Truth-In-Lending—Real Estate Settlement Procedures Act
Integrated Disclosures
Webinar

February 11, 2015

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Agenda

• Introductions
• Consumer Financial Protection Bureau changes to disclosure rules under Regulations Z (TILA) and Regulation X (RESPA)
  – Loan Estimate Form
  – Special Information Booklet
  – List of Service Providers
  – Closing Disclosure Form
  – Escrow Closing Notice
• Resources/References
• Questions and Answers
Introductions

• **Office of Consumer Protection:**
  Director Gail W. Laster
  Deputy Director Matthew J. Biliouris
  CCPO Director Jamie Z. Goodson

• **Consumer Financial Protection Bureau:**
  Originations Program Manager Brian Webster
  Counsel Dania Ayoubi, Office of Regulations
  Counsel David Friend, Office of Regulations
## Consumer Financial Protection Bureau

### The Details

<table>
<thead>
<tr>
<th>TILA-RESPA Integrated Disclosure Rule</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Status</strong></td>
</tr>
<tr>
<td><strong>Issued Date</strong></td>
</tr>
<tr>
<td><strong>Published Date</strong></td>
</tr>
<tr>
<td><strong>Effective Date</strong></td>
</tr>
<tr>
<td><strong>Docket numbers</strong></td>
</tr>
<tr>
<td><strong>CFR Part</strong></td>
</tr>
<tr>
<td><strong>Reference Materials</strong></td>
</tr>
</tbody>
</table>
Background

• Currently, TILA and RESPA require creditors to provide a different set of disclosure forms to mortgage applicants

• The Dodd-Frank Act directed CFPB to integrate the TILA and RESPA disclosures

<table>
<thead>
<tr>
<th></th>
<th>Prior Forms Required by TILA</th>
<th>Prior Forms Required by RESPA</th>
<th>Integrated Disclosures Required by TILA-RESPA Rule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application</td>
<td>Initial Truth-in-Lending disclosure (Initial TIL)</td>
<td>Good Faith Estimate (GFE)</td>
<td>Loan Estimate form</td>
</tr>
<tr>
<td>Closing</td>
<td>Final Truth-in-Lending disclosure (Final TIL)</td>
<td>HUD-1</td>
<td>Closing Disclosure</td>
</tr>
</tbody>
</table>
Final Rule – Coverage 1026.2(a)(17); 1026.19(e), (f)

- Creditors and mortgage brokers originating covered mortgages
- Applies to most closed-end consumer mortgages secured by real property

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Integrated Disclosures</th>
<th>Escrow Closing Notice</th>
<th>Partial Payment Disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Equity Line of Credit</td>
<td>Not covered</td>
<td>Not covered</td>
<td>Not covered</td>
</tr>
<tr>
<td>Reverse Mortgage</td>
<td>Not covered</td>
<td>Not covered</td>
<td>Not covered</td>
</tr>
<tr>
<td>Chattel Dwelling Loan*</td>
<td>Not covered</td>
<td>Covered</td>
<td>Covered</td>
</tr>
</tbody>
</table>

- Exemption for low-volume originators

*Includes loans secured by mobile homes or a dwelling not attached to real property
The Loan Estimate must:

- Provide members with a good faith estimate of credit costs and transaction terms
- Be in writing and contain certain information prescribed in the Final Rule
- Be provided according to the timing and method of delivery requirements in the Final Rule
- Adhere to specific formatting instructions prescribed in the Final Rule
Loan Estimate – Content

CFPB provided a standard Loan Estimate form (Form H-24)

Creditors must use Form H-24 for **federally related mortgage loans**

Form H-24 is optional for other loans subject to TILA-RESPA Rule that are not federally related mortgage loans (but disclosures must contain exact information)

Federally related mortgage loans – generally exclude temporary financing and construction loans
**Loan Estimate – Page 1**

