

K&L GATES

# CFPB RESPA REVIEW

## Integrated Forms & Enforcement Actions

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# WHAT WILL WE COVER TODAY?

## TILA-RESPA Integrated Forms (TRID)

1. Background – how we got here
2. Top Takeaways
3. Review of new LE and CD

## RESPA Enforcement Actions

1. Recent actions affecting our industry
2. Penalties
3. Preventative Medicine



# TILA-RESPA Integrated Disclosure Forms



# I. INTRODUCTION

## A. Background

### 1. RESPA

- Anti-kickback – Eliminate abusive practices that drive up cost of product to consumers
- Consumer disclosure – Give buyers and sellers full disclosure of costs of transaction

### 2. TILA

- Informed use of credit – Disclosure of credit terms
- Cost of credit calculations – Annual percentage rate and finance charge
- Projected payment schedule – Allow consumers to compare pricing among competitors

# I. INTRODUCTION

## A. Background (cont'd)

### 3. Similar timing of disclosure

- Both require disclosure three days after application
- Both require final disclosure shortly before consummation

### 4. But that's where similarities end

- Forms contain overlapping information
- Inconsistent language
- Burdensome for lenders to provide
- Difficult for consumers to understand

# I. INTRODUCTION

## B. Ancient History

1. Competing responsibilities
  - HUD in charge of RESPA
  - FRB in charge of TILA
2. 1996 Congress required integrated disclosures
  - 1998 HUD/FRB met, filed joint report to Congress
  - But could not agree on integration plan
  - Neither agency willing to cede authority
3. One upmanship
  - 2009 FRB issues closed-end proposal with significant TILA disclosures
  - 2010 HUD implements brand new GFE and HUD-1
4. Public pleads for coordinated forms

# I. INTRODUCTION

## C. Modern History

1. Congress said, “We’ll take it from here.”
  - Section 1032(f) of Dodd-Frank Act requires CFPB to propose a regulation that combines RESPA-TILA disclosures within one year of transfer
2. Know Before You Owe
  - CFPB undertakes 18-month effort to get it right
3. Consumer testing and focus groups
  - Interactive comment process
  - Numerous sample forms analyzed
  - Public outreach
4. CFPB convenes Small Business Panel
5. July 9, 2012 Proposed Rule
  - 1,099 pages long
  - Multiple LE and CD prototypes

## II. FINAL REGULATION ISSUED 11-20-13

### A. Goals of New Rule

1. Easier-to-use mortgage disclosure forms
2. Improve consumer understanding
3. Aid comparison shopping
4. Prevent surprises at closing table



## II. FINAL REGULATION ISSUED 11-20-13

### B. Two New Forms

#### 1. The Loan Estimate

- Provided to consumers within three business days after submission of loan application
- Replaces early TIL statement and GFE
- Provides summary of key loan terms and estimates of loan and closing costs
- Idea to promote comparison shopping

#### 2. The Closing Disclosure

- Received by consumers three business days before consummation
- Replaces final TIL statement and HUD-1 Settlement Statement
- Provides detailed accounting of transactions

### C. Effective Date – August 1, 2015

## III. FINAL REGULATIONS OVERVIEW

### A. Coverage

1. Applies to most closed-end consumer mortgage loans
2. Does not apply to:
  - Home equity lines of credit
  - Reverse mortgages
  - Mortgages secured by mobile homes or by dwellings not attached to property
  - Creditor that makes five or fewer mortgage loans in one year

## IV. TOP TAKEAWAYS IN FINAL RULE

### Narrowed Definition of “Application”

- Neither TILA nor RESPA statutes define “Application”
- Current Reg X defines an application as consisting of 7 elements
  - Including a catch-all provision
  - “Any other information deemed necessary for the originator”
- CFPB believes 7th element delays loan estimates to consumers

## IV. TOP TAKEAWAYS IN FINAL RULE

### Narrowed Definition of “Application” (cont'd)

- Final Rule eliminates catch-all provision
- “Application” defined by 6 elements:
  - Borrower name
  - Property address
  - Income
  - Estimated value of property
  - Social Security Number
  - Mortgage loan amount
- Perceived Benefits:
  - Earlier receipt of loan information
  - Uniform standard for all creditors
  - Additional information still collectable

## IV. TOP TAKEAWAYS IN FINAL RULE

### Definition of “Business Day”

- Not one, but two definitions
- When providing Loan Estimate to consumer within **three business days** of application
  - Defined as day on which the creditor’s offices are open to the public to carry on substantially all functions
- Waiting period for Loan Estimate and consumer receipt of Closing Disclosure
  - Defined as all **calendar days** except Sunday and certain federal holidays

## IV. TOP TAKEAWAYS IN FINAL RULE

### Variations...the New Tolerances

- Concept of “tolerances” nowhere to be found in RESPA (though TILA adopts tolerances to facilitate compliance)
- Current Reg X creates three “Tolerance Buckets”
  - 1024.7(e)(1) Zero Tolerance
  - 1024.7(e)(2) 10% Tolerance
  - 1024.7(e)(3) No Tolerance
- Final Rule avoids the “T” word
  - “Good Faith Estimate” is essentially defined as the disclosure of the actual amount charged to a consumer at closing

## IV. TOP TAKEAWAYS IN FINAL RULE

### Variations...the New Tolerances *(cont'd)*

#### Tolerances now called “Variations”

- No variations (Zero Bucket) expanded to include:
  - Affiliate charges
  - Fees paid to unaffiliated SSP that consumer cannot shop for
- Limited increases (10% Bucket)
  - Charge paid to unaffiliated SSP selected from creditor’s SSPL
- Variations permitted (No Tolerance Bucket)
  - SSP shopped for by consumer
  - Prepaid interest
  - Property insurance premiums
  - Escrow amounts, impound reserves

