Final Rule Summary:

THE CLOSING DISCLOSURE

Coverage: Most Closed-End Consumer Mortgages – Not HELOCs, reverse mortgages or mobile home loans not attached to real property

Agency/Citation: Consumer Financial Protection Bureau / 12 CFR §§1026.19(f) & 1026.38

Effective Date: October 3, 2015

The CFPB’s TILA/RESPA Integrated Disclosure Rule—Closing Disclosure

The Closing Disclosure

NOTE: Even though the Loan Estimate form is mentioned briefly, this Comp Note generally covers the requirements and details for the Closing Disclosure. The Loan Estimate is covered in detail in a separate Comp Note.

SUMMARY: TILA-RESPA MORTGAGE LOAN INTEGRATED DISCLOSURE FORMS

In November 2013, the Consumer Financial Protection Bureau (Bureau) issued the TILA/RESPA Integrated Disclosure final rule. In addition to making a number of positive changes from the proposed rule, the Bureau provided nearly twenty-one months until the effective date of August 1, 2015. Unfortunately, unlike many of the CFPB’s earlier mortgage rules, this final rule does not include an exception for small creditors.

Proposals Not Adopted in the Final Rule

- The proposed rule would have redefined the way the Annual Percentage Rate or "APR" is calculated by including many of the charges that are currently
considered "other charges" as finance charges. Under the proposed rule certain "other charges" related to mortgage loans would have become finance charges.

- The proposed rule also would have required creditors to keep records of the Loan Estimate and Closing Disclosure forms provided to borrowers in an electronic, machine readable format to make it easier for regulators to monitor compliance. Based on public comments that were received raising implementation and cost concerns regarding these two proposals, the Bureau determined not to finalize these provisions in the final rule.
- The Bureau also decided not to require disclosure of the "cost of funds" that had been mandated by the Dodd-Frank Act, and that caused confusion during its consumer testing. The "cost of funds" was "the approximate amount of the wholesale rate of funds in connection with the loan." The proposal would have required creditors to disclose on the Closing Disclosure the approximate cost of funds used to make a loan.

**Executive Summary**

As discussed in more detail below, the final rule requires the use of two new forms---the three page "Loan Estimate" (which replaces the Good Faith Estimate (GFE) and the initial Truth in Lending disclosure) and the five page "Closing Disclosure" (which replaces the HUD-1 and final Truth in Lending disclosure). The rule requires that the Loan Estimate must be provided within three days from receipt of a mortgage loan application while the Closing disclosure must be provided at least three business days before loan closing.

For more than 30 years, Federal regulations have required lenders to provide two different disclosure forms to borrowers applying for a mortgage loan. The regulations have generally required two different forms at or shortly before loan closing. Two different Federal agencies developed these disclosure forms separately, under two Federal statutes: the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA). The information on these forms overlaps and the language is inconsistent. For these reasons, borrowers and lenders often find the forms confusing. Lenders and settlement agents also find the forms burdensome to provide and explain.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) directs the Consumer Financial Protection Bureau (CFPB) to integrate all of these mortgage loan disclosures.

The November 2013 TILA/RESPA integrated disclosure final rule provides a detailed explanation of how the two forms should be completed and used. The first new form (the Loan Estimate) will provide disclosures that will help borrowers to understand the key features, costs, and risks of the mortgage for which they are applying. The second form (the Closing Disclosure) will provide disclosures that will help borrowers to understand all of the costs of the transaction.
Scope of the TILA-RESPA Rule

The new rule applies to most closed-end consumer mortgages made by a creditor as defined in Regulation Z Section 1026.2(a)(17).

However, the new rule does not apply to:

- Home equity lines of credit,
- Reverse mortgages*, or
- Mortgage loans secured by a mobile home or by a dwelling that is not attached to real property.

* Reverse mortgage disclosures will continue to be governed by Regulation X (the existing Good Faith Estimate and the HUD settlement statement), until the Bureau addresses them in a separate, future rulemaking.

Under the new rule, the existing RESPA exemption on property of 25 acres or more is eliminated to make Regulation X (RESPA) more consistent with Regulation Z (TILA). The CFPB believes that most of these loans will be exempt under other exempted categories, such as loans for business, commercial or agricultural purposes. If a loan on property of 25 acres or more is not exempt by one of these other categories, the CFPB believes that the new integrated disclosures will be useful to the consumer.

Partial Exemption: Loans subject to the new integrated disclosure requirements, as well as certain federally related mortgage loans that satisfy specified criteria associated with certain housing assistance programs for low- and moderate-income persons, are exempt from the requirements to provide:

- The RESPA Special Information Booklet (settlement costs),
- The RESPA Good Faith Estimate (GFE),
- The RESPA settlement statement (HUD-1, HUD-1A), and
- The mortgage servicing transfer disclosure.

Effective Date:

The new rule is effective on October 3, 2015. The rule applies to transactions for which the creditor or mortgage broker receives an application on or after this effective date.

CFPB Issues Final Rule Delaying the Effective Date of the TILA-RESPA Integrated Disclosure Rule to October 3, 2015

On June 24, 2015, The Consumer financial Protection Bureau (CFPB or Bureau) issued a proposed rule to delay the effective date of the TILA-RESPA Final Rule and Amendments to October 3, 2015.
The proposed rule stated that because of an administrative error on the Bureau’s part in complying with the CRA (Congressional Review Act) with respect to the TILA-RESPA Final Rule, the final rule cannot take effect until at the earliest August 15, 2015.

Section 801 of the CRA requires a Government agency to submit a rule report, which includes a copy of the rule to each House of Congress and to the Comptroller General of the Government Accountability Office (GAO). Under the CRA, a rule cannot take effect until 60 days after publication in the Federal Register or 60 days after receipt of the rule report by Congress, whichever is later. Although the TILA-RESPA Final Rule was published on December 31, 2013, the rule report had not been submitted to Congress in time to permit the TILA-RESPS Rule to become effective on August 1, 2015. The Bureau recently discovered that it inadvertently had not submitted the rule report to Congress as required. However, immediately upon discovering its error, the Bureau submitted the rule report to both Houses of Congress and the GAO on June 16, 2015.

In the Proposal, the Bureau requested comments regarding the proposed extension of the effective date to October 3, 2015, as well as alternative dates for extension, including the option of allowing the rule to take effect on the CRA Effective Date of August 15, 2015.

After a comment period of nearly two weeks and a two week period for reviewing comments, the CFPB has issued a final rule on June 21, 2015 to delay the effective date of the TILA-RESPA Final Rule and Amendments to October 3, 2015 and to finalize the related technical amendments in the Proposed Rule.

The Bureau opted for a brief additional delay to October 3, 2015 rather than August 15 for a number of reasons including the belief that a mid-month effective date of August 15 would likely pose implementation challenges and provide limited time to fully test all systems and components to ensure that each system works with others in an effective manner that enables a creditor to maintain compliance with the rule.

The final rule also includes technical corrections to two provisions that affect amounts on the Closing Disclosure: (1) Including the amount disclosed for certain personal property sales in the amount disclosed as “Final” for Adjustments and Other Credits item and (2) Including lender credits in the amount disclosed as Closing Costs Paid at Closing.

However, the final rule doesn’t provide a safe harbor period for legal liability and enforcement through the end of the year as requested by CUNA in its Comment Letter on the Proposed Rule. CUNA will continue to pursue a safe harbor period through the end of 2015.

Use of Correct Forms:
The Loan Estimate, Closing Disclosures and the Special Information Booklet required under the new TILA-RESPA Integrated disclosure Final Rule must not be used for any loans whose applications are received on or before October 2, 2015. Instead, disclosures required under the existing TILA and RESPA rules such as the GFE and early TIL disclosures as well as the HUD-1 form and final TIL disclosures must be provided for loans whose applications are received on or before October 2, 2015, even if the loan is consummated after the effective date of October 3, 2015.

The Loan Estimate, Closing Disclosures and the Special Information Booklet required under the new TILA-RESPA Integrated disclosure Final Rule must only be used for loans whose applications are received on or after October 3, 2015.

In addition, loans that are not subject to the TILA/RESPA rule such as Reverse Mortgages, HELOCs, mobile home loans or loans secured by a dwelling that is not attached to real property MUST NOT use the new Loan Estimate form or the Closing Disclosure form, but rather must continue to receive the GFE, early TIL disclosures, and the HUD-1 and final TIL disclosures regardless of whether the application is received on or before October 2, 2015 or received on or after October 3, 2015.

Therefore, credit unions that make loans covered by TILA-RESPA as well as loans that are not subject to the TILA-RESPA rule including reverse mortgages, HELOCs, and mobile home loans or loans secured by a dwelling that is not attached to real property) must have a processing system (or a dual system) that can accommodate both the existing forms as well as the new forms on an ongoing basis.

Exceptions:

The following provisions become effective on October 3, 2015, without respect to whether an application has been received on that date:

- Pre-disclosure activities - fee restrictions and written information regarding estimated terms and costs prior to disclosure (§ 1026.19(e)(2)), and

- Provisions addressing the preemption of inconsistent state disclosure laws (§ 1026.28(a)(1)), as well as the commentary regarding the "substantial similarity" standard used to grant state exemptions (§ 1026.29).

The Closing Disclosure:

The Closing Disclosure form replaces the current form used to close a loan, the HUD-1, which was required by HUD under RESPA. It also replaces the revised Truth in Lending disclosure required by the Federal Reserve Board under TILA. The rule and the Official Interpretations contain detailed instructions as to how each line on the Closing Disclosure form should be completed. The Closing Disclosure form contains additional
new disclosures required by the Dodd-Frank Act and a detailed accounting of the settlement transaction.

The requirements for the Closing Disclosure are covered in Reg. Z Section 1026.19(f), while the formatting requirements are covered in Section 1026.38.

Timing of Disclosure:

For most mortgage loans, the credit union must give the Closing Disclosure form to borrowers so that they receive it at least three business days before loan consummation. If the Closing disclosure is provided to the borrower in person, it is considered received at that time. If the Closing Disclosure is mailed to the borrower or delivered by means other than presenting the form to the member in person, the borrower is considered to have received the disclosure three business days after it is mailed or delivered. However, if a creditor has evidence that the borrower received the closing disclosure earlier than three business days after it is mailed or sent, the creditor may rely on that evidence and consider the closing disclosure to have been received on that date.

If loan consummation is scheduled at any time during the waiting period, the creditor generally must postpone consummation, unless consummation within the waiting period is necessary to meet a bona fide personal financial emergency of the borrower and the borrower has complied with requirements for waiving the waiting period.

For loans involving timeshares, the Closing Disclosure must be provided no later than consummation.

Additionally, Settlement Agents must provide the Seller a copy of the Closing Disclosure no later than the day of consummation.

