May 15, 2015

Phillip L. Schulman
K&L Gates LLP
1601 K Street NW
Washington, DC 20006
(202) 778-9027
phil.schulman@klgates.com

© Copyright 2015 by K&L Gates LLP. All rights reserved.

This presentation is for informational purposes and does not contain or convey legal advice. The information herein should not be used or relied upon in regard to any particular facts or circumstances without first consulting a lawyer.
WHAT WILL WE COVER TODAY?

TILA-RESPA Integrated Forms (TRID)
1. Background – how we got here
2. Top Takeaways
3. Review of new LE and CD

RESPA Enforcement Actions
1. Recent actions affecting our industry
2. Penalties
3. Preventative Medicine
TILA-RESPA Integrated Disclosure Forms
I. INTRODUCTION

A. Background

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

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

A. Background (cont’d)

3. Similar timing of disclosure
   • Both require disclosure three days after application
   • Both require final disclosure shortly before consummation

4. But that’s where similarities end
   • Forms contain overlapping information
   • Inconsistent language
   • Burdensome for lenders to provide
   • Difficult for consumers to understand
I. INTRODUCTION

B. Ancient History

1. Competing responsibilities
   - HUD in charge of RESPA
   - FRB in charge of TILA

2. 1996 Congress required integrated disclosures
   - 1998 HUD/FRB met, filed joint report to Congress
   - But could not agree on integration plan
   - Neither agency willing to cede authority

3. One upmanship
   - 2009 FRB issues closed-end proposal with significant TILA disclosures
   - 2010 HUD implements brand new GFE and HUD-1

4. Public pleads for coordinated forms
I. INTRODUCTION

C. Modern History

1. Congress said, “We’ll take it from here.”
   - Section 1032(f) of Dodd-Frank Act requires CFPB to propose a regulation that combines RESPA-TILA disclosures within one year of transfer

2. Know Before You Owe
   - CFPB undertakes 18-month effort to get it right

3. Consumer testing and focus groups
   - Interactive comment process
   - Numerous sample forms analyzed
   - Public outreach

4. CFPB convenes Small Business Panel

5. July 9, 2012 Proposed Rule
   - 1,099 pages long
   - Multiple LE and CD prototypes
II. FINAL REGULATION ISSUED 11-20-13

A. Goals of New Rule

1. Easier-to-use mortgage disclosure forms
2. Improve consumer understanding
3. Aid comparison shopping
4. Prevent surprises at closing table
II. FINAL REGULATION ISSUED 11-20-13

B. Two New Forms
   1. The Loan Estimate
      ▪ Provided to consumers within three business days after submission of loan application
      ▪ Replaces early TIL statement and GFE
      ▪ Provides summary of key loan terms and estimates of loan and closing costs
      ▪ Idea to promote comparison shopping
   2. The Closing Disclosure
      ▪ Received by consumers three business days before consummation
      ▪ Replaces final TIL statement and HUD-1 Settlement Statement
      ▪ Provides detailed accounting of transactions

C. Effective Date – August 1, 2015
III. FINAL REGULATIONS OVERVIEW

A. Coverage

1. Applies to most closed-end consumer mortgage loans

2. Does not apply to:
   • Home equity lines of credit
   • Reverse mortgages
   • Mortgages secured by mobile homes or by dwellings not attached to property
   • Creditor that makes five or fewer mortgage loans in one year
IV. TOP TAKEAWAYS IN FINAL RULE

Narrowed Definition of “Application”

• Neither TILA nor RESPA statutes define “Application”

• Current Reg X defines an application as consisting of 7 elements
  • Including a catch-all provision
  • “Any other information deemed necessary for the originator”

• CFPB believes 7th element delays loan estimates to consumers
Narrowed Definition of “Application” (cont’d)

• Final Rule eliminates catch-all provision

• “Application” defined by 6 elements:
  - Borrower name
  - Income
  - Social Security Number
  - Property address
  - Estimated value of property
  - Mortgage loan amount

• Perceived Benefits:
  - Earlier receipt of loan information
  - Uniform standard for all creditors
  - Additional information still collectable
IV. TOP TAKEAWAYS IN FINAL RULE

Definition of “Business Day”

• Not one, but two definitions

• When providing Loan Estimate to consumer within three business days of application
  • Defined as day on which the creditor’s offices are open to the public to carry on substantially all functions

• Waiting period for Loan Estimate and consumer receipt of Closing Disclosure
  • Defined as all calendar days except Sunday and certain federal holidays
IV. TOP TAKEAWAYS IN FINAL RULE

Variations…the New Tolerances

• Concept of “tolerances” nowhere to be found in RESPA (though TILA adopts tolerances to facilitate compliance)

• Current Reg X creates three “Tolerance Buckets”
  • 1024.7(e)(1) Zero Tolerance
  • 1024.7(e)(2) 10% Tolerance
  • 1024.7(e)(3) No Tolerance

• Final Rule avoids the “T” word
  • “Good Faith Estimate” is essentially defined as the disclosure of the actual amount charged to a consumer at closing
IV. TOP TAKEAWAYS IN FINAL RULE

Variations…the New Tolerances (cont’d)

Tolerances now called “Variations”

- No variations (Zero Bucket) expanded to include:
  - Affiliate charges
  - Fees paid to unaffiliated SSP that consumer cannot shop for

- Limited increases (10% Bucket)
  - Charge paid to unaffiliated SSP selected from creditor’s SSPL

- Variations permitted (No Tolerance Bucket)
  - SSP shopped for by consumer
  - Prepaid interest
  - Property insurance premiums
  - Escrow amounts, impound reserves
IV. TOP TAKEAWAYS IN FINAL RULE

Written List of Providers

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

Written List of Providers (cont’d)

• Timing of SSPL
  • Same timing as provision of Loan Estimate
  • Within three business days of application

• Affiliates
  • Lender affiliates may be listed on SSPL
  • No prohibition to limiting providers to affiliates only

• Rule provides model form
## Additional Details for Services You Can Shop For

To get you started with shopping, this list identifies some providers for the services you can shop for (see Section C on page 2 of your Loan Estimate).

