

# **What Real Estate Agents/Brokers Need to Know: “Know Before You Owe” or the TILA RESPA Integrated Disclosure (TRID) Rule**

Presented by

**MBA**

MORTGAGE BANKERS ASSOCIATION

# Overview

# “Know Before You Owe” (the TILA RESPA Integrated Disclosure (TRID) Rule) Affects Entire Housing Transaction

- Changes timelines for closings
- Ushers in new responsibilities and reallocates some existing responsibilities for lenders, real estate agents, title and other service providers, buyers and sellers
- Creates new liability and enforcement risks for lenders and investors in mortgages
- Demands major systems and business process changes, training and monitoring to operationalize rule and serve consumers
- Necessitates greater care to manage consumer expectations and ensure deals close

# “Know Before You Owe” (TRID): What it Does

- Replaces the GFE, HUD-1, and TIL (the TILA and RESPA disclosures)
  - New 3 page Loan Estimate (LE) at application – replaces GFE and early TIL
  - New 5 page Closing Disclosure (CD) at consummation – replaces final TIL and HUD-1
  - Provides new information relevant to consumers including cash to close
  - Marks end of GFE and HUD-1 for most loans
- Establishes pre-application requirements but still allows pre-approvals
- Establishes new definition of “application” for consumer to obtain LE
- Prohibits upfront fees except credit report fees
- Clarifies “changed circumstances” permitting adjustments to LE (and CD)
- Places responsibility for LE and CD on lender
- Establishes at least 3-day waiting period between CD and closing
- Permits certain revisions to CD prior to scheduled closing, but revised CD needed
- Maintains GFE and HUD-1 for loans not covered by TRID

# “Know Before You Owe” (TRID): What it Means for You

- TRID Rule brings significant changes to the real estate transaction:
  - Time frame from application to closing
    - 3 business days to provide LE
    - Minimum 7 business days between LE and closing
    - 3 business day waiting period between CD and closing
    - CD provided 3 business days earlier (mailbox rule) for disclosures not provided in person
    - New CD and 3-business day review period for certain APR and product changes
  - Tighter tolerances for lender, affiliate and required provider fees on LEs except where changed circumstances and revisions to LE or CD
  - Because lenders are ultimately liable for the LE and borrower’s CD – no matter who provides them – lenders will require accurate and timely information from other providers
  - Inaccurate and late data will jeopardize closings

**All of these changes require business process and systems changes to ensure satisfactory consumer experience**

# Scope of the New Disclosures

- Applies to most closed-end consumer credit transactions secured by real property
- Excludes:
  - Open-end credit (i.e., HELOCs)
  - Reverse mortgages
  - Mortgages secured by a dwelling that is not real property (e.g., mobile home, house boat).
  - Loans by lenders who made 5 or fewer mortgages in the preceding calendar year (unless more than one HOEPA loan made in any 12-month period).
- Loans not covered by the rule are still covered by current disclosure requirements

# Effective Date

- Final Rule is effective for covered loan applications on or after October 3, 2015
- Applies to applications received by a creditor or mortgage broker on or after October 3, 2015
- Application and closing disclosures go together
- Examples:
  - If the application is received on or before October 2, 2015, the lender will provide:
    - Early TIL and GFE
    - Final TIL and HUD-1
  - If the application is received on or after October 3, 2015, for covered loans, the lender will provide:
    - LE
    - CD

# Providing the Loan Estimate



# When Does Loan Estimate Need to Be Provided?

- Loan Estimate (LE) must be delivered or mailed to consumer no later than three business days after application
- LE must be provided if consumer provides:
  1. Name
  2. Income
  3. Social Security Number
  4. Property address
  5. Estimate of the value of the property
  6. Mortgage loan amount sought
- If LE is mailed, rule assumes it is not received until 3 business days after mailing date
  - Evidence of actual receipt “trumps” this assumption
- To lessen processing time some lenders will deliver in person or require receipt

# A Note on Pre-Approvals

- Despite earlier questions, pre-approvals and pre-qualifications to help borrowers shop for real estate remain permitted under rule
- Under rule, lender cannot require verifying documentation such as wage or tax information from the consumer in order to issue the LE
- However, consumer can voluntarily provide such information to obtain pre-approval or pre-qualification
- The six pieces of information that trigger the issuance of a LE, including specific property address, are generally not required at pre-qualification or pre-approval stage. If they are provided, LE must be given to borrower

