

GETTING TO KNOW THE NEW CLOSING DISCLOSURE

By Bill Anderson
and Steven Bastian

COMING IN AUGUST OF THIS YEAR, Notary signing agents will begin to see the Consumer Financial Protection Bureau's new Closing Disclosure form in loan document packages. The Closing Disclosure replaces the final Truth in Lending (TIL) Disclosure and HUD-1 Settlement Statement, and must be provided to borrowers three days before consummation or closing of their transaction. Versions of the Closing Disclosure will vary depending upon the type of transaction. Home equity lines of credit and reverse mortgages will continue to use the HUD-1 form. Here is an overview of the new Closing Disclosure.

Closing Disclosure *This form is a statement of the loan terms and closing costs. Compare this document with your Loan Estimate.*

Closing Information	Transaction Information	Loan Information
Date Issued 9/15/2015 Closing Date 9/15/2015 Disbursement Date 9/15/2015 Settlement Agent Zeta Title File # 12-3456 Property 123 Anywhere Street Anytown, ST 12345 Appraised Prop. Value \$180,000	Borrower Michael Jones and Mary Stone 123 Anywhere Street Anytown, ST 12345 Lender Ficus Bank	Loan Term 30 years Purpose Refinance Product Fixed Rate Loan Type <input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA CVA <input type="checkbox"/> Loan ID # 123456789 MIC # 009874513

Loan Terms	Can this amount increase after closing?	
Loan Amount	\$150,000	NO
Interest Rate	4.25%	NO
Monthly Principal & Interest <small>See Projected Payments below for your Estimated Total Monthly Payment</small>	\$737.91	NO
Prepayment Penalty		NO
Balloon Payment		NO

Projected Payments	Does the loan have these features?	
Payment Calculation	Years 1-4	Years 5-30
Principal & Interest	\$737.91	\$737.91
Mortgage Insurance	+ 82.35	+ —
Estimated Escrow <small>Amount can increase over time</small>	+ 206.13	+ 206.13
Estimated Total Monthly Payment	\$1,026.39	\$944.04
Estimated Taxes, Insurance & Assessments <small>Amount can increase over time. See details on page 4</small>	\$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: HOA Dues <small>See page 4 for escrowed property costs. You must pay for other property costs separately.</small>
		In escrow? YES YES NO

Costs at Closing		
Closing Costs	\$5,757.57	Includes \$3,495.50 in Loan Costs + \$2,762.07 in Other Costs - \$500 in Lender Credits. See page 2 for details.
Cash to Close	\$29,677.43	Includes Closing Costs. See Calculating Cash to Close on page 3 for details. <input type="checkbox"/> From <input checked="" type="checkbox"/> To Borrower

CLOSING DISCLOSURE PAGE 1 OF 5 - LOAN ID # 123456789

- 1 Every Closing Disclosure has the essential "Closing," "Transaction" and "Loan" details at the top of **page 1**.
- 2 The Disbursement Date for each loan appears on the Closing Disclosure.
- 3 Refinance loans will read "Appraised Property Value"; purchase transactions, "Sale Price."
- 4 "Loan Terms," "Projected Payments" and "Costs at Closing" present information previously found on the TIL and HUD-1.
- 5 Loan Terms and "Yes" and "No" answers previously found on the HUD-1, page 3.
- 6 Projected payments previously found on the TIL.
- 7 Property taxes and other charges previously found on the HUD-1, page 3.
- 8 Cash to Close previously found on the HUD-1 line 303.

For more details visit
The National Notary *digital edition* at
nationalnotary.org/knowledge-center/news/the-national-notary.