## IV. TOP TAKEAWAYS IN FINAL RULE

### Written List of Providers

- Carry over from HUD Regs
  - Lender must provide consumer with Settlement Service Providers List
    - At least one provider for each service for which the consumer may shop
    - Multiple providers permitted
  - SSPL must be provided on separate sheet of paper
  - May expressly state that list is not an endorsement of providers



## IV. TOP TAKEAWAYS IN FINAL RULE

### Written List of Providers *(cont'd)*

- Timing of SSPL
  - Same timing as provision of Loan Estimate
  - Within three business days of application
- Affiliates
  - Lender affiliates may be listed on SSPL
  - No prohibition to limiting providers to affiliates only
- Rule provides model form



## IV. TOP TAKEAWAYS IN FINAL RULE

### Timing of Disclosures

#### Loan Estimate:

- “Application” trigger
- Three business days after Application
- Seven business days prior to consummation
- Waiver of waiting period permitted in *bona fide* financial emergencies
  - Written statement by consumer
  - No printed forms
- Re-disclose within three business days of change

## IV. TOP TAKEAWAYS IN FINAL RULE

### Timing of Disclosures (cont'd)

#### Closing Disclosure:

- Consumer must receive three business days before consummation
  - Unless
    - *Bona fide* personal financial emergency
    - Written statement by consumer
    - Printed forms prohibited
- Seller must receive no later than day of consummation

## IV. TOP TAKEAWAYS IN FINAL RULE

### Timing of Disclosures (cont'd)

#### Closing Disclosure:

- If Closing Disclosure becomes inaccurate before closing, provide corrected disclosure at or before consummation
  - Still must be able to inspect one business day prior to consummation
- Limited changes require a new three-business-day waiting period:
  - Changes above APR tolerance
  - Change to loan product
  - Addition of prepayment penalty
- This is a change from proposed rule
  - Changes in dollar amounts \$100 or greater would have required a new waiting period.

## IV. TOP TAKEAWAYS IN FINAL RULE

### Timing of Disclosures (cont'd)

#### Closing Disclosure:

- Changes post-closing require revised Closing Disclosure:
  - Event related to settlement 30 days after closing and to an amount paid by consumer and/or seller = re-disclose 30 days after learning event occurred
  - Non-numeric clerical errors = re-disclose 60 days after consummation
  - Variation (tolerance) violation occurs = refund and re-disclose 60 days after consummation

## IV. TOP TAKEAWAYS IN FINAL RULE

### Top Issues Affecting Title Insurance Industry

1. Simultaneous Issue
  - Loan and owners title policies purchased in same transaction
  - TRID requires inaccurate disclosure of title premiums
2. Who provides Closing disclosure to consumers?
3. Difference between consummation and closing
4. Grace Period
  - Can we get one

## IV. TOP TAKEAWAYS IN FINAL RULE

### Top Issues Affecting Title Insurance Industry *(cont'd)*

#### 1. Simultaneous Issue

**Issue:** In approximately half of the states, consumers entitled to a discount on lenders title insurance policy (LTP) when owner's title policy (OTP) simultaneously issued

**Concern:** CFPB insists that the full LTP be shown on Loan Estimate and Closing Disclosure – even though by virtue of a simultaneous issue rate LTP is substantially discounted

At the same time, CFPB permits the owner's title policy to be shown at a lower rate than the actual rate



## IV. TOP TAKEAWAYS IN FINAL RULE

### Top Issues Affecting Title Insurance Industry *(cont'd)*

#### Under the Rule

OTP shown as \$350

\$815 OTP Premium + \$290 LTP simultaneous premium

- (minus) Full LTP of \$755

LTP shown as Full LTP \$755

#### In Realty

OTP actual charge is \$815

LTP actual charge is \$290

- Dollars equal out, but that is not the point

## IV. TOP TAKEAWAYS IN FINAL RULE

### Top Issues Affecting Title Insurance Industry (cont'd)

#### 2. Who Provides Closing Disclosure?

##### 1. 3 Options

- (i) Lender prepares and provides
  - (ii) Title Company prepares and provides
  - (iii) Hybrid arrangement
    - Lender prepares and provides
    - with data supplied by title company
    - technology interface
- Creditor still on the hook

#### 2. Settlement Agent still must prepare and provide Closing Disclosure to Seller

- Must provide copy of Seller CD to creditor

## IV. TOP TAKEAWAYS IN FINAL RULE

### Top Issues Affecting Title Insurance Industry *(cont'd)*

#### 3. Difference Between Consummation and Closing Dates

1. Rule requires CD be provided to consumer within 3 business days of **consummation**
2. Consummation date is the date upon which the consumer is obligated on the loan
  - Typically date note is signed
3. In most states consummation occurs at the closing table
  - Consummation and closing occur simultaneously
4. However, in Western states consummation occurs prior to date closing docs executed

## IV. TOP TAKEAWAYS IN FINAL RULE

### Top Issues Affecting Title Insurance Industry *(cont'd)*

#### 4. Grace Period (Get out of Jail Free Card)

1. In 2010 HUD approved 6 month grace period when new GFE and HUD-1 enacted
  - Allow lenders and other providers time to get acclimated
2. CFPB has been approached by settlement service industry (including mortgage, title and realtors) to allow a similar grace period
  - After all, new forms may not be used until August 1
  - So far CFPB silent on an enforcement break

## IV. TOP TAKEAWAYS IN FINAL RULE

### Top Issues Affecting Realtors®

1. Delay
  - Intent to Proceed may slow process
  - Multiple versions of Closing Disclosures likely
2. Walk throughs more challenging
  - Likely to be several
3. Need to obtain CD from buyer, not closing agent
4. Simultaneous closing will be a challenge
5. Longer more complicated closings

## IV. TOP TAKEAWAYS IN FINAL RULE

### Itemization of Fees and Charges

- Change in philosophy
- HUD's 2010 GFE and HUD-1 big on bundled services and charges on theory that consumers care about final figures
- CFPB unbundles the services and separately itemizes each charge – so consumer knows exactly what they are paying
- Fees and charges listed alphabetically
- All title insurance charges (including closing fee) must be designated by “Title – [description of fee]”

