

Outlook Live Webinar- November 18, 2014

TILA-RESPA Integrated Disclosures, Part 4 - Completing the Closing Disclosure

Presented by the Consumer Financial Protection Bureau

The content of this webinar is current as of the date the webinar was originally presented. This webinar has not been updated since its original presentation date and does not reflect the changes and clarifications set forth in the final rule issued on July 7, 2017.

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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.
- Examples of the forms shown are not consistent with a single transaction.
- This presentation is current as of November 18, 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:**
<http://www.consumerfinance.gov/regulatory-implementation/tila-respa/>
 - [Small Entity Compliance Guide](#)
 - [Guide to Forms](#)
 - [Disclosure Timeline Illustration](#)
 - [Sample and Annotated Forms](#)
 - [Links to Webinars](#)
 - [Additional Guidance Materials](#)
- **eRegulations Tool:**
<http://www.consumerfinance.gov/eregulations>

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Recent Events and Publications

Webinars

- [Rule overview](#): 6/17/2014
- [Frequently asked questions](#): 8/26/2014
- [Loan Estimate contents](#): 10/1/2014

Publications

- [Disclosure Timeline Illustration](#)
- [Readiness Guide](#)

Proposed Rule

- [Amendments to the 2013 Integrated Mortgage Disclosures Rule Under the Real Estate Settlement Procedures Act \(Regulation X\) and Truth In Lending Act \(Regulation Z\) and the 2013 Loan Originator Rule Under the Truth in Lending Act \(Regulation Z\)](#)
- Redisclosure for rate locks and new construction loans
- Technical changes
- Comment period closed 11/10/14

Closing Disclosure Form, Page 1 1026.38(a)-(d)

- Closely mirrors Page 1 of the Loan Estimate
- [Guide to Forms](#) Section 3.2
- [Sample forms](#) available on regulatory implementation web site
- Regulatory provisions: 1026.38(a)-(d)

Page 1: General Information 1026.38(a); Guide to Forms Section 3.2.1

Title: 1026.38(a)(1)
Purpose: 1026.38(a)(2)

Page 1: General Information
1026.38(a); Guide to Forms Section 3.2.1

Closing Disclosure

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

Closing Information		Transaction Information		Loan Information	
Date Issued	4/15/2013	Borrower	Michael Jones and Mary Stone	Loan Term	30 years
Closing Date	4/15/2013		123 Anywhere Street	Purpose	Purchase
Disbursement Date	4/15/2013		Anytown, ST 12345	Product	Fixed Rate
Settlement Agent	Epsilon Title Co.	Seller	Steve Cole and Amy Doe	Loan Type	<input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA
File #	123456		321 Somewhere Drive	Loan ID #	123456789
Property	456 Somewhere Ave	Lender	Anytown, ST 12345	MIC #	000654321
Sale Price	\$180,000		Ficus Bank		

Closing Information: 1026.38(a)(3)

- Date Issued: 1026.38(a)(3)(i)
- Closing Date: 1026.38(a)(3)(ii)
- Disbursement Date: 1026.38(a)(3)(iii)
- Settlement Agent: 1026.38(a)(3)(iv)
- File #: 1026.38(a)(3)(v)
- Property: 1026.38(a)(3)(vi) (cross-ref. to 1026.37(a)(6))
- Sale Price: 1026.38(a)(3)(vii)

Page 1: General Information
1026.38(a); Guide to Forms Section 3.2.1

Closing Disclosure

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

Closing Information		Transaction Information		Loan Information	
Date Issued	4/15/2013	Borrower	Michael Jones and Mary Stone	Loan Term	30 years
Closing Date	4/15/2013		123 Anywhere Street	Purpose	Purchase
Disbursement Date	4/15/2013		Anytown, ST 12345	Product	Fixed Rate
Settlement Agent	Epsilon Title Co.	Seller	Steve Cole and Amy Doe	Loan Type	<input type="checkbox"/> Conventional <input type="checkbox"/> FHA
File #	123456		321 Somewhere Drive	Loan ID #	123456789
Property	456 Somewhere Ave	Lender	Anytown, ST 12345	MIC #	000654321
Sale Price	\$180,000		Ficus Bank		

Transaction Information: 1026.38(a)(4)

- Borrower: 1026.38(a)(4)(i)
- Seller: 1026.38(a)(4)(ii)
- Lender: 1026.38(a)(4)(iii)

