

May 2018

TILA-RESPA Integrated Disclosure

Guide to the Loan Estimate and Closing
Disclosure forms



Version log

The Bureau updated this guide on a periodic basis to reflect finalized clarifications to the rule which impacts guide content, as well as administrative updates. Below is a version log noting the history of this document and its updates:

Date	Version	Rule Changes
May 2018	2.1	<p>Updates to incorporate changes from the April 26, 2018 amendments to the TILA-RESPA Final Rule, including:</p> <ul style="list-style-type: none">▪ Updates to incorporate cross references to the Small Entity Compliance Guide (section 2.1.2 and 3.1.2) <p>Also, miscellaneous administrative changes.</p>
November 2017	2.0	<p>Updates to incorporate the July 2017 final rule, including changes and clarifications on:</p> <ul style="list-style-type: none">▪ The Loan Estimate in the General Requirements, General Information, Loan Terms, Projected Payments table, Costs at Closing, Loan Costs and Other Costs, Calculating Cash to Close table, Alternative Calculating Cash to Close table, Comparisons, and Confirm Receipt.▪ The Closing Disclosure in the General Requirements, General Information, Costs at Closing table, Other Costs, Calculating Cash to Close table, Summaries of Transactions, Borrower’s Transaction, Seller’s Transaction, Escrow Account, Loan Calculations, and Confirm Receipt.▪ Coverage of closed-end credit transactions secured by a cooperative unit in various sections of the guide. <p>Also, includes changes to Revised Loan Estimate (Section 2.1.2) and other miscellaneous administrative changes.</p>

Date	Version	Rule Changes
October 2016	1.4	<p>Updates to incorporate guidance from existing webinars and guidance, including additional clarification on:</p> <ul style="list-style-type: none"> ▪ The Loan Estimate in the General Information, Loan Terms, Projected Payments Table, Loan Costs, Other Costs, Adjustable Payment Table, Adjustable Interest Rate Table, Contact Information, and Other Considerations sections. ▪ The Closing Disclosure in the General Information, Projected Payments Table, Loan Costs, Other Costs, Loan Disclosures, Escrow Disclosures, and Other Disclosures sections. <p>Also, miscellaneous administrative changes.</p>
July 2015	1.3	<ul style="list-style-type: none"> ▪ Changes to bring guide into alignment with Final Rule issued 7/21/2015 and other technical corrections
January 2015	1.2	<ul style="list-style-type: none"> ▪ Permits certain language related to construction loans for transactions involving new construction on the Loan Estimate (Section 2.4.3 Other Considerations)
September 2014	1.1	<ul style="list-style-type: none"> ▪ Updates to information on who to contact with questions on the rule (Section 1.3) ▪ Clarification of description of time periods less than whole years (Section 2.2.2. Loan Terms) ▪ Clarification of requirement relating to provision of appraisals for certain loan types. (Section 3.6.2. Other Disclosures)
April 2014	1.0	Original Document

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1. Introduction

For more than 30 years, Federal law required lenders to provide two different disclosure forms to consumers applying for a mortgage. The law also generally required two different forms at or shortly before closing on the loan. Two different Federal agencies developed these forms separately, under two Federal statutes: the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act of 1974 (RESPA). The information on these forms was overlapping and the language inconsistent. Not surprisingly, consumers often found the forms confusing. It is also not surprising that lenders and settlement agents found the forms burdensome to provide and explain.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) directed the Bureau of Consumer Financial Protection (Bureau) to integrate the mortgage loan disclosures under TILA and RESPA sections 4 and 5. Section 1032(f) of the Dodd-Frank Act mandated that the Bureau propose for public comment rules and model disclosures that integrate the TILA and RESPA disclosures by July 21, 2012. The Bureau satisfied this statutory mandate and issued proposed rules and forms on July 9, 2012. To accomplish this, the Bureau engaged in extensive consumer and industry research, analysis of public comment, and public outreach for more than a year. After issuing the proposal, the Bureau conducted a large-scale quantitative study of its integrated disclosures with approximately 850 consumers, which concluded that the Bureau's integrated disclosures had on average statistically significant better performance than the preexisting disclosures under TILA and RESPA.

On December 31, 2013, the Bureau published a final rule with new, integrated disclosures - "Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth In Lending Act (Regulation Z)" (TILA-RESPA Final Rule). On January 20, 2015 and July 21, 2015, the Bureau issued amendments to the TILA-RESPA Final Rule. Additionally, the Bureau published technical corrections on December 24, 2015, and a correction to supplementary information on February 10, 2016. On July 7, 2017, the Bureau issued further amendments to formalize guidance, and provide greater clarity and certainty regarding the TILA-RESPA Final Rule. These amendments were published in the

Federal Register on August 11, 2017. On April 26, 2018, the Bureau also issued a final rule amending provisions regarding when a creditor may use a **Closing Disclosure** to reset tolerances. The TILA-RESPA Final Rule, the amendments, and corrections are collectively referred to as the TILA-RESPA Rule in this Guide.

The TILA-RESPA Rule provides a detailed explanation of how the forms should be filled out and used. The first new form (**Loan Estimate**) is designed to provide disclosures that will be helpful to consumers in understanding the key features, costs, and risks of the mortgage loan for which they are applying. The **Loan Estimate** must be provided to consumers no later than three business days after they submit a loan application. The second form (**Closing Disclosure**) is designed to provide disclosures that will be helpful to consumers in understanding all of the costs of the transaction. Consumers must receive the **Closing Disclosure** no later than three business days before consummation of their loan.

The forms use clear language and design to make it easier for consumers to locate key information, such as interest rate, monthly payments, and costs to close the loan. The forms also provide more information to help consumers decide whether they can afford the loan and to compare the cost of different loan offers, including the cost of the loans over time.

The **Loan Estimate** and **Closing Disclosure** must be used for most closed-end consumer mortgages secured by real property or a cooperative unit. Home equity lines of credit, reverse mortgages, and mortgages secured by a mobile home or by a dwelling (other than a cooperative unit) that is not attached to real property (i.e., land) must continue to use the preexisting disclosures under TILA and RESPA. The TILA-RESPA Rule generally¹ does not apply to loans made by persons who are not considered “creditors” as defined in Regulation Z. (§ 1026.2(a)(17))

Generally, the **Loan Estimate** and **Closing Disclosure** require the disclosure of categories of information that will vary due to the type of loan, the payment schedule of the loan, the fees charged, the terms of the transaction, and State law provisions. The extent of these variations cannot be shown on a single, static example. This Guide includes most of the requirements concerning completing the **Loan Estimate** and **Closing Disclosure**. There is additional information about completing the **Loan Estimate** and **Closing Disclosure**, including specific information about how to complete these forms for construction loans, in the TILA-RESPA Integrated Disclosure Rule Small Entity Compliance Guide (Compliance Guide), which is available at www.consumerfinance.gov/policy-compliance/guidance/

¹ Provisions of the TILA-RESPA Rule may apply, for example, to mortgage brokers and others who are not creditors as defined in Regulation Z. See, for example, § 1026.19(e)(1)(ii).

[implementation-guidance/tila-respa-disclosure-rule/](#). However, these Guides may not illustrate all of the permutations of the information required or omitted from the **Loan Estimate** or **Closing Disclosure** for any particular transaction. Only the TILA-RESPA Rule and its Official Interpretations can provide complete and definitive information regarding its requirements.

The Compliance Guide includes more information on the TILA-RESPA Rule in general.

1.1 What is the purpose of this Guide?

The focus of this Guide is to provide the instructions for completing the **Loan Estimate** and **Closing Disclosure**. This Guide also highlights common situations that may arise when completing the **Loan Estimate** and **Closing Disclosure**.

This Guide - *The Guide to Completing TILA-RESPA Integrated Disclosure Forms* (Guide to Forms) - is designed as a companion to the Compliance Guide which addresses questions about the TILA-RESPA Rule in general. The Compliance Guide also discusses the good faith disclosure of settlement costs, limitations on changes to those amounts at consummation, and other information concerning the process and requirements related to completing and delivering the **Loan Estimate** and the **Closing Disclosure**. The Compliance Guide also has a section, Section 14, which discusses implementation issues specific to construction loans.

This Guide summarizes the instructions for completing the **Loan Estimate** and **Closing Disclosure**, but it is not a substitute for the TILA-RESPA Rule. Only the rule and its Official Interpretations (also known as commentary) can provide complete and definitive information regarding its requirements. The discussions below provide citations to the sections of the TILA-RESPA Rule on the subject being discussed. Keep in mind that the Official Interpretations, which provide detailed explanations of many of the TILA-RESPA Rule's requirements, are found after the text of the rule and its appendices. The interpretations are arranged by rule section and paragraph for ease of use. The complete rule and the Official Interpretations are available at consumerfinance.gov/policy-compliance/rulemaking/final-rules/2013-integrated-mortgage-disclosure-rule-under-real-estate-settlement-procedures-act-regulation-x-and-truth-lending-act-regulation-z/.

This Guide does not discuss the TILA-RESPA Rule in general or other Federal or State laws that may apply to the origination of closed-end credit.

At the end of this Guide, there is more information about the TILA-RESPA Rule and related implementation support from the Bureau.

1.2 Who should read this Guide?

If your organization originates closed-end residential mortgage loans, you may find this Guide helpful. This Guide—together with the Compliance Guide—will help you determine your compliance obligations for the mortgage loans you originate.

This Guide may also be helpful to settlement service providers, software providers, and other companies that serve as business partners to creditors.

1.3 Where can I find additional resources that will help me understand the TILA-RESPA Rule?

Resources to help you understand and comply with the Dodd-Frank Act mortgage reforms and our regulations, including downloadable guides, are available through the Bureau's website at consumerfinance.gov/policy-compliance/guidance/implementation-guidance. On this website, we also offer the ability to sign up for an email distribution list through which we announce additional resources and tools as they become available. The eRegulations tool, available at consumerfinance.gov/eregulations includes an unofficial version of Regulation Z (12 CFR part 1026), in which the TILA-RESPA Rule is codified. The tool provides updated versions of the regulatory text and commentary in a single location.

If after reviewing these materials, as well as the regulation and Official Interpretations, you have a specific regulatory interpretation question about the TILA-RESPA Rule, you can submit it to us on the Bureau's website at <https://reginquiries.consumerfinance.gov/>. Please understand that a response is not an official interpretation of the Bureau and is not a substitute for legal or other compliance advice.

Generally, we are not able to respond to specific inquiries the same business day. Actual response times will vary depending on the number of questions we are handling and the amount of research needed to respond to your question.

Email comments about this Guide to CFPB_RegulatoryImplementation@consumerfinance.gov. Your feedback is crucial to making this Guide as helpful as possible. The Bureau welcomes your suggestions for improvements and your thoughts on its usefulness and readability.

The Bureau is particularly interested in feedback relating to:

- How useful you found this Guide for understanding the TILA-RESPA Rule.
- How useful you found this Guide for implementing the TILA-RESPA Rule at your business.
- Suggestions you have for improving the Guide, such as additional implementation tips.

2. Loan Estimate

2.1 General Requirements

2.1.1 Issuance and Delivery

You must provide a **Loan Estimate** to the consumer, either by delivering it by hand or placing it in the mail, no later than three business days of the receipt of an application. (§ 1026.19(e)(1)(iii)(A)) An application is considered received when the consumer provides the following information:

- Consumer's name,
- Consumer's income,
- Consumer's Social Security number to obtain a credit report,
- Address of the property,
- Estimate of the value of the property, and
- The mortgage loan amount sought. (§ 1026.2(a)(3)(ii))

2.1.2 Revised Loan Estimate

When there is a changed circumstance after the **Loan Estimate** has been provided, the creditor can revise the **Loan Estimate** within three business days of receiving information sufficient to establish that there has been a changed circumstance.

Revised **Loan Estimates** generally can be provided no later than four business days before consummation. (see section 2.1.5 below; § 1026.19(e)(4))

More information on revised **Loan Estimates** is available in section 8 of the Compliance Guide.

2.1.3 Use of Compliance Guide

Please see the Compliance Guide for additional information on the requirements for issuing and delivering **Loan Estimates** and revised **Loan Estimates**.

The information that follows discusses how to complete the **Loan Estimate**. Samples of completed **Loan Estimates** can be found at consumerfinance.gov/policy-compliance/guidance/implementation-guidance/tila-respa-disclosure-rule/.

2.1.4 Rounding

Dollar amounts must be rounded to the nearest whole dollar where noted in the TILA-RESPA Rule. (§ 1026.37(o)(4)) If an amount is required to be rounded but is composed of other amounts that are **not** required or permitted to be rounded, use the unrounded amounts in calculating the total and then round the final sum. Conversely, if an amount is required to be rounded and is composed of rounded amounts, use the rounded amounts in calculating the total. (Comment 37(o)(4)-2)

Percentage amounts are disclosed by rounding to three decimals and then dropping any trailing zeros that occur to the right of the decimal place, except where otherwise noted in the TILA-RESPA Rule. (§ 1026.37(o)(4)(ii); Comment 37(o)(4)(ii)-1)

2.1.5 Consummation

Consummation is not the same thing as closing or settlement. Consummation occurs when the consumer becomes contractually obligated to the creditor on the loan, not, for example, when the consumer becomes contractually obligated to a seller on a real estate transaction. (§ 1026.2(a)(13))

The point in time when a consumer becomes contractually obligated to the creditor on the loan depends on applicable State law. (§ 1026.2(a)(13); Comment 2(a)(13)-1) Creditors and settlement agents should verify the applicable State laws to determine when consummation will occur, and

This Guide uses references to the legal obligation, which includes the promissory note plus any other agreements between the creditor and consumer concerning the extension of credit.

2.2 Loan Estimate (page 1)

Save this Loan Estimate to compare with your Closing Disclosure.

Loan Estimate

DATE ISSUED
APPLICANTS

PROPERTY
SALE PRICE

LOAN TERM
PURPOSE
PRODUCT

LOAN TYPE Conventional FHA VA _____

LOAN ID #

RATE LOCK NO YES, until

Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on

Loan Terms

Can this amount increase after closing?

Loan Amount	
Interest Rate	
Monthly Principal & Interest <small>See Projected Payments below for your Estimated Total Monthly Payment</small>	

Projected Payments

Does the loan have these features?

Prepayment Penalty	
Balloon Payment	

Projected Payments

Does the loan have these features?

Payment Calculation	
Principal & Interest	
Mortgage Insurance	
Estimated Escrow <small>Amount can increase over time</small>	
Estimated Total Monthly Payment	

Estimated Taxes, Insurance & Assessments
Amount can increase over time

This estimate includes **In escrow?**

Property Taxes

Homeowner's Insurance

Other:

See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.

Costs at Closing

Does the loan have these features?

Estimated Closing Costs	Includes _____ in Loan Costs + _____ in Other Costs - _____ in Lender Credits. <small>See page 2 for details.</small>
Estimated Cash to Close	Includes Closing Costs. <small>See Calculating Cash to Close on page 2 for details.</small>

Visit www.consumerfinance.gov/mortgage-estimate for general information and tools.

LOAN ESTIMATE PAGE 1 OF 3 - LOAN ID #

section 2.2.1

section 2.2.2

section 2.2.3

section 2.2.4

FIGURE 1: LOAN ESTIMATE (PAGE 1)

Page 1 of the **Loan Estimate** includes general information, a **Loan Terms** table with descriptions of applicable information about the loan, a **Projected Payments** table, a **Costs at Closing** table, and a link for consumers to obtain more information at a website maintained by the Bureau.

Page 1 of the **Loan Estimate** includes the title “Loan Estimate” and a statement of “Save this Loan Estimate to compare with your Closing Disclosure.” (§ 1026.37(a)(1), (2)) The top of page 1 also includes the name and address of the creditor. (§ 1026.37(a)(3)) A logo or slogan can be used along with the creditor’s name and address, so long as the logo or slogan does **not** exceed the space provided for that information. (§ 1026.37(o)(5)(iii))

If there are multiple creditors, use only the name of the creditor completing the **Loan Estimate**. (Comment 37(a)(3)-1) If a mortgage broker is completing the **Loan Estimate**, use the name and address of the creditor if known. If not yet known, leave this space blank. (Comment 37(a)(3)-2)

2.2.1 General Information

The screenshot shows the top portion of a Loan Estimate form. At the top right, it says "Save this Loan Estimate to compare with your Closing Disclosure." Below this is a horizontal line. On the left side, the title "Loan Estimate" is prominently displayed. Underneath the title, there are several fields: "DATE ISSUED", "APPLICANTS", "PROPERTY", and "SALE PRICE". On the right side, there are sections for "LOAN TERM", "PURPOSE", "PRODUCT", "LOAN TYPE" (with checkboxes for Conventional, FHA, VA, and a blank line), "LOAN ID #", and "RATE LOCK" (with checkboxes for NO and YES, until). Below the "RATE LOCK" section, there is a note: "Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on".

FIGURE 2: GENERAL INFORMATION OF THE LOAN ESTIMATE

Date Issued

The **Date Issued** is the date the **Loan Estimate** is placed in the mail or delivered to the consumer (not the date the form is actually printed). (§ 1026.37(a)(4))

Applicants

Applicants include the name(s) and mailing address(es) of the consumer(s) applying for the loan. (§ 1026.37(a)(5)) Use each **Applicant’s** name and mailing address if there are multiple **Applicants**. The mailing address disclosed must be the U.S. Postal mailing address of the consumer applying for credit. The mailing

address cannot be any other type of address, such as an **Applicant's** email address. An additional page may be added to the **Loan Estimate** if the space provided is insufficient to list all of the **Applicants**. (Comment 37(a)(5)-1)

If credit is extended to a trust established for tax or estate planning purposes, the **Loan Estimate** may be provided to the trustee on behalf of the trust. If the **Loan Estimate** is delivered to the trustee on behalf of the trust (and to no other consumer), a creditor may opt to disclose the name and mailing address of the trust only, although nothing in the TILA-RESPA Rule prohibits the creditor from additionally disclosing the names of the trustee or other consumers applying for the credit. Guidance on who should receive disclosures when credit is extended to a trust established for tax or estate planning purposes can be found in § 1026.2(a)(22) and § 1026.17(d) and their associated commentary. Information is also available in the Compliance Guide.

Property

Property is the address of the property (which must include the zip code) that will secure the transaction. (§ 1026.37(a)(6)) If the address of the property is unavailable, use a description of the location of the property, for example a lot number. Always use a zip code. (Comment 37(a)(6)-1) Personal property, such as furniture or appliances, that also secures the credit transaction may be, but is **not** required to be included as **Property**. An additional page may **not** be appended to the **Loan Estimate** to disclose a description of personal property. (Comment 37(a)(6)-2)

Sale Price or Appraised Value or Estimated Value

If the loan is a purchase money mortgage loan (i.e., the transaction involves a seller), use the contract sale price for the **Property** and label it as **Sale Price**. (§ 1026.37(a)(7)(i)) If personal property is included in the **Sale Price** of the **Property**, use that price without any reduction for the appraised or estimated value of the personal property. (Comment 37(a)(7)-2) If the **Sale Price** is not yet known, disclose the estimated value of the **Property**, using the label "**Sale Price**." (Comment 37(a)(7)-1)

For a transaction without a seller, disclose an **Appraised Value** or an **Estimated Value**, as applicable, and use the label "**Prop. Value**." The disclosed value must be based on the best information reasonably available to the creditor at the time that the **Loan Estimate** is provided to the consumer. (Comment 37(a)(7)-1)

If the creditor has obtained an appraisal of the **Property** at the time the **Loan Estimate** is provided to the consumer, disclose the **Appraised Value** stated in the appraisal that the creditor will use during the underwriting of the loan. If the

creditor does not know which appraisal it will use to underwrite the loan at the time the **Loan Estimate** is provided to the consumer, disclose the value set forth in any appraisal that the creditor reasonably believes it will use in the underwriting.

