

Closing Disclosure Rules

June 4, 2015

Cheryl Paul, CMB
Director of Mortgage
Settlers bank



Mortgage Experts

- Ronelle Escher
Mortgage Loan Officer
Monona State Bank
- Kelli Haack
Conventional Underwriter
Fairway Independent Mortgage
- Michael Odden
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AnchorBank



Dodd-Frank Act CFPB

- Final Rule published December 31, 2013
- TILA RESPA Integrated Disclosures – TRID
- Effective: Applications on or after August 1, 2015
- Goals: “Know Before You Owe”
 - Easier Forms
 - Improve Consumer Understanding
 - Comparison Shopping
 - Prevent Surprises at Closing

TRID



Clarification of Major Changes
Integrated Mortgage
Disclosures

- New Standard Disclosure Forms - Application and Closing
- Closed-End Real Estate Credit Transactions
- Does Not Apply To:
 - HELOC's
 - Reverse Mortgages
 - Mobile Homes (not attached to land)
 - Commercial RE
 - Land Contracts

TRID – Loan Estimate (LE)

Combines the Initial Truth-In-Lending (TIL) and Good Faith Estimate (GFE) into one form – the **Loan Estimate**

- Provided no later than 3rd business day after loan application submission
- Provides summary of key loan terms, estimates of loan/closing costs
- TRID is not very “tolerant” - Strict limits if costs at closing are *more* than disclosed on Loan Estimate
- Form is dynamic based on loan attributes

Highlights:

- Loan Terms
- Payment Info
- Cash to Close
- Closing Costs
- Comparisons
- Confirm Receipt

ASPEN BANK
 401 South Broadway | Lansing, MI 48906
 Use the Loan Estimate to compare with your Closing Disclosure

Loan Estimate

Loan Info
 Loan Type: 30 year
 Purpose: Purchase
 Interest: Fixed Rate
 Loan ID #: 12345678
 Loan ID #: 12345678
 Loan ID #: 12345678

Loan Terms
 Can this amount increase after closing?
 Loan Amount: \$162,000 NO
 Interest Rate: 3.875% NO
 Monthly Principal & Interest: \$583.78 NO

Prepayment Penalty
 Does the loan have these features?
 Prepayment Penalty: YES - No higher than \$3,000 (Five percent of the loan during the first 3 years)
 Balloon Payment: NO

Projected Payments

Payment Calculation	Year 1 P	Year 2 (M)
Principal & Interest	\$583.78	\$583.78
Mortgage Insurance	\$ 0	\$ 0
Estimated Escrow	\$ 26	\$ 26
Estimated Total Monthly Payment	\$1,015	\$1,015

Estimated Taxes, Insurance & Escrow
 \$206
 \$1,000
 This estimate includes:
 30 Year's Term
 30 Year's Term
 30 Year's Term
 30 Year's Term
 See the back of page 2 for estimated property tax. See page 3 for other applicable fees and charges.

Costs at Closing

Estimated Closing Costs	\$6,074	Includes (CASH) in Loan Costs + \$2,000 in Other Costs + \$2 in Lender Charges (except for cash)
Estimated Cash to Close	\$10,074	Includes Closing Costs (including cash to close on page 3) plus

For more information, visit www.consumerfinance.gov/hotpage available for general informational and tools.
 LMS-12345678 12345678 12345678 12345678

Page 2 of 3
 Loan Estimate
 Loan Info
 Loan Terms
 Prepayment Penalty
 Projected Payments
 Estimated Taxes, Insurance & Escrow
 Costs at Closing
 Cash to Close
 Cash to Close

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TRID – Closing Disclosure (CD)

Combines the FINAL Truth-In-Lending and HUD-1 Settlement Statement into one form – the **Closing Disclosure**

- Received at least 3 business days prior to closing
- Provides detailed accounting of the transaction
- Strict delivery requirement – 3 business day clock may “restart” if corrected Closing Disclosure is needed
- Form is dynamic based on loan attributes

Highlights:

- 5 Pages
- Loan Terms
- Payment Info
- Cash to Close
- Closing Costs
- Loan Disclosures
- Borrower & Seller Summary
- Contact Info
- Confirm Receipt



Closing Disclosure The form is a statement of loan terms and closing costs. Compare this document with your Loan Estimate.