## IV. TOP TAKEAWAYS IN FINAL RULE

### Record Retention

#### 1. Loan Estimate

- 3 years after later of:
  - Date of consummation
  - Disclosures required to be made
  - Date action required to be taken

#### 2. Closing Disclosure

- Must be retained for 5 years from date of consummation

## IV. TOP TAKEAWAYS IN FINAL RULE

### Penalties and Liability

- Penalties for GFE/HUD-1 Violations under RESPA = None
- Penalties for Disclosure Violations under TILA =
  - \$4,000 per violation
  - Actual damages and attorneys' fees
- Do TILA penalties apply to any violation related to combined mortgage disclosures?
- UDAP concerns = creditor must use information reasonably available to make fee disclosures



## IV. TOP TAKEAWAYS IN FINAL RULE

### Penalties and Liability *(cont'd)*

#### CFPB Carries a Big Enforcement Stick

1. CFPB Enforcement (DFA Sec. 1055)
  - Administrative and Judicial Relief
  - Refunds
  - Restitution
  - Damages
  - Injunctive relief
2. Civil Money Penalties
  - \$5,000 per day
  - \$25,000 per day for reckless conduct
  - \$1.0 million per day for knowing violations
3. Nothing good will happen to you if found to be in violation of TRID

## IV. TOP TAKEAWAYS IN FINAL RULE

### Increased Time for Closings

- Increased CD from 3 pages to 5 pages
- Additional time needed to explain form to consumer
- Three-day advance submission of CD
  - May eliminate questions at closing table
  - Or, may increase inquiries
- In any event = expect longer closings
  - Longer closing means fewer closings per day
  - Fewer closings mean more expensive closings

## IV. TOP TAKEAWAYS IN FINAL RULE

### Implementation Concerns

- New combined disclosures will require substantial technology changes
  - As an example, Closing Disclosure does not use Series numbers from HUD-1 (1100 series for title)
  - No distinct line for a distinct service
  - Mortgage companies and settlement agents just overhauled their disclosure technology in 2009 for GFE and HUD-1
- Employee training
- Costs of implementation will be substantial



# LOAN ESTIMATE FORM



## V. LOAN ESTIMATE FORM

### A. First page

- Loan terms – loan amount, interest rate, monthly P&I, prepayment penalty, balloon payment
- Projected payments
- Escrow information
- Total estimated costs
  - Closing Costs
  - Cash to Close

## 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*

## Fixed-Rate Purchase

| 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><br><i>See Projected Payments below for your Estimated Total Monthly Payment</i> | \$761.78   | <b>NO</b> |
| <b>Prepayment Penalty</b>   | <b>YES</b> • As high as \$3,240 if you pay off the loan during the first 2 years |           |
| <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<br><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><br><i>Amount can increase over time</i> | \$206<br>a month | <b>This estimate includes</b><br><input checked="" type="checkbox"/> Property Taxes<br><input checked="" type="checkbox"/> Homeowner's Insurance<br><input type="checkbox"/> Other:<br><i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i> | <b>In escrow?</b><br><b>YES</b><br><b>YES</b> |

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

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

## 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** \$240,000

**LOAN TERM** 30 years  
**PURPOSE** Purchase  
**PRODUCT** 5 Year Interest Only, 5/3 Adjustable 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*

5/3 ARM  
 Interest-only  
 Purchase

| Loan Terms  | Can this amount increase after closing? |   |
|---|---|---|
| <b>Loan Amount</b>  | \$211,000                               | <b>NO</b>   |
| <b>Interest Rate</b>  | 4%                                      | <b>YES</b> <ul style="list-style-type: none"> <li>• Adjusts every 3 years starting in year 6</li> <li>• Can go as high as 12% in year 15</li> <li>• See AIR Table on page 2 for details</li> </ul>  |
| <b>Monthly Principal &amp; Interest</b><br><i>See Projected Payments below for your Estimated Total Monthly Payment</i> | \$703.33                                | <b>YES</b> <ul style="list-style-type: none"> <li>• Adjusts every 3 years starting in year 6</li> <li>• Can go as high as \$2,068 in year 15</li> <li>• Includes only interest and no principal until year 6</li> <li>• See AP Table on page 2 for details</li> </ul> |
| <b>Does the loan have these features?</b>   |   |   |
| <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  | \$703.33<br><i>only interest</i> | \$1,028 min<br>\$1,359 max   | \$1,028 min<br>\$1,604 max | \$1,028 min<br>\$2,068 max                  |
| Mortgage Insurance  | + 109                            | + 109  | + 109                      | + —   |
| Estimated Escrow<br><i>Amount can increase over time</i>                                    | + 0                              | + 0  | + 0                        | + 0   |
| <b>Estimated Total Monthly Payment</b>  | <b>\$812</b>                     | <b>\$1,137–\$1,468</b>   | <b>\$1,137–\$1,713</b>     | <b>\$1,028–\$2,068</b>                      |
| <b>Estimated Taxes, Insurance &amp; Assessments</b><br><i>Amount can increase over time</i> | \$533<br>a month                 | <b>This estimate includes</b><br><input checked="" type="checkbox"/> Property Taxes<br><input checked="" type="checkbox"/> Homeowner's Insurance<br><input type="checkbox"/> Other:<br><i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i> |                            | <b>In escrow?</b><br><b>NO</b><br><b>NO</b> |

| Costs at Closing               |  |
|--------------------------------|--|
| <b>Estimated Closing Costs</b> | \$8,791 Includes \$5,851 in Loan Costs + \$2,940 in Other Costs – \$0 in Lender Credits. See page 2 for details. |
| <b>Estimated Cash to Close</b> | \$27,791 Includes Closing Costs. See Calculating Cash to Close on page 2 for details.                            |

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

## V. LOAN ESTIMATE FORM

### B. Second page

- Estimated settlement fees
- Cash to close, including credits, escrow, and down payment
- Adjustable payment and interest rate tables



