

# Howard & Howard

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## TILA/RESPA Mortgage Disclosures



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# Overview

## New Mortgage Disclosures

- Comprehensive Changes
- Specific Timing Requirements
- Specific Tolerance Rules
- Specific Formatting Required
- **No Exceptions for Small CUs**

# Background

## Two Mortgage Laws & Four Disclosures

- Truth in Lending Act – Regulation Z
  - Early TIL Disclosure
  - Final TIL Disclosure
- RESPA – Regulation X
  - Good Faith Estimate
  - HUD-1 Settlement Statement

## Dodd-Frank Required Integrated Disclosures

# No Exemptions

## Requirements apply to all mortgage lenders

- Credit unions
- Banks
- Nondepository mortgage lenders
- **All asset sizes**
- All ranges of originations
  - 10 mortgage loans – **covered**
  - 1000 mortgage loans – **covered**

# Scope & Applicability

## Which Mortgage Loans are Covered?

Closed-end consumer transactions secured by real property (first lien and subordinate liens)

- Purchases
- Refinances
- Closed-end home equity loans
- Vacation and second homes
- Loans on 25 acres or more\*
- Vacant lot loans\*
- Construction-only loans\*

# Scope & Applicability

## Which Mortgage Loans are Excluded?

- Home equity lines of credit (HELOCs)
- Reverse mortgages
- Loan secured by a mobile home or by a dwelling that is not attached to real property

Regulation Z and Regulation X will continue to apply to these loans – but the new requirements do not apply.

- And, the existing exemption for business, commercial and agricultural loans remains

# The New Disclosures

## The Loan Estimate

- Combines the Early TIL with the GFE
- Must be provided within 3 *business days* of receiving an *application*
- **Required Format and Content – H-24 Model Forms**

## The Closing Disclosure

- Combines the Final TIL with the HUD-1
- Must be provided 3 *business days* prior to closing
- **Required Format and Content – H-25 Model Forms**

# Important Definitions

## New Definition of Application

- Triggers requirement to provide the Loan Estimate
- CFPB removed “catch all” provision from RESPA definition
- Six pieces of information
  1. Consumer’s Name
  2. Consumer’s Income
  3. Social Security Number
  4. Property Address
  5. Estimate of the Value of the Property
  6. Mortgage Loan Amount Sought



# Important Definitions

## Two Definitions of “Business Day”

- Regulation Z contains two definitions of “business day”
- Which definition depends on the underlying requirement
  - Loan Estimate timing – “general definition”
  - Waiting period before closing – “specific definition”
- **General Definition:**
  - “a day on which the creditor’s offices are open to the public for carrying on substantially all of its business functions.” *Main issue: Saturdays. Is CU open?*
- **Specific Definition:**
  - All calendar days except Sundays and legal Holidays

# Important Definitions

## Clear as Mud?

### 12 CFR 1026.2(a)(6):

(6) *Business day* means a day on which the creditor's offices are open to the public for carrying on substantially all of its business functions. However, for purposes of rescission under §§ 1026.15 and 1026.23, and for purposes of §§ 1026.19(a)(1)(ii), 1026.19(a)(2), 1026.19(e)(1)(iii)(B), 1026.19(e)(1)(iv), 1026.19(e)(2)(i)(A), 1026.19(e)(4)(ii), 1026.19(f)(1)(ii), 1026.19(f)(1)(iii), 1026.20(e)(5), 1026.31, and 1026.46(d)(4), the term means all calendar days except Sundays and the legal public holidays specified in 5 U.S.C. 6103(a), such as 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.