Closing Information	Terms and Information	Loan Information
Date Issued Closing Date Information Date Settlement Agent File # Property	Review Lender	Loan Term Purpose Product Loan Type <input type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA Loan # MIP #
Loan Terms		Can this amount increase after closing?
Loan Amount		
Interest Rate		
Monthly Principal & Interest <small>See page 2 for Payment Table for your Estimated Total Monthly Payment</small>		Does the loan have these features?
Prepayment Penalty Balloon Payment		
Projected Payments		
Payment Calculation		
Principal & Interest		
Mortgage Insurance		
Estimated Escrow <small>Amount can increase over time</small>		
Estimated Total Monthly Payment		
Estimated Taxes, Insurance & Assessments <small>Amount can increase over time See page 4 for details</small>	This estimate includes: <input type="checkbox"/> Property Taxes <input type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other <small>See Escrow Account on page 4 for details. See instructions for other property cost reporting.</small>	Is correct?
Costs at Closing		
Closing Costs	Includes: _____ in Lender Credits, see page 2 for details	in Other Costs: _____
Cash to Close	Includes: Closing Costs, see Calculating Cash to Close on page 4 for details	

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Closing Disclosure

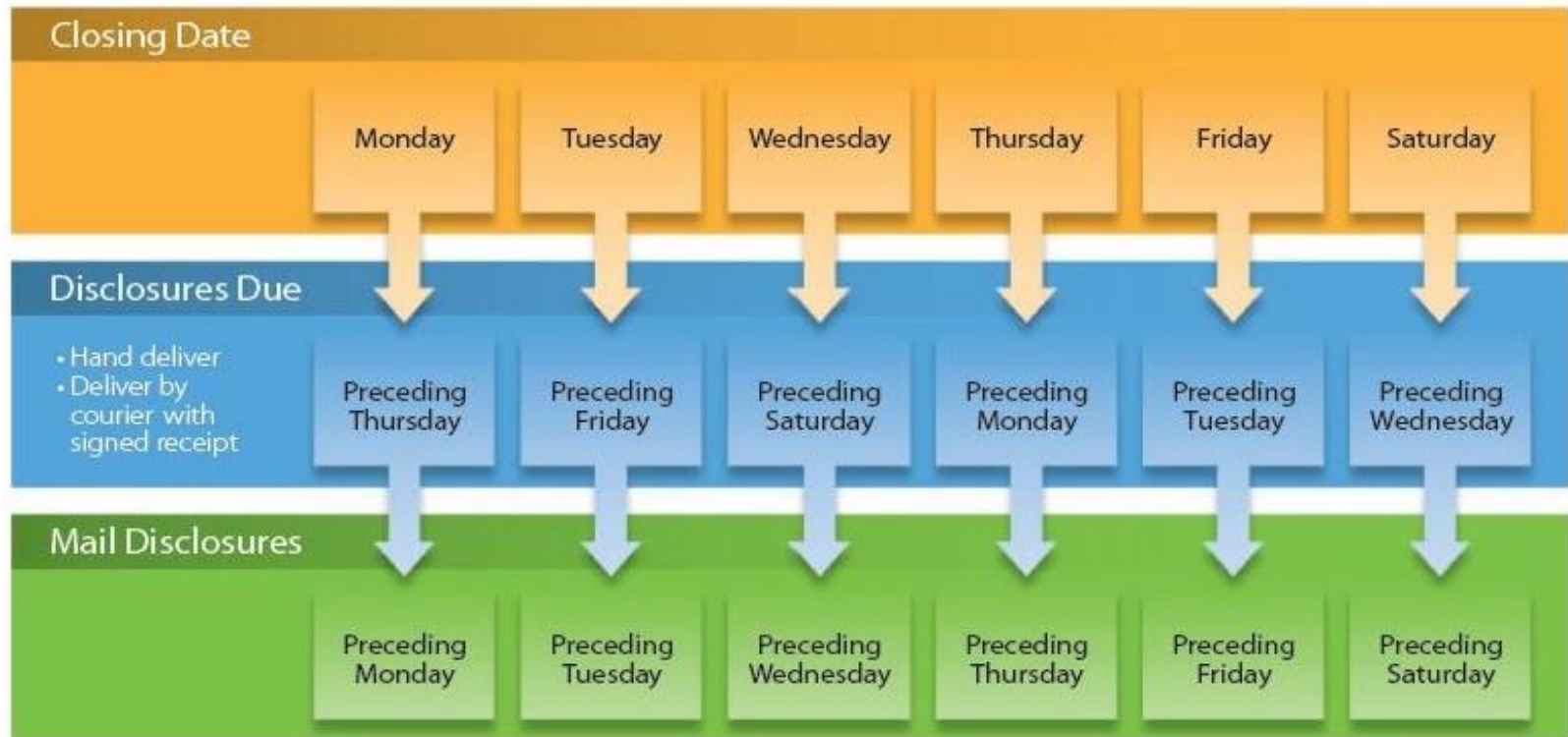
Completion Process

- Might be by the Lender
- Might be by the Title Company
- Might be a combination of both

Different Processes for
Different Lenders!



Three-Day Closing Disclosure Rule



Disclosures may be delivered electronically on the disclosure date in compliance with E-Sign requirements (NOT Email).

Changes After Delivery of CD

New CD & 3 Business Day Waiting Period (from Receipt)

- Loan Program
- Prepayment penalty added or changed
- APR changes by more than .125%
- Changes to loan structure, costs, LTV or MI

New CD & 1 Business Day Receipt Prior to Closing

- Change that does NOT impact product, prepayment or APR
- Change to the Seller's Summary
- NO changes on the day of closing!



What does it mean to YOU??

Prevent Closing Delays:

- Turn in Accepted Offers ASAP
- Obtain prior Title ASAP
- Provide Lender with *executed* OTP, Counters, Addendums, RE Condition Report & Amendments
- Prepare your Buyer and Seller for timelines