Waiver of Timing Requirements:

After receiving the Closing Disclosure, a member may waive or modify the three-business-day waiting period in order to expedite loan consummation, if the borrower determines that an immediate extension of credit is needed to meet a bona fide personal financial emergency – not simply for convenience purposes. The CFPB notes that waivers should be provided with the delivery of the Closing Disclosure and should be based on a justification contained in a written statement provided by the borrower/s and signed by all borrowers primarily liable on the legal obligation.

Note that the waiver statement must be hand-written (by the borrower or borrowers) because the rule prohibits the creditor from providing the borrower with a pre-printed waiver form.

Some examples of bona fide personal financial emergencies, include, but are not limited to---a sudden unforeseen mandatory military service deadline, or an unforeseen
medical emergency—depending on the facts and circumstances of each individual case.

**Borrower’s Right to Inspect the Closing Disclosure Prior to Consummation:**

At the borrower’s request, by the business day before consummation, a creditor must permit the borrower to inspect the Closing Disclosure, although the creditor may omit items related only to the seller’s transactions. (Section 1026.19(f)(2i))

**Estimates in Closing Disclosures:**

Creditors may provide estimates in the Closing Disclosure using the best information reasonably available when the actual term is unknown to the creditor at the time disclosures are made. The “reasonably available” standard requires that the creditor, exercise due diligence in obtaining the information. For example, the creditor must at a minimum use generally accepted calculation tools, but is not required to invest in the most sophisticated computer program to make a particular type of calculation.

In addition, the creditor may rely on the representations of other parties in obtaining information regarding disclosures. For example, the creditor might rely on the borrower for the time of consummation, to insurance companies for the cost of insurance, to real estate agents for real estate taxes and escrow fees, or to a settlement agent for homeowner's association dues or other information in connection with a real estate settlement.

However, the creditor has not exercised due diligence in obtaining information about the cost of the lender’s title insurance policy required under the “reasonably available” standard when the creditor does not request the actual cost of the lender’s title insurance policy from the title insurance company and instead discloses an estimate based on information from a different real estate transaction.

If the creditor has provided an estimate in the Closing Disclosure, the creditor is required to provide corrected disclosures containing the actual terms of the mortgage loan transaction at or before consummation. NOTE: The creditor will only have two to three days to discover or obtain the actual terms in order to provide the revised Closing Disclosure at or before consummation.

**Definition of Business Day:**
The definition of business day is different for purposes of providing the Closing Disclosure than it is for purposes of providing the Loan Estimate. For purposes of providing the Closing Disclosure, business day is defined as all calendar days except Sundays and certain public holidays including New Years Day, Martin Luther King Jr’s Birthday, Washington’s Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day.

For purposes of providing the Loan Estimate, the general definition of “business day” in § 1026.2(a)(6)—a day on which the creditor’s offices are open to the public for substantially all of its business functions—must be used.

The TILA-RESPA rule prohibits the mortgage loan from being consummated less than three business days after the closing disclosure is received by the borrower unless the borrower has a bona fide personal financial emergency which would require consummation within the three day period.

**Consummation Defined:**

Consummation occurs when the borrower or consumer becomes contractually obligated to the creditor on the loan, not when the consumer becomes contractually obligated to a seller on a real estate transaction. The consumer becomes contractually obligated to the seller on a real estate transaction when the consumer signs a purchase agreement agreeing to purchase real estate from the seller. Closing or settlement is when ownership of the real estate is transferred from the seller to the buyer or consumer.

The point in time when a consumer becomes contractually obligated to the creditor on the loan depends on applicable State law. In some states consummation occurs when the loan documents are signed and in other states consummation occurs when the loan funds are disbursed. So creditors and settlement agents should determine when consummation will occur in their particular state and make sure the Closing Disclosure is provided to the borrower at least three business days prior to consummation.

Changes before Consumption not requiring a new three-day waiting period:
If the Closing Disclosure becomes inaccurate before consummation, the creditor shall provide corrected disclosures reflecting any changed terms to the borrower at or before consummation. The creditor shall also permit the borrower to inspect the disclosures that have been changed, setting forth those items that are known to the creditor at the time of inspection, during the business day immediately preceding consummation, but the creditor need not permit the borrower to inspect items related only to the seller's transaction.

**Changes before Consummation requiring a new three-day waiting period:**

If the credit union makes any of the following significant changes between the three-day waiting period when the Closing Disclosure form is provided and consummation, then the creditor must provide a revised Closing Disclosure to the borrower and must provide an additional three-business-day waiting period after receipt of the new form before consummation can occur:

- Changes to the APR above 1/8 of a percent for most loans (and 1/4 of a percent for loans with irregular payments or periods),
- Changes the loan product, or
- The addition of a prepayment penalty to the loan,

Less significant changes can be disclosed on a revised Closing Disclosure form provided to the member at or before closing - without delaying the closing.

This requirement is intended to provide the protection to consumers of an additional three-day waiting period for significant changes, but not cause closing delays for less significant changes that may frequently occur.

**Examples of Situations Involving Changes to the APR, Changes to the Loan Product or Changes to a Prepayment Penalty:**

1. Consummation is scheduled for Tuesday, October 13 and the Closing Disclosure received by the borrower on Thursday, October 8 disclosed an APR of 7.00 percent. On Tuesday, October 13, the APR will be 7.10 percent. The creditor is not required to delay consummation in order to provide a corrected Closing Disclosure because the APR is still considered accurate---the APR has not changed by more than 1/8 of a percent. However, the creditor is still required to provide a corrected Closing Disclosure to the borrower on or before consummation that shows the increased APR.

2. Same facts as above, but instead the APR will be 7.15 percent on Tuesday, October 13. The APR is now inaccurate because it has changed more than 1/8 of
a percent. The creditor must delay consummation and provide a corrected Closing disclosure, which discloses the higher APR and any other changed terms, so that the borrower receives the revised Closing Disclosure at least three business days before the new consummation date.

3. Consumption is scheduled for Thursday, November 5 and the Closing Disclosure received by the borrower on Monday, November 2, disclosed the loan product as a “Fixed-Rate” closed-end mortgage loan. On Thursday, November 5, prior to consummation, the loan product changes to a “Variable-Rate” closed-end mortgage loan. The creditor must provide corrected disclosures to the borrower and delay consummation until at least three days after receipt of the revised Closing Disclosure by the borrower.

4. Consumption is scheduled for Wednesday, October 28 and the Closing Disclosure was received by the borrower on Saturday, October 24 did not disclose a prepayment penalty. On Tuesday, October 27 a prepayment penalty is added to the mortgage loan transaction so that the closing disclosure becomes inaccurate. The creditor must provide a revised Closing Disclosure and delay consummation until at least three days after receipt of the revised Closing Disclosure by the borrower.

5. In the above example, if at any time between receipt of the revised Closing Disclosure by the borrower and consummation, the prepayment penalty is removed so that the description of the prepayment penalty in the Closing disclosure again becomes inaccurate, the creditor must provide a second revised Closing Disclosure and ensure that the borrower receives it at or before consummation. In this example, the creditor is not required to delay consummation again because a delay in consummation is only required when a prepayment penalty is added to the mortgage loan transaction.

Examples of Situations Involving Changes Before Consummation That do Not Require a New Waiting Period:

1. Consumption is scheduled for Thursday, May 7 and the Closing Disclosure was received by the borrower on Monday, May 4. A walk-through inspection was conducted on Wednesday, May 6. During the walk-through, the borrower discovered damage to the dishwasher. The seller agrees to credit the borrower $400 towards a new dishwasher. The creditor must provide a revised Closing Disclosure to the borrower at or before consummation on Thursday. In this case, the creditor does not need to provide a new three-day waiting period prior to consummation.

2. Consumption is scheduled for Friday, May 8 and the Closing disclosure was received by the borrower on Tuesday, May 5. A walk-through inspection occurred on Wednesday morning, May 6. As a result of negotiations between the buyer (borrower) and seller, the total amount due from the buyer is increased by $500. In addition, on Wednesday the Creditor discovers that the homeowner’s insurance premium that was originally disclosed as $700 is actually $750. The
new $500 amount due and the $50 insurance premium understatements are not considered violations of the disclosure requirements (Section 1026.19(f)(1)(i)). However, the creditor must provide corrected disclosures that reflect the $550 increase so that the borrower receives them at or before consummation (Section 1026.19(f)(2)(ii).

**Revisions Due to Events After Consummation:** If during the 30-day period after consummation, an event in connection with the settlement of the mortgage occurs that causes the Closing Disclosure to become inaccurate, and the inaccuracy results in a change to an amount actually paid by the borrower or the seller from the amount that was previously disclosed, the credit union or settlement agent must deliver or place in the mail corrected disclosures to the member not later than 30 days after receiving information sufficient to establish that the event has occurred.

**Revisions Due to Clerical Errors:** Credit unions must correct non-numeric clerical errors no later than 60 days after consummation.

**Revisions Due to GFE Refunds:** If the credit union is required to refund settlement costs to the consumer due to a GFE discrepancy, the credit union must deliver or place in the mail corrected disclosures that reflect the refund within the 60-day period.

**CHARGES DISCLOSED:**

Actual charge. The amount imposed upon the borrower or the seller for any settlement service shall not exceed the amount actually received by the settlement service provider for that service, except as otherwise provided in paragraph (f)(3)(ii).

**Settlement Agents:**

A settlement agent is allowed to provide the Closing Disclosure to the borrower, as long as the settlement agent complies with all necessary requirements as if it were the creditor. The credit union and settlement agent must agree on a division of responsibilities regarding the delivery or the disclosures. For example, the credit union and settlement agent may agree that the credit union will provide the Closing Disclosure three business days before closing and the settlement agent will provide any corrected Closing Disclosures at closing.
However, the credit union is ultimately responsible for ensuring compliance with the requirements for the Closing Disclosure.

Currently, settlement agents are required to provide the HUD-1 under RESPA, while creditors are required to provide the revised Truth in Lending disclosure under TILA. Over the years there has been some uncertainty regarding the role of the settlement agent. Under the new rule, the creditor is responsible for delivering the Closing Disclosure form to the borrower, but may use settlement agents to provide the disclosure, as long as they comply with the final rule’s requirements for the Closing Disclosure. The new rule is intended to allow for sufficient flexibility for creditors and settlement agents to arrive at the most efficient means of preparation and delivery of the Closing Disclosure to consumers.

Transactions Involving a Seller:

Provision to Seller: In a closed-end mortgage loan transaction involving a seller, other than a reverse mortgage, the settlement agent must provide the seller with the Closing Disclosure that reflects the actual terms of the seller’s transaction.

