

# RESPA/TILA Integration

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**Presented by:**

**Richard Hogan, Vice President & Associate General Counsel**

**Tracy Pandolfo, Director Agent Services**



# Agenda

- Basics: Why We're Here
- Final Rule
- The New Forms
- Evaluating the Rule
- Challenges for lenders and their attorneys
- Questions

# Basics

- **Dodd-Frank Act**
  - Created Consumer Financial Protection Bureau
    - ✦ Mission: “Protect consumers by carrying out Federal consumer financial laws... and by empowering consumers to take more control over their economic lives.”
  - The CFPB will achieve its mission through:
    - ✦ Data-driven analysis
    - ✦ Innovative use of technology

# Statutes that Transferred to the CFPB

- Alternative Mortgage Transaction Parity Act
- Consumer Leasing Act of 1976
- Electronic Fund Transfer Act\*
- Equal Credit Opportunity Act
- Fair Credit Billing Act
- Fair Credit Reporting Act \*
- Home Owners Protection Act of 1998
- Fair Debt Collection Practices Act
- Federal Deposit Insurance Act\*
- Gramm-Leach-Bliley Act\*
- Home Mortgage Disclosure Act of 1975
- Home Ownership and Equity Protection Act of 1994
- Real Estate Settlement Procedures Act of 1974
- S.A.F.E. Mortgage Licensing Act of 2008
- Truth in Lending Act
- Truth in Savings Act
- Omnibus Appropriations Act of 2009\*
- Interstate Land Sales Full Disclosure Act
- Mortgage Reform and Anti-Predatory Lending Act\*

*\* Indicates that portions of this Act transferred to the CFPB while other portions did not.*

# Other Dodd-Frank Mortgage Rules

- Ability-to-Repay and Qualified Mortgage Standard (Regulation Z)
- ECOA Valuations for Loans Secured by a First Lien on a Dwelling (Regulation B)
- Escrow Requirements under Truth in Lending Act (Regulation Z)
- High-Cost Mortgage and Homeownership Counseling (Regulation Z) (Regulation X)
- Loan Originator Compensation Requirements (Regulation Z)
- Mortgage Servicing Rules (RESPA-Reg X) (TILA-Reg Z)
- TILA Appraisals for Higher-Priced Mortgage Loans (Regulation Z)

# Basics

- Know Before You Owe Project
  - Create disclosures that are easier for both consumers and industry to understand and use
    - May 2011-February 2012 – Several rounds of form development
    - February-July 2012 – Rule development with input from small business review panel
    - July 9, 2012 – CFPB publishes 1,099 pages of proposed rule and forms
    - November 20, 2013 – Release of final rule and forms

**Implementation: August 1, 2015**

# Basics

- **CFPB Goals**
  - Improved consumer understanding
    - Risk factors
    - Short-term and long-term costs
    - Monthly payments
  - Better comparison shopping
    - Comparisons of competing loan offers
    - Shopping for closing costs
  - Avoiding 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

# Basics

- **Applicable Loans**

- Final rule applies to most consumer purpose loans, EXCEPT:
  - Home-equity lines of credit
  - Reverse mortgages
  - Mortgages secured by a mobile home or dwelling not attached to land
  - No-interest second mortgage made for down payment assistance, closing costs or other home buyer assistance, energy efficiency or foreclosure avoidance
  - Loans made by a lender who makes 5 or fewer mortgages in a year
  - Rule does apply to
    - loans without regard to acreage
    - vacant land loans
    - construction only loans (new construction – not renovation)
    - loans made to trusts for tax or estate planning purposes



# The New Forms – TILA Liability

- **Loan Estimate**
  - Three pages long
    - Combines early two-page TIL and three-page GFE
  - Who provides?
    - Two options: lender or mortgage broker
  - When?
    - Within three days of application
  - Still subject to tolerances
- **Closing Disclosure**
  - Five pages long
    - Combines three-page HUD-1 and final two-page TIL
  - Who provides?
    - Two options: lender or combination of lender and settlement agent
  - When?
    - Three business days before consummation
    - Exceptions

# Timing

- The New Forms Must Be Used with Respect to Any Applications Received for a Covered Transaction On or After August 1, 2015
- You Cannot Use New Forms Before Effective Date
- No change for the following:
  - Cannot Impose Fees (Except for credit report) Before Consumer Receives Loan Estimate and Indicates Intent to Proceed
  - Cannot Require Submission of Verification Documents

# Timing

- Must Be Provided Within Three (3) Business Days (open for substantially all business) of Receiving an Application
  - Delivered
  - Or Placed in Mail
- That Delivery Date (or Date Placed in Mail) Must Also Be No Later Than Seventh (7<sup>th</sup>) Business Date Before Consummation
- Trigger Date is Date When “Application” Received
  - By Creditor
  - Or by Mortgage Broker