- Turn in *complete* Closing Files, including Seller info sheets, and Condo/HOA info
- Notify Lender promptly of any changes

Thank you!



FEBRUARY 7, 2014

TILA RESPA Integrated Disclosure

H-25(B) Mortgage Loan Transaction Closing Disclosure – Fixed Rate Loan Sample

This is a sample of a completed Closing Disclosure for the fixed rate loan illustrated by form H-24(B). The purpose, product, sale price, loan amount, loan term, and interest rate have not changed from the estimates provided on the Loan Estimate. The creditor requires an escrow account and that the consumer pay for private mortgage insurance for the transaction.



Consumer Financial
Protection Bureau

Closing Disclosure

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

Closing Information

Date Issued 4/15/2013
Closing Date 4/15/2013
Disbursement Date 4/15/2013
Settlement Agent Epsilon Title Co.
File # 12-3456
Property 456 Somewhere Ave
 Anytown, ST 12345
Sale Price \$180,000

Transaction Information

Borrower Michael Jones and Mary Stone
 123 Anywhere Street
 Anytown, ST 12345
Seller Steve Cole and Amy Doe
 321 Somewhere Drive
 Anytown, ST 12345
Lender Ficus Bank

Loan Information

Loan Term 30 years
Purpose Purchase
Product Fixed Rate
Loan Type Conventional FHA
 VA _____
Loan ID # 123456789
MIC # 000654321

Loan Terms	Can this amount increase after closing?	
Loan Amount	\$162,000	NO
Interest Rate	3.875%	NO
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$761.78	NO
Prepayment Penalty	Does the loan have these features? YES • As high as \$3,240 if you pay off the loan during the first 2 years	
Balloon Payment	NO	

Projected Payments	Years 1-7	Years 8-30
Payment Calculation		
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82.35	+ —
Estimated Escrow <i>Amount can increase over time</i>	+ 206.13	+ 206.13
Estimated Total Monthly Payment	\$1,050.26	\$967.91
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time See page 4 for details</i>	\$356.13 a month	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input checked="" type="checkbox"/> Other: Homeowner's Association Dues <i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i> In escrow? YES YES NO

Costs at Closing	
Closing Costs	\$9,712.10 Includes \$4,694.05 in Loan Costs + \$5,018.05 in Other Costs – \$0 in Lender Credits. See page 2 for details.
Cash to Close	\$14,147.26 Includes Closing Costs. See Calculating Cash to Close on page 3 for details.