Fixed-Rate  
Purchase

Closing Cost Details

| Loan Costs                             |                | Other Costs  |                 |
|--|----------------|--|-----------------|
| <b>A. Origination Charges</b>          | <b>\$1,802</b> | <b>E. Taxes and Other Government Fees</b>                | <b>\$85</b>     |
| .25 % of Loan Amount (Points)          | \$405          | Recording Fees and Other Taxes                           | \$85            |
| Application Fee                        | \$300          | Transfer Taxes   |                 |
| Underwriting Fee                       | \$1,097        |  |                 |
|  |                | <b>F. Prepays</b>  | <b>\$867</b>    |
|  |                | 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)                                 |                 |
|  |                |  |                 |
|  |                | <b>G. Initial Escrow Payment at Closing</b>              | <b>\$413</b>    |
|  |                | 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           |
|  |                |  |                 |
|  |                | <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>  |
|  |                |  |                 |
|  |                | <b>J. TOTAL CLOSING COSTS</b>                            | <b>\$8,054</b>  |
|  |                | D + I  | \$8,054         |
|  |                | Lender Credits   |                 |
|  |                |  |                 |
|  |                | <b>Calculating Cash to Close</b>                         |                 |
|  |                | 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             |
|  |                | <b>Estimated Cash to Close</b>                           | <b>\$16,054</b> |
|  |                |  |                 |
| <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 – Settlement Agent Fee           | \$502          |  |                 |
| Title – Title Search                   | \$1,261        |  |                 |
|  |                |  |                 |
| <b>D. TOTAL LOAN COSTS (A + B + C)</b> | <b>\$5,672</b> |  |                 |

## Closing Cost Details

| Loan Costs                    |                |
|-------------------------------|----------------|
| <b>A. Origination Charges</b> | <b>\$3,110</b> |
| 1 % of Loan Amount (Points)   | \$2,110        |
| Application Fee               | \$500          |
| Processing Fee                | \$500          |

|  |              |
|--|--------------|
| <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 Fee                  | \$400        |
| Tax Status Research Fee                | \$50         |

|                                     |                |
|-------------------------------------|----------------|
| <b>C. Services You Can Shop For</b> | <b>\$1,921</b> |
| Pest Inspection Fee                 | \$125          |
| Survey Fee                          | \$150          |
| Title – Courier Fee                 | \$32           |
| Title – Lender's Title Policy       | \$665          |
| Title – Settlement Agent Fee        | \$325          |
| Title – Title Search                | \$624          |

|  |                |
|--|----------------|
| <b>D. TOTAL LOAN COSTS (A + B + C)</b> | <b>\$5,851</b> |
|--|----------------|

| Adjustable Payment (AP) Table |                                |
|-------------------------------|--------------------------------|
| Interest Only Payments?       | YES for your first 60 payments |
| Optional Payments?            | NO                             |
| Step Payments?                | NO                             |
| Seasonal Payments?            | NO                             |

| Monthly Principal and Interest Payments |                                   |
|---|-----------------------------------|
| First Change/Amount                     | \$1,028 – \$1,359 at 61st payment |
| Subsequent Changes                      | Every three years                 |
| Maximum Payment                         | \$2,068 starting at 169th payment |

LOAN ESTIMATE

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

|   |                |
|---|----------------|
| <b>F. Prepays</b>                                       | <b>\$1,352</b> |
| Homeowner's Insurance Premium ( 12 months)              | \$1,000        |
| Mortgage Insurance Premium ( months)                    |                |
| Prepaid Interest ( \$23.44 per day for 15 days @ 4.00%) | \$352          |
| Property Taxes ( months)                                |                |

| G. Initial Escrow Payment at Closing |               |     |
|--------------------------------------|---------------|-----|
| Homeowner's Insurance                | per month for | mo. |
| Mortgage Insurance                   | per month for | mo. |
| Property Taxes                       | per month for | mo. |

|   |                |
|---|----------------|
| <b>H. Other</b>                         | <b>\$1,436</b> |
| Title – Owner's Title Policy (optional) | \$1,436        |

|   |                |
|---|----------------|
| <b>I. TOTAL OTHER COSTS (E + F + G + H)</b> | <b>\$2,940</b> |
|---|----------------|

|                               |                |
|-------------------------------|----------------|
| <b>J. TOTAL CLOSING COSTS</b> | <b>\$8,791</b> |
| D + I                         | \$8,791        |
| Lender Credits                |                |

| Calculating Cash to Close                           |                 |
|---|-----------------|
| Total Closing Costs (J)                             | \$8,791         |
| Closing Costs Financed (Paid from your Loan Amount) | \$0             |
| Down Payment/Funds from Borrower                    | \$29,000        |
| Deposit   | – \$10,000      |
| Funds for Borrower                                  | \$0             |
| Seller Credits                                      | \$0             |
| Adjustments and Other Credits                       | \$0             |
| <b>Estimated Cash to Close</b>                      | <b>\$27,791</b> |

| Adjustable Interest Rate (AIR) Table |                                     |
|--------------------------------------|-------------------------------------|
| Index + Margin                       | MTA + 4%                            |
| Initial Interest Rate                | 4%                                  |
| Minimum/Maximum Interest Rate        | 3.25%/12%                           |
| Change Frequency                     |                                     |
| First Change                         | Beginning of 61st month             |
| Subsequent Changes                   | Every 36th month after first change |
| Limits on Interest Rate Changes      |                                     |
| First Change                         | 2%                                  |
| Subsequent Changes                   | 2%                                  |

PAGE 2 OF 3 - LOAN ID # 123456789

## 5/3 ARM Interest-only Purchase

## V. LOAN ESTIMATE FORM

### C. Third page

- Comparisons, including APR and total amount of interest
- Other disclosures – appraisal, assumption, servicing transfer
- Borrower acknowledgement and signature (not required)