Closing Cost Details		Borrower-Paid	
Loan Costs		At Closing	Before Closing
A. Origination Charges			
01	% of Loan Amount (Points)		
02			
03			
04			
05			
06			
07			
08			
B. Services Borrower Did Not Shop For			
01			
02			
03			
04			
05			
06			
07			
08			
09			
10			
C. Services Borrower Did Shop For			
01			
02			
03			
04			
05			
06			
07			
08			
D. TOTAL LOAN COSTS (Borrower-Paid)			
Loan Costs Subtotals (A + B + C)			
Other Costs			
E. Taxes and Other Government Fees			
01	Recording Fees	Deed:	Mortgage:
02			
F. Prepays			
01	Homeowner's Insurance Premium (mo.)		
02	Mortgage Insurance Premium (mo.)		
03	Prepaid Interest (per day to)		

Page 2 of the Closing Disclosure is a complete redesign of the itemization of closing costs for the loan formerly presented on the HUD-1. Closing costs are grouped in new categories with new line numbers. The total of closing costs at the bottom of page 2 is carried forward and appears at the bottom of page 1.

Payoffs and Payments		Use this table to see a summary of your payoffs and payments to others for	
TO	AMOUNT		
01			
02			
03			

Calculating Cash to Close		Use this table to see what has changed from your Loan Estimate.	
	Loan Estimate	Final	Did this change?
Loan Amount			
Total Closing Costs (J)			
Closing Costs Paid Before Closing			
Total Payoffs and Payments (K)			
Cash to Close			
	<input type="checkbox"/> From <input type="checkbox"/> To	<input type="checkbox"/> From <input type="checkbox"/> To	Closing Costs Financed (Paid from your Loan Amount)

This version of **page 3** is for a transaction without a seller, such as a refinance typically handled by NSAs.

- 1 The "Payoffs and Payments" section itemizes the payoffs of old loans with the proceeds of the loan amount.
- 2 The "Calculating Cash to Close" section allows borrowers to compare figures from the Loan Estimate to see what has changed. The bottom-line amount is carried forward to page 1.

Loan Disclosures		Escrow Account	
Assumption If you sell or transfer this property to another person, your lender <input type="checkbox"/> will allow, under certain conditions, this person to assume this loan on the original terms. <input type="checkbox"/> will not allow assumption of this loan on the original terms.		For now , your loan <input type="checkbox"/> will have an escrow account (also called an account) to pay the property costs listed below. You would pay them directly, possibly payments a year. Your lender may be liable for failing to make a payment.	
Demand Feature			
Adjustable Payment (AP) Table		Adjustable Interest Rate (AIR) Table	
Interest Only Payments?		Index + Margin	
Optional Payments?		Initial Interest Rate	
Step Payments?		Minimum/Maximum Interest Rate	
Seasonal Payments?		Change Frequency	
Monthly Principal and Interest Payments		First Change	
First Change/Amount		Subsequent Changes	
Subsequent Changes		Limits on Interest Rate Changes	
Maximum Payment		First Change	
		Subsequent Changes	

- 1 This version of **page 4** presents disclosures about the loan previously found on the TIL.
- 2 The "Adjustable Payments Table" will appear for certain loans.
- 3 The "Adjustable Interest Rate Table" will appear for loans that have an adjustable interest rate. The table will not appear for fixed-rate loans.

Loan Calculations		Other Disclosures	
Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.		Appraisal If the property was appraised for your loan, you give you a copy at no additional cost at least 30 days before closing. If you have not yet received it, please contact your lender for more information.	
Finance Charge. The dollar amount the loan will cost you.		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 you to prepay the loan, and • the rules for making payments before the end of the loan term.	
Amount Financed. The loan amount available after paying your upfront finance charge.		Liability after Foreclosure If your lender forecloses on this property and the sale of the property does not pay off the loan, you may be liable for the unpaid balance.	
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.			
Contact Information			
Name		Lender	Mortgage Broker
Address			Settlement
NMLS ID			
License ID			
Contact			
Contact NMLS ID			
Contact License ID			
Email			
Phone			
Confirm Receipt			
By signing, you are only confirming that you have received this form. You do not have to accept this loan because you are not obligated to do so.			
Applicant Signature		Date	Co-Applicant Signature

Page 5 sections may not appear on all forms.

- 1 The "Loan Calculations" has the Annual Percentage Rate (APR) previously found on the TIL and adds a new "Total Interest Percentage."
- 2 The lender's, mortgage and real estate broker's and settlement agent's contact information.
- 3 The "Confirm Receipt" with borrower's signature is optional. If it does not appear, a separate "Loan Acceptance" disclosure must appear. ■