If the creditor has not obtained an appraisal but has prepared its own estimate of value, use the creditor's estimate of value rather than an estimate of value received from a consumer. If the creditor has not obtained an appraisal or prepared its own estimate of value, it may disclose an estimate of value provided by a consumer. (Comment 37(a)(7)-1)

When disclosing an **Appraised Value** or an **Estimated Value** for a construction loan without a seller (i.e., a non-purchase mortgage loan where some or all of the proceeds will finance improvements), the creditor has the option to include the estimated value of improvements to be made on the **Property**. Alternatively, the creditor may disclose a value that does not include the estimated value of the improvements. (Comment 37(a)(7)-1)

Loan Term

Loan Term is the term of the debt obligation. (§ 1026.37(a)(8)) Describe the **Loan Term** as "years" when the **Loan Term** is in whole years (e.g., "1 year" or "30 years"). (Comment 37(a)(8)-1.i, -1.ii) For a **Loan Term** that is more than 24 months but is **not** whole years, describe using years and months with the abbreviations "yr." and "mo.," respectively. For example, a **Loan Term** of 185 months is disclosed as "15 yr., 5 mo." For a **Loan Term** that is less than 24 months and **not** whole years, use months only with the abbreviation "mo." For example, "6 mo." or "16 mo." (Comment 37(a)(8)-2)

For a construction-permanent loan disclosed as a single transaction, the **Loan Term** is the total combined term of both phases. If the construction-permanent loan is disclosed as two separate transactions, the **Loan Term** for the permanent phase is counted from the date interest for the permanent phase's periodic payment begins to accrue.

Purpose

Describe the consumer's intended use for the loan. (§ 1026.37(a)(9)) **Purpose** is disclosed using one of four descriptions: **Purchase**, **Refinance**, **Construction**, or **Home Equity Loan**.

- **Purchase** is disclosed if the loan will be used to finance the **Property's** acquisition. (§ 1026.37(a)(9)(i)) The purpose of a simultaneous subordinate lien loan is disclosed as "**Purchase**" if the loan will be used to finance the **Property's** acquisition and will be secured by the **Property**. (Comment 37(a)(9)-1.i)

- **Refinance** is disclosed if the loan will be used for the refinance of an existing obligation that is secured by the **Property** (even if the creditor is **not** the holder or servicer of the original obligation). (§ 1026.37(a)(9)(ii))
- **Construction** is disclosed if the loan will be used to finance the initial construction of a dwelling on the **Property**. (§ 1026.37(a)(9)(iii))
- **Home Equity Loan** is disclosed if the loan will be used for any other purpose. (§ 1026.37(a)(9)(iv))

Product

Provide a description of the loan. You are required to include two pieces of information in this disclosure.

The first piece of information is any payment feature that may change the periodic payment, which includes **Negative Amortization, Interest Only, Step Payment, Balloon Payment, or Seasonal Payment**. (§ 1026.37(a)(10)(ii)) Additionally, the duration of the relevant payment feature must be disclosed with a **Negative Amortization, Interest Only, Step Payment, or Balloon Payment** feature. (§ 1026.37(a)(10)(iv)) For example, a payment feature where there is a five-year period during which the payments cover only interest, and are **not** applied to the principal balance, would be disclosed as a **5 Year Interest Only** for the payment feature.

- **Negative Amortization** is when the principal balance of the loan may increase due to the addition of accrued interest to the principal balance.
- **Interest Only** is when one or more regular periodic payments may be applied only to interest accrued and **not** to the principal of the loan.
- **Step Payment** is when the scheduled variations in regular periodic payment amounts occur that are not caused by changes to the interest rate during the loan term.
- **Balloon Payment** is when the terms of the legal obligation include a payment that is more than two times that of a regular periodic payment.
- **Seasonal Payment** is when the terms of the legal obligation expressly provide that regular periodic payments are **not** scheduled between specified unit-periods on a regular basis. For example, a “teacher” loan that does **not** require monthly payments during summer months has a **Seasonal Payment**.
- If the loan can be described with more than one of these descriptions, only the first applicable feature is disclosed. (§ 1026.37(a)(10)(iii)) For example, a loan that

would result in both **Negative Amortization** and a **Balloon Payment** would only disclose **Negative Amortization** as part of **Product**.

The second piece of information disclosed is whether the loan uses an **Adjustable Rate**, **Step Rate**, or **Fixed Rate** to determine the interest rate applied to the principal balance. (§ 1026.37(a)(10)(i))

- An interest rate is an **Adjustable Rate** if the interest rate may increase after consummation, but the rates that will apply or the periods for which they will apply are **not** known at consummation. (§ 1026.37(a)(10)(i)(A))
 - Each description must be preceded by the duration of any introductory rate or payment period, and the first adjustment period, as applicable. (§ 1026.37(a)(10)(iv)) For example, a product with an introductory rate that is fixed for the first five years and adjusts every three years starting in year 6 is a **5/3 Adjustable Rate**.
 - When there is no introductory period for an **Adjustable Rate**, disclose “0.” (Comment 37(a)(10)-1.i.A) For example, a product with no introductory rate that adjusts every year after consummation is a **0/1 Adjustable Rate**.
- An interest rate is a **Step Rate** if the interest rate will change after consummation and the rates that will apply and the periods for which they apply are known at consummation. (§ 1026.37(a)(10)(i)(B))
 - Each description must be preceded by the duration of any introductory rate or payment period, and the first adjustment period, as applicable. (§ 1026.37(a)(10)(iv)) For example, a product with a step rate that lasts for ten years, adjusts every year for five years, and then adjusts every three years for the next 15 years is a **10/1 Step Rate**. (Comment 37(a)(10)-1.ii)
 - When there is no introductory rate for a **Step Rate**, disclose “0” and then the applicable time period until the first adjustment. (Comment 37(a)(10)-1.ii)
- An interest rate is a **Fixed Rate** if the interest rate is **not** an **Adjustable Rate** or **Step Rate**. (§ 1026.37(a)(10)(i)(C))
- If the loan product consists of a combination of product types, only one product type is used. Section 1026.37(a)(10) does not provide for a combination of product types and requires the creditor to choose one, and only one, type. For example:
 - If a loan has a **Step Rate** for a set period of time followed by an **Adjustable Rate** for the remaining term, only the **Adjustable Rate** is disclosed. Here, there will be periods of the loan where the rate is

not known at consummation, and, as a result, the **Product** cannot be disclosed as **Step Rate**.

- If a loan has a **Fixed Rate** for a set period of time followed by an **Adjustable Rate** for the remaining term, only the **Adjustable Rate** is disclosed. Here, there will be periods where an **Adjustable Rate** applies, and as a result, it would not meet the requirements of a **Fixed Rate** disclosure.

Sections 14.7 and 14.8 of the Compliance Guide include more information about how to disclose **Product** types for construction loans

The following are examples of **Product** with both pieces of information included:

- **Year 7 Balloon Payment, 3/1 Step Rate:** a step rate with an introductory interest rate that lasts for three years and adjusts each year thereafter until a balloon payment is due in the seventh year of the loan term.
- **2 Year Negative Amortization, Fixed Rate:** a fixed rate product with a step-payment feature for the first two years of the legal obligation that may negatively amortize.

When the time periods disclosed in **Product** are **not** in whole years, for time periods of 24 months or more, disclose the applicable fraction of a year by use of decimals rounded to two places. For time periods of 24 months or less, disclose the number of months with the abbreviation "mo." (Comment 37(a)(10)-3) For example:

- An **Adjustable Rate Product** with an introductory interest rate for 31 months that adjusts every year thereafter is a **2.58/1 Adjustable Rate**.

For more **Product** examples, please see Comments 37(a)(10)-1, -2 and -3.

- An **Adjustable Rate Product** with an introductory interest rate for 18 months that adjusts every 18 months thereafter is an **18 mo./18 mo. Adjustable Rate**.

Loan Type

Loan Type is the type of the loan, such as **Conventional** or **FHA**.

For **Loan Type**, disclose:

- **Conventional** if the loan is **not** guaranteed or insured by a Federal or State government agency,
- **FHA** if the loan is insured by the Federal Housing Administration,
- **VA** if the loan is guaranteed by the U.S. Department of Veterans Affairs, and
- **Other** with a brief description if the loan is insured or guaranteed by another Federal or a State agency. (§ 1026.37(a)(11))

Loan ID

Loan ID # is the creditor's loan identification number that may be used by a creditor, consumer, and other parties to identify the transaction. (§ 1026.37(a)(12)) The **Loan ID #** may contain alpha-numeric characters and must be unique to the particular transaction. The same **Loan ID #** may **not** be used for different, but related, loan transactions (such as different loans to the same borrower). When a revised **Loan Estimate** is issued, the **Loan ID #** must be sufficient for the purpose of identifying the transaction associated with the initial **Loan Estimate**. (Comment 37(a)(12)-1)

When the **Loan Estimate** is completed by a mortgage broker:

- If the creditor is known, the **Loan ID #** must be completed. (Comment 37(a)(12)-1) The creditor can outsource the generation and assignment of the **Loan ID #** to the mortgage broker or the creditor can provide the **Loan ID #** in advance of the disclosures for inclusion.
- If the creditor is unknown and the **Loan ID #** is not reasonably available, the mortgage broker may leave that disclosure blank. (Comment 37-1)

Rate Lock

Indicate that the rate is locked with **Yes**, or indicate that the rate is **not** locked with **No**. (§ 1026.37(a)(13))

When the interest rate is locked at the time of the **Loan Estimate's** delivery, the date and time (including the applicable time zone) when the lock period ends must be disclosed. (§ 1026.37(a)(13)(i))

The date and time (including the applicable time zone) at which the estimated closing costs expire are disclosed on the **Loan Estimate**. (§ 1026.37(a)(13)(ii)) However, the date and time are left blank on any revised **Loan Estimate** provided

after a consumer has indicated an intent to proceed with the transaction.
(Comment 37(a)(13)-4)

2.2.2 Loan Terms

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

FIGURE 3: LOAN TERMS TABLE OF THE LOAN ESTIMATE

Disclose in the **Loan Terms** table:

- **Loan Amount.** Use the total amount the consumer will borrow as set forth on the face of the note. If the amount is in whole dollars, do not disclose cents. (§ 1026.37(o)(4)),
- Initial **Interest Rate**,
- Initial **Monthly Principal & Interest** amount,
- Any adjustments to these amounts after consummation,
- Whether the loan includes a **Prepayment Penalty**, and
- Whether the loan includes a **Balloon Payment**. (§ 1026.37(b))

Information on how to complete the **Loan Terms** table for construction loans is available in Section 14 of the Compliance Guide.

Interest Rate & Monthly Principal & Interest

The **Interest Rate** disclosed is the initial rate at consummation. If the initial **Interest Rate** is **not** known at consummation, the fully-indexed rate is disclosed; a fully-indexed rate is the interest rate calculated using the index value and margin

at the time of consummation. (§ 1026.37(b)(2))

The initial principal and interest payment amount also would be calculated using the same fully-indexed rate, if the initial **Interest Rate** is not known at consummation. (§ 1026.37(b)(3))

Adjustment to Loan Amount, Interest Rate, and Monthly Principal & Interest after consummation

Under the subheading **Can this amount increase after closing?**, if the **Loan Amount**, **Interest Rate**, or **Monthly Principal & Interest** amounts can increase after consummation, disclose **Yes** where applicable with the information pertinent to the adjustment after consummation. (§ 1026.37(b)(6))

When describing time periods of less than 24 months that are **not** whole years, see the instructions related to the **Product** in section 2.2.1 above.

- For an adjustment in **Loan Amount**, the creditor must also disclose the maximum principal balance for the transaction and the due date (expressed as the year or month in which it occurs, rather than an exact date) of the last payment that may cause the principal balance to increase, together with a statement whether the maximum principal balance may or will occur under the terms of the legal obligation. (§ 1026.37(b)(6)(i)) The date disclosed is the year in which the event occurs, counting from the due date of the initial periodic payment. (§ 1026.37(b)(8)(ii))
- For an adjustment in the **Interest Rate**, also disclose the frequency of interest rate adjustments, the date when the interest rate may first adjust, the maximum interest rate, and the first date when the interest rate can reach the maximum interest rate. (§ 1026.37(b)(6)(ii)) The date disclosed is the year in which the event occurs, counting from the date that interest for the first scheduled periodic payment begins to accrue after consummation. (§ 1026.37(b)(8)(i)) Also, disclose and reference the **Adjustable Interest Rate (AIR) Table** on page 2 of the **Loan Estimate**. (§ 1026.37(b)(6)(ii))
- For an adjustment to the **Monthly Principal & Interest**, the creditor would also disclose the scheduled frequency of adjustments, due date of the first adjustment, and the maximum possible amount (and the earliest date it can occur) of the **Monthly Principal & Interest**. In addition, if there is a period during which only interest is required to be paid, also disclose that fact and the due date of the last periodic payment of such period. (§ 1026.37(b)(6)(iii)) The date disclosed is the year in which the event occurs, counting from the due

date of the initial payment. (§ 1026.37(b)(8)(ii)) Also, disclose and reference the **Adjustable Payment (AP) Table** on page 2. (§ 1026.37(b)(6)(iii))

When the **Loan Amount**, **Interest Rate**, or **Monthly Principal & Interest** payment cannot increase after consummation, disclose **No** where applicable. (§ 1026.37(b)(6))

Prepayment Penalty and Balloon Payment

A **Prepayment Penalty** is a charge imposed for paying all or part of a transaction's principal before the date on which the principal is due. It does **not** include a waived third-party charge that the creditor imposes if the consumer prepays the loan's entire principal sooner than 36 months after closing. (§ 1026.37(b)(4))

A **Balloon Payment** is a payment that is more than two times a regular periodic payment. (§ 1026.37(b)(5))

Under the subheading **Does the loan have these features?**, when the loan has a **Prepayment Penalty** or a **Balloon Payment** disclose **Yes**, as applicable. (§ 1026.37(b)(4) and (5)) When the answer is **Yes** to either, also disclose, as applicable:

- The maximum amount of the **Prepayment Penalty** and the date when the period during which the penalty may be imposed terminates. For example, **As high as \$3,240 if you pay off the loan in the first two years.** (§ 1026.37(b)(7)(i))
- The maximum amount of the **Balloon Payment** and the due date of such payment. For example, **You will have to pay \$149,263 at the end of year 7.** (§ 1026.37(b)(7)(ii))

When describing time periods less than 24 months that are **not** whole years, see the instructions related to the **Product** in section 2.2.1 above.

2.2.3 Projected Payments

Projected Payments											
Payment Calculation											
Principal & Interest											
Mortgage Insurance											
Estimated Escrow <i>Amount can increase over time</i>											
Estimated Total Monthly Payment											
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time</i>	<table border="0"> <thead> <tr> <th>This estimate includes</th> <th>In escrow?</th> </tr> </thead> <tbody> <tr> <td><input type="checkbox"/> Property Taxes</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Homeowner's Insurance</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> <tr> <td colspan="2"><i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i></td> </tr> </tbody> </table>	This estimate includes	In escrow?	<input type="checkbox"/> Property Taxes		<input type="checkbox"/> Homeowner's Insurance		<input type="checkbox"/> Other:		<i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i>	
This estimate includes	In escrow?										
<input type="checkbox"/> Property Taxes											
<input type="checkbox"/> Homeowner's Insurance											
<input type="checkbox"/> Other:											
<i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i>											

FIGURE 4: PROJECTED PAYMENTS TABLE OF THE LOAN ESTIMATE

The **Projected Payments** table shows estimates of the periodic payments that the consumer will make over the life of the loan. Creditors must disclose estimates of the following periodic payment amounts in the **Projected Payments** table:

- **Principal & Interest,**
- **Mortgage Insurance,**
- **Estimated Escrow,**
- **Estimated Total Monthly Payment, and**
- **Estimated Taxes, Insurance, & Assessments,** even if **not** paid with escrow funds.

Information on how to complete the **Projected Payments** table for construction loans is available in Section 14 of the Compliance Guide.

The **Projected Payments** table also describes whether taxes, insurance, and other assessments will be paid with funds in the consumer's escrow account. (§ 1026.37(c)(2))

General Instructions

Show in one column the initial **Periodic Payment** (or range of payments if required) for each of **Principal & Interest**, **Mortgage Insurance**, and **Estimated Escrow**. (§ 1026.37(c)(1)) Depending on the features of the loan, subsequent periodic payments also may be required to be disclosed. The **Periodic Payment** is the regularly scheduled payment of **Principal & Interest**, **Mortgage Insurance**, and **Estimated Escrow**. (Comment 37(c)(1)(i)-1)

Initial Periodic Payment

To calculate the initial **Periodic Payment**, use the interest rate that will apply at closing, including any initial discounted or premium interest rate. If the interest rate at closing is **not** known, such as for an adjustable rate loan without an introductory fixed rate period, use the fully-indexed rate to determine the initial **Periodic Payment**. (Comment 37(c)(1)(i)-2)

Information on how to calculate the initial **Periodic Payment** for a construction loan is available in Section 14 of the Compliance Guide.

If the consumer's periodic payments will remain constant over the life of the loan, such as in a fixed rate, fixed payment loan without mortgage insurance, the **Projected Payments** table has just one column.

Subsequent Periodic Payments

If any of the triggering events listed below may occur during the life of the loan, add a column to show the amount of the periodic payments after the triggering event. (§ 1026.37(c)(1)(i)):

- The **Principal & Interest** amount or range of such amount may change (for example if the loan has an adjustable rate). (§ 1026.37(c)(1)(i)(A))
 - **Negative Amortization** – for loans that have a **Negative Amortization** feature, the **Principal & Interest** amount may change when the **Negative Amortization** period ends under the terms of the legal obligation, meaning the consumer must begin making payments that do **not** result in an increase of the principal balance. (Comment 37(c)(1)(i)(A)-2)

- **Interest Only** – for **Interest Only** loans, the **Principal & Interest** amount may change when the **Interest Only** period ends, meaning the consumer must begin making payments that do **not** defer repayment of principal. (Comment 37(c)(1)(i)(A)-3)
 - Minor **Periodic Payment** variations resulting solely from the fact that months have different numbers of days are **not** triggering events. (Comment 37(c)(1)(i)(A)-1)
- **Adjustable Rate** loans – the **Projected Payments** table will have a new column, **up to a maximum of four columns**, for each scheduled rate adjustment. Because the **Principal & Interest** amount may change each time the rate is scheduled to adjust, a new column is required, **up to a maximum of four columns**. There is a new column, **up to a maximum of four columns**, even if the range of payments will stay the same. For example, there is a new column, **up to a maximum of four columns**, even when the range will stay the same because the range is the minimum and maximum interest rate caps listed in the contract. (Comment 37(c)(1)(i)(A)-1)
- There is a scheduled **Balloon Payment**. (§ 1026.37(c)(1)(i)(B))
- The lender must automatically terminate **Mortgage Insurance** or any functional equivalent. (§ 1026.37(c)(1)(i)(C))
 - Even if the borrower may cancel the insurance earlier, use the date on which the lender must automatically terminate **Mortgage Insurance** coverage under applicable law. Only termination of **Mortgage Insurance** is a triggering event, while a decline in **Mortgage Insurance** premiums is **not**. (Comment 37(c)(1)(i)(C)-3)
 - However, if there are already four columns, and **Mortgage Insurance** would terminate during the range disclosed in the fourth column, no automatic termination of **Mortgage Insurance** is disclosed on the **Projected Payments** table. (§ 1026.37(c)(1)(ii)(b))
- When the **Periodic Payment** amount changes more than once in a single year, show in the subsequent column the **Periodic Payment** amounts in the year following the one in which there were multiple changes. (§ 1026.37(c)(1)(i)(D))
A year for this table is the 12-month period following the due date of the initial **Periodic Payment**. (§ 1026.37(c)(3)(ii))

Number of Columns

The maximum number of columns the **Periodic Payments** table may contain is four. If a loan has more than four triggering events, for example, if the loan has more than three rate changes, show a range of payments in the fourth column that reflects all remaining periodic payments **not** shown in the first three columns. (§ 1026.37(c)(1)(ii)) EXCEPT:

- A **Balloon Payment** scheduled as a final payment always requires its own column. (§ 1026.37(c)(1)(ii)(A))
- If disclosing the final **Balloon Payment** means that other triggering events will **not** fit within the four-column maximum, show the other triggering events as a range of payments in the third column. (§ 1026.37(c)(1)(ii)(A))
- A **Balloon Payment** that is **not** a final payment is a triggering event that does **not** necessarily require its own column. (Comment 37(c)(1)(ii)(A)-1)
- The automatic termination of **Mortgage Insurance** generally requires the corresponding periodic payment to be shown in its own column, unless doing so would exceed the four-column maximum. (§ 1026.37(c)(1)(ii)(B))
 - Where the automatic termination of **Mortgage Insurance** need **not** be shown in its own column, the column showing the next periodic payment or range of payments should show the periodic payment amount without **Mortgage Insurance**. (Comment 37(c)(1)(ii)(B)-1)
- Show a range of payments rather than a single payment when:
 - There are more triggering events than can be shown in four columns and thus one column must be used to show two or more periodic payment amounts.
 - The **Principal & Interest** payment or range of such payments may change more than once in a single year or may change (at least once) in the same year as the initial periodic payment.
 - The **Principal & Interest** payment may adjust based on an interest rate index and the rates are **not** yet known (i.e., for an **Adjustable Rate** loan). (§ 1026.37(c)(1)(iii))
- For a column that contains a range of payments, show both a minimum and maximum payment using rounded dollar amounts. (§ 1026.37(c)(1)(iii), (o)(4)(ii)) For an **Adjustable Rate** loan, use the maximum and minimum interest rates that could apply such as through an interest rate cap. (Comment 37(c)(1)(iii)(C)-1)

- Ranges of payments are required only for the **Principal & Interest** amount and the **Estimated Total Monthly Payment**. Do **not** show a range of payments for **Mortgage Insurance** or **Estimated Escrow**. (Comment 37(c)(1)(iii)-1)

2.2.3.A Payment Calculation Column Headings

To the right of the **Payment Calculation** label, as column headings, use the years of the loan during which the payments or ranges of payments shown in that column will apply. (§ 1026.37(c)(3)(ii))

- Use a sequence of whole years, counting from the due date of the initial **Periodic Payment**.
 - For example, a two-column projected payments table might contain the headings “years 1-7” and “Years 8-30” if a triggering event occurs 85 months after the due date of the initial **Periodic Payment**. If a triggering event occurs in the middle of a year, use the next year in sequence as the heading for the subsequent column.
 - For example, assume a 30-year loan that requires **Interest Only** payments for the first 54 months from the due date of the initial **Periodic Payment**. The column heading for the initial **Periodic Payment** would be “Years 1-5” and the column heading for the subsequent **Periodic Payment** would be “Years 6-30” because the triggering event occurs during the 5th year of the loan. (Comment 37(c)(3)(ii)-1)
- For **Periodic Payments** that may increase based on an adjustment of the interest rate, use the maximum loan term possible under the terms of the legal obligation. To calculate the maximum loan term, assume that the interest rate rises as rapidly as is possible under the terms of the legal obligation, taking into account any applicable interest rate caps. (Comment 37(c)(3)(ii)-2)
- For a **Balloon Payment** scheduled as a final payment, use **Final Payment** as the column heading. (§ 1026.37(c)(3)(iii))

2.2.3.B Principal & Interest

Use the amount due for **Principal & Interest** for the period shown in the column heading. (§ 1026.37(c)(2)(i)) If the payment or range of payments includes any payments of **Interest Only**, use the phrase **Only Interest** under the amount of the payment or range of payments.