# Loan Estimate Basics

- Must be provided in good faith
- If information is unknown, the disclosure should be based on the “best information reasonably available to the creditor” at the time of the disclosure.
- Provided by creditor or mortgage broker
  - Creditor responsible for broker’s disclosure
  - Both broker and creditor retain records

# Loan Estimate Timing

## Timing triggered when *application* is received

- Loan Estimate must be delivered or placed in mail not later than the third *business day* after receiving *application*
- **Example:** *Application* received on Monday; Loan Estimate must be hand delivered or placed in mail on or before Thursday (assuming each weekday is a *business day*)
  - Initial delivery of Loan Estimate uses general definition
- Loan Estimate can be provided electronically, provided the proper E-SIGN Act consent is obtained

# Consumer's Receipt

## When is the Loan Estimate received?

- If delivered in person: date of receipt
- If placed in mail or electronic: “considered” received three *business days* after delivered, placed in the mail or sent
  - Business days is the specific definition
  - Creditor can use evidence to demonstrate the consumer received the Loan Estimate earlier
    - Signature receipt on overnight delivery
    - Acknowledgement of email receipt

# Loan Estimate Timing

## Waiting period before consummation

- Loan Estimate must be delivered or placed in the mail no later than the seventh *business day* before consummation
  - Waiting period begins when delivered or placed in the mail; not when the consumer receives the disclosures
  - Specific definition of business day
- Waiting period can be waived by consumer for a “bona fide personal emergency”
- Example: Loan Estimate delivered on Monday, June 1
  - Consummation can occur as early as Tuesday, June 9

# Predisclosure Activity

## Limitations on when creditor can charge fees

- Similar to existing rules (credit report fee exception)
- No additional fees may be charged until disclosures are provided and consumer indicates an intent to proceed
- Prohibition covers checks and credit card numbers taken in advance but not to be cashed/charged until after intent
  - However, can obtain a credit card number for the credit report fee and retain the number for future fees – **provided the creditor obtains a separate authorization from the consumer** after the disclosures and intent

# Intent to Proceed

## Can be in any manner the consumer chooses

- Must be provided after the Loan Estimate is received
- Silence cannot be considered “intent”
- Signature line on Loan Estimate not sufficient
- Oral, written, email or signing a form are all acceptable
  - Creditor can require a specific manner
- **Documentation of the Intent to Proceed is key**
  - Creditor must retain documentation for three years



# Written Estimate of Terms or Costs

## Creditors can provide worksheets prior to providing the Loan Estimate (before *application*)

- Information specific to the consumer
- Must include statement at top of front page, 12-point font
  - “Your actual rate, payment, and costs could be higher. Get an official Loan Estimate before choosing a loan.”
- Not required for preprinted lists of closing costs or rates
- Not required for advertisements
- Form H-26

# Limitation on Verification

## Creditors cannot verify information prior to providing the Loan Estimate

- Can obtain any information needed prior to Loan Estimate
  - But, cannot require verification of the information
    - **Example** – Sales Price & Property Address
    - **Example** – Bank Account Balances
- Once the six pieces of information that make up the *application* are received; timing for Loan Estimate triggered

# Shopping for Services

**A creditor “permits a consumer to shop” for a settlement service if the consumer can select the provider of the service**

–Creditor must provide a written list indicating “Services You Can Shop For” *Model Form H-27*

- List must identify at least one settlement provider for each service (the provider must currently provide service in property location)
- List must include name of provider, address and phone number

# New Tolerance Levels

## Strict Tolerances for Settlement Charges

- Variances between Loan Estimate and Closing Disclosure

### General Rule

- Charge was in good faith if it does not exceed charge on original Loan Estimate

### Zero Tolerance (charges cannot increase)

- Fees paid to creditor and broker (and affiliates\*)
- Fee paid to unaffiliated third party if not allowed to shop\*
- Transfer taxes
- Lender credits

# New Tolerance Levels

## 10% Aggregate Threshold

- Recording fees; and
- Third-party services that the consumer could shop for
  - Includes when consumer picks provider from list

## No Tolerance (charges can increase)

- Third-party services selected by the consumer;
  - When consumer can shop and picks provider not on list
  - When consumer picks services not required by creditor
- Prepaid interest; Property insurance premiums; and amounts placed into escrow account.