# Application: Six Pieces of Information

- Consumer's name
- Consumer's income
- Consumer's Social Security number to obtain a credit report
- Property address
- Estimate of the property value
- Mortgage loan amount

Eliminates catch-all phrase

# APPLICATION:

- All Six Pieces Must be “Submitted”
  - Existing Records Are Not Considered to be “Submitted”
- No Change:
  - You Can Ask Consumer for Other Information Beyond Six Items
- You Can Stage Information Collection to Avoid or Delay Triggering Event
  - Asking for Other Items Before You Ask for the Sixth
- But as Soon as You Receive Sixth Item, You Have an “Application”

# MORTGAGE BROKERS

- Mortgage Broker Can Provide Loan Estimate – except in MA
- But Broker Must Comply with **All** Requirements Applicable to Creditor
  - It Does Not Matter When the Creditor Receives the Application
- And Creditor Must Ensure Broker's Compliance
  - Bound by Disclosure
- Will Creditors Let Brokers Provide the Loan Estimate?

# VERIFICATION DOCUMENTS

- OK to Ask for Account Numbers, Balances, etc.
- OK to Ask for Employment Information
- But Cannot Ask for Verification Documents
  - VOD, VOE, etc.
- OK to Ask About Purchase Terms
- But Cannot Ask for Copy of Purchase and Sale Agreement

# LOAN ESTIMATE

- Loan Estimate Must Be Completed in “Good Faith”
  - Based on Actual Information if Known
    - ✦ Must Use “Good Faith” and Exercise “Due Diligence” to Try to Obtain Information
  - Estimate Must Be Based on “Best Information Available”
    - ✦ Using Good Faith and Due Diligence
  - You Can Rely on Third Parties for Information
    - ✦ Including Consumer



# SHOPPING

- A creditor permits a borrower to shop for 3<sup>rd</sup> party settlement services when the creditor informs the borrower on Loan Estimate and provides the borrower with a written list of settlement service providers
- The creditor may still impose reasonable qualifications for providers
- Example:
  - Provider must be licensed
- Mandating that the consumer choose a provider from a closed list does not equal shopping
- Ramification for closed attorney lists

# Shopping - Identified Providers List

- List Must be Provided Within *Same Time-Frame* as Loan Estimate
- But *Separate From* Loan Estimate
- New “Model” List Provided by CFPB
- Identified Services Must Match Services Identified as Shoppable on Page 2 of Loan Estimate Form
- If the borrower is not given a written list the fee moves to the zero tolerance category

## Additional Details for Services You Can Shop For

To get you started with shopping, this list identifies some providers for the services you can shop for (see Section C on page 2 of your Loan Estimate).

<b>Service Provider List</b>		<b>You can select these providers or shop for your own providers.</b>	
<b>Service</b>	<b>Estimate</b>	<b>Provider We Identified</b>	<b>Contact Information</b>
Pest Inspection Fee	\$135	Pest Co.	Jane Polk 123 Avenue A Anytown, ST 12345 janep@pestco.com 111-222-3333
Survey Fee	\$65	Surveyor LLC	Bill Barnes 456 Avenue B Anytown, ST 12341 billb@surveyorllc.com 111-333-4444
Title – Insurance Binder	\$700	Gamma Title Co.	Joanna Campbell 789 Avenue C Anytown, ST 12333 joannac@gammatitle.com 222-444-5555
Title – Lender’s Title Policy	\$535		
Title – Settlement Agent Fee	\$502		
Title – Title Search	\$1,261		
Title – Lender’s Title Insurance	\$1,100	Delta Title Inc.	Frank Fields 321 Avenue D Anytown, ST 12321 frankf@deltatitle.com 222-444-6666
Title – Other Title Services	\$1,000		
Title – Settlement Agent Fee	\$350		

# SHOPPING

- Creditor Must Identify *At Least One* Provider for Each Service
  - Provider Must be Available to Consumer
  - Contact Information Must be Provided
- Must Disclose That Consumer Can Choose a Different Provider
- If Consumer Selects Provider on List, Charge Must be Included in 10% Tolerance Bucket
- If Consumer Selects Provider Not on List, Charge is Not Subject to Any Tolerances
- Make sure you track “can shop” vs. “did shop”

# 10% Variance Bucket

- 10% Variance Bucket Includes:
  - Recording Fees
  - Charges for Service Providers Selected by Consumer
    - ✦ Where Provider is on the Written List
    - ✦ Not Paid to Creditor or Affiliate
- 10% Tolerance is Provided for **All** Charges in Bucket
  - Individual Charges May Increase by More Than 10%
  - But Aggregate Cannot
- If Charge in Bucket is Not Actually Performed, Item Must be Removed for Comparison Purposes

