taxes and Other Government Fees</b>	<b>\$85.00</b>				
01 Recording Fees Deed: \$40.00 Mortgage: \$45.00	\$85.00				
02 Transfer Tax to Any State			\$950.00		
<b>F. Prepays</b>	<b>\$2,120.80</b>				
01 Homeowner’s Insurance Premium ( 12 mo.) to Insurance Co.	\$1,209.96				
02 Mortgage Insurance Premium ( mo.)					
03 Prepaid Interest ( \$17.44 per day from 4/15/13 to 5/1/13 )	\$279.04				
04 Property Taxes ( 6 mo.) to Any County USA	\$631.80				
05					
<b>G. Initial Escrow Payment at Closing</b>	<b>\$412.25</b>				
01 Homeowner’s Insurance \$100.83 per month for 2 mo.	\$201.66				
02 Mortgage Insurance per month for mo.					
03 Property Taxes \$105.30 per month for 2 mo.	\$210.60				
04					
05					
06					
07					
08 Aggregate Adjustment	- 0.01				
<b>H. Other</b>	<b>\$2,400.00</b>				
01 HOA Capital Contribution to HOA Acre Inc.	\$500.00				
02 HOA Processing Fee to HOA Acre Inc.	\$150.00				
03 Home Inspection Fee to Engineers Inc.	\$750.00			\$750.00	
04 Home Warranty Fee to XYZ Warranty Inc.			\$450.00		
05 Real Estate Commission to Alpha Real Estate Broker			\$5,700.00		
06 Real Estate Commission to Omega Real Estate Broker			\$5,700.00		
07 Title – Owner’s Title Insurance (optional) to Epsilon Title Co.	\$1,000.00				
08					
<b>I. TOTAL OTHER COSTS (Borrower-Paid)</b>	<b>\$5,018.05</b>				
Other Costs Subtotals (E + F + G + H)	\$5,018.05				
<b>J. TOTAL CLOSING COSTS (Borrower-Paid)</b>	<b>\$9,712.10</b>				
Closing Costs Subtotals (D + I)	\$9,682.30	\$29.80	\$12,800.00	\$750.00	\$405.00
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)	\$8,054.00	\$9,712.10	<b>YES</b> • See <b>Total Loan Costs (D)</b> and <b>Total Other Costs (I)</b>
Closing Costs Paid Before Closing	\$0	– \$29.80	<b>YES</b> • You paid these Closing Costs <b>before closing</b>
Closing Costs Financed (Paid from your Loan Amount)	\$0	\$0	<b>NO</b>
Down Payment/Funds from Borrower	\$18,000.00	\$18,000.00	<b>NO</b>
Deposit	– \$10,000.00	– \$10,000.00	<b>NO</b>
Funds for Borrower	\$0	\$0	<b>NO</b>
Seller Credits	\$0	– \$2,500.00	<b>YES</b> • See Seller Credits in <b>Section L</b>
Adjustments and Other Credits	\$0	– \$1,035.04	<b>YES</b> • See details in <b>Sections K and L</b>
<b>Cash to Close</b>	\$16,054.00	\$14,147.26	

## Summaries of Transactions

Use this table to see a summary of your transaction.

### BORROWER'S TRANSACTION

#### K. Due from Borrower at Closing **\$189,762.30**

01	Sale Price of Property	\$180,000.00
02	Sale Price of Any Personal Property Included in Sale	
03	Closing Costs Paid at Closing (J)	\$9,682.30
04		

#### Adjustments

05		
06		
07		

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

08	City/Town Taxes	to	
09	County Taxes	to	
10	Assessments	to	
11	HOA Dues	4/15/13 to 4/30/13	\$80.00
12			
13			
14			
15			

#### L. Paid Already by or on Behalf of Borrower at Closing **\$175,615.04**

01	Deposit	\$10,000.00
02	Loan Amount	\$162,000.00
03	Existing Loan(s) Assumed or Taken Subject to	
04		
05	Seller Credit	\$2,500.00

#### Other Credits

06	Rebate from Epsilon Title Co.	\$750.00
07		

#### Adjustments

08		
09		
10		
11		

#### Adjustments for Items Unpaid by Seller

12	City/Town Taxes	1/1/13 to 4/14/13	\$365.04
13	County Taxes	to	
14	Assessments	to	
15			
16			
17			

### CALCULATION

Total Due from Borrower at Closing (K)	\$189,762.30
Total Paid Already by or on Behalf of Borrower at Closing (L)	– \$175,615.04

**Cash to Close**  **From**  **To Borrower** **\$14,147.26**

### SELLER'S TRANSACTION

#### M. Due to Seller at Closing **\$180,080.00**

01	Sale Price of Property	\$180,000.00
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	HOA Dues	4/15/13 to 4/30/13	\$80.00
13			
14			
15			
16			

#### N. Due from Seller at Closing **\$115,665.04**

01	Excess Deposit	
02	Closing Costs Paid at Closing (J)	\$12,800.00
03	Existing Loan(s) Assumed or Taken Subject to	
04	Payoff of First Mortgage Loan	\$100,000.00
05	Payoff of Second Mortgage Loan	
06		
07		
08	Seller Credit	\$2,500.00
09		
10		
11		
12		
13		

#### Adjustments for Items Unpaid by Seller

14	City/Town Taxes	1/1/13 to 4/14/13	\$365.04
15	County Taxes	to	
16	Assessments	to	
17			
18			
19			

### CALCULATION

Total Due to Seller at Closing (M)	\$180,080.00
Total Due from Seller at Closing (N)	– \$115,665.04

**Cash**  **From**  **To Seller** **\$64,414.96**

# 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 15 days late, your lender will charge a late fee of 5% of the monthly principal and interest payment.