Page 1: General Information
1026.38(a); Guide to Forms Section 3.2.1

Closing Disclosure

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

Closing Information		Transaction Information		Loan Information	
Date Issued	4/15/2013	Borrower	Michael Jones and Mary Stone	Loan Term	30 years
Closing Date	4/15/2013		123 Anywhere Street	Purpose	Purchase
Disbursement Date	4/15/2013		Anytown, ST 12345	Product	Fixed Rate
Settlement Agent	Epsilon Title Co.	Seller	Steve Cole and Amy Doe	Loan Type	<input type="checkbox"/> Conventional <input type="checkbox"/> FHA
File #	123456		321 Somewhere Drive	Loan ID #	123456789
Property	456 Somewhere Ave	Lender	Anytown, ST 12345	MIC #	000654321
Sale Price	\$180,000		Ficus Bank		

Loan Information: 1026.38(a)(5)

- Loan Term: 1026.38(a)(5)(i) (cross-ref. to 1026.37(a)(8))
- Purpose: 1026.38(a)(5)(ii) (cross-ref. to 1026.37(a)(9))
- Product: 1026.38(a)(5)(iii) (cross-ref. to 1026.37(a)(10))
- Loan Type: 1026.38(a)(5)(iv) (cross-ref. to 1026.37(a)(11))
- Loan ID #: 1026.38(a)(5)(v) (cross-ref. to 1026.37(a)(12))
- Mortgage Insurance Case Number (MIC #): 1026.38(a)(5)(vi)

Page 1: Loan Terms
1026.38(b); Guide to Forms Section 3.2.2

Loan Terms		Can this amount increase after closing?
Loan Amount	\$162,000	NO
Interest Rate	3.875%	NO
Monthly Principal & Interest <small>See Projected Payments below for your Estimated Total Monthly Payment</small>	\$761.78	NO
Prepayment Penalty	Does the loan have these features? YES - As high as \$5,240 if you pay off the loan during the first 2 years	
Balloon Payment		NO

Each element of the Loan Terms table on the Closing Disclosure under 1026.38(b) is the same as on the Loan Estimate under 1026.37(b), updated to reflect the final terms of the legal obligation

Page 1: Projected Payments
1026.38(c); Guide to Forms Section 3.2.3

Projected Payments		
Payment Calculation	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82.35	+ —
Estimated Escrow <small>Amount can increase over time</small>	+ 206.13	+ 206.13
Estimated Total Monthly Payment	\$1,050.26	\$967.91
Estimated Taxes, Insurance & Assessments <small>Amount can increase over time</small>	\$356.13 a month	

This estimate includes:
☒ Property Taxes
☒ Homeowner's Insurance
☒ Other Homeowner's Association Dues
 Is escrow? YES
 YES
 NO

The elements of the Projected Payments table on the Closing Disclosure under 1026.38(c) are the same as on the Loan Estimate under 1026.37(c), updated to reflect the final terms of the legal obligation, except:

- Different rules for Estimated Escrow and Estimated Taxes, Insurance & Assessments
- Different references to Escrow Account information

Page 1: Costs at Closing
1026.38(d); Guide to Forms Section 3.2.4

Standard Table: 1026.38(d)(1)

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.

Alternative Table (transactions with no seller): 1026.38(d)(2)

Costs at Closing	
Closing Costs	\$5,757.57 Includes \$3,495.50 in Loan Costs + \$2,262.07 in Other Costs - \$500 in Lender Credits. See page 2 for details.
Cash to Close	\$29,677.43 Includes Closing Costs. See Calculating Cash to Close on page 3 for details. <input type="checkbox"/> From <input checked="" type="checkbox"/> To Borrower

Closing Disclosure Form, Page 2 1026.38(f)-(h); Guide to Forms Section 3.3

- Similar information found on Page 2 of the Loan Estimate
- [Sample forms](#) available on regulatory implementation website
- Regulatory provisions: 1026.38(f)-(h)

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Page 2: Origination Charges 1026.38(f)(1); Guide to Forms Section 3.3.1

Closing Cost Details

Loan Costs	Borrower-Paid		Seller-Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
A. Origination Charges					
(1) 0.25 % of Loan Amount (Points)					
(2) Application fee	\$405.00				
(3) Underwriting fee	\$1,892.00				
(4)					
(5)					
(6)					
(7)					

First item disclosed is for points paid to the creditor to reduce the interest rate. (1026.38(f), cross-ref. to 1026.37(f)(1)(i))

Each column and sub-column is required by 1026.38(f) (for Loan Costs table) and (g) (for Other Costs table)

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Page 2: Origination Charges 1026.38(f)(1); Guide to Forms Section 3.3.1

Closing Cost Details

Loan Costs	Borrower-Paid		Seller-Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
A. Origination Charges					
(1) 0.25 % of Loan Amount (Points)					
(2) Application fee	\$405.00				
(3) Underwriting fee	\$1,892.00				
(4)					
(5)					
(6)					
(7)					

Loan originator compensation paid by the creditor to a third-party loan originator is also disclosed under Origination Charges but is shown in the Paid by Others column. (Comment 38(f)(1)-2) A designation of "(L)" may be used to denote that the creditor (lender) paid that amount to the third-party loan originator. (Comment 38(f)-1)