<table>
<thead>
<tr>
<th>Service Provider List</th>
<th>You can select these providers or shop for your own providers.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td>Estimate</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Notes:

- APPLICATIONS: 
- DATE ISSUED: 
- LOAN ID #: 

klgates.com
IV. TOP TAKEAWAYS IN FINAL RULE

Timing of Disclosures

Loan Estimate:

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

Closing Disclosure:

- Consumer must receive three business days before consummation
  - Unless
    - *Bona fide* personal financial emergency
    - Written statement by consumer
    - Printed forms prohibited

- Seller must receive no later than day of consummation
Timing of Disclosures (cont’d)

Closing Disclosure:

• If Closing Disclosure becomes inaccurate before closing, provide corrected disclosure at or before consummation
  • Still must be able to inspect one business day prior to consummation

• Limited changes require a new three-business-day waiting period:
  • Changes above APR tolerance
  • Change to loan product
  • Addition of prepayment penalty

• This is a change from proposed rule
  • Changes in dollar amounts $100 or greater would have required a new waiting period.
Timing of Disclosures (cont’d)

Closing Disclosure:

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

Top Issues Affecting Title Insurance Industry

1. Simultaneous Issue
   • Loan and owners title policies purchased in same transaction
   • TRID requires inaccurate disclosure of title premiums

2. Who provides Closing disclosure to consumers?

3. Difference between consummation and closing

4. Grace Period
   • Can we get one
IV. TOP TAKEAWAYS IN FINAL RULE

Top Issues Affecting Title Insurance Industry (cont’d)

1. Simultaneous Issue

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

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

At the same time, CFPB permits the owner’s title policy to be shown at a lower rate than the actual rate
IV. TOP TAKEAWAYS IN FINAL RULE

Top Issues Affecting Title Insurance Industry (cont’d)

Under the Rule

OTP shown as $350

$815 OTP Premium + $290 LTP simultaneous premium
- (minus) Full LTP of $755

LTP shown as Full LTP $755

In Realty

OTP actual charge is $815
LTP actual charge is $290

• Dollars equal out, but that is not the point
IV. TOP TAKEAWAYS IN FINAL RULE

Top Issues Affecting Title Insurance Industry (cont’d)

2. Who Provides Closing Disclosure?
   1. 3 Options
      (i) Lender prepares and provides
      (ii) Title Company prepares and provides
      (iii) Hybrid arrangement
         - Lender prepares and provides
         - with data supplied by title company
         - technology interface
         • Creditor still on the hook
   2. Settlement Agent still must prepare and provide Closing Disclosure to Seller
      • Must provide copy of Seller CD to creditor
IV. TOP TAKEAWAYS IN FINAL RULE

Top Issues Affecting Title Insurance Industry  (cont’d)

3. Difference Between Consummation and Closing Dates
   1. Rule requires CD be provided to consumer within 3 business days of **consummation**
   2. Consummation date is the date upon which the consumer is obligated on the loan
      • Typically date note is signed
   3. In most states consummation occurs at the closing table
      • Consummation and closing occur simultaneously
   4. However, in Western states consummation occurs prior to date closing docs executed
IV. TOP TAKEAWAYS IN FINAL RULE

Top Issues Affecting Title Insurance Industry (cont’d)

4. Grace Period (Get out of Jail Free Card)
   1. In 2010 HUD approved 6 month grace period when new GFE and HUD-1 enacted
      • Allow lenders and other providers time to get acclimated
   2. CFPB has been approached by settlement service industry (including mortgage, title and realtors) to allow a similar grace period
      • Afterall, new forms may not be used until August 1
      • So far CFPB silent on an enforcement break
IV. TOP TAKEAWAYS IN FINAL RULE

Top Issues Affecting Realtors®

1. Delay
   • Intent to Proceed may slow process
   • Multiple versions of Closing Disclosures likely

2. Walk throughs more challenging
   • Likely to be several

3. Need to obtain CD from buyer, not closing agent

4. Simultaneous closing will be a challenge

5. Longer more complicated closings
IV. TOP TAKEAWAYS IN FINAL RULE

**Itemization of Fees and Charges**

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

Record Retention

1. Loan Estimate
   • 3 years after later of:
     • Date of consummation
     • Disclosures required to be made
     • Date action required to be taken

2. Closing Disclosure
   • Must be retained for 5 years from date of consummation
IV. TOP TAKEAWAYS IN FINAL RULE

Penalties and Liability

• Penalties for GFE/HUD-1 Violations under RESPA = None

• Penalties for Disclosure Violations under TILA =
  • $4,000 per violation
  • Actual damages and attorneys’ fees

• Do TILA penalties apply to any violation related to combined mortgage disclosures?

• UDAP concerns = creditor must use information reasonably available to make fee disclosures
IV. TOP TAKEAWAYS IN FINAL RULE

Penalties and Liability (cont’d)

CFPB Carries a Big Enforcement Stick

1. CFPB Enforcement (DFA Sec. 1055)
   • Administrative and Judicial Relief
   • Refunds
   • Restitution
   • Damages
   • Injunctive relief

2. Civil Money Penalties
   • $5,000 per day
   • $25,000 per day for reckless conduct
   • $1.0 million per day for knowing violations

3. Nothing good will happen to you if found to be in violation of TRID
IV. TOP TAKEAWAYS IN FINAL RULE

Increased Time for Closings

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

Implementation Concerns

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

- Employee training

- Costs of implementation will be substantial
LOAN ESTIMATE FORM
V. LOAN ESTIMATE FORM

A. First page

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

### Loan Estimate

- **Loan Term:** 30 years
- **Purpose:** Purchase
- **Product:** Fixed Rate
- **Loan Type:** Conventional
- **Loan ID:** 123456789

**DATE ISSUED:** 2/15/2013

**APPLICANTS:** Michael Jones and Mary Smith
- 123 Anywhere Street
- Anytown, ST 12345

**PROPERTY:** 456 Somewhere Avenue
- Anytown, ST 12345

**SALE PRICE:** $180,000

**Loan Terms**

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>$162,000</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Rate</td>
<td>3.875%</td>
<td>NO</td>
</tr>
</tbody>
</table>