Adjustable Rate Loans

Generally, calculate **Principal & Interest** using the maximum payments by assuming that the interest rate will rise as rapidly as possible, taking into account the terms of the legal obligation, including any applicable caps on interest rate adjustments and lifetime interest rate cap. Other laws, such as a State usury law, can set the maximum rate if the legal obligation does **not** include a lifetime interest rate cap. Calculate the minimum payments by assuming that the interest rate will decrease as rapidly as possible, taking into account any introductory rates, caps on interest rate adjustments, and lifetime interest rate floor. For an **Adjustable Rate** loan based on an index that has no lifetime interest rate floor, the minimum interest rate is equal to the margin. (Comment 37(c)(2)(i)-1)

For loans with a **Negative Amortization** feature, calculate **Principal & Interest** using the maximum payment amounts after the end of the period during which the principal balance may increase by assuming the maximum principal amount permitted under the terms of the legal obligation at the end of the period. Calculate the minimum payment amount by assuming the interest rate is the minimum possible under the terms of the legal obligation. (Comment 37(c)(2)(i)-2)

For loans with a **Balloon Payment** feature that may change depending on previous interest rate adjustments, calculate **Principal & Interest** using the assumptions for minimum and maximum interest rates described above and show as a range of payments. (Comment 37(c)(2)(i)-3)

2.2.3.C Mortgage Insurance

Disclose the maximum amount payable as **Mortgage Insurance** that corresponds to the **Principal & Interest** payment shown in the same column. (§ 1026.37(c)(2)(ii))
Disclose as a rounded number. (§ 1026.37(o)(4)(ii))

Mortgage Insurance includes any mortgage guarantee that provides coverage similar to mortgage insurance (such as a U.S. Department of Veterans Affairs or U.S. Department of Agriculture guarantee), even if **not** technically considered insurance under State or other applicable law. (§ 1026.4(b)(5); Comment 37(c)(1)(i)(C)-1)

Calculate **Mortgage Insurance** premiums based on the principal balance that will exist after changes to the interest rate and payment amounts pursuant to the legal obligation. The calculations should take into account any initial discounted

or premium interest rate. For example, for an **Adjustable Rate** transaction that has a discounted interest rate during an initial five-year period, calculate **Mortgage Insurance** premiums using a composite rate based on the rate in effect during the initial five-year period and, thereafter, the fully-indexed rate, unless otherwise required by applicable law. (Comment 37(c)(1)(i)(C)-2)

If **Mortgage Insurance** is **not** required, disclose "0." (Comments 37(c)(2)(ii)-1 and -2)

Disclose the **Mortgage Insurance** amount that corresponds with the **Principal & Interest** amount shown in the same column, even if **Mortgage Insurance** is paid on a different schedule than **Principal & Interest**. (Comment 37(c)(2)(ii)-2)

2.2.3.D Estimated Escrow

Disclose the amount the consumer will pay into an escrow account each month under the terms of the legal obligation. (§ 1026.37(c)(2)(iii)) Use a rounded number. (§ 1026.37(o)(4)(ii)) If an escrow account will **not** be established, disclose "0." Disclose "-" if there will be an escrow account, but the escrow account will be closed during the time-frame attributable to the applicable **Periodic Payment**. (Comment 37(c)(2)(iii)-1)

2.2.3.E Estimated Total Monthly Payment

For each column, disclose the sum of the **Principal & Interest**, **Mortgage Insurance**, and **Estimated Escrow** as **Estimated Total Monthly Payment**. (§ 1026.37(c)(2)(iv)) The amount is rounded if any of the component amounts are rounded. (§ 1026.37(o)(4)(i)(C))

2.2.3.F Estimated Taxes, Insurance & Assessments

As **Estimated Taxes, Insurance & Assessments**, disclose the total monthly amount due for **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. (§§ 1026.37(c)(4)(ii), 1026.43(b)(8)) Disclose **Estimated Taxes, Insurance & Assessments** as a rounded number. (§ 1026.37(o)(4)(i))

Homeowner's Insurance is any insurance against loss or damage, or against liability arising out of the property. (§§ 1026.4(b)(8), 1026.37(c)(4)(ii)) The insurance premiums included as **Estimated Taxes, Insurance & Assessments** are for credit life, accident, health, or loss-of-income insurance; insurance against loss of or

damage to property, or against liability arising out of the ownership or use of property; and debt cancellation or debt suspension coverage. (§§ 1026.4(b)(7), (8), (10), 1026.37(c)(4)(ii)) **Homeowner's Insurance** includes flood insurance. (§§ 1026.37(c)(4)(ii); 1026.43(b)(8))

To calculate **Property Taxes, Homeowner's Insurance**, and other insurance premiums, use the taxable assessed value of the real property or cooperative unit securing the transaction after consummation, including the value of any improvements or construction, to the extent known, and the replacement costs of the property over the first year. (§ 1026.37(c)(5))

Include these amounts as **Estimated Taxes, Insurance & Assessments** even if an escrow account will **not** be established under the terms of the legal obligation.

If the time period disclosed is not monthly, use the appropriate term to reflect the fact that the transaction's terms provide for other than monthly period payments, such as bi-weekly or quarterly payments. (§ 1026.37(o)(5)(i); Comment 37(o)(5)-4) For example, if the legal obligation calls for biweekly payments, the **Estimated Taxes, Insurance and Assessments** must be disclosed as a biweekly payment amount. However, if the legal obligation calls for monthly payments, the **Estimated Taxes, Insurance and Assessments** must be disclosed as a monthly amount.

By the use of checkboxes, disclose if **Property Taxes, Homeowner's Insurance**, or **Other** required charges will be paid from an escrow account established under the terms of the legal obligation under the heading "**This estimate includes**". When applicable, describe briefly the type of charge to the right of the word "**Other**". If there is more than one **Other** charge, disclose one type and the phrase **and additional charges**. (Comment 37(c)(4)(iv)-1)

Under a heading of **In Escrow?**: disclose **Yes** when funds from an escrow account established under the terms of the legal obligation will be used to pay **Property Taxes, Homeowner's Insurance**, and **Other** assessments; or disclose **No** when funds from an escrow account established under the terms of the legal obligation will not be used to pay **Property Taxes, Homeowner's Insurance**, and **Other** assessments. If a portion of **Property Taxes, Homeowner's Insurance**, and **Other** assessments will be paid using funds from such an escrow account, a creditor may indicate that is the case by using the word "**Some**." If more than one item is disclosed as **Other**, disclose **Yes, Some** when one item is paid using funds from such an escrow account and another is not. (Comment 37(c)(4)(iv)-2)

2.2.4 Costs at Closing

Costs at Closing	
Estimated Closing Costs	Includes in Loan Costs + in Other Costs – in Lender Credits. <i>See page 2 for details.</i>
Estimated Cash to Close	Includes Closing Costs. <i>See Calculating Cash to Close on page 2 for details.</i>

Visit www.consumerfinance.gov/mortgage-estimate for general information and tools.

FIGURE 5: COSTS AT CLOSING TABLE OF THE LOAN ESTIMATE

The **Costs at Closing** table shows **Estimated Closing Costs** and **Estimated Cash to Close**.

Estimated Closing Costs are calculated in the same manner as the **Total Closing Costs** disclosed on page 2 of the **Loan Estimate**. (see section 2.3.1 below)

The **Estimated Closing Costs** are also itemized to show from page 2 of the **Loan Estimate**:

- The total of the **Loan Costs** table,
- The total of the **Other Costs** table, and
- **Lender Credits** in the **Total Closing Costs** subheading. (§ 1026.37(d)(1)(i))
- The estimated amount of cash the consumer will be expected to pay at closing is also shown as **Estimated Cash to Close**. This amount is the same as the **Estimated Cash to Close**, from the **Calculating Cash to Close** table on page 2 of the **Loan Estimate**. (§ 1026.37(d)(1)(ii))

Costs at Closing	
Estimated Closing Costs	Includes _____ in Loan Costs + _____ in Other Costs – in Lender Credits. <i>See page 2 for details.</i>
Estimated Cash to Close	Includes Closing Costs. <i>See Calculating Cash to Close on page 2 for details.</i> <input type="checkbox"/> From <input type="checkbox"/> To Borrower

Visit www.consumerfinance.gov/mortgage-estimate for general information and tools.

FIGURE 6: ALTERNATIVE COSTS AT CLOSING TABLE OF THE LOAN ESTIMATE

Alternative Costs at Closing Table

For transactions without a seller, an **Alternative Costs at Closing** table shown as Figure 6 (together with an **Alternative Calculating Cash to Close** table on page 2 of the **Loan Estimate** shown later in Figure 20) can be used in place of the **Costs at Closing** table shown in Figure 5 above. Similarly, an **Alternative Costs at Closing** table and an **Alternative Calculating Cash to Close** table can be used in place of the **Costs at Closing** table shown in Figure 5 for a simultaneous subordinate lien loan in a purchase transaction if the **Closing Disclosure** for the first lien loan will disclose the entirety of the seller’s transaction. (§ 1026.37(d)(2) and (h)(2))

The **Alternative Costs at Closing** table contains a variation that places checkboxes with **Estimated Cash to Close** in order to indicate whether the cash is due from or to the consumer. (Comment 37(d)(2)-2) If the **Alternative Costs at Closing** table is used, then the **Alternative Calculating Cash to Close** on page 2 of the **Loan Estimate** also must be used. (Comment 37(d)(2)-1)

Up to four main categories of costs are disclosed on page 2 of the **Loan Estimate**:

1. A good-faith itemization of the **Loan Costs** and **Other Costs** associated with the loan. (§ 1026.37(f) and (g))
2. A **Calculating Cash to Close** table that shows how the amount of cash needed at closing is calculated. (§ 1026.37(h))
3. For transactions with adjustable monthly payments, an **Adjustable Payments (AP) Table** with relevant information about how the monthly payments will change. (§ 1026.37(i))
4. For transactions with adjustable interest rates, an **Adjustable Interest Rate (AIR) Table** with relevant information about how the interest rate will change. (§ 1026.37(j))

The items associated with the mortgage are broken down into two general types, **Loan Costs** and **Other Costs**. Generally, **Loan Costs** are those costs paid by the consumer to the creditor and third-party providers of services the creditor requires to be obtained by the consumer during the origination of the loan. (§ 1026.37(f)) **Other Costs** include taxes, governmental recording fees, and certain other payments involved in the real estate closing process. (§ 1026.37(g))

Items that are a component of title insurance or are for conducting the closing must include the introductory description of **Title** -. (§ 1026.37(f)(2)(i), (g)(4)(i))

If State law requires additional disclosures, those additional disclosures are made on a document whose pages are separate from, and **not** presented as part of, the **Loan Estimate**. (Comments 37(f)(6)-1, 37(g)(8)-1)

The amounts disclosed in the **Loan Costs** and **Other Costs** table are rounded to the nearest whole dollar. The daily amount of **Prepaid Interest** and the monthly amounts for the items in the **Initial Escrow Payment at Closing** are rounded or truncated to the nearest whole cent. (§ 1026.37(o)(4); Comment 37(o)(4)(i)(A)-1)

The **Loan Costs** and **Other Costs** tables are further broken down in the next subsection.

2.3.1 Loan Costs

Loan Costs	
A. Origination Charges	
% of Loan Amount (Points)	
B. Services You Cannot Shop For	
C. Services You Can Shop For	
D. TOTAL LOAN COSTS (A + B + C)	

FIGURE 8: LOAN COSTS TABLE OF THE LOAN ESTIMATE

Loan Costs are disclosed in three subheadings, each of which is subtotaled:

- **Origination Charges,**
- **Services You Cannot Shop For,** and
- **Services You Can Shop For.**

Disclose the sum of these three subtotals as **Total Loan Costs**.
(§ 1026.37(f))

Information about allocating Loan Costs when disclosing a construction-permanent loan as two separate transactions is available in Section 14.4 of the Compliance Guide.

Information on disclosing construction inspection fees and similar construction loan fees is available in Section 14.18 of the Compliance Guide.

Origination Charges

Loan Costs	
A. Origination Charges	
% of Loan Amount (Points)	
[Redacted]	

FIGURE 9: ORIGINATION CHARGES TABLE OF THE LOAN ESTIMATE

Origination Charges are items the consumer will pay to each creditor and loan originator for originating and extending credit. (§ 1026.37(f)(1))

First, include the amount paid, if any, by the consumer to the creditor to reduce the interest rate as both a percentage of the loan amount and a dollar amount. (§ 1026.37(f)(1)(i)) If no amount is paid by the consumer to the creditor to reduce the interest rate, then leave blank both the percentage of points stated in the label and the dollar amount. (Comment 37(f)(1)-4)

Any other items that the consumer will pay to the creditor and loan originator may also be disclosed, up to 13 individual items. (§ 1026.37(f)(1)(ii)) If there are more than 13 **Origination Charges**, disclose the total amount of the items that exceed 12 as **Additional Charges**. (§ 1026.37(f)(6)(i)) Describe the items, other than for points paid, using terminology that clearly and conspicuously describes the service that is disclosed. (Comment 37(f)(1)-3)

The following items should be itemized separately in the **Origination Charges** subheading:

- Compensation paid directly by a consumer to a loan originator that is **not** also the creditor; or
- Any charge imposed to pay for a loan level pricing adjustment (LLPA) assessed on the creditor that is passed on to the consumer as a cost at consummation and **not** as an adjustment to the interest rate. (Comment 37(f)(1)-5)

Only items paid directly by the consumer to compensate a loan originator are **Origination Charges**. Do **not** disclose compensation to a loan originator paid indirectly by a creditor through the interest rate on the **Loan Estimate**. (Comment 37(f)(1)-2) Also, if the LLPA is accounted for through the rate but not charged as a direct up-front fee, do not disclose the LLPA as a separately itemized **Origination Charge**.

Services You Cannot Shop For



FIGURE 10: SERVICES YOU CANNOT SHOP FOR TABLE OF THE LOAN ESTIMATE

Services You Cannot Shop For are items provided by persons other than the creditor or mortgage broker that the consumer cannot shop for and will pay for at settlement. (§ 1026.37(f)(2)) Items listed as **Services You Cannot Shop For** must use terminology that describes each item, and disclose them in alphabetical order. (§ 1026.37(f)(5))

Services You Cannot Shop For might include:

- Appraisal fee,
- Appraisal management company fee,
- Credit report fee,
- Flood determination fee,
- Government funding fee (such as a VA or USDA guarantee fee, or any other fee paid to a government entity as part of a governmental loan program),
- Homeowner’s association certification fee,
- Lender’s attorney fee,
- Tax status search fee,
- Third-party subordination fee,
- Title - closing protection letter fee,
- Title - lender’s title insurance policy, and
- An upfront mortgage insurance fee (unless the fee is a prepayment of future premiums or a payment into an escrow account). (Comment 37(f)(2)-2)

Describe services related to the issuance of title insurance policies with the word **Title** - at the beginning of the item. (Comment 37(f)(2)-3)

Items that are required for the issuance of title insurance policies may include:

- Examination and evaluation of title evidence to determine the insurability of the title being examined and what items to include or exclude in any title commitment and policy to be issued,
- Preparation and issuance of the title commitment or other document that discloses the status of title, identifies the conditions that must be met before the policy will be issued, and obligates the insurer to issue a policy of title insurance if such conditions are met,
- Resolution of title underwriting issues and taking steps needed to satisfy any conditions for the issuance of title insurance policies,
- Preparation and issuance of the title insurance policies, and
- Payment of premiums for any lender’s title insurance coverage.
(Comment 37(f)(2)-3)

The amount of the premium for the lender’s title insurance coverage must be disclosed without any adjustment to the premium that might be made for the simultaneous purchase of an owner’s title insurance policy. (Comment 37(f)(2)-4)

Disclose no more than 13 **Services You Cannot Shop For**. (§ 1026.37(f)(2)(ii)) If there are more than 13 **Services You Cannot Shop For**, disclose the total amount of the items that exceed 12 with the label **Additional Charges**. An addendum to the **Loan Estimate** cannot be used to disclose the additional items. (§ 1026.37(f)(6)(i))

Services You Can Shop For



FIGURE 11: SERVICES YOU CAN SHOP FOR TABLE OF THE LOAN ESTIMATE

If the creditor requires a service, the creditor must disclose the service and the fee for the service. Generally, a creditor is not required to provide a detailed breakdown or itemization of the ancillary and administrative services related to a settlement service required by the creditor.

Services You Can Shop For are services that the creditor requires but that are provided by persons other than the creditor or mortgage broker. They are services

that the consumer can shop for and will pay for at settlement. (§ 1026.37(f)(3)) Items listed as **Services You Can Shop For** must use terminology that describes each item and disclose them in alphabetical order. (§ 1026.37(f)(5))

A creditor permits a consumer to shop for an item if the creditor permits the consumer to select the provider of that item, subject to reasonable requirements (such as appropriate licensing of the provider). (§ 1026.19(e)(1)(vi)(A); Comment 19(e)(1)(vi)-1) Whether a creditor permits a consumer to shop is determined by the relevant facts and circumstances. More information on when a creditor permits a consumer to shop is available in Section 7.5 of the Compliance Guide.