### 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  
456 Somewhere Ave., Anytown, ST 12345

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

### 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	\$2,473.56	Estimated total amount over year 1 for your escrowed property costs: <i>Homeowner's Insurance</i> <i>Property Taxes</i>
Non-Escrowed Property Costs over Year 1	\$1,800.00	Estimated total amount over year 1 for your non-escrowed property costs: <i>Homeowner's Association Dues</i>  You may have other property costs.
Initial Escrow Payment	\$412.25	A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment	\$206.13	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.

## 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.	\$285,803.36
<b>Finance Charge.</b> The dollar amount the loan will cost you.	\$118,830.27
<b>Amount Financed.</b> The loan amount available after paying your upfront finance charge.	\$162,000.00
<b>Annual Percentage Rate (APR).</b> Your costs over the loan term expressed as a rate. This is not your interest rate.	4.174%
<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.	69.46%



**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>	Ficus Bank		Omega Real Estate Broker Inc.	Alpha Real Estate Broker Co.	Epsilon Title Co.
<b>Address</b>	4321 Random Blvd. Somecity, ST 12340		789 Local Lane Sometown, ST 12345	987 Suburb Ct. Someplace, ST 12340	123 Commerce Pl. Somecity, ST 12344
<b>NMLS ID</b>					
<b>ST License ID</b>			Z765416	Z61456	Z61616
<b>Contact</b>	Joe Smith		Samuel Green	Joseph Cain	Sarah Arnold
<b>Contact NMLS ID</b>	12345				
<b>Contact ST License ID</b>			P16415	P51461	PT1234
<b>Email</b>	joesmith@ ficusbank.com		sam@omegare.biz	joe@alphare.biz	sarah@ epsilontitle.com
<b>Phone</b>	123-456-7890		123-555-1717	321-555-7171	987-555-4321

## 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

## Preparation and Delivery of The Closing Disclosure

- The Creditor is responsible for delivering the Closing Disclosure form to the consumer for receipt at least 3 business days before consummation (specific).
- Consummation is considered day borrower becomes legally obligated which is when they sign the documents that include Note and Mortgage.
- Disclosure must contain 'best possible' data known to parties when completed and delivered 3 days before closing.
- Must be delivered to all consumers that have a right to rescind the loan
- Creditors may use Settlement Agents to provide the Closing Disclosure, provided that the Settlement Agents comply with the final rule's requirements for the Closing Disclosure, Creditor remains responsible.
- Settlement Agent still must prepare and provide Closing Disclosure to seller. If Settlement Agent issues separate Closing Disclosure, they must provide a copy to the Creditor.

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## Changes Requiring Additional Days

- If the creditor makes certain significant changes between the time the Closing Disclosure form is given and the closing the consumer must be provided a new form and an additional three-business-day waiting period after receipt of the new form
  - increases to the APR by 1/8 of a percent, for most loans (and 1/4 of a percent for loans with irregular payments or periods)
    - The APR won't be affected by most settlement costs since most aren't included in APR, the proposal included the possibility of expanding items to include in the APR, in the final rule they left as is
  - changes the loan product
  - adds a prepayment penalty to the loan

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## Less Significant Changes

- Can be disclosed on a revised Closing Disclosure form provided to the consumer at or before closing, without delaying the closing
- Will not cause closing delays for less significant costs that may frequently change
- The Consumer has the right to examine the revised Closing Disclosure on request on the day before closing even without substantial changes
- Seller must receive the revised disclosure no later than day of consummation

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## Closing Disclosure Form

- The signature section on page 5 is not required to be signed to start the 3 days.
- A lender may require signatures so they have a clear record of receipt by buyer.
- A Settlement and Disbursement Statement will most likely be utilized to detail and finalize all terms of the transaction. This is the statement that will require signatures at closing/consumation.
- The 3 day rule does not apply to the Seller and their receipt of the Closing Disclosure. They are only required to receive the day of closing.

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## Itemization of fees and charges

- HUD bundled the title and closing costs together
- CFPB unbundles the charges so they will be listed separately
- HUD utilized various series to organize information
  - The 700 series for Real Estate Broker fees
  - The 1100 series for title charges
- CFPB proposed rule puts an end to that
  - In Closing Disclosure the CFPB removed the series numbers and inserted lettered sections
  - The Closing Disclosure begins with Section A on page 2 and ends with Section N on page 3.
- When itemizing fees, the CFPB wants them to be in alphabetical order
- Although the fees will be in alphabetical order, CFPB wants all title fees to be preceded by the word "title" so all the fees will be grouped together.

