

KNOW BEFORE YOU CLOSE

THE NEW LOAN ESTIMATE AND CLOSING DISCLOSURE EXPLAINED

I. What is the CFPB?

For more than 30 years, federal law has required all lenders to provide two disclosure forms to consumers when they apply for a mortgage and two additional short forms before they close on the home loan. These forms were developed by different federal agencies under the Truth in Lending Act (**TILA**) and the Real Estate Settlement Procedures Act (**RESPA**).

To help simplify matters and avoid the confusing situations consumers have often faced when purchasing or refinancing a home in the past, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (**Dodd-Frank Act**) provided for the creation of the Consumer Financial Protection Bureau (**CFPB**) and charged the bureau with integrating the mortgage disclosure forms under TILA and RESPA.

In November 2013, the Bureau issued the TILA-RESPA Integrated Disclosures rule (**TRID**) under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) (**2013 TILA-RESPA Final Rule**). The CFPB's primary goals were to create easier-to-use disclosure forms, improve customer understanding, provide a better means of comparison shopping and avoid costly surprises at the closing table.

II. The Loan Estimate and Closing Disclosure

The Bureau created two new forms. They combined the Good Faith Estimate and estimated TILA (aka the TILA-1) into a new **Loan Estimate** (abbreviated **LE**), and the HUD-1 Settlement Statement and final TILA (aka TILA-2) into the **Closing Disclosure Form** (abbreviated now as **CD or CDF**).

The creditor is responsible for delivering the Closing Disclosure form to the consumer, but the final rule allows the lender to either prepare the Closing Disclosure form or to share responsibility with the settlement agent. Some creditors may even use the settlement agents to prepare the Closing Disclosure, provided the settlement agent complies with the final rule's requirements. The new forms must be available in Spanish and English.

The line numbering on the HUD-1 familiar to most of us is gone. Instead, the fees and charges are placed on the Closing Disclosure in one of seven areas:

- origination charges.
- services borrower did not shop for
- services borrower did shop for
- taxes and other government fees
- pre-pays
- initial escrow payment at closing
- other



Know before you close.
Your CFPB readiness partner - every step of the way.

Individual charges within each of these major groupings are listed alphabetically. Columns are provided to separate charges of buyer, seller and others, as well as columns for payments both before and at closing.

III. The Rest of the Settlement Process has not changed.

There is no change in the settlement agent processes. The lender will contact the settlement agent after loan application to get fees to generate the new Loan Estimate. Lenders will continue to need accurate estimates of title and settlement fees for the preparation of both the Loan Estimate and the Closing Disclosure. In addition, for transactions in which an owner's policy will be purchased, the rule prescribes certain mathematical calculations for disclosure of the owner's and lender's title insurance premiums, which may require receipt of rates for both a stand-alone and simultaneously-issued lender's policy, as well as the owner's rate. We are modifying our online rate calculators to assist in these calculations.

Preparation of the Closing Disclosure will take a collaborative effort between lenders, settlement companies and other vendors, and may require fees to be submitted approximately 2 weeks in advance of "**consummation**" – the date on which the borrower becomes legally obligated on the loan.

You need to communicate with your lenders to determine how they intend to move this information – manually (by phone or fax or email) or electronically. The technology isn't new, but the scale of collaboration is. We need new processes to get the lender operating system (LOS) and settlement agent systems to communicate. Real EC's Closing Insight and Ellie Mae's system are two examples of this new interface.

Other lender forms will change. There is also a "closing statement" in the works, a final settlement statement to be prepared by settlement agent to show the final disbursements actually made.

IV. Applicability of the new forms.

Any residential loan originated after August 1, 2015 will be subject to the new rules and forms. Loans in progress (applications submitted prior to August 1, 2015) will use current TILA and RESPA forms.

The new forms of course still apply to all residential purchase money loans and refinances. They will also apply to closed-end residential mortgage loans on timeshares, vacant land, loans for residential construction, and loans on over twenty-five (25) acres of land (which were previously covered by TILA but exempt under RESPA).