**Monthly Principal & Interest**

- $761.78

**Prepayment Penalty**

- YES
- Yes, as high as $3,240 if you pay off the loan during the first 2 years

**Balloon Payment**

- NO

### Projected Payments

<table>
<thead>
<tr>
<th>Payment Calculation</th>
<th>Years 1-7</th>
<th>Years 8-30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal &amp; Interest</td>
<td>$761.78</td>
<td>$761.78</td>
</tr>
<tr>
<td>Mortgage Insurance + 82</td>
<td>+ —</td>
<td></td>
</tr>
<tr>
<td>Estimated Escrow + 206</td>
<td>+ 206</td>
<td></td>
</tr>
</tbody>
</table>

**Estimated Total Monthly Payment**

- $1,050
- $968

**Estimated Taxes, Insurance & Assessments**

- $206 a month

- YES
- Property Taxes
- Homeowner’s Insurance
- Yes

**Costs at Closing**

- **Estimated Closing Costs:** $8,054
  - Includes $3,672 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

**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 TERMS:**  
- **Loan Amount:** $211,000  
- **Interest Rate:** 4%  
- **Monthly Principal & Interest:** $703.33  
- **Prepayment Penalty:** NO  
- **Balloon Payment:** NO

---

### Can this amount increase after closing?  
**Loan Amount:** NO  
**Interest Rate:** YES  
- Adjusts every 3 years starting in year 6  
- Can go as high as 12% in year 15  
- See AIR Table on page 2 for details

---

### Projected Payments

<table>
<thead>
<tr>
<th>Payment Calculation</th>
<th>Years 1 - 5</th>
<th>Years 6 - 8</th>
<th>Years 9 - 11</th>
<th>Years 12 - 30</th>
</tr>
</thead>
</table>
| Principal & Interest| $703.33 only Interest | $1,028 min | $1,028 min | $1,028 min  
| Mortgage Insurance  | + 100        | + 100       | + 100        | + 100         
| Estimated Escrow    | + 0          | + 0         | + 0          | + 0           |
| **Estimated Total Monthly Payment** | $812         | $1,137 – $1,468 | $1,137 – $1,713 | $1,028 – $2,068 |

**Estimated Taxes, Insurance & Assessments:** $533 a month  
Amount can increase over time  

---

### Costs at Closing

- **Estimated Closing Costs:** $8,791
- **Estimated Cash to Close:** $27,791

---

See www.consumerfinance.gov/mortgage-estimate for general information and tools.
V. LOAN ESTIMATE FORM

B. Second page

• Estimated settlement fees

• Cash to close, including credits, escrow, and down payment

• Adjustable payment and interest rate tables
# Closing Cost Details

## Loan Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Origination Charges</td>
<td>$1,802</td>
</tr>
<tr>
<td>0.25% of Loan Amount (Points)</td>
<td>$450</td>
</tr>
<tr>
<td>Application Fee</td>
<td>$300</td>
</tr>
<tr>
<td>Underwriting Fee</td>
<td>$1,060</td>
</tr>
</tbody>
</table>

## Other Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>E. Taxes and Other Government Fees</td>
<td>$85</td>
</tr>
<tr>
<td>F. Prepads</td>
<td>$867</td>
</tr>
<tr>
<td>Homeowner’s Insurance Premium (6 months)</td>
<td>$605</td>
</tr>
<tr>
<td>Mortgage Insurance Premium (6 months)</td>
<td>$362</td>
</tr>
<tr>
<td>Prepayment (17.44 per day for 15 days @ 3.875%)</td>
<td>$362</td>
</tr>
<tr>
<td>Property Taxes (months)</td>
<td></td>
</tr>
</tbody>
</table>

## Services You Cannot Shop For

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appraisal Fee</td>
<td>$405</td>
</tr>
<tr>
<td>Credit Report Fee</td>
<td>$20</td>
</tr>
<tr>
<td>Flood Determination Fee</td>
<td>$20</td>
</tr>
<tr>
<td>Flood Monitoring Fee</td>
<td>$30</td>
</tr>
<tr>
<td>Tax Monitoring Fee</td>
<td>$75</td>
</tr>
<tr>
<td>Tax Status Research Fee</td>
<td>$110</td>
</tr>
</tbody>
</table>

## Services You Can Shop For

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pest Inspection Fee</td>
<td>$135</td>
</tr>
<tr>
<td>Survey Fee</td>
<td>$65</td>
</tr>
<tr>
<td>Title - Insurance Binder</td>
<td>$700</td>
</tr>
<tr>
<td>Title - Lender’s Title Policy</td>
<td>$335</td>
</tr>
<tr>
<td>Title - Settlement Agent Fee</td>
<td>$502</td>
</tr>
<tr>
<td>Title - Title Search</td>
<td>$1,061</td>
</tr>
</tbody>
</table>

## TOTAL OTHER COSTS (E + F + G + H)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$2,382</td>
</tr>
</tbody>
</table>

## TOTAL CLOSING COSTS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$8,054</td>
</tr>
</tbody>
</table>

## Lender Credits

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$8,054</td>
</tr>
</tbody>
</table>

### Calculating Cash to Close

- Total Closing Costs (J): $8,054
- Closing Costs Financed (Paid from your Loan Amount): $0
- Down Payment/Funds from Borrower: $18,000
- Deposit: $0
- Funds for Borrower: $0
- Seller Credits: $0
- Adjustments and Other Credits: $0
- Estimated Cash to Close: $16,054
### Closing Cost Details

#### Loan Costs

<table>
<thead>
<tr>
<th>Cost Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Origination Charges</td>
<td>$3,110</td>
</tr>
<tr>
<td>1% of Loan Amount (Points)</td>
<td>$2,110</td>
</tr>
<tr>
<td>Application Fee</td>
<td>$500</td>
</tr>
<tr>
<td>Processing Fee</td>
<td>$500</td>
</tr>
</tbody>
</table>

#### Other Costs

<table>
<thead>
<tr>
<th>Cost Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>E. Taxes and Other Government Fees</td>
<td>$152</td>
</tr>
<tr>
<td>- Recording fees and Other Taxes</td>
<td>$152</td>
</tr>
<tr>
<td>- Transfer Taxes</td>
<td></td>
</tr>
<tr>
<td>F. Prepaids</td>
<td>$1,352</td>
</tr>
<tr>
<td>- Homeowner's Insurance Premium (12 months)</td>
<td>$1,300</td>
</tr>
<tr>
<td>- Mortgage Insurance Premium</td>
<td></td>
</tr>
<tr>
<td>- Prepaid Interest ($23.44 per day for 15 days @ 4.00%)</td>
<td>$352</td>
</tr>
<tr>
<td>- Property Taxes (months)</td>
<td></td>
</tr>
</tbody>
</table>