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Page 2: Services Borrower Did Not Shop For 1026.38(f)(2); Guide to Forms 3.3.1

B. Services Borrower Did Not Shop For		\$236.55			
Appraisal Fee	to Smith Appraisers Inc.				\$405.00
(1) Credit Report Fee	to Information Inc.		\$29.00		
(2) Flood Determination Fee	to Info Co.	\$20.00			
(3) Flood Monitoring Fee	to Info Co.	\$11.75			
(4) Tax Monitoring Fee	to Info Co.	\$75.00			
(5) Tax Status Research Fee	to Info Co.	\$80.00			
(6)					
(7)					
(8)					
(9)					

Items disclosed as Services You Can Shop For on the Loan Estimate (1026.37(f)(3)) will move into this category when the consumer chooses a provider on the written list provided by the creditor with the Loan Estimate for that item. (1026.38(f)(2))

Page 2: Services Borrower Did Shop For 1026.38(f)(3); Guide to Forms Section 3.3.1

C. Services Borrower Did Shop For		\$2,655.50			
Post Inspection Fee	to Peris Co.	\$1,205.00			
(1) Survey Fee	to Survey Co.	\$85.00			
(2) Title - Insurance Binder	to Epilink Title Co.	\$650.00			
(3) Title - Lender's Title Insurance	to Epilink Title Co.	\$500.00			
(4) Title - Settlement Agent Fee	to Epilink Title Co.	\$500.00			
(5) Title - Title Search	to Epilink Title Co.	\$800.00			
(6)					
(7)					
(8)					

Items disclosed as Services You Can Shop For on the Loan Estimate (1026.37(f)(3)) are shown here when the consumer chooses a provider that was not on the written list provided by the creditor with the Loan Estimate for that item. (1026.37(f)(3))

Page 2: Other Costs 1026.38(g); Guide to Forms Section 3.3.2

Other Costs		\$85.00			
E. Taxes and Other Government Fees					
(1) Recording Fee	to State	\$10.00			
(2) Transfer Tax	to State	\$75.00			
F. Prepaids		\$2,420.00			
(1) Homeowner's Insurance Premium (12 mo.)	to Insurance Co.	\$1,200.00			
(2) Mortgage Insurance Premium (12 mo.)	to Insurance Co.	\$1,200.00			
(3) Prepaid Interest (12.44% per day from 4/15/18 to 4/15/19)		\$2,220.00			
(4) Property Taxes (6 mo.)	to King County DCA	\$100.00			
G. Initial Escrow Payment at Closing		\$412.25			
(1) Homeowner's Insurance (300.00)	per month for 2 yrs.	\$200.00			
(2) Mortgage Insurance	per month for 2 yrs.	\$200.00			
(3) Property Taxes	\$300.00 per month for 2 yrs.	\$200.00			
(4)					
(5)					
(6)					
H. Aggregate Adjustments		-\$100			
I. Other		\$4,018.00			
(1) NRE Capital Contribution	to NRE Acct Inc.	\$10,000			
(2) NRE Processing Fee	to NRE Acct Inc.	\$1,000			
(3) Home Inspection Fee	to Inspection Inc.	\$7,000			
(4) Home Warranty Fee	to PFT Warranty Inc.	\$800.00			
(5) Real Estate Commission	to Alpha Real Estate Broker	\$5,000.00			
(6) Real Estate Commission	to Omega Real Estate Broker	\$5,000.00			
(7) Title - Owner's Title Insurance (optional)	to Epilink Title Co.	\$1,000.00			
J. TOTAL OTHER COSTS (Borrower Paid)		\$5,018.00			
Other Costs Subtotal (J, F, G, H, I, J)		\$5,018.00			
K. TOTAL CLOSING COSTS (Borrower Paid)		\$9,772.25			
Closing Costs Subtotal (K, L, M, N)		\$9,772.25	\$2,900.00	\$7,000.00	\$185.00
Lender's Costs					

Page 2: Taxes and Other Government Fees
1026.38(g)(1); Guide to Forms Section 3.3.2

E. Taxes and Other Government Fees				\$85.00			
(i) Recording Fees	Deed: \$40.00	Mortgages: \$45.00		\$85.00			
(ii) Transfer Tax	to Any State				\$0.00		

Recording fees: 1026.38(g)(1)(i)
Transfer taxes: 1026.38(g)(1)(ii)

Page 2: Taxes and Other Government Fees
1026.38(g)(1); Guide to Forms Section 3.3.2

E. Taxes and Other Government Fees				\$85.00			
(i) Recording Fees	Deed: \$40.00	Mortgages: \$45.00		\$85.00			
(ii) Transfer Tax	to Any State				\$0.00		