# Zero Variance Bucket

- Includes the Following:
  - Fees That Are Paid to a Creditor and Mortgage Broker
  - **Fees paid to an Affiliate of the Creditor (New)**
  - **Fees Paid if borrower Not Permitted to Shop for the Service (New)** - Appraisal, Credit Report, etc.
  - Transfer Taxes
- Zero Variance May be Overcome in Changed Circumstances or in Other Circumstances Where Revisions Are Permitted

# Not Subject to Variance

- No change
- Prepaid interest
- Property insurance premiums
- Escrow amounts
- Charges paid to 3<sup>rd</sup> party service providers chosen by the consumer that are not on the lender's list of service providers
- Charges paid for 3<sup>rd</sup> party services not required by the creditor – personal representation

# Re-Disclosure of Loan Estimate

- As a “General” Rule, You **Cannot** Issue a *Revised* Loan Estimate Disclosure to Correct
  - Technical Errors or Omissions
  - Miscalculations
  - Underestimated Charges
- You Must Keep Specific *Records* Documenting Why Each Revision Was Permitted
- There Are, However, Limited Circumstances Where You Can Issue a *Revised* Loan Estimate



# Re-Disclosure of Loan Estimate – Rate Locks

- A *Revised* Loan Estimate is Permitted When the Interest Rate is floating and is later locked
- Note that the Revised Loan Estimate Must be Provided Within 3 Business Days from the Date the Interest Rate is Locked Reflecting
  - The Revised Interest Rate
  - The “Points”
  - Lender Credits
  - Any Other Interest Rate Dependent Charges and Terms

## Permitted Revisions (cont.)

- A *Revised* Loan Estimate is Permitted if the *Borrower Requests* Revisions to the “Credit Terms” or “Settlement”
  - But Only If the Requested Revision Causes an Estimated Charge to Increase
- A *Revised* Loan Estimate is Permitted if “Intent to Proceed” is Expressed More Than 10 Business Days After Loan Estimate is Provided
  - All Disclosed Charges Are Capable of Being Adjusted

## Permitted Revisions (cont.)

- A Revised Loan Estimate is Permitted in Certain Transactions Involving a Newly Constructed Home
  - Closing Will Occur More Than 60 Days After Loan Estimate is Provided
  - At that Time, the Home
    - ✦ Must Not Yet be Constructed
    - ✦ Or Must be Under Construction (With No CO Having Been Issued)
  - And the Initial Loan Estimate Must State
    - ✦ “Clearly and Conspicuously”
    - ✦ At Any Time Prior to 60 Days Before Closing, the Creditor May Issue a Revised Disclosure

## Permitted Revisions (cont.)

- A *Revised* Loan Estimate is Also Permitted if There Are “*Changed Circumstances*”
  - That Affect the “Settlement Charges”
  - That Affect Eligibility For Specific Loan Terms
    - ✦ FICO
    - ✦ Appraisal
  - Where the Increase in Charges Exceeds Applicable Tolerances
    - ✦ Zero Tolerance Items
    - ✦ Items in 10% Bucket (**But Only if Increase Exceeds 10% Aggregate Limit**)
    - ✦ APR Tolerances
  - A Revised Loan Estimate is Not Permitted When Actual Costs are reduced

# When Must You Give the Revised Loan Estimate?

- “General” Rule, Creditor Must Provide No Later Than 3 Business Days (open for substantially all business) After *You **Receive*** the Information That Permitted the Revision (i.e., a “Triggering Event”)
  - Deliver in Person
  - Place in Mail
- Exceptions to “General” 3 Business Day Rule Include
  - When You Are Too Close to Closing
  - Or Closing Disclosure Has Already Been Provided

# When Must You Give the Revised Loan Estimate?

- Revised Loan Estimate May **Not** be Provided *On the Same Date (or After)* the Closing Disclosure is Provided
  - Closing Disclosure Must be **Received** by Consumer No Later Than Three Business Days (not Sundays and Holidays) Before Closing
  - Consumer Must **Receive** the *Revised* Loan Estimate at Least Four (4) Business Days Prior to Closing
    - ✦ If Delivered *in Person*, “Receipt” is That Day
    - ✦ If Delivered by Mail, Email or Other Means, “Receipt” is Considered to Have Occurred 3 Business Days Later
      - Unless You Have Evidence of Earlier Actual Receipt
  - Be Careful of This Prohibition If Closing Disclosure is Provided Early

# What Happens If Things Change Close to Closing and You Cannot Issue a Revised Loan Estimate?

- You Can Reflect the Revised Disclosures in the Closing Statement
  - But Only if There is a Triggering Event Permitting the Revision
- And Only If There Are Less Than 4 Business Days Between Closing and the Time the Revised Loan Estimate Would Have Otherwise Been Required to be Provided
  - If the Triggering Event Occurs Between the 4<sup>th</sup> and 3<sup>rd</sup> Business Day From Closing
    - ✦ Show Revised Disclosures on the Closing Disclosure Provided 3 Business Days Before Closing
  - If the Triggering Event Occurs **After** the First Closing Disclosure Has Been Provided
    - ✦ Show Revised Disclosures on Closing Disclosure Provided at Closing
- You Would Then be Able to Compare Those Revised Disclosures to the *Actual* Charges for Purposes of Determining
  - Whether Disclosures Were Made in “Good Faith”
  - Whether Any Refunds Are Necessary

# Closing Disclosure Three-Day Rule

**Policy:** Consumers must receive their Closing Disclosure at least three business days before closing.

- Business day = Every day but Sundays and Federal Holidays

Have to re-disclose and restart clock only in limited circumstances.

