

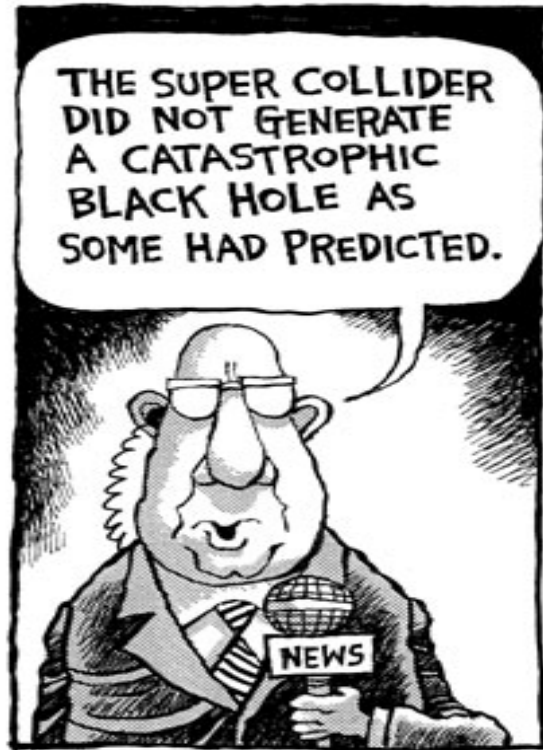


A New Era in Closings

CFPB's Final Rule for Integrated Mortgage Disclosures

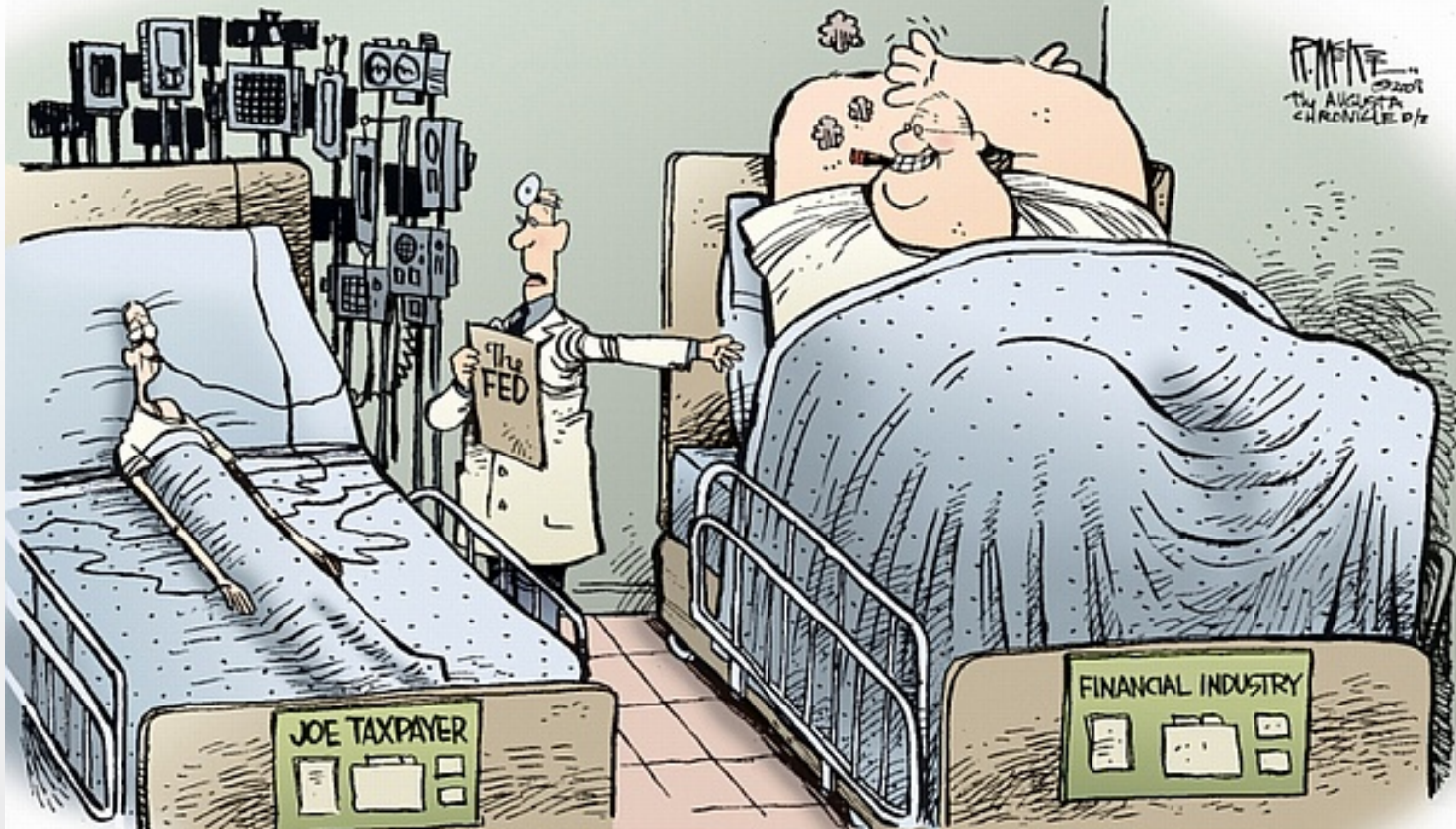
S. Madeleine Nagy
American Land Title Associations
Director of State Government Affairs





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"I DON'T WANT TO ALARM YOU, BUT IF YOU DON'T GIVE THIS MAN
A TRANSFUSION RIGHT NOW, YOU COULD DIE."