Timing: The settlement agent must provide the disclosures no later than the day of consummation. When the borrower’s and seller’s disclosures are provided on separate documents, the settlement agent must provide to the creditor (if the creditor is not the settlement agent) a copy of the disclosures provided to the seller.

Escrow Notices:

The Dodd-Frank Act amended the Truth-in-Lending Act to establish requirements for escrow accounts for first-lien mortgage loans secured by the borrower’s principal dwelling. These amendments would have required creditors to provide the following three distinct escrow notices depending on circumstances:

- a Pre-Consummation Escrow Establishment Disclosure when an escrow account is initially established for the collection and payment of property taxes and insurance premiums;
- a Pre-Consummation Escrow Waiver Disclosure when an escrow account is not established in connection with the mortgage loan; and
- a Post-Consummation Escrow Cancellation Notice when the escrow account is cancelled by the borrower after consummation.

However, the CFPB instead decided to combine information from the first two escrow notices in the subheading “Escrow Account” in the TILA-RESPA Integrated Final rule’s Closing disclosure pursuant to Regulation Z Section 1026.38(l)(7).
Requirements for the “Post-Consummation Escrow Cancellation Notice” are contained in Regulation Z Section 1026.20(e).

No Fees for Closing Disclosure Preparation

No fee may be imposed on any person, as a part of the settlement costs or otherwise, by a creditor or by a servicer for the preparation or delivery of the Closing Disclosure.

Record Retention

3 years: A creditor must retain evidence of compliance with the requirements for the new Loan Estimate (§1026.19(e)) and new final disclosures (§1026.19(f) - except for the Closing Disclosure) for three years after the later date of:

- closing,
- the date disclosures are required to be made, or
- the date the action is required to be taken.

The CFPB clarifies that the creditor must retain evidence that it performed the required actions as well as made the required disclosures. For example, evidence that the creditor properly differentiated between affiliated and independent third party settlement service providers for determining a good faith estimate, or evidence that the creditor properly documented the reason for revisions, or evidence that the creditor properly calculated average costs.

5 years: The Closing Disclosures are an exception to the three-year record retention requirement. The Closing Disclosures, which include the settlement information, must be retained for five years after settlement, even after the credit union sells, transfers, or otherwise disposes of its interest in the loan. This is a change from the current Regulation X record retention requirements, which do not require creditors to maintain these documents if they dispose of their interest in the mortgage loan and do not service the loans.

Electronic Records: The CFPB considered requiring creditors to keep records of the Loan Estimate and Closing Disclosure forms provided to consumers in an electronic, machine readable format to make it easier for regulators to monitor compliance. CUNA, along with many other state credit union associations and credit unions, strongly argued against the requirement for the machine readable format due to excessive compliance costs.

As a result, the Bureau did not include these changes in the final rule, but continues to believe these ideas may have benefits for consumers and industry and intends to
continue studying the issue. After additional study, the Bureau may propose a new rule regarding electronic records.

**State Law Preemption**

State laws are preempted by the rule to the extent of their inconsistencies with the new integrated disclosure forms. States, creditors, and other interested parties are permitted to request a determination by the CFPB regarding such inconsistencies. If the Bureau determines that a State-required disclosure is inconsistent, creditors located in that State may not make disclosures using the inconsistent term or form, and will incur no liability under the State law for failure to use them - unless the Bureau's determination is subsequently amended, rescinded, or determined invalid.

**Closing Disclosure Model Forms:**

The content and formatting requirements for the Closing disclosure are contained in Regulation Z Section 1026.38. The Closing Disclosure consists of a 5-page document.

**General Content:**

- Page 1: General Information, the Loan Terms table, the Projected Payments table, and the Costs at Closing table
- Page 2: Costs---Loan Costs, Other Costs
- Page 3: Cash to Close and Summaries
- Page 4: Additional Loan Information---Loan Disclosures, Escrow Account, AP and AIR Tables (when applicable)
- Page 5: Other Information---Loan Calculations, Other Disclosures, Contact Information, Confirm Receipt

**Detailed content of the 5-Page Closing Disclosure:**

**CLOSING DISCLOSURE--PAGE 1:**
# Closing Disclosure

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

<table>
<thead>
<tr>
<th>Closing Information</th>
<th>Transaction Information</th>
<th>Loan Information</th>
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## Loan Terms

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<tr>
<td>Interest Rate</td>
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</table>

## Monthly Principal & Interest

See Projected Payments below for your Estimated Total Monthly Payment

### Does the loan have these features?

- Prepayment Penalty
- Balloon Payment

## Projected Payments

### Payment Calculation

- Principal & Interest
- Mortgage Insurance
- Estimated Escrow
  - Amount can increase over time

### Estimated Total Monthly Payment

<table>
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<th>This estimate includes</th>
<th>In escrow?</th>
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<td>See page 4 for details</td>
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</tr>
</tbody>
</table>

## Costs at Closing

### Closing Costs

Includes in Loan Costs + in Other Costs – in Lender Credits. See page 2 for details.

### Cash to Close

Includes Closing Costs. See Calculating Cash to Close on page 3 for details.

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CUNA’s CompNotes - The Closing Disclosure  
Mike McLain, Senior Federal Compliance Counsel  
March 2015
Content of Page 1:

At the top of page 1—disclose Closing Information, Transaction Information, and Loan Information (Section 1026.38(a)).

Closing Information:

- Date Issued is the date the Closing Disclosure is delivered to the borrower,
- The Closing Date,
- The Disbursement Date,
- The name of the Settlement Agent,
- As File #—the Settlement Agent’s file number,
- The Property address or location, and
- For the property securing the loan:
  - Sale Price,
  - Appraised Property Value, or
  - Estimated Property value (Section 1026.38(a)(3))

The “Appraised Property Value” is disclosed for transactions without a seller. The “Estimated Property Value” is disclosed if the creditor has not obtained an appraisal for transactions without a seller.

Transaction Information:

Disclose the name of the consumer as “Borrower.” The name of the seller as “Seller,” and the name of the creditor as “Lender.” The name and address of each consumer and seller in the transaction must be disclosed. If there is not enough space to show the name and address of all consumers and sellers in the transaction, an additional page may be used and attached to the end of the Closing Disclosure. Comment 38(a)(4)-1

Loan Information:

Disclose the Loan Term, Purpose, Product, and Loan Type, the creditor’s loan identification number as Loan ID#, and mortgage insurance case number, if required by the creditor, as MIC# under the Loan Information subheading. Section 1026.38(a)(5). The above information is determined by the same definitions for those items on the Loan Estimate. Although, these terms should be updated to reflect the terms of the legal obligation at consummation

**LOAN TERMS:**

The Loan Terms table on the Closing Disclosure discloses the same information required to be disclosed on the Loan Estimate, but updated, if necessary, to reflect the terms of the legal obligation at consummation Section 1026.38(b).

**PROJECTED PAYMENTS:**
The “Projected Payments” table on the Closing Disclosure discloses the same information required to be disclosed on the “Projected Payments” table on the Loan Estimate, updated, if necessary, to reflect the terms of the legal obligation at consummation. Section 1026.38(c); and Comment 38(c)-1

COSTS at CLOSING:

The “Costs at Closing” table discloses:

- The total amount disclosed as “Total Closing Costs” in the “Other Costs” table disclosed on page 2 of the Closing Disclosure. “Total Closing Costs” are also itemized to show the Total Loan Costs, the Total Other Costs, and Lender Credits from the Total Closing Costs subheading on page 2 of the Closing Disclosure. Section 1026.38(d)(1)(i), and
- The estimated cash the borrower will pay at, or receive from, closing as “Cash to Close.” This amount is the same as the “Cash to Close” calculated in the “Calculating Cash to Close” table on page 3 of the Closing Disclosure. Section 1026.38(d)(1)(ii).
- NOTE: From the final rule moving the effective date to October 3: A technical change states that the sales price of additional personal property can be included in the Adjustments and Other Credits amount.

ALTERNATIVE COSTS at CLOSING:

Provide the “Alternative Costs at Closing” table for transactions without a seller where the “Alternative Estimated Costs at Closing” table was provided on the Loan Estimate. Check boxes are used in order to indicate whether the amount of cash is due from or paid to the borrower at consummation.

If the Alternative Costs at Closing table is used, then the Alternative Calculating Cash to Close on page 3 of the Closing Disclosure must also be used.

CLOSING DISCLOSURE--PAGE 2:
# Closing Cost Details

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<th>Borrower-Paid</th>
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<td>D. TOTAL LOAN COSTS (Borrower-Paid)</td>
<td>Loan Costs Subtotal (A + B + C)</td>
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<td>E. Taxes and Other Government Fees</td>
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<td>02 Mortgage Insurance Premium ( mo.)</td>
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<td>04 Property Taxes ( mo)</td>
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<td>G. Initial Escrow Payment at Closing</td>
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<td>I. TOTAL OTHER COSTS (Borrower-Paid)</td>
<td>Other Costs Subtotals (E + F + G + H)</td>
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CUNA's CompNotes - The Closing Disclosure
Mike McLain, Senior Federal Compliance Counsel
March 2015
Content of Page 2:

**Loan Costs:**

The number of items in the "Loan Costs" and "Other Costs" tables can be expanded and deleted to ensure that these tables fit onto page 2 of the Closing Disclosure. However, items that are required to be disclosed, even if they are not needed, such as Points in the "Origination Charges" subheading, cannot be deleted.

The amounts paid by the borrower, seller, and others for each item are disclosed. For items paid by the borrower or seller, the amount paid at or before closing is also entered into the applicable columns. To the extent that an individual item is paid by different parties and both at and before closing, the amounts associated with an item can be entered in multiple columns.

The Loan Costs and Other Costs tables can be disclosed on two separate pages of the Closing Disclosure. When used---these pages are numbered 2a and 2b. See Model Form H-25(H) in Appendix H to Regulation Z.

The items disclosed in the Loan Costs table generally should be the same as they were disclosed on the Loan Estimate, unless they need to be updated to reflect the terms of the legal obligation at consummation.

**Origination Charges---Loan Originator Compensation:**

Loan originator compensation is disclosed as Origination Charges, even though loan originator compensation is not disclosed on the Loan Estimate. Compensation from the borrower to a third-party loan originator is designated as “Borrower-Paid At Closing or Before Closing” on the Closing Disclosure.

Compensation from the creditor to a third party loan originator is designated as “Paid by Others” on the Closing Disclosure. A designation of (L) can be listed with the amount to indicate that the creditor pays the compensation as consummation. The amount of compensation from the creditor to the third party loan originator is the same as the amount of third-party compensation included in points and fees for purposes of determining the borrower’s ability to repay the loan. Compensation to individual loan originators is not calculated or disclosed on the Closing Disclosure.

