

New Consumer Financial Protection Bureau Forms, Implementation Issues

Greater Illinois Title | May 6, 2015

Provided as a courtesy by:

**Ralph J. Schumann,
Attorney at Law**



**President,
Illinois Real Estate Lawyers
Association (IRELA)**



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February 7, 2014

Ms. Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G Street N.W.
Washington, D.C. 20552

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Re: Docket No. CFPB-2013-0036
Request for Comments

Dear Ms. Jackson:

We are pleased and honored to have been given the opportunity to comment. The Illinois Real Estate Lawyers Association (IRELA) is a state bar association comprised of over 2,400 real estate law practitioners who regularly advise clients regarding residential real estate transactions. These attorneys have the unique education and experience necessary to advise consumers on all aspects of real estate transactions.

We would welcome the opportunity to work with the Bureau to improve consumers' closing experiences, both in Illinois and across the country.

Very truly yours,

Ralph J. Schumann

Ralph J. Schumann
President, Illinois Real Estate Lawyers Association
(E-mail: rjs@schumannlaw.com) (Direct: 847.273.8700)

Responses of the Illinois Real Estate Lawyers Association to the Consumer Financial Protection Bureau's Request for Information Regarding the Mortgage Closing Process:

- 1. What are common problems or issues consumers face at closing? What parts of the closing process do consumers find confusing or overwhelming?**

We believe that there are three persistent problems too commonly experienced by consumers:

(1) The inability to have **timely funding approval** causes a great deal of frustration and delay. Consumers often have to wait hours after all the papers are signed before the lender approves the funding;

(2) **The failure of many lenders to have their incoming funds at the closing table** similarly causes a great deal of frustration, as lenders delay their incoming wire until "the last minute" for their own purposes and buyers and sellers both are forced to wait an interminable period of time while, in many cases, the moving truck just sits on the driveway; and

(3) **Repeated requests for the same data** from lenders in multiple forms differing only slightly from each other, contributing to the consumer's perception of facing an extraordinarily large volume of paper which he or she must slog through at the closing, making it more difficult for the consumer to focus on the important elements, and thus more difficult to navigate the transaction. This situation can be helped greatly by eliminating or consolidating duplicative and repetitive forms, implementing better design of standard forms, and by developing a "Uniform Closing Package" approach across the country to allow standard disclosures and "cya" documents to be delivered in advance of closing in a format that is more easily understood by the consumer.

- 2. Are there specific parts of the closing process that borrowers find particularly helpful?**

Access to an experienced, independent real estate attorney whom the consumer has retained to represent his or her interests provides the most help throughout

the entire transaction, but especially during the closing process. Many title companies that act as settlement agents also do a good job for consumers in helping them to get through the settlement process, but an unlicensed title company closer is not a substitute for a licensed, experienced real estate attorney. Illinois law, and the laws of many other states, moreover, prohibit a non-attorney title company closer from offering legal advice to consumers in a real estate transaction, no matter how much the consumer may need it and want it. Notaries, which are sometimes used by lenders to facilitate closings, provide no help to consumers other than allowing closings to be conducted at a more convenient time and place.

3. What do consumers remember about closing as related to the overall mortgage/home buying process? What do consumers remember about closing?

At the time of Closing, consumers generally are filled with the anticipation and excitement of completing the “last hurdle” before getting into their new home. Thus, consumers perhaps remember most the anticipation and anxiety of closing. They recognize that they are undertaking substantial financial obligations and will be making a number of “life” changes. What consumers remember most about the closing is the sheer volume of papers pushed in front of them for signing at dizzying speeds. The volume of papers, combined with the pressure to complete the necessary paperwork, makes it difficult to focus. Frankly, for most consumers, everything at the closing before actually getting the keys tends to be remembered, if at all, as a blur.

4. How long does the closing process usually take? Do the borrowers feel that the time at the closing table was an appropriate amount of time? Is it too long? Too short? Just right?

Too long, in the view of most consumers. In our experience, the amount of time spent at the closing table to close a mortgage loan varies widely based upon factors such as: the status of title; the condition of the property; the completeness and accuracy of the lender documents; whether or not the lender fulfills its obligation to have its funds at the closing; and questions and concerns raised by consumers. Too much time is spent reviewing and signing, and re-signing, important but ineffectual documentation. Consumers place a high value on having their questions answered and key transaction points explained to them, but in too many instances too much time is spent on lender “re-review” of signed documents, waiting for funding approval, and verification of funds transmission. This is generally perceived by the consumer as a waste of time.