#### B. Services You Cannot Shop For

<table>
<thead>
<tr>
<th>Cost Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appraisal Fee</td>
<td>$305</td>
</tr>
<tr>
<td>Credit Report Fee</td>
<td>$30</td>
</tr>
<tr>
<td>Flood Determination Fee</td>
<td>$35</td>
</tr>
<tr>
<td>Lender's Attorney Fee</td>
<td>$400</td>
</tr>
<tr>
<td>Tax Status Research Fee</td>
<td>$50</td>
</tr>
</tbody>
</table>

#### C. Services You Can Shop For

<table>
<thead>
<tr>
<th>Cost Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pest Inspection Fee</td>
<td>$125</td>
</tr>
<tr>
<td>Survey Fee</td>
<td>$150</td>
</tr>
<tr>
<td>Title – Coutine Fee</td>
<td>$32</td>
</tr>
<tr>
<td>Title – Owner's Title Policy</td>
<td>$665</td>
</tr>
<tr>
<td>Title – Settlement Agent Fee</td>
<td>$325</td>
</tr>
<tr>
<td>Title – Title Search</td>
<td>$624</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,851</td>
</tr>
</tbody>
</table>

#### Adjusted Payment (AP) Table

- **Interest Only Payments**: Yes for your first six payments
- **Optional Payments**: No
- **Stop Payments**: No
- **Seasonal Payments**: No

<table>
<thead>
<tr>
<th>Monthly Principal and Interest Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Change/Amount</td>
</tr>
<tr>
<td>Subsequent Changes</td>
</tr>
<tr>
<td>Maximum Payment</td>
</tr>
</tbody>
</table>

#### Adjustable Interest Rate (AIR) Table

- **Index + Margin**: MTA + 4%
- **Initial Interest Rate**: 4%
- **Minimum/Maximum Interest Rate**: 3.25%/5.25%
- **Change Frequency**
  - First Change: Beginning of 61st month
  - Subsequent Changes: Every 30th month after first change
- **Limits on Interest Rate Changes**
  - First Change: 2%
  - Subsequent Changes: 2%
C. Third page

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

LENDER
Ficus Bank

MORTGAGE BROKER

LOAN OFFICER
Joe Smith

NMLO#_LICENSE ID
12345

EMAIL
joesmith@ficusbank.com

PHONE
123-456-7890

Comparison
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.
☒ will not allow assumption of this loan on the original terms.

Homeowner’s Insurance
This loan requires homeowner’s insurance on the property, which you may obtain from a company of your choice that we find acceptable.

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

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

Servicing
We intend
☒ to service your loan. If so, you will make your payments to us.
☑ to transfer servicing of your loan.

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

Applicant Signature

Date

Co-Applicant Signature

Date

LOAN ESTIMATE

PAGE 3 OF 3 - LOAN ID #123456789
Additional Information About This Loan

<table>
<thead>
<tr>
<th>LENDER</th>
<th>Ficus Bank</th>
<th>MORTGAGE BROKER</th>
</tr>
</thead>
<tbody>
<tr>
<td>NMAS_LICENSE ID</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LOAN OFFICER</td>
<td>Joe Smith</td>
<td></td>
</tr>
<tr>
<td>NMAS_LICENSE ID</td>
<td>12345</td>
<td></td>
</tr>
<tr>
<td>EMAIL</td>
<td><a href="mailto:joesmith@ficusbank.com">joesmith@ficusbank.com</a></td>
<td></td>
</tr>
<tr>
<td>PHONE</td>
<td>123-456-7890</td>
<td></td>
</tr>
</tbody>
</table>

Comparisons

<table>
<thead>
<tr>
<th></th>
<th>Use these measures to compare this loan with other loans.</th>
</tr>
</thead>
<tbody>
<tr>
<td>In 5 Years</td>
<td>$54,944 Total you will have paid in principal interest, mortgage insurance, and loan costs. Principal you will have paid off.</td>
</tr>
<tr>
<td>Annual Percentage Rate (APR)</td>
<td>4.617% Your costs over the loan term expressed as a rate. This is not your interest rate.</td>
</tr>
<tr>
<td>Total Interest Percentage (TIP)</td>
<td>81.18% The total amount of interest that you will pay over the loan term as a percentage of your loan amount.</td>
</tr>
</tbody>
</table>

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.
☐ 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.

<table>
<thead>
<tr>
<th>Applicant Signature</th>
<th>Date</th>
<th>Co-Applicant Signature</th>
<th>Date</th>
</tr>
</thead>
</table>

LOAN ESTIMATE
PAGE 3 OF 3 · LOAN ID #123456789
CLOSING DISCLOSURE FORM
VI. CLOSING DISCLOSURE FORM

A. First page

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

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

### Closing Information
- **Date Issued:** 4/15/2013
- **Closing Date:** 4/15/2013
- **Settlement Date:** 4/15/2013
- **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:** PNC Bank

### Loan Information
- **Loan Term:** 30 years
- **Purpose:** Purchase
- **Product:** Fixed Rate
- **Loan Type:** Conventional
- **Mortgage Insurance:** Yes
- **Mortgage Insurance Amount:** $14,147.26

### Loan Terms

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>$162,000</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Rate</td>
<td>3.875%</td>
<td>NO</td>
</tr>
<tr>
<td>Monthly Principal &amp; Interest</td>
<td>$761.78</td>
<td>NO</td>
</tr>
</tbody>
</table>

### Projected Payments

<table>
<thead>
<tr>
<th>Payment Calculation</th>
<th>Years 1-7</th>
<th>Years 8-30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal &amp; Interest</td>
<td>$761.78</td>
<td>$761.78</td>
</tr>
<tr>
<td>Mortgage Insurance</td>
<td>+ 83.25</td>
<td>+</td>
</tr>
<tr>
<td>Estimated Escrow Amount</td>
<td>+ 206.13</td>
<td>+ 206.13</td>
</tr>
<tr>
<td>Estimated Total Monthly Payment</td>
<td>$1,050.26</td>
<td>$967.91</td>
</tr>
</tbody>
</table>