**Services the Consumer Did and Did Not Shop For:**

Items that the borrower could have shopped for, but did not, are disclosed in the "Services Borrower Did Not Shop For" subheading, regardless of where the item was disclosed on the Loan Estimate.

When a borrower chooses a provider that was on the “Written List of Providers” for a service, that service is listed as “Service Borrower Did Not Shop For” in the “Closing Disclosure Loan Costs” table. Items disclosed as “Services Borrower Did Shop For” and
“Services Borrower Did Not Shop For” are re-alphabetized when an item is added to or removed from the Closing Disclosure, when compared to the Loan Estimate.

**Total Loan Costs:**

The amounts that are designated as “Borrower-Paid At or Before Closing are subtotaled as “Total Loan Costs (Borrower-Paid).” The amounts that are designated “Seller-Paid At or Before Closing” and “Paid by Others” are not subtotaled as “Total Loan Costs (Borrower-Paid).”

**Other Costs:**

Items to be disclosed in the “Other Costs” table should be disclosed as they would be disclosed on the Loan Estimate and updated, if necessary, to reflect the terms of the legal obligation and real estate transaction at consummation.

**Taxes and Other Government Fees:**

An itemization of “Transfer Taxes” paid by the borrower and seller is disclosed under the heading “Taxes and Other Government Fees,” instead of the total of “Transfer Taxes” to be paid by the borrower.

**Prepaids:**

Prepaids are items to be paid by the borrower in advance of the first scheduled payment of the loan. Prepaids are:

- Homeowner’s Insurance Premiums,
- Mortgage Insurance Premiums,
- Prepaid Interest,
- Property Taxes, and
- A maximum of three additional items.

Each item must include the applicable time period covered by the amount to be paid by the borrower and the total amount to be paid.

**Initial Escrow Payment at Closing:**

“Property Taxes” paid during different time periods can be disclosed as separate items. For example, general property taxes and property taxes to fund schools can be disclosed as separate items.

The last item disclosed in the initial “Escrow Payment at Closing” is the “Aggregate Adjustment.” The “Aggregate Adjustment” is calculated under Regulation X (RESPA).

**Other:**

Items are disclosed as “Other” to reflect costs incurred by the borrower or seller that were not required to be disclosed on the Loan Estimate. These costs include:
• Real estate brokerage fees,
• Homeowner or condominium association fees paid at consummation,
• Home warranties,
• Inspection fees, and
• Other fees paid at closing that are not required by the creditor or otherwise required to be disclosed elsewhere on the Closing Disclosure.

The amount of an earnest money deposit does not affect the amount of real estate commissions paid by the borrower or seller on the Closing Disclosure, even if the earnest money deposit is held by the real estate brokerage.

**Total Other Costs and Total Closing Costs:**

The total of all closing costs paid by the borrower, reduced by the “Lender Credit”, is disclosed as “Total Closing Costs (Borrower-Paid).” The total of items designated as “Borrower-Paid At or Before Closing,” “Seller-Paid At or Before Closing,” and “Paid by Others” are disclosed as “Closing Cost Subtotals.” Finally, the total amount of “Lender Credits,” if any, are disclosed and designated as “Borrower-Paid At Closing.”

**Lender Credits:**

All general lender credits, regardless of their reason or source, are included as “Lender Credits.” If the lender credit is attributable to a charge listed on Closing Disclosure page 2, then the amount should be listed with the item and designated as “Paid By Others.” A designation of (L) can be listed with the amount to indicate that the creditor pays the item at consummation.

The creditor should include the amount of any offset to resolve an excess charge by the creditor as “Lender Credits.” A statement that such an amount is paid by the creditor to offset an excess charge, with funds other than closing funds, is also included as part of “Lender Credits.”

**CLOSING DISCLOSURE--PAGE 3:**
## Calculating Cash to Close

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

<table>
<thead>
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<th></th>
<th>Loan Estimate</th>
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<th>Did this change?</th>
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<td>Total Closing Costs (J)</td>
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<td>Closing Costs Paid Before Closing</td>
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<td>Closing Costs Financed (Paid from your Loan Amount)</td>
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<td>Down Payment/Funds from Borrower</td>
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<td>Funds for Borrower</td>
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<td>Seller Credits</td>
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<tr>
<td>Adjustments and Other Credits</td>
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<tr>
<td>Cash to Close</td>
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## Summaries of Transactions

Use this table to see a summary of your transaction.

**Borrower’s Transaction**

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<td>K. Due from Borrower at Closing</td>
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<td>08 Adjustments for Items Paid by Seller in Advance</td>
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**Seller’s Transaction**

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<tr>
<td>N. Due from Seller at Closing</td>
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<tr>
<td>01 Excess Deposit</td>
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<tr>
<td>02 Closing Costs Paid at Closing (J)</td>
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<tr>
<td>03 Existing Loan(s) Assumed or Taken Subject to</td>
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<tr>
<td>04 Payoff of First Mortgage Loan</td>
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<td>05 Payoff of Second Mortgage Loan</td>
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<td>08 Seller Credit</td>
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<td>14 Adjustments for Items Unpaid by Seller</td>
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<tr>
<td>15 City/Town Taxes</td>
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<td>16 County Taxes</td>
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<td>17 Assessments</td>
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<tr>
<td><strong>Calculation</strong></td>
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<tr>
<td>Total Due to Seller at Closing (M)</td>
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<tr>
<td>Total Due from Seller at Closing (N)</td>
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<tr>
<td>Cash From To Seller</td>
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</tbody>
</table>
Content of Page 3:

The “Calculating Cash to Close” table and "Summaries of Transactions" table are disclosed. For transactions without a seller, a “Payoffs and Payments” table may be substituted for the “Summaries of Transactions" table and placed before the “Alternative Calculating Cash to Close” table.

Calculating Cash to Close:

The “Calculating Cash to Close” table has nine items listed in the table:

- Total Closing Costs,
- Closing Costs Paid Before Closing,
- Closing Costs Financed (Paid from your Loan Amount),
- Down Payment/Funds from Borrower,
- Deposit,
- Funds for Borrower,
- Seller Credits,
- Adjustments and Other Credits, and
- Cash to Close.

NOTE: From the final rule moving the effective date to October 3: A technical change states that the sales price of additional personal property can be included in the Adjustments and Other Credits amount.

The table has three columns to disclose the amount for each item as it was disclosed on the Loan Estimate, the “Final” amount for the item, and an answer to the question—“Did this Change?”

Generally, the amount disclosed in the Loan Estimate column is the same as the amount disclosed on the Loan Estimate or a revised Loan Estimate. The amounts disclosed in the Loan Estimate column are rounded to the nearest dollar in order to match the corresponding amount disclosed on the “Loan Estimate’s Calculating Cash to Close” table.

The amounts in the “Final” column are calculated using the same methods that were used for the “Calculating Cash to Close” TABLE ON THE Loan Estimate, except that the amounts used to determine the amounts are the amounts disclosed on the “Closing Disclosure” or determined at consummation.

When the answer to the question “Did this Change?” is yes, indicate where the borrower can find the amounts that have changed on the Loan Estimate. For example, if the “Seller Credit” amount changed, the creditor can indicate that the borrower should “See Seller Credits in Section L.”
Total Closing Costs:

In the “Final” column, “Total Closing Costs” is the same amount as the amount disclosed as “Total Closing Costs (Borrower-Paid) on page 2 of the Closing Disclosure. When the amount in the “Final” column is different from the amount in the “Loan Estimate” column, indicate that the borrower should see the “Total Loan Costs” or “Total Other Costs” tables, as applicable on page 2 of the Closing Disclosure.

Increases in Total Closing Costs That Exceed the Legal Limits:

When the increase in Total Closing Costs exceeds the legal limits, disclose a statement that an increase in closing costs exceeds the legal limits by the dollar amount of the excess in the “Did this Change?” column. A statement directing the borrower to the “Lender Credit” on page 2 must also be included if a credit to the borrower at closing for the excess amount is provided by the creditor.

Closing Costs Paid Before Closing:

The amount disclosed in the “Loan Estimate” column for the “Closing Costs Paid Before Closing” item is $0. The “Final” column should disclose the same amount designated as “Borrower-Paid Before Closing” in the “Closing Costs Subtotals” of the “Other Costs” table on page 2 of the Closing Disclosure.

Alternative Calculating Cash to Close Table For Transaction Without a Seller:

Disclose an “Alternative Calculating Cash to Close” table for transactions without a seller when the “Alternative Calculating Cash to Close” table was used on the Loan Estimate. The “Alternative Calculating Cash to Close” table has five items listed in the table:

- Loan Amount,
- Total Closing Costs,
- Closing Costs Paid Before Closing,
- Total Payoffs and Payments, and
- Cash to Close.

The table has three columns to disclose the amount for each item as it was disclosed on the Loan Estimate, the “Final” amount for the item, and an answer to the question “Did this Change?”

In addition, disclose “Closing Costs Financed (Paid from your Loan Amount)” in the third column of the “Final” item.

The amount disclosed in the “Loan Estimate” column is the same as the amount disclosed on the Loan Estimate or a revised Loan Estimate. The amounts disclosed in the “Loan Estimate” column are rounded to the nearest dollar in order to match the
corresponding amount disclosed on the Loan Estimate’s “Calculating Cash to Close” table.

Loan Amount:

“Loan Amount” should have the same amount disclosed, as a positive number, in the “Final” column as the “Loan Amount” in the “Loan Terms” table on page 1 of the Closing Disclosure.

Total Closing Costs:

“Total Closing Costs” should have the same amount disclosed in the “Final” column as the amount disclosed as “Total Closing Costs (Borrower-Paid)” on page 2, as a negative number. When the amount in the “Final” column is different from the amount in the “Loan Estimate” column, the creditor should indicate that the borrower should see the “Total Loan Costs” or “Total Other Costs” subheadings on page 2 of the Closing disclosure.

Increase in Total Closing Costs That Exceed The Legal Limit:

When the increase in Total Closing Costs exceeds the legal limits, disclose a statement that an increase in closing costs exceeds the legal limits by the dollar amount of the excess in the “Did this Change?” column. A statement directing the consumer to the “Lender Credit” on page 2 of the Closing Disclosure must also be included if a credit to the borrower at closing for the excess amount is paid by the creditor.

Closing Costs Paid Before Closing:

For “Closing Costs Paid Before Closing”, disclose $0 in the “Loan Estimate” column. The “Final” column should disclose the same amount designated as “Borrower-Paid Before Closing” in the “Closing Costs Subtotals” of the “Other Costs” table on page 2 of the Closing Disclosure as a positive number.

Total Payoffs and Payments:

“Total Payoffs and Payments,” should have the same amount in the “Final” column as the amount disclosed as “Total Payoffs and Payments” from the “Payoffs and Payments” table on page 3, as a negative number.