5. How empowered do consumers seem to feel at closing? Did they come to closing with questions? Did they review the forms beforehand? Did they know that they can request their documents in advance? Did they negotiate?

Most consumers, especially first-time buyers, do not feel empowered. If anything, they feel relatively powerless. They are unsure of what to expect and are apprehensive. While some consumers may feel somewhat empowered if they have “done their homework” in reviewing documents and shopping for services in advance, this is a distinct minority. Most consumers view closing as a tedious inconvenience that must be suffered in order to reach their goal of home ownership or refinancing to better terms. A typical consumer is overwhelmed by the avalanche of documents and questions from loan processors and simply wants to know “Where do I sign?” While many borrowers do have questions, they tend to be the same questions that have been asked for the past several decades:

- How much do we have to bring to closing?
- What will my monthly payment be?
- What is my interest rate?

Some more sophisticated consumers sometimes may ask:

- Can my interest rate change?

Questions sometimes arise is where there is an item listed on the Good Faith Estimate which is not understood by the consumer. At closing, a consumer may ask that total buyer costs be broken down for review.

It does not occur to most consumers to request forms to be reviewed in advance. In this regard, it would be enormously helpful to develop a “Uniform Closing Package” with most of the required disclosures and “cya” forms incorporated and provided to the consumer in advance of the closing, e.g., three business days in advance. While consumers may be aware that they have the technical right to request forms in advance, they sense that this right is of very little real use because the most important loan documents and associated terms are not available prior to closing. It should be noted that the three-day notice in the final RESPA/TILA rule released November 20, 2013, should prove helpful in this respect.

6. What, if anything, have you found helps consumers understand the terms of the loan?

While some consumers do research on the internet, and other consumers have learned lessons at prior closings, the most effective aid to consumers is the ability to have a qualified real estate attorney provide answers and explanations. A settlement agent can also be of assistance, but only within limits due to prohibitions on the unauthorized practice of law. Because of the nature of the attorney/client relationship, consumers can address more issues with their closing attorney than with a settlement agent.

7. What are some common errors you have seen at closing? How are these errors detected, if at all? Tell us about errors that were detected after closing.

Clerical errors are all too common, given the rushed nature of the closing with so many documents that are required to be reviewed and signed by the consumer. The most common clerical errors are: misspelled names, missing initials, incorrect addresses, and lack of correlation between buyers' names on the mortgage and the deed. The errors are generally detected during pre-closing reviews. Most of those that slip through the pre-closing review are caught at the closing table. Sometimes errors are caught in post-closing quality checks. Occasionally, what might be perceived as an "error" is, in reality, a statement of terms not fully or correctly understood by the consumer. Information may have been misunderstood, misinterpreted, or inadequately conveyed. Notification, acknowledgment of receipt, and acceptance of significant terms well in advance of closing is needed. For these reasons, implementation and use of a "Uniform Closing Package" approach, combined with the three-day advance notice requirement, would go a long way to alleviate these problems.

8. What changes, diverging from what was originally presented at closing, often surprise consumers at closing? How do consumers react to changes at closing?

Changes in key loan terms such as interest rate, loan amount or monthly payment draw the strongest reactions from consumers. Changes in estimated closing costs are also noted by consumers. Sometimes, depending on the time of year, changes in the amounts credits for unpaid taxes can be an unpleasant surprise if, e.g., an amount a buyer thought was to be credited instead needs to be sent to the county treasurer to pay a bill due in the near future. Consumer reactions range from canceling the transaction, to asking questions, to acquiescence. (See #7 above)

9. How, if at all, do consumers typically seek advice during closing? In person? By phone? Online?

As an organization that represents real estate transactional attorneys, we have found that consumers seek advice before and during the closing from the attorney they have retained to represent them in the transaction. In almost all cases, the attorney representing the consumer is present at closing in person. For most consumers, the purchase of their residential real estate is one of the most expensive transactions they will experience, and the best way to assure consumer protection in a complicated financial transaction such as this is to have an experienced, licensed real estate attorney helping them navigate the way.