**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

Fixed-Rate  
Purchase

| Comparisons                     | Use these measures to compare this loan with other loans.   |
|---------------------------------|---|
| In 5 Years                      | \$56,582 Total you will have paid in principal, interest, mortgage insurance, and loan costs.<br>\$15,773 Principal you will have paid off. |
| Annual Percentage Rate (APR)    | 4.274% Your costs over the loan term expressed as a rate. This is not your interest rate.   |
| Total Interest Percentage (TIP) | 69.45% The total amount of interest that you will pay over the loan term as a percentage of your loan amount.                               |

**Other Considerations**

- Appraisal** We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.
- Assumption** If you sell or transfer this property to another person, we  
 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** 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  
 to service your loan. If so, you will make your payments to us.  
 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 \_\_\_\_\_

**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

5/3 ARM  
 Interest-only  
 Purchase

| Comparisons                     | Use these measures to compare this loan with other loans.  |
|---------------------------------|--|
| In 5 Years                      | \$54,944 Total you will have paid in principal, interest, mortgage insurance, and loan costs.<br>\$0 Principal you will have paid off. |
| Annual Percentage Rate (APR)    | 4.617% Your costs over the loan term expressed as a rate. This is not your interest rate.  |
| Total Interest Percentage (TIP) | 81.18% 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 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  to service your loan. If so, you will make your payments to us.  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 FORM



## VI. CLOSING DISCLOSURE FORM

### A. First page

- Same as first page of Loan Estimate
  - Loan terms – loan amount, interest rate, monthly P&I, prepayment penalty, balloon payment
  - Projected payments
  - Escrow information
  - Total estimated costs
    - Closing Costs
    - Cash to Close

## 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

## Fixed-Rate Purchase

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

| Projected Payments   | Payment Calculation |   |
|--|---------------------|---|
|  | Years 1-7           | Years 8-30  |
| Principal & Interest   | \$761.78            | \$761.78  |
| Mortgage Insurance   | + 82.35             | + —   |
| Estimated Escrow<br><i>Amount can increase over time</i>   | + 206.13            | + 206.13  |
| <b>Estimated Total Monthly Payment</b>   | <b>\$1,050.26</b>   | <b>\$967.91</b>   |
| <b>Estimated Taxes, Insurance &amp; Assessments</b><br><i>Amount can increase over time<br/>See page 4 for details</i> | \$356.13<br>a month | <b>This estimate includes</b><br><input checked="" type="checkbox"/> Property Taxes<br><input checked="" type="checkbox"/> Homeowner's Insurance<br><input checked="" type="checkbox"/> Other: Homeowner's Association Dues<br><i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i> |
|  |                     | <b>In escrow?</b><br>YES<br>YES<br>NO   |

| Costs at Closing     | Closing Costs |  |
|----------------------|---------------|--|
| <b>Closing Costs</b> | \$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. |
| <b>Cash to Close</b> | \$14,147.26   | Includes Closing Costs. See Calculating Cash to Close on page 3 for details.                                   |



**Closing Disclosure**

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

| Closing Information                    | Transaction Information                      | Loan Information   |
|--|--|--|
| <b>Date Issued</b> 4/15/2013           | <b>Borrower</b> Michael Jones and Mary Stone | <b>Loan Term</b> 30 years  |
| <b>Closing Date</b> 4/15/2013          | 123 Anywhere Street                          | <b>Purpose</b> Refinance   |
| <b>Disbursement Date</b> 4/15/2013     | Anytown, ST 12345                            | <b>Product</b> Fixed Rate  |
| <b>Settlement Agent</b> Zeta Title     | <b>Lender</b> Ficus Bank                     | <b>Loan Type</b> <input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA |
| <b>File #</b> 12-3456                  |  | <input type="checkbox"/> VA <input type="checkbox"/>   |
| <b>Property</b> 123 Anywhere Street    |  | <b>Loan ID #</b> 123456789   |
| <b>Appraised Prop. Value</b> \$180,000 |  | <b>MIC #</b> 009874513   |

Fixed-Rate  
Refinance

| Loan Terms  | Can this amount increase after closing?   |    |
|---|---|----|
| <b>Loan Amount</b>  | \$150,000                                 | NO |
| <b>Interest Rate</b>  | 4.25%                                     | NO |
| <b>Monthly Principal &amp; Interest</b><br><i>See Projected Payments below for your Estimated Total Monthly Payment</i> | \$737.91                                  | NO |
|   | <b>Does the loan have these features?</b> |    |
| <b>Prepayment Penalty</b>   | NO  |    |
| <b>Balloon Payment</b>  | NO  |    |

| Projected Payments  |                     |   |  |
|---|---------------------|---|--|
| Payment Calculation   | Years 1-4           |   | Years 5-30   |
| Principal & Interest  | \$737.91            |   | \$737.91   |
| Mortgage Insurance  | +                   | 82.35   | + —  |
| Estimated Escrow<br><i>Amount can increase over time</i>  | +                   | 206.13  | + 206.13   |
| <b>Estimated Total Monthly Payment</b>  | <b>\$1,026.39</b>   |   | <b>\$944.04</b>  |
| <b>Estimated Taxes, Insurance &amp; Assessments</b><br><i>Amount can increase over time<br/>See details on page 4</i> | \$356.13<br>a month | <b>This estimate includes</b><br><input checked="" type="checkbox"/> Property Taxes<br><input checked="" type="checkbox"/> Homeowner's Insurance<br><input checked="" type="checkbox"/> Other: HOA Dues<br><i>See page 4 for escrowed property costs. You must pay for other property costs separately.</i> | <b>In escrow?</b><br><b>YES</b><br><b>YES</b><br><b>NO</b> |

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

## VI. CLOSING DISCLOSURE FORM

### B. Second page

- Closing cost details
  - All Loan Costs and Other Costs paid by borrower, seller, and other parties
- Similar to current page 2 of HUD-1