Cash to Close:

“Cash to Close” discloses the sum of “Loan Amount,” “Total Closing Costs,” “Closing Costs Paid Before Closing,” and “Total Payoffs and Payments” in the “Loan Estimate” and “Final” columns, with indications of whether the totals are due to or from the borrower.

Closing Costs Financed (Paid from your Loan Amount):
“Closing Costs Financed (Paid from your Loan Amount)” is the sum of the amounts in the “Final” column of the “Loan Amount” and “Total Payoffs and Payments.” The amount is disclosed only if the sum is greater than zero and no larger than the “Total Closing Costs” (deducting the amount in the “Final” column of “Closing Costs Paid Before Closing”).

Summaries of Transactions:

Use the “Summaries of Transactions” table to disclose the amounts associated with the real estate purchase transaction between the borrower and seller, together with closing costs, in order to disclose the amounts due from or payable to the borrower and seller at closing. A separate “Closing Disclosure” can be provided to the borrower and the seller that do not reflect the other party’s costs and credits by omitting certain disclosures on each separate Closing Disclosure.

In transactions without a seller, the creditor does not provide the “Seller’s Transaction” column as part of the Closing Disclosure. A creditor can also decide to replace the “Summaries of Transactions” table with a “Payoffs and Payments” table. When the “Alternative Cash to Close” and “Alternative Calculating Cash to Close” tables are used.

The “Summaries of Transactions” table is similar to the “Summary of Borrower’s Transaction” and “Summary of Seller’s Transaction” tables on the HUD-1 Settlement Statement provided under Regulation X prior to the effective date of the TILA-RESPA Integrated rule. There are some modifications to the Closing Disclosure related to the handling of the disclosure of the consumer’s “Deposit,” the disclosure of “Credits,” and other matters.

NOTE: From the final rule that changed the effective date, a technical change stated: Creditors must disclose the basis for any difference between the Adjustments and Other Credits disclosed on the Loan Estimate and the Adjustments and Other Credits disclosed as “Final” on the Closing Disclosure (unless the difference is due to rounding). Creditors may disclose the basis for the difference by providing a general or specific line cross-reference to the personal property sales price disclosed under Section 1026.38(j)(iii) as a basis for the calculation of the amount disclosed under Section 1026.38(i)(8)(ii).

Borrower’s Transaction:

A creditor can work with a Settlement Agent, and the Agent can disclose the “Borrower’s Transaction” column of the “Summaries of Transactions” table. Any references to the creditor would apply to the settlement agent when the Settlement Agent discloses the “Borrower’s Transaction” column.

Due From Borrower at Closing:
The amount due from Borrower at Closing is the sum of the following:

- Sale Price of Property,
- Sale Price of Any Personal Property Included in Sale,
- Closing Costs Paid at Closing,
- Other Borrower charges,
- Adjustments, and
- Adjustments for items Paid by the seller in Advance, pursuant to the terms of the real estate sale contract.

Personal Property is defined by State Law, but could include such items as carpets, drapes, and appliances. Manufactured homes are not considered personal property for purposes of the Closing Disclosure.

“Closing Costs Paid at Closing” is the amount designated as “Borrower-Paid At Closing” on page 2 of the Closing Disclosure.

Disclose other borrower charges owed by the borrower in the real estate closing not otherwise disclosed on page 2 of the Closing Disclosure as “Due from Borrower at Closing”. Some examples include the following:

- Amounts paid to any existing holders of liens on the property in a refinance transaction, and
- Any outstanding real estate property taxes.

These amounts are disclosed without a corresponding credit in the “Seller's Transaction” column.

Adjustments due from the borrower to be paid to the seller are disclosed in the following two places:

- First, amounts owed by the borrower that are neither disclosed on page 2 of the Closing Disclosure nor specifically required to be disclosed as “Due from Borrower at Closing”. Some examples include the following:
  - A balance in a seller's reserve account transferred to the borrower in connection with an assumed loan,
  - Rent that the borrower will collect after closing for a period of time prior to the closing, and
  - The treatment of any tenant security deposit.
- Second, additional adjustments are disclosed along with the time-period associated with the adjustment. Some examples include the following:
  - Taxes paid in advance for an entire year when the closing occurs prior to the expiration of the year,
  - Flood or hazard insurance premiums when the borrower is being substituted as an insured under the same policy,
  - Mortgage insurance in connection with an assumed loan,
Planned unit development or condominium association assessments paid in advance,
Fuel or other supplies on hand purchased by the seller which the borrower will use when the borrower takes possession of the property, and
Ground rent paid in advance by the seller.

**Paid Already By or on Behalf of Borrower at Closing:**

The amount “Paid Already by or on behalf of Borrower at Closing” is the sum of the following:

- Deposit,
- Loan Amount,
- Existing Loan(s) Assumed or Taken Subject to,
- Seller Credits,
- Other Credits, and
- Adjustments for items Unpaid by Seller pursuant to the terms of the real estate sale contract.

“Deposit” is the amount paid into a trust account by the borrower pursuant to a contract of sale. If the “Deposit” has been applied toward a closing cost paid by the borrower, the amount so applied should be deducted from the amount of the “Deposit”. No deduction in the amount of the “Deposit” is to be made for the payment of any real estate commission disclosed on page 2 of the Closing Disclosure.

“Existing Loan(s) Assumed” is the total amount of all loans that the borrower is assuming in the transaction, even if more than one loan is being assumed.

“Seller Credits” include any general credit to the borrower from the seller and includes a seller making an allowance to the borrower for items to purchase separately. If the seller’s agreement is attributable to a charge listed on page 2 of the Closing Disclosure, then the amount should be listed with the item and designated as “Seller-Paid at Closing” or “Seller-Paid Before Closing” on page 2 of the Closing Disclosure.

“Seller Credits” include any seller credits for issues identified at a walk-through of the Property.

“Other Credits” include a general credit from any party other than the seller or creditor. An example is a credit a borrower receives from a real estate agent. A description of the credit and the name of the party giving the credit must also be included. If the credit or rebate is attributable to a charge listed on page 2 of the Closing Disclosure, then the amount should be listed with the item and designated as “Paid by Others” on page 2 of the Closing Disclosure.
“Other Credits” include any transferred escrow balance in a refinance transaction. “Other Credits” also include a credit for any money or other payments made by family members associated with the transaction, along with a description of the nature of the funds.

Disclosure of any amount paid with funds other than closing funds by a borrower in connection with a subordinate loan payoff are disclosed with a statement that such amounts were paid with outside of closing funds.

Adjustments for Items Unpaid by Seller:

These are amounts due to the borrower to be paid by the seller and are disclosed in the following two places:

- First, items are disclosed along with the time-period associated with the item. Some examples include:
  - Taxes paid in arrears for an entire year when the closing occurs prior to the start of the year,
  - Flood or hazard insurance premiums when the borrower is being substituted as an insured under the same policy,
  - Mortgage insurance in connection with an assumed loan,
  - Planned unit development or condominium assessments not yet paid, and
  - Ground rent not yet paid by the seller.

- Second, additional amounts owed by the seller that are not disclosed on page 2 of the Closing Disclosure or specifically included as “Due from Seller at Closing.” Some examples include the following:
  - Utilities used but not paid for by the seller,
  - Rent collected in advance by the seller for a period extending beyond the closing date, and
  - Interest on loan assumptions.

Cash to Close to or From Borrower:

Under a subheading of “Calculation”:

- Disclose “Total Due from the Borrower at Closing” as a positive number.
- Disclose “Total Paid Already by or on Behalf of the Borrower at Closing” as a negative number.
- Disclose the sum of “Total Due from the Borrower at Closing” and “Total Paid Already by or on Behalf of the Borrower at Closing”. Disclose this sum as “Cash to Close from Borrower” when the sum is a positive number, and disclose the sum as “Cash to Close To Borrower” when the result is a negative number. The sum is disclosed as a positive number in either event.
Seller’s Transactions:
The Settlement Agent completes and discloses the “Seller’s Transaction” column of the “Summaries of transactions” table.

Due to Seller at Closing:
Disclose the amount “Due to Seller at Closing” as the sum of the following:

- The Sale Price of the Property,
- Sale Price of Any Personal Property Included in Sale,
- Adjustments, and
- Adjustments for items Paid by Seller in Advance due to the seller pursuant to the terms of the real estate sales contract.

“Personal Property” is defined by state law, but could include such items as carpets, drapes, and appliances. Manufactured homes are not considered personal property for purposes of the Closing Disclosure.

Adjustments due from the borrower to be paid to the seller are disclosed in two categories:

- First, amounts owed by the borrower that are neither disclosed on page 2 of the Closing Disclosure nor specifically required to be disclosed as “Due from Borrower at Closing.” Examples of these amounts include the following:
  - A balance in a seller’s reserve account transferred to the borrower in connection with an assumed loan,
  - Rent that the borrower will collect after closing for a period of time prior to the closing, and
  - The treatment of any tenant security deposit.
- Second, “Adjustments for Items Paid by Seller in Advance” are disclosed along with the time-period associated with the adjustment. Some examples include the following:
  - Taxes paid in advance for an entire year when the closing occurs prior to the expiration of the year,
  - Flood or hazard insurance premiums when the borrower is being substituted as an insured under the same policy,
  - Mortgage insurance in connection with an assumed loan,
  - Planned unit development or condominium association assessments paid in advance,
  - Fuel or other supplies on hand purchased by the seller which the borrower will use when the borrower takes possession of the property, and
  - Ground rent paid in advance by the seller.

Due from Seller at Closing:
Disclose the amount “Due from Seller at Closing” as the sum of the following:

- Any Excess Deposit,
- Closing Costs Paid at Closing by the Seller,
- Existing Loan(s) Assumed or Taken Subject to by the borrower,
- Payoff of First Mortgage Loan,
- Payoff of Second Mortgage Loan,
- Payment of other seller obligations,
- Seller Credit, Adjustments, and
- Adjustments for “Items Unpaid by Seller” due to the borrower pursuant to the terms of the real estate sale contract.

“Excess Deposit” is the amount of any deposit made by the borrower that has been disbursed to the seller prior to closing.

“Seller Credit” is an amount the seller is giving as a general credit not tied to a specific charge on page 2 of the Closing Disclosure or is making as an allowance to the borrower for items to purchase separately. The amount of “Seller Credit” would include any credits to the borrower as the result of a walk-through of the property prior to the closing. If the amount of a credit is attributable to a change listed on page 2 of the Closing Disclosure, then the amount should be listed with the applicable item on page 2 of the Closing disclosure and designated as “Seller-Paid At Closing” or “Seller-Paid Before Closing.”