Closing Cost Details

Loan Costs	Borrower-Paid		Seller-Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
A. Origination Charges	\$1,802.00				
01 0.25 % of Loan Amount (Points)	\$405.00				
02 Application Fee	\$300.00				
03 Underwriting Fee	\$1,097.00				
04					
05					
06					
07					
08					
B. Services Borrower Did Not Shop For	\$236.55				
01 Appraisal Fee to John Smith Appraisers Inc.					\$405.00
02 Credit Report Fee to Information Inc.		\$29.80			
03 Flood Determination Fee to Info Co.	\$20.00				
04 Flood Monitoring Fee to Info Co.	\$31.75				
05 Tax Monitoring Fee to Info Co.	\$75.00				
06 Tax Status Research Fee to Info Co.	\$80.00				
07					
08					
09					
10					
C. Services Borrower Did Shop For	\$2,655.50				
01 Pest Inspection Fee to Pests Co.	\$120.50				
02 Survey Fee to Surveys Co.	\$85.00				
03 Title – Insurance Binder to Epsilon Title Co.	\$650.00				
04 Title – Lender’s Title Insurance to Epsilon Title Co.	\$500.00				
05 Title – Settlement Agent Fee to Epsilon Title Co.	\$500.00				
06 Title – Title Search to Epsilon Title Co.	\$800.00				
07					
08					
D. TOTAL LOAN COSTS (Borrower-Paid)	\$4,694.05				
Loan Costs Subtotals (A + B + C)	\$4,664.25	\$29.80			
Other Costs					
E. Taxes and Other Government Fees	\$85.00				
01 Recording Fees Deed: \$40.00 Mortgage: \$45.00	\$85.00				
02 Transfer Tax to Any State			\$950.00		
F. Prepays	\$2,120.80				
01 Homeowner’s Insurance Premium (12 mo.) to Insurance Co.	\$1,209.96				
02 Mortgage Insurance Premium (mo.)					
03 Prepaid Interest (\$17.44 per day from 4/15/13 to 5/1/13)	\$279.04				
04 Property Taxes (6 mo.) to Any County USA	\$631.80				
05					
G. Initial Escrow Payment at Closing	\$412.25				
01 Homeowner’s Insurance \$100.83 per month for 2 mo.	\$201.66				
02 Mortgage Insurance per month for mo.					
03 Property Taxes \$105.30 per month for 2 mo.	\$210.60				
04					
05					
06					
07					
08 Aggregate Adjustment	- 0.01				
H. Other	\$2,400.00				
01 HOA Capital Contribution to HOA Acre Inc.	\$500.00				
02 HOA Processing Fee to HOA Acre Inc.	\$150.00				
03 Home Inspection Fee to Engineers Inc.	\$750.00			\$750.00	
04 Home Warranty Fee to XYZ Warranty Inc.			\$450.00		
05 Real Estate Commission to Alpha Real Estate Broker			\$5,700.00		
06 Real Estate Commission to Omega Real Estate Broker			\$5,700.00		
07 Title – Owner’s Title Insurance (optional) to Epsilon Title Co.	\$1,000.00				
08					
I. TOTAL OTHER COSTS (Borrower-Paid)	\$5,018.05				
Other Costs Subtotals (E + F + G + H)	\$5,018.05				
J. TOTAL CLOSING COSTS (Borrower-Paid)	\$9,712.10				
Closing Costs Subtotals (D + I)	\$9,682.30	\$29.80	\$12,800.00	\$750.00	\$405.00
Lender Credits					

Calculating Cash to Close

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

	Loan Estimate	Final	Did this change?
Total Closing Costs (J)	\$8,054.00	\$9,712.10	YES • See Total Loan Costs (D) and Total Other Costs (I)
Closing Costs Paid Before Closing	\$0	– \$29.80	YES • You paid these Closing Costs before closing
Closing Costs Financed (Paid from your Loan Amount)	\$0	\$0	NO
Down Payment/Funds from Borrower	\$18,000.00	\$18,000.00	NO
Deposit	– \$10,000.00	– \$10,000.00	NO
Funds for Borrower	\$0	\$0	NO
Seller Credits	\$0	– \$2,500.00	YES • See Seller Credits in Section L
Adjustments and Other Credits	\$0	– \$1,035.04	YES • See details in Sections K and L
Cash to Close	\$16,054.00	\$14,147.26	