Agenda

- Basics: Why We're Here
- Final Rule
- The New Forms
- Evaluating the Rule
- What's Next
- 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



Basics

- **CFPB Goals Continued**

- 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 mortgages,
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, energy efficiency or foreclosure avoidance



The New Forms

- **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 days before closing
 - Exceptions



FICUS BANK

4321 Random Boulevard • Somecity, ST 12340

Save this Loan Estimate to compare with your Closing Disclosure.

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. See page 2 for details.
Estimated Cash to Close	\$16,054	Includes Closing Costs. See Calculating Cash to Close on page 2 for details.

Visit www.consumerfinance.gov/mortgage-estimate for general information and tools.



Closing Cost Details

Loan Costs

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

B. Services You Cannot Shop For

\$672	
Appraisal Fee	\$405
Credit Report Fee	\$30
Flood Determination Fee	\$20
Flood Monitoring Fee	\$32
Tax Monitoring Fee	\$75
Tax Status Research Fee	\$110

C. Services You Can Shop For

\$3,198	
Pest Inspection Fee	\$135
Survey Fee	\$65
Title – Insurance Binder	\$700
Title – Lender's Title Policy	\$535
Title – Settlement Agent Fee	\$502
Title – Title Search	\$1,261

D. TOTAL LOAN COSTS (A + B + C)

\$5,672

Other Costs

E. Taxes and Other Government Fees	\$85
Recording Fees and Other Taxes	\$85
Transfer Taxes	

F. Prepalds

\$867	
Homeowner's Insurance Premium (6 months)	\$605
Mortgage Insurance Premium (months)	
Prepaid Interest (\$17.44 per day for 15 days @ 3.875%)	\$262
Property Taxes (months)	

G. Initial Escrow Payment at Closing

\$413	
Homeowner's Insurance \$100.83 per month for 2 mo.	\$202
Mortgage Insurance per month for mo.	
Property Taxes \$105.30 per month for 2 mo.	\$211

H. Other

\$1,017	
Title – Owner's Title Policy (optional)	\$1,017

I. TOTAL OTHER COSTS (E + F + G + H)

\$2,382

J. TOTAL CLOSING COSTS

\$8,054

D + I \$8,054

Lender Credits

Calculating Cash to Close

Total Closing Costs (J)	\$8,054
Closing Costs Financed (Paid from your 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
Estimated Cash to Close	\$16,054



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 \$15,773	Total you will have paid in principal, interest, mortgage insurance, and loan costs. 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		
Payment Calculation	Years 1-7	Years 8-30
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	\$85.00				
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.)	\$279.04				
03 Prepaid Interest (\$17.44 per day from 4/15/13 to 5/1/13)	\$631.80				
04 Property Taxes (6 mo.) to Any County USA					
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 <input checked="" type="checkbox"/> From <input type="checkbox"/> 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 <input type="checkbox"/> From <input checked="" type="checkbox"/> 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: 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.



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 _____



Collaboration

- col·lab·o·ra·tion
- kəˌlabəˈrāSH(ə)n/
- *Noun*
- 1. the action of working with someone to produce or create something.



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

Proposal: Must re-disclose and restart three business day clock if something changes. Some limited exceptions.

Final: Only have to re-disclose and restart clock in limited circumstances.