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<table>
<thead>
<tr>
<th>Bank Name - (a)(3)</th>
<th>SAVE THIS LOAN ESTIMATE TO COMPARE WITH YOUR CLOSING DISCLOSURE. (a)(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Loan Estimate (a)(1)</strong></td>
<td><strong>Loan Terms (a)(6)</strong></td>
</tr>
<tr>
<td>DATE ISSUED (a)(4)</td>
<td>PURPOSE (a)(9)</td>
</tr>
<tr>
<td>APPLICANT (a)(5)</td>
<td>PRODUCT (a)(10)</td>
</tr>
<tr>
<td>PROPERTY (a)(6)</td>
<td>LOAN TYPE Conventional □ FHA □ VA □ (a)(11)</td>
</tr>
<tr>
<td>SALE PRICE (a)(7)</td>
<td>LOAN ID # (a)(12)</td>
</tr>
<tr>
<td>**RATE LOCK ** □ NO □ YES until (a)(13)</td>
<td></td>
</tr>
<tr>
<td><strong>Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs are subject to change.</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Loan Terms

- **Loan Amount** (b)(1)
- **Interest Rate** (b)(2)
- **Monthly Principal & Interest** (b)(3)
- **Prepayment Penalty** (b)(4)
- **Balloon Payment** (b)(5)

### Projected Payments

- **Payment Calculation** (c)(3)
- **Principal & Interest** (c)(2)
- **Mortgage Insurance**
- **Estimated Escrow**
- **Estimated Total Monthly Payment** (c)(4)
- **Estimated Taxes, Insurance & Assessments**
- **Amount can increase over time** (c)(4)

### Costs at Closing

- **Estimated Closing Costs** (d)(1)
- **Estimated Cash to Close**

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- Annotations provide regulatory citations to 12 CFR 1026.37
- See also Section 2.2 of the Guide to Forms
- Sample Forms available on the website
- Loan Estimate covered in webinar on Oct 1st 2014

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Visit [www.consumerfinance.gov/mortgage-estimate](http://www.consumerfinance.gov/mortgage-estimate) for general information and tools.
### Loan Estimate – Page 2