# The New Forms

## Standard Forms versus Model Forms

- What is the difference?
  - Standard Form is REQUIRED
  - Model Form is Safe Harbor for Compliance
- What are the Loan Estimate & Closing Disclosure?
  - It depends on the type of transaction
    - If transaction is a “federally-related mortgage loan” the forms are Standard Forms and are REQUIRED
      - This is *most* credit union mortgages
      - Limited exception

**Short Answer: Specific Forms (and Content) are REQUIRED**

# Loan Estimate – 1026.37

The best starting point is to review the forms

–Blank Forms

- H-24(A)

- Two variations of Page One

- Four variations of Page Two

- Four variations of Page Three

–Sample Forms

- H-24(B) – Fixed-Rate Loan Sample

- H-24(D) – Refinance Sample

# Loan Estimate – 1026.37

## 3 Pages & Tons of Moving Parts

**FICUS BANK**  
4321 Random Boulevard • Somers, CT 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  
456 Somewhere Avenue  
Anytown, ST 12345  
**SALE PRICE** \$180,000

**LOAN TERM** 30 years  
**PURPOSE** Purchase  
**PRODUCT** Fixed Rate  
**LOAN TYPE**  Conventional  FHA  DVA   
**LOAN ID #** 123456789  
**RATE LOCK**  NO @ YES, until 4/16/2013 at 5:00 p.m. EDT  
Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on 3/4/2013 at 5:00 p.m. EDT

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

**Projected Payments**

Payment Calculation	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82	+ —
Estimated Escrow <i>Amount can increase over time</i>	+ 206	+ 206
<b>Estimated Total Monthly Payment</b>	<b>\$1,050</b>	<b>\$968</b>

**Estimated Taxes, Insurance & Assessments** \$206 a month  
This estimate includes:  
 Property Taxes  
 Homeowner's Insurance  
 Other:  
See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.

**In escrow?** YES

**Costs at Closing**

**Estimated Closing Costs** \$8,054 Includes \$5,672 in Loan Costs + \$2,382 in Other Costs – \$0 in Lender Credits. See page 2 for details.

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

Visit [www.consumerfinance.gov/mortgage-estimate](http://www.consumerfinance.gov/mortgage-estimate) for general information and tools.  
LOAN ESTIMATE PAGE 1 OF 3 • LOAN ID # 123456789

**Closing Cost Details**

**Loan Costs**

**A. Origination Charges** \$1,802  
2.5 % of Loan Amount (Points) \$405  
Application Fee \$300  
Underwriting Fee \$1,097

**B. Services You Cannot Shop For** \$472  
Appraisal Fee \$405  
Credit Report Fee \$30  
Flood Determination Fee \$20  
Flood Monitoring Fee \$32  
Tax Monitoring Fee \$75  
Tax Status Research Fee \$110

**C. Services You Can Shop For** \$3,198  
Pest Inspection Fee \$135  
Survey Fee \$65  
Title – Insurance Binder \$700  
Title – Lender's Title Policy \$535  
Title – Settlement Agent Fee \$502  
Title – Title Search \$1,261

**D. TOTAL LOAN COSTS (A + B + C)** \$5,672

**Other Costs**

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

**F. Prepaids** \$887  
Homeowner's Insurance Premium ( 6 months) \$605  
Mortgage Insurance Premium ( months) \$282  
Prepaid Interest ( \$17.44 per day for 15 days @ 3.875%) \$262  
Property Taxes ( months)

**G. Initial Escrow Payment at Closing** \$413  
Homeowner's Insurance \$100.83 per month for 2 mo. \$202  
Mortgage Insurance per month for 2 mo. \$101.40  
Property Taxes \$105.30 per month for 2 mo. \$211

**H. Other** \$1,017  
Title – Owner's Title Policy (optional) \$1,017

**I. TOTAL OTHER COSTS (E + F + G + H)** \$2,382

**J. TOTAL CLOSING COSTS** \$8,054  
D + I \$8,054  
Lender Credits

**Calculating Cash to Close** \$8,054  
Total Closing Costs (J) \$8,054  
Closing Costs Financed (Paid from your Loan Amount) \$0  
Down Payment/Funds from Borrower \$10,000  
Deposit – \$10,000  
Funds for Borrower \$0  
Seller Credits \$0  
Adjustments and Other Credits \$0  
**Estimated Cash to Close** \$16,054

LOAN ESTIMATE PAGE 2 OF 3 • LOAN ID # 123456789

**Additional Information About This Loan**

**LENDER** Ficus Bank  
**NMLS/\_LICENSE ID** Joe Smith  
**LOAN OFFICER** 12345  
**NMLS/\_LICENSE ID** joemith@ficusbank.com  
**EMAIL** 123-456-7890  
**PHONE**

