

# **COUNTDOWN TO CFPB'S NEW INTEGRATED MORTGAGE DISCLOSURES**

**Cynthia Durham Blair**



**ROGERS TOWNSEND**  
ATTORNEYS AT LAW

# DODD-FRANK ACT

## DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT

- Signed into law July 21, 2010
- Implements major financial regulatory reform
- Aimed to prevent another significant financial crisis
- Enforce transparency and accountability
- Implement rules for consumer protection

# WHAT IS THE CFPB?

Created the **Consumer Financial Protection Bureau (CFPB)**. Their objective is to protect consumers in the market for consumer financial products and services.

On July 21, 2011 the CFPB gained control of the Real Estate Settlement Procedures Act (RESPA). They are now responsible for managing and enforcing the RESPA rules and regulations.

# GOALS OF FINAL RULE

- 1) **Improved consumer understanding**
  - Risk factors
  - Short-term and long-term costs
  - Monthly payments
- 2) **Better comparison shopping**
  - Comparisons of competing loan offers
  - Shopping for closing costs
- 3) **Avoid costly surprises at the closing table**
  - Easier comparisons of the estimated and final loan terms of the loan
  - More time to consider choices
  - Limits on closing cost increases

# WHAT DOES THE RULE DO?

The final rule was released on November 20, 2013 and is 1888 pages. It contains new rules and forms which are required by the Truth in Lending Act and the Real Estate Settlement Procedures Act. The new forms integrate existing disclosures and implement some new disclosure requirements from the Dodd-Frank Act. The two new disclosure forms are:

- **Loan Estimate Form:**
  - Comes three business days after application
- **Closing Disclosure Form:**
  - Comes three business days before closing on the loan

The rule offers more protection for consumers through out the closing process. This session will provide a high level overview of the most impactful new regulations and changes.

# APPLICABILITY OF FINAL RULE

**Final rule applies to most consumer mortgages, EXCEPT:**

- Home-equity lines of credit
- Reverse mortgages
- Mortgages secured by a mobile home or dwelling not attached to land



# LOAN ESTIMATE FORM

## Loan Estimate Form:

- The Final Rules replaces the Good Faith Estimate and the “early” Truth In Lending disclosure
- The Loan Estimate must be provided no later than three (3) business days after a consumer submits a loan application. In addition, these disclosures must be delivered not later than the seventh business day before consummation of the transaction.
- The Loan Estimate may be provided by either the broker or the lender, but **the lender remains responsible for the accuracy of the form.**



# LOAN ESTIMATE FORM

- The creditor may not impose a fee on a consumer in connection with an application (other than a fee to obtain a credit report) until the consumer has received the Loan Estimate and has affirmatively indicated an intent to proceed with the transaction.
- Still subject to tolerances.





# CLOSING DISCLOSURE FORM

- The Final Rule puts forward a “Closing Disclosure Form”, which is intended to combine the contents of the final disclosure currently given borrowers under TILA, with the Settlement Statement (HUD-1) form delivered pursuant to RESPA. The Closing Disclosure Form replaces these two forms that which are currently delivered by two different parties.
- 5 Pages long

# CLOSING DISCLOSURE FORM

- **Who prepares the form?**
  - The Final Rule offers two options. **However, under both options the lender remains legally liable for all the information.**
    - Option 1 - The lender prepares the entire form
    - Option 2 - The lender and settlement agent share responsibility for preparing the form.
  - Settlement agents will need to work with lenders individually to determine how a specific lender will handle the preparation of the closing disclosure form.

# THREE DAY RULE

## Closing Disclosure Form: 3 Day Rule

- The Final Rule requires the creditor to provide the closing disclosure to the borrower at least three business days before “consummation”. If the creditor makes any of the listed changes below, between the time the closing disclosure form is delivered and closing, the consumer must be provided a new closing disclosure form and a new three day waiting period begins:
  - (1) if the creditor makes changes to the APR above  $\frac{1}{8}$  of a percent for most loans (and  $\frac{1}{4}$  of a percent for loans with irregular payments or periods);
  - (2) changes the loan product;
  - (3) adds a prepayment penalty to the loan
- For other changes, a corrected closing disclosure form may be provided at or before closing.