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## Option Considerations

1. Lender can prepare themselves
  - Additional responsibility/liability
  - Additional staff needed
  - New software/training required
  - Still need closing agent for 2 pages of the Closing Disclosure
2. Allow Closing Agent to prepare
  - Better be sure Closing Agent
    - Proficient
    - Compliant
  - Vendor due diligence a must
  - Get a hold harmless from the Closing Agent
3. Utilize a joint effort/joint responsibility approach
  - Lender prepares 3 TIL pages
  - Closing Agent prepares 2 pages referring to title/closing
  - Each liable for their own submissions
  - Likeliest outcome for most lenders

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## Receipt of the Disclosure

- Closing Disclosure can be delivered in 3 ways
  - Hand Delivery** – you know the consumer received the form the same day you delivered it
- Mail** – if no receipt of when consumer received the disclosure, a presumption exists that consumer received it 3 days after it was mailed\*
  - Lenders may require documentation of proof of when Closing Disclosure was mailed. Fed EX type delivery service may be used to document and track delivery while still applying the 3 day mailing rule.
- Email** – if no evidence exists that the consumer received the email, the same presumption is made as if you mailed the disclosure, 3 business days-specific definition of 'business day' applies
  - The consumer must authorize the delivery of the Estimate and Disclosure via email
  - Receipt is only verified upon return email from the consumer, acknowledging receipt
  - Read receipts will not serve as verification of delivery
  - Consumer has to acknowledge they can receive and open attachments
  - E-sign laws apply-including consumer giving informed consent to receive and open before receipt

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## Delivery of Closing Disclosure

- Closing Disclosure must be received by one primary borrower in a non-rescindable transaction
- Closing Disclosure must be received by all parties including non-borrowing homestead in rescindable transaction
- 3 day right to rescind still applies on refinance transaction

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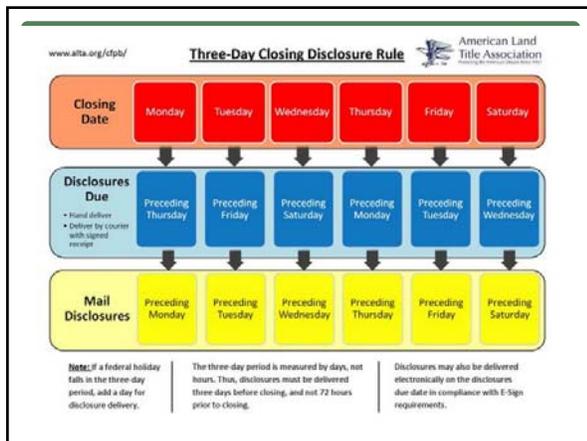
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## Counting of Days



Day Sent = Day "zero" (any time of day)  
Day 1  
Day 2  
Day 3 = Day Can Close (any time of day)

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## Closing Disclosure Seller

- Seller Only form allowed
- In most cases, settlement agent will prepare
- Seller only required to receive at closing
- Lender will require a copy of the sellers disclosure

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## Page 1 Closing Disclosure Sellers Transaction



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## Page 2 Closing Disclosure Sellers Transaction



The image shows a thumbnail of a Closing Disclosure form, specifically for a seller's transaction. The form is titled "Closing Cost Details" and is divided into several sections, including "Seller's Closing Costs" and "Buyer's Closing Costs". It contains various line items for costs, fees, and commissions, with columns for descriptions, amounts, and who is responsible for paying them.

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## Closing Table

- Will be governed by four main documents
  - Borrower's Closing Disclosure (updated at or before consummation)
  - Seller's Closing Disclosure (provided at or before consummation)
  - Final Closing Statement (prepared by the settlement agent)
  - Lenders Closing Instructions
- All documents have different purposes, but should match on the bottom line

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## Closing Table

- Closing Disclosure is a Federal Form and only a disclosure not a settlement statement
- Most states and most lenders may require a settlement statement or closing statement signed by both parties confirming actual fee allocations and disbursement
- ALTA is working on a standardized closing statement with a task panel and will encourage use of this form
- Any settlement statement signed by the borrower will need to be provided to the lender

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## Closing Table

### What is a Closing Statement?

- A statement showing the actual disbursement of funds in the transaction
- Groups charges into certain categories
- Can show both the seller and buyer amounts or limit to one side
- Can use in addition to the Closing Disclosure
- Document where all parties sign acknowledging closing & disbursement of transactions

Date: October 3, 2015 Page 1 of 2  
Escrow No.: 13345

MERIDIAN TITLE CORPORATION  
300 S. Michigan Street Suite 300  
South Bend, IN 46601  
800.777.1574