#### Closing Cost Details

<table>
<thead>
<tr>
<th>Loan Costs</th>
<th>Other Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Origination Charges</strong>&lt;br&gt;% of Loan Amount (Points)</td>
<td><strong>E. Taxes and Other Government Fees</strong>&lt;br&gt;Recording Fees and Other Taxes&lt;br&gt;Transfer Taxes&lt;br&gt;(g)(1)</td>
</tr>
<tr>
<td>(f)(1)</td>
<td></td>
</tr>
<tr>
<td><strong>B. Services You Cannot Shop For</strong>&lt;br&gt;</td>
<td><strong>F. Prepays</strong>&lt;br&gt;Homeowner’s Insurance Premium (months)&lt;br&gt;Mortgage/Insurance Premium (months)&lt;br&gt;Prepaid Interest (per day for days)&lt;br&gt;Property Taxes (months)&lt;br&gt;(g)(2)</td>
</tr>
<tr>
<td>(g)(3)</td>
<td></td>
</tr>
<tr>
<td><strong>C. Services You Can Shop For</strong>&lt;br&gt;</td>
<td><strong>G. Initial Escrow Payment at Closing</strong>&lt;br&gt;Homeowner’s Insurance per month for ma.</td>
</tr>
<tr>
<td>(h)(1)</td>
<td>Mortgage/Insurance per month for ma.</td>
</tr>
<tr>
<td><strong>D. TOTAL LOAN COSTS (A + B + C)</strong>&lt;br&gt;(f)(4)</td>
<td>Property Taxes per month for ma.</td>
</tr>
<tr>
<td>(g)(4)</td>
<td></td>
</tr>
<tr>
<td><strong>J. TOTAL CLOSING COSTS</strong>&lt;br&gt;(g)(6)</td>
<td><strong>Calculating Cash to Close</strong>&lt;br&gt;lender Credits&lt;br&gt;(h)(1)</td>
</tr>
<tr>
<td>(g)(1)</td>
<td>Total Closing Costs (j)&lt;br&gt;Closing Costs Financed (Paid from your Loan Amount)&lt;br&gt;Down Payment/Funds from Borrower&lt;br&gt;Deposit&lt;br&gt;Funds for Borrower&lt;br&gt;Seller Credits&lt;br&gt;Adjustments and Other Credits</td>
</tr>
<tr>
<td><strong>Adjustable Payment (AP) Table</strong>&lt;br&gt;Interest Only Payments?&lt;br&gt;Optional Payments?&lt;br&gt;Step Payments?&lt;br&gt;Seasonal Payments?&lt;br&gt;Monthly Principal and Interest Payments&lt;br&gt;First Change/Amount&lt;br&gt;Subsequent Changes&lt;br&gt;Maximum Payment</td>
<td><strong>Adjustable Interest Rate (AIR) Table</strong>&lt;br&gt;Index + Margin&lt;br&gt;Initial Interest Rate&lt;br&gt;Minimum/Maximum Interest Rate&lt;br&gt;Change Frequency&lt;br&gt;First Change&lt;br&gt;Subsequent Changes&lt;br&gt;Limits on Interest Rate Changes&lt;br&gt;First Change&lt;br&gt;Subsequent Changes&lt;br&gt;</td>
</tr>
<tr>
<td>(i)(1)</td>
<td>(i)(1)</td>
</tr>
<tr>
<td>(i)(2)</td>
<td>(i)(3)</td>
</tr>
<tr>
<td>(i)(4)</td>
<td>(i)(5)</td>
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<td></td>
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<td></td>
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<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Annotations provide regulatory citations to 12 CFR 1026.37
- See also Section 2.3 of the Guide to Forms
- Sample Forms available on the website
- Loan Estimate covered in webinar on Oct 1st 2014
### Additional Information About This Loan

<table>
<thead>
<tr>
<th>LENDER</th>
<th>MORTGAGE BROKER</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAME/ LICENSE ID</td>
<td>NAME/ LICENSE ID</td>
</tr>
<tr>
<td>(k)(1)</td>
<td>(k)(1)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LOAN OFFICER</th>
<th>EMAIL</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAME/ LICENSE ID</td>
<td>EMAIL</td>
</tr>
<tr>
<td>(k)(2)</td>
<td>(k)(3)</td>
</tr>
</tbody>
</table>

### Comparisons

**In 5 Years**

- (0)(1) Total you will have paid in principal, interest, mortgage insurance, and loan costs. Principal you will have paid off.

**Annual Percentage Rate (APR)**

- (0)(2) Your costs over the loan term expressed as a rate. This is not your interest rate.

**Total Interest Percentage (TIP)**

- (0)(3) The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

### Other Considerations

- **Appraisal** (m)(1)
  - 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** (m)(2)
  - 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** (m)(3)
  - 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** (m)(4)
  - If your payment is more than ___ days late, we will charge a late fee of ___.

- **Refinance** (m)(5)
  - 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** (m)(6)
  - 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**

- Annotations provide regulatory citations to 12 CFR 1026.37
- See also Section 2.4 of the Guide to Forms
- Sample Forms available on the website
- Loan Estimate covered in webinar on Oct 1st 2014
• Deliver the Loan Estimate, or place it in the mail:
  – Not later than the third business day after the creditor receives an application for a covered transaction.
  – At least seven business days before consummation.
Loan Estimate – Timing 1026.2(a)(3)(ii)

- A creditor has received an application when it has received:
  - The member’s name
  - The member’s income
  - The member’s social security number to obtain a credit report
  - The property address
  - An estimate of the property’s value
  - The mortgage loan amount sought
Loan Estimate – Timing 1026.2(a)(6)