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION**K. Due from Borrower at Closing \$189,762.30**

01 Sale Price of Property \$180,000.00

02 Sale Price of Any Personal Property Included in Sale

03 Closing Costs Paid at Closing (J) \$9,682.30

04

Adjustments

05

06

07

Adjustments for Items Paid by Seller in Advance

08 City/Town Taxes to

09 County Taxes to

10 Assessments to

11 HOA Dues 4/15/13 to 4/30/13 \$80.00

12

13

14

15

L. Paid Already by or on Behalf of Borrower at Closing \$175,615.04

01 Deposit \$10,000.00

02 Loan Amount \$162,000.00

03 Existing Loan(s) Assumed or Taken Subject to

04

05 Seller Credit \$2,500.00

Other Credits

06 Rebate from Epsilon Title Co. \$750.00

07

Adjustments

08

09

10

11

Adjustments for Items Unpaid by Seller

12 City/Town Taxes 1/1/13 to 4/14/13 \$365.04

13 County Taxes to

14 Assessments to

15

16

17

CALCULATION

Total Due from Borrower at Closing (K) \$189,762.30

Total Paid Already by or on Behalf of Borrower at Closing (L) – \$175,615.04

Cash to Close **From** **To Borrower** **\$14,147.26****SELLER'S TRANSACTION****M. Due to Seller at Closing \$180,080.00**

01 Sale Price of Property \$180,000.00

02 Sale Price of Any Personal Property Included in Sale

03

04

05

06

07

08

Adjustments for Items Paid by Seller in Advance

09 City/Town Taxes to

10 County Taxes to

11 Assessments to

12 HOA Dues 4/15/13 to 4/30/13 \$80.00

13

14

15

16

N. Due from Seller at Closing \$115,665.04

01 Excess Deposit

02 Closing Costs Paid at Closing (J) \$12,800.00

03 Existing Loan(s) Assumed or Taken Subject to

04 Payoff of First Mortgage Loan \$100,000.00

05 Payoff of Second Mortgage Loan

06

07

08 Seller Credit \$2,500.00

09

10

11

12

13

Adjustments for Items Unpaid by Seller

14 City/Town Taxes 1/1/13 to 4/14/13 \$365.04

15 County Taxes to

16 Assessments to

17

18

19

CALCULATION

Total Due to Seller at Closing (M) \$180,080.00

Total Due from Seller at Closing (N) – \$115,665.04

Cash **From** **To Seller** **\$64,414.96**

Additional Information About This Loan

Loan Disclosures

Assumption

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

Demand Feature

Your loan

- has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details.
- does not have a demand feature.

Late Payment

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

Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

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

Partial Payments

Your lender

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

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

Security Interest

You are granting a security interest in
456 Somewhere Ave., Anytown, ST 12345

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

Escrow Account

For 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.

Escrow		
Escrowed Property Costs over Year 1	\$2,473.56	Estimated total amount over year 1 for your escrowed property costs: <i>Homeowner's Insurance</i> <i>Property Taxes</i>
Non-Escrowed Property Costs over Year 1	\$1,800.00	Estimated total amount over year 1 for your non-escrowed property costs: <i>Homeowner's Association Dues</i> You may have other property costs.
Initial Escrow Payment	\$412.25	A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment	\$206.13	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 Property Costs over Year 1		Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee		

In the future,

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on 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.

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.	\$285,803.36
Finance Charge. The dollar amount the loan will cost you.	\$118,830.27
Amount Financed. The loan amount available after paying your upfront finance charge.	\$162,000.00
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	4.174%
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	69.46%



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

Other Disclosures

Appraisal

If the property was appraised for your loan, your lender is required to give you a copy at no additional cost at least 3 days before closing. If you have not yet received it, please contact your lender at the information listed below.

Contract Details

See your note and security instrument for information about

- what happens if you fail to make your payments,
- what is a default on the loan,
- situations in which your lender can require early repayment of the loan, and
- the rules for making payments before they are due.

Liability after Foreclosure

If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan,

- state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and have to pay any debt remaining even after foreclosure. You may want to consult a lawyer for more information.
- state law does not protect you from liability for the unpaid balance.