- APR trigger – 0.125 regular – 0.250 irregular
- Product changes (ARM, step-rate or fixed rate)
- Addition of prepayment penalty



# How to Count the Three Days

## **For a closing scheduled for Tuesday:**

- Hand deliver on Friday
- Courier/Fed Ex with signed receipt on Friday
- Place in US Mail Tuesday of the previous week
  
- Electronic documents
  - Same timing/evidence of receipt rules above
  - Need to comply with E-Sign

# Sale – Closing Date

Delivery By Hand:

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
					<b>Hand Delivery = Receipt</b>	<b>Disclosure Day 1</b>
<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>
<b>Sunday doesn't count</b>	<b>Disclosure Day 2</b>	<b>Disclosure Day 3 - OK to close</b>				

Delivery By Mail:

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
		<b>Closing Disclosure MAILED</b>	<b>Mail Day 1</b>	<b>Mail Day 2</b>	<b>Mail Day 3 = Receipt</b>	<b>Disclosure Day 1</b>
<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>
<b>Sunday doesn't count</b>	<b>Disclosure Day 2</b>	<b>Disclosure Day 3 - OK to close</b>				

# Refinances – Closing Date

- Even with 3 days advance disclosure before closing (consummation)
- 3-day rescission period still applies in refinance of principal residence

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
					<b>Closing Disclosure MAILED</b>	<b>Mail Day 1</b>
<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>
<b>Sunday doesn't count</b>	<b>Mail Day 2</b>	<b>Mail Day 3 = Receipt</b>	<b>Disclosure Day 1</b>	<b>Disclosure Day 2</b>	<b>Disclosure Day 3 - OK to close</b>	<b>Rescission Day 1</b>
<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>21</b>
<b>Sunday doesn't count</b>	<b>Rescission Day 2</b>	<b>Rescission Day 3 = Rescission expires at midnight</b>				

# Three-Day Rule

- Can a consumer waive the three-day period?
  - Only if they have a Bona-Fide Personal Financial Emergency
  - Very fact intensive
  - Consumer must provide a written statement explaining the need for the waiver
- Example:
  - The imminent sale of the consumer's home at foreclosure

# Role of the Settlement Agent

- Lenders can work with settlement agents to prepare and provide Closing Disclosure.
  - “The final rule acknowledges settlement agents’ longstanding involvement in the closing of real estate and mortgage loan transactions, as well as their preparation and delivery of the HUD-1. The final rule avoids creating uncertainty regarding the role of settlement agents.”
- However, the creditor retains ultimate responsibility – and liability – for ensuring that the disclosure is provided in accordance with the rule.

# Role of the Settlement Agent

## **Shared Responsibility**

- Like what happens today
- Lender and settlement agent agree to divide responsibility for gathering data for the closing disclosure
- Consumer must get ONE completed disclosure

# Completing the Closing Disclosure

- Use Actual charges where known
  - Average charges where allowed
- Best Information Reasonably Available
  - The settlement agent is required to exercise due diligence
  - At a minimum utilize generally accepted calculation tools
  - Contact other parties and service providers

# Disclosure of Title Fees

- Lender policy:
  - Services you can shop for category
  - How to calculate: Full premium without any adjustment that might be made for the simultaneous purchase of an owner title insurance policy
  - Can use enhanced policy or endorsements if the lender knows that these products will be purchased
- Owner policy
  - Other category
  - Must be listed as “optional”
  - How to calculate: Full owner title insurance premium, adding the simultaneous issuance premium for the lender’s coverage, and then deducting the full premium for lender’s coverage.



Bank Name - (a)(3)

Save this Loan Estimate to compare with your Closing Disclosure. (a)(2)

# Loan Estimate (a)(1)

DATE ISSUED (a)(4)

APPLICANTS (a)(5)

PROPERTY (a)(6)

SALE PRICE (a)(7)

LOAN TERM (a)(8)

PURPOSE (a)(9)

PRODUCT (a)(10)

LOAN TYPE  Conventional  FHA  VA  (a)(11)

LOAN ID # (a)(12)

RATE LOCK  NO  YES, until (a)(13)

*Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on*

Save this Loan Estimate to compare with your Closing Disclosure.