• There are two definitions of “business day”:
  – Under one definition, a “business day” is a day a creditor’s offices are open to the public for carrying out substantially all of its business functions (“days open for business”). This definition varies by creditor.
  – Under the other definition, a “business day” is every day except Sundays and specific federal legal public holidays (“days other than Sundays and holidays”). It will be the same for every creditor.
Loan Estimate – Timing

- Creditors must deliver the Loan Estimate, or place it in the mail, at least seven business days before consummation.
- “Consummation” occurs when the member becomes contractually obligated to the creditor on the loan.
- When consummation occurs depends on applicable state law.
• Creditor or mortgage broker may provide a member with the Loan Estimate

• If mailed, Loan Estimate is deemed received three business days (days other than Sundays and holidays) after it is delivered or mailed

• Must be delivered or placed in the mail at least seven business days (days other than Sundays and holidays) before consummation

  • **NOTE:** Members can waive or modify the 7-day waiting period before consummation based on a bona fide personal financial emergency.
Loan Estimate – Timing 1026.19(e)(2)

• Timing of fees:
  – Generally cannot impose fees before member has received the Loan Estimate and indicates intent to proceed with the transaction

• Communication of Intent to Proceed:
  – Members may indicate in any manner (except silence) their decision to proceed with the loan after delivery of the Loan Estimate
  – Document intent to proceed
Loan Estimate – Accuracy 1026.19(e)(1), (3)

• Disclosures must be:
  – Made in **good faith**
  – Consistent with best information reasonably available to the creditor at the time of disclosure

• **Charges fall into these tolerance categories:**
  – No regard for tolerance
  – 10% cumulative tolerance
  – Zero tolerance
• **Exceed without regard to tolerance:**
  
  – Prepaid interest;
  
  – Property insurance premiums;
  
  – Amounts placed into an escrow, impound, reserve, or similar account;
  
  – Services you require if you permit the member to “shop” and the member selects a third-party service provider not on the written list of service providers; and
  
  – Charges paid to third-party service providers for services not required by the creditor (which may be paid to affiliates of the creditor).
• **10 percent cumulative tolerance:**
  – Recording fees
  – Charges for third-party services where:
    • The charge is not paid to the creditor or the creditor’s affiliate; and
    • The consumer is permitted by the creditor to shop for the third-party service; and
    • The consumer selects a third-party service provider on the creditor’s written list of service providers.
• **Zero tolerance:**
  
  – Fees paid to the creditor, mortgage broker, or an affiliate of either;
  
  – Fees paid to unaffiliated third party service providers if the creditor did not permit the member to “shop”; and
  
  – Transfer taxes.
Loan Estimate – Accuracy

- **Generally** – The creditor must refund the excess to the member no later than 60 calendar days after consummation
  - 10% Cumulative Tolerance Charges – To the extent the charges added together exceed the sum of all charges disclosed on the Loan Estimate by more than 10 percent
  - Zero Tolerance Charges – Any amount charged beyond the amount disclosed on the Loan Estimate
Loan Estimate – Accuracy 1026.19(e)(3)

• **General rule** - Creditors are bound by the Loan Estimate and may not issue revisions

• **Changed circumstance** -
  - An extraordinary event beyond the control of any interested party or other unexpected event specific to the member or the transaction, such as war or natural disaster;
  - Information specific to the member or the transaction that the creditor relied upon when providing the Loan Estimate that was inaccurate or changed after the disclosures were provided; or
  - New information specific to the member or transaction that the creditor did not rely on when providing the Loan Estimate
• **Exceptions** – Creditors are permitted to provide revised Loan Estimates only in certain circumstances:
  
  – Changed circumstances causing charges to increase more than permitted
  
  – Changed circumstances affecting the member’s eligibility for the terms applied or the value of the loan’s security
Loan Estimate – Accuracy 1026.19(e)(3)

• Member requested changes to terms:
  - Revisions to the loan terms of settlement that cause estimated charges to increase
  - Member indicates an intent to proceed with the transaction more than 10 business days (days open for business) after the Loan Estimate was originally delivered or placed in the mail
• Interest rate was not locked
• Loan estimate expires
• New construction loan with settlement delayed more than 60 calendar days (if revisions are permitted)
Creditors must provide the revised Loan Estimate three business days (days open for business) after receiving the information sufficient to establish that one of the reasons for revision has occurred.