Services You Can Shop For might include:

- Pest inspection fee,
- Survey fee,
- Title - closing agent fee, and
- Title - closing protection letter fee. (Comment 37(f)(3)-2)

When disclosing services related to the issuance of title insurance policies, use the word **Title** - at the beginning of the item. (Comment 37(f)(2)-3)

Items that are related to the issuance of title insurance policies may include:

- Examination and evaluation of title evidence to determine the insurability of the title being examined and what items to include or exclude in any title commitment and policy to be issued,
- Preparation and issuance of the title commitment or other document that discloses the status of title, identifies the conditions that must be met before the policy will be issued, and obligates the insurer to issue a policy of title insurance if such conditions are met,
- Resolution of title underwriting issues and taking steps needed to satisfy any conditions for the issuance of title insurance policies,
- Preparation and issuance of the title insurance policies, and
- Payment of premiums for any lender's title insurance coverage. (Comment 37(f)(3)-3)

The creditor must disclose the amount of the premium for the lender's title insurance coverage without any adjustment to the premium that might be made for the simultaneous purchase of an owner's title insurance policy. (Comment 37(f)(3)-3)

Disclose no more than 14 **Services You Can Shop For**. (§ 1026.37(f)(3)(ii)) If there are more than 14 **Services You Can Shop For**, disclose the total amount of the items that exceed 13 with the label **Additional Charges**. (§ 1026.37(f)(6)(ii)(B)) An addendum to the **Loan Estimate** can be used to disclose the additional items. (§ 1026.37(f)(6)(ii))

Total Loan Costs

D. TOTAL LOAN COSTS (A + B + C)

FIGURE 12: TOTAL LOAN COSTS TABLE OF THE LOAN ESTIMATE

Total Loan Costs is the sum of the subtotals of **Origination Charges**, **Services You Cannot Shop For**, and **Services You Can Shop For**. (§ 1026.37(f)(4))

2.3.2 Other Costs

Other Costs		
E. Taxes and Other Government Fees		
Recording Fees and Other Taxes		
Transfer Taxes		
F. Prepays		
Homeowner's Insurance Premium (months)		
Mortgage Insurance Premium (months)		
Prepaid Interest (per day for days @)		
Property Taxes (months)		
G. Initial Escrow Payment at Closing		
Homeowner's Insurance	per month for	mo.
Mortgage Insurance	per month for	mo.
Property Taxes	per month for	mo.
H. Other		

I. TOTAL OTHER COSTS (E + F + G + H)		
J. TOTAL CLOSING COSTS		
D + I		
Lender Credits		

FIGURE 13: OTHER COSTS TABLE OF THE LOAN ESTIMATE

Disclose **Other Costs** under four subheadings, each of which is subtotaled:

- Taxes and Other Government Fees,
- Prepays,
- Initial Escrow Payment at Closing, and
- Other.

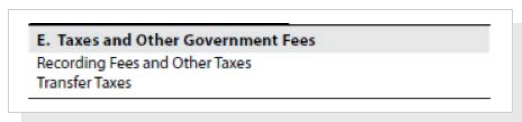
Total Other Costs is the sum of these four subtotals. (§ 1026.37(g)(5))

Other Costs are established by government action, determined by standard calculations applied to ongoing fixed costs, or based on an obligation incurred by the consumer independently of any requirement imposed by the creditor. (Comment 37(g)-1) Other items that are required to be paid at or before closing pursuant to the contract for sale between the consumer and a seller are disclosed on the **Loan Estimate** to the extent the creditor has knowledge of those items when it issues the **Loan Estimate**. (Comment 37(g)-2)

Other Costs must be disclosed in the order listed in the TILA-RESPA Rule, with any additional items listed in alphabetical order in subsequent lines of the applicable subheading. (§ 1026.37(g)(7))

An addendum to the **Loan Estimate** cannot be used for additional items on the **Other Costs** table. If all of the charges **cannot** be itemized in the number of lines provided in a subheading of the **Other Costs** table, the total of those items that exceed the number permitted are disclosed with the label “Additional Charges” on the last line of that subheading. (§ 1026.37(g)(8))

Taxes and Other Government Fees



E. Taxes and Other Government Fees	
Recording Fees and Other Taxes	
Transfer Taxes	

FIGURE 14: TAXES AND OTHER GOVERNMENT FEES TABLE OF THE LOAN ESTIMATE

Under **Taxes and Other Government Fees**, disclose **Recording Fees and Other Taxes** first and **Transfer Taxes** second. (§ 1026.37(g)(1))

Recording Fees and Other Taxes are fees assessed by a government authority to record and index the loan and title documents as required under State or local law,

together with any charges or fees imposed by a State or local government that are **not Transfer Taxes**. (Comment 37(g)(1)-1 and -2) **Recording Fees and Other Taxes** do **not** include fees that are based on the sale price of the property or **Loan Amount**. For example, a fee for recording a subordination that is \$20, plus \$3 for each page over three pages, is included as **Recording Fees and Other Taxes**; but a fee of \$1,250 based on 0.5% of the **Loan Amount** is included as **Transfer Taxes**, and **not** included as **Recording Fees and Other Taxes**. (Comment 37(g)(1)-1) Sales tax and other types of tax assessed on the individual settlement services provided are included in the cost of the individual service and are **not** disclosed as **Recording Fees and Other Taxes**.

Transfer Taxes are State and local government fees on mortgages and home sales that are based on the **Loan Amount** or sale price of the property. The name that is used under State or local law to refer to these amounts is **not** determinative of whether or not they are disclosed as **Transfer Taxes** on the **Loan Estimate**. (Comment 37(g)(1)-3)

Disclose only **Transfer Taxes** paid by the consumer on the **Loan Estimate**. Whether the consumer pays the transfer tax is based on applicable State or local law. For example:

- If a State law indicates a lien can attach to the consumer's acquired property if the charge is **not** paid, the amount is included as part of **Transfer Taxes**;
- If State or local law is unclear or does **not** specifically attribute the amount to the seller or consumer, disclose an amount that is not less than the amount apportioned to the consumer using common practice in the locality of the **Property**. (Comment 37(g)(1)-4)

Transfer taxes to be paid by the seller are **not** disclosed on the **Loan Estimate** as **Transfer Taxes**. (Comment 37(g)(1)-5)

The amount of **Transfer Taxes** disclosed could be modified to the extent the creditor has knowledge of the apportionment of transfer taxes in the contract for sale between the consumer and a seller when it issues the **Loan Estimate**. (Comment 37(g)-2) When a creditor does **not** have the contract of sale when it issues the **Loan Estimate**, the creditor must use the apportionment of transfer taxes provided for by State or local law, or common practice when State or local law is unclear. (Comment 37(g)(1)-4)

Disclose the sum of all **Transfer Taxes** paid by the consumer as **Transfer Taxes**. (§ 1026.37(g)(1)(ii)) No additional items may be listed or deleted in the **Taxes and Other Government Fees** category. (Comment 37(g)(1)-6)

Prepays

F. Prepays			
Homeowner's Insurance Premium (months)	
Mortgage Insurance Premium (months)	
Prepaid Interest (per day for	days @)
Property Taxes (months)	

FIGURE 15: PREPAIDS TABLE OF THE LOAN ESTIMATE

Prepays are items to be paid by the consumer in advance of the first scheduled payment of the loan. (§ 1026.37(g)(2)) **Prepays** are:

- Homeowner's Insurance Premium,
- Mortgage Insurance Premium,
- 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 consumer and the total amount to be paid. (§ 1026.37(g)(2)(i)-(iv))

Initial Escrow Payment at Closing

G. Initial Escrow Payment at Closing			
Homeowner's Insurance	per month for	mo.	
Mortgage Insurance	per month for	mo.	
Property Taxes	per month for	mo.	

FIGURE 16: INITIAL ESCROW PAYMENT AT CLOSING TABLE OF THE LOAN ESTIMATE

Initial Escrow Payment at Closing includes items that the consumer will be expected to place into a reserve or escrow account at consummation to be applied to recurring periodic payments. (§ 1026.37(g)(3)) **Initial Escrow Payment at Closing** includes:

- Homeowner's Insurance,
- Mortgage Insurance,
- Property Taxes, and
- A maximum of five other items.

Also disclose the amount escrowed per month for each item, the number of months collected at consummation and the total amount paid. (§ 1026.37(g)(3)(i), (ii), (iii), (v))

Other



FIGURE 17: OTHER TABLE OF THE LOAN ESTIMATE

Other includes items in connection with the transaction that the consumer is likely to pay or has contracted with a person other than the creditor or loan originator to pay at closing and of which the creditor is aware at the time of issuing the **Loan Estimate**. (§ 1026.37(g)(4))

Separate insurance, warranty, guarantee or event-coverage products include, for example:

- Owner's title insurance,
- Credit life insurance,
- Debt suspension coverage,
- Debt cancellation coverage,
- Warranties of home appliances and systems, and
- Similar products.

These items are disclosed when coverage is written in connection with the mortgage loan. These examples would **not** include additional coverage and endorsements on insurance otherwise required by the creditor. (Comment 37(g)(4)-3)

Items that disclose any premiums paid for separate insurance, warranty, guarantee, or event-coverage products **not** required by the creditor must include the parenthetical description (**optional**) at the end of the label. (§ 1026.37(g)(4)(ii))

A maximum of five items can be disclosed as **Other**. (§ 1026.37(g)(4)(iii))

Describe services related to the issuance of title insurance policies with the word **Title** - at the beginning of the item. When the owner's title insurance premium

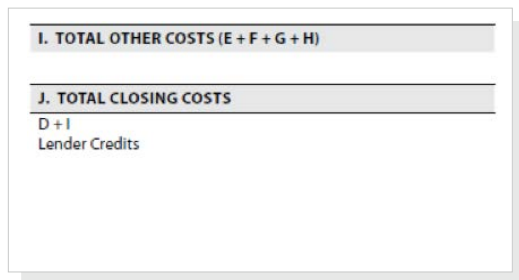
includes a simultaneous issuance premium, the premium is calculated by taking the full owner's title insurance premium, adding the simultaneous issuance premium for the lender's coverage (if any), and then deducting the full premium for lender's coverage. (Comment 37(g)(4)-2)

When the creditor is aware of those items, **Other** includes for example:

- Commissions of real estate brokers or agents,
- Additional payments to the seller to purchase personal property pursuant to the contract of sale,
- Homeowner's association and condominium charges associated with the transfer of ownership, and
- Fees for inspections **not** required by the creditor but paid by the consumer pursuant to the contract of sale. (Comment 37(g)(4)-4)

Other does not include construction costs, payoffs of existing liens, or payoffs of other secured debt or unsecured debt.

Total Closing Costs



I. TOTAL OTHER COSTS (E + F + G + H)
J. TOTAL CLOSING COSTS
D + I
Lender Credits

FIGURE 18: TOTAL CLOSING COSTS TABLE OF THE LOAN ESTIMATE

Total Closing Costs is the sum of **Total Loan Costs** (shown in Figure 8), **Total Other Costs**, and **Lender Credits**. (§ 1026.37(g)(6))

Lender Credits is the amount of any payments from the creditor to the consumer and is disclosed as a negative number. **Lender Credits** include specific lender credits (if any) that pay for a particular fee disclosed on the **Loan Estimate** and general or non-specific lender credits (if any) that do not pay for a particular fee on the **Loan Estimate**. (Comment 37(g)(6)(ii)-1)

For loans where all or a portion of closing costs are offset by a credit or rebate provided by the creditor (sometimes referred to as “no cost” loans), disclose such credit or rebate as **Lender Credits**. The creditor should ensure that **Lender Credits** is sufficient to cover the estimated items the creditor represented to the consumer as **not** being paid by the consumer at consummation, regardless of whether such representations pertained to specific items. (Comment 37(g)(6)(ii)-2)

2.3.3 Calculating Cash to Close

Calculating Cash to Close	
Total Closing Costs (J)	
Closing Costs Financed (Paid from your Loan Amount)	
Down Payment/Funds from Borrower	
Deposit	
Funds for Borrower	
Seller Credits	
Adjustments and Other Credits	
Estimated Cash to Close	

FIGURE 19: CALCULATING CASH TO CLOSE TABLE OF THE LOAN ESTIMATE

A creditor discloses a calculation yielding an estimate of the cash needed from or provided to the consumer at consummation. The calculation is based on seven components:

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

The estimate is based on these components, as set out in the TILA-RESPA Rule and further discussed below and in the Compliance Guide. The calculation and its components, such as the **Down Payment/Funds from Borrower**, are independent of and may differ from certain loan program or investor requirements.

Total Closing Costs

Total Closing Costs is the same amount disclosed as **Total Closing Costs** in the **Other Costs** table (see section 2.3.2 above). (§ 1026.37(h)(1)(i))

Closing Costs Financed (Paid from your Loan Amount)

Closing Costs Financed (Paid from your Loan Amount) is calculated by subtracting the estimated total amount of payments to third parties not otherwise disclosed in the **Loan Costs** (see section 2.3.1 above) and **Other Costs** (see section 2.3.2 above) tables from the **Loan Amount** disclosed on page 1 of the **Loan Estimate** (see section 2.2.2 above). For a **Purchase** loan other than a simultaneous subordinate lien loan, the **Sale Price** is included in the **Closing Costs Financed** calculation as a payment to a third party. The **Sale Price** is not included in the **Closing Costs Financed** disclosure for a simultaneous subordinate lien loan, even if it is a **Purchase** transaction. Other examples of payments to third parties not otherwise disclosed in the **Loan Costs** or **Other Costs** tables include the amount of construction costs for transactions that involve improvements to be made on the property and payoffs of secured or unsecured debt. (Comment 37(h)(1)(ii)-1)

- If the result of the calculation is a positive number, **Closing Costs Financed (Paid from your Loan Amount)** is that amount, disclosed as a negative number. However, only disclose the amount to the extent that it (as a positive number) does **not** exceed the amount of **Total Closing Costs**.
- If the result of the calculation is zero or negative, then **Closing Costs Financed (Paid from your Loan Amount)** is \$0. (Comment 37(h)(1)(ii)-1)

Down Payment/Funds from Borrower

- In a **Purchase** loan other than a simultaneous subordinate lien loan or a loan that involves improvements to be made on the property, subtract the sum of:
 - The **Loan Amount**,
 - Any existing loans the **Borrower** will assume, and
 - Any loans subject to which the **Borrower** will take title to the **Property**,

from the **Sale Price**. The calculation is **Sale Price** less **Loan Amount** less the amount that will be disclosed as **Existing Loans Assumed or Taken Subject to** on the **Closing Disclosure's Summaries of Transactions** table. If the result is \$0 or a positive number, disclose that result as **Down Payment/ Funds from Borrower**. (§ 1026.37(h)(1)(iii)(A)) However, when the sum of the **Loan**

Amount and the amount to be disclosed as **Existing Loans Assumed or Taken Subject to** exceeds the **Sale Price**, the result will be negative. In such cases, the creditor must perform another calculation, as discussed immediately below, to determine what number to disclose as **Down Payment/Funds from Borrower**. (§ 1026.37(h)(1)(iii))

- For a **Purchase** loan that is a simultaneous subordinate lien loan, a **Purchase** loan that involves improvements to be made on the property, or a **Purchase** loan where the sum of the **Loan Amount** and the amount to be disclosed as **Existing Loans Assumed or Taken Subject to** exceeds the **Sale Price**, subtract the sum of the **Loan Amount** and the amount that will be disclosed as **Existing Loans Assumed or Taken Subject to** (excluding any amount disclosed as **Closing Costs Financed (Paid from your Loan Amount)**) from the total amount of all existing debt being satisfied in the transaction. (§ 1026.37(h)(1)(iii)(A)(2))
 - If this calculation yields an amount that is positive, disclose that amount as the **Down Payment/Funds from Borrower**.
 - If this calculation yields a negative amount or \$0, disclose \$0 as the **Down Payment/Funds from Borrower**. (Comment 37(h)(1)(iii)-2)

For purposes of calculating the **Down Payment/Funds from Borrower**, “the total amount of all existing debt being satisfied in the transaction” is the sum of amounts that will be disclosed on the **Closing Disclosure** in the **Summaries of Transactions** under § 1026.38(j)(1)(ii), (iii) and (v), as applicable. (Comment 37(h)(1)(v)-2. Generally, this includes the **Sale Price of Property**, the **Sale Price of Any Personal Property Included in the Sale** as well as the **Adjustments** and the other consumer charges that may be disclosed on Line K.04.

- In all other transactions, subtract the sum of the **Loan Amount** and the amount that will be disclosed as **Existing Loans Assumed or Taken Subject to** (excluding any amount disclosed as **Closing Costs Financed (Paid from your Loan Amount)**) from the total amount of all existing debt being satisfied in the transaction. (§ 1026.37(h)(1)(iii)(B))
 - If this calculation yields an amount that is positive, disclose that amount as the **Down Payment/Funds from Borrower**.
 - If this calculation yields a negative amount or \$0, disclose \$0 as the **Down Payment/Funds from Borrower**. (§ 1026.37(h)(1)(iii)(B))

The calculation of Down Payment/ Funds from Borrower is independent of any loan program or investor requirements. (Comment 37(h)(1)(iii)-1))

Deposit

- In a **Purchase** transaction, **Deposit** is the amount, disclosed as a negative number, that is paid to the seller or held in trust or escrow by an attorney or other party under the terms of the contract for sale of the property. (§ 1026.37(h)(1)(iv)(A))
- In all other transactions, **Deposit** is \$0. (§ 1026.37(h)(1)(iv)(B))

Funds for Borrower

- In a **Purchase** loan (other than a simultaneous subordinate lien loan, a **Purchase** loan that involves improvements to be made on the property, or a loan where the sum of the **Loan Amount** and the amount to be disclosed as **Existing Loans Assumed or Taken Subject to** exceeds the **Sale Price**), disclose \$0 as **Funds for Borrower**. (Comment 37(h)(1)(v)-1)
- In all other transactions, subtract the sum of the **Loan Amount** and the amount to be disclosed as **Existing Loans Assumed or Taken Subject to** (excluding any amount disclosed as **Closing Costs Financed (Paid from your Loan Amount)**) from the total amount of all existing debt being satisfied in the transaction.
 - If this calculation yields a negative amount, disclose that amount as **Funds for Borrower**.
 - If the calculation yields a positive amount or \$0, disclose \$0 as **Funds for Borrower**. (§ 1026.37(h)(1)(v))

For purposes of calculating the **Funds for Borrower**, “the total amount of all existing debt being satisfied in the transaction” is the sum of amounts that will be disclosed on the **Closing Disclosure** in the **Summaries of Transactions** under § 1026.38(j)(1)(ii), (iii) and (v), as applicable. (Comment 37(h)(1)(v)-2. Generally, this includes the **Sale Price of Property**, the **Sale Price of Any Personal Property Included in the Sale** as well as the **Adjustments** and the other consumer charges that may be disclosed on Line K.04.

Seller Credits

Seller Credits is the sum of the amounts that the seller will pay for items included in the **Loan Costs** and **Other Costs** table, to the extent known. The amount disclosed as **Seller Credits** in the **Calculating Cash to Close** table includes non-specific or general seller credits and any specific seller credits not disclosed in the **Loan Costs** or **Other Costs** table. Non-specific or general seller credits are payments from the seller to the consumer that do not pay for a particular fee. Specific seller credits are

payments from the seller to the consumer to pay for a specific fee. (Comments 37(h)(1)(iv)- 1 and -2) The **Seller Credit** amount in the **Calculating Cash to Close** table is disclosed as a negative number. (§ 1026.37(h)(1)(vi))

At a creditor's option, specific seller credits may be disclosed as part of the **Seller Credits** in the **Calculating Cash to Close** table or, reflected in the applicable fee amount disclosed in **Loan Cost** or **Other Cost** table. For example, if a creditor knows that a seller will pay half of a \$100 pest inspection fee, the creditor can either disclose the fee amount as \$50 in **Loan Cost** table or as \$100 in the **Loan Cost** table with a \$50 **Seller Credit** in the **Calculating Cash to Close** table.

Adjustments and Other Credits

Adjustments and Other Credits is the sum of adjustments requiring additional funds from the consumer, calculated as a positive amount, and other credits for certain items expected to be paid at closing by persons other than the loan originator, creditor, consumer, or seller, calculated as negative amounts.

The calculation includes:

- The total of all items in the **Loan Costs** and **Other Costs** tables that are expected to be paid at closing by persons other than the loan originator, creditor, consumer, or seller. A creditor is not required to include such amounts if they are expected to be paid in advance of closing. Examples of items that are paid by persons other than the loan originator, creditor, consumer, or seller include:
 - Gifts from family members expected to be paid at closing. Gifts expected to be paid in advance of closing are not included.
 - Credits from a developer or home builder to be applied to items in the **Loan Costs** and **Other Costs** tables. (Comment 37(h)(1)(vii)-1 and -2)
- Funds provided to the consumer from the proceeds of subordinate financing, local or State housing assistance grants, or other similar sources. (Comment 37(h)(1)(vii)-5) For a **Purchase** transaction that involves both a first lien loan and a simultaneous subordinate lien loan, these amounts are included in the **Loan Estimate** for the first lien loan only.
- Any other amounts (i.e., amounts not included in the **Loan Costs** or **Other Costs** tables) that are required to be paid by the consumer at closing or pursuant to the contract of sale (if any) as long as they are not already included in the calculation for **Down Payment/Funds from Borrower** or **Funds for Borrower** as debt that is being satisfied in the transaction. Examples of amounts to be paid by the consumer at closing pursuant to the contract of sale include:

- Charges for personal property to be acquired by the consumer,
- Prorations for property taxes, and
- Prorations for homeowner’s association dues.