# What's On the LE?

The LE is a dynamic form (changes with loan type). It generally contains:

- First page – “Shopping Form” includes: (1) information identifying borrower and loan; (2) loan terms –amount, interest rate, monthly P & I and prepayment penalties and balloon payments, if any; (3) projected monthly P + I + escrow payments showing any increases over loan; and (4) estimated total closing costs and cash to close
- Second page includes: (1) origination charges (lender/broker); (2) services borrower cannot shop for, e.g. appraisal; (3) services borrower can shop for, e.g., title; (4) other costs, such as, taxes, prepaids, escrow amounts; (5) total closing costs and lender credits; (6) cash to close; and (7) where applicable, adjustable payment (AP) and adjustable interest rate (AIR) tables
- Third page - series of additional disclosures regarding: total payments over five years; APR; a new disclosure, Total Interest Payment (TIP); appraisal availability to borrower, whether loan is assumable, requirement for homeowner's insurance; late payment policies; refinancing not guaranteed, and **possibility of servicing transfer**.
- *Loan Estimate in Appendix and available from CFPB at [http://www.consumerfinance.gov/f/201312\\_cfpb\\_tila-respa\\_loan-estimate.pdf](http://www.consumerfinance.gov/f/201312_cfpb_tila-respa_loan-estimate.pdf)*

# Key Issue - New Tolerances Limiting Variation from LE to CD

- **Final rule tightens tolerances** restricting increases from LE to CD. Rule:
- Applies “**zero tolerance**” or prohibits any increases in:
  - Lender or broker charges
  - Fees charged by affiliate of the creditor (NEW)
  - Fees charged by service providers selected by the creditor for services for which consumer is not permitted to shop (i.e., where consumer must select from list of providers furnished by lender) (NEW)
  - Transfer taxes
- Applies **ten percent** limit overall to other third-party charges, such as non-affiliated title.
- There are limited exceptions to tolerances, called “changed circumstances” and “borrower-requested changes” including:
  - changes to the loan requested by the borrowers
  - consumer selects service provider not identified by lender
  - when information provided at application was or becomes inaccurate
  - new information creditor discovers after disclosure that was not relied on
  - consumer does not give intent to proceed within 10 business days after LE provided
  - Rates goes from floating to locked
  - If construction loan and settlement not for 60 days after first LE provided
- **Not subject to tolerance** - impounds, property taxes, escrows, hazard insurance but good faith or best information standard applies

# Providing the Closing Disclosure

# Who Provides and When Is CD Provided?

- Rule makes lenders responsible for delivering CD to consumer, but lender may use settlement agent to provide form, with lender retaining liability.
- CD must be received by consumer no later than three business days before loan consummation (closing)
  - Business days for this purpose (specific definition):
    - Include Saturdays
    - Excludes Sunday and legal public holidays
    - List of Holidays specified in 5 U.S.C. 6103(a): New Year's Day, the Birthday of Martin Luther King, Jr., Washington's Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day
  - Mailbox rule applies, assumed received three business days after delivered or mailed if not in person. Evidence of actual receipt trumps this assumption.

# How to Count the Three Days

## For a closing scheduled for Thursday:

- Hand deliver on Monday with confirm receipt
- Courier/Fed Ex with signed receipt showing delivery to consumer on Monday
- Place in US Mail Thursday of previous week

## Electronic documents

- Mailbox rule applies
- If disclosures are to be provided electronically, consumer must meet E-sign requirements:
  - Consent by consumer before docs sent
  - Notice of right to get disclosures in paper
  - Notice of software compatibility information
  - Notice of procedures to withdraw consent