- APR changes
- Product changes
- Addition of prepayment penalty



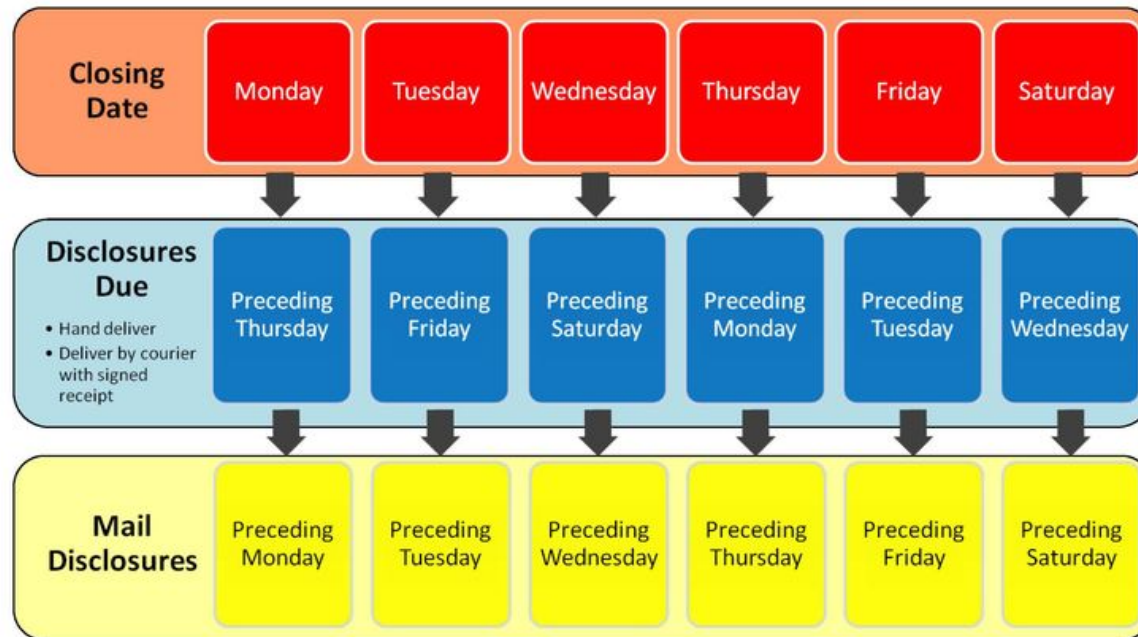
How to Count the Three Days

www.alta.org/cfpb/

Three-Day Closing Disclosure Rule



American Land
Title Association
Protecting the American Dream Since 1907



Note: If a federal holiday falls in the three-day period, add a day for disclosure delivery.

The three-day period is measured by days, not hours. Thus, disclosures must be delivered three days before closing, and not 72 hours prior to closing.

Disclosures may also be delivered electronically on the disclosures due date in compliance with E-Sign requirements.



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 for the 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 settlements 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



Revised Disclosures

- Loan Estimate
 - A revised disclosure can be used for purposes of tolerance if a changed circumstance occurs
 - Revised disclosures must be provided to consumer within three business days of receiving information sufficient to establish the changed circumstance.
 - Consumer must receive the revision no later than 4 days before closing.
- Closing Disclosure
 - If Closing Disclosure become inaccurate within the 30-day period following closing the creditor/settlement agent shall deliver or place in the mail corrected disclosures not later than 30 days after receiving information sufficient to determine inaccuracy
 - 60 days for non-numerical clerical errors



Disclosure of Title Fees

- Lenders 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's title insurance policy.
 - Can use enhanced policy or endorsements if the lender knows that these products will be purchased.
- Owners policy
 - Other category
 - Must be listed as “optional”
 - How to calculate: Full owner's title insurance premium, adding the simultaneous issuance premium for the lender's coverage, and then deducting the full premium for lender's coverage.



Consumer Shopping

- A creditor permits a borrower to shop for third party settlement services when they:
 - Inform borrowers on Loan Estimate
 - Provide them with a written list of settlement service providers
- What if the consumer elects not to shop?
 - The fee is still included in the bucket of costs subject to a 10% tolerance.
 - Unless the chosen provider is affiliated with the creditor (0% tolerance)
- The creditor may still impose reasonable qualifications for providers.
 - Example: Provider must be licensed



Seller Disclosures

- Seller must receive Closing Disclosure reflecting the actual terms of the seller's transaction.
- Seller only form allowed
 - In case of privacy concerns
 - Includes only information relevant to seller
 - Model H-25(i)



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



Closing Cost Details

Loan Costs	Seller-Paid	
	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		
C. Services Borrower Did Shop For		
01		
02		
03		
04		
05		
06		
07		
08		

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 from to)		
04 Property Taxes (mo.)		
05		
G. Initial Escrow Payment at Closing		
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		
H. Other		
01		
02		
03		
04		
05		
06		
07		
08		
09		
10		
11		
12		
13		

J. TOTAL CLOSING COSTS		
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Liability

- TILA
 - Private right of action for violations (with attorney's fees and costs)
 - Statutory penalties of up to \$4,000 for failures to properly provide certain disclosures (including finance charge and APR)
- RESPA
 - No private right of action for GFE and HUD-1 disclosures
- Dodd-Frank
 - CFPB enforcement of consumer financial laws (incl. TILA and RESPA)
 - \$5,000 per day per violation; \$25,000 per day for reckless violations; \$1M per day for knowing violations



Industry Cost to Implement

- **\$157.4 million**
 - 2010 changes, including \$13.7 million in software, \$97.6 million in training costs, and \$53.2 million in productivity losses.
- **Around \$100 million**
 - 2012 CFPB estimated cost to industry
- **\$315 million**
 - 2012 industry's low-end estimate
- **\$339 million**
 - CFPB final estimate of implementation costs to title & settlement industry.
 - \$9 per transaction
- **\$1.37 billion**
 - CFPB final estimate of implementation costs for entire industry



Questions?

- For more information, go to www.alta.org/cfpb to submit your question