10. Where and to whom do consumers turn for advice during closing? Whom do they typically trust?

Consumers turn to the attorney they have retained to represent their interests. They place a high degree of trust in this communication. Where an attorney is not present, a title agent whom the consumer has no prior knowledge of and did not select is likely to be the party to whom the consumer looks for advice. The consumer is likely to trust information provided by an independent settlement agent, but it is important to bear in mind that various and differing UPL environments may impact the ability of a non-attorney settlement agent to provide advice.

11. What documents do borrowers usually remember seeing? What documents do they remember signing?

Borrowers usually remember seeing and signing the note, the mortgage and the settlement statement. Some more attentive consumers remember seeing the deed. The balance of the documentation package, frankly, is a blur.

12. What documents do borrowers find particularly confusing?

Most consumers are confused by the truth in lending disclosures. They are often confused by the concept of APR and how it differs from their contract interest rate. The need for signature and name affidavits is often misunderstood. Consumers are also confused by repetitive, redundant documents such as occupancy statements and borrower certifications, which they generally find more annoying than helpful.

13. What resources do borrowers use to define unfamiliar terms of the loan?

Many consumers are so overwhelmed by the closing process that they choose not to request any assistance in understanding any unfamiliar terms, fearing that the explanation might take up too many seconds of precious time and delay the resolution of the closing and the time they get their keys. Most consumers are confused by the truth in lending disclosures. Some consumers ask their loan originators or consult the internet to obtain an explanation of an unfamiliar mortgage loan term. Still others utilize a better and more reliable resource – their real estate attorney.

14. What, if anything, would you change about the closing process to make it a better experience for consumers?

A couple of steps that would improve the consumer closing experience are:

- 1) Implementing a better design of standard forms and consolidating as many standard disclosures and “cya” documents as possible in a “Uniform Closing Package” approach across the country to be delivered in advance of closing in a format that is more easily understood by the consumer, perhaps by email or via the internet, so that they could be available and reviewed by consumers sufficiently in advance of closing to make a difference; and
- 2) Reduce the number of documents that are required to be executed.

15. What questions should consumers ask at closing? What are the most important pieces of information/documents for them to review?

Consumers’ questions should center on whether they are getting the property they intended to purchase on the terms they negotiated, and whether they received the mortgage with the loan terms and financial requirements that they thought they would be obtaining. Beyond these basic types of questions, consumer questions should reflect any unique characteristics of the transaction and any special concerns of the consumer.

The most important documents are:

- 1) the deed
- 2) the note
- 3) the mortgage
- 4) the settlement statement

16. What is the single most important question a consumer should ask at closing?

A consumer should ask: "Am I receiving the correct property, at the correct price, with the mortgage terms and conditions that I negotiated with the lender?"

17. What is the single most important thing a consumer should do before coming to the closing table?

The consumer should retain the services of an experienced, independent real estate attorney to represent him or her at the closing.



Wells Fargo

Settlement Agent Communications

News for Wells Fargo Settlement Agents

March 16, 2015

TILA-RESPA Integrated Disclosure Rule

As the August 1, 2015, effective date for the new TILA-RESPA Integrated Disclosure Rule approaches there is a noticeable increase in the number of articles, webinars, conference panels and conversations about the changes coming. For those who have been paying attention to the upcoming changes, your questions are becoming more specific and more detailed. For others, here is some of the information you need to learn to be ready to continue closing Wells Fargo loans.

Our goal to continue doing business with local title and settlement service providers has not changed. Our expectation is that all title and settlement agents who close Wells Fargo loans must be ready, willing and able to comply with our requirements and closing instructions. This expectation becomes even more critical when the new rule takes effect August 1. In this newsletter, we will include some important reminders about these requirements, as well as answer some recent questions related to the coming changes.