Fixed-Rate  
Purchase

**Closing Cost Details**

|  | Borrower-Paid     |                | Seller-Paid |                | Paid by Others |
|--|-------------------|----------------|-------------|----------------|----------------|
|  | At Closing        | Before Closing | At Closing  | Before Closing |                |
| <b>Loan Costs</b>  |                   |                |             |                |                |
| <b>A. Origination Charges</b>                                      |                   |                |             |                |                |
|  | <b>\$1,802.00</b> |                |             |                |                |
| 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>                       |                   |                |             |                |                |
|  | <b>\$236.55</b>   |                |             |                |                |
| 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>                           |                   |                |             |                |                |
|  | <b>\$2,655.50</b> |                |             |                |                |
| 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>                         |                   |                |             |                |                |
|  | <b>\$4,694.05</b> |                |             |                |                |
| Loan Costs Subtotals (A + B + C)                                   | \$4,664.25        | \$29.80        |             |                |                |
| <b>Other Costs</b>   |                   |                |             |                |                |
| <b>E. Taxes and Other Government Fees</b>                          |                   |                |             |                |                |
|  | <b>\$85.00</b>    |                |             |                |                |
| 01 Recording Fees Deed: \$40.00 Mortgage: \$45.00                  | \$85.00           |                |             |                |                |
| 02 Transfer Tax to Any State                                       |                   |                | \$950.00    |                |                |
| <b>F. Prepays</b>  |                   |                |             |                |                |
|  | <b>\$2,120.80</b> |                |             |                |                |
| 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>                        |                   |                |             |                |                |
|  | <b>\$412.25</b>   |                |             |                |                |
| 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>  |                   |                |             |                |                |
|  | <b>\$2,400.00</b> |                |             |                |                |
| 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>                        |                   |                |             |                |                |
|  | <b>\$5,018.05</b> |                |             |                |                |
| Other Costs Subtotals (E + F + G + H)                              | \$5,018.05        |                |             |                |                |
| <b>J. TOTAL CLOSING COSTS (Borrower-Paid)</b>                      |                   |                |             |                |                |
|  | <b>\$9,712.10</b> |                |             |                |                |
| Closing Costs Subtotals (D + I)                                    | \$9,682.30        | \$29.80        | \$12,800.00 | \$750.00       | \$405.00       |
| Lender Credits   |                   |                |             |                |                |

Fixed-Rate  
Refinance

**Closing Cost Details**

| Loan Costs   | Borrower-Paid     |                | Paid by Others |
|--|-------------------|----------------|----------------|
|  | At Closing        | Before Closing |                |
| <b>A. Origination Charges</b>                                    | <b>\$1,950.00</b> |                |                |
| 01 .5 % of Loan Amount (Points)                                  | \$750.00          |                |                |
| 02 Application Fee   | \$250.00          |                |                |
| 03 Origination Fee   | \$450.00          |                |                |
| 04 Underwriting Fee  | \$500.00          |                |                |
| 05   |                   |                |                |
| 06   |                   |                |                |
| 07   |                   |                |                |
| 08   |                   |                |                |
| <b>B. Services Borrower Did Not Shop For</b>                     | <b>\$610.00</b>   |                |                |
| 01 Appraisal Fee to John Smith Appraisers Inc.                   |                   | \$405.00       |                |
| 02 Credit Report Fee to Information Inc.                         |                   | \$30.00        |                |
| 03 Flood Determination Fee to Info Co.                           | \$20.00           |                |                |
| 04 Flood Monitoring Fee to Info Co.                              | \$45.00           |                |                |
| 05 Tax Monitoring Fee to Info Co.                                | \$65.00           |                |                |
| 06 Tax Status Research Fee to Info Co.                           | \$45.00           |                |                |
| 07   |                   |                |                |
| 08   |                   |                |                |
| 09   |                   |                |                |
| 10   |                   |                |                |
| <b>C. Services Borrower Did Shop For</b>                         | <b>\$935.50</b>   |                |                |
| 01 Pest Inspection Fee to Pests Co.                              | \$85.00           |                |                |
| 02 Title - Insurance Binder to Epsilon Title Co.                 | \$50.00           |                |                |
| 03 Title - Lender's Title Policy to Epsilon Title Co.            | \$250.50          |                |                |
| 04 Title - Settlement Agent Fee to Epsilon Title Co.             | \$350.00          |                |                |
| 05 Title - Title Search to Epsilon Title Co.                     | \$200.00          |                |                |
| 06   |                   |                |                |
| 07   |                   |                |                |
| 08   |                   |                |                |
| <b>D. TOTAL LOAN COSTS (Borrower-Paid)</b>                       | <b>\$3,495.50</b> |                |                |
| Loan Costs Subtotals (A + B + C)                                 | \$3,060.50        | \$435.00       |                |
| <b>Other Costs</b>   |                   |                |                |
| <b>E. Taxes and Other Government Fees</b>                        | <b>\$60.00</b>    |                |                |
| 01 Recording Fees Deed: Mortgage: \$60.00                        | \$60.00           |                |                |
| 02   |                   |                |                |
| <b>F. Prepays</b>  | <b>\$2,125.12</b> |                |                |
| 01 Homeowner's Insurance Premium ( 12 mo.) to Insurance Co.      | \$1,209.96        |                |                |
| 02 Mortgage Insurance Premium ( mo.)                             |                   |                |                |
| 03 Prepaid Interest (\$17.71 per day from 4/15/2013 to 5/1/2013) | \$283.36          |                |                |
| 04 Property Taxes ( 6 mo.) to Any County USA                     | \$631.80          |                |                |
| 05   |                   |                |                |
| <b>G. Initial Escrow Payment at Closing</b>                      | <b>\$576.95</b>   |                |                |
| 01 Homeowner's Insurance \$100.83 per month for 2 mo.            | \$201.66          |                |                |
| 02 Mortgage Insurance \$82.35 per month for 2 mo.                | \$164.70          |                |                |
| 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>  |                   |                |                |
| 01   |                   |                |                |
| 02   |                   |                |                |
| 03   |                   |                |                |
| 04   |                   |                |                |
| 05   |                   |                |                |
| 06   |                   |                |                |
| 07   |                   |                |                |
| 08   |                   |                |                |
| <b>I. TOTAL OTHER COSTS (Borrower-Paid)</b>                      | <b>\$2,762.07</b> |                |                |
| Other Costs Subtotals (E + F + G + H)                            | \$2,762.07        |                |                |
| <b>J. TOTAL CLOSING COSTS (Borrower-Paid)</b>                    | <b>\$5,757.57</b> |                |                |
| Closing Costs Subtotals (D + I)                                  | \$5,822.57        | \$435.00       |                |
| Lender Credits   | -\$500.00         |                |                |