# THREE DAY RULE

## Closing Disclosure Form: 3 Day Rule

- The lender is responsible for delivering the closing disclosure form to the consumer, but may use the settlement agent to provide the form.
  - What are acceptable forms of delivery?
    - Providing it to the consumer in person.
    - Mailing, or by other delivery methods, including email.  
Creditors may use electronic delivery methods subject to compliance with the consumer consent and other applicable provisions of the Electronic Signatures in Global and National Commerce Act
- If the Closing Disclosure is provided in person, it is considered received by the consumer on the day it is provided. If it is mailed or delivered electronically, the consumer is considered to have received the Closing Disclosure six business days after it is delivered or placed in the mail.

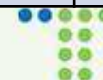
# THREE DAY RULE

## Closing Disclosure Form: 3 Day Rule

- “Business day” means calendar days except Sundays and legal holidays.
  - There is no time stamp like there is with the loan estimate form.
- Waiver of waiting period for ***bona fide personal financial emergency*** only.
  - Consumer must hand write and date the waiver
  - Example provided by the CFPB:
    - The imminent sale of the consumer’s home at foreclosure, where the foreclosure sale will proceed unless loan proceeds are made available to the consumer during the waiting period, may be considered a **bona fide personal financial emergency**.
- Creditor is prohibited from using a pre printed waiver form.

# 3 DAY TIMELINE

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2 Mail or email Delivery of CDF	3 3-day delivery	4	5 "Delivery" of CDF Occurs	6 3-day waiting	7
8 Sunday not a business day	9 Closing takes place	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				



# CLOSING DISCLOSURE FORM

## Line number changes:

- The final closing disclosure form does not retain the current line numbers on the HUD-1. This requires extensive recoding of documents, reports, invoices, etc. as all of these are either completely or partially based on specific line numbers.
- **Line Terminology:**
  - The description of line items on the closing disclosure form must match the description used by the lender/broker on the loan disclosure form. The CFPB feels this will allow consumers to more easily identify fees and compare the two forms.
- **Alphabetizing of fees –**
  - The description of line items on the closing disclosure form must be alphabetized within each subsection. Note: All title fees must start with the word Title ex: Title – Settlement Fee



# EFFECTIVE DATE

The new Integrated Disclosures must be provided by a creditor or mortgage broker that receives an **application from a consumer for a closed-end credit transaction secured by real property on or after August 1, 2015.**

Can a creditor use the closing disclosure form prior to August 1, 2015?

No. For transactions where the **application is received prior to August 1, 2015, creditors will still need to follow the current disclosure requirements under Regulations X and Z, and use the existing forms (Truth-in-Lending disclosures, GFE, HUD-1).**





# EFFECTIVE DATE

- The CFPB plans work with the industry to ensure the new rules are implemented accurately and expeditiously. In doing so it will benefit both the consumer and the industry. The CFPB plans to:
  - Coordinate with other agencies
  - Publish plain-language guides
  - Publish updates to the official interpretations
  - Publish readiness guides
  - Educate consumers

# LIMITS TO TOLERANCES

- The Final Rule tightens the tolerances and does not allow changes to additional types of charges from the Loan Estimate to closing. A “zero tolerance” now applies to:
  - Lender or broker charges;
  - Fees charged by an affiliate of the creditor;
  - Fees charged by service providers selected by the creditor; and
  - Charges for services for which the consumer is not permitted to shop (i.e., where the consumer must select from a list of providers furnished by the lender)



# AVERAGE COST PRICING?

- The Final Rule allows average charges to be used as long as the charge does not inflate the overall settlement costs. There are specific requirements and guidelines when using an average charge that must be followed.
- If a creditor chooses to use an average charge for a settlement service for a particular loan within a class, then the creditor must use that average charge for that service on all loans within the class.

# MISCELLANEOUS ITEMS

- The CFPB removed the following items that were in the proposed rule from the Final Rule:
  - Machine readable record keeping: While the CFPB excluded this requirement from the Final Rule, they did note that they would continue to study this concept.
  - Changes to APR Calculations: The CFPB excluded the proposed changes to the APR calculations based on industry feedback and comments. As of now there are no changes to how the current APR is calculated.

# The Closing Disclosure Form



**ROGERS TOWNSEND**  
ATTORNEYS AT LAW

# 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

\$761.78

NO

See Projected Payments below for your Estimated Total Monthly Payment

### 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

+ 82.35

+ —

### Estimated Escrow

Amount can increase over time

+ 206.13

+ 206.13

### Estimated Total Monthly Payment

\$1,050.26

\$967.91

### Estimated Taxes, Insurance & Assessments

Amount can increase over time  
See page 4 for details

\$356.13  
a month

### This estimate includes

- ☒ Property Taxes
- ☒ Homeowner's Insurance
- ☒ Other: Homeowner's Association Dues

See Escrow Account on page 4 for details. You must pay for other property costs separately.