The previous two editions of this newsletter (September 24 and December 10, 2014) contained important information on key decisions Wells Fargo has made about how we will comply with the new rule for loans originated by Wells Fargo:

- Wells Fargo will control the generation and delivery of the borrower's Closing Disclosure (CD) to consistently meet internal compliance and regulator expectations. Collaboration with and input from our settlement agents on fees applicable for each transaction and other content required on the CD will continue to be critical.
- Evidence of providing the borrower's CD with receipt at least three business days prior to consummation is critical for compliance. Wells Fargo considers consummation to be the date the borrowers sign the note (become contractually obligated) for all transactions, including in escrow states. The CFPB has publicly reinforced this position by stating that contract law dictates consummation, not escrow law.
- For purchase transactions, the settlement agent will be responsible for the seller's CD and must provide a copy of this document to Wells Fargo.
- The settlement agent will continue to be responsible for executing the closing, including document signing, notarization, disbursement of funds, document recordation and delivery of final documents post-closing. In all cases these activities must comply with Wells Fargo's closing instructions.
- Without exception, all changes that impact the borrower's CD must be communicated to Wells Fargo, including changes identified after closing (such as when actual recording fees become known and differ from amounts disclosed prior to closing). Wells Fargo will be responsible to determine the impact of any changes, including determining if an updated CD must be provided to the borrower prior to closing and whether a restart of the three business day receipt timer is required.

These key decisions drive changes that will be implemented for closings of Wells Fargo loan applications received on and after August 1, including changes to the timing and processes Wells Fargo will use to interact with settlement agents. Please read on for more information about this.

Have you heard about Closing Insight?

A key part of Wells Fargo's implementation plans is the integration with Closing Insight™. Closing Insight is a new technology solution being developed by RealEC® Technologies, a division of Black Knight Financial Services, with input from several major closing software companies, title underwriters and lenders - including Wells Fargo. One of the common goals these companies share is a desire to improve the way that we interact to exchange instructions, fees and other information critical to the preparation and execution of the loan closing. The press release announcing Closing Insight can be accessed from this [link](#).

Wells Fargo will use Closing Insight and its new industry standard workflow to exchange information - including closing instructions, fees, status and other relevant details - with participating settlement agents, and to reconcile and finalize data required in the borrower's CD. Unlike today where we typically use email to pass these important details back and forth, Closing Insight will support an interactive, online collaboration that includes a full view of information from both parties, and provides an audit trail and quality checks to reduce errors. The benefits from these changes will be significant.

Even though Wells Fargo has not yet mandated that our settlement agents use Closing Insight by August 1, our goal is for the Closing Insight process to rapidly become the new standard for interaction between Wells Fargo and settlement agents who close our loans. Additional information on changes to Wells Fargo's loan closing process - including how Closing Insight will be utilized - will be provided in future communications and in updated closing instructions effective August 1.

Many settlement agents will be able to access Closing Insight through connections with existing software packages. If your software provider is not yet integrating to Closing Insight, don't worry - you are not being left out. Access to Closing Insight through a secure web portal will also be available. All agents, regardless of the software, will have access to Closing Insight.

In the coming weeks, RealEC Technologies will provide further details on their agent registration process, training program, title/escrow software integration partners and the web portal for non-integrated agents. We encourage you to contact your software provider directly to find out if they plan to integrate with Closing Insight so you can finalize your training and implementation plans and be ready to use this new collaboration tool by August.

To learn more about RealEC Technologies and Closing Insight, including a video about this product, click this [link](#). You can also contact RealEC Technologies directly at ProviderRegistration@realec.com.

More of your frequently asked questions

Wells Fargo leaders continue to participate in various conferences, education seminars and industry events to share information and listen to your questions and concerns. This ongoing two-way communication is essential to our preparation for the TILA-RESPA Integrated Disclosure Rule changes. Following are answers to a few recent questions from you.

If co-borrowers plan to sign the loan documents on different dates, which date applies for compliance with the three business day receipt requirement of the CD?	The borrower's CD must have been received not less than three business days before the earliest signing date. This question highlights the importance of communicating specifics about signing plans to your Wells Fargo closing contact, including cases when a mobile signing agent or mail away signing is being requested.
Will Wells Fargo be providing loan closing documents to the settlement agent at the same time the borrower's CD is delivered?	Our goal is to be able to provide the closing documents to the settlement agent shortly after the borrower's CD has been finalized and provided to the borrower. In most cases, you should receive the closing documents earlier than in the past.
Will Wells Fargo permit any other	No.