Refinance

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

Tax Deductions

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

Contact Information

	Lender	Mortgage Broker	Real Estate Broker (B)	Real Estate Broker (S)	Settlement Agent
Name	Ficus Bank		Omega Real Estate Broker Inc.	Alpha Real Estate Broker Co.	Epsilon Title Co.
Address	4321 Random Blvd. Somecity, ST 12340		789 Local Lane Sometown, ST 12345	987 Suburb Ct. Someplace, ST 12340	123 Commerce Pl. Somecity, ST 12344
NMLS ID					
ST License ID			Z765416	Z61456	Z61616
Contact	Joe Smith		Samuel Green	Joseph Cain	Sarah Arnold
Contact NMLS ID	12345				
Contact ST License ID			P16415	P51461	PT1234
Email	joesmith@ ficusbank.com		sam@omegare.biz	joe@alphare.biz	sarah@ epsilontitle.com
Phone	123-456-7890		123-555-1717	321-555-7171	987-555-4321

Confirm Receipt

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

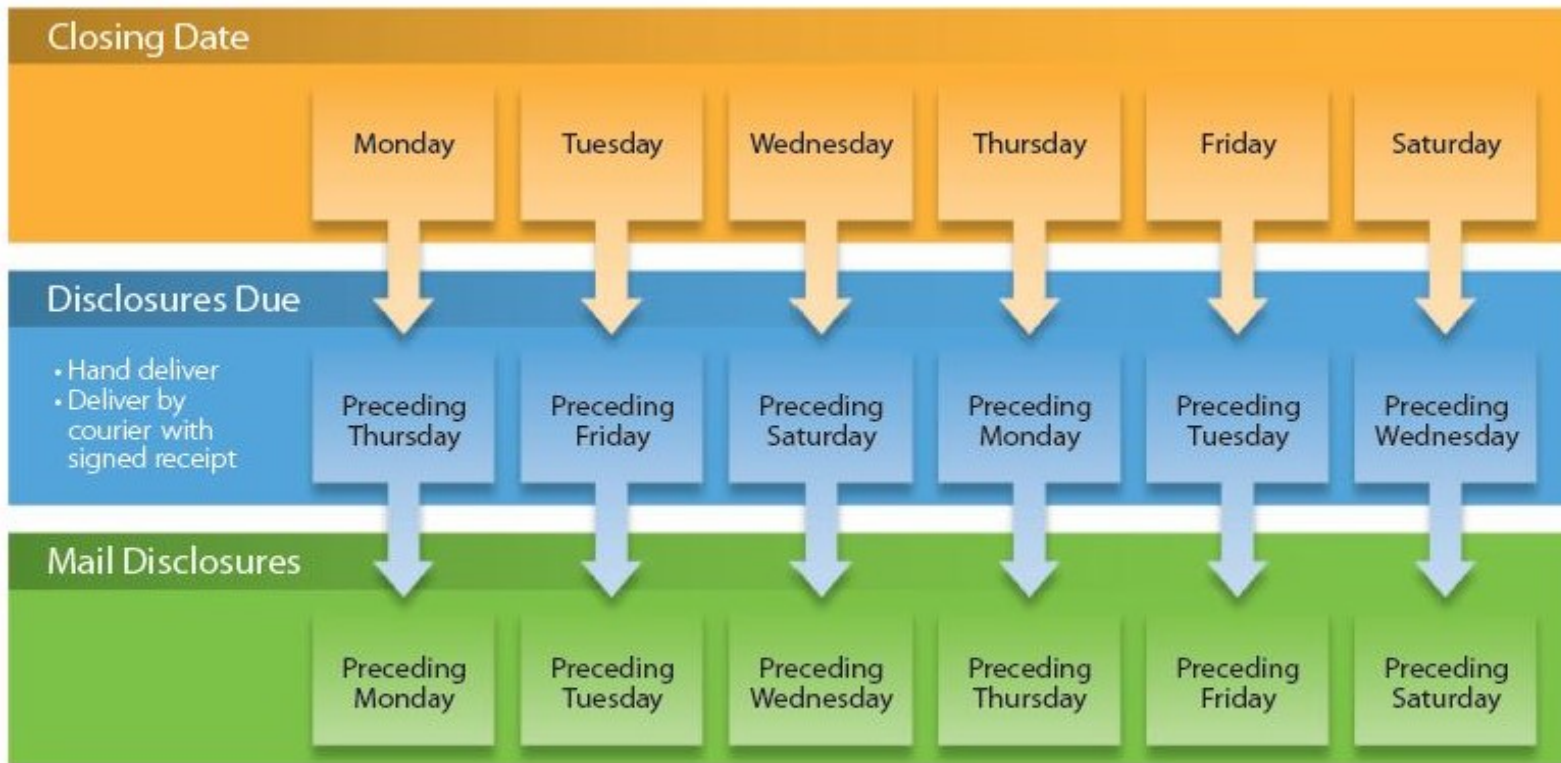
Applicant Signature

Date

Co-Applicant Signature

Date

Three-Day Closing Disclosure Rule



- If a federal holiday falls in the 3-day period, add a day for disclosure delivery.
- The 3-day rule is measured by days, not hours. Thus disclosures must be delivered 3 days before closing, not 72 hrs prior to closing.
- Disclosures may also be delivered electronically on the disclosure due date in compliance with E-Sign requirements.

HELPFUL HINTS TO AVOID POTENTIAL OBSTACLES IN FINANCING



WRITING THE OFFER -

- **DO NOT include Personal Property in the offer to purchase:**
 - If there is any transfer of any personal property, it should be agreed upon separately; DO NOT include in the purchase contract
 - Left as convenience to seller may not be sufficient – best to just leave it out and agree upon separately
 - Items typical in our marketplace are okay (window coverings, stove, refrigerator, washer or dryer)
- **Closing Cost Credit**
 - The contract should state credit is towards buyers closing costs, points and/or prepaid expenses
 - Keep the amount of the credit reasonable. The credit cannot exceed the actual costs!
 - Contact the buyers lender before you write the offer if the amount of the credit will exceed 3% of the sales price
- **Seller allowances/credits (for items other than closing costs) – beware!**
 - Can affect the mortgage transaction in many circumstances
 - Not always beneficial to the borrower
- **Repairs -** Items listed for repair in the offer or on an addendum must be complete and inspected in advance of closing
 - Inspection for completion will be required along with paid receipts