### Estimated Taxes, Insurance & Assessments
- **Amount can increase over time:** $356.13 a month
- **Includes:** Property Taxes, Homeowner’s Insurance, Other Homeowner’s Association Dues
- **In escrow:** Yes

### 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.

---

**K&L GATES**

Fixed-Rate Purchase
### Closing Disclosure

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

#### Closing Information
- **Data Issued:** 4/15/2013
- **Closing Date:** 4/15/2013
- **Disbursement Date:** 4/15/2013
- **Settlement Agent:** [Zeta Title]
- **File #:** 123-4567
- **Property:** 123 Anywhere Street, Anytown, ST 12345
- **Appraised Value:** $180,000

#### Transaction Information
- **Borrower:** Michael Jones and Mary Stone
- **Lender:** First Bank
- **Address:** 123 Anywhere Street, Anytown, ST 12345

#### Loan Information
- **Term:** 30 years
- **Purpose:** Refinance
- **Product:** Fixed Rate
- **Rate Type:** Conventional
- **Transaction ID:** 1234567890
- **MC #:** 0987654321

#### Loan Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Amount</th>
<th>Increase after Closing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Amount</td>
<td>$150,000</td>
<td>NO</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>4.25%</td>
<td>NO</td>
</tr>
<tr>
<td>Monthly Principal &amp; Interest</td>
<td>$737.91</td>
<td>NO</td>
</tr>
</tbody>
</table>

#### Prepayment Penalty
- **Prepayment Penalty:** NO
- **Balloon Payment:** NO

#### Projected Payments

<table>
<thead>
<tr>
<th>Payment Calculation</th>
<th>Years 1-4</th>
<th>Years 5-30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal &amp; Interest</td>
<td>$737.91</td>
<td>$737.91</td>
</tr>
<tr>
<td>Mortgage Insurance</td>
<td>▲ 82.35</td>
<td>▲</td>
</tr>
<tr>
<td>Estimated Escrow Amount</td>
<td>▲ 206.13</td>
<td>▲ 206.13</td>
</tr>
</tbody>
</table>

#### Estimated Total Monthly Payment
- **Estimated Total Monthly Payment:** $1,026.39
- **Monthly Payment:** $944.04

#### Estimated Taxes, Insurance & Assessments
- **Amount can increase over time:** $356.13 a month

#### Costs at Closing
- **Closing Costs:** $5,757.57

- **Cash to Close:** $29,677.43
  - Includes Closing Costs. See Calculating Cash to Close on page 3 for details.
VI. CLOSING DISCLOSURE FORM

B. Second page

• Closing cost details

• All Loan Costs and Other Costs paid by borrower, seller, and other parties

• Similar to current page 2 of HUD-1
# Closing Cost Details

<table>
<thead>
<tr>
<th>Loan Costs</th>
<th>Borrower-Paid</th>
<th>Seller-Paid</th>
<th>Paid by Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Origination Charges</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>01. 0.25 % of Loan Amount (Points)</td>
<td>$1,802.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>02. Application Fee</td>
<td>$100.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>03. Underwriting Fee</td>
<td>$1,097.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>04.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>05.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>06.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>07.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>08.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>09.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Service Borrower Did Not Shop For</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>01. Appraisal Fee to John Smith Appraisers Inc.</td>
<td>$230.00</td>
<td>$29.00</td>
<td>$439.00</td>
</tr>
<tr>
<td>02. Credit Report Fee to Information Inc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>03. Flood Determination Fee to Info Co.</td>
<td>$20.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>04. Flood Monitoring Fee to Info Co.</td>
<td>$31.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>05. Tax Monitoring Fee to Info Co.</td>
<td>$57.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>06. Tax Status Research Fee to Info Co.</td>
<td>$80.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>07.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>08.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>09.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. Service Borrower Did Shop For</td>
<td>$2,866.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>01. Pest Inspection Fee to Pest Co.</td>
<td>$120.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>02. Survey Fee to Survey Co.</td>
<td>$85.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>03. Title Insurance Binder to Epsilon Title Co.</td>
<td>$65.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>04. Title – Lender's Title Insurance</td>
<td></td>
<td>$50.00</td>
<td></td>
</tr>
<tr>
<td>05. Title – Settlement Agent Fee to Epsilon Title Co.</td>
<td>$500.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>06. Title – Title Search to Epsilon Title Co.</td>
<td>$800.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>07.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>08.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>09.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. TOTAL LOAN COSTS (Borrower-Paid)</td>
<td>$4,694.05</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan Costs Subtotal (A + B + C)</td>
<td>$4,694.05</td>
<td></td>
<td>$30.80</td>
</tr>
</tbody>
</table>