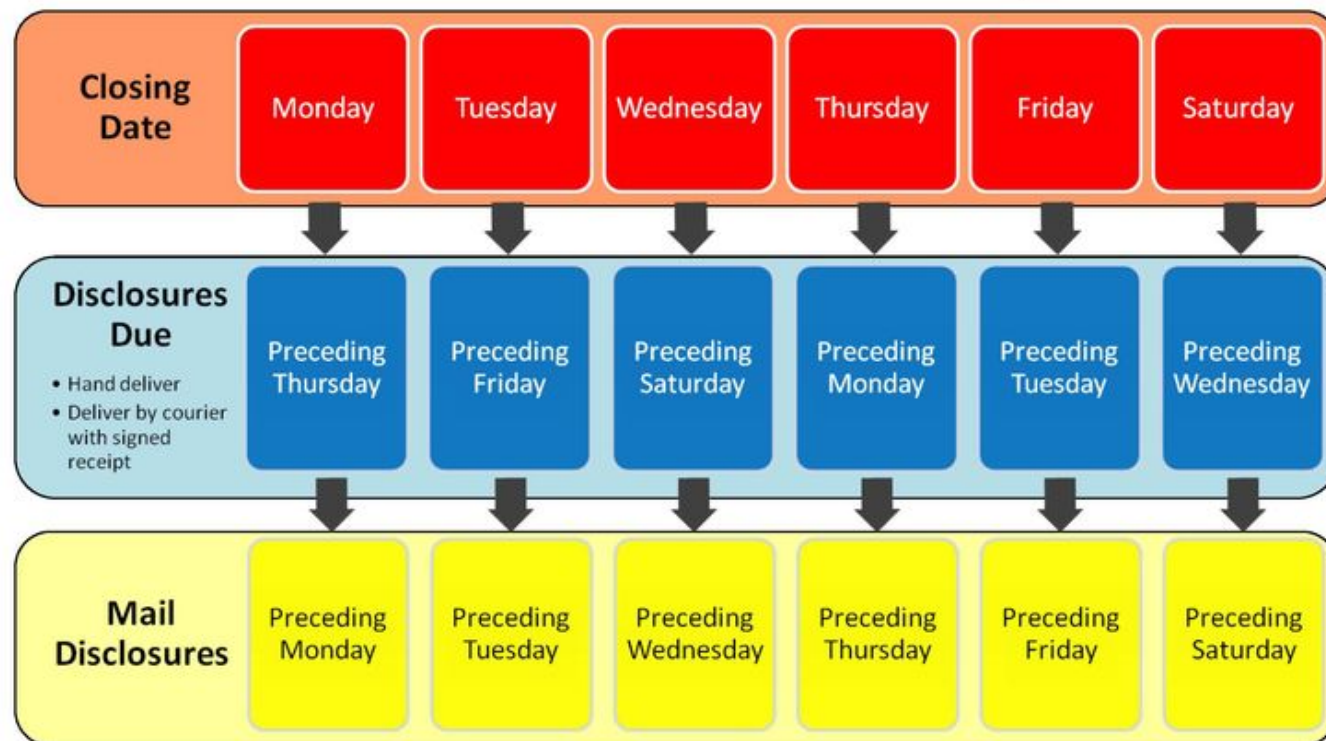
# How to Count the Three Days

[www.alta.org/cfpb/](http://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.

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# Extra 3 Business Day Review Period After Providing CD?

- Rule requires creditor to provide Closing Disclosure to the borrower **at least three business days** before consumer closes on loan so consumer can review CD.
- **If the borrower or creditor makes any of following changes between time Closing Disclosure form is provided and closing, a new three-business-day waiting period is triggered:**
  - Creditor makes changes to the APR above 1/8 of a percent for most loans (and 1/4 of a percent for loans with irregular payments or periods);
  - Loan product changes; or
  - Prepayment penalty added to loan
- Less significant changes can be disclosed at closing, without an additional 3 day period.

# What's On the Closing Disclosure (CD)?

**Five-page form designed to be comparable to LE -**

- **First page essentially same as first page of Loan Estimate** and contains: (1) information identifying borrower and loan; (2) loan terms - amount, interest rate, monthly P & I, and prepayment penalties and balloon payments, if any; (3) projected monthly P & I & escrow payments showing any increases over loan; and (4) estimated total closing costs and cash to close.
- **Second and third pages detail closing costs and cash to close** including: (1) origination charges (lender/broker); (2) services borrower cannot shop for, e.g. appraisal; (3) services borrower can shop for, e.g., title; (4) other costs, such as, taxes, prepaids, escrow amounts; (5) total closing costs and lender credits; (6) cash to close; and (7) where applicable, adjustable payment (AP) and adjustable interest rate (AIR) tables.
- **Fourth and fifth pages include several disclosures** including: (1) whether loan is assumable; (2) whether loan has demand feature; (3) requirement for homeowner's insurance; (4) late payment policies; (5) refinancing cannot be guaranteed; (6) potential for servicing transfer; (7) appraisal availability to borrower; (8) APR; (9) finance charge; amount financed; and (10) new disclosure of Total Interest Percentage (TIP) that includes total amount of interest paid over loan term as a percentage of loan amount.
- *Closing Disclosure in Appendix and available from CFPB at [http://files.consumerfinance.gov/f/201312\\_cfpb\\_tila-respa\\_annotated-closing-disclosure.pdf](http://files.consumerfinance.gov/f/201312_cfpb_tila-respa_annotated-closing-disclosure.pdf)*