# Loan Estimate

DATE ISSUED

APPLICANTS

PROPERTY

EST. PROP. VALUE

LOAN TERM

PURPOSE

PRODUCT

LOAN TYPE  Conventional  FHA  VA  \_\_\_\_\_

LOAN ID #

RATE LOCK  NO  YES, until

*Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on*

- Date issued – delivered or mailed
- Use each applicant’s name and mailing address – if needed – additional page
- Property address - Lot number – ZIP code
- Term – year and, if needed, month as well
- Purpose – purchase, refinance, construction, home equity loan
- Product – 2 pieces of info – (payment feature and duration)
- Loan Type – other would include loan insured or guaranteed by another federal or state agency
- Loan I.D. # - generated by creditor - unique

<b>Loan Terms</b>	<b>Can this amount increase after closing?</b>	
<b>Loan Amount</b>	(b)(1)	
<b>Interest Rate</b>	(b)(2)	(b)(6)
<b>Monthly Principal &amp; Interest</b> <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	(b)(3)	
	<b>Does the loan have these features?</b>	
<b>Prepayment Penalty</b>	(b)(4)	(b)(7)
<b>Balloon Payment</b>	(b)(5)	

<b>Loan Terms</b>	<b>Can this amount increase after closing?</b>	
<b>Loan Amount</b>	\$171,000	<b>NO</b>
<b>Interest Rate</b>	4.375%	<b>NO</b>
<b>Monthly Principal &amp; Interest</b> <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$853.78	<b>NO</b>
	<b>Does the loan have these features?</b>	
<b>Prepayment Penalty</b>	<b>NO</b>	
<b>Balloon Payment</b>	<b>YES</b> • You will have to pay <b>\$149,263</b> at the end of year 7	

- Interest rate – if not known at consummation the fully-indexed rate is shown and monthly interest rate is calculated using the fully-indexed rate as well.
- Prepayment penalty – does not include a waived 3<sup>rd</sup> party charge that the creditor imposes if borrower prepaid principal sooner than 36 months.

Projected Payments	
<b>Payment Calculation</b>	(c)(3)
Principal & Interest	(c)(2)
Mortgage Insurance	
Estimated Escrow <i>Amount can increase over time</i>	
<b>Estimated Total Monthly Payment</b>	
<b>Estimated Taxes, Insurance &amp; Assessments</b> <i>Amount can increase over time</i>	<p>(c)(4)</p> <p><b>This estimate includes</b></p> <p><input type="checkbox"/> Property Taxes</p> <p><input type="checkbox"/> Homeowner's Insurance</p> <p><input type="checkbox"/> Other:</p> <p><i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i></p> <p><b>In escrow?</b></p>

Could include CIC fees or assessments, credit insurance or debt cancellation insurance.

Projected Payments				
Payment Calculation	Years 1-5	Years 6-8	Years 9-11	Years 12-30
Principal & Interest	\$703.33 <i>only interest</i>	\$1,028 min \$1,359 max	\$1,028 min \$1,604 max	\$1,028 min \$2,068 max
Mortgage Insurance	+ 109	+ 109	+ 109	+ —
Estimated Escrow <i>Amount can increase over time</i>	+ 0	+ 0	+ 0	+ 0
<b>Estimated Total Monthly Payment</b>	\$812	\$1,137-\$1,468	\$1,137-\$1,713	\$1,028-\$2,068
<b>Estimated Taxes, Insurance &amp; Assessments</b> <i>Amount can increase over time</i>	\$533 a month	<p><b>This estimate includes</b></p> <p><input checked="" type="checkbox"/> Property Taxes</p> <p><input checked="" type="checkbox"/> Homeowner's Insurance</p> <p><input type="checkbox"/> Other:</p> <p><i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i></p>		<p><b>In escrow?</b></p> <p>NO</p> <p>NO</p>

- Up to 4 columns with triggering events:
- Negative Am, IO, balloon payment, automatic termination of mortgage insurance
- Balloon payment scheduled as a final payment always requires its own column
- Mortgage insurance termination should be disclosed as a separate event unless other triggering events exceed three.

<b>Costs at Closing</b>		(d)(1)
<b>Estimated Closing Costs</b>	Includes _____ in Loan Costs + _____ in Other Costs – _____ in Lender Credits. <i>See page 2 for details.</i>	
<b>Estimated Cash to Close</b>	Includes Closing Costs. <i>See Calculating Cash to Close on page 2 for details.</i> <input type="checkbox"/> From <input type="checkbox"/> To Borrower	

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

LOAN ESTIMATE

PAGE 1 OF 3 • LOAN ID #

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

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

LOAN ESTIMATE

PAGE 1 OF 3 • LOAN ID #

- This section summarizes estimated closing costs generated on second page of disclosure and estimated cash to close.