Creditors must disclose the “Payoff of the First Mortgage Loan,” if any, and then the “Payoff of the Second Mortgage Loan,” if any. The payoff or satisfaction amounts for any additional seller obligations must be disclosed as separately itemized items.

Examples of these seller obligations include the following:

- Satisfaction of outstanding liens imposed due to Federal, State, or local income taxes.
- Real estate property tax liens,
- Judgments against the seller reduced to a lien on the property,
- Other obligations the seller wishes the Settlement Agent to pay from the seller’s proceeds at closing, and
- Funds to be held by the Settlement Agent for repairs or the payment of water, fuel, or other utility bills that cannot be prorated between the parties at closing because the amounts used by the seller prior to closing are not yet known at closing. Subsequent disclosure of a revised Closing Disclosure after the repairs are made or the utility bill is received is optional.

Creditors must disclose any amount paid with funds other than closing funds in connection with a subordinate loan payoff with a statement that such amounts were paid from outside of closing funds.
“Adjustments for Items Unpaid by Seller” due to the borrower to be paid by the seller pursuant to the real estate sales contract has the following two components:

- First, the creditor must disclose amounts owed by the seller with the time period associated with the adjustments, Examples include the following:
  - Taxes paid in arrears for an entire year when the closing occurs prior to the start of the year,
  - Flood or hazard insurance premiums when the borrower is being substituted as an assured under the same policy,
  - Mortgage insurance in connection with an assumed loan,
  - Planned unit development or condominium assessments not yet paid, and
  - Ground rent not yet paid by the seller.

- Second, the creditor must disclose amounts owed by the seller that are neither disclosed on page 2 of the Closing Disclosure nor specifically disclosed as “Due from Seller at Closing.” Examples of these amounts include the following:
  - Utilities used but not paid for by the seller,
  - Rent collected in advance by the seller from a tenant for a period of time extending beyond the closing date, and
  - Interest on loan assumptions.

**Cash to Close Due to or From Seller:**

Under a subheading of “Calculation”:

- Disclose “Total due to the Seller at Closing,” as a positive number.
- Disclose “Total Due from Seller at Closing,” as a negative number.
- Disclose the sum of the above totals as a positive number. When the result is a positive number, disclose the amount as “Cash to Seller.” When the result is a negative number, disclose the amount as “Cash from Seller.” The sum is disclosed as a positive number in either event.

**CLOSING DISCLOSURE---PAGE 4:**
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
☐ 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 ___ days late, your lender will charge a
late fee of _____________________________.

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 _____________________________.

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 as "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 for your escrowed property costs:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Escrowed Property Costs over Year 1</td>
<td>Estimated total amount over year 1 for your escrowed property costs:</td>
</tr>
<tr>
<td>Non-Escrowed Property Costs over Year 1</td>
<td>Estimated total amount over year 1 for your non-escrowed property costs:</td>
</tr>
</tbody>
</table>

Initial Escrow Payment
A cushion for the escrow account you pay at closing. See Section G on page 2.

Monthly Escrow Payment
The amount included in your total monthly payment.

☒ will not have an escrow account because ☒ you declined it ☐ your
lender does not offer one. You must directly pay your property
costs, such as taxes and homeowner’s insurance. Contact your
lender to ask if your loan can have an escrow account.

No Escrow

<table>
<thead>
<tr>
<th>Estimated Property Costs over Year 1</th>
<th>Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Escrow Withdrawal</td>
<td>Estimated Property Costs over Year 1:</td>
</tr>
</tbody>
</table>

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 (1) add
the amounts to your loan balance, (2) add an escrow account to your
loan, or (3) require you to pay for property insurance that the lender
buys on your behalf, which likely would cost more and provide fewer
benefits than what you could buy on your own.
Content of Page 4:

Loan Disclosures:

On Page 4 of the Closing Disclosure, a “Loan Disclosures” table is shown with the heading “Additional Information About This Loan.”

In the “Loan Disclosures” table, a creditor must disclose:

- Information concerning future “Assumption” of the loan by a subsequent purchaser,
- Whether the legal obligation contains a “Demand Feature” that can require early payment of the loan,
- The terms of the legal obligation that impose a fee for a Late Payment including the amount of time that passes before a fee is imposed and the amount of the fee or how it is calculated,
- Whether the regular periodic payments can cause the principal balance of the loan to increase, creating Negative Amortization,
- The creditor’s policy in relation to Partial Payments by the borrower,
- A statement that the borrower is granting a Security Interest in the Property (along with an identification of the Property), and
- Information related to any Escrow Account held by the servicer (or a statement that an Escrow Account has not been established with a description of estimated property costs during the first year after consummation).

Escrow Account:

When an Escrow Account is established, a creditor must disclose the following:

- The amount of Escrowed Property Costs over Year 1 with a list of the costs that will be paid by the Escrow Account,
- The amount of Non-Escrowed Property Costs over Year 1 with a list of the costs that will not be paid by the Escrow Account (to the extent there is room to list the costs in the space provided),
- Initial Escrow Payment, and
- Monthly Escrow payment.

When an Escrow Account is not established, a creditor must disclose the following:

- The amount of Estimated Property Costs over Year 1, and
- The amount of any Escrow Waiver Fee imposed for waiving the creation of an Escrow Account with the loan.

Property Costs include the following:
• Property Taxes,
• Homeowner’s Insurance,
• Charges imposed by a cooperative, condominium or homeowners association,
• Ground Rent, Leasehold payments, and
• Certain insurance premiums or charges if required by the lender.

The Initial Escrow Payment is the same amount disclosed as the subtotal of the Initial Payment at Closing on page 2 of the Closing Disclosure.

**Adjustable Payment (AP) Table:**

A creditor must disclose the “Adjustable Payment (AP) Table” when the periodic principal and interest payment may change after consummation, but not because of a change to the interest rate, or the loan is a seasonal payment product. If the loan does not contain these features, do not disclose the AP Table. The same information that was or would have been disclosed in the AP Table on the Loan Estimate is disclosed in the AP Table on page 4 of the Closing Disclosure, updated to reflect the terms of the loan at consummation.

**Adjustable Interest Rate (AIR) Table:**

A creditor must disclose the “Adjustable Interest Rate (AIR) Table when the loan’s interest rate may increase after consummation. If the loan’s interest rate will not increase after consummation, do not disclose the AIR Table. The same information that was or would have been disclosed in the AIR Table on the Loan Estimate is disclosed in the AIR Table on page 4 of the Closing Disclosure, updated to reflect the terms of the loan at consummation.

**CLOSING DISCLOSURE---PAGE 5:**

A creditor must disclose “Loan Calculations,” “Other Disclosures,” “Questions,” “Contact Information,” and if desired by the creditor, “confirm Receipt” tables on page 5 of the Closing Disclosure.
### Loan Calculations

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total of Payments: Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.</td>
<td></td>
</tr>
<tr>
<td>Finance Charge: The dollar amount the loan will cost you.</td>
<td></td>
</tr>
<tr>
<td>Amount Financed: The loan amount available after paying your upfront finance charge.</td>
<td></td>
</tr>
<tr>
<td>Annual Percentage Rate (APR): Your costs over the loan term expressed as a rate. This is not your interest rate.</td>
<td></td>
</tr>
<tr>
<td>Total Interest Percentage (TIP): The total amount of interest that you will pay over the loan term as a percentage of your loan amount.</td>
<td></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, you may lose this protection and have to pay any debt remaining even after foreclosure. You may want to consult a lawyer for more information.
  - ☐ state law does not protect you from liability for the unpaid balance.

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

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

### Contact Information

<table>
<thead>
<tr>
<th>Contact Information</th>
<th>Lender</th>
<th>Mortgage Broker</th>
<th>Real Estate Broker (B)</th>
<th>Real Estate Broker ($)</th>
<th>Settlement Agent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Address</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NMLS ID</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>License ID</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contact</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contact NMLS ID</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>License ID</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Email</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Phone</td>
<td></td>
<td></td>
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<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>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CUNA’s CompNotes - The Closing Disclosure
Mike McLain, Senior Federal Compliance Counsel
March 2015
Content of Page 5:

Loan Calculations:

A creditor must disclose the “Total of Payments,” the “Finance Charge,” the “Amount Financed,” the “APR,” and the “Total Interest Percentage (TIP)” in the Loan Calculations table. The “APR” and “TIP” amounts should be updated from the amounts disclosed on the Loan Estimate to reflect the terms of the legal obligation at consummation.

Other Disclosures:

A creditor provides the following disclosures in the Other Disclosures table:

- A statement related to the borrower’s rights in relation to any Appraisal conducted for the property,
- A statement informing the borrower of consequences of nonpayment, what constitutes default, when a creditor can accelerate maturity, and prepayment rebates and penalties pursuant to “Contract Details,”
- A statement of whether State law provides for continued borrower responsibility for any “Liability after Foreclosure,”
- A statement concerning the borrower’s liability to “Refinance” the loan, and
- A statement concerning the extent that interest on the loan can be included as a “Tax Deduction” by the borrower.

Appraisal:

A statement concerning the “Appraisal” must be provided for the following:

- Higher-priced Mortgage Loans, and
- Loans covered by the Equal Credit Opportunity Act.

If the loan is a Higher-priced Mortgage Loan, but is not covered by the Equal Credit Opportunity Act, the word “promptly” may be removed from the language provided on the model form.

Contact Information:

In the “Contact Information” table, the creditor must disclose the following information for the Lender, the Mortgage Broker, the borrower’s Real Estate Brokerage, the seller’s Real Estate Brokerage, and the Settlement Agent in a columnar format:

- Name,
- Address,
• The NMLS or State license ID, as applicable,
• The Contact name of an individual (and the NMLS or State license ID),
• Email, and
• Phone number.

Unused Columns may be removed and columns may be added for additional parties. For example:

• If there are two real estate brokers representing the seller, a column may be added to identify that party and a column for a party not involved in the transaction may be deleted.

**Confirm Receipt:**

The creditor, at its option, may include a line for the signatures of the borrowers to Confirm Receipt. If the creditor includes a signature line to Confirm Receipt, the creditor must also include a statement that the signature only signifies receipt of the Closing Disclosure.

If the creditor does not include a statement line or the borrower’s signature, it must add a statement to the Other Disclosures concerning Loan Acceptance that states: You do not have to accept this loan because you have received this form or signed a loan application.

**Model Forms and Sample Forms:**

• H-25(A): Closing Disclosure---Model Form
• H-25(B): Closing Disclosure---Sample---Fixed Rate Loan
• H-25(C): Closing Disclosure---Sample---Borrower Funds from Second-Lien Loan in Summaries of Transactions
• H-25(D): Closing Disclosure---Sample---Borrower’s Satisfaction of Seller’s Second-Lien Loan Outside of Closing in Summaries of Transactions
• H-25(E): Closing Disclosure---Sample---Refinance Transaction
• H-25(F): Closing disclosure---Sample---Refinance Transaction for amount in excess of 1026.19(e)(3)
Questions and Answers Regarding the Closing Disclosure:

Q: When must the new Closing Disclosure under the TILA-RESPA final rule be provided?