Consumers must receive the revised Loan Estimate no later than four business days (days other than Sundays and holidays) before consummation. If you mail the revised Loan Estimate and rely on the “mailbox rule,” mail it no later than seven business days before consummation to allow three business days for receipt.
Special Information Booklet

1026.19(g)(1)

• General Rule:
  – Creditors must provide the special information booklet, also known as the Settlement Cost Booklet, no later than three business days (days open for business) after receiving application

• Exceptions:
  – Member is applying for a HELOC
  – Loan is not for the purpose of purchasing a one-to-four family residential property
  – Loan is denied or withdrawn
If members are permitted to “shop” for a settlement service, you must provide members a written list of available services and third-party service providers:

– Must be provided within the same time frame as the Loan Estimate

– Must be provided separately from the Loan Estimate
• The Closing Disclosure:
  – Must be in writing
  – Must be delivered to borrower prior to consummation
  – Replaces final TILA disclosure and HUD-1
  – Contains actual closing figures
  – Must contain specified information and be in approved form
• The regulations include a standard Closing Disclosure (Form H-25)
• Creditors must use Form H-25 for federally related mortgage loans
• Form H-25 is optional for mortgage loans not federally related loans – generally exclude temporary financing and construction loans
### 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 Agent**: Epiphon Title Co.
- **File #:** 12-3456
- **Property**: 456 Somewhere Ave, Anytown, ST 12345
- **Sale Price**: $180,000

#### Transaction Information
- **Borrower**: Michael Jones and Mary Stone
- **Seller**: Steve Cole and Amy Doe
- **Lender**: First Bank

#### Loan Information
- **Loan Term**: 30 years
- **Purpose**: Purchase
- **Product**: Fixed Rate
- **Loan Type**: Conventional
- **LOAN ID #:** 123456789
- **MC #:** 000001234

#### Loan Terms

<table>
<thead>
<tr>
<th>Loan Term</th>
<th>Maturity Date</th>
<th>Interest Rate</th>
<th>Principal &amp; Interest</th>
<th>Monthly Principal &amp; Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>$162,000</td>
<td>30 years</td>
<td>3.875%</td>
<td>$761.78</td>
<td>$761.78</td>
</tr>
</tbody>
</table>

#### Monthly Principal & Interest
- See Projected Payments below for your estimated total monthly payment.

#### Prepayment Penalty
- As high as $5,240 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</td>
<td>+ 82.35</td>
<td>+</td>
</tr>
<tr>
<td>Estimated Escrow</td>
<td>+ 206.13</td>
<td>+ 206.13</td>
</tr>
<tr>
<td><strong>Estimated Total Monthly Payment</strong></td>
<td><strong>$1,050.26</strong></td>
<td><strong>$967.91</strong></td>
</tr>
</tbody>
</table>

#### Estimated Taxes, Insurance & Assessments
- $356.13 a month

#### Costs at Closing
- **Closing Costs**: $9,712.10
- **Cash to Close**: $14,147.26

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- Closely mirrors Page 1 of the Loan Estimate
- Annotations provide regulatory citations to 12 CFR 1026.38
- See also Section 3.2 of the Guide to Forms
- Sample Forms available on the website
- Loan Estimate covered in webinar on Nov 18th 2014
### 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. Closing Charges</td>
<td>At Closing</td>
<td>Before Closing</td>
<td>At Closing</td>
</tr>
<tr>
<td>1. Origination Charges</td>
<td>$1,882.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Application Fee</td>
<td>$460.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Underwriting Fee</td>
<td>$300.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>$1,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Services Borrower Did Not Shop For</td>
<td>$2,646.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Appraisal Fee</td>
<td>$150.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Credit Report Fee</td>
<td>$60.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Flood Determination Fee</td>
<td>$20.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Tax Monitoring Fee</td>
<td>$50.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>$50.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. Services Borrower Did Shop For</td>
<td>$2,646.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D. TOTAL LOAN COSTS (Borrower-Paid)</td>
<td>$4,694.05</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Other Costs