Estimated Cash to Close

Estimated Cash to Close is calculated as the sum of the seven other amounts disclosed in the **Loan Estimate’s Calculating Cash to Close** table. (§ 1026.37(h)(1)(viii))

2.3.4 Alternative Calculating Cash To Close Table for Transactions Without A Seller or For Simultaneous Subordinate Lien Loans

Calculating Cash to Close	
Loan Amount	_____
Total Closing Costs (J)	_____
Estimated Total Payoffs and Payments	_____
Estimated Cash to Close <input type="checkbox"/> From <input type="checkbox"/> To Borrower	_____
Estimated Closing Costs Financed (Paid from your Loan Amount)	_____

FIGURE 20: ALTERNATIVE CALCULATING CASH TO CLOSE TABLE OF THE LOAN ESTIMATE

An optional **Alternative Calculating Cash to Close** table can be disclosed for a transaction without a seller. It can also be disclosed for a simultaneous subordinate lien loan in a purchase transaction if the **Closing Disclosure** for the first lien transaction will disclose all required information related to the seller. (§ 1026.37(h)(2); Comment 37(h)(2)-1)

This **Alternative Calculating Cash to Close** table would be used in place of the table in Figure 19. (§ 1026.37(h)(2)) A creditor that uses the optional **Alternative Calculating Cash to Close** table must also use the alternative disclosure provisions of the **Alternative Costs at Closing** table on **Loan Estimate** page 1. (see section 2.2.4 above; Comment 37(h)(2)-1)

If the **Loan Estimate** for a loan discloses an **Alternative Calculating Cash to Close** table, the **Closing Disclosure** for that loan must also disclose an **Alternative Calculating Cash to Close** table. See Section 3.4.2.

Loan Amount

The amount disclosed as **Loan Amount** is the same amount disclosed as **Loan Amount** on **Loan Estimate** page 1. (see section 2.2.2 above; § 1026.37(h)(2)(i))

Total Closing Costs

If the amount disclosed as the **Total Closing Costs** in the **Other Costs** table is a positive number, disclose that amount as a negative number. If the amount disclosed in the **Total Closing Costs** in the **Other Costs** table is a negative number, disclose that amount as a positive number. (§ 1026.37(h)(2)(ii))

Estimated Payoffs and Payments

Estimated Payoffs and Payments is the total amount to be paid to third parties **not** otherwise disclosed as items in the **Loan Costs** or **Other Costs** tables. (§ 1026.37(h)(2)(iii)) **Estimated Payoffs and Payments** is disclosed as a negative number unless the proceeds from a simultaneous subordinate lien loan and any amounts entered as credits (i.e., amounts that will be paid with funds provided by the consumer or amounts that will be disclosed in the **Closing Costs Details** table and that will be paid by third parties) equal or exceed the total amount of other payoffs and payments. (Comment 37(h)(2)(iii)-1 and 2.i) In that case, the **Estimated Payoffs and Payments** is disclosed as a positive number.

Examples of the payoffs and payments to be made to third parties **not** otherwise disclosed in the **Loan Costs** or **Other Costs** tables can include:

- Payoffs of existing liens secured by the property such as mortgages, deeds of trust, judgments that have attached to the property,
- Mechanics' and materialman's liens,
- Local, State, and Federal tax liens,
- Payments of unsecured outstanding debts of the consumer,
- Construction costs that are associated with the transaction and that the consumer will be obligated to pay, and
- Payments to other third parties for outstanding debts of the consumer (excluding settlement services) as required to be paid as a condition for the extension of credit. (Comment 37(h)(2)(iii)-1)

For a transaction that involves a first lien loan disclosed using the optional table and that also involves a simultaneous subordinate lien loan, the proceeds of the

simultaneous subordinate lien loan are included, as a positive number, in the total amount disclosed as **Payoffs and Payments** on the **Loan Estimate** for the first lien loan. (Comment 37(h)(2)(iii)-2.i) The proceeds of a simultaneous subordinate lien loan that will be applied to the first lien loan may be included in the **Payoffs and Payments** for the subordinate lien loan. (Comment 37(h)(2)(iii)-2.ii)

Estimated Cash to Close

The amount for the **Estimated Cash to Close** is the sum total of the amounts disclosed as **Loan Amount**, **Total Closing Costs**, and **Payoffs and Payments**. (§ 1026.37(h)(2)(iv)) Check boxes are used to disclose whether the **Estimated Cash to Close** is either due from the consumer or will be paid to the consumer at consummation. (Comment 37(h)(2)(iv)-1)

Estimated Closing Costs Financed

Closing Costs Financed is the sum of **Loan Amount** and **Payoffs and Payments**, but only to the extent the amount is greater than zero and less than or equal to the sum of **Total Closing Costs**. (§ 1026.37(h)(2)(v))

For example:

- If the **Loan Amount** is \$100,000, the **Payoffs and Payments** is -\$80,000, and the **Total Closing Costs** is \$10,000; then the **Closing Costs Financed** would be \$10,000.
- If the **Loan Amount** is \$100,000, the **Payoff and Payments** is -\$95,000, and the **Total Closing Costs** is \$10,000; then the **Closing Costs Financed** would be \$5,000.
- If the **Loan Amount** is \$100,000, the **Payoffs and Payments** is -\$110,000 and the **Total Closing Costs** is \$10,000; then the **Closing Costs Financed** would be \$0.

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	

FIGURE 21: ADJUSTABLE PAYMENT (AP) TABLE OF THE LOAN ESTIMATE

2.3.5 Adjustable Payment (AP) Table

The **Adjustable Payment (AP) Table** is disclosed 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 considered to be a **Seasonal Payment** product. (§ 1026.37(i)) For example, the **AP Table** is disclosed on a **Fixed Rate** loan with a **Step Payment** feature that is not the result of a change to the interest rate. If the loan does **not** contain these features, the **AP Table** is **not** disclosed. (Comment 37(i)-1)

The **AP Table** includes the following information (§ 1026.37(i)):

- Whether there are **Interest Only Payments**, and, if so, the period during which the **Interest Only Payment** would apply (§ 1026.37(i)(1));
- Whether the amount of any periodic payment can be selected by the consumer as an **Optional Payment** and, if so, the period during which the consumer can select **Optional Payments** (§ 1026.37(i)(2));
- Whether the loan is a **Step Payment** product and, if so, the period during which the regular periodic payments are scheduled to increase (§ 1026.37(i)(3));
- Whether the loan is a **Seasonal Payment** product, and, if so, the period during which the periodic payments are **not** scheduled (§ 1026.37(i)(4));
- A subheading of **Monthly Principal and Interest Payments** (§ 1026.37(i)(5)), that also lists:
 - As **First Change/Amount**, the number of the payment that may change, counting from the first periodic payment due after consummation, and the amount or range of the periodic principal and interest payment for such payment (§ 1026.37(i)(5)(i));
 - The frequency of **Subsequent Changes** to the periodic payment (§ 1026.37(i)(5)(ii)); and
 - The **Maximum Payment** that may be paid during the term of the loan with the number of the first periodic principal and interest payment that can reach such **Maximum Payment** amount. (§ 1026.37(i)(5)(iii))

First Change/Amount

If the exact payment number of the first payment adjustment is **not** known at the time of the **Loan Estimate**, the earliest possible payment that may change must be disclosed. (Comment 37(i)(5)-2)

Monthly Principal and Interest Payments

The label “**Monthly Principal and Interest Payments**” can be changed to reflect a payment schedule that is **not** monthly, such as Biweekly or Annual. (Comment 37(i)(5)-1)

Disclose any scheduled periodic payment that only covers some or all of the interest that is due and **not** any principal as **Monthly Principal and Interest Payments**, even though the **AP Table** refers to **Monthly Principal and Interest Payments**. (Comment 37(i)(5)-5)

2.3.6 Adjustable Interest Rate (AIR) Table

Adjustable Interest Rate (AIR) Table	
Index + Margin	
Initial Interest Rate	
Minimum/Maximum Interest Rate	
Change Frequency	
First Change	
Subsequent Changes	
Limits on Interest Rate Changes	
First Change	
Subsequent Changes	

FIGURE 22: ADJUSTABLE INTEREST RATE (AIR) TABLE OF THE LOAN ESTIMATE

The **Adjustable Interest Rate (AIR) Table** is disclosed when the loan’s interest rate may increase after consummation. (§ 1026.37(j)) If the loan’s interest rate will **not** increase after consummation, the **AIR Table** is **not** disclosed. (Comment 37(j)-1) Because the interest rate for a **Fixed Rate** loan cannot change according to the definition in the TILA-RESPA Rule, the **AIR Table** should never be disclosed with a **Fixed Rate** loan.

The **AIR Table** includes the following information (§ 1026.37(j)):

- As **Index + Margin**, the index upon which adjustments to the interest rate will be based and the margin that is added to the index to determine the interest rate. (§ 1026.37(j)(1))
- For **Step Rate** products, the maximum amount of any adjustments to the interest rate that are scheduled and pre-determined. (§ 1026.37(j)(2))
- The **Initial Interest Rate** at consummation. (§ 1026.37(j)(3))

- The **Minimum/Maximum Interest Rate** for the loan, after any introductory period expires. (§ 1026.37(j)(4))
- As **Change Frequency** (§ 1026.37(j)(5)):
 - For **First Change**, list the month when the first interest rate change may occur after consummation (§ 1026.37(j)(5)(i)), and
 - As **Subsequent Changes**, the frequency of interest rate adjustments after the initial adjustment. (§ 1026.37(j)(5)(ii))
- As **Limits on Interest Rate Changes** (§ 1026.37(j)(6)):
 - As **First Change**, the maximum possible change for the first adjustment of the interest rate after consummation (§ 1026.37(j)(6)(i)), and
 - As **Subsequent Changes**, the maximum possible change for subsequent adjustments of the interest rate. (§ 1026.37(j)(6)(ii))

Index and Margin

The index must be described such that a consumer can reasonably identify it. For example, LIBOR may be used instead of the London Interbank Offered Rate. The margin should be disclosed as a percentage. For example, if the interest rate is calculated by adding 4.25 to LIBOR, the margin should be disclosed as 4.25%. (Comment 37(j)(1)-1)

Maximum/Minimum Interest Rate

The maximum interest rate that applies to the loan under applicable law, such as State usury law, must be disclosed if the loan does **not** provide for a maximum interest rate. (Comment 37(j)(4)-2)

The minimum interest rate that applies to the loan under applicable law must be disclosed if the loan does **not** provide for a minimum interest rate. However, if applicable law does **not** set a minimum interest rate, disclose the amount of the margin as the minimum interest rate. (Comment 37(j)(4)-1)

Change Frequency

Typically, the first change month for the interest rate is scheduled in the terms of the loan, but if the exact month is not known at the time the creditor provides the **Loan Estimate**, the earliest possible month for the first change to the interest rate of the loan must be disclosed based on the best information available to the creditor at the time the **Loan Estimate** is disclosed. (Comment 37(j)(5)-1)

Limits on Interest Rate Changes

The greatest limit on changes in the interest rate must be disclosed when more than one limit applies to changes in the interest rate. For example, if the initial interest rate adjustment is capped at 2%, the second adjustment is capped at 2.5%, and all subsequent adjustments are capped at 3%, 3% is disclosed as **Subsequent Changes**. (Comment 37(j)(6)-1)

2.4 Loan Estimate (page 3)

Additional Information About This Loan

LENDER
NMLS/___ LICENSE ID
LOAN OFFICER
NMLS/___ LICENSE ID
EMAIL
PHONE

MORTGAGE BROKER
NMLS/___ LICENSE ID
LOAN OFFICER
NMLS/___ LICENSE ID
EMAIL
PHONE

Comparisons	Use these measures to compare this loan with other loans.
In 5 Years	Total you will have paid in principal, interest, mortgage insurance, and loan costs. Principal you will have paid off.
Annual Percentage Rate (APR)	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 Considerations

Appraisal We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.

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

Homeowner's Insurance This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.

Late Payment If your payment is more than ___ days late, we will charge a late fee of _____

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.

Servicing We intend
 to service your loan. If so, you will make your payments to us.
 to transfer servicing of your loan.

Confirm Receipt

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

Applicant Signature Date

Co-Applicant Signature Date

LOAN ESTIMATE
PAGE 3 OF 3 - LOAN ID #

} section 2.4.1

} section 2.4.2

} section 2.4.3

} section 2.4.4

FIGURE 23: LOAN ESTIMATE (PAGE 3)

Contact Information, a **Comparisons** table, an **Other Considerations** table, and, if desired, a place for the consumer to sign to acknowledge receipt of the **Loan Estimate** are disclosed on page 3 of the **Loan Estimate**.

2.4.1 Contact Information

LENDER NMLS/___ LICENSE ID LOAN OFFICER NMLS/___ LICENSE ID EMAIL PHONE	MORTGAGE BROKER NMLS/___ LICENSE ID LOAN OFFICER NMLS/___ LICENSE ID EMAIL PHONE
----------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------

FIGURE 24: CONTACT INFORMATION TABLE OF THE LOAN ESTIMATE

Disclose the **Name** and **NMLS/___License ID** number for the creditor and mortgage broker, if any, and the individual loan officer of both. The **NMLS/___License ID** number should be the same as that identified on the note and other documents. (§ 1026.36(g)) Also, disclose the **Email** and/or **Phone** number of the individual loan officer. The person identified as the individual loan officer must be the primary contact for the consumer. (§ 1026.37(k))

2.4.2 Comparisons

Comparisons	Use these measures to compare this loan with other loans.
In 5 Years	Total you will have paid in principal, interest, mortgage insurance, and loan costs. Principal you will have paid off.
Annual Percentage Rate (APR)	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.

FIGURE 25: COMPARISONS TABLE OF THE LOAN ESTIMATE

The **Comparisons** table discloses information related to the costs of the loan **In Five Years**, the **Annual Percentage Rate (APR)**, and the **Total Interest Percentage (TIP)**.

In 5 Years

In 5 Years includes the following information:

- The total amount the consumer will have paid in principal, interest, mortgage insurance, and loan costs paid through the end of the 60th month after the due date of the first periodic payment; and
- The amount of principal paid through the end of the 60th month after the due date of the first periodic payment. (§ 1026.37(l)(1))

Annual Percentage Rate (APR)

Disclose the **APR**, together with a brief descriptive statement, in the **Comparisons** table on page 3. For information on how to calculate the **APR**, see § 1026.22 and appendix J to Regulation Z. (§ 1026.37(l)(2))

Total Interest Percentage (TIP)

The **TIP** is the total amount of interest that the consumer will pay over the loan term, expressed as a percentage of the **Loan Amount**. (§ 1026.37(l)(3)) The **TIP** includes prepaid interest that the consumer will pay, but does not include prepaid interest that someone other than the consumer will pay. If prepaid interest is disclosed as a negative number, the negative value of the prepaid interest must be included in the calculation of the **TIP**. (Comment 37(l)(3)-1).

For example, if the **Loan Amount** is \$100,000 and the total amount of interest that the consumer will pay over the **Loan Term** is \$50,000, then the **TIP** is 50%.

2.4.3 Other Considerations

Other Considerations	
Appraisal	We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.
Assumption	If you sell or transfer this property to another person, we <input type="checkbox"/> will allow, under certain conditions, this person to assume this loan on the original terms. <input type="checkbox"/> will not allow assumption of this loan on the original terms.
Homeowner's Insurance	This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.
Late Payment	If your payment is more than ____ days late, we will charge a late fee of _____
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.
Servicing	We intend <input type="checkbox"/> to service your loan. If so, you will make your payments to us. <input type="checkbox"/> to transfer servicing of your loan.

FIGURE 26: OTHER CONSIDERATIONS TABLE

Other Considerations includes the following information:

- Appraisal,
- As to an assumption, whether the subsequent purchaser of the property can assume the loan on its original terms,
- At the option of the creditor, a statement that homeowner's insurance is required and that the consumer may choose the provider,
- A statement detailing any amount that may be imposed for a late payment,
- A statement about the nature of a refinance of the loan in the future,
- A statement whether the creditor intends to service the loan or transfer it to another servicer, and
- For **Refinance** transactions, a statement relating to State law protections against liability after foreclosure, and
- At the option of the creditor, for transactions involving new construction, where the creditor reasonably expects that settlement will occur 60 days or more after the provision of the **Loan Estimate**, a clear and conspicuous statement that the creditor may issue a revised disclosure any time prior to 60 days before consummation. (§ 1026.37(m))

Appraisal

A statement concerning the **Appraisal** must be provided for:

- Higher-priced Mortgage Loans, and
- Loans covered by the Equal Credit Opportunity Act. (§ 1026.37(m)(1))

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. (Comment 37(m)(1)-1)

A Higher-priced Mortgage Loan is defined at 12 CFR 1026.35.

Coverage of the Equal Credit Opportunity Act is discussed in Regulation B, 12 CFR Part 1002, Supplement I - Official Interpretations, Comment 1(a)-1.

Late Payment

An increase in the interest rate triggered by a **Late Payment** is a charge for late payment. The following are **not** charges for **Late Payment**:

- The right of acceleration,
- Fees imposed for actual collection costs,
- Referral and extension charges, or
- Interest charged at the contract rate after the payment due date. (Comment 37(m)(4)-1)

2.4.4 Servicing

The **Servicing** disclosure is a statement about the creditor’s intentions regarding servicing. (§ 1026.37(m)(6)) The disclosure is based on the intent at the time the **Loan Estimate** is issued. (Comment 37(m)(6)-1) Intent to transfer servicing of the loan includes:

- The intent to transfer servicing immediately after consummation,
- The intent to transfer servicing anytime throughout the life of the loan, and
- The intent to transfer servicing to a subsidiary or affiliate.

2.4.5 Confirm Receipt

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

FIGURE 27: CONFIRM RECEIPT TABLE OF THE LOAN ESTIMATE

The consumer is **not** required to sign the **Loan Estimate**. The creditor may add a signature statement and have the consumer sign page 3 of the **Loan Estimate** in order to **Confirm Receipt** of the **Loan Estimate** by the consumer. If used by the creditor, the signature statement must contain the exact language from the model form. (§ 1026.37(n)(1))

If the **Confirm Receipt** table is **not** used by a creditor, a statement about **Loan Acceptance** must be included at the end of the **Other Consideration** table that states, "You do not have to accept this loan because you have received this form or signed a loan application." (§ 1026.37(n)(2))

When credit is extended to a trust established for tax or estate planning purposes and a signature line is included in the disclosure, a creditor may insert the trustee's name under the appropriate signature line with a designation that the trustee is serving in its capacity as a trustee.

3. Closing Disclosure

3.1 General Requirements

3.1.1 Issuance and Delivery

A **Closing Disclosure** must be provided to the consumer at least three business days prior to consummation. (see section 3.1.5 for more information; § 1026.19(f)(1)(ii))

3.1.2 Corrected Closing Disclosure

Prior to consummation, an additional three-business-day waiting period applies when there are changes to the **Closing Disclosure** that result in an increase to the **APR** that becomes inaccurate, the addition of a **Prepayment Penalty**, or the change of a loan **Product**. (§ 1026.19(f)(2)(ii); Comment 19(f)(2)(ii)-1)

For other changes prior to consummation, provide to the consumer the updated information in a corrected **Closing Disclosure** no later than consummation. Upon the consumer's request, by the business day before consummation, a creditor must permit the consumer to inspect the **Closing Disclosure**, although the creditor may omit items related only to the seller's transaction. (§ 1026.19(f)(2)(i))

In addition, provide a corrected **Closing Disclosure** if an event related to 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 consumer from what was previously disclosed. (§ 1026.19(f)(2)(iii); Comment 19(f)(2)(iii)-1) Deliver or place in the mail the corrected **Closing Disclosure** no later than 30 calendar days after receiving information sufficient to establish changes to the amount paid by the consumer. (§ 1026.19(f)(2)(iii))

More information about providing corrected **Closing Disclosures** is available in section 12 of the Compliance Guide.