party to deliver the borrower's CD to meet the three business day receipt requirement for a rush closing situation?	We have determined that we must be responsible for delivering the borrower's CD to meet and track the three business day receipt requirement for all transactions. We will continue to encourage all parties involved to stay in close communication and work together proactively to minimize the need for expedited CD delivery.
Is my company required to be ALTA Best Practices Certified by August 1 to continue to close Wells Fargo loans?	<p>No.</p> <p>Completing your certification by August 1 will not be a Wells Fargo requirement. However, we hope that if your company is not yet certified you will - at minimum - have already completed a self-assessment and addressed any identified gaps.</p> <p>As communicated in our March 6, 2014, newsletter, Wells Fargo supports the ALTA Best Practices as sound business practices that should ideally already be in place for businesses providing title and closing services for our customers.</p>

If you are seeing this newsletter for the first time, please note that previous editions included other important information and FAQs - so if you missed them, please use the mailbox address below to request copies or subscribe to future publications.

Page count tool enhancement is ready

In our last newsletter, we introduced an interim page count solution to assist our closers and settlement agents to more accurately estimate the number of pages in lender-provided documents to be recorded. An enhancement to this tool is now in production and a new form should appear in your preliminary closing packages for most Wells Fargo loans. The intent of this form is for our closing contact and the settlement agent to communicate and align on the recordable documents applicable for any transaction prior to finalizing the HUD-1 to ensure the recording fee amounts charged to the borrowers are as accurate as possible at closing. Refunds are still expected for any overcharged recording fees that are detected after closing when the actual recording fee amounts are confirmed.

Performance management contacts coming soon

An important part of Wells Fargo's third-party oversight responsibilities is performance reporting, including for settlement agents. New performance reports have been developed and will be implemented during the next few months. Phone and email contacts to settlement agents experiencing performance challenges will also begin; the intent is to communicate performance information to management contacts as needed and work together on action plans and timelines to resolve performance that does not meet Wells Fargo requirements. If your company begins to receive these performance management contacts, it is very important that the appropriate management contact in your company is aware and engaged. Additional information on this topic will be included in future communications and as measured performance factors expand.

New collaboration with ClosingCorp

Wells Fargo has entered into a business arrangement with ClosingCorp, a leading provider of fee management solutions, to obtain actual fee information from select settlement agents who close a high number of Wells Fargo loans. This fee information will enable our Home Mortgage Consultants to select actual, local fees to populate the initial fee estimates provided to customers. Our goal is to improve the precision of expected fees that we quote to our customers as early as possible in the loan process, while remaining consistent with our strategy to support local settlement agents.

This program will be nationally implemented over the coming months. ClosingCorp will be directly contacting selected companies with additional information about this program and instructions on how to enroll. There will be no cost to you to participate in this program with Wells Fargo.

Please watch for information from ClosingCorp and respond to their enrollment invitation. This is a great opportunity for us to work together to provide the most accurate information available to our mutual customers.

Thank you for taking the time to review this important information. Please share this with your colleagues and management teams. If you have any comments, questions, suggestions for future newsletters or requests for copies of previous or future editions, contact us at:

WellsFargoSettlementAgentCommunications@wellsfargo.com

Regards,
Wells Fargo & Company

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FEBRUARY 7, 2014

TILA RESPA Integrated Disclosure

H-24(B) Mortgage Loan Transaction Loan Estimate – Fixed Rate Loan Sample

This is a sample of a completed Loan Estimate for a fixed rate loan. This loan is for the purchase of property at a sale price of \$180,000 and has a loan amount of \$162,000, a 30-year loan term, a fixed interest rate of 3.875 percent, and a prepayment penalty equal to 2.00 percent of the outstanding principal balance of the loan for the first two years after consummation of the transaction. The consumer has elected to lock the interest rate. The creditor requires an escrow account and that the consumer pay for private mortgage insurance.



