Outlook Live Webinar- October 1, 2014

TILA-RESPA Integrated Disclosures, Part 3 Completing the Loan Estimate

Presented by the Consumer Financial Protection Bureau

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Disclaimer

- The Bureau issued the TILA-RESPA Integrated Disclosure final rule in November of 2013 to implement provisions under the Dodd Frank Wall Street Reform and Consumer Protection Act.
- The Final Rule will take effect in August 2015.
- This presentation is current as of October 1, 2014. This presentation does not represent legal interpretation, guidance or advice of the Bureau. While efforts have been made to ensure accuracy, this presentation is not a substitute for the rule. Only the rule and its Official Interpretations can provide complete and definitive information regarding requirements. This document does not bind the Bureau and does not create any rights, benefits, or defenses, substantive or procedural, that are enforceable by any party in any manner.



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CFPB Resources

Dedicated Regulatory Implementation Website:

 ${\color{blue} http://www.consumer finance.gov/regulatory-implementation/tilarespa/}$

- Small Entity Compliance Guide
- Guide to Forms
- □ Sample and Annotated Forms
- Links to Webinars
- Disclosure timeline illustration
- Additional Guidance Materials

eRegulations Tool:

http://www.consumerfinance.gov/eregulations



August 2014 Webinar - Recap

- · Addressed recurring issues and interpretive questions
 - Submitted to CFPB by industry and trade groups
 - Collected during last webinar
 - Raised through other channels
- Topics Covered
 - Application (continued from last session)
 - Scope
 - Record Retention
 - Timing for delivery and redisclosure
 - Tolerance
 - Loan Estimate form contents (Introduction)



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Loan Estimate Form, Page 1: 1026.37(a)-(e)



- Annotations provide regulatory citations to 12 CFR 1026.37
- See also Section 2.2 of the Guide to Forms
- Sample forms available on website

Loan Estimate form: General Questions

- Q: Is there a required font and font size for the Loan Estimate? (1026.37(o); Comment 37-2)
- Q: Can the designation "N/A" be used where no value is to be disclosed on the Loan Estimate? (Comment 37-1)
- Q: Is there a required naming convention used for charges on the Loan Estimate?
- Q: Does the creditor have to disclose an itemization of the amount financed with the Loan Estimate?



Page 1 (1026.37(a); Guide to Forms Section 2.2.1)



- Q: When the Sale Price of the property is not yet known, does the creditor disclose a label other than "Sale Price" for the Sale Price on the Loan Estimate? (1026.37(a)(7))
- Q: If a loan product consists of a combination of two product types e.g. a step rate for a set
 period of time, followed by an adjustable rate for the remaining term of the loan how is the
 product to be described? Should it be described as an Adjustable Rate loan or as a Step Rate
 loan? (1006.37(a)(101)
- * Q: Is the mailing address for each Applicant the U.S. postal mailing address or can it be some other type of address? (1026.37(a)(5))



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Brokered Transactions (1026.37(a); Guide to Forms Section 2.2.1)

	Save this Loan Estimate to compare with your Closing Disclosure.
Loan Estimate	LOAN TERM PURPOSE
DATE ISSUED	PRODUCT
APPLICANTS	LOAN TYPE Conventional FHA VA C
	LOAN ID #
	RATELOCK □ NO □YES, until
PROPERTY	Before closing, your interest rate, points, and lender credits can
SALE PRICE	change unless you lock the interest rate. All other estimated closing costs expire on

- Q: If a broker is issuing a Loan Estimate but does not know the creditor, may the broker put its name in place of the creditor's? (1026.37(a)(3))
- Q: Section 1026.37(a)(12) indicates the creditor must disclose a unique loan ID number. If the creditor is unknown:
 - $_{\scriptscriptstyle \square}$ $\,$ Is the broker required to generate and disclose a unique ID number?
 - Is the creditor required to disclose its own unique loan ID once there is a creditor for the loan?



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Loan Terms (1026.37(b); Guide to Forms Section 2.2.2)

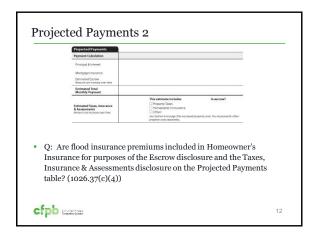
Loan Terms	Can this amount increase after closing?
Loan Amount	
Interest Rate	
Monthly Principal & Interest See Projected Payments below for your Estimated Yotal Monthly Payment	
	Does the loan have these features?
Prepayment Penalty	
Balloon Payment	

- Q: What interest rate should be disclosed where the initial interest rate is calculated using a different formula than that used for subsequent rate adjustments? (1026.37(b)(2))
- Q: How does a creditor disclose items in the Loan Terms table where the applicable dates for changes to interest rate, periodic payments, balloon payments, or prepayment penalties are not in whole years? (1026.37(b)(8) and .37(a)(10))