3.1.3 Use of Compliance Guide

Please see the Compliance Guide for additional information on details of these requirements. The Compliance Guide also discusses the good faith disclosure of settlement costs, limitations on changes to those amounts at consummation, and other information concerning the **Closing Disclosure**. The information that follows discusses how to complete the **Closing Disclosure**. Samples of completed Closing Disclosures

This Guide uses references to the legal obligation, which includes the promissory note plus any other agreements between the creditor and consumer concerning the extension of credit.

can be found at consumerfinance.gov/policy-compliance/guidance/implementation-guidance/tila-respa-disclosure-rule/.

3.1.4 Rounding

Dollar amounts must be rounded to the nearest whole dollar where noted in the TILA-RESPA Rule. (§ 1026.38(t)(4)(i)) If an amount must be rounded but is composed of other amounts that are **not** rounded, use the unrounded amounts in calculating the total and then round the final sum. Conversely, if an amount is required to be rounded and is composed of rounded amounts, use the rounded amounts in calculating the total. (Comment 38(t)(4)-2)

Percentage amounts are disclosed by rounding to three decimal places and then dropping any trailing zeros that occur to the right of the decimal place., except where otherwise noted in the TILA-RESPA Rule. (§ 1026.38(t)(4)(ii); Comment 38(t)(4)-2)

3.1.5 Consummation

Consummation is not the same thing as closing or settlement. Consummation occurs when the consumer becomes contractually obligated to the creditor on the loan, not, for example, when the consumer becomes contractually obligated to a seller on a real estate transaction. (§ 1026.2(a)(13))

The point in time when a consumer becomes contractually obligated to the creditor on the loan depends on applicable State law. (§ 1026.2(a)(13); Comment 2(a)(13)-1) Creditors and settlement agents should verify the applicable State laws to determine when consummation will occur, and make sure delivery of the **Closing Disclosure**

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3.2 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.*

Closing Information Date Issued Closing Date Disbursement Date Settlement Agent File # Property Sale Price	Transaction Information Borrower Seller Lender	Loan Information Loan Term Purpose Product Loan Type <input type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/> _____ Loan ID # MIC #
----------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Loan Terms	Can this amount increase after closing?
Loan Amount	
Interest Rate	
Monthly Principal & Interest <small>See Projected Payments below 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>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">This estimate includes</td> <td style="width: 50%;">In escrow?</td> </tr> <tr> <td><input type="checkbox"/> Property Taxes</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Homeowner's Insurance</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> <tr> <td colspan="2"><small>See Escrow Account on page 4 for details. You must pay for other property costs separately.</small></td> </tr> </table>	This estimate includes	In escrow?	<input type="checkbox"/> Property Taxes		<input type="checkbox"/> Homeowner's Insurance		<input type="checkbox"/> Other:		<small>See Escrow Account on page 4 for details. You must pay for other property costs separately.</small>	
This estimate includes	In escrow?										
<input type="checkbox"/> Property Taxes											
<input type="checkbox"/> Homeowner's Insurance											
<input type="checkbox"/> Other:											
<small>See Escrow Account on page 4 for details. You must pay for other property costs separately.</small>											

Costs at Closing	
Closing Costs	Includes _____ in Loan Costs + _____ in Lender Credits. <small>See page 2 for details.</small>
Cash to Close	Includes Closing Costs. <small>See Calculating Cash to Close on page 3 for details.</small>

} section 3.2.1

} section 3.2.2

} section 3.2.3

} section 3.2.4

FIGURE 28: CLOSING DISCLOSURE (PAGE 1)

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General information, the **Loan Terms** table, the **Projected Payments** table, and the **Costs at Closing** table are disclosed on the first page of the **Closing Disclosure**. (§ 1026.38(a), (b), (c), (d))

3.2.1 General Information



Closing Information
Date Issued
Closing Date
Disbursement Date
Settlement Agent
File #
Property
Sale Price

FIGURE 29: CLOSING INFORMATION TABLE OF THE CLOSING DISCLOSURE

At the top of page 1 of the **Closing Disclosure**, disclose **Closing Information**, **Transaction Information**, and **Loan Information**. (§ 1026.38(a))

Closing Information

For **Closing Information**, disclose the following information:

- The **Date Issued**, which is the date the **Closing Disclosure** is delivered or placed in the mail to the consumer (not the date the form is actually printed),
- The **Closing Date**, which is the date of consummation (see section 3.1.5),
- The **Disbursement Date**, which is the date funds are disbursed.
 - In a **Purchase** other than a simultaneous subordinate lien transaction, the **Disbursement Date** is the date that the cash to close amount is expected to be paid to the consumer or seller, as applicable.
 - In a simultaneous subordinate lien transaction or in a non-purchase transaction, the **Disbursement Date** is the date that some of all of the **Loan Amount** is expected to be paid to the consumer or a third party other than the **Settlement Agent**.
- The name of the **Settlement Agent**, which is the name of the entity, not the individual agent conducting the closing,

- The **File #**, which is the file number assigned to the transaction by the **Settlement Agent** (the TILA-RESPA Rule does not prescribe how the settlement agent creates the file number; the file number, for example, may be alphanumeric),
- The **Property** address or location, and
- For the **Property**:
 - **Sale Price**,
 - **Appraised Prop. Value**, or
 - **Estimated Prop. Value.** (§ 1026.38(a)(3))

The **Appraised Prop. Value** of the **Property** is disclosed for transactions without a seller if a creditor has obtained an appraisal of the **Property**. (§ 1026.38(a)(3)(vii)(B)) If a creditor has obtained more than one appraisal of the **Property**, the creditor discloses the value set forth in the appraisal that the creditor used to approve the loan.

The **Estimated Prop. Value** of the **Property** is disclosed if the creditor has not obtained an appraisal for a transaction without a seller. If the creditor has prepared its own estimate of value for purposes of approving the credit transaction, it must use that value when disclosing the **Estimated Prop. Value**, rather than an estimate of value from a consumer. (Comment 38(a)(3)(vii)-1) If the creditor has prepared more than one estimate of value, it discloses the value in the estimate it used to approve the transaction. (Comment 38(a)(3)(vii)-1)

If a creditor considers the value of improvements to the **Property** when approving a construction loan where there is no seller, it must include the value of the improvements when disclosing the **Appraised Prop. Value** or **Estimated Prop. Value**. (Comment 38(a)(3)(vii)-1)

Transaction Information

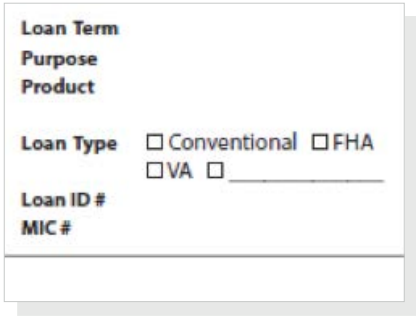
Transaction Information
Borrower
Seller
Lender

FIGURE 30: TRANSACTION INFORMATION TABLE OF THE CLOSING DISCLOSURE

For **Transaction Information**, disclose the name of the seller (if any) as **Seller**, and the name of the creditor as **Lender**. (§ 1026.38(a)(4)) Disclose the name(s) and address(es) of the person(s) to whom credit is extended as **Borrower**. Do not disclose the names or addresses of other consumers. (Comment 38(a)(4)-4)

The name and address of each person who is a seller in the transaction and each person to whom credit is extended must be disclosed, except that the name and address for **Seller** may be left blank on the **Closing Disclosure** for a simultaneous subordinate lien loan if the **Closing Disclosure** for the first lien loan will disclose the entirety of the seller’s transaction. The name and address of the **Seller** is also left blank for transactions without a seller. (Comment 38(a)(4)-2) If there is **not** enough space to show the name and address of all such persons, an additional page may be used and appended to the end of the **Closing Disclosure**. (Comment 38(a)(4)-1)

Loan Information



The image shows a portion of a form titled "Loan Information". It contains the following fields and options:

- Loan Term
- Purpose
- Product
- Loan Type: Conventional FHA VA _____
- Loan ID #
- MIC #

FIGURE 31: LOAN INFORMATION TABLE OF THE CLOSING DISCLOSURE

For **Loan Information**, disclose the **Loan Term, Purpose, Product, 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. (§ 1026.38(a)(5))

The information disclosed for **Loan Term, Purpose, Product, Loan Type**, and **Loan ID #** are determined by the same definitions for those items on the **Loan Estimate**. (see section 2.2.1 above) These items should be updated to reflect the terms of the legal obligation at consummation. (Comment 38(a)(5)-1)

3.2.2 Loan Terms

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

FIGURE 32: LOAN TERMS TABLE OF THE CLOSING DISCLOSURE

The **Loan Terms** table on the **Closing Disclosure** discloses the same information required to be disclosed on the **Loan Estimate** (see section 2.2.2 above), updated to reflect the terms of the legal obligation at consummation. (§ 1026.38(b))

3.2.3 Projected Payments

Projected Payments											
Payment Calculation											
Principal & Interest											
Mortgage Insurance											
Estimated Escrow <i>Amount can increase over time</i>											
Estimated Total Monthly Payment											
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time See page 4 for details</i>	<table border="0"> <tr> <td style="text-align: center;">This estimate includes</td> <td style="text-align: center;">In escrow?</td> </tr> <tr> <td><input type="checkbox"/> Property Taxes</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Homeowner's Insurance</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> <tr> <td colspan="2"><i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i></td> </tr> </table>	This estimate includes	In escrow?	<input type="checkbox"/> Property Taxes		<input type="checkbox"/> Homeowner's Insurance		<input type="checkbox"/> Other:		<i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i>	
This estimate includes	In escrow?										
<input type="checkbox"/> Property Taxes											
<input type="checkbox"/> Homeowner's Insurance											
<input type="checkbox"/> Other:											
<i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i>											

FIGURE 33: LOAN TERMS TABLE OF THE CLOSING DISCLOSURE

The **Projected Payments** table on the **Closing Disclosure** discloses the same information required to be disclosed on the **Projected Payments** table disclosed on the **Loan Estimate** (see section 2.2.3 above), updated to reflect the terms of the legal obligation at consummation. (§ 1026.38(c); Comment 38(c)-1)

However, there are two differences in the **Closing Disclosure**:

- For loans subject to RESPA, the amounts disclosed under the **Estimated Escrow** and **Estimated Taxes, Insurance, and Assessments** sections on the **Closing Disclosure** must be determined under the escrow account analysis described in Regulation X, 12 C.F.R. § 1024.17. Loans not subject to RESPA also have this option on the **Closing Disclosure**.
- The **Closing Disclosure** refers the consumer to page 4 of the **Closing Disclosure**, instead of the reference to page 2 that is on the **Loan Estimate**.

3.2.4 Costs at Closing

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

CLOSING DISCLOSURE PAGE 1 OF 5 • LOAN ID #

FIGURE 34: COSTS AT CLOSING TABLE OF THE CLOSING DISCLOSURE

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 disclosed on page 2 of the **Closing Disclosure** (§ 1026.38(d)(1)(i)), and
- The estimated amount of cash the consumer 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**. (§ 1026.37(d)(1)(ii))

Alternative Costs at Closing

Costs at Closing	
Estimated Closing Costs	Includes _____ in Loan Costs + _____ in Other Costs – in Lender Credits. <i>See page 2 for details.</i>
Estimated Cash to Close	Includes Closing Costs. <i>See Calculating Cash to Close on page 2 for details.</i> <input type="checkbox"/> From <input type="checkbox"/> To Borrower

Visit www.consumerfinance.gov/mortgage-estimate for general information and tools.

FIGURE 35: ALTERNATIVE COSTS AT CLOSING TABLE OF THE CLOSING DISCLOSURE

Disclose the **Alternative Costs at Closing** table for a transaction without a seller or for a simultaneous subordinate lien transaction where the **Alternative Estimated Costs at Closing** table was disclosed on the **Loan Estimate**. (see section 2.2.4 above; § 1026.38(d)(2)) Note that the **Alternative Costs at Closing** table must be used on the **Closing Disclosure** if it was used on the **Loan Estimate**.

Check boxes are used in order to indicate whether the amount of cash is due from or paid to the consumer at consummation. (Comment 38(d)(2)-2) 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. (Comment 38(d)(2)-1)

3.3 Closing Disclosure (page 2)

Closing Cost Details		Borrower-Paid		Seller-Paid		Paid by Others
		At Closing	Before Closing	At Closing	Before Closing	
Loan Costs						
A. Origination Charges						
01	% of Loan Amount (Points)					
02						
03						
04						
05						
06						
07						
08						
B. Services Borrower Did Not Shop For						
01						
02						
03						
04						
05						
06						
07						
08						
09						
10						
C. Services Borrower Did Shop For						
01						
02						
03						
04						
05						
06						
07						
08						
D. TOTAL LOAN COSTS (Borrower-Paid)						
Loan Costs Subtotals (A + B + C)						
Other Costs						
E. Taxes and Other Government Fees						
01	Recording Fees	Deed:	Mortgage:			
02						
F. Prepays						
01	Homeowner's Insurance Premium (. mo.)					
02	Mortgage Insurance Premium (. mo.)					
03	Prepaid Interest (. per day from . to .)					
04	Property Taxes (. mo.)					
05						
G. Initial Escrow Payment at Closing						
01	Homeowner's Insurance	per month for	mo.			
02	Mortgage Insurance	per month for	mo.			
03	Property Taxes	per month for	mo.			
04						
05						
06						
07						
08	Aggregate Adjustment					
H. Other						
01						
02						
03						
04						
05						
06						
07						
08						
I. TOTAL OTHER COSTS (Borrower-Paid)						
Other Costs Subtotals (E + F + G + H)						
J. TOTAL CLOSING COSTS (Borrower-Paid)						
Closing Costs Subtotals (D + I)						
Lender Credits						

section 3.3.1

section 3.3.2

FIGURE 36: CLOSING DISCLOSURE (PAGE 2)

The number of items in the **Loan Costs** and **Other Costs** tables can be expanded and deleted to ensure that the **Loan Costs** and **Other Costs** tables fit onto page 2 of the **Closing Disclosure**. (§ 1026.38(t)(5)(iv)(A)) 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. (Comment 38(t)(5)(iv)-1)

The amounts paid by the consumer, seller and others for each item are disclosed. For items paid by the consumer or seller, the amount that is paid at or before closing is also entered into the applicable columns. (§ 1026.38(f)) To the extent that an individual item is paid by different parties to the transaction and both at and before closing, the amounts associated with an item can be entered in multiple columns. (§ 1026.38(f))

The **Paid by Others** column is for charges not paid by the consumer or seller. This can include any third party, such as the creditor, an employer, a real estate agent, or other third party. To denote that charges are paid by the creditor pursuant to the legal obligation between the consumer and creditor, an L in parentheses "(L)" may be placed to the left of the amount. (Comment 38(f)-1)

The **Loan Costs** and **Other Costs** tables can be disclosed on two separate pages of the **Closing Disclosure**. (§ 1026.38(t)(5)(iv)(B)) When used, these pages are numbered page 2a and 2b. (Comment 38(t)(5)(iv)-3) For an example of this permissible change to the **Closing Disclosure**, see form H-25(H) of appendix H to Regulation Z.

3.3.1 Loan Costs

Loan Costs	Borrower-Paid		Seller-Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
A. Origination Charges					
01 % of Loan Amount (Points)					
02					
03					
04					
05					
06					
07					
08					
B. Services Borrower Did Not Shop For					
01					
02					
03					
04					
05					
06					
07					
08					
09					
10					
C. Services Borrower Did Shop For					
01					
02					
03					
04					
05					
06					
07					
08					
D. TOTAL LOAN COSTS (Borrower-Paid)					
Loan Costs Subtotals (A + B + C)					

FIGURE 37: LOAN COSTS TABLE OF THE CLOSING DISCLOSURE

The items to be disclosed in the **Loan Costs** table should generally be the same as they were disclosed on the **Loan Estimate** (see section 2.3.1 above), updated to reflect the terms of the legal obligation at consummation, except as specifically discussed below. (§ 1026.38(f))

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 consumer to a third-party loan originator is designated as **Borrower-Paid At Closing or Before Closing** on the **Closing Disclosure**. (§ 1026.38(f)(1); Comment 38(f)(1)-2)

Compensation from the creditor to a third-party loan originator is designated as **Paid by Others** on the **Closing Disclosure**. (Comment 38(f)(1)-2) A designation of **(L)** can be listed with the amount to indicate that the creditor pays the compensation at consummation. The amount of compensation from the creditor to

the third party loan originator is the dollar value of salaries, commissions, and any financial or similar compensation provided by the creditor and considered to be points and fees under 12 CFR 1026.32(b)(1)(ii). (Comment 38(f)(1)-3) Compensation to individual loan originators is **not** calculated or disclosed on the **Closing Disclosure**. (Comment 38(f)(1)-3)

Services the Consumer Did and Did Not Shop For

Items that the consumer 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**. (§ 1026.38(f)(2))

When a consumer chooses a provider that was on the **Written List of Providers** for a service, that service is listed as **Services Borrower Did Not Shop For** in the **Closing Disclosure Loan Costs** table. (§ 1026.38(f)(2); Comment 38(f)(3)-1) For example, if the consumer could have shopped for the flood determination fee on the **Loan Estimate**, but chose a provider that was on the creditor's **Written List of Providers**, that charge is listed as **Services Borrower Did Not Shop For** even though the creditor did not require that service provider. 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)**. (§ 1026.38(f)(5)) The amounts that are designated **Seller-Paid At or Before Closing** and **Paid by Others** are **not** subtotaled as **Total Loan Costs (Borrower-Paid)**. (Comment 38(f)(5)-1)

3.3.2 Other Costs

Other Costs						
E. Taxes and Other Government Fees						
01	Recording Fees	Deed:	Mortgage:			
02						
F. Prepaids						
01	Homeowner's Insurance Premium (mo.)					
02	Mortgage Insurance Premium (mo.)					
03	Prepaid Interest (per day from to)					
04	Property Taxes (mo.)					
05						
G. Initial Escrow Payment at Closing						
01	Homeowner's Insurance	per month for	mo.			
02	Mortgage Insurance	per month for	mo.			
03	Property Taxes	per month for	mo.			
04						
05						
06						
07						
08	Aggregate Adjustment					
H. Other						
01						
02						
03						
04						
05						
06						
07						
08						
I. TOTAL OTHER COSTS (Borrower-Paid)						
Other Costs Subtotals (E + F + G + H)						
J. TOTAL CLOSING COSTS (Borrower-Paid)						
Closing Costs Subtotals (D + I)						
Lender Credits						

FIGURE 38: OTHER COSTS TABLE OF THE CLOSING DISCLOSURE

The items to be disclosed in the **Other Costs** table should be disclosed as they would be disclosed on the **Loan Estimate** (see section 2.3.2 above), updated to reflect the terms of the legal obligation and real estate transaction at consummation, except as specifically discussed below. (§ 1026.38(g))

Taxes and Other Government Fees

In the shaded column of the line with the subheading **Taxes and Other Government Fees**, disclose the total amount expected to be paid by the consumer to State or local governments for **Recording Fees** and **Transfer Taxes** at or before closing. (§ 1026.38(g)(1))

In the appropriate columns of the next line, disclose the total amount expected to be paid to State or local governments for recording the deed, security instruments, and any other instrument or document recorded to preserve marketable title or to perfect the creditor's security interest in the **Property**. Also, on this line (which includes the label **Recording Fees**), disclose the total fees expected to be paid

to the State or local government for recording deeds after the word “Deed” and, separately, disclose the total fees expected to be paid to State or local government for recording security instruments after the word “Mortgage.” (Comment 38(g)(1)-3)

An itemization of **Transfer Taxes** paid by the consumer and the seller is disclosed under the heading **Taxes and Other Government Fees**, instead of the sum total of **Transfer Taxes** to be paid by the consumer. (§ 1026.38(g)(1)) This itemization is disclosed after the disclosure of the recording fees. The name of the government entity assessing the fee (which may not necessarily be the payee of the check cut by the settlement agent) is provided on the **Closing Disclosure**, unlike on the **Loan Estimate**. Itemize each **Transfer Tax** and each government entity, because multiple taxes may be assessed by each governmental entity. (Comment 38(g)(1)-2)

Prepays

Prepays are items to be paid by the consumer in advance of the first scheduled payment of the loan. (§ 1026.38(g)(2)) **Prepays** include:

- Homeowner’s Insurance Premium,
- Mortgage Insurance Premium,
- 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 consumer and the total amount to be paid.