<table>
<thead>
<tr>
<th>Item</th>
<th>Borrower-Paid</th>
<th>Seller-Paid</th>
<th>Paid by Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>F. Prepaids</td>
<td>$2,120.80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Homeowner’s Insurance Payments (12 mos) to Insurance Co.</td>
<td>$1,200.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Mortgage Insurance Premiums (12 mos) to FHA</td>
<td>$500.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Prepaid Interest ($17.44 per day from 4/15/13 to 5/1/13)</td>
<td>$570.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Property Taxes ($400.00 in Any County, WA)</td>
<td>$500.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G. Initial Escrow Payment at Closing</td>
<td>$4,398.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Homeowner’s Insurance</td>
<td>$1,950.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Mortgage Insurance</td>
<td>$1,050.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Property Taxes</td>
<td>$500.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Loan Estimate

- Closely mirrors Page 2 of the Loan Estimate
- Annotations provide regulatory citations to 12 CFR 1026.38
- See also Section 3.3 of the Guide to Forms
- Sample Forms available on the website
- Loan Estimate covered in webinar on Nov 18th 2014
• Cash to Close compared to Loan Estimate page 2

• Annotations provide regulatory citations to 12 CFR 1026.38

• See also Section 3.4 of the Guide to Forms

• Sample Forms available on the website

• Loan Estimate covered in webinar on Nov 18th 2014
Includes the Adjustable Payment and Adjustable Interest Rate tables

Annotations provide regulatory citations to 12 CFR 1026.38

See also Section 3.5 of the Guide to Forms

Sample Forms available on the website

Loan Estimate covered in webinar on Nov 18th
Annotations provide regulatory citations to 12 CFR 1026.38

See also Section 3.6 of the Guide to Forms

Sample Forms available on the website

Loan Estimate covered in webinar on Nov 18th
The Closing Disclosure must be delivered at least three business days (days other than Sundays and holidays) before consummation, or placed in mail to ensure timely delivery.

The Final Rule provides definitions for:
- Business day and
- Consummation

If delivered untimely, consummation must be delayed, except for bona fide personal financial emergency.
Closing Disclosure – Accuracy

• All terms must be accurate

• Estimates permitted if:
  – Made in good faith
  – Necessary information is not reasonably available
  – Credit union used due diligence to obtain the information

• If necessary, corrections are required to provide accurate figures before consummation
• Three categories of changes for which a lender must issue a corrected Closing Disclosure:
  – Pre-consummation changes which require a new three-business-day waiting period
  – Pre-consummation changes not requiring a new waiting period
  – Post-consummation changes
• Pre-consummation corrections - new three-business-day waiting period required if:
  – The disclosed APR becomes inaccurate
  – The loan product changes
  – A prepayment penalty is added

• No new waiting period for all other changes
  – But corrected Closing Disclosure provided before or at closing
• Post-consummation revised disclosures required:
  – Where circumstances change within 30 days of consummation
  – To correct clerical non-numerical clerical errors
  – With refunds to cure tolerance violations
• **Required before terminating escrow account**
  – Closed-end first lien loans on real property or dwelling
  – Reverse mortgages excluded

• **Timing**
  – 30 business days before servicer cancels
  – Three business days before terminating at consumer’s request

• **Exceptions**
  – Escrow established due to delinquency or default
  – Underlying obligation terminated
Action Items