BUT you can't get rid of the old forms. The new rules and forms are not required for any loans originated prior to August 1, 2015 (which may take up to three months to wind their way through the system). They also do not apply to HELOCs, mobile home only loans, reverse mortgages, and loans

made by institutions originating 5 or fewer loans per year. Our software systems and personnel must be able to operate in both environments and recognize the differences.

V. The Loan Estimate At-a-Glance.

The new Loan Estimate form, which replaces the GFE and Early TILA, is 3 pages long. The creditor is not allowed to revise and re-disclose if charges go up or down prior to the closing. Creditor errors are not legitimate reasons for revising Loan Estimates. Revisions are allowed for certain proscribed changes in circumstances only.

Page 1 of the Loan Estimate contains the basic borrower information (name, address, and property details), the loan terms, projected payments and costs at closing. The “loan terms” include prepayment penalty information. The “projected payments” calculation can be broken down into years to accommodate adjustable rates or PMI (the form will have fields that allow you to add additional columns). The “costs at closing” estimates the loan costs and estimated total costs.

Page 2 of the Loan Estimate is a detailed breakdown of the loan costs, other costs and cash required to close. In each category the cost descriptions must be listed in alphabetical order. The “Loan Costs” section may ONLY contain the costs for items that are required by the lender to be paid. If something is not required by the lender, such as a home warranty or owner’s title insurance, it must be shown in the “other” section.

The description of each fee related to title insurance or settlement (escrow) must be preceded by “Title – “. The Lender’s Title insurance must show the full Loan Policy Rate, NOT the simultaneous issue rate often charged when an Owner’s policy is also issued.

The Owner’s title insurance, if to be paid by the borrower, must show “optional” in the description. The actual charge won’t be shown, when a simultaneous issue of loan and owner policies is planned. Instead, the agent will calculate the Company’s owner’s rate, add the simultaneous issue loan rate, and then subtract the Company’s full loan rate. (Owner’s rate + \$150 – Loan rate = Owner’s title policy costs on Loan Estimate). It may be necessary to have a separate title insurance premium invoice, calculations page or explanation, to show the actual owner’s premium, simo premium and total.

If the Owner’s title insurance cost is to be paid by the Seller pursuant to contractual agreement, the word “optional” may be removed from the Loan Estimate and/or Closing Disclosure. If the seller has agreed to pay the owner’s title insurance premium, the form will not, of course, show the full owner’s premium amount per the rate calculator. The CFPB has approved (unofficially, not in written guidance) the use of an additional credit from seller to buyer to provide the proper total credit:

Credit from seller an additional portion of the total “title insurance costs”

Credit the remaining shortage as a general seller’s credit on page 3.

Charge the owner’s and lender’s premiums to buyer and credit from seller separately on page 3.

Page 3 of the Loan Estimate includes comparisons, other considerations, and a space for confirmation of receipt. The “Comparisons” field is where the form provides the APR, which is still required under TILA, RESPA and Dodd-Frank. The new format also includes Total Interest percentage (TIP). This shows the total amount of interest that the borrower will pay over the loan term as a percentage of their loan amount. Under “Other Considerations”, the requirements for appraisal, insurance, late payments, and servicing are set out. Finally at the bottom is a space for the borrower to sign to confirm receipt of the Loan Estimate.

DELIVERY. The Lender must deliver the Loan Estimate within three business days of the lender’s receipt of an “application”. “Application” automatically occurs when the lender receives six pieces of information: Borrower’s name, income, SSN, property address, estimated value of property, and mortgage loan amount. The prior application category (“other”, which was a catch-all for any term the lender deemed necessary or relevant) has been eliminated.

This means lenders are re-evaluating their loan application “scripts” and their online application processes. They may be changing their sequencing of questions. They may change their default product offering. They can prompt for additional information, but they cannot REQUIRE it; so once they receive the 6 pieces, they have only three days to issue the LE.

The lenders can still issue a pre-qualification estimate and pre-approval, but it must be on a different form, with specific language required by the CFPB (can’t contain the same header, etc.). They’ll have to be sure that the information received for the pre-qualification or pre-approval is not the entire “6 pieces” – they’ll have to refrain from getting all 6 pieces. Whether that’s the estimated value of the property, or the address, is up to the lenders; but if they inadvertently get all 6 pieces, they have to issue the LE.