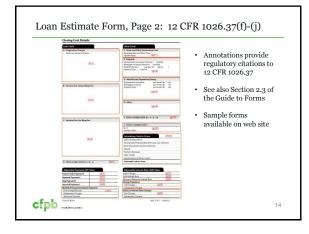


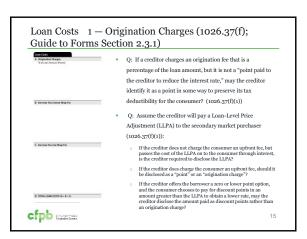
Projected Payments Payment Calculation			
Principal & Interest			
Mortgage Insurance			
Estimated Escrow Amount operaneas over time			
Estimated Total Monthly Payment			
Estimated Taxes, Insurance S. Assessments Amount one increase over time	This estimate includes Property Tixes I transcurrer 5 insurance Other: See Section 6 on page 2 for excounted property or	In escrow?	
	property costs separately.	se recountary or areas	
	Projected Payments Payment Calculation	Years 1-7	Years 8-30
	property costs aspensivly. Projected Payments		Years 9-50 \$701.75
	Projected Payments Projected Payments Payment Calculation	Years 1-7	* *************************************
	Projected Payments Projected Payments Payment Calculation Principal & Infanet	Years 1-7 \$701.78	\$761.76
	Projected Payments Payment Calculation Principal Enterest Morage insurance Estimated Extreme	Wears 1-07 5701.75 + 82	\$701.78

Projected Payments 1 | Projected Payments | Project | Payment | P



Costs at Closing (1026.37(d)); Guide to Forms Section 2.2.4) | Section of Costing Costs | Include | Inclu





Loan Costs 2 (1026.37(f) and (g); Guide to Forms Section 2.3.1) Q: Must a creditor disclose fees that are not allowed by FHA/VA? If so, where? (Comment 37-1; 1026.17(c)) Q: How does the creditor disclose charges for third-party administrative and processing fees that are currently rolled up into Block 1 of the GFE? (1026.37(f)(1) and (f)(2)) $Q\colon \operatorname{\mathsf{Can}}\nolimits$ a creditor change the number of lines for each category of costs if there are more or fewer charges in each category? (1026.37(f)(6)) Q: How should premium rate credit or "negative points" be disclosed? May the creditor add a separate addendum to detail the offset? (1026.37(g)(6)) cfpb sassan

**Cher Costs (1026.37(g); Guide to Forms Section 2.3.2)

Cher Costs

**Leave and Other laws:

Calculating Cash to Close 1 (1026.37(h); Guide to Forms Sections 2.3.3 and 2.3.4) Standard Alternative for transactions without a seller Applies and the seller Applies and the seller Applies and the seller Proper Remote the seller Applies and the seller Proper Remote the seller Applies and the seller Appl

Calculating Cash to Close 2



- Q: For the "Downpayment/Funds for Borrower" line item, does the "existing debt" being satisfied include any type of debt, other than debts disclosed under §1026.37(g), whether or not the creditor required it to be repaid?
- Q: What debt is disclosed under §1026.37(g) instead of as part of Payoffs and Payments under the alternative Calculating Cash to Close table?
- Q: Does the payoff of any outstanding debt of the consumer included as part
 of Payoffs and Payments or only those debts of the consumer that are
 required to be paid as a condition of the extension of credit? (1026.37(h)(2))



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Calculating Cash to Close 3



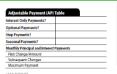
Alternative for transactions without a seller Coloring Costs Gree
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- Q: Can the alternative cash to close table be used for multiple loan transactions without a seller? There is no line for the application of subordinate financing in the alternative Cash to Close table. (1026.37(h)(2))
- Q: Can the standard Calculating Cash to Close table disclose the Estimated Cash to Close amount as a negative number? (1026.37(h)(1))



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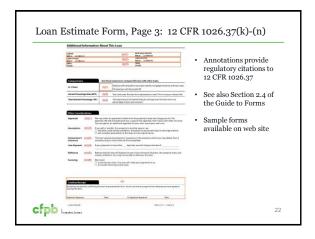
Loan Estimate – AP & AIR Tables (1026.37(i) and (j); Guide to Forms Sections 2.3.5 and 2.3.6)



Adjustable Interest Rates ARIS Table
Tribes Margin
Intel Interes Rates
Minimum Manarimum Interest Rate
Change Frequency
First Change
Subsequence Changes
First Change
First Change
First Changes
First Changes
First Changes

 Q: Are the adjustable payments and adjustable interest tables disclosed for a fixed rate loan? (1026.37(i) and .37(j))





Contact Information (1026.37(k); Guide to Forms Section 2.4.1) LENDER MM.S.__LICENSE ID LOAN OFFICEN MM.S.__LICENSE ID LOAN OFFICEN MM.S.__LICENSE ID LOAN OFFICEN MM.S.__LICENSE ID LOAN OFFICEN MM.S.__LICENSE ID LOAN OFFICENSE ID LOAN OFFI

Comparisons (1026.37(l); Guide to Forms Section 2.4.2)

Comparisons
Use these measures to compare this loan with other loans.
In 5 Years
Total you will have paid in principal, interest, mortgage insurance, and loan costs. Principal you will have paid off.
Annual Percentage Rate (APR)
Total Interest Percentage (TIP)
The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Q: Is the Annual Percentage Rate disclosed as a rounded amount or is it truncated at three decimal places? (1026.37(l) and .37(o)(4))

Loan Estimate – Service Provider List (1026.19(e)(1)(vi) and Appendix H-27)

Topic your cand with Propings in this clientifes some provident for the recoverage source into glob to self-clientific or proping candidate the provident for the recoverage source in the glob to provide the provident in the pro

• Q: How can a creditor communicate to the consumer that the identification of a service provider on the written list is not an endorsement of that service provider?