• Become familiar with the new requirements
• Determine the business and process changes needed to comply with the Final Rule
• Develop a plan to implement them by Aug. 1, 2015 (including schedule and budget)
• Review the plan and scope with executive management
Action Items

• Identify third-party relationships impacted by the regulatory changes (such as vendors and real estate agents)
• Plan for how you will work with external stakeholders, such as settlement service providers
• Develop training for staff and management
• Test and implement technology changes
• Roll out new process
### TILA-RESPA Integrated Disclosure

**Guide to the Loan Estimate and Closing Disclosure forms**

**Resources**

**TILA-RESPA**

**Integrated Disclosures**

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**Mortgage rules at a glance**

This table lists the basic information about each of the new rules that are currently available. More, including the latest updates and related documents that you may need for your company or work, are available on the regulatory implementation page.

<table>
<thead>
<tr>
<th>Rules</th>
<th>Dodd-Frank Act situations</th>
<th>Compliance aids</th>
<th>Proposals/notifications with publication date</th>
<th>Final rules with publication dates</th>
<th>Other resources</th>
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<tbody>
<tr>
<td>Ability to Refuse Qualified Mortgage</td>
<td>1601.10(b), 1615</td>
<td>Guide</td>
<td>Apr 19, 2014</td>
<td>Apr 19, 2014</td>
<td>ATG/OF comparison chart</td>
</tr>
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<td>Apr 19, 2014</td>
<td>Apr 19, 2014</td>
<td>Appendix Q</td>
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<tr>
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<td></td>
<td>Apr 19, 2014</td>
<td>Apr 19, 2014</td>
<td>Coverage and exceptions chart</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Apr 19, 2014</td>
<td>Apr 19, 2014</td>
<td>What is a Qualified Mortgage? – a basic guide for lenders</td>
</tr>
</tbody>
</table>

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**MORTGAGE SERVICING RULES: Coverage**

<table>
<thead>
<tr>
<th>Regulation K (12 CFR 1024)</th>
<th>Closed-End, Principal Residence</th>
<th>Closed-End, Non-Prioritized Residence</th>
<th>Open-End</th>
<th>Servicers and Loan Types Exempt from Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Error Resolution and Information Requests (§ 1024.35 and 36)</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Small Servicer must comply with requirements of 1024.37 but, per 1024.37(b)(8), is permitted to purchase force-placed insurance if it is less expensive than escrow payment for borrower’s hazard insurance.</td>
</tr>
<tr>
<td>Force-Placed Insurance (§ 37)</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policies, Procedures, and Requirements (§ 38)</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Small Servicer, Reverse Mortgages, Qualified Lenders</td>
</tr>
<tr>
<td>Early Intervention (§ 39)</td>
<td>X</td>
<td></td>
<td></td>
<td>Small Servicer, Reverse Mortgages, Qualified Lender</td>
</tr>
<tr>
<td>Continuity of Contact (§ 40)</td>
<td>X</td>
<td></td>
<td></td>
<td>Small Servicer, Reverse Mortgages, Qualified Lender</td>
</tr>
<tr>
<td>Loss Mitigation Procedures (§ 41)</td>
<td>X</td>
<td></td>
<td></td>
<td>Certain Transfer, between affiliates, results from services/subservicer mergers or acquisitions. For master servicers without changing servicer, not required. Services Disclosure Statement required for first lien only.</td>
</tr>
<tr>
<td>Mortgage Servicing Transfers (§ 33)</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Small servicer is permitted to purchase force-placed insurance if it is less expensive than escrow payment for borrower’s hazard insurance, per 1024.37(b)(8).</td>
</tr>
<tr>
<td>Escrow Accounts (§ 17.36 and 34)</td>
<td>X</td>
<td>X</td>
<td>(17 only)</td>
<td></td>
</tr>
</tbody>
</table>

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**Outlook Live Webinar- June 17, 2014**

**TILA-RESPA Integrated Disclosures**

**Presented by the Consumer Financial Protection Bureau**

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**TILA-RESPA Integrated Disclosures**
Website
TILA RESPA Integration disclosure timeline example