Consumer Financial
Protection Bureau

Loan Estimate

DATE ISSUED 2/15/2013
APPLICANTS Michael Jones and Mary Stone
 123 Anywhere Street
 Anytown, ST 12345
PROPERTY 456 Somewhere Avenue
 Anytown, ST 12345
SALE PRICE \$180,000

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

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

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

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

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

Additional Information About This Loan

LENDER Ficus Bank
NMLS/___ LICENSE ID
LOAN OFFICER Joe Smith
NMLS/___ LICENSE ID 12345
EMAIL joesmith@ficusbank.com
PHONE 123-456-7890

MORTGAGE BROKER
NMLS/___ LICENSE ID
LOAN OFFICER
NMLS/___ LICENSE ID
EMAIL
PHONE

Comparisons	Use these measures to compare this loan with other loans.	
In 5 Years	\$56,582	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 <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 _____

FEBRUARY 7, 2014

TILA RESPA Integrated Disclosure

H-25(B) Mortgage Loan Transaction Closing Disclosure – Fixed Rate Loan Sample

This is a sample of a completed Closing Disclosure for the fixed rate loan illustrated by form H-24(B). The purpose, product, sale price, loan amount, loan term, and interest rate have not changed from the estimates provided on the Loan Estimate. The creditor requires an escrow account and that the consumer pay for private mortgage insurance for the transaction.



Consumer Financial
Protection Bureau

Closing Disclosure

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

Closing Information

Date Issued 4/15/2013
Closing Date 4/15/2013
Disbursement Date 4/15/2013
Settlement Agent Epsilon Title Co.
File # 12-3456
Property 456 Somewhere Ave
 Anytown, ST 12345
Sale Price \$180,000

Transaction Information

Borrower Michael Jones and Mary Stone
 123 Anywhere Street
 Anytown, ST 12345
Seller Steve Cole and Amy Doe
 321 Somewhere Drive
 Anytown, ST 12345
Lender Ficus Bank

Loan Information

Loan Term 30 years
Purpose Purchase
Product Fixed Rate
Loan Type Conventional FHA
 VA _____
Loan ID # 123456789
MIC # 000654321

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

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

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

Closing Cost Details

Loan Costs	Borrower-Paid		Seller-Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
A. Origination Charges	\$1,802.00				
01 0.25 % of Loan Amount (Points)	\$405.00				
02 Application Fee	\$300.00				
03 Underwriting Fee	\$1,097.00				
04					
05					
06					
07					
08					
B. Services Borrower Did Not Shop For	\$236.55				
01 Appraisal Fee to John Smith Appraisers Inc.					\$405.00
02 Credit Report Fee to Information Inc.		\$29.80			
03 Flood Determination Fee to Info Co.	\$20.00				
04 Flood Monitoring Fee to Info Co.	\$31.75				
05 Tax Monitoring Fee to Info Co.	\$75.00				
06 Tax Status Research Fee to Info Co.	\$80.00				
07					
08					
09					
10					
C. Services Borrower Did Shop For	\$2,655.50				
01 Pest Inspection Fee to Pests Co.	\$120.50				
02 Survey Fee to Surveys Co.	\$85.00				
03 Title – Insurance Binder to Epsilon Title Co.	\$650.00				
04 Title – Lender’s Title Insurance to Epsilon Title Co.	\$500.00				
05 Title – Settlement Agent Fee to Epsilon Title Co.	\$500.00				
06 Title – Title Search to Epsilon Title Co.	\$800.00				
07					
08					
D. TOTAL LOAN COSTS (Borrower-Paid)	\$4,694.05				
Loan Costs Subtotals (A + B + C)	\$4,664.25	\$29.80			
Other Costs					
E. Taxes and Other Government Fees	\$85.00				
01 Recording Fees Deed: \$40.00 Mortgage: \$45.00	\$85.00				
02 Transfer Tax to Any State			\$950.00		
F. Prepays	\$2,120.80				
01 Homeowner’s Insurance Premium (12 mo.) to Insurance Co.	\$1,209.96				
02 Mortgage Insurance Premium (mo.)					
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					
G. Initial Escrow Payment at Closing	\$412.25				
01 Homeowner’s Insurance \$100.83 per month for 2 mo.	\$201.66				
02 Mortgage Insurance per month for mo.					
03 Property Taxes \$105.30 per month for 2 mo.	\$210.60				
04					
05					
06					
07					
08 Aggregate Adjustment	- 0.01				
H. Other	\$2,400.00				
01 HOA Capital Contribution to HOA Acre Inc.	\$500.00				
02 HOA Processing Fee to HOA Acre Inc.	\$150.00				
03 Home Inspection Fee to Engineers Inc.	\$750.00			\$750.00	
04 Home Warranty Fee to XYZ Warranty Inc.			\$450.00		
05 Real Estate Commission to Alpha Real Estate Broker			\$5,700.00		
06 Real Estate Commission to Omega Real Estate Broker			\$5,700.00		
07 Title – Owner’s Title Insurance (optional) to Epsilon Title Co.	\$1,000.00				
08					
I. TOTAL OTHER COSTS (Borrower-Paid)	\$5,018.05				
Other Costs Subtotals (E + F + G + H)	\$5,018.05				
J. TOTAL CLOSING COSTS (Borrower-Paid)	\$9,712.10				
Closing Costs Subtotals (D + I)	\$9,682.30	\$29.80	\$12,800.00	\$750.00	\$405.00
Lender Credits					