## Loan Estimate

**DATE ISSUED** 7/23/2012  
**APPLICANTS** John A. and Mary B.  
 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 #** 1234567891330172808  
**RATE LOCK**  NO  YES, until 9/21/12 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 8/6/12 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 Total Monthly Payment</i>	\$761.78	<b>NO</b>
		Does the loan have these features?
<b>Prepayment Penalty</b>		<b>NO</b>
<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	<p><b>This estimate includes</b></p> <p><input checked="" type="checkbox"/> Property Taxes</p> <p><input checked="" type="checkbox"/> Homeowner's Insurance</p> <p><input type="checkbox"/> Other:</p> <p><i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i></p> <p><b>In escrow?</b> <b>YES</b> <b>YES</b></p>

## Cash to Close

<b>Estimated Cash to Close</b>	\$16,054	Includes \$8,054 in Closing Costs ( \$5,672 in Loan Costs + \$2,382 in Other Costs – \$0 in Lender Credits). See details on page 2.
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Visit [www.consumerfinance.gov/learnmore](http://www.consumerfinance.gov/learnmore) for general information and tools.

## Closing Cost Details

### Loan Costs

<b>A. Origination Charges</b>	<b>\$1,802</b>
.25 % of Loan Amount (Points)	\$405
Application Fee	\$300
Underwriting Fee	\$1,097

<b>B. Services You Cannot Shop For</b>	<b>\$672</b>
Appraisal Fee	\$405
Credit Report Fee	\$30
Flood Determination Fee	\$20
Flood Monitoring Fee	\$32
Tax Monitoring Fee	\$75
Tax Status Research Fee	\$110

### Other Costs

<b>E. Taxes and Other Government Fees</b>	<b>\$85</b>
Recording Fees and Other Taxes	\$85
Transfer Taxes	\$0

<b>F. Prepaids</b>	<b>\$867</b>
Homeowner's Insurance Premium ( <u>6</u> months)	\$605
Mortgage Insurance Premium ( <u>0</u> months)	\$0
Prepaid Interest ( \$17.44 per day for 15 days @ 3.875%)	\$262
Property Taxes ( <u>0</u> months)	\$0

<b>G. Initial Escrow Payment at Closing</b>	<b>\$413</b>
Homeowner's Insurance \$100.83 per month for <u>2</u> mo.	\$202
Mortgage Insurance per month for <u>0</u> mo.	
Property Taxes \$105.30 per month for <u>2</u> mo.	\$211

<b>H. Other</b>	<b>\$1,017</b>
Title – Owner's Title Policy (optional)	\$1,017

<b>I. TOTAL OTHER COSTS (E + F + G + H)</b>	<b>\$2,382</b>
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<b>C. Services You Can Shop For</b>	<b>\$3,198</b>
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
<b>D. TOTAL LOAN COSTS (A + B + C)</b>	<b>\$5,672</b>

<b>J. TOTAL CLOSING COSTS</b>	<b>\$8,054</b>
D + I	\$8,054
Lender Credits	\$0

**Calculating Cash to Close**

Total Closing Costs (J)	\$8,054
Closing Costs Financed (Included in Loan Amount)	\$0
Down Payment/Funds from Borrower	\$18,000
Deposit	– \$10,000
Funds for Borrower	\$0
Seller Credits	\$0
Adjustments and Other Credits	\$0
<b>Estimated Cash to Close</b>	<b>\$16,054</b>



## Loan Estimate

**DATE ISSUED** 1/21/2013  
**APPLICANTS** James White and Jane Johnson  
 123 Anywhere Street, Apt 678  
 Anytown, ST 12345  
**PROPERTY** 456 Somewhere Avenue  
 Anytown, ST 12345  
**SALE PRICE** \$240,000

**LOAN TERM** 30 years  
**PURPOSE** Purchase   
**PRODUCT** 5 Year Interest Only, 5/3 Adjustable Rate  
**LOAN TYPE**  Conventional  FHA  VA  \_\_\_\_\_  
**LOAN ID #** 1234567891330172608  
**RATE LOCK**  NO  YES, until 3/22/2013 at 5:00 p.m. EST  
*Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on **2/4/2013** at 5:00 p.m. EST*

Loan Terms		Can this amount increase after closing?
<b>Loan Amount</b>	\$211,000	<b>NO</b>
<b>Interest Rate</b>	4.375%	<b>YES</b> <ul style="list-style-type: none"> <li>• Adjusts <b>every three years</b> starting in year 6</li> <li>• Can go <b>as high as 8%</b> in year 9</li> <li>• See <b>AIR table on page 2</b> for details</li> </ul>
<b>Monthly Principal &amp; Interest</b> <i>See Projected Payments Below for Your Total Monthly Payment</i>	\$769.27	<b>YES</b> <ul style="list-style-type: none"> <li>• Adjusts <b>every three years</b> starting in year 6</li> <li>• Can go <b>as high as \$1,622</b> in year 9</li> <li>• Includes <b>only interest</b> and <b>no principal</b> until year 6</li> <li>• See <b>AP table on page 2</b> for details</li> </ul>
		Does the loan have these features?
<b>Prepayment Penalty</b>		<b>NO</b>
<b>Balloon Payment</b>		<b>NO</b>