Date: 10/03/2015 TIME: 11:39 PM  
Escrow No.: 13345 SETTLEMENT DATE: 4/15/2015

MASTER CLOSING STATEMENT

SELLER		BUYER	
DEBITS	CREDITS	DEBITS	CREDITS

	FINANCIAL:		
	\$80,000.00 Total Consideration	\$80,000.00	
10,000.00	Deposit: Michael Smith		
	Loan Amount		
10,000.00			

PRORATIONS/ADJUSTMENTS:

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File No./Escrow No.:  
Print Date & Time:  
Officer/Escrow Officer:  
Settlement Location:

**Title Company Name**  
**ALTA Universal ID**  
**Title Company Address**

Title Company  
Logo

Property Address:  
Buyer:  
Seller:  
Lender:

Settlement Date:  
Disbursement Date:  
Additional dates per state requirements:

Seller		Description	Borrower/Buyer	
Debit	Credit		Debit	Credit
		<b>Financial</b>		
		Sales Price of Property		
		Personal Property		
		Deposit including earnest money		
		Loan Amount		
		Existing Loan(s) Assumed or Taken Subject to _____		
		Seller Credit		
		Excess Deposit		
		<b>Prorations/Adjustments</b>		
		School Taxes from (date) to (date)		
		County Taxes from (date) to (date)		
		HOA dues from (date) to (date)		
		Seller Credit		
		<b>Loan Charges to (lender co.)</b>		
		Points		
		Application Fee		
		Origination Fee		
		Underwriting Fee		
		Mortgage Insurance Premium		
		Prepaid Interest		

		<b>Other Loan Charges</b>		
		Appraisal Fee to _____		
		Credit Report Fee to _____		
		Flood Determination Fee to _____		
		Flood Monitoring Fee to _____		
		Tax Monitoring Fee to _____		
		Tax Status Research Fee to _____		
		<b>Impounds</b>		
		Homeowner's Insurance _____ mo @ \$ _____/mo		
		Mortgage Insurance _____ mo @ \$ _____/mo		
		City/town taxes _____ mo @ \$ _____/mo		
		County Taxes _____ mo @ \$ _____/mo		
		School Taxes _____ mo @ \$ _____/mo		
		Aggregate Adjustment		
		<b>Title Charges &amp; Escrow / Settlement Charges</b>		
		Owner's Title Insurance (\$ amount) to _____		
		Owner's Policy Endorsement(s) _____		
		Loan Policy of Title Insurance (\$ amount) to _____		
		Loan Policy Endorsement(s) _____		
		Title Search to _____		
		Insurance Binder to _____		
		Escrow / Settlement Fee to _____		
		Notary Fee to _____		
		Signing Fee to _____		
		<b>Commission</b>		
		Real Estate Commission to _____		
		Real Estate Commission to _____		
		Other		
		<b>Government Recording and Transfer Charges</b>		
		Recording Fees (Deed) to _____		
		Recording Fees (Mortgage/Deed of Trust) to _____		
		Recording Fees (Other) to _____		
		Transfer Tax to _____		
		Transfer Tax to _____		
		<b>Payoff(s)</b>		
		Lender: Payoff Lender Co.		
		Principal Balance (\$ amount)		
		Interest on Payoff Loan (\$ amount/day)		
		Additional Payoff fees/Reconveyance Fee/Recording Fee/Wire Fee		
		Lender: Payoff Lender Co.		
		Principal Balance (\$ amount)		

		Interest on Payoff Loan (\$ amount/day)		
		Additional Payoff fees/Reconveyance Fee/Recording Fee/Wire Fee		
		<b>Miscellaneous</b>		
		Pest Inspection Fee to _____		
		Survey Fee to _____		
		Homeowner's insurance premium to _____		
		Home Inspection Fee to _____		
		Home Warranty Fee to _____		
		HOA dues to _____		
		Transfer fee to Management Co.		
		Special Hazard Disclosure		
		[Utility] Payment to _____		
		Assessments		
		School Taxes		
		City/town taxes		
		County Taxes/County Property taxes		
		Buyer Attorney fees to _____		
		Seller Attorney fees to _____		
<b>Seller</b>			<b>Borrower/Buyer</b>	
<b>Debit</b>	<b>Credit</b>		<b>Debit</b>	<b>Credit</b>
		<b>Subtotals</b>		
		Due From/To Borrower		
		Due From/To Seller		
		<b>Totals</b>		

**Acknowledgement**

We/I have carefully reviewed the ALTA Settlement Statement and find it to be a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction and further certify that I have received a copy of the ALTA Settlement Statement. We/I authorize \_\_\_\_\_ *title company name* \_\_\_\_\_ to cause the funds to be disbursed in accordance with this statement.