CHARGES and PROVIDER LIST. Except for the credit report, no fees are chargeable until after the Loan Estimate has been provided to the borrower. The Lender must attach a separate Provider List similar to that current used with the GFE, for services for which the borrower can shop, subject to reasonable requirements (e.g. licensure). This list must include all services which the borrower may need for the transaction (not just items required for the loan), and at least one available provider must be identified for each. So on a purchase, for example, a surveyor should be listed, even if the lender is not requiring a survey.

VI. The Closing Disclosure At-a-Glance.

The new Closing Disclosure (CD or CDF) replaces the TILA and the HUD-1 and is 5 pages long. One disclosure is required for each loan. The descriptions of charges on both the loan estimate and the closing disclosure must essentially match.

Page 1 of the Closing Disclosure contains essentially the same information that was on the first page of the Loan Estimate -- basic borrower information (name, address, and property details), loan terms, projected payments and costs at closing. The basic transaction information includes closing date,

disbursement date, names of borrower, seller and lender, and loan term and product. The description of basic loan terms includes the loan amount, interest rate, P&I, prepayment penalty, and balloon payment, if any. The monthly mortgage payment calculations are set out, and again, these fields can be extended to allow for multiple loan terms with different details. There is also included the total of the estimated monthly escrow payments, with details later on page 4. The costs at closing section shows the closing costs specific to the loan (detailed on page 2), and the total cash required to close (detailed on page 3).

Page 2 of the Closing Disclosure contains a breakdown of costs. The descriptions in each section must be in alphabetical order. The software providers are setting up their systems so that the items entered are automatically sorted into alphabetical order in each category. The cost descriptions must be substantially similar to the descriptions contained on the Loan Estimate. Again, all Title and Settlement fees should begin with the designation "Title – ", so that they are properly sorted and grouped. Again, the calculation of lender's title insurance costs must be the full stand-alone cost of a loan policy. The cost for owner's title insurance (calculated as the difference between Owner + Simo – Loan) is put into the "other costs" category, in section H. It must also begin with "Title – " and be designated "optional".

Page 3 of the Closing Disclosure contains the calculation of the cash to close, and summaries of the transactions. The first section is the table showing a comparison of amounts from the Loan Estimate versus the Closing Disclosure, indicating any changes. The next section is the summary of transaction, similar to page 1 of the HUD-1 settlement form. It shows the Buyer and Seller sides of the transaction side by side.

Page 4 contains the loan disclosures, required variously under TILA, RESPA and Dodd-Frank.

Page 5 contains the Loan Calculations (the finance charge, APR and TIP), other disclosures required under TILA, RESPA or Dodd-Frank, Contact information for the parties to the transaction, and the signature line for confirmation of receipt.

VI. Preparation and Delivery of the Closing Disclosure

A. Who prepares the CDF? The Lender is primarily responsible for the preparation and delivery of the Closing Disclosure. The Lender may permit the Settlement agent some portions or all of the form and/or deliver the form. The Settlement Agent is liable for those portions that it prepares or delivers, to the lender or the borrower. The Lender remains responsible for all portions of the Closing Disclosure to "ensure the disclosures are provided" in accordance with the rule.

B. The Three 3-day Periods.

1. **The 3-day right of rescission** under TILA remains applicable to most refinance transactions, and has not been impacted.

2. A new **3-day waiting period** after delivery of the Closing Disclosure gives the borrower 3 days to review before a closing may occur. As part of the final rule creating these two new combined forms, the CFPB determined that borrowers would be better served by having a short time to review the new Closing Disclosure prior to signing their loan documents. As a result, the Rule requires borrowers have three days after receipt of the Closing Disclosure to review the form and its contents prior to signing loan documents.