If **Homeowner’s Insurance** premiums, **Mortgage Insurance** premiums, **Prepaid Interest**, or **Property Taxes** are not applicable to the loan, the inapplicable lines should **not** be deleted. (Comments 38(g)(2)-1 and 37(g)(2)-4)

Instead:

- If there are no prepaid **Homeowner’s Insurance** premiums, **Mortgage Insurance** premiums, or **Property Taxes** associated with the loan, the time period, daily amount, and percentage used in the labels should be left blank. (Comment 37(g)(2)-4)

If no **Prepaid Interest** will be collected at consummation, the amount should be disclosed as “\$0.00.” (Comment 38(g)(2)-3)

Initial Escrow Payment at Closing

Property Taxes paid during different time periods can be disclosed as separate items. (§ 1026.38(g)(3)) For example, general property taxes assessed for January 1 to December 31 and property taxes to fund schools for November 1 to October 31 can be disclosed as separate items. (Comment 38(g)(3)-3)

The last item disclosed in the **Initial Escrow Payment at Closing** is the **Aggregate Adjustment**. (§ 1026.38(g)(3)) The **Aggregate Adjustment** is calculated under Regulation X. (§ 1024.17(d)(2); Comment 38(g)(3)-2)

Other

Items are disclosed as **Other** to reflect costs incurred by the consumer or seller that were **not** required to be disclosed on the **Loan Estimate**. (§ 1026.38(g)(4); Comment 38(g)(4)-1) 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 consumer or seller on the **Closing Disclosure**, even if the earnest money deposit is held by the real estate brokerage. (Comment 38(g)(4)-1 and -4)

Total Other Costs and Total Closing Costs

The total of all closing costs paid by the consumer, reduced by the **Lender Credit**, is disclosed as **Total Closing Costs (Borrower-Paid)**. (§ 1026.38(h)(1)) 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**. (§ 1026.38(h)(2)) Lastly, the total amount of **Lender Credits**, if any, are disclosed and designated as **Borrower-Paid At Closing**. (§ 1026.38(h)(3))

Lender Credits

All general lender credits, regardless of their reason or source, are included as **Lender Credits**. (Comment 38(h)(3)-1) However, if the lender credit is attributable to a specific charge listed on **Closing Disclosure** page 2, then the amount is listed with the item and designated as **Paid by Others**. (Comment 38(h)(3)-1) A designation of **(L)** can be listed with the amount to indicate that the creditor pays the item at consummation.

A creditor may include the amount of any offset to resolve an excess charge by the creditor as a **Lender Credit**. (§ 1026.38(h)(3)) If the excess charge is refunded through a **Lender Credit**, a statement that such an amount is paid by the creditor to offset an excess charge is also included as part of **Lender Credits**. (Comment 38(h)(3)-2; see form H-25(F) of appendix H to Regulation Z for an example of this statement) See also Section 3.4.1 of this Guide for information on disclosing an excess charge refunded using a principal reduction.

3.4 Closing Disclosure (page 3)

section 3.4.1

sections 3.4.3,
3.4.4, and 3.4.5

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)				
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				
Cash to Close				

Summaries of Transactions		Use this table to see a summary of your transaction.	
BORROWER'S TRANSACTION		SELLER'S TRANSACTION	
K. Due from Borrower at Closing		M. Due to Seller at Closing	
01 Sale Price of Property		01 Sale Price of Property	
02 Sale Price of Any Personal Property Included in Sale		02 Sale Price of Any Personal Property Included in Sale	
03 Closing Costs Paid at Closing (J)		03	
04		04	
Adjustments		05	
05		06	
06		07	
07		08	
Adjustments for Items Paid by Seller in Advance		Adjustments for Items Paid by Seller in Advance	
08 City/Town Taxes to		09 City/Town Taxes to	
09 County Taxes to		10 County Taxes to	
10 Assessments to		11 Assessments to	
11		12	
12		13	
13		14	
14		15	
15		16	
L. Paid Already by or on Behalf of Borrower at Closing		N. Due from Seller at Closing	
01 Deposit		01 Excess Deposit	
02 Loan Amount		02 Closing Costs Paid at Closing (J)	
03 Existing Loan(s) Assumed or Taken Subject to		03 Existing Loan(s) Assumed or Taken Subject to	
04		04 Payoff of First Mortgage Loan	
05 Seller Credit		05 Payoff of Second Mortgage Loan	
Other Credits		06	
06		07	
07		08 Seller Credit	
Adjustments		09	
08		10	
09		11	
10		12	
11		13	
Adjustments for Items Unpaid by Seller		Adjustments for Items Unpaid by Seller	
12 City/Town Taxes to		14 City/Town Taxes to	
13 County Taxes to		15 County Taxes to	
14 Assessments to		16 Assessments to	
15		17	
16		18	
17		19	
CALCULATION		CALCULATION	
Total Due from Borrower at Closing (K)		Total Due to Seller at Closing (M)	
Total Paid Already by or on Behalf of Borrower at Closing (L)		Total Due from Seller at Closing (N)	
Cash to Close <input type="checkbox"/> From <input type="checkbox"/> To Borrower		Cash <input type="checkbox"/> From <input type="checkbox"/> To Seller	

CLOSING DISCLOSURE PAGE 3 OF 5 • LOAN ID #

FIGURE 39: CLOSING DISCLOSURE (PAGE 3)

On page 3 of the **Closing Disclosure**, the **Calculating Cash to Close** table and **Summaries of Transaction** table are disclosed. For transactions without a seller or for simultaneous subordinate lien loans (if the **Closing Disclosure** for the first lien loan will disclose the entirety of the seller’s transaction), a **Payoffs and Payments** table may be substituted for the **Summaries of Transactions** table and placed before the **Alternative Calculating Cash to Close** table. (See Figure 40; form H-25(J) of appendix H to Regulation Z)

Payoffs and Payments		Use this table to see a summary of your payoffs and payments to others from your loan amount.	
TO	AMOUNT		
01			
02			
03			
04			
05			
06			
07			
08			
09			
10			
11			
12			
13			
14			
15			
K. TOTAL PAYOFFS AND PAYMENTS			

Calculating Cash to Close		Use this table to see what has changed from your Loan Estimate.	
	Loan Estimate	Final	Did this change?
Loan Amount			
Total Closing Costs (J)			
Closing Costs Paid Before Closing			
Total Payoffs and Payments (K)			
Cash to Close	<input type="checkbox"/> From <input type="checkbox"/> To Borrower	<input type="checkbox"/> From <input type="checkbox"/> To Borrower	Closing Costs Financed (Paid from your Loan Amount)

section 3.4.2

FIGURE 40: ALTERNATIVE CLOSING DISCLOSURE (PAGE 3)

3.4.1 Calculating Cash to Close

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)			
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			
Cash to Close			

FIGURE 41: CALCULATING CASH TO CLOSE TABLE OF THE CLOSING DISCLOSURE

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.

The amounts in the **Calculating Cash to Close** table or the **Alternative Calculating Cash to Close** table are disclosed based on the best information reasonably available to the creditor at the time that disclosure is provided but are not, in and of themselves, subject to good faith analysis under § 1026.19(e)(3). Accordingly, the good faith analysis under § 1026.19(e)(3) cannot be determined based on a change in an amount in either of these tables, and must be separately determined.

The table has three columns to disclose the amount for each item as it was disclosed on the **Loan Estimate** (see section 2.3.3 above), the **Final** amount for the item, and an answer to the question **Did this change?** (§ 1026.38(i))

The amounts disclosed in the **Loan Estimate** column are the same as the amounts disclosed on the most recent **Loan Estimate** provided to the consumer. (§ 1026.38(i)(1)(i), (3)(i), (4)(i), (5)(i), (6)(i), (7)(i), (8)(i), (9)(i)) 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. (Comment 38(i)-2)

Generally, 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**, and must be based on the best information reasonably available to the creditor at the time that the **Closing Disclosure** is provided to the consumer. (Comment 38(i)-2)

When the answer to the question **Did this change?** is **Yes**, indicate where the consumer can find the amounts that have changed on the **Loan Estimate**. If the **Seller Credit** amount changed and the change is attributable only to general seller credits, the creditor may disclose "See Seller Credits in **Section L.**" (Comment 38(i)-3) See Comment 38(i)(7)(iii)(A)-1 for additional statements a creditor may use if the **Seller Credit** amount changes. Examples of language for disclosing changes to other items are found in example form H-25(B) in appendix H of Regulation Z.

When determining whether an amount changed, use the actual, non-rounded estimate that would have been shown on the **Loan Estimate** if the amount had been shown to two decimal places. (Comment 38(i)-2)

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**. (see section 3.2.4 above; § 1026.38(i)(1)(ii)) When the amount in the **Final** column is different from the amount in the **Loan Estimate** column, indicate that the consumer should see the **Total Loan Costs** or **Total Other Costs** tables, as applicable, on page 2 of the **Closing Disclosure**. (§ 1026.38(i)(1)(iii)(A)(2))

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. (§ 1026.38(i)(1)(iii)(A)(3)) If a creditor will provide a lender credit to the consumer for the excess amount, the creditor must include a statement directing the consumer to the **Lender Credit** on page 2. If a creditor will reduce the amount of the principal to offset the excess amount, the creditor must include a statement informing the consumer the creditor is providing a principal reduction to offset the charges that exceed the legal limit. (Comment 38(i)(1)(iii)(A)-3)

Principal reductions that occur immediately or very soon after closing must be disclosed in the **Summaries of Transactions** table or in the **Payoffs and Payments** table, as applicable. The disclosure must include the following elements: (1) the amount of the principal reduction; (2) the phrase “principal reduction” or a similar phrase; (3) if disclosed in the **Payoffs and Payments** table, the name of the payee; (4) if the principal reduction is not paid from closing funds, the phrase “Paid Outside Closing” or “P.O.C.” and the name of the party making the payment; and (5) if applicable, a statement that the principal reduction is being provided to offset charges that exceed the legal limits (using any language that satisfies the clear and conspicuous standard). If a principal reduction is not paid from closing funds, it is not included when computing the total for the **Summaries of Transactions** table or when calculating total **Payoffs and Payments** or **Cash to Close**. (Comment 38-4) For additional guidance on disclosing principal reductions, see Comment 38-4.

Closing Costs Paid Before Closing

The amount disclosed in the **Loan Estimate** column for the **Closing Costs Paid Before Closing** item is \$0. (§ 1026.38(i)(2)(i)) The **Final** column should disclose the same amount designated as **Borrower-Paid Before Closing** in the **Closing Costs Subtotals** of the **Closing Cost Details** table on page 2 of the **Closing Disclosure**.

3.4.2 Alternative Calculating Cash to Close Table For Transaction Without a Seller or for Simultaneous Subordinate Lien Loans

Calculating Cash to Close		Use this table to see what has changed from your Loan Estimate.	
	Loan Estimate	Final	Did this change?
Loan Amount			
Total Closing Costs (J)			
Closing Costs Paid Before Closing			
Total Payoffs and Payments (K)			
Cash to Close	<input type="checkbox"/> From <input type="checkbox"/> To Borrower	<input type="checkbox"/> From <input type="checkbox"/> To Borrower	Closing Costs Financed (Paid from your Loan Amount)

FIGURE 42: ALTERNATIVE CALCULATING CASH TO CLOSE TABLE OF THE CLOSING DISCLOSURE

Disclose an **Alternative Calculating Cash to Close** table for a transaction without a seller or for a simultaneous subordinate lien transaction if the **Alternative Calculating Cash to Close** table was used on the **Loan Estimate**.

If the settlement agent uses the **Alternative Calculating Cash to Close** table for a simultaneous subordinate lien transaction, the **Closing Disclosure** for the first lien loan must disclose the entirety of the seller's transaction. Therefore, any contributions from the seller to the subordinate lien loan must be included in the **Summaries of Transactions** table on the **Closing Disclosure** for the first lien loan. The seller contributions are also disclosed in the **Payoff and Payments** table on the subordinate lien loan's **Closing Disclosure**. (Comment 38(k)(2)(vii)-1)

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?** (§ 1026.38(e))

In addition, disclose **Closing Costs Financed (Paid from your Loan Amount)** in the third column of the **Final** item. (§ 1026.38(e)(6))

The amount disclosed in the **Loan Estimate** column is the same as the amount disclosed on the most recent **Loan Estimate** provided to the consumer. (§ 1026.38(e)(1)(i), (2)(i), (4)(i),(5)(i)) 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. (Comment 38(e)-3)

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**. (§ 1026.38(e)(1)(ii))

Total Closing Costs

If the amount disclosed as the **Total Closing Costs (Borrower Paid)** on page 2 is a positive number, disclose that amount as a negative number in the **Final** column for **Total Closing Costs**. If the amount disclosed as the **Total Closing Costs (Borrower Paid)** on page 2 is a negative number, disclose that amount as a positive number

in the **Final** column for **Total Closing Costs**. (§ 1026.38(e)(2)(ii)) When the amount in the **Final** column is different from the amount in the **Loan Estimate** column, the creditor should indicate that the consumer should see the **Total Loan Costs** or **Total Other Costs** subheadings, as applicable, on page 2 of the **Closing Disclosure**. (§ 1026.38(e)(2)(iii)(A)(2))

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. (§ 1026.38(i)(1)(iii)(A)(3)) If a creditor will provide a lender credit to the consumer for the excess amount, the creditor must include a statement directing the consumer to the **Lender Credit** on page 2. If a creditor will reduce the amount of the principal to offset the excess amount, the creditor must include a statement informing the consumer the creditor is providing a principal reduction to offset the charges that exceed the legal limit. (Comment 38(i)(1)(iii)(A)-3)

Closing Costs Paid Before Closing

For **Closing Costs Paid Before Closing**, disclose \$0 in the **Loan Estimate** column. (§ 1026.38(e)(3)(i)) The **Final** column should disclose the same amount designated as **Borrower-Paid Before Closing** in the **Closing Costs Subtotals** of the **Closing Cost Details** table on **Closing Disclosure** page 2, as a positive number. (§ 1026.38(e)(3)(ii))

Total Payoffs and Payments

If the amount disclosed in the **Payoffs and Payments** table on page 3 is a positive number, disclose that amount as a negative in the **Final** column for **Total Payoffs and Payments**. If the amount disclosed in the **Payoffs and Payments** table on page 3 is a negative number, disclose that amount as a positive number in the **Final** column for **Total Payoffs and Payments**. (§ 1026.38(e)(4)(ii))

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 consumer. (§ 1026.38(e)(5)(ii))

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**. However, 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**). (§ 1026.38(e)(6))

3.4.3 Summaries of Transactions

Summaries of Transactions		Use this table to see a summary of your transaction.	
BORROWER'S TRANSACTION		SELLER'S TRANSACTION	
K. Due from Borrower at Closing		M. Due to Seller at Closing	
01	Sale Price of Property	01	Sale Price of Property
02	Sale Price of Any Personal Property Included in Sale	02	Sale Price of Any Personal Property Included in Sale
03	Closing Costs Paid at Closing (J)	03	
04		04	
Adjustments		Adjustments for Items Paid by Seller in Advance	
05		09	City/Town Taxes to
06		10	County Taxes to
07		11	Assessments to
Adjustments for Items Paid by Seller in Advance		12	
08	City/Town Taxes to	13	
09	County Taxes to	14	
10	Assessments to	15	
11		16	
12			
13			
14			
15			
L. Paid Already by or on Behalf of Borrower at Closing		N. Due from Seller at Closing	
01	Deposit	01	Excess Deposit
02	Loan Amount	02	Closing Costs Paid at Closing (J)
03	Existing Loan(s) Assumed or Taken Subject to	03	Existing Loan(s) Assumed or Taken Subject to
04		04	Payoff of First Mortgage Loan
05	Seller Credit	05	Payoff of Second Mortgage Loan
Other Credits		06	
06		07	
07		08	Seller Credit
Adjustments		09	
08		10	
09		11	
10		12	
11		13	
Adjustments for Items Unpaid by Seller		Adjustments for Items Unpaid by Seller	
12	City/Town Taxes to	14	City/Town Taxes to
13	County Taxes to	15	County Taxes to
14	Assessments to	16	Assessments to
15		17	
16		18	
17		19	
CALCULATION		CALCULATION	
Total Due from Borrower at Closing (K)		Total Due to Seller at Closing (M)	
Total Paid Already by or on Behalf of Borrower at Closing (L)		Total Due from Seller at Closing (N)	
Cash to Close <input type="checkbox"/> From <input type="checkbox"/> To Borrower		Cash <input type="checkbox"/> From <input type="checkbox"/> To Seller	

FIGURE 43: SUMMARIES OF TRANSACTIONS TABLE OF THE CLOSING DISCLOSURE

Use the **Summaries of Transactions** table to disclose the amounts associated with the real estate purchase transaction between the consumer and seller, together with closing costs, in order to disclose the amounts due from or payable to the consumer and seller at closing, as applicable. (§ 1026.38(j),(k)) A separate **Closing Disclosure** can be provided to the consumer and the seller that do not reflect the other party's costs and credits by omitting certain disclosures on each separate **Closing Disclosure**. (§ 1026.38(t)(5)(v),(vi),(ix)) If using a separate seller's disclosure, the settlement agent must also provide a copy to the creditor. (§ 1026.19(f)(4)(iv)) More information on separating consumer and seller information on the **Closing Disclosure** can be found in Section 11.7 of the Compliance Guide

In transactions without a seller, the creditor either does not provide the **Seller's Transaction** column or leaves that column blank. (Comment 38(k)-1) Similarly, for purchase transactions that involve a simultaneous subordinate lien loan, the creditor either does not provide the **Seller's Transaction** column or leaves that column blank if the **Closing Disclosure** for the first lien loan discloses the entirety of the seller's transaction.

A creditor can also decide to replace the **Summaries of Transactions** table with a **Payoffs and Payments** table (see Figure 40) when the **Alternative Cash to Close** and **Alternative Calculating Cash to Close** tables are used. (§ 1026.38(t)(5)(vii))

Generally, 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 TILA-RESPA Rule taking effect. 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, discussed below.

3.4.4 Borrower's Transaction

A creditor can work with a **Settlement Agent**, and the **Settlement 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. (§ 1026.19(f)(1)(v))

Due From Borrower at Closing

Generally, in a Purchase transaction the amount **Due from Borrower at Closing** includes:

- Sale Price of Property,
- Sale Price of Any Personal Property Included in Sale,
- Closing Costs Paid at Closing,
- Adjustments,
- Adjustments for Items Paid by the Seller in Advance, pursuant to the terms of the real estate sale contract, and
- Other consumer charges disclosed in **Section K**, such as those that may be disclosed on Line K.04. (§ 1026.38(j)(1))

However, **Sale Price** is not disclosed in the **Summaries of Transactions** table for a simultaneous subordinate lien loan in a purchase transaction. (Comment 38(j)(1)(ii)-1)

For purposes of disclosing **Sale Price of Any Personal Property Included in Sale**, 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 the **Closing Disclosure**. (Comment 38(j)(1)(ii)-1)

Closing Costs Paid at Closing is the amount of closing costs designated as **Borrower-Paid At Closing** minus any **Lender Credits** on page 2 of the **Closing Disclosures**. (§ 1026.38(j)(1)(iv))

Under the heading **Adjustments**, disclose a description and amount for each of the following:

- Items not otherwise disclosed in **Section K** of the **Closing Disclosure** (i.e., items not already disclosed as **Adjustments for Items Paid by the Seller in Advance**) that the seller has paid prior to the real estate closing but that will be reimbursed by the consumer at closing.
- Items not otherwise disclosed in **Section K** of the **Closing Disclosure** that are owed to the seller but payable to the consumer after the closing.

Examples of items that are disclosed as **Adjustments** include:

- A balance in a seller's reserve account transferred to the consumer in connection with an assumed loan,

- Rent that the consumer will collect after closing for a period of time prior to the closing, and
- A tenant security deposit.

(Comment 38(j)(1)(v)-1)

Under **Adjustments for Items Paid by the Seller in Advance**, disclose the prorated amounts for prepaid City/Town taxes, County taxes, and other assessments due from the consumer to reimburse the seller and the time period corresponding to that amount. (§ 1026.38(j)(1)(vi)-(ix)) Also, disclose a description and amount for any item paid by the seller prior to the real estate closing that is due from the consumer at the closing. (§ 1026.38(j)(1)(x)) Examples of these items include:

- Taxes (other than County or City/Town 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 consumer 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 consumer will use when the consumer takes possession of the **Property**, and
- Ground rent paid in advance by the seller.