## VI. CLOSING DISCLOSURE FORM

### C. Third page

- Calculating Cash to Close table
  - Similar to table on page 2 of Loan Estimate
  - Requires comparison to information on Loan Estimate
- Summaries of Borrower and Seller transactions
  - Similar to current page 1 of HUD-1

## Fixed-Rate Purchase

### 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   |                     | SELLER'S TRANSACTION  |                     |
|--|---------------------|---|---------------------|
| <b>K. Due from Borrower at Closing</b>   | <b>\$189,762.30</b> | <b>M. Due to Seller at Closing</b>  | <b>\$180,080.00</b> |
| 01 Sale Price of Property  | \$180,000.00        | 01 Sale Price of Property   | \$180,000.00        |
| 02 Sale Price of Any Personal Property Included in Sale  |                     | 02 Sale Price of Any Personal Property Included in Sale                                 |                     |
| 03 Closing Costs Paid at Closing (J)   | \$9,682.30          | 03  |                     |
| 04   |                     | 04  |                     |
| <b>Adjustments</b>   |                     | 05  |                     |
| 05   |                     | 06  |                     |
| 06   |                     | 07  |                     |
| 07   |                     | 08  |                     |
| <b>Adjustments for Items Paid by Seller in Advance</b>   |                     | <b>Adjustments for Items Paid by Seller in Advance</b>                                  |                     |
| 08 City/Town Taxes to  |                     | 09 City/Town Taxes to   |                     |
| 09 County Taxes to   |                     | 10 County Taxes to  |                     |
| 10 Assessments to  |                     | 11 Assessments to   |                     |
| 11 HOA Dues 4/15/13 to 4/30/13   | \$80.00             | 12 HOA Dues 4/15/13 to 4/30/13  | \$80.00             |
| 12   |                     | 13  |                     |
| 13   |                     | 14  |                     |
| 14   |                     | 15  |                     |
| 15   |                     | 16  |                     |
| <b>L. Paid Already by or on Behalf of Borrower at Closing</b>                                      | <b>\$175,615.04</b> | <b>N. Due from Seller at Closing</b>  | <b>\$115,665.04</b> |
| 01 Deposit   | \$10,000.00         | 01 Excess Deposit   |                     |
| 02 Loan Amount   | \$162,000.00        | 02 Closing Costs Paid at Closing (J)  | \$12,800.00         |
| 03 Existing Loan(s) Assumed or Taken Subject to  |                     | 03 Existing Loan(s) Assumed or Taken Subject to   |                     |
| 04   |                     | 04 Payoff of First Mortgage Loan  | \$100,000.00        |
| 05 Seller Credit   | \$2,500.00          | 05 Payoff of Second Mortgage Loan   |                     |
| <b>Other Credits</b>   |                     | 06  |                     |
| 06 Rebate from Epsilon Title Co.   | \$750.00            | 07  |                     |
| 07   |                     | 08 Seller Credit  | \$2,500.00          |
| <b>Adjustments</b>   |                     | 09  |                     |
| 08   |                     | 10  |                     |
| 09   |                     | 11  |                     |
| 10   |                     | 12  |                     |
| 11   |                     | 13  |                     |
| <b>Adjustments for Items Unpaid by Seller</b>  |                     | <b>Adjustments for Items Unpaid by Seller</b>   |                     |
| 12 City/Town Taxes 1/1/13 to 4/14/13   | \$365.04            | 14 City/Town Taxes 1/1/13 to 4/14/13  | \$365.04            |
| 13 County Taxes to   |                     | 15 County Taxes to  |                     |
| 14 Assessments to  |                     | 16 Assessments to   |                     |
| 15   |                     | 17  |                     |
| 16   |                     | 18  |                     |
| 17   |                     | 19  |                     |
| <b>CALCULATION</b>   |                     | <b>CALCULATION</b>  |                     |
| Total Due from Borrower at Closing (K)   | \$189,762.30        | Total Due to Seller at Closing (M)  | \$180,080.00        |
| Total Paid Already by or on Behalf of Borrower at Closing (L)                                      | -\$175,615.04       | Total Due from Seller at Closing (N)  | -\$115,665.04       |
| <b>Cash to Close</b> <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower | <b>\$14,147.26</b>  | <b>Cash</b> <input type="checkbox"/> From <input checked="" type="checkbox"/> To Seller | <b>\$64,414.96</b>  |

Fixed-Rate Refinance

**Payoffs and Payments** Use this table to see a summary of your payoffs and payments to others from your loan amount.

| TO  | AMOUNT              |
|---|---------------------|
| 01 Rho Servicing to pay off existing loan | \$115,000.00        |
| 02  |                     |
| 03  |                     |
| 04  |                     |
| 05  |                     |
| 06  |                     |
| 07  |                     |
| 08  |                     |
| 09  |                     |
| 10  |                     |
| 11  |                     |
| 12  |                     |
| 13  |                     |
| 14  |                     |
| 15  |                     |
| <b>K. TOTAL PAYOFFS AND PAYMENTS</b>      | <b>\$115,000.00</b> |