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Seller

\_\_\_\_\_  
Escrow Officer





## TRID Compliance Checklist

- Is Buyer obtaining financing?
- Does the transaction fall under new TRID requirements?  
(loan applications taken on or after October 3, 2015)
- Who is Buyers Lender?
  - Please make contact early on to learn about their requirements and procedures under new TRID guidelines
- Has Buyer received a Loan Estimate?
- Has Buyer provided lender with necessary authorization for Intent to Proceed with financing?
  - Buyer has 10 business days to authorize intent to proceed.
  - Lender may not proceed with loan processing until formal intent proceed has been completed

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## TRID Compliance Checklist continued

- Purchase Agreement
  - What is a realistic date for closing based on new TRID requirements?
  - Are there transactions that will need to close prior to or directly after your transaction? Documentation may differ depending on the terms and timing of the contract and loan application date.
- Contract Contingencies
  - Make sure items such as Surveys, HOA Dues, Home Warranty, Inspections & or Repair Estimate amounts are available prior to preparation of the Closing Disclosure

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## TRID Compliance Checklist continued

- Provide amounts and information to Settlement Agent &/or Lender for preparation of closing disclosure
  - Listing and Selling Agent and Office License Numbers
  - Listing and Selling Agent phone and email
  - Provide Home Owners Insurance amounts
  - Commission and Administration fees
  - Any Addendum or Amendment changes to the Contract to Purchase

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## TRID Compliance Checklist continued

- Scheduling Closing/Settlement/Signings
  - Discuss with lender their requirements for scheduling
- Inquire of lender as to the timing and delivery of the Closing Disclosure to the consumer?
- How the Closing Disclosure is delivered will impact timing on the scheduling of the actual signing
  - Email/E-signature
  - Postal Mail
  - In Person
- Inquire as to what documentation you, as agent, will receive to verify all fees and charges have been addressed
  - Some lenders may not allow a Closing Disclosure to be provided to Agents based on NPI
  - An ALTA Settlement Statement may be utilized to confirm actual fee allocations and disbursement

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## Preparing Yourself and your Clients for Closings

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## Working With a Buyer

- Where will buyers funds come from?
  - Will the buyer obtain financing
  - Will the buyer be paying cash
  - Will the seller be financing the transaction
- CFPB TRID Applies To:
  - Most closed end consumer mortgage loans
- Does Not Apply To:
  - Home equity lines of credit
  - Reverse mortgages
  - Mortgage loans secured by a mobile home or by a dwelling that is not attached to real property
  - A creditor who makes five or fewer mortgages in a year
  - Commercial loans unless 1-4 residential properties
  - Certain no interest loans secured by subordinate liens made for purpose of down payments or similar home buyer assistance, property rehab, energy efficiency or foreclosure avoidance or prevention
  - Cash Transactions

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## Buyer Obtaining Financing

- **Application Taken Pre October 3, 2015**
  - Lender will provide Initial TIL (Truth in Lending) and Good Faith Estimate subject to current tolerance regulations
  - 2010 HUD Settlement Statement will be utilized to identify charges to the parties
  - Final TIL will be provided at settlement
- **Application Taken October 3, 2015 or after**
  - Lender will provide Loan Estimate upon receipt of 6 qualifying items within 3 days
    - Loan Estimate will include information previously provided on the Initial TIL and GFE
  - Closing Disclosure must be delivered to purchaser a minimum of 3 days prior to settlement
    - Closing Disclosure will include information previously included on the Final TIL and HUD Settlement Statement
    - Changes to loan terms or APR fees may result in a delay of closing

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## Loan Estimates & Buyers Intent to Proceed

- Buyers may request a Loan Estimate from a lender and then feel like they're done
- Loan Estimates expire after 10 business days.
- If buyers do not complete the steps required by the lender to express their intent to proceed, their applications could be closed as incomplete.
- If this happens, your clients will likely need to start over with a new application.
- Lenders will have different policies about what buyers need to do to successfully move an application forward from the Loan Estimate stage into active processing, when the appraisal and other verifications typically begin.
- Talk to your lender partners to learn about those policies and discuss lender requirements with your buyers to be confident that your clients have an active mortgage application underway.

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## Buyers Lender

The accurate preparation and timely delivery of the Closing Disclosure is ultimately the Lenders responsibility. It is important to know how the buyers lender will handle.

- Will lender elect to prepare and deliver the Closing Disclosure themselves
- Will lender elect to have the settlement agent prepare the Closing Disclosure and retain the responsibility of delivering to the borrower
- Will lender elect to have the settlement agent prepare and deliver the Closing Disclosure to the borrower

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## Purchase Agreement

Is the closing date realistic?

Will Buyers choice of lender be able to close within the time frame specified on the contract to purchase?

Are there closings before or after your transaction that you need to coordinate with ?

What about delays when the seller is a 3<sup>rd</sup> party (REO), is the buyer subject to a per diem if closing has to be rescheduled due to TRID requirements?

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## Language Suggestions for Extension

- “automatic extension of \_\_\_ business days for an unsatisfied contingency through no fault of either party”
- “if closing date cannot occur by the date of closing due to any government regulation or lender requirement, the date of closing shall be extended for the period necessary to satisfy these requirements, not to exceed 7 business days”

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## Buyer Paying Cash or Seller Financing

- Closing to occur pre October 3, 2015
  - Current Closing Documents will apply to identify charges to the parties ie:2010 HUD or Settlement Statement
- Closing to occur October 3, 2015 or after
  - ALTA Settlement Statement to be utilized

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## Back To Back Closings

Could result in one closing using current scheduling perimeters and documents with the other falling under the new guidelines which will include delivery and use of the Loan Estimate and Closing Disclosure under the specified time frames.