(Comment 38(j)(1)(x)-1)

Disclose other consumer charges owed by the consumer in the real estate closing not otherwise disclosed in the **Loan Costs** table, **Other Costs** table, or **Section K** of the **Closing Disclosure**. Generally, these amounts may be disclosed on Line K.04. Examples include:

- Amounts paid to any existing holders of liens on the Property in a refinance transaction,
- Payoffs of other secured or unsecured debt,
- Any outstanding real estate property taxes,
- Construction costs that the consumer will be obligated to pay in connection with the transaction,

- Principal reductions, and
- For a simultaneous subordinate lien loan, the proceeds of the simultaneous subordinate lien loan that are applied to the first-lien loan.

(Comments 38(j)(1)(v)-2 and -3)

These amounts are disclosed without a corresponding credit in the **Seller's Transaction** column. (Comment 38(j)(1)(v)-2)

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:

- 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. (§ 1026.38(j)(2))

Deposit is the amount paid into a trust account by the consumer pursuant to a contract of sale. (Comment 38(j)(2)(ii)-1) If the **Deposit** has been applied toward a closing cost paid by the consumer, the amount so applied should be deducted from the amount of the **Deposit**. (Comment 38(j)(2)(ii)-2) 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**. (Comment 38(g)(4)-4)

Existing Loan(s) Assumed or Taken Subject to is the total amount of all loans that the consumer is assuming in the transaction, even if more than one loan is being assumed, and all loans subject to which the consumer is taking title to the **Property**. (Comment 38(j)(2)(iv)-1)

Seller Credits include any general or non-specific seller credits. (§ 1026.38(j)(2)(v)) However, if the seller credit is attributable to a charge listed on **Closing Disclosure** page 2, then the amount should be listed with the item and designated as **Seller-Paid at Closing** or **Seller-Paid Before Closing** on **Closing Disclosure** page 2. (Comment 38(j)(2)(v)-1)

Seller Credits include any seller credits for issues identified at a walk-through of the **Property**. (Comment 38(j)(2)(v)-2)

Other Credits include a general credit from any party other than the seller or creditor. (§ 1026.38(j)(2)(vi)) One example is a credit a consumer receives from a real estate agent. A description of the credit and the name of the party giving the credit must also be included. However, 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 **Closing Disclosure** page 2. (Comment 38(j)(2)(vi)-1)

Other Credits include any transferred escrow balance in a refinance transaction. (Comment 38(j)(2)(vi)-4)

Other Credits also include a credit for any money or other payments made at closing by third parties (including gifts from family members) not otherwise associated with the transaction, along with a description of the nature of the funds. Amounts provided in advance of the real estate closing to consumers by third parties (including gifts from family members) not otherwise associated with the transaction are not required to be disclosed. (Comment 38(j)(2)(vi)-5)

Any financing arrangements or other new loans not otherwise disclosed in the **Borrower's Transaction** column table as part of the **Loan Amount** or **Existing Loans Assumed or Taken Subject to** must be disclosed under the subheading **Other Credits** (or on line L.04) for the first lien loan. If the net proceeds of the subordinate lien loan are less than its principal amount, the net proceeds must also be disclosed. The net proceeds may be disclosed on the same line as the principal amount of the subordinate lien loan. (Comment 38(j)(2)(vi)-2)

Disclosure of any amount paid with funds other than closing funds by a consumer in connection with the payoff of an existing subordinate loan are disclosed with a statement that such amounts were paid outside of closing. (Comment 38(j)(2)(vi)-3)

Under **Adjustments for Items Unpaid by Seller**, disclose the prorated amounts for any unpaid City/Town taxes, County taxes and other assessments due from the seller to reimburse the consumer at the real estate closing and the time period corresponding to that amount. (§ 1026.38(j)(2)(vii), (viii), (ix), (x)) Also, disclose a description and amount for any additional items which have not been paid and which the consumer is expected to pay after the real estate closing but are attributable to a period of time prior to the closing. (§ 1026.38(j)(2)(xi)). Examples of these items include:

- Utilities used but **not** paid for by the seller, and

- Interest on loan assumptions. (Comment 38(j)(2)(xi)-1)

Cash to Close From or To 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. (§ 1026.38(j)(3))
- Disclose the sum of **Total Due from the Borrower at Closing** and **Total Paid Already by or on Behalf of the Borrower at Closing** as **Cash to Close From Borrower** when the sum is a positive number, or as **Cash to Close To Borrower** when the sum is a negative number. The sum is disclosed as a positive number in either event. (Comment 38(j)(3)(iii)-2)

3.4.5 Seller's Transactions

The **Settlement Agent** completes and discloses the **Seller's Transaction** column of the **Summaries of Transactions** table. (§ 1026.19(f)(4)) The requirement to complete the **Seller's Transaction** column of the **Summaries of Transactions** table does not apply to a simultaneous subordinate lien loan if the **Closing Disclosure** for the first lien loan discloses the entirety of the seller's transaction. If the requirement to complete the **Seller's Transaction** column applies to a simultaneous subordinate lien loan, complete the disclosures based only on the terms and conditions of the subordinate lien loan and do not include **Sale Price**. (Comment 38(k)(1)-1)

Due to Seller at Closing

Generally, the amount **Due to Seller at Closing** includes:

- The Sale Price of the Property,
- Sale Price of Any Personal Property Included in Sale,
- Adjustments for Items Paid by Seller in Advance due to the seller pursuant to the terms of the real estate sales contract (§ 1026.38(k)(1)), and
- Other items owed by the consumer and disclosed in **Section M** of the **Closing Disclosure**.

For purposes of disclosing the **Sale Price of Any Personal Property included in Sale**, 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 the **Closing Disclosure**. (Comments 38(j)(1)(ii)-1 and 38(k)-3)

Under **Adjustments for Items Paid by the Seller in Advance** disclose the prorated amounts for prepaid City/Town taxes, County taxes and other assessments due from the consumer to reimburse the seller and the time period corresponding to that amount. (§ 1026.38(k)(1)(v)-(viii)). Also, disclose a description and amount for any additional items paid by the seller prior to the real estate closing that are due from the consumer at the closing. (§ 1026.38(k)(1)(ix)) Examples of these items include:

- 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 consumer 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 consumer will use when the consumer takes possession of the property, and
- Ground rent paid in advance by the seller.

(Comments 38(j)(1)(x)-1 and 38(k)-3)

Also, disclose in **Section M**, such as on lines M.03 to M.08, a description and amount for any other items paid to the seller by the consumer pursuant to the contract of sale or other agreement. (§1026.38(k)(1)(iv)) Examples of these amounts include:

- A balance in a seller's reserve account transferred to the consumer in connection with an assumed loan,
- Rent that the consumer will collect after closing for a period of time prior to the closing, and
- The treatment of any tenant security deposit.

(Comments 38(j)(1)(v)-1 and 38(k)-3)

Due from Seller at Closing

Disclose the amount **Due from Seller at Closing** as the sum of:

- Any Excess Deposit,
- Closing Costs Paid at Closing by the Seller,
- Existing Loan(s) Assumed or Taken Subject to by the consumer,
- Payoff of First Mortgage Loan,
- Payoff of Second Mortgage Loan,
- Seller Credit,
- Payment of other seller obligations, and
- Adjustments for Items Unpaid by Seller due to the consumer pursuant to the terms of the real estate sale contract. (§ 1026.38(k)(2))

If a simultaneous subordinate lien loan is disclosed using the alternative tables, the **Closing Disclosure** for the first lien loan must include any contributions from the seller that are disclosed in the **Payoffs and Payments** table as amounts contributed to the simultaneous subordinate lien loan. (Comment 38(k)(2)(vii)-1)

Excess Deposit is the amount of any deposit made by the consumer that has been disbursed to the seller prior to closing. (Comment 38(k)(2)(ii)-1) Note that the calculation of the excess deposit does not include any deposits held by the real estate brokerage.

Seller Credit is an amount the seller is giving as a general credit not tied to a specific charge on page 2 or is making as an allowance to the consumer for items to purchase separately. (§ 1026.38(k)(2)(vii)) The amount of **Seller Credit** would include any credits to the consumer as the result of a walk-through of the property prior to the closing. (Comment 38(k)(2)(iv)-2) However, if the amount of a credit is attributable to a charge listed on page 2, then the amount should be listed with the applicable item on page 2 and designated as **Seller-Paid At Closing** or **Seller-Paid Before Closing**, as appropriate. (Comment 38(j)(2)(v)-1)

Disclose the **Payoff of the First Mortgage Loan**, if any, (§ 1026.38(k)(2)(v)) and then the **Payoff of the Second Mortgage Loan**, if any. (§ 1026.38(k)(2)(vi)) Disclose the payoff or satisfaction amounts for any additional seller obligations as separately itemized amounts. (§ 1026.38(k)(2)(viii)) Examples of these seller obligations include, but are **not** limited to:

- 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 upon the property,
- Other obligations the seller wishes the **Settlement Agent** to pay from the seller's proceeds at closing, and (Comment 38(k)(2)(viii)-1)
- 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 corrected **Closing Disclosure** after the repairs are made or the utility bill is received is optional. (Comment 38(k)(2)(viii)-3)

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. (Comment 38(k)(2)(viii)-2)

Adjustments for Items Unpaid by Seller due to the consumer to be paid by the seller pursuant to the real estate sales contract has two components:

- First, disclose amounts owed by the seller with the time period associated with the adjustments. Examples include:
 - Taxes paid in arrears for an entire year when the closing occurs prior the start of the year,
 - Flood or hazard insurance premiums when the consumer 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. (§ 1026.38(k)(2)(ix), (x), (xi), (xii))
- Second, disclose amounts owed by the seller that are neither disclosed on page 2 nor specifically disclosed as **Due from Seller at Closing**. (§ 1026.38(k)(2)(xiii)) Examples of these amounts include:
 - Utilities used but **not** paid for by the seller,
 - Rent collected in advance by the seller from a tenant for a period of extending beyond the closing date, and
 - Interest on loan assumptions. (Comment 38(j)(2)(xi)-1)

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.
(§ 1026.38(k)(3))
- Disclose the sum of **Total Due to the Seller at Closing** and **Total Due from Seller at Closing** 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. (Comment 38(k)(3)-2)

3.5 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 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.

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	

Adjustable Interest Rate (AIR) Table

Index + Margin	
Initial Interest Rate	
Minimum/Maximum Interest Rate	
Change Frequency	
First Change	
Subsequent Changes	
Limits on Interest Rate Changes	
First Change	
Subsequent Changes	

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		Estimated total amount over year 1 for your escrowed property costs:
Non-Escrowed Property Costs over Year 1		Estimated total amount over year 1 for your non-escrowed property costs:
		You may have other property costs.
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 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.

sections 3.5.1 and 3.5.2

sections 3.5.3 and 3.5.4

FIGURE 44: CLOSING DISCLOSURE (PAGE 4)

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

3.5.1 Loan Disclosures

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 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		Estimated total amount over year 1 for your escrowed property costs:
Non-Escrowed Property Costs over Year 1		Estimated total amount over year 1 for your non-escrowed property costs: You may have other property costs.
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 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.

FIGURE 45: SUMMARIES OF TRANSACTIONS TABLE OF THE CLOSING DISCLOSURE

In the **Loan Disclosures** table, 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 such 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 consumer,
- A statement that the consumer 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). (§ 1026.38(l)(1)-(7))

3.5.2 Partial Payments

When disclosing its partial payments policy, the creditor checks at least one of three options:

- **Partial Payments** will be accepted and applied to the loan;
- **Partial Payments** will be accepted, but held in a separate account until the remainder of the full amount due is received; or
- **Partial Payments** will not be accepted. (§ 1026.38(l)(5))

The creditor may check multiple boxes for the partial payments disclosure in some circumstances. But note that, if there are any circumstances where the creditor would accept partial payments, the creditor **cannot** check the third option indicating **Partial Payments** will not be accepted. As a result, the third box should not be checked if either of the first two options is checked.

3.5.3 Escrow Account

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		Estimated total amount over year 1 for your escrowed property costs:
Non-Escrowed Property Costs over Year 1		Estimated total amount over year 1 for your non-escrowed property costs: You may have other property costs.
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 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.

FIGURE 46: ESCROW ACCOUNT TABLE OF THE CLOSING DISCLOSURE

When an **Escrow Account** is established, disclose:

- The amount of **Escrowed Property Costs over Year 1** with a list of the costs that will be paid (in whole or in part) by the **Escrow Account** (to the extent there is room to list the costs in the space provided or use an addendum if additional lines are needed),

- 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 or use an addendum if additional lines are needed),

If an addendum is used, include a reference to the addendum, such as “See attached page for additional information,” in the applicable section of the **Closing Disclosure**.

- **Initial Escrow Payment**, and
- **Monthly Escrow Payment**. (§ 1026.38(l)(7)(i)(A))

When an **Escrow Account** is **not** established, disclose:

- 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. (§ 1026.38(l)(7)(i)(B))

Property Costs include:

- Property Taxes,
- Homeowner’s Insurance,
- Charges imposed by a cooperative, condominium or homeowners association,
- Ground rent,
- Leasehold payments,
- Ongoing mortgage insurance premiums, and
- Certain other insurance premiums or charges if written in connection with the credit transaction and required by the lender. (§§ 1026.38(l)(7)(i); 1026.37(c)(4)(ii); 1026.43(b)(8))

The **Initial Escrow Payment** is the amount initially added to the escrow account regardless of the person contributing the funds (consumer, seller, lender, etc.). (§§ 1026.38(l)(7)(i)(A)(3); 1026.38(g)(3))

3.5.4 Adjustable Payment (AP) Table

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	

FIGURE 47: ADJUSTABLE PAYMENT (AP) TABLE OF THE CLOSING DISCLOSURE

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. (§ 1026.38(m)) If the loan does **not** contain these features, do **not** disclose the **AP Table**. (Comment 38(m)-3) 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 **Closing Disclosure** page 4, updated to reflect the terms of the loan at consummation. (Comment 38(m)-4)

3.5.5 Adjustable Interest Rate (AIR) Table

Adjustable Interest Rate (AIR) Table	
Index + Margin	
Initial Interest Rate	
Minimum/Maximum Interest Rate	
Change Frequency	
First Change	
Subsequent Changes	
Limits on Interest Rate Changes	
First Change	
Subsequent Changes	

FIGURE 48: ADJUSTABLE INTEREST RATE (AIR) TABLE OF THE CLOSING DISCLOSURE

Disclose the **Adjustable Interest Rate (AIR) Table** when the loan's interest rate may increase after consummation. (§ 1026.38(n)) If the loan's interest rate will **not** increase after consummation, do **not** disclose the **AIR Table**. (Comment 38(n)-3) 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 **Closing Disclosure** page 4, updated to reflect the terms of the loan at consummation. (Comment 38(n)-4)

3.6 Closing Disclosure (page 5)

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.	

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 <ul style="list-style-type: none"> • 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, <ul style="list-style-type: none"> <input type="checkbox"/> 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. <input type="checkbox"/> 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					
Address					
NMLS ID					
__ License ID					
Contact					
Contact NMLS ID					
Contact __ License ID					
Email					
Phone					

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

section 3.6.1 and 3.6.2

section 3.6.3

section 3.6.4

FIGURE 49: CLOSING DISCLOSURE (PAGE 5)

Disclose **Loan Calculations, Other Disclosures, Questions, Contact Information**, and, if desired by the creditor, **Confirm Receipt** tables on page 5 of the **Closing Disclosure**.

3.6.1 Loan Calculations

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.	

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

FIGURE 50: LOAN CALCULATIONS TABLE OF THE CLOSING DISCLOSURE

Disclose the **Total of Payments**, the **Finance Charge**, the **Amount Financed**, the **APR**, and the **Total Interest Percentage (TIP)** in the **Loan Calculations** table. (§ 1026.38(o))

The **Total of Payments** is the amount a consumer will have paid after making all payments of principal, interest, mortgage insurance, and loan costs, as scheduled. The amount disclosed as the **Total of Payments** excludes any portion of the principal, interest, mortgage insurance, or loan costs that is offset by a specific credit from another party. However, non-specific or general credits do not pay for a specific fee or amount. Therefore, they do not offset amounts used to calculate the **Total of Payments**. (Comment 38(o)-1)

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.

3.6.2 Other Disclosures

Other Disclosures
<p>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.</p>
<p>Contract Details See your note and security instrument for information about</p> <ul style="list-style-type: none">• 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.
<p>Liability after Foreclosure If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan,</p> <p><input type="checkbox"/> 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.</p> <p><input type="checkbox"/> state law does not protect you from liability for the unpaid balance.</p>
<p>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.</p>
<p>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.</p>

FIGURE 51: OTHER DISCLOSURES TABLE OF THE CLOSING DISCLOSURE

The creditor discloses in the **Other Disclosures** table:

- A statement related to the consumer's rights in relation to any **Appraisal** conducted for the property,
- A statement informing the consumer of consequences of nonpayment, what constitutes default, when a creditor can accelerate maturity, and prepayment rebates and penalties pursuant to **Contract Details**,
- A statement, among other things, of whether State law provides for continued consumer responsibility for any **Liability after Foreclosure**,
- A statement concerning the consumer's ability to **Refinance** the loan, and
- A statement concerning the extent that interest on the loan can be included as a **Tax Deduction** by the consumer. (§ 1026.38(p))

Appraisal

A statement concerning the **Appraisal** must be provided for:

- Higher-priced Mortgage Loans, and
- Loans covered by the Equal Credit Opportunity Act. (§ 1026.38(p)(1))

For these transactions, the creditor must provide the following statement:

“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 below.”

A Higher-priced Mortgage Loan is defined at 12 CFR 1026.35.

Coverage of the Equal Credit Opportunity Act is discussed in Regulation B, 12 CFR Part 1002, Supplement I - Official Interpretations, Comment 1(a)-1.

Liability after Foreclosure

The creditor complies with the obligation to notify the consumer of any State law anti-deficiency protections that apply to the consumer’s loan by checking one of the options on the **Closing Disclosure**. (§ 1026.38(p)(3)) If any State law anti-deficiency protections could apply, then the creditor should disclose that anti-deficiency protections may apply.

Generally, statute of limitation laws that only limit the time frame in which a creditor may obtain or collect deficiency judgments do not count as anti-deficiency protections included in the disclosure. (Comment 38(p)(3)-1)

3.6.3 Contact Information

Contact Information					
	Lender	Mortgage Broker	Real Estate Broker (B)	Real Estate Broker (S)	Settlement Agent
Name					
Address					
NMLS ID					
__ License ID					
Contact					
Contact NMLS ID					
Contact __ License ID					
Email					
Phone					

FIGURE 52: CONTACT INFORMATION TABLE OF THE CLOSING DISCLOSURE

In the **Contact Information** table, disclose the following information for the **Lender**, the **Mortgage Broker**, the consumer’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. (§ 1026.38(r))

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. (Comment 38(r)-1)

3.6.4 Confirm Receipt

The image shows a table titled "Confirm Receipt" with a dark header. Below the header is a paragraph of text: "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." Below this text is a table with four columns: "Applicant Signature", "Date", "Co-Applicant Signature", and "Date". Each column has a horizontal line for a signature or date. At the bottom left of the table is the text "CLOSING DISCLOSURE" and at the bottom right is "PAGE 5 OF 5 • LOAN ID #".

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
CLOSING DISCLOSURE			PAGE 5 OF 5 • LOAN ID #

FIGURE 53: CONFIRM RECEIPT TABLE OF THE CLOSING DISCLOSURE

The creditor, at its option, may include a line for the signatures of the consumers to **Confirm Receipt**. Although the creditor only lists persons to whom credit is extended as **Borrowers** on the first page of the **Closing Disclosure**, in rescindable transactions, the creditor may add signature lines for other consumers who have the right to rescind. 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**. (§§ 1026.38(s), 1026.37(n)(1))


If the creditor does **not** include a statement line or the consumer's signature, 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." (§§ 1026.38(s)(2), 1026.37(n)(2))


4. Where can I find a copy of the TILA-RESPA Rule and get more information about it?


You can find the TILA-RESPA Rule on the Bureau's website at consumerfinance.gov/policy-compliance/guidance/implementation-guidance/tila-respa-disclosure-rule/.

In addition to a complete copy of the TILA-RESPA Rule, that web page also contains the Compliance Guide and other useful resources related to regulatory implementation including samples of completed **Loan Estimates** and **Closing Disclosures** for different loan products.

Contact us

 Online
consumerfinance.gov

 By phone
(855) 411-CFPB (2372)
(855) 729-CFPB (2372) TTY/TDD

 By mail
Bureau of Consumer Financial Protection
P.O. Box 2900
Clinton, IA 52733

 Email
info@consumerfinance.gov