**Calculating Cash to Close** Use this table to see what has changed from your Loan Estimate.

|                                   | Loan Estimate   | Final   | Did this change?   |
|-----------------------------------|---|---|--|
| Loan Amount                       | \$150,000.00  | \$150,000.00  | NO   |
| Total Closing Costs (J)           | -\$5,099.00   | -\$5,757.57   | YES - See Total Loan Costs (D) and Total Other Costs (I)       |
| Closing Costs Paid Before Closing | \$0   | \$435.00  | YES - You paid these Closing Costs before closing              |
| Total Payoffs and Payments (K)    | -\$120,000.00   | -\$115,000.00   | YES - See Payoffs and Payments (K)                             |
| <b>Cash to Close</b>              | \$24,901.00   | \$29,677.43   |  |
|                                   | <input type="checkbox"/> From <input checked="" type="checkbox"/> To Borrower | <input type="checkbox"/> From <input checked="" type="checkbox"/> To Borrower | Closing Costs Financed (Paid from your Loan Amount) \$5,322.57 |

## VI. CLOSING DISCLOSURE FORM

### D. Fourth page

- Loan disclosures
  - Assumption
  - Demand feature
  - Late payment
  - Negative amortization
  - Partial payments
  - Security interest
  - Escrow account
- Adjustable Payment and Interest Rate Tables
  - But, only if applicable to the transaction



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

Fixed-Rate Purchase

**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  
123 Anywhere Street, 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:<br><i>Property Taxes, Homeowner's Insurance</i>                  |
| Non-Escrowed Property Costs over Year 1 | \$1,800.00 | Estimated total amount over year 1 for your non-escrowed property costs:<br><i>HOA Dues</i><br><br>You may have other property costs. |
| Initial Escrow Payment                  | \$576.95   | 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.

Fixed-Rate Refinance

## VI. CLOSING DISCLOSURE FORM

### E. Fifth page

- Loan calculations
  - Total of payments
  - Finance charge
  - Amount financed
  - APR
  - Total interest percentage
- Other disclosures
  - Appraisal (if applicable)
  - Contract details
  - Liability after foreclosure
  - Refinance
  - Tax deductions
- Contact Information
- Signature lines (but not required)

## Fixed-Rate Purchase

### 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

|                              | Lender                                  | Mortgage Broker | Real Estate Broker (B)               | Real Estate Broker (S)                | Settlement Agent                       |
|------------------------------|---|-----------------|--------------------------------------|---------------------------------------|--|
| <b>Name</b>                  | Ficus Bank                              |                 | Omega Real Estate Broker Inc.        | Alpha Real Estate Broker Co.          | Epsilon Title Co.                      |
| <b>Address</b>               | 4321 Random Blvd.<br>Somecity, ST 12340 |                 | 789 Local Lane<br>Sometown, ST 12345 | 987 Suburb Ct.<br>Someplace, ST 12340 | 123 Commerce Pl.<br>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@<br>ficusbank.com              |                 | sam@omegare.biz                      | joe@alphare.biz                       | sarah@<br>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

## Fixed-Rate Refinance

### 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. | \$273,214.50 |
| <b>Finance Charge.</b> The dollar amount the loan will cost you.   | \$121,029.00 |
| <b>Amount Financed.</b> The loan amount available after paying your upfront finance charge.  | \$148,241.94 |
| <b>Annual Percentage Rate (APR).</b> Your costs over the loan term expressed as a rate. This is not your interest rate.                                  | 4.543%       |
| <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.           | 77.29%       |



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#### 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.

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See your note and security instrument for information about

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- state law does not protect you from liability for the unpaid balance.

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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 | Settlement Agent                    |
|---------------------------|---|-----------------|-------------------------------------|
| <b>Name</b>               | Ficus Bank                              |                 | Zeta Title                          |
| <b>Address</b>            | 4321 Random Blvd.<br>Somecity, ST 12340 |                 | 321 Uptown Dr.<br>Anytown, ST 12345 |
| <b>NMLS ID</b>            |   |                 |                                     |
| <b>ST License ID</b>      |   |                 | P76821                              |
| <b>Contact</b>            | Joe Smith                               |                 | Joan Taylor                         |
| <b>Contact NMLS ID</b>    | 12345                                   |                 |                                     |
| <b>Contact License ID</b> |   |                 |                                     |
| <b>Email</b>              | joesmith@ficusbank.com                  |                 | joan@zt.biz                         |
| <b>Phone</b>              | 123-456-7890                            |                 | 555-321-9876                        |

### 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



The image features a bokeh background of blue and white light spots. A solid orange horizontal band is positioned in the middle, containing the text.

# CFPB ENFORCEMENT ACTIONS

# CFPB NEW SHERIFF IN TOWN

## Uber Agency

- funded through FRB not Congress
- single Director
- ability to write laws
- initiate litigation w/o DOJ

## Transfer of 18 Existing Consumer Laws

- realtors not under primary jurisdiction
- are liable under RESPA

# CFPB NEW SHERIFF IN TOWN

## Enormous Powers

- civil discovery on steroids
- especially electronically stored information

## Impressive Arsenal of Remedies

- rescission, refunds, restitution
- disgorgement, injunctive relief
- compliance reporting

## Civil Money Penalties

- \$5K, \$25K or \$1.0 million per day



# Illustrative RESPA Enforcement Actions

## 1. Captive reinsurance cases

- PMI companies agree to pay \$15 million in fines
- Stop reinsurance practices with lenders

## 2. Affiliated business cases

- Paul Taylor Homes
- Borders & Borders
- Realty South
  - CFPB took issue with AfBA Disclosure Statement
  - CFPB took issue with Purchase Agreements
  - \$500,000 fine

# Illustrative RESPA Enforcement Actions

## 3. Section 8(a) Anti-kickback Cases

- Stonebridge Title
- Fidelity Mortgage
- Lighthouse Title
- Genuine Title
  - Attorney General Action

## VII. CONCLUSION

### Closing Thoughts

#### 1. Don't Panic

- we have lived through QM, QRM, LO comp and Appraisal Independence Rules
- we will survive TRID

#### 2. Realtors<sup>®</sup> are subject to RESPA requirements

- avoid referral fees