# Who Gives the Closing Disclosure?

Under Rule, creditor is responsible for

1. Producing the Closing Disclosure (CD) and ensuring accuracy of information.
2. Ensuring the CD is received by consumer at least 3 business days before Consummation.

While creditor can partner with the title/closing agent to perform these tasks, it is at lender's discretion and **lender is ultimately responsible**

Some lenders are providing the CD with title agent's input, others are instructing the title agent and allowing agent to provide

Practice Tip: *To ensure that the transaction proceeds smoothly, the real estate agent should help all parties get the data they need in a timely and accurate manner and report any changes to the lender as soon as possible.*

# Rule Provides Seller Disclosure and Rules for Issuance

Rule includes Seller Only CD which can be provided to seller or third party to protect borrower privacy

Seller Only form deletes from CD:

- Borrower's information;
- Creditor's name and loan information;
- Loan terms table;
- Projected payments table;
- Costs at closing table;
- Borrower's table in Summaries of Transactions table;
- Loan calculations;
- Loan disclosures;
- Other disclosures; and
- Signature lines.

Form also modifies other material including contact information

Practice Tip: *Settlement agent is responsible for providing CD to seller*

*Example of disclosure is in Appendix*

# Liability

Under rule there is significant liability for lenders and their assignees:

- Violations can carry very significant penalties
- Consequently, it can be expected that lenders will take conservative view of what is allowed under the rules
- Lenders will not permit consumers to waive timing requirements
- Last-minute changes to transaction should be avoided if at all possible because of liability and delay concerns
- To avoid delays, real estate agents should remain in close contact with lenders and closing agents throughout transaction process

Practice Tip: *Because of lack of clear guidance, investors may have divergent views of what constitutes compliance with rule. Expect that different lenders and investors will have different requirements*

# Takeaways

- Learn the features of the new forms including the “cash to close” chart on disclosures and be prepared to answer client questions
- Learn the new time limits and do not overpromise a quick closing. Loans and purchases can be expected to take 45 days to close, at least initially
- Write your purchase and sale contracts with the new timelines in mind
- Back-to-back closings will need to be carefully coordinated
- Urge clients to provide any documents needed for loan processing ASAP
- Avoid last minute changes or negotiations if possible
- Advise clients to raise questions to the lender, request any changes to the loan and arrange walkthroughs earlier in the process, and before the CD is issued where possible
- Communicate with your lender and title partners as needed during transaction to help the process run as smoothly as possible

# Questions



# Appendix



# Loan Estimate Page 1

## 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*

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> <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 <i>only interest</i>	\$1,028 min \$1,359 max	\$1,028 min \$1,604 max	\$1,028 min \$2,068 max
Mortgage Insurance	+ 109	+ 109	+ 109	+ —
Estimated Escrow <i>Amount can increase over time</i>	+ 0	+ 0	+ 0	+ 0
<b>Estimated Total Monthly Payment</b>	<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> <i>Amount can increase over time</i>	\$533 a month	<b>This estimate includes</b> <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other:		<b>In escrow?</b> <b>NO</b> <b>NO</b>
<i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i>				

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.

# Loan Estimate Page 2

## 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>
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### 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>
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<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>
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### 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

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# Loan Estimate Page 3

## Additional Information About This Loan

LENDER Gingko Bank  
 NMLS/\_\_\_LICENSE ID  
 LOAN OFFICER Joe Smith  
 NMLS/\_\_\_LICENSE ID 12345  
 EMAIL joesmith@gingkobank.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	\$54,944 Total you will have paid in principal, interest, mortgage insurance, and loan costs. \$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 <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