This may cause some confusion for consumers involved. It is important to note transaction types and time frames to prepare the buyer and seller for what needs to occur for scheduling and, additionally what documentation will be utilized for the settlement.

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## Back To Back Closings

When parties are working with different lenders and or different settlement companies, collaboration and coordination will be extremely important based on how the TRID rules will impact the closing process.

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## Fees To Be Paid At Closing

There are many items included in the settlement that may or may not be lender required

- Commission and Administration Fees
- Survey
- Inspections and Repairs
- HOA Dues
- Home Warranty
- Home Owners Insurance

These fees should be provided to the creditor and or settlement agent a minimum of 2 weeks in advance of anticipated closing date. If precise amount is unknown, an estimated amount should be provided to allow for the timely preparation and delivery of the Closing Disclosure.

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## There Are 7 Fee Areas on the CD

The line numbering system that had been part of the HUD-1 will no longer be utilized. Fees on CD will be split up in 7 categories. Individual charges within each of these major groupings are listed alphabetically. Columns will indicate if charge is buyer, seller or other as well as columns for both payments before and at closing.

- A - Origination Charges
- B - Services Borrower Did Not Shop For (Lender Required)
- C - Services Borrower Did Shop For (Lender Required)
- E - Taxes and Other Government Fees
- F - Pre-paid
- G - Initial Escrow Payment at Closing
- H - Other

In addition Page 3 is a Summary of Transaction, similar to page 1 of current HUD

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## Information on the Closing Disclosure

State License Numbers and contact information for the Real Estate Company and Agents involved in the transaction will be needed for completion of the closing disclosure.

Lender		Mortgage Broker	Real Estate Broker (B)	Real Estate Broker (B)	Real Estate Broker (B)	Settlement Agent
Name	First Bank		Orange Real Estate Broker Co.	Alpha Real Estate Broker Co.	Omega Real Estate Broker Co.	Equinox Title Co.
Address	4321 Riverside Blvd Newark, NJ 07102		100 Local Lane Lawrenceville, GA 30046	8075 Highway 13 Newport News, VA 23606	133 Commerce Rd Lawrenceville, GA 30046	
NMLS ID			273016	201416	201416	
CF License ID	0000000		0000000	0000000	0000000	
Contact NMLS ID	12345		67890	12345	67890	
Contact CF License ID						
Contact Email	lender@firstbank.com		lender@orange.com	lender@alpha.com	lender@omega.com	
Contact Phone	123-456-7890		123-456-7890	123-456-7890	123-456-7890	

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## Method of Delivery

The method of delivery will determine how soon before settlement closing disclosure content will be needed by lender/settlement agent




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## Privacy Regulations

Based on the information contained on the Closing Disclosure, the lender may not allow the real estate agents to receive a copy of the CD without written authorization from the borrower.

There are separate forms for Seller Disclosure and Buyer Disclosure.

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## ALTA Settlement Statement

Closing Disclosure is a Federal Form and only a disclosure not a settlement statement.

Most states and most lenders may require a settlement statement or closing statement signed by both parties confirming actual fee allocations and disbursement.

Any settlement statement signed by the borrower will need to be provided to the lender. All must have same bottom lines.

Complies with disclosure of fees pursuant to state requirements.

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## ALTA Settlement Statement

There are different versions of the Settlement Statement  
Buyer / Seller Only, Combined or Cash

The image shows three different versions of the ALTA Settlement Statement form. From left to right: 1) A form with a header section and a table of fees. 2) A form with a header section and a table of fees, similar to the first but with a different layout. 3) A form with a header section and a table of fees, similar to the first two but with a different layout. Each form has a table with multiple columns and rows, likely representing different categories of fees and their amounts.

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## Items for Realtor to Consider

Confirm final "Funds to Close" with the Lender and Settlement Agent and confirm that the borrower has the accurate amount needed for closing.

Good Funds Statutes may apply. Please verify with settlement agent allowable funds.

Special Note: The Closing Disclosure refers to Owner's Title insurance as "optional". Be prepared to discuss the protections given to the buyer/consumer through owner's title insurance.

Your brokerage may have specific policies with regard to advising consumers and may require additional documentation confirming the consumers understanding of their decision to opt out of receiving an owners title insurance policy.

Contact your local Title Insurance provider for information to assist in the discussions with the buyer/consumer.

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## A Changed Circumstance May Mean A Revised Loan Estimate or a Revised Closing Disclosure

Common reasons why a Loan Estimate may be revised include:

- Your client decided to change loan programs or the amount of the down payment.
- The appraisal on the home came in higher or lower than expected.
- Your client's credit status changed, perhaps owing to a new loan or a missed payment.
- The lender could not document overtime, bonus, or other income provided on your client's application.
- If changes occur later in the mortgage process, lenders may need time to respond. For example, if your client requests a different loan program late in the process, an appraisal or underwriting step may need to be repeated.