## Projected Payments

Payment Calculation	Years 1-5	Years 6-8	Years 9-11	Years 12-30
Principal & Interest	\$769.27 <i>only interest</i>	\$1,233 min \$1,542 max	\$1,233 min \$1,622 max	\$1,233 min \$1,622 max
Mortgage Insurance	+ 107	+ 107	+ 107	+ —
Estimated Escrow <i>Amount Can Increase Over Time</i>	+ 533	+ 533	+ 533	+ 533
<b>Estimated Total Monthly Payment</b>	<b>\$1,409</b>	<b>\$1,873 – \$2,182</b>	<b>\$1,873 – \$2,262</b>	<b>\$1,766 – \$2,155</b>
<b>Estimated Taxes, Insurance &amp; Assessments</b> <i>Amount Can Increase Over Time</i>	\$533 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>

## Cash to Close

<b>Estimated Cash to Close</b>	<b>\$31,587</b>	Includes <b>\$8,587</b> in Closing Costs ( \$4,527 in Loan Costs + \$4,060 in Other Costs – \$0 in Lender Credits). See details on page 2.
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Visit [www.consumerfinance.gov/learnmore](http://www.consumerfinance.gov/learnmore) for general information and tools.

## Closing Cost Details

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### Loan Costs

<b>A. Origination Charges</b>	<b>\$2,850</b>
% of Loan Amount (Points)	\$0
Application Fee	\$400
Loan Origination Fee	\$2,450

<b>B. Services You Cannot Shop For</b>	<b>\$820</b>
Appraisal Fee	\$305
Credit Report Fee	\$30
Flood Determination Fee	\$35
Lender's Attorney	\$400
Tax Status Research Fee	\$50

### Other Costs

<b>E. Taxes and Other Government Fees</b>	<b>\$152</b>
Recording Fees and Other Taxes	\$152
Transfer Taxes	\$0

<b>F. Prepaids</b>	<b>\$1,205</b>
Homeowner's Insurance Premium ( <u>12</u> months)	\$1,000
Mortgage Insurance Premium ( <u>0</u> months)	\$0
Prepaid Interest (\$25.64 per day for 8 days @ 4.375%)	\$205
Property Taxes ( <u>0</u> months)	\$0

<b>G. Initial Escrow Payment at Closing</b>	<b>\$1,067</b>
Homeowner's Insurance \$83.33 per month for 2 mo.	\$167
Mortgage Insurance \$0 per month for 0 mo.	\$0
Property Taxes \$450.00 per month for 2 mo.	\$900

<b>H. Other</b>	<b>\$1,636</b>
Title – Owner's Title Policy (optional)	\$1,636

<b>I. TOTAL OTHER COSTS (E + F + G + H)</b>	<b>\$4,060</b>
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<b>C. Services You Can Shop For</b>	<b>\$857</b>
Pest Inspection Fee	\$125
Survey Fee	\$150
Title – Lender’s Title Policy	\$132
Title – Settlement Agent Fee	\$300
Title – Title Search	\$150

<b>D. TOTAL LOAN COSTS (A + B + C)</b>	<b>\$4,527</b>
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### Adjustable Payment (AP) Table

<b>Interest Only Payments?</b>	YES for your first 60 payments
<b>Optional Payments?</b>	NO
<b>Step Payments?</b>	NO
<b>Seasonal Payments?</b>	NO
<b>Monthly Principal and Interest Payments</b>	
First Change/Amount	\$1,233 – \$1,542 at 61st payment
Subsequent Changes	Every three years
Maximum Payment	\$1,622 starting at 108th payment

LOAN ESTIMATE

<b>J. TOTAL CLOSING COSTS</b>	<b>\$8,587</b>
D + I	\$8,587
Lender Credits	– \$0

### Calculating Cash to Close

Total Closing Costs (J)	\$8,587
Closing Costs Financed (Included in Loan Amount)	\$0
Down Payment/Funds from Borrower	\$29,000
Deposit	– \$5,000
Funds for Borrower	\$0
Seller Credits	– \$1,000
Adjustments and Other Credits	\$0
<b>Estimated Cash to Close</b>	<b>\$31,587</b>

### Adjustable Interest Rate (AIR) Table

Index + Margin	LIBOR + 4%
Initial Interest Rate	4.375%
Minimum/Maximum Interest Rate	5%/8%
<b>Change Frequency</b>	
First Change	Beginning of 61st month
Subsequent Changes	Every 36th month after first change
<b>Limits on Interest Rate Changes</b>	
First Change	3%
Subsequent Changes	3%

PAGE 2 OF 3 • LOAN ID # 123456789

## Additional Information About This Loan

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**LENDER** Ficus Bank  
**NMLS/LICENSE ID**  
**LOAN OFFICER** Joe Smith  
**NMLS ID** 12345  
**EMAIL** jsmith@ficusbank.com  
**PHONE** 111-222-3333

**MORTGAGE BROKER** Pecan Mortgage Broker Inc.  
**NMLS/LICENSE ID** 222222  
**LOAN OFFICER** Jane Jones  
**NMLS ID** 67890  
**EMAIL** jjones@pecanmortgagebroker.com  
**PHONE** 333-444-5555

### Comparisons

Use these measures to compare this loan with other loans.