A: The TILA-RESPA final rule, which becomes effective on October 3, 2015, created two new forms---the Loan Estimate and the Closing Disclosure. The closing disclosure replaces the existing HUD-1 form and the TILA/Regulation Z final loan disclosures. Creditors are generally required to provide the closing disclosure to borrowers no later than three business days prior to loan consummation.

Q: The TILA-RESPA rule requires creditors to provide the Closing Disclosure three business days before consummation. Is consummation the same thing as closing or settlement?

A: No. consumption might occur at the same time as closing or settlement, but consummation is an entirely different event. Consumption occurs when the borrower or consumer becomes contractually obligated to the creditor on the loan, not when the consumer becomes contractually obligated to a seller on a real estate transaction. The consumer becomes contractually obligated to the seller on a real estate transaction when the consumer signs a purchase agreement agreeing to purchase real estate from the seller. Closing or settlement is when ownership of the real estate is transferred from the seller to the buyer or consumer.

The point in time when a consumer becomes contractually obligated to the creditor on the loan depends on applicable State law. In some states consummation occurs when the loan documents are signed and in other states consummation occurs when the loan funds are disbursed. So creditors and settlement agents should determine when consummation will occur in their particular state and make sure the Closing Disclosure is provided to the borrower at least three business days prior to consummation.
Q: Under the TILA-RESPA rule which becomes effective on October 3, 2015, do creditors, including credit unions, have to use the CFPB’s Closing Disclosure Model Form---H-25?

A: Generally, Yes. For loans that are subject to the TILA-RESPA rule that are also federally-related mortgage loans subject to RESPA, form H-25 is a standard form which must be used by creditors.

For other loans subject to the TILA-RESPA rule that are not federally related mortgage loans, form H-25 is a model form, which means that creditors are not required to use form H-25, but may use another form as long as the disclosures in that other form contain the exact same information and contains headings, content, and format substantially similar to model form H-25.

Q: What are the timing and delivery requirements for the TILA-RESPA final rule’s “Closing Disclosure?”

A: Creditors are responsible for ensuring that the borrower receives the Closing Disclosure form no later than three business days before loan consummation.

Creditors may deliver the Closing Disclosure by:

- Providing it to the borrower in person,
- Mailing it to the borrower, or
- Other delivery methods including by e-Mail. (Subject to compliance with the consumer consent and other provisions in E-SIGN).

If the closing disclosure is provided in person to the borrower, it is considered received on the day it is provided. If the closing disclosure is mailed or sent electronically, the borrower is considered to have received it three business days after the closing disclosure is placed in the mail or three business days after it is sent electronically.

However, if a creditor has evidence that the borrower received the closing disclosure earlier than three business days after it is mailed or sent, the creditor may rely on that evidence and consider the closing disclosure to have been received on that date.

Q: Can a Settlement Agent provide the Closing Disclosure required by the CFPB’s TILA-RESPA Integrated final rule on behalf of the creditor?
A: Yes, Creditors may contract with settlement agents to require the settlement agent to provide the Closing Disclosure to borrowers on the creditor’s behalf. In addition, settlement agents and creditors may also agree to divide responsibility for completing the Closing Disclosure with each party completing portions of the closing disclosure or they may agree that the settlement agent complete the entire closing disclosure.

Q: In a purchase transaction, who is responsible for providing the CFPB’s TILA-RESPA Integrated rule’s Closing Disclosure to the seller?

A: The settlement agent is required to provide the seller with a Closing Disclosure that reflects the actual terms of the seller’s transaction.

The settlement agent may comply by providing the seller with a copy of the Closing Disclosure that was provided to the borrower (buyer) if that form also contains all of the information relating to the seller’s transaction.

The settlement agent may also provide the seller with a separate disclosure that only includes information relating to the seller’s transaction. However, in this case, the settlement agent must also provide the creditor with a copy of the disclosure provided to the seller.

Q: Who must receive the TILA-RESPA Integrated rule Closing Disclosure when there is more than one borrower involved in the loan transaction?

A: In loans subject to the right of rescission, the Closing Disclosure must be provided to each borrower who has the right to rescind the loan under Reg. Z Section 1026.23.

For loans that are not subject to the right of rescission, the Closing Disclosure may be provided to any borrower with primary liability on the loan. Creditors may provide the Closing Disclosure to each borrower in this situation, even though they are not required to do so.

Q: When does the TILA-RESPA Integrated rule’s Closing Disclosure have to be provided to the Borrower?

A: Creditors must ensure that borrowers receive the Closing Disclosure at least three business days before loan consummation for most mortgage loans. Remember, “consummation” is the time that a borrower becomes contractually obligated on the mortgage loan. However, consummation may not coincide with the settlement or closing of the real estate transaction.
For timeshare transactions, the Closing Disclosure must be received on or before actual consummation.

The definition of business day is different for purposes of providing the Closing disclosure than it is for purposes of providing the Loan Estimate. For purposes of providing the closing disclosure, business day is defined as all calendar days except Sundays and certain public holidays including New Years Day, Martin Luther King Jr’s Birthday, Washington’s Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day.

The TILA-RESPA rule prohibits the mortgage loan from being consummated less than three business days after the closing disclosure is received by the borrower unless the borrower has a bona fide personal financial emergency which would require consummation within the three day period.

Q: Can a borrower waive the three day waiting period between receipt of the Closing Disclosure and Consummation?

A: Yes, borrowers may waive or modify the three-business day waiting period between receipt of the Closing Disclosure and Consummation when:

- The extension of credit is needed to meet a bona fide personal financial emergency;
- The borrower has received the Closing Disclosure; and
- The borrower provides to the creditor a dated, hand-written statement that describes the emergency, specifically waives or modifies the waiting period, and is signed by all borrowers who are primarily liable on the mortgage loan.

Note that the statement must be hand-written---the rule prohibits the creditor from providing the borrower with a pre-printed waiver form.

Q: Under the CFPB’s TILA-RESPA Integrated Final rule, does the three-business-day waiting period (between receipt of the Closing Disclosure and loan consummation) apply when a creditor provides corrected Closing Disclosures to the Borrower?

A: Yes, in certain circumstances. The three-business-day waiting period between receipt of the Closing Disclosure and loan consummation applies to a corrected Closing Disclosure that is provided when there are:

- Changes to the APR above 1/8 of a percent for most loans (and 1/4 of a percent for loans with irregular payments or periods);
• Changes to the loan product (from any of the following to any other of the following: Conventional, FHA, VA, or Other); or
• The addition of a prepayment penalty.

If other changes occur, the creditor must ensure that the borrower receives the corrected Closing Disclosure at or before loan consummation.

Q: Under the TILA-RESPA Integrated Rule, can a borrower ask to review the revised Closing Disclosure before consummation?

A: For changes other than a change to the APR, changes to the loan product, or the addition of a prepayment penalty, the creditor is only required to provide the borrower with the revised Closing disclosure at or before consummation. However, a borrower has the right to inspect the Closing Disclosure during the business day before consummation.

When the borrower has requested to inspect the Closing Disclosure on the business day before consummation, the creditor must ensure the Closing disclosure that is presented to the borrower reflects any changes to the costs or terms that are known to the creditor at the time the borrower inspects it.

Creditors may arrange for the settlement agent to permit borrowers to inspect Closing Disclosures.

Q: Under the TILA-RESPA Integrated Disclosure rule, are creditors required to provide corrected Closing Disclosures if terms or costs change after consummation?

A: Yes, in certain situations. Creditors must provide a corrected Closing Disclosure if an event in connection with the settlement occurs during the 30-calendar day period after consummation that causes the Closing Disclosure to become inaccurate and results in a change to an amount paid by the borrower from what was previously disclosed in the Closing Disclosure.

For example, if a creditor discovers that a recording fee paid by the borrower is different from the amount that was disclosed on the Closing disclosure, the creditor would be required to provide a revised Closing Disclosure to the borrower no later than 30 calendar days after discovering this information.

However, other post-consummation events that are not related to settlement, such as tax increases, do not require a revised Closing Disclosure.
Q: Under the CFPB’s TILA-RESPA Integrated Disclosure rule are creditors required to provide corrected Closing Disclosures when they refund money to cure tolerance violations?

A: Yes. If the creditor cures a tolerance violation by providing a refund to the borrower, the creditor must deliver to the borrower or mail to the borrower a corrected Closing Disclosure that reflects the refund no later than 60 calendar days after consummation.

When timing of a Revised Loan Estimate conflicts with timing of the Closing Disclosure.

Q: May a revised Loan Estimate be provided after the creditor has provided the Closing Disclosure?

A: No. Regulation Z Section 1026.19(e)(4)(ii) prohibits a creditor from providing a revised version of the Loan Estimate on or after the date on which the creditor provides the Closing disclosure.

The TILA-RESPA rule requires that the borrower must receive a revised Loan Estimate no later than four business days prior to consummation and also provides that if the revised Loan Estimate is not provided to the borrower in person, the borrower is considered to have received the disclosures three business days after the creditor mails or e-mails the Loan Estimate. However, if there are less than four business days between the time the revised Loan Estimate is required to be provided and the date consummation has been scheduled, creditors can comply by providing the revisions in the Closing Disclosure instead (remember—the Closing Disclosure must be provided no later than three business days prior to consummation).

Q: Under the TILA-RESPA Integrated Disclosure Rule, may a creditor charge a fee for the preparation or delivery of the Closing Disclosure?

A: No. The rule specifically prohibits anyone, including the creditor or servicer, from imposing a fee on any person for the preparation or delivery of the Closing Disclosure.
H-25(A) Mortgage Loan Transaction Closing Disclosure—Model Form

Description: This is a blank model “Closing Disclosure” that illustrates the content requirements in § 1026.38. Although this form provides three variations of page one, one page two, one page three, four variations of page four, and four variations of page five, reflecting the variable content requirements in § 1026.38, only one version of each page is provided above in this Comp Note to illustrate the general content of the form. This form does not reflect modifications permitted under § 1026.38(t).