## Other Costs

<table>
<thead>
<tr>
<th>E. Taxes and Other Government Fees</th>
<th>$85.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>01. Recording Fees</td>
<td>Deed: $40.00</td>
</tr>
<tr>
<td>02. Transfer Tax to Any State</td>
<td>$85.00</td>
</tr>
<tr>
<td>F. Prepaid</td>
<td>$2,120.80</td>
</tr>
<tr>
<td>01. Homeowner's Insurance Premium (12 mo.) to Insurance Co.</td>
<td>$1209.96</td>
</tr>
<tr>
<td>02. Mortgage Insurance Premium (1 mo.)</td>
<td></td>
</tr>
<tr>
<td>03. Prepaid Interest ($744 per day from 4/1/13 to 5/1/13)</td>
<td>$744.04</td>
</tr>
<tr>
<td>04. Property Taxes (6 mo.) to Any County USA</td>
<td>$671.80</td>
</tr>
<tr>
<td>G. Initial Escrow Payment at Closing</td>
<td>$412.15</td>
</tr>
<tr>
<td>01. Homeowner's Insurance $100.00 per month for 2 mo.</td>
<td>$201.66</td>
</tr>
<tr>
<td>02. Mortgage Insurance per month for 1 mo.</td>
<td></td>
</tr>
<tr>
<td>03. Property Taxes $165.30 per month for 2 mo.</td>
<td>$12.60</td>
</tr>
<tr>
<td>04.</td>
<td></td>
</tr>
<tr>
<td>05.</td>
<td></td>
</tr>
<tr>
<td>06.</td>
<td></td>
</tr>
<tr>
<td>07.</td>
<td></td>
</tr>
<tr>
<td>08.</td>
<td></td>
</tr>
<tr>
<td>09. Aggregate Adjustment</td>
<td>-0.01</td>
</tr>
<tr>
<td>H. Other</td>
<td>$2,490.00</td>
</tr>
<tr>
<td>01. HOA Capital Contribution to HOA Inc.</td>
<td>$500.00</td>
</tr>
<tr>
<td>02. HOA Processing Fee to HOA Inc.</td>
<td>$150.00</td>
</tr>
<tr>
<td>03. Home Inspection Fee to Engineers Inc.</td>
<td>$175.00</td>
</tr>
<tr>
<td>04. Home Warranty Fee to XX Warranty Inc.</td>
<td>$400.00</td>
</tr>
<tr>
<td>05. Real Estate Commission to Alpha Real Estate Broker</td>
<td>$5,700.00</td>
</tr>
<tr>
<td>06. Real Estate Commission to Omega Real Estate Broker</td>
<td>$5,700.00</td>
</tr>
<tr>
<td>07. Title – Owner's Title Insurance (optional) to Epsilon Title Co.</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>I. TOTAL OTHER COSTS (Borrower-Paid)</td>
<td>$5,018.05</td>
</tr>
<tr>
<td>Other Costs Subtotal (E + F + G + H)</td>
<td>$5,018.05</td>
</tr>
<tr>
<td>J. TOTAL CLOSING COSTS (Borrower-Paid)</td>
<td>$5,712.10</td>
</tr>
<tr>
<td>Closing Costs Subtotal (D + E + F + G + H)</td>
<td>$5,682.10</td>
</tr>
<tr>
<td>Under Costs</td>
<td>$120.80</td>
</tr>
</tbody>
</table>
# Closing Cost Details

<table>
<thead>
<tr>
<th>Loan Costs</th>
<th>Borrower-Paid</th>
<th>Paid by Others</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Origination Charges</strong></td>
<td>$1,950.00</td>
<td></td>
</tr>
<tr>
<td>01. .5 % of Loan Amount (Points)</td>
<td>$750.00</td>
<td></td>
</tr>
<tr>
<td>02. Application Fee</td>
<td>$200.00</td>
<td></td>
</tr>
<tr>
<td>03. Origination Fee</td>
<td>$450.00</td>
<td></td>
</tr>
<tr>
<td>04. Underwriting Fee</td>
<td>$500.00</td>
<td></td>
</tr>
<tr>
<td>05.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>06.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>07.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>08.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>09.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>B. Services Borrower Did Not Shop For</strong></td>
<td>$410.00</td>
<td>$410.00</td>
</tr>
<tr>
<td>01. Appraisal Fee</td>
<td>to John Smith Appraisers Inc.</td>
<td>$410.00</td>
</tr>
<tr>
<td>02. Credit Report Fee</td>
<td>to Information Inc.</td>
<td>$300.00</td>
</tr>
<tr>
<td>03. Flood Determination Fee</td>
<td>to Info Co.</td>
<td>$20.00</td>
</tr>
<tr>
<td>04. Flood Monitoring Fee</td>
<td>to Info Co.</td>
<td>$45.00</td>
</tr>
<tr>
<td>05. Tax Monitoring Fee</td>
<td>to Info Co.</td>
<td>$45.00</td>
</tr>
<tr>
<td>06. Tax Status Research Fee</td>
<td>to Info Co.</td>
<td>$45.00</td>
</tr>
<tr>
<td>07.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>08.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>09.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>C. Services Borrower Did Shop For</strong></td>
<td>$385.59</td>
<td></td>
</tr>
<tr>
<td>01. Pest Inspection Fee</td>
<td>to Pest Co.</td>
<td>$85.00</td>
</tr>
<tr>
<td>02. Title - Insurance Binder</td>
<td>to Epsilon Title Co.</td>
<td>$50.00</td>
</tr>
<tr>
<td>03. Title - Lender's Title Policy</td>
<td>to Epsilon Title Co.</td>
<td>$70.50</td>
</tr>
<tr>
<td>04. Title - Settlement Agent Fee</td>
<td>to Epsilon Title Co.</td>
<td>$300.00</td>
</tr>
<tr>
<td>05. Title - Title Search</td>
<td>to Epsilon Title Co.</td>
<td>$200.00</td>
</tr>
<tr>
<td>06.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>07.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>D. TOTAL LOAN COSTS (Borrower-Paid)</strong></td>
<td>$3,415.50</td>
<td></td>
</tr>
<tr>
<td>Loan Costs Subtotal (A + B + C)</td>
<td>$1,440.50</td>
<td>$415.00</td>
</tr>
</tbody>
</table>

Other Costs

<table>
<thead>
<tr>
<th>Other Costs</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>E. Taxes and Other Government Fees</strong></td>
<td>$60.00</td>
<td></td>
</tr>
<tr>
<td>01. Recording Fees</td>
<td>to City: Mortgage: $60.00</td>
<td>$60.00</td>
</tr>
<tr>
<td>02.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>F. Prepaids</strong></td>
<td>$2,725.12</td>
<td></td>
</tr>
<tr>
<td>01. Homeowner's Insurance Premium (12 mo.) to Insurance Co.</td>
<td>$1,209.96</td>
<td></td>
</tr>
<tr>
<td>02. Mortgage Insurance Premium (12 mo.)</td>
<td>$1,515.16</td>
<td></td>
</tr>
<tr>
<td>03. Prepaid Interest ($577.73 per day from 6/30/2012 to 5/1/2013)</td>
<td>$281.36</td>
<td></td>
</tr>
<tr>
<td>04. Property Taxes (12 mo.) to Any County USA</td>
<td>$621.80</td>
<td></td>
</tr>
<tr>
<td>05.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>06.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>07.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>G. Initial Escrow Payment at Closing</strong></td>
<td>$746.95</td>
<td></td>
</tr>
<tr>
<td>01. Homeowner's Insurance $10.00 per month for 2 yrs.</td>
<td>$20.66</td>
<td></td>
</tr>
<tr>
<td>02. Mortgage Insurance $82.35 per month for 2 yrs.</td>
<td>$164.70</td>
<td></td>
</tr>
<tr>
<td>03. Property Taxes $105.30 per month for 2 yrs.</td>
<td>$210.60</td>
<td></td>
</tr>
<tr>
<td>04.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>05.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>06.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>07.</td>
<td>Aggregate Adjustment</td>
<td>$0.01</td>
</tr>
<tr>
<td><strong>H. Other</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>01.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>02.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>03.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>04.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>05.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>06.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>07.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>08.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>I. TOTAL OTHER COSTS (Borrower-Paid)</strong></td>
<td>$2,762.87</td>
<td></td>
</tr>
<tr>
<td>Other Costs Subtotal (E + F + G + H)</td>
<td>$2,762.87</td>
<td></td>
</tr>
</tbody>
</table>