 - Don't delay! Determine lenders required timeline for completion and ensure seller's compliance with timeline
- **Lender needs copy of the fully executed, entire accepted offer,** including all counters, amendments, exhibits, property condition report and earnest money receipt.
 - If there are any changes or amendments, lender needs a copy!
- **Make sure your buyer contacts a lender right away!** Inform them about timelines. Follow up with them after a day or two just to be sure. (Delay could cause difficulty meeting contingency timelines).
- **Keep us in the loop.** Last-minute surprises can cause unnecessary delays – let us know if anything changes (especially any addendums to the offer).
- **Make sure your timelines are realistic.** New Federal Regulations mean **NO MORE LAST MINUTE CLOSINGS**. There must be documented PROOF the borrower has received the closing statement at least 3 business days prior to closing. Without that proof, there must be documentation showing it was sent out 6 business days prior to closing.
- **NO DAY OF CLOSING CHANGES TO CLOSING STATEMENTS already provided.** Even minor changes to statements meeting the delivery rule are NOT allowed on the day of closing. Lender must approve all changes and borrowers must receive the final revised statement at least one day prior to closing.
- **Plan your walkthroughs carefully** to allow for the timelines above.



CLOSING & TITLE INSURANCE -

- **New regulations mean NO MORE LAST MINUTE CLOSINGS** – Plan ahead!
- **Order Title Insurance** as soon as you have an accepted offer. There could be unknown issues that will take time to resolve.
- **Provide HOA/Condo info to the title company EARLY.** The new regulations require the closing statement be completed MUCH earlier in the process than ever before – this means an earlier start.
- **Give the sellers a break!** Obtain the seller's prior Owner's Policy and send to title company with the complete Offer to Purchase. (Discount given when provided PRIOR to search) A deed is not "prior" – need the Owners Policy.
- **Don't delay** – under the new closing regulations, plan on having your closing numbers to the title company 9-10 days prior to closing to ensure the disclosure can get to the buyer in time.
- **Please encourage all parties to plan to come to closing.** Pre-signs can be done if necessary, but it is preferred they attend the closing.
- **Remember - NO LAST MINUTE CHANGES TO CLOSING STATEMENTS.** Borrowers must receive the final statement at least one day prior to closing and the lender must approve any of those changes. Plan accordingly.