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## Closing Disclosure Changes That Will Result in New Closing Disclosure & Rescheduling of Settlement

There are three major changes to loan terms that will require the lender to issue a revised Closing Disclosure and will trigger a new three-business-day review period.

Borrowers generally may not waive their right to this review period. The changes that trigger a new three-business-day review period are:

- The APR (annual percentage rate) increases by more than 1/8 of a percent for regular loans (most fixed-rate loans) or 1/4 of a percent for irregular loans (most adjustable loans). A decrease in APR will not require a new three-day review if it is based on changes to the interest rate or other fees. Lenders have been required to provide a three-day review for these changes in APR since 2009.
- A prepayment penalty is added, making it expensive to refinance or sell.
- The basic loan product changes, such as a switch from fixed rate to adjustable interest rate or to a loan with interest-only payments.

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- The need to share data seamlessly may result in increased integration with lenders' loan origination systems or the development of systems that allow settlement agents to enter data into a lender's system.
- Title companies chosen by realtors may not be approved, compliant or system ready to handle closing for lender based on lenders criteria to handle settlement.
- Implementation of ALTA's Best Practices will help title professionals prove they have the ability to protect private information.

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- While it's unknown how all lenders will handle production and delivery of the Closing Disclosure, Bank of America and Wells Fargo have both announced they will take on this responsibility.
- In addition, Bank of America said in a letter to its settlement agents, that it will use Closing Insight, an industry tool developed by RealEC, to support implementation of the new disclosures and exchange all documents and data to ensure that non-public personal information (NPI) is protected.
- ~~The lender said it will no longer use email, fax and other document delivery methods.~~



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Some lenders have chosen to take preparation and delivery of Closing Disclosure back which means last minute and "at the closing table" changes will cause delay in waiting for corrections to be made by the lender.



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Delivery method and requirements will vary for every lender as to what they will require to confirm receipt and time frame to send out Closing Disclosure



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# ! CAUTION

Auditing and compliance at multiple levels will cause everyone throughout the transaction faced with stiff penalties to make sure they are following all rules for protection and proof of compliance.

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Even though Closing Disclosure is sent out in advance the rule still allows for changes and therefore amount required to be brought to closing may change and it will be important to communicate with consumer.



In most cases, wired funds will be required.

Based on implementation of Best Practices, Wiring Instructions must now be sent as a secure or encrypted message.

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## Post Closing Revisions

- **Changes post-closing require revised Closing Disclosure:**
  - Event related to settlement 30 days after closing and to an amount paid by consumer and/or seller = re-disclose 30 days after learning event occurred
  - If the amount paid by the consumer exceeds the amount disclosed as 'Cash to Close', the creditor must refund the excess to the consumer no later than 60 days after consummation and deliver or place in the mail corrected disclosures that reflect the refund no later than 60 days after consummation
  - Non-numeric clerical errors = re-disclose 60 days after consummation
  - Variation (tolerance) violation occurs = refund and re-disclose 60 days after consummation

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## Record Retention

- General Record Retention Requirement:
- Two Years
- Mortgage Specific Requirement:
- Evidence compliance not just provide records
  - Loan Estimate: Three years after the later of the date of consummation, the date disclosures are required to be made, or the date the action is required to be taken. Applies to brokers, too!
  - Closing Disclosure: Five years (applies to original creditor even if sold or transferred)
  - If sold or transferred, copies of disclosures must be provided to new owner or servicer as part of the transfer. The new owner must retain for the remainder of the five years
- Sellers Disclosure would need to be retained for 5 years

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## Vetting Of Closing Agents Essential

- **Regulators insist Banks/Mortgage Companies carefully vet third party Vendors**
- CFPB Bulletin 2013-03 (April 2012)
  - Applies to supervised banks, non-depository consumer finance companies and service providers supervised by banks/non-banks
  - conduct due diligence
  - review policies and procedures
  - create clear contract provisions
  - monitor compliance
- OCC Bulletin 2013-29 (October 2013)
  - Applies to national banks and federal savings associations
  - Due Diligence and Third Party Selection
  - Contract Negotiations
  - Oversight and Accountability
- FRB Guidance (December 2013)
  - Applies to state member banks, savings and loan companies, non-bank subsidiaries, and US operations foreign banks
  - Similar to OCC requirements

Be Proactive  
Assess needs  
Conduct Risk Assessment  
Conduct Due Diligence Assessment  
Negotiate contract  
Monitor/Document performance  
Terminate unsatisfactory performers

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## ALTA Best Practices

- Regulators demand lender accountability of Vendors
  - Full compliance with federal consumer finance laws
- ALTA takes a Pro-Active approach
  - understands lenders will use title companies/settlement agents that can assure compliance
  - Demonstrate ability to deduce lender risk
- ALTA Creates Best Practices (Seven Pillars)
  - maintain current licenses
  - maintain escrow trust account procedures
  - maintain privacy and information security
  - demonstrate compliance with consumer finance laws
  - have written procedures in place
  - have liability insurance/fidelity coverage
  - resolve consumer complaints
- Certification
  - Third party certifications
  - Letter to lenders
  - Proof of E&O coverage