**J. TOTAL CLOSING COSTS (Borrower-Paid)**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>K. TOTAL CLOSING COSTS (Borrower-Paid)</strong></td>
<td>$16,747.17</td>
</tr>
<tr>
<td>Closing Costs Subtotal: E + F + G + H</td>
<td>$16,747.17</td>
</tr>
<tr>
<td>Lender Credits</td>
<td>$435.90</td>
</tr>
<tr>
<td></td>
<td>$0.00</td>
</tr>
</tbody>
</table>
VI. CLOSING DISCLOSURE FORM

C. Third page

• Calculating Cash to Close table
  • Similar to table on page 2 of Loan Estimate
  • Requires comparison to information on Loan Estimate

• Summaries of Borrower and Seller transactions
  • Similar to current page 1 of HUD-1
### Calculating Cash to Close

<table>
<thead>
<tr>
<th>Loan Estimate</th>
<th>Final</th>
<th>Did this change?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Closing Costs ($)</td>
<td>$8,054.00</td>
<td>$9,712.10</td>
</tr>
<tr>
<td>Closing Costs Paid Before Closing</td>
<td>$0</td>
<td>$285.00</td>
</tr>
<tr>
<td>Closing Costs Financed (Paid from your Loan Amount)</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Down Payment/Funds from Borrower</td>
<td>$18,000.00</td>
<td>$18,000.00</td>
</tr>
<tr>
<td>Deposit</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Funds for Borrower</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Seller Credits</td>
<td>$0</td>
<td>$2,500.00</td>
</tr>
<tr>
<td>Adjustments and Other Credits</td>
<td>$0</td>
<td>$3,132.04</td>
</tr>
<tr>
<td><strong>Cash to Close</strong></td>
<td><strong>$16,654.00</strong></td>
<td><strong>$14,472.26</strong></td>
</tr>
</tbody>
</table>

### Summaries of Transactions

#### BORROWER'S TRANSACTION

- **K. Due from Borrower at Closing**
  - Sale Price of Property: $189,762.30
  - Sale Price of Any Personal Property Included in Sale: $180,000.00
  - Closing Costs Paid at Closing: $19,562.30

#### SELLER’S TRANSACTION

- **M. Due to Seller at Closing**
  - Sale Price of Property: $180,080.00
  - Sale Price of Any Personal Property Included in Sale: $180,000.00

#### Adjustments

- **Adjustments for Items Paid by Seller in Advance**
  - City/Town Taxes to: County Taxes
  - Assessments to: $80.00
  - HOA Dues: 4/15/13 to 4/30/13: $80.00

- **Adjustments for Items Unpaid by Seller**
  - City/Town Taxes: $175,415.64
  - Loan Amount: $182,000.00
  - Seller Credit: $2,500.00
  - Other Credits: Rebate from Epillon Title Co.: $750.00

#### Calculation

- **Total Due from Borrower at Closing (K)**: $189,762.30
- **Total Paid Already by or on Behalf of Borrower at Closing (K)**: $117,535.64
- **Cash to Close From To Borrower**: $15,147.26

- **Total Due to Seller at Closing (M)**: $180,080.00
- **Total Due from Seller at Closing (M)**: $115,665.04
- **Cash From To Seller**: $64,414.96
### Payoffs and Payments

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

<table>
<thead>
<tr>
<th>TO</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>61</td>
<td>Rhino Servicing to pay off existing loan</td>
</tr>
</tbody>
</table>

### K. TOTAL PAYOFFS AND PAYMENTS

$115,006.00

### Calculating Cash to Close

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

<table>
<thead>
<tr>
<th>Loan Estimate</th>
<th>Final</th>
<th>Did this change?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Amount</td>
<td>$150,006.00</td>
<td>$150,006.00</td>
</tr>
<tr>
<td>Total Closing Costs (J)</td>
<td>$5,999.00</td>
<td>$5,757.57</td>
</tr>
<tr>
<td>Closing Costs Paid Before Closing</td>
<td>$0</td>
<td>$435.00</td>
</tr>
<tr>
<td>Total Payoffs and Payments (K)</td>
<td>$120,006.00</td>
<td>$115,006.00</td>
</tr>
<tr>
<td>Cash to Close</td>
<td>$34,001.00</td>
<td>$95,577.43</td>
</tr>
</tbody>
</table>

Closing Costs Financed (Paid from your Loan Amount) $5,222.17
VI. CLOSING DISCLOSURE FORM

D. Fourth page

• Loan disclosures
  • Assumption
  • Demand feature
  • Late payment
  • Negative amortization
  • Partial payments
  • Security interest
  • Escrow account

• Adjustable Payment and Interest Rate Tables
  • But, only if applicable to the transaction
**Additional Information About This Loan**

**Loan Disclosures**

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

**Demand Feature**
Your loan:
- Has a demand feature, which permit 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 12 days late, your lender will charge a late fee of 2% 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 your loan, you 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.

<table>
<thead>
<tr>
<th>Escrow</th>
<th>Estimated Total Amount Over Year 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Property Costs Over Year 1</td>
<td>$2473.56</td>
</tr>
<tr>
<td>Non-Escrow Property Costs Over Year 1</td>
<td>$1803.03</td>
</tr>
<tr>
<td>Initial Escrow Payment</td>
<td>$412.25</td>
</tr>
<tr>
<td>Monthly Escrow Payment</td>
<td>$206.13</td>
</tr>
</tbody>
</table>

- Will not have an escrow account because you declined it.
- Your lender does not offer one. You must directly pay your property costs (taxes and homeowner’s insurance). Contact your lender to ask if your loan can have an escrow account.