September 2014

List of events

This timeline shows the effect of the following events during the course of the origination of the loan:

- Receipt of an addendum to Contract modifying the allocation of transfer taxes between the Consumer and Seller. (August 28th)
- Appraisal provides a property value resulting in a loan-to-value ratio higher than 80%, triggering mortgage insurance. (September 4th)
- An updated credit report obtained by the Creditor shows a changed credit score, triggering a LLPA. (September 22nd)

August 2015
About eRegulations

eRegulations makes regulations easy to read and navigate. It clarifies regulations by bringing related information and regulatory history to the forefront. It is a work in progress by the Consumer Financial Protection Bureau, and is a public domain work of the United States Government.

Easy to read

http://www.consumerfinance.gov/eregulations/
TILA-RESPA Integrated Disclosure Rule Implementation webpage on CFPB’s website
NCUA Reference

• NCUA’s Consumer Compliance Regulatory Resources webpage provides a variety of resources, including Dodd-Frank Act Mortgage Lending Resources
Questions and Answers
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 February 11, 2015. 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.
Questions

• Q: What constitutes an acceptable addendum page? For example, if the Loan Estimate does not have enough room for all names and mailing addresses of the consumers applying for the credit, how should the addendum page be disclosed?

• Comment 37(a)(5)-1: “If the names and mailing addresses of all consumers applying for the credit do not fit in the space allocated on the Loan Estimate, an additional page with that information may be appended to the end of the form.”

• Comment 37(o)(5)-5: “Information required or permitted to be disclosed by § 1026.37 on a separate page should be formatted similarly to form H-24 of appendix H to this part, so as not to affect the substance, clarity, or meaningful sequence of the disclosure.”
• **Q:** How should fees paid by the lender be disclosed on the Closing Disclosure?

• **Comment 38(f)-1:** “Lender-paid charges and specific lender credits. Charges that are designated as paid by others under § 1026.38(f) and (g) . . . may include the letter “L” in parentheses, i.e. “(L),” to the left of the amount in the column to designate those charges paid by the creditor pursuant to the legal obligation between the creditor and consumer.”

• **Comment 38(h)(3)-1:** “General lender credits. When the consumer receives a generalized credit from the creditor for closing costs, the amount of the credit must be disclosed under § 1026.38(h)(3).”
Questions

• Q: For a Home Equity Loan, if the Credit Union does not charge any fees and also covers all third-party costs (for example, appraisals), how should these fees be disclosed on the Loan Estimate or Closing Disclosure?

• **1026.19(e)(1) and (f)(1):** “[C]losed-end consumer credit transaction secured by real property”

• **Comment 17(c)(1)-1:** “The disclosures shall reflect the credit terms to which the parties are legally bound as of the outset of the transaction.”

• **Comment 17(c)(1)-2:** “The legal obligation normally is presumed to be contained in the note or contract that evidences the agreement.”

• **Comment 17(c)(1)-19:** “[I]f the creditor is legally obligated to provide the premium or rebate to the consumer as part of the credit transaction, the disclosures should reflect its value in the manner and at the time the creditor is obligated to provide it.”
Questions

• Q: How does the new TILA-RESPA Integrated Disclosures Rule affect the disclosure of fees related to appraisal management companies (AMC) and appraisals?

• 78 FR 79955-56: “[S]ection 1475 of the Dodd-Frank Act permits the optional disclosure of the charges made by an AMC, but does not require separate itemization . . . . requiring breakouts of such charges to be disclosed in all cases may tend to produce information overload.”
Other Events

• **NCUA Chairman’s Town Hall Meeting with CFPB Director Cordray**, Feb. 10, 2015

• **NCUA Webinar: Fair Lending and Home Mortgage Disclosure Act Compliance**, Feb. 20, 2015 at 2:00 PM Eastern
Feel free to contact our office with questions or comments:

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