**In 5 Years**

**\$57,324** Total you will have paid in principal, interest, mortgage insurance, and loan costs.  
**\$0** Principal you will have paid off.

**Annual Percentage Rate (APR)**

**5.231%** Your costs over the loan term expressed as a rate. This is not your interest rate.

**Total Interest Percentage (TIP)**

**99.104%** 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 this person to assume 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.
- Loan Acceptance** You do not have to accept this loan because you have received this form or signed a loan application.
- 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.

## Seller transaction

Calculating Cash to Close	(h)(1)
Total Closing Costs (J)	
Closing Costs Financed (Paid from your Loan Amount)	
Down Payment/Funds from Borrower	←
Deposit	
Funds for Borrower	
Seller Credits	
Adjustments and Other Credits	
<b>Estimated Cash to Close</b>	

Purchase-Negative number otherwise zero

Purchase - Zero

Total amount the Seller will pay for items included in the loan costs and other costs – negative number

Total amount of items in loan costs and other costs paid by others – gifts from family member, credits from homebuilder, proceeds from subordinate financing, prorations for property taxes and HOA

- Down payment in a purchase-difference between the purchase price and the loan amount
- In all other transactions subtract the principal amount of credit from the total amount of all existing debt being satisfied in the transaction

## Alternative Table for Transactions Without a Seller

### Calculating Cash to Close

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Loan Amount

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Total Closing Costs (J)

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Estimated Total Payoffs and Payments

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**Estimated Cash to Close**  **From**  **To Borrower**

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# Optional Adjustable Payment Table for Interest-Only Loans, Optional Payment Loans, Step Payment Loans, and Seasonal Payment Loans

<b>Adjustable Payment (AP) Table</b>	
<b>Interest Only Payments?</b>	<b>(i)(1)</b>
<b>Optional Payments?</b>	<b>(i)(2)</b>
<b>Step Payments?</b>	<b>(i)(3)</b>
<b>Seasonal Payments?</b>	<b>(i)(4)</b>
<b>Monthly Principal and Interest Payments</b>	
First Change/Amount	<b>(i)(5)</b>
Subsequent Changes	
Maximum Payment	

LOAN ESTIMATE

# Optional Adjustable Interest Rate Table

<b>Adjustable Interest Rate (AIR) Table</b>	
Index + Margin	(j)(1)
Initial Interest Rate	(j)(3)
Minimum/Maximum Interest Rate	(j)(4)
<b>Change Frequency</b>	
First Change	(j)(5)
Subsequent Changes	
<b>Limits on Interest Rate Changes</b>	
First Change	(j)(6)
Subsequent Changes	

## Additional Information About This Loan

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LENDER NMLS/ __ LICENSE ID	(k)(1)	MORTGAGE BROKER NMLS/ __ LICENSE ID
LOAN OFFICER NMLS/ __ LICENSE ID	(k)(2)	LOAN OFFICER NMLS/ __ LICENSE ID
EMAIL PHONE	(k)(3)	EMAIL PHONE

<b>Comparisons</b>	<b>Use these measures to compare this loan with other loans.</b>	
<b>In 5 Years</b>	(l)(1)	Total you will have paid in principal, interest, mortgage insurance, and loan costs. Principal you will have paid off.
<b>Annual Percentage Rate (APR)</b>	(l)(2)	Your costs over the loan term expressed as a rate. This is not your interest rate.
<b>Total Interest Percentage (TIP)</b>	(l)(3)	The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

## Other Considerations

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- Appraisal** (m)(1) 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** (m)(2) 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** (m)(3) 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** (m)(4) If your payment is more than \_\_\_\_ days late, we will charge a late fee of \_\_\_\_\_  
\_\_\_\_\_
- Refinance** (m)(5) 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** (m)(6) We intend  
 to service your loan. If so, you will make your payments to us.  
 to transfer servicing of your loan.

## Confirm Receipt

(n)

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

Applicant Signature

Date

Co-Applicant Signature

Date

LOAN ESTIMATE

PAGE 3 OF 3 - LOAN ID #

- Optional
- Consumer not required to sign
- If the Confirm Receipt table is not used the following statement must be used: “You do not have to accept this loan because you have received this form or signed a loan application.”