**Forbears**
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 the 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.
3. Require you to pay property insurance that the lender buys on your behalf, which would likely cost more and provide fewer benefits than what you could buy on your own.
Fixed-Rate Refinance

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 3% of the monthly principal and interest payment.

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

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

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

Security Interest
You are granting a security interest in
123 Anywhere Street, Anytown, ST 12345

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

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Escrowed Property Costs per Year 1</td>
<td>$2471.56</td>
</tr>
<tr>
<td>Non-Escrowed Property Costs per Year 1</td>
<td>$1800.00</td>
</tr>
<tr>
<td>Initial Escrow Payment</td>
<td>$575.95</td>
</tr>
<tr>
<td>Monthly Escrow Payment</td>
<td>$206.13</td>
</tr>
</tbody>
</table>

☒ will not have an escrow account because ☐ 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.

In the future,
Your property costs may change and, as a result, your escrow pay-
ment 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 (3) add
the amounts to your loan balance, (4) add an escrow account to your
loan, or (5) require you to pay for property insurance that the lender
buys on your behalf, which would cost more and provide fewer
benefits than what you could buy on your own.
VI. CLOSING DISCLOSURE FORM

E. Fifth page

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total of Payments</td>
<td>$285,803.36</td>
</tr>
<tr>
<td>Finance Charge</td>
<td>$116,830.27</td>
</tr>
<tr>
<td>Amount Financed</td>
<td>$162,000.00</td>
</tr>
<tr>
<td>Annual Percentage Rate (APR)</td>
<td>4.174%</td>
</tr>
<tr>
<td>Total Interest Percentage (TIP)</td>
<td>65.46%</td>
</tr>
</tbody>
</table>

### 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.

#### 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 the property’s fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.

### Contact Information

<table>
<thead>
<tr>
<th>Name</th>
<th>Lender</th>
<th>Mortgage Broker</th>
<th>Real Estate Broker (S)</th>
<th>Real Estate Broker (S)</th>
<th>Settlement Agent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>Ficus Bank</td>
<td>Omega Real Estate Broker Inc.</td>
<td>789 Local Lane, Somerstown, ST 12345</td>
<td>987 Suburb Ct, Somerplace, ST 12340</td>
<td>123 Commerce Pl, Somerway, ST 12344</td>
</tr>
<tr>
<td>NMLS ID</td>
<td>4321 Random Blvd, Somerway, ST 12340</td>
<td>761416</td>
<td>761456</td>
<td>761616</td>
<td></td>
</tr>
<tr>
<td>ST License ID</td>
<td>12345</td>
<td>Samuel Green</td>
<td>Joseph Cain</td>
<td>Sarah Arnold</td>
<td></td>
</tr>
<tr>
<td>Contact</td>
<td>Joe Smith</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contact NMLS ID</td>
<td>12345</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contact ST License ID</td>
<td>P10415</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Email</td>
<td><a href="mailto:jsmith@ficusbank.com">jsmith@ficusbank.com</a></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phone</td>
<td>133-456-7890</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 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.

<table>
<thead>
<tr>
<th>Applicant Signature</th>
<th>Date</th>
<th>Co-Applicant Signature</th>
<th>Date</th>
</tr>
</thead>
</table>
Fixed-Rate Refinance

**Loan Calculations**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total of Payments</td>
<td>$273,214.50</td>
</tr>
<tr>
<td>Finance Charge</td>
<td>$121,029.00</td>
</tr>
<tr>
<td>Amount Financed</td>
<td>$148,241.94</td>
</tr>
<tr>
<td>Annual Percentage Rate (APR)</td>
<td>4.54%</td>
</tr>
<tr>
<td>Total Interest Percentage (TIP)</td>
<td>7.29%</td>
</tr>
</tbody>
</table>

**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 the property is worth, the interest on the loan amount above the property’s fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.

**Contact Information**

<table>
<thead>
<tr>
<th>Name</th>
<th>Lender</th>
<th>Mortgage Broker</th>
<th>Settlement Agent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>First Bank</td>
<td>321 Uptown Dr.</td>
<td></td>
</tr>
<tr>
<td>NMLS ID</td>
<td>12345</td>
<td>Anytown, ST 12345</td>
<td></td>
</tr>
<tr>
<td>ST License ID</td>
<td>Joe Smith</td>
<td>P76821</td>
<td></td>
</tr>
<tr>
<td>Contact ID</td>
<td>Joan Taylor</td>
<td>Joan Taylor</td>
<td></td>
</tr>
<tr>
<td>Contact NMLS ID</td>
<td>12345</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contact ST License ID</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Email</td>
<td><a href="mailto:joesmith@firstbank.com">joesmith@firstbank.com</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phone</td>
<td>123-456-7890</td>
<td>555-321-9876</td>
<td></td>
</tr>
</tbody>
</table>

**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*
CFPB ENFORCEMENT ACTIONS
CFPB NEW SHERIFF IN TOWN

Uber Agency

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

Transfer of 18 Existing Consumer Laws

• realtors not under primary jurisdiction
• are liable under RESPA
CFPB NEW SHERIFF IN TOWN

Enormous Powers

• civil discovery on steroids
• especially electronically stored information

Impressive Arsenal of Remedies

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

Civil Money Penalties

• $5K, $25K or $1.0 million per day
Illustrative RESPA Enforcement Actions

1. Captive reinsurance cases
   • PMI companies agree to pay $15 million in fines
   • Stop reinsurance practices with lenders

2. Affiliated business cases
   • Paul Taylor Homes
   • Borders & Borders
   • Realty South
     • CFPB took issue with AfBA Disclosure Statement
     • CFPB took issue with Purchase Agreements
     • $500,000 fine
Illustrative RESPA Enforcement Actions

3. Section 8(a) Anti-kickback Cases

- Stonebridge Title
- Fidelity Mortgage
- Lighthouse Title
- Genuine Title
  - Attorney General Action
VII. CONCLUSION

Closing Thoughts

1. Don’t Panic
   - we have lived through QM, QRM, LO comp and Appraisal Independence Rules
   - we will survive TRID

2. Realtors® are subject to RESPA requirements
   - avoid referral fees