**MORTGAGE BROKER**  
**NMLS/\_LICENSE ID**  
**LOAN OFFICER**  
**NMLS/\_LICENSE ID**  
**EMAIL**  
**PHONE**

**Comparisons** Use these measures to compare this loan with other loans.  
**In 5 Years** \$56,582 Total you will have paid in principal, interest, mortgage insurance, and loan costs.  
\$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. We 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. We will 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** \_\_\_\_\_

LOAN ESTIMATE PAGE 3 OF 3 • LOAN ID # 123456789

Sample available online: [http://files.consumerfinance.gov/f/201311\\_cfpb\\_kbyo\\_loan-estimate.pdf](http://files.consumerfinance.gov/f/201311_cfpb_kbyo_loan-estimate.pdf)



# Loan Estimate – 1026.37

## Sample Forms – Lists Example Transaction

**FICUS BANK**  
4321 Random Boulevard • Somecity, ST 12340

Save this Loan Estimate to compare with your Closing Disclosure.

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### Loan Estimate

<b>DATE ISSUED</b>	2/15/2013	<b>LOAN TERM</b>	30 years
<b>APPLICANTS</b>	Michael Jones and Mary Stone 123 Anywhere Street Anytown, ST 12345	<b>PURPOSE</b>	Purchase
<b>PROPERTY</b>	456 Somewhere Avenue Anytown, ST 12345	<b>PRODUCT</b>	Fixed Rate
<b>SALE PRICE</b>	\$180,000	<b>LOAN TYPE</b>	<input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/> _____
		<b>LOAN ID #</b>	123456789
		<b>RATE LOCK</b>	<input type="checkbox"/> NO <input checked="" type="checkbox"/> 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>	\$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>Does the loan have these features?</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>

# Loan Estimate – 1026.37

## Annotated Forms – Lists Regulatory Requirement

**12 CFR 1026.37**

**Bank Name - (a)(3)** Save this Loan Estimate to compare with your Closing Disclosure. (a)(2)

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**Loan Estimate (a)(1)**

DATE ISSUED (a)(4)  
 APPLICANTS (a)(5)

PROPERTY (a)(6)  
 SALE PRICE (a)(7)

LOAN TERM (a)(8)  
 PURPOSE (a)(9)  
 PRODUCT (a)(10)  
 LOAN TYPE  Conventional  FHA  VA  (a)(11)  
 LOAN ID # (a)(12)

**RATE LOCK**  NO  YES, until (a)(13)  
*Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on*

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

# Loan Estimate – 1026.37

## Sample Forms – Lists Example Transaction

Projected Payments		
Payment Calculation	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82	+ —
Estimated Escrow <i>Amount can increase over time</i>	+ 206	+ 206
<b>Estimated Total Monthly Payment</b>	<b>\$1,050</b>	<b>\$968</b>
<b>Estimated Taxes, Insurance &amp; Assessments</b> <i>Amount can increase over time</i>	\$206 a month	<b>This estimate includes</b> <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i>
<b>In escrow?</b>		
YES		
YES		
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. <i>See page 2 for details.</i>
<b>Estimated Cash to Close</b>	\$16,054	Includes Closing Costs. <i>See Calculating Cash to Close on page 2 for details.</i>