### 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 DISCLOSURE

## Page 1:

- General Information
  - Closing Information
  - Transaction Information
  - Loan Information
- Loan Terms table
- Projected Payments table
- Costs at Closing
  - Closing Costs
  - Cash to Close



ROGERS TOWNSEND  
ATTORNEYS AT LAW



## 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>		\$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>B. Services Borrower Did Not Shop For</b>		\$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						
<b>C. Services Borrower Did Shop For</b>		\$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						
<b>D. TOTAL LOAN COSTS (Borrower-Paid)</b>		\$4,694.05				
Loan Costs Subtotals (A + B + C)		\$4,664.25	\$29.80			
<b>Other Costs</b>						
<b>E. Taxes and Other Government Fees</b>		\$85.00				
01	Recording Fees Deed: \$40.00 Mortgage: \$45.00	\$85.00				
02	Transfer Tax to Any State			\$950.00		
<b>F. Prepays</b>		\$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						
<b>G. Initial Escrow Payment at Closing</b>		\$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				
<b>H. Other</b>		\$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						
<b>I. TOTAL OTHER COSTS (Borrower-Paid)</b>		\$5,018.05				
Other Costs Subtotals (E + F + G + H)		\$5,018.05				
<b>J. TOTAL CLOSING COSTS (Borrower-Paid)</b>		\$9,712.10				
Closing Costs Subtotals (D + I)		\$9,682.30	\$29.80	\$12,800.00	\$750.00	\$405.00
Lender Credits						

Loan originator compensation paid by the creditor is disclosed in "Paid by Others" column

## Page 2:

- Loan Costs - Itemized Fees
  - Origination Charges
  - Services Borrower Did Not Shop For
  - Services Borrower Did Shop For
- Other Costs - Itemized Fees
  - Taxes & Government Fees
  - Prepays
  - Escrows
  - Other Costs

Lender credits are entered here



ROGERS TOWNSEND  
ATTORNEYS AT LAW

# CLOSING DISCLOSURE

## 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
<b>Cash to Close</b>	<b>\$16,054.00</b>	<b>\$14,147.26</b>	

## Summaries of Transactions

Use this table to see a summary of your transaction.

### BORROWER'S TRANSACTION

<b>K. Due from Borrower at Closing</b>	<b>\$189,762.30</b>
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

#### Adjustments

04	
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		

<b>L. Paid Already by or on Behalf of Borrower at Closing</b>	<b>\$175,615.04</b>
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
<b>Other Credits</b>	
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
<b>Cash to Close</b> <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower	<b>\$14,147.26</b>

### SELLER'S TRANSACTION

<b>M. Due to Seller at Closing</b>	<b>\$180,080.00</b>
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		

<b>N. Due from Seller at Closing</b>	<b>\$115,665.04</b>
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
<b>Cash</b> <input type="checkbox"/> From <input checked="" type="checkbox"/> To Seller	<b>\$64,414.96</b>

## Page 3:

- Calculating Cash to Close
  - This is the comparison table from the loan estimate form.
- Summaries of Transactions
  - Similar to page 1 of the current HUD-1.



**ROGERS TOWNSEND**  
ATTORNEYS AT LAW



## 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: Homeowner's Insurance Property Taxes
Non-Escrowed Property Costs over Year 1	\$1,800.00	Estimated total amount over year 1 for your non-escrowed property costs: Homeowner's Association Dues  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.

# CLOSING DISCLOSURE

## Page 4:

- Loan Disclosures
  - Assumption
  - Demand
  - Partial Payments
  - Security Interest
  - Escrows
- ARM Info Tables
  - Adjustable Payment
  - Adjustable Interest Rate



**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**

	<b>Lender</b>	<b>Mortgage Broker</b>	<b>Real Estate Broker (B)</b>	<b>Real Estate Broker (S)</b>	<b>Settlement Agent</b>
<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

CLOSING DISCLOSURE

PAGE 5 OF 5 • LOAN ID # 123456789

# CLOSING DISCLOSURE

## Page 5:

- Loan Calculations
  - Total of Payments
  - Finance Charge
  - Amount Financed
  - Annual Percentage Rate
  - Total Interest Percentage (TIP)
- Other Disclosures
  - Appraisal
  - Contract Details
  - Liability After Foreclosure Notice
  - Loan Acceptance Notice
  - Refinance Notice
  - Tax Deductions
- Contact Information
- Confirmation of Receipt



**ROGERS TOWNSEND**  
ATTORNEYS AT LAW

# POST-CLOSING CHANGES

- If within 30 days post-closing, event changes that results in change to borrower-paid charge from final CD, creditor must provide corrected CD within 30 days of receiving info.
- “Non-numeric” clerical error: Must correct within 60 days of closing.
- Seller Paid Items: Settlement agent to correct 30 days after receipt of info.
- Tolerance violation cure: Must Mail a corrected CD that reflects the refund no later than 60 calendar days after consummation.