Calculating Cash to Close

Use this table to see what has changed from your Loan Estimate.

	Loan Estimate	Final	Did this change?
Total Closing Costs (J)	\$8,054.00	\$9,712.10	YES • See Total Loan Costs (D) and Total Other Costs (I)
Closing Costs Paid Before Closing	\$0	– \$29.80	YES • You paid these Closing Costs before closing
Closing Costs Financed (Paid from your Loan Amount)	\$0	\$0	NO
Down Payment/Funds from Borrower	\$18,000.00	\$18,000.00	NO
Deposit	– \$10,000.00	– \$10,000.00	NO
Funds for Borrower	\$0	\$0	NO
Seller Credits	\$0	– \$2,500.00	YES • See Seller Credits in Section L
Adjustments and Other Credits	\$0	– \$1,035.04	YES • See details in Sections K and L
Cash to Close	\$16,054.00	\$14,147.26	

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION

K. Due from Borrower at Closing **\$189,762.30**

01	Sale Price of Property	\$180,000.00
02	Sale Price of Any Personal Property Included in Sale	
03	Closing Costs Paid at Closing (J)	\$9,682.30
04		

Adjustments

05		
06		
07		

Adjustments for Items Paid by Seller in Advance

08	City/Town Taxes	to	
09	County Taxes	to	
10	Assessments	to	
11	HOA Dues	4/15/13 to 4/30/13	\$80.00
12			
13			
14			
15			

L. Paid Already by or on Behalf of Borrower at Closing **\$175,615.04**

01	Deposit	\$10,000.00
02	Loan Amount	\$162,000.00
03	Existing Loan(s) Assumed or Taken Subject to	
04		
05	Seller Credit	\$2,500.00

Other Credits

06	Rebate from Epsilon Title Co.	\$750.00
07		

Adjustments

08		
09		
10		
11		

Adjustments for Items Unpaid by Seller

12	City/Town Taxes	1/1/13 to 4/14/13	\$365.04
13	County Taxes	to	
14	Assessments	to	
15			
16			
17			

CALCULATION

Total Due from Borrower at Closing (K)	\$189,762.30
Total Paid Already by or on Behalf of Borrower at Closing (L)	– \$175,615.04

Cash to Close **From** **To Borrower** **\$14,147.26**

SELLER'S TRANSACTION

M. Due to Seller at Closing **\$180,080.00**

01	Sale Price of Property	\$180,000.00
02	Sale Price of Any Personal Property Included in Sale	
03		
04		
05		
06		
07		
08		

Adjustments for Items Paid by Seller in Advance

09	City/Town Taxes	to	
10	County Taxes	to	
11	Assessments	to	
12	HOA Dues	4/15/13 to 4/30/13	\$80.00
13			
14			
15			
16			

N. Due from Seller at Closing **\$115,665.04**

01	Excess Deposit	
02	Closing Costs Paid at Closing (J)	\$12,800.00
03	Existing Loan(s) Assumed or Taken Subject to	
04	Payoff of First Mortgage Loan	\$100,000.00
05	Payoff of Second Mortgage Loan	

06		
07		
08	Seller Credit	\$2,500.00
09		

10		
11		
12		
13		

Adjustments for Items Unpaid by Seller

14	City/Town Taxes	1/1/13 to 4/14/13	\$365.04
15	County Taxes	to	
16	Assessments	to	
17			
18			
19			

CALCULATION

Total Due to Seller at Closing (M)	\$180,080.00
Total Due from Seller at Closing (N)	– \$115,665.04

Cash **From** **To Seller** **\$64,414.96**

Additional Information About This Loan

Loan Disclosures

Assumption

- If you sell or transfer this property to another person, your lender
- will allow, under certain conditions, this person to assume this loan on the original terms.
 - will not allow assumption of this loan on the original terms.