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## Penalties and Liability

- RESPA & TILA disclosures combined into integrated documents
  - Rule does not set forth liability that applies to each requirement for a failure to comply
    - Certain specific cure provisions as to fees
- In rule preamble, CFPB notes it addresses statutory authority relied upon for each requirement, and that this provides sufficient guidance

TILA Disclosure Statements	RESPA CFE & HUD-1
Administrative enforcement	Administrative enforcement aspects
Private right of action	No RESPA, private right of action
Actual damages	Private action right under other laws
Statutory damages in certain cases	Remedies vary
Court costs and attorney's fees	
Outdated liability & cure provisions	

- Dodd Frank/CFPB =
  - \$5,000 per day, per violation
  - \$25,000 per day for reckless violations
  - \$1,000,000 per day for knowing violations

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## Settlement Agent TRID To-Do List

- "Talk to your lenders" about production/delivery of the Closing Disclosure
- Talk to your Realtors® and Builders about the basics and timelines
- Ensure your Title Production System/Software creates the Closing disclosure and settlement statement
- Implement any integration necessary
- Learn about any portals that will be required by the lender
- Develop your Evidence of Compliance and risk mitigation plans
- Understand and document lender processes
- Educate your staff on CFPB TRID rules and forms
- Train staff on new or updated technology tools
- Determine costs of implementation and operation
- Test, test, test

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## Communicating With Creditor

- **Traditional**
  - Orders transmitted via:
    - Phone
    - Fax
    - Email
    - Walk-in
  - Status/Data/Docs Delivered
    - Commitment Delivered
    - Closing Scheduled
  - Evidence of Compliance
    - Software System
    - File share
    - Paper
    - Postage Meter
    - FedEx Receipt
- **Lender Portal**
  - Order notification via e-mail
    - Link provided to transaction
    - Manual keying and import/export
  - Status/Data/Docs Delivered
    - Order placed
    - Commitment Delivered
    - Closing Scheduled
    - Maybe more
  - Evidence of Compliance
    - Maybe retained for some period
    - Typically minimal
- **Integrated**
  - Orders transmitted via
    - LOS <=> TPS
    - Internet/XML enabled third party
  - Status/Data/Docs Delivered
    - Order Placed
    - Payoffs
    - Commitment delivered
    - Title curative complete
    - Subordinations
    - HUD/CD approval
    - Closing Scheduled
    - Funding
  - Evidence of Compliance
    - Retained by tech-enabled third-party
    - Also retained in LOS and TPS
    - Data and documents
    - "Full Transactions Playback"
  - Agent validation, analytics and more

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The image shows two screenshots of websites. The top screenshot is from KnowBeforeYouOwe.com, featuring a green header with the CFPB logo and the text "Know Before You Owe" and "Know Before You Owe mortgages". The bottom screenshot is from ConsumerFinance.gov, showing a blue header with the CFPB logo and the text "Safer mortgages with fewer surprises".

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## Resources to Explain the LE & CD

- <http://www.consumerfinance.gov/owning-a-home/loan-estimate/>
- <http://www.consumerfinance.gov/owning-a-home/closing-disclosure/>

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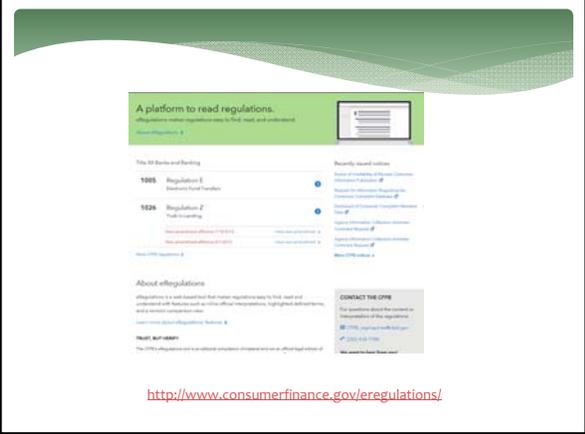
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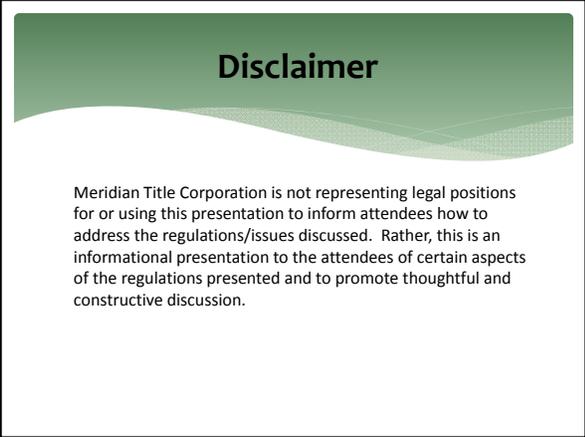
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