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

LOAN ESTIMATE PAGE 1 OF 3 • LOAN ID # 123456789

# Loan Estimate – 1026.37

## Annotated Forms – Lists Regulatory Requirement

Projected Payments									
<b>Payment Calculation</b>	(c)(3)								
Principal & Interest	(c)(2)								
Mortgage Insurance									
Estimated Escrow <i>Amount can increase over time</i>									
<b>Estimated Total Monthly Payment</b>									
<b>Estimated Taxes, Insurance &amp; Assessments</b> <i>Amount can increase over time</i>	<p>(c)(4)</p> <table border="0"> <thead> <tr> <th>This estimate includes</th> <th>In escrow?</th> </tr> </thead> <tbody> <tr> <td><input type="checkbox"/> Property Taxes</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Homeowner's Insurance</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </tbody> </table> <p><i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i></p>	This estimate includes	In escrow?	<input type="checkbox"/> Property Taxes		<input type="checkbox"/> Homeowner's Insurance		<input type="checkbox"/> Other:	
This estimate includes	In escrow?								
<input type="checkbox"/> Property Taxes									
<input type="checkbox"/> Homeowner's Insurance									
<input type="checkbox"/> Other:									
Costs at Closing									
<b>Estimated Closing Costs</b>	(d)(1)								
<b>Estimated Cash to Close</b>	<p>Includes _____ in Loan Costs + _____ in Other Costs – _____ in Lender Credits. <i>See page 2 for details.</i></p> <p>Includes Closing Costs. <i>See Calculating Cash to Close on page 2 for details.</i></p> <p><input type="checkbox"/> From <input type="checkbox"/> To Borrower</p>								

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

LOAN ESTIMATE PAGE 1 OF 3 - LOAN ID #

# Closing Disclosure – 1026.38

The best starting point is to review the forms

–Blank Forms

- H-25(A)

- Three variations of Page One

- Four variations of Page Four

- Four variations of Page Five

–Sample Forms

- H-25(B) – Fixed-Rate Loan Sample

- H-25(E) – Refinance Sample



# Closing Disclosure – 1026.38

## Sample Forms – Lists Example Transaction (Pg 2)

		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			

# Closing Disclosure – 1026.38

## Annotated Forms – Lists Regulatory Requirement

Loan Costs		Borrower-Paid		Seller-Paid		Paid by Others
		At Closing	Before Closing	At Closing	Before Closing	
<b>A. Origination Charges</b>						
01	% of Loan Amount (Points)					
02						
03						
04			(f)(1)			
05						
06						
07						
<b>B. Services Borrower Did Not Shop For</b>						
01						
02						
03						
04			(f)(2)			
05						
06						
07						
08						
09						
10						
<b>C. Services Borrower Did Shop For</b>						
01						
02						
03						
04			(f)(3)			
05						
06						
07						
08						
<b>D. TOTAL LOAN COSTS (Borrower-Paid)</b>			(f)(4)			
Loan Costs Subtotals (A + B + C)			(f)(5)			



# Closing Disclosure – 1026.38

## Sample Forms – Lists Example Transaction (Pg 2)

<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
Lender Credits						\$405.00

CLOSING DISCLOSURE PAGE 2 OF 5 - LOAN ID # 123456789

# Closing Disclosure – 1026.38

## Annotated Forms – Lists Regulatory Requirement

Other Costs			
<b>E. Taxes and Other Government Fees</b>			
01	Recording Fees	Deed: Mortgage:	(g)(1)
02			
<b>F. Prepays</b>			
01	Homeowner's Insurance Premium ( mo.)		
02	Mortgage Insurance Premium ( mo.)		(g)(2)
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.	(g)(3)
04			
05			
06			
07			
08	Aggregate Adjustment		
<b>H. Other</b>			
01			
02			
03			
04			(g)(4)
05			
06			
07			
08			
<b>I. TOTAL OTHER COSTS (Borrower-Paid)</b>			(g)(5)
Other Costs Subtotals (E + F + G + H)			(g)(6)
<b>J. TOTAL CLOSING COSTS (Borrower-Paid)</b>			(h)(1)
Closing Costs Subtotals (D + I)			(h)(2)
Lender Credits			(h)(3)

CLOSING DISCLOSURE PAGE 2 OF 5 • LOAN ID #

# The New Forms

**Short Answer: Specific Forms (and Content) are REQUIRED**

- Very detailed requirements
  - What if section is not applicable?
  - What if there is no value for a particular line?
    - Mark N/A?
    - Use \$0?
    - Leave blank?
  - Rounding of numbers
  - **Alphabetical listing of costs in subcategories**
    - I am not joking – this is a real requirement
      - 12 CFR 1026.37(f)(5)(ii) & (g)(7)(ii)

# Key Takeaways

- **Understand the Scope**
- Review the Forms First
- New Definitions
- New Timing Requirements
- New Tolerance Levels
- **August 1, 2015** will be here soon
  - Reviewing, implementing, understanding, testing, training

# Questions?

## Sign-Up for Regulatory e-Alerts

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