3. A new **3-day delivery period** for delivery of the Closing disclosure before the “waiting period” can commence. Note that the three-day review period starts upon “receipt” of the form by the borrower. Absent some positive confirmation of the receipt of the form (i.e., hand-delivery), the form is “deemed received” three days after the deliver process is started (i.e. mailing). As a result, the combination of the “delivery time period” and the “review time period” results in six (6) business days from mailing to loan signing.

The LE receipt after application is tied to dates lender is open for regular business; but the CD is tied to federal holidays. “Business days” means the specific legal definition of business day:

- includes Saturday

- excludes Sundays and legal public holidays

- List of Holidays specified in 5 U.S.C. 6103(a): New Year’s Day, Martin Luther King Jr’s birthday, Washington’s Birthday, Memorial Day, Independence Day, labor Day, Columbus Day, Veterans Day, Thanksgiving Day and Christmas Day.

On delivery of the closing disclosure, there are two options:

Personal Delivery – received when delivered

or

Everything else (courier, express mail, electronic, postal service) -- presumption of receipt 3 days after sending

Talk to your lender about what they will accept, whether they require actual receipt of delivery or use presumption. LENDER INSTRUCTIONS WILL BE VERY IMPORTANT.

C. Changes to the Initial Closing Disclosure. After delivery of the initial Closing Disclosure, changes may require a re-disclosure and new waiting period. Only a few changes will require another 3-day waiting period:

- Change in the loan program. Example – moving from fixed rate to an adjustable rate loan.
- Changes to Annual Percentage Rate (APR) greater than 1/8 %. This applies only to increases in APR items; other increases do not trigger a new disclosure with waiting period.



Know before you close.
Your CFPB readiness partner - every step of the way.

- Addition of a pre-payment penalty after the initial disclosure.

Caution – other increases may still cause tolerance violations, but, all changes require a new Closing Disclosure to be prepared and delivered at or before “consummation”.

VIII. Tolerance Rule Changes

Both TILA and RESPA previously contained tolerance rules. TILA rules generally required a re-disclosure if finance charges or APR exceeded a certain threshold, and RESPA provided penalties if an item exceeded a monetary threshold. In 2010, HUD interpreted the “good faith estimate” requirement in RESPA to limit variations between estimated settlement charges on the GFE and actual settlement charges on the HUD-1. These were referred to as tolerances, and we were introduced to the “tolerance buckets”. The CFPB adopted tolerances under TILA’s “good faith estimate” requirement.

The CFPB added to the “zero tolerance” category (numbers that may not change from Loan Estimate to Closing Disclosure) – third party services where the provider is selected by the lender, and third party services that are provided by an affiliate of the lender.

The “zero tolerance” bucket (numbers that may not change from Loan Estimate to Closing Disclosure) now includes not only fees to brokers and creditors for their services and transfer taxes, but also charges to an affiliate of the broker or creditor, and charges for services which the consumer may not shop. “Affiliate” is the Bank Holding Company Act definition – if the creditor has a twenty-five percent (25%) or more holding (vs. RESPA one percent (1%) affiliated business Rule).

One big change is that charges can move from one bucket to another. For example, the “can shop for” bucket is now not only that the customer CAN shop for the service, but that he DID shop for the service. If he can, but instead chose to use a lender affiliated vendor, then the charge goes to the 10% tolerance bucket.

Consider the importance of permitting the consumer to “shop” for a settlement service provider:

If not permitted, the zero tolerance bucket applies.

If it is permitted, the 10% tolerance applies.

If it is permitted, and the consumer selects its own provider, the tolerances do NOT apply.

The 10% tolerance is NOT reset if the changed circumstance increases the aggregate total of charges by 10% or less. You may reissue the loan estimate, but it must be disregarded when testing for compliance with tolerances. The three-day requirement for reissuing the loan estimate is measure from the event that causes the aggregate increase to exceed 10%

Lender credits are subject to the zero tolerance as well. Once a charge is disclosed, you need a changed circumstance or other exception to reduce them. A reduction in a charge that the credit was intended to be offset may not be sufficient by itself to justify a corresponding reduction in the credit.