## Closing Disclosure

### Closing Information

Date Issued  
Closing Date  
Disbursement Date  
Settlement Agent  
File #  
Property

Sale Price

### Transaction Information

Borrower

Seller

### Summaries of Transactions

#### SELLER'S TRANSACTION

##### Due to Seller at Closing

- 01 Sale Price of Property  
02 Sale Price of Any Personal Property Included in Sale  
03  
04  
05  
06  
07  
08

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

- 09 City/Town Taxes to  
10 County Taxes to  
11 Assessments to  
12  
13  
14  
15  
16

##### Due from Seller at Closing

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

##### Adjustments for Items Unpaid by Seller

- 14 City/Town Taxes to  
15 County Taxes to  
16 Assessments to  
17  
18  
19

#### CALCULATION

Total Due to Seller at Closing  
Total Due from Seller at Closing

Cash ☐ From ☐ To Seller

### Contact Information

#### REAL ESTATE BROKER (B)

Name

Address

License ID

Contact

Contact License ID

Email

Phone

#### REAL ESTATE BROKER (S)

Name

Address

License ID

Contact

Contact License ID

Email

Phone

#### SETTLEMENT AGENT

Name

Address

License ID

Contact

Contact License ID

Email

Phone



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

# SELLER DISCLOSURE FORM

- Just a summary of Seller's side
- First page has agent/broker and settlement agent contact info



**ROGERS TOWNSEND**  
ATTORNEYS AT LAW

## Closing Cost Details

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

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

- Seller-paid closing costs disclosed to seller on this form
- Separate columns for Paid at Closing and Paid Before Closing



# STAY INFORMED!!!!

**The CFPB will continue to amend the Final Rule as necessary.  
Below are a few ways to stay informed:**

- Learn more at the CFPB's website:  
<http://www.consumerfinance.gov/knowbeforeyouowe/>
- Compliance guide:  
<http://www.consumerfinance.gov/regulatory-implementation/tila-respa/>
- For inquiries: [www.cfpb\\_reginquiries@cfpb.gov](mailto:www.cfpb_reginquiries@cfpb.gov)



**ROGERS TOWNSEND**  
ATTORNEYS AT LAW

# SMALL ENTITY COMPLIANCE GUIDE

- **Version 1.1 just issued September 2014**
  - Contains updates to information on where to find additional resources
  - Additional clarification on questions relating to the Loan Estimate and 7 day waiting period
  - Additional clarification on questions relating to Timing for Revisions to Loan Estimate



# ENFORCEMENT BY CFPB

## ■ Regulatory Guidance to Lenders on Service Providers

- Office of Comptroller of Currency – 2001 (updated Nov. 2013)
- Federal Deposit Insurance Corp. – 2006
- Federal Government and state attorneys general – 2011-2012
- CFPB Bulletin - April 2012
- Federal Reserve – December 2013

**“If not managed effectively, the use of service providers may expose financial institutions to risks that can result in regulatory action, financial loss, litigation, and loss of reputation.” – Federal Reserve**



# ENFORCEMENT BY CFPB

- **Enforcement Actions**
  - American Express - \$85 million
  - Discover - \$200 million
  - Capital One - \$210 million
  - National Foreclosure Settlement - \$25 billion
- **The Message: Lenders are responsible and liable for acts of third-party providers that harm consumers**
- **Lender Expectations – Response**
  - Centralized Funding
  - MSAs / Requirement Letters
  - Third-party vetting

**ALTA'S BEST PRACTICES!**



**ROGERS TOWNSEND**  
ATTORNEYS AT LAW

# HOW CAN I MAKE A DIFFERENCE?

**Join Palmetto Land Title Association  
and be active.**

**Join ALTA's Title Action Network (TAN) for  
local grass root notifications.**

**To join go to:**

**<http://www.titleactionnetwork.com/default.aspx>**

**and click "JOIN" in the box on the right.**

**Encourage all your employees to join!**