## Page 1

### 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?	
<b>Loan Amount</b>	\$162,000	<b>NO</b>
<b>Interest Rate</b>	3.875%	<b>NO</b>
<b>Monthly Principal &amp; Interest</b> <i>See Projected Payments below for your 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	+ 82.35	+ —
Estimated Escrow <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> <i>Amount can increase over time See page 4 for details</i>	<b>\$356.13</b> a month	<b>This estimate includes</b> <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>
		<b>In escrow?</b> <b>YES</b> <b>YES</b> <b>NO</b>

Costs at Closing	
<b>Closing Costs</b>	<b>\$9,712.10</b> Includes \$4,694.05 in Loan Costs + \$5,018.05 in Other Costs – \$0 in Lender Credits. <i>See page 2 for details.</i>
<b>Cash to Close</b>	<b>\$14,147.26</b> Includes Closing Costs. <i>See Calculating Cash to Close on page 3 for details.</i>

# Closing Disclosure Page 2

## Closing Cost Details

Loan Costs	Borrower-Paid		Seller-Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
<b>A. Origination Charges</b>	<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.	\$200.00				
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					

# Closing Disclosure Page 3

## 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>

CLOSING DISCLOSURE

PAGE 3 OF 5 • LOAN ID # 123456789

# MBA

MORTGAGE BANKERS ASSOCIATION

# Closing Disclosure Page 4

## 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: <i>Homeowner's Insurance</i> <i>Property Taxes</i>
Non-Escrowed Property Costs over Year 1	\$1,800.00	Estimated total amount over year 1 for your non-escrowed property costs: <i>Homeowner's Association Dues</i>  You may have other property costs.
Initial Escrow Payment	\$412.25	A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment	\$206.13	The amount included in your total monthly payment.

- will not have an escrow account because  you declined it  your lender does not offer one. You must directly pay your property costs, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.

No Escrow		
Estimated Property Costs over Year 1		Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee		

#### In the future,

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

# Closing Disclosure

## Page 5

### 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%

### 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.



**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)

### 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. Somecity, ST 12340		789 Local Lane Sometown, ST 12345	987 Suburb Ct. Someplace, ST 12340	123 Commerce Pl. Somecity, ST 12344
<b>NMLS ID</b>					
<b>ST License ID</b>			Z765416	Z61456	Z61616
<b>Contact</b>	Joe Smith		Samuel Green	Joseph Cain	Sarah Arnold
<b>Contact NMLS ID</b>	12345				
<b>Contact ST License ID</b>			P16415	P51461	PT1234
<b>Email</b>	joesmith@ficusbank.com		sam@omegare.biz	joe@alphare.biz	sarah@epsilontitle.com
<b>Phone</b>	123-456-7890		123-555-1717	321-555-7171	987-555-4321

### Confirm Receipt

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

Applicant Signature

Date

Co-Applicant Signature

Date

CLOSING DISCLOSURE

PAGE 5 OF 5 • LOAN ID # 123456789

# MBA

MORTGAGE BANKERS ASSOCIATION



# Seller-Only CD Page 1

## Closing Disclosure

### Closing Information

Date Issued  
Closing Date  
Disbursement Date  
Settlement Agent  
File #  
Property  
Sale Price

### Transaction Information

Borrower  
  
Seller

### Summaries of Transactions

#### SELLER'S TRANSACTION

##### Due to Seller at Closing

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

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

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

##### Due from Seller at Closing

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

##### Adjustments for Items Unpaid by Seller

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

#### CALCULATION

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

Cash  From  To Seller

### Contact Information

#### REAL ESTATE BROKER (B)

Name

Address

\_\_ License ID

Contact

Contact \_\_ License ID

Email

Phone

#### REAL ESTATE BROKER (S)

Name

Address

\_\_ License ID

Contact

Contact \_\_ License ID

Email

Phone

#### SETTLEMENT AGENT

Name

Address

\_\_ License ID

Contact

Contact \_\_ License ID

Email

Phone



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

# MBA

MORTGAGE BANKERS ASSOCIATION

# Seller-Only CD Page 2

## Closing Cost Details

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

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

## MBA COMPLIANCE ESSENTIALS<sup>SM</sup>

# NEW: TILA RESPA Integrated Disclosure (TRID) Resource Guide



**Purchase Today**

### Features

- Rule Summary and CFPB Supplementary Info
- Guidance on Filling Out the Loan Estimate
- Alternative Loan Estimate and Related Issues
- Alternative and Seller-Only Closing Disclosure
- Model Policies and Procedures

[MBA.ORG/COMPLIANCE](https://www.mba.org/compliance)