The remaining variations of Page 1, Page 4, and Page 5 are provided below.
# Closing Disclosure

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

<table>
<thead>
<tr>
<th>Closing Information</th>
<th>Transaction Information</th>
<th>Loan Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date Issued</td>
<td>Borrower</td>
<td>Loan Term</td>
</tr>
<tr>
<td>Closing Date</td>
<td>Seller</td>
<td>Purpose</td>
</tr>
<tr>
<td>Disbursement Date</td>
<td></td>
<td>Product</td>
</tr>
<tr>
<td>Settlement Agent</td>
<td></td>
<td>Loan Type</td>
</tr>
<tr>
<td>File #</td>
<td></td>
<td>□ Conventional</td>
</tr>
<tr>
<td>Property</td>
<td></td>
<td>□ FHA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>□ VA</td>
</tr>
<tr>
<td>Appraised Prop. Value</td>
<td></td>
<td>Loan ID #</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MIC #</td>
</tr>
</tbody>
</table>

## Loan Terms

<table>
<thead>
<tr>
<th>Can this amount increase after closing?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interest Rate</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Monthly Principal & Interest

See Projected Payments below for your Estimated Total Monthly Payment

<table>
<thead>
<tr>
<th>Prepayment Penalty</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Balloon Payment</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Projected Payments

<table>
<thead>
<tr>
<th>Payment Calculation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Principal & Interest

<table>
<thead>
<tr>
<th>Mortgage Insurance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Estimated Escrow

Amount can increase over time

<table>
<thead>
<tr>
<th>Estimated Total Monthly Payment</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Estimated Taxes, Insurance & Assessments

Amount can increase over time

See page 4 for details

<table>
<thead>
<tr>
<th>This estimate includes</th>
<th>In escrow?</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ Property Taxes</td>
<td></td>
</tr>
<tr>
<td>□ Homeowner's Insurance</td>
<td></td>
</tr>
<tr>
<td>□ Other:</td>
<td></td>
</tr>
<tr>
<td>See Escrow Account on page 4 for details. You must pay for other property costs separately.</td>
<td></td>
</tr>
</tbody>
</table>

## Costs at Closing

<table>
<thead>
<tr>
<th>Closing Costs</th>
<th>Includes in Loan Costs + in Other Costs - in Lender Credits. See page 2 for details.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash to Close</th>
<th>Includes Closing Costs. See Calculating Cash to Close on page 3 for details.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# Closing Disclosure

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

## Closing Information
- Loan Information: Borrower, Purpose, Product
- Transaction Information: Seller
- Loan ID #
- Estimated Prop. Value

## Loan Terms
- Can this amount increase after closing?
  - Loan Amount
  - Interest Rate

## Monthly Principal & Interest
- Monthly Principal & Interest: See Projected Payments below for your Estimated Total Monthly Payment

## Prepayment Penalty

## Balloon Payment

## Projected Payments
- Payment Calculation
  - Principal & Interest
  - Mortgage Insurance
  - Estimated Escrow: Amount can increase over time

## Estimated Total Monthly Payment
- Estimated Taxes, Insurance & Assessments: Amount can increase over time
- See page 4 for details

## Does the loan have these features?

## Costs at Closing
- Closing Costs: Includes in Loan Costs + in Other Costs - in Lender Credits. See page 2 for details.
- Cash to Close: Includes Closing Costs. See Calculating Cash to Close on page 3 for details.

---

CUNA's CompNotes - The Closing Disclosure
Mike McLain, Senior Federal Compliance Counsel
March 2015
### 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.
- Your lender 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.
- Your loan does not have a demand feature.

**Late Payment**
- If your payment is more than ___ days late, your lender will charge a late fee of ____________.

**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.
- You 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.
- Your loan does not have a negative amortization feature.

**Partial Payments**
- Your lender may accept payments that are less than the full amount due, apply them to your loan.
- Your lender may hold them in a separate account until you pay the rest of the payment, and then apply the full payment to your loan.
- Your lender 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 ________________________.

- 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>Escrow</th>
<th>Estimated total amount over year 1 for your escrowed property costs:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Escrowed Property Costs over Year 1</td>
<td></td>
</tr>
<tr>
<td>Non-Escrowed Property Costs over Year 1</td>
<td>Estimated total amount over year 1 for your non-escrowed property costs:</td>
</tr>
</tbody>
</table>

- You may have other property costs.

<table>
<thead>
<tr>
<th>Initial Escrow Payment</th>
<th>A cushion for the escrow account you pay at closing. See Section G on page 2.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Escrow Payment</td>
<td>The amount included in your total monthly payment.</td>
</tr>
</tbody>
</table>

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

#### No Escrow

<table>
<thead>
<tr>
<th>Estimated Property Costs over Year 1</th>
<th>Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Escrow Waiver Fee</td>
<td></td>
</tr>
</tbody>
</table>

- 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 any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

#### Adjustable Payment (AP) Table

<table>
<thead>
<tr>
<th>Interest Only Payments?</th>
<th>Optional Payments?</th>
<th>Step Payments?</th>
<th>Seasonal Payments?</th>
<th>Monthly Principal and Interest Payments</th>
<th>First Change/Amount</th>
<th>Subsequent Changes</th>
<th>Maximum Payment</th>
</tr>
</thead>
</table>

#### Adjustable Interest Rate (AIR) Table

<table>
<thead>
<tr>
<th>Index + Margin</th>
<th>Initial Interest Rate</th>
<th>Minimum/Maximum Interest Rate</th>
<th>Change Frequency</th>
<th>First Change</th>
<th>Subsequent Changes</th>
<th>Limits on Interest Rate Changes</th>
<th>First Change</th>
<th>Subsequent Changes</th>
</tr>
</thead>
</table>
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 ___ days late, your lender will charge a
late fee of ______.

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 _________.

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 as “impound” or “trust”
count) 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 for your escrowed property costs:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Escrowed</td>
<td>Estimated total amount over year 1 for your non-escrowed property costs:</td>
</tr>
<tr>
<td>Property Costs</td>
<td>You may have other property costs.</td>
</tr>
<tr>
<td>over Year</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

Initial Escrow Payment
A cushion for the escrow account you pay at closing. See Section G on page 2.

Monthly Escrow Payment
The amount included in your total
monthly payment.

☐ will not have an escrow account because ☐ you declined it ☐ your
lender does not offer one. You must directly pay your property
costs, such as taxes and homeowner’s insurance. Contact your
lender to ask if your loan can have an escrow account.

No Escrow

| Estimated  | Estimated total amount over year 1. You must pay these costs directly, possibly |
|           | in one or two large payments a year.                                    |
| Property  |
| Costs     |
| over Year |
| 1         |

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 (1) add
the amounts to your loan balance, (2) add an escrow account to your
loan, or (3) require you to pay for property insurance that the lender
buys on your behalf, which likely would cost more and provide fewer
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Adjustable Payment (AP) Table

Interest Only Payments?

Optional Payments?

Step Payments?

Seasonal Payments?

Monthly Principal and Interest Payments

First Change/Amount

Subsequent Changes

Maximum Payment

CLOSING DISCLOSURE

PAGE 4 OF 5 - LOAN ID #
Additional Information About This Loan

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Your lender
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<thead>
<tr>
<th>Escrow</th>
<th>Estimated total amount over year 1 for your escrowed property costs:</th>
</tr>
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<tbody>
<tr>
<td>Escrowed Property Costs over Year 1</td>
<td>Estimated total amount over year 1 for your escrowed property costs:</td>
</tr>
<tr>
<td>Non-Escrowed Property Costs over Year 1</td>
<td>Estimated total amount over year 1 for your non-escrowed property costs:</td>
</tr>
<tr>
<td>Initial Escrow Payment</td>
<td>You may have other property costs.</td>
</tr>
<tr>
<td>Monthly Escrow Payment</td>
<td>A cushion for the escrow account you pay at closing. See Section G on page 2.</td>
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</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, such as taxes and homeowner’s insurance. Contact your
lender to ask if your loan can have an escrow account.

No Escrow

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Escrow Without Fee</td>
<td></td>
</tr>
</tbody>
</table>

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ment may change. You may be able to cancel your escrow account,
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<tr>
<td></td>
<td></td>
<td></td>
<td>Subsequent Changes</td>
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<td></td>
<td></td>
<td></td>
<td>Subsequent Changes</td>
</tr>
</tbody>
</table>

CLOSING DISCLOSURE
### Loan Calculations

<table>
<thead>
<tr>
<th>Description</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.</td>
<td>Other Disclosures</td>
</tr>
<tr>
<td>Finance Charge. The dollar amount the loan will cost you.</td>
<td><strong>Appraisal</strong></td>
</tr>
<tr>
<td>Amount Financed. The loan amount available after paying your upfront finance charge.</td>
<td>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.</td>
</tr>
<tr>
<td>Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.</td>
<td><strong>Contract Details</strong></td>
</tr>
<tr>
<td>Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.</td>
<td>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.</td>
</tr>
</tbody>
</table>

### Questions?

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

### Contact Information

<table>
<thead>
<tr>
<th>Name</th>
<th>Lender</th>
<th>Mortgage Broker</th>
<th>Real Estate Broker</th>
<th>Real Estate Broker (B)</th>
<th>Settlement Agent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NMLS ID</td>
<td>License ID</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contact</td>
<td>NMLS ID</td>
<td>License ID</td>
<td></td>
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<tr>
<td>Email</td>
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<td>Phone</td>
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### Loan Calculations

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### Other Disclosures

<table>
<thead>
<tr>
<th>Description</th>
<th>Information</th>
</tr>
</thead>
</table>
| **Contract Details**                             | See your note and security instrument for information about:  
- what happens if you fail to make your payments,  
- what is a default on the loan,  
- situations in which your lender can require early repayment of the loan, and  
- the rules for making payments before they are due. |
| **Liability after Foreclosure**                   | If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan,  
- state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and have to pay any debt remaining even after foreclosure. You may want to consult a lawyer for more information.  
- state law does not protect you from liability for the unpaid balance. |
| **Refinance**                                     | Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan. |
| **Tax Deductions**                                | If you borrow more than this property is worth, the interest on the loan amount above this property's fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information. |

### Contact Information

<table>
<thead>
<tr>
<th>Name</th>
<th>Lender</th>
<th>Mortgage Broker</th>
<th>Real Estate Broker (B)</th>
<th>Real Estate Broker ($)</th>
<th>Settlement Agent</th>
</tr>
</thead>
<tbody>
<tr>
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</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>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
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CLOSING DISCLOSURE  
PAGE 5 OF 5 - LOAN ID #
### Loan Calculations

**Total of Payments.** Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.

**Finance Charge.** The dollar amount the loan will cost you.

**Amount Financed.** The loan amount available after paying your upfront finance charge.

**Annual Percentage Rate (APR).** Your costs over the loan term expressed as a rate. This is not your interest rate.

**Total Interest Percentage (TIP).** The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

### Other Disclosures

**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.

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If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan,
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- state law does not protect you from liability for the unpaid balance.

**Loan Acceptance**
You do not have to accept this loan because you have received this form or signed a loan application.

**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.

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<th>Real Estate Broker (B)</th>
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<th>Settlement Agent</th>
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