Q: How does the disclosure of recording fees differ between the Loan Estimate and Closing Disclosure? (compare 1026.37(g)(1)(i) with 1026.38(g)(1)(i))

Q: How should creditors disclose the name of the government entity to whom a transfer tax fund is distributed? (1026.38(g)(1)(ii))

Page 2: Prepays; Initial Escrow Payment at Closing
1026.38(g)(2) & 1026.38(g)(3); Guide to Forms Section 3.3.2

F. Prepays				\$2,120.80			
(i) Lender's Insurance Premium (17 mos.) to Insurance Co.				\$1,205.96			
(ii) Mortgage Insurance Premium (1 mos.)				\$279.04			
(iii) Prepaid Interest (\$17.84 per day from 4/15/13 to 5/1/13)				\$63.80			
(iv) Property Taxes (\$6.00 per month for 2 mos.)				\$12.00			
G. Initial Escrow Payment at Closing				\$412.25			
(i) Homeowner's Insurance (\$10.00 per month for 2 mos.)				\$20.00			
(ii) Mortgage Insurance (per month for 2 mos.)				\$10.90			
(iii) Property Taxes (\$16.10 per month for 2 mos.)				\$32.20			
(iv) Other							
(v) Other							
(vi) Other							
(vii) Aggregate Adjustment				-\$0.00			

Prepays: 1026.38(g)(2) (cross-reference to 1026.37(g)(2))
Initial Escrow Payment at Closing: 1026.38(g)(3) (cross-reference to 1026.37(g)(3))

Closing Disclosure Form, Page 3 1026.38(e), (i)-(k); Guide to Forms Section 3.4

- Cash to Close compared with information found on Page 2 of the Loan Estimate
- [Sample forms](#) available on regulatory implementation website
- Regulatory provisions: 1026.38(e), (i)-(k)

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Page 3: Calculating Cash to Close 1026.38(i); Guide to Forms Section 3.4.1

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 (B)	\$8,054.00	\$9,712.10	YES - See Total Loan Costs (D) and Total Other Costs (I)
Closing Costs Paid Before Closing		-\$29.00	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	\$18,054.00	\$14,147.26	

The amounts that were disclosed on the Loan Estimate are disclosed in the first column. (1026.38(i))

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Page 3: Summaries of Transactions 1026.38(j)-(k); Guide to Forms Section 3.4.3

- Similar to HUD-1 page 1

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Closing Disclosure Form, Page 4 1026.38(l)-(n); Guide to Forms Section 3.5

- [Sample forms](#) available on regulatory implementation web site
- Includes the Adjustable Payment (AP) and Adjustable Interest Rate (AIR) tables at bottom of page 4, when applicable (1026.38(m) & (n))
- Regulatory provisions: 1026.38(l)-(n)

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Page 4: Loan Disclosures – Partial Payments 1026.38(l)(1)-(6); Guide to Forms Section 3.5.1

Q: How a lender applies a partial payment may vary depending on the circumstances. Is a lender required to choose only one option for the Partial Payments disclosure required by § 1026.38(l)(5), or is it possible to check multiple boxes?

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Closing Disclosure Form, Page 5 1026.38(o)-(s); Guide to Forms Section 3.6

- [Sample forms](#) available on regulatory implementation web site
- Regulatory provisions: 1026.38(o)-(s)

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Page 5: Other Disclosures – Liability After Foreclosure 1026.38(p); Guide to Forms Section 3.6.2

The creditor must disclose a statement of whether the consumer may remain responsible for any deficiency after foreclosure under applicable state law. (1026.38(p)(3)). See also comment 38(p)(3)-1

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.

Page 5: Liability After Foreclosure (Anti-Deficiency Notice) 1026.38(p)(3); Guide to Forms Section 3.6.2

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.

- **Q:** What constitutes an anti-deficiency law for purposes of this disclosure?
- **Q:** Do statutes of limitations on obtaining or collecting a deficiency judgment count as anti-deficiency protections for purposes of this disclosure?
- **Q:** Are state laws that limit how much a creditor may collect in an anti-deficiency judgment considered anti-deficiency protections for purposes of this disclosure?
- **Q:** How should a creditor make this disclosure if a state anti-deficiency law could apply to the loan, but whether it ultimately would apply depends on facts and circumstances at the time of foreclosure?

Closing Disclosure Form: General Questions

- **Q:** What should creditors do if the information required to be disclosed doesn't fit in the space allotted on the form?
- **Q:** Is there a model or sample of an addendum?
- **Q:** Is there anything creditors are required to include on the addendum? (1026.17(a)(1))
- **Q:** What are the formatting requirements for the addendum? (Comment 38(t)(5)-5)