Demand Feature

Your loan

- has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details.
- does not have a demand feature.

Late Payment

If your payment is more than 15 days late, your lender will charge a late fee of 5% of the monthly principal and interest payment.

Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

- are scheduled to make monthly payments that do not pay all of the interest due that month. As a result, your loan amount will increase (negatively amortize), and your loan amount will likely become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
- may have monthly payments that do not pay all of the interest due that month. If you do, your loan amount will increase (negatively amortize), and, as a result, your loan amount may become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
- do not have a negative amortization feature.

Partial Payments

Your lender

- may accept payments that are less than the full amount due (partial payments) and apply them to your loan.
- may hold them in a separate account until you pay the rest of the payment, and then apply the full payment to your loan.
- does not accept any partial payments.

If this loan is sold, your new lender may have a different policy.

Security Interest

You are granting a security interest in
456 Somewhere Ave., Anytown, ST 12345

You may lose this property if you do not make your payments or satisfy other obligations for this loan.

Escrow Account

For now, your loan

- will have an escrow account (also called an "impound" or "trust" account) to pay the property costs listed below. Without an escrow account, you would pay them directly, possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment.

Escrow		
Escrowed Property Costs over Year 1	\$2,473.56	Estimated total amount over year 1 for your escrowed property costs: <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.

Loan Calculations

Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	\$285,803.36
Finance Charge. The dollar amount the loan will cost you.	\$118,830.27
Amount Financed. The loan amount available after paying your upfront finance charge.	\$162,000.00
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	4.174%
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	69.46%



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

Other Disclosures

Appraisal

If the property was appraised for your loan, your lender is required to give you a copy at no additional cost at least 3 days before closing. If you have not yet received it, please contact your lender at the information listed below.

Contract Details

See your note and security instrument for information about

- what happens if you fail to make your payments,
- what is a default on the loan,
- situations in which your lender can require early repayment of the loan, and
- the rules for making payments before they are due.

Liability after Foreclosure

If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan,

- state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and have to pay any debt remaining even after foreclosure. You may want to consult a lawyer for more information.
- state law does not protect you from liability for the unpaid balance.

Refinance

Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.

Tax Deductions

If you borrow more than this property is worth, the interest on the loan amount above this property's fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.

Contact Information

	Lender	Mortgage Broker	Real Estate Broker (B)	Real Estate Broker (S)	Settlement Agent
Name	Ficus Bank		Omega Real Estate Broker Inc.	Alpha Real Estate Broker Co.	Epsilon Title Co.
Address	4321 Random Blvd. Somecity, ST 12340		789 Local Lane Sometown, ST 12345	987 Suburb Ct. Someplace, ST 12340	123 Commerce Pl. Somecity, ST 12344
NMLS ID					
ST License ID			Z765416	Z61456	Z61616
Contact	Joe Smith		Samuel Green	Joseph Cain	Sarah Arnold
Contact NMLS ID	12345				
Contact ST License ID			P16415	P51461	PT1234
Email	joesmith@ ficusbank.com		sam@omegare.biz	joe@alphare.biz	sarah@ epsilontitle.com
Phone	123-456-7890		123-555-1717	321-555-7171	987-555-4321

Confirm Receipt

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

Applicant Signature

Date

Co-Applicant Signature

Date

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

08 Seller Credit

09

10

11

12

13

Adjustments for Items Unpaid by Seller

14 City/Town Taxes to
15 County Taxes to
16 Assessments to

17

18

19

CALCULATION

Total Due to Seller at Closing

Total Due from Seller at Closing

Cash **From** **To Seller**

Contact Information

REAL ESTATE BROKER (B)

Name

Address

__ License ID

Contact

Contact __ License ID

Email

Phone

REAL ESTATE BROKER (S)

Name

Address

__ License ID

Contact

Contact __ License ID

Email

Phone

SETTLEMENT AGENT

Name

Address

__ License ID

Contact

Contact __ License ID

Email

Phone



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

Closing Cost Details

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

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

J. TOTAL CLOSING COSTS		
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