IX. Seller's Disclosure.

The Settlement Agent is responsible for providing the Closing Disclosure to the Seller, although the lender may choose to do so. The Closing Disclosure format for the seller may be either:

- a. using the same format as for Borrower, but removing items related solely to borrower (i.e., loan disclosures) and using only seller data; or
- b. using the separate CFPB seller's disclosure form.

The Disclosure must be delivered to the Seller on or before "consummation"; there is no 3-day waiting period. However, the three-business day delivery period applies, except for personal delivery.

X. Corrected Closing Disclosure after Consummation

The lender or settlement agent has 30 days to issue a corrected Closing Disclosure to reflect changes that actually affect the amount paid by a consumer (including the seller!). Such fees may be taxes, HOA fees, recording fees, etc., and can include tolerance violations. The lender or settlement agent has 60 days to issue a corrected Disclosure for clerical matters.

XI. Questions.

Which lenders will be providing the CDF themselves, and which expect you to provide it?

How will your software coordinate with the lender data? Is your software up-to-date?

Costs – for updating software, buying new software, coordinating with lender, training staff?

Marketing possibilities?

Stay up to date with CFPB:

www.consumerfinance.gov

Regulatory assistance and notices are filed at:

www.consumerfinance.gov/regulatory-implementation/tila-respa

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

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
Estimated Total Monthly Payment	\$1,050	\$968
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time</i>	\$206 a month	This estimate includes <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>
		In escrow? YES YES

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

Visit 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.
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)	4.274% Your costs over the loan term expressed as a rate. This is not your interest rate.
Total Interest Percentage (TIP)	69.45% 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 <input type="checkbox"/> will allow, under certain conditions, this person to assume this loan on the original terms. <input checked="" type="checkbox"/> 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 <input type="checkbox"/> to service your loan. If so, you will make your payments to us. <input checked="" type="checkbox"/> 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 _____

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

Projected Payments	Years 1-7	Years 8-30
Payment Calculation		
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82.35	+ —
Estimated Escrow <i>Amount can increase over time</i>	+ 206.13	+ 206.13
Estimated Total Monthly Payment	\$1,050.26	\$967.91
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time See page 4 for details</i>	\$356.13 a month	This estimate includes <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>
		In escrow? YES YES NO

Costs at Closing	
Closing Costs	\$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.
Cash to Close	\$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	
A. Origination Charges	\$1,802.00				
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. Services Borrower Did Not Shop For	\$236.55				
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					
C. Services Borrower Did Shop For	\$2,655.50				
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					
D. TOTAL LOAN COSTS (Borrower-Paid)	\$4,694.05				
Loan Costs Subtotals (A + B + C)	\$4,664.25	\$29.80			
Other Costs					
E. Taxes and Other Government Fees	\$85.00				
01 Recording Fees Deed: \$40.00 Mortgage: \$45.00	\$85.00				
02 Transfer Tax to Any State			\$950.00		
F. Prepays	\$2,120.80				
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					
G. Initial Escrow Payment at Closing	\$412.25				
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				
H. Other	\$2,400.00				
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					
I. TOTAL OTHER COSTS (Borrower-Paid)	\$5,018.05				
Other Costs Subtotals (E + F + G + H)	\$5,018.05				
J. TOTAL CLOSING COSTS (Borrower-Paid)	\$9,712.10				
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	YES • See Total Loan Costs (D) and Total Other Costs (I)
Closing Costs Paid Before Closing	\$0	– \$29.80	YES • You paid these Closing Costs before closing
Closing Costs Financed (Paid from your Loan Amount)	\$0	\$0	NO
Down Payment/Funds from Borrower	\$18,000.00	\$18,000.00	NO
Deposit	– \$10,000.00	– \$10,000.00	NO
Funds for Borrower	\$0	\$0	NO
Seller Credits	\$0	– \$2,500.00	YES • See Seller Credits in Section L
Adjustments and Other Credits	\$0	– \$1,035.04	YES • See details in Sections K and L
Cash to Close	\$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

Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	\$285,803.36
Finance Charge. The dollar amount the loan will cost you.	\$118,830.27
Amount Financed. The loan amount available after paying your upfront finance charge.	\$162,000.00
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	4.174%
Total Interest Percentage (TIP). 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

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