What Every Buyer Needs to Know

- **Get Pre-Approved!** Get a head start on the buying process by knowing exactly what and how much you can afford. This can also greatly reduce the time necessary to get your loan approved once you have an accepted offer. Avoid surprises by making sure your pre-approval is based on verified credit, income and assets.
- **Contact your lender right away once your offer has been accepted.** Even if you have been pre-approved. There is still a great deal of work to be done before your loan will be ready.
- **If your lender requests anything from you, get it to them right away.** You can trust – if the lender asked for something – they **MUST** have it! Waiting could put your loan in jeopardy, delay loan commitment and/or the closing.
- **Understand that things have changed** More documentation is required than in the past. Even if it seems silly, intrusive or unnecessary, please remember that if they didn't need it they wouldn't ask for it.
- **Do NOT APPLY FOR, or take out ANY additional credit during the home buying process.** Not even a dept. store credit card or 90-day free financing for that new washer and dryer! Credit can be re-pulled right before closing and even just an inquiry can delay, or even kill the deal.
- **Don't move assets from one bank to another, or open or close an account** right before or during your loan processing. It can complicate the approval process and result in extra documentation.
- **Job Changes** – If you anticipate a change in employment during the home buying process, contact your lender immediately as it will need special consideration.
- **Don't consolidate bills or pay off collection accounts** – talk to your lender first. They will advise if this needs to be done and how best to do it to avoid negatively impacting your credit score.
- **Don't pack or ship information that may be needed for your financing.** Important paperwork such as your tax returns, W-2's, divorce decrees, etc. may be needed to obtain your loan. Getting duplicates can take a long time and could hold up the approval process.
- **NO personal checks accepted at closing.** Official Checks are NOT certified funds.

Overview of Changes to RESPA/TILA Disclosures

On November 20, 2013, the Consumer Financial Protection Bureau (CFPB) issued its final rule to integrate the Real Estate Settlement Procedures Act (RESPA) and Truth in Lending Act (TILA) disclosures and regulations. The final rule integrates existing disclosures with new requirements from the Dodd-Frank Act to improve consumer understanding of the mortgage process, aid in comparison shopping, and help to prevent surprises at the closing table. The new rule and changes go into effect on August 1, 2015.

HIGHLIGHTS OF NEW RULE

New Loan Estimate Document Created

- Replaces the Good Faith Estimate (GFE) and initial Truth-in-Lending (initial TIL) disclosure.
- The new form provides clearer information so that consumers understand the loan terms and estimates of loan and closing costs and to facilitate comparison shopping.
- The Loan Estimate must be provided to consumers within three business days after submission of loan application.

New Closing Disclosure Document Created

- Replaces and combines the HUD-1 and final Truth-in-Lending disclosures (final TIL and, together with the initial TIL, the Truth-in-Lending forms).
- The new form provides clear details about loan charges and features so that consumers can better understand the costs of the transaction.
- The Closing Disclosure must be received by consumers three business days before consummation of loan.

Timing of Disclosures

- The Loan Estimate must be given to consumers within three business days of applying for the loan.
- The Closing Disclosure must be received by the consumer three business days before consummation.
- Consumers may modify or waive the waiting period of the Closing Disclosure if they have a “bona fide financial emergency”. Consumers should work directly with their mortgage lender or creditor to determine if they are eligible for this limited waiver.

Types of Loans Covered

- Applies to most closed-end consumer mortgage loans.
- The rule does not apply to:
 - Home equity lines of credit (HELOCs)
 - Reverse mortgages
 - Mortgages secured by mobile homes or by dwellings not attached to a property
 - Creditors that make five or fewer mortgage loans in one year.

Effective Date

- Beginning August 1, 2015, lenders will be required to use the new documents for any loan applications received.

More Information

Visit www.realtor.org to learn more about the upcoming changes and to view webinars, videos and articles.