TILA-RESPA INTEGRATED DISCLOSURE

Guide to the Loan Estimate and Closing Disclosure forms
What’s inside

1. Introduction ........................................................................................................................................... 6
   1.1 What is the purpose of this guide? ................................................................................................. 7
   1.2 Who should read this guide? ........................................................................................................ 8
   1.3 Whom can I contact about this guide or the TILA-RESPA rule? .............................................. 9

2. Loan Estimate ........................................................................................................................................ 10
   2.1 General Requirements .................................................................................................................. 10
      2.1.1 Issuance and Delivery ........................................................................................................ 10
      2.1.2 Revised Loan Estimate ....................................................................................................... 10
      2.1.3 Use of Compliance Guide .................................................................................................... 10
      2.1.4 Rounding ......................................................................................................................... 11
      2.1.5 Consummation .................................................................................................................... 11
   2.2 Loan Estimate (page 1) ............................................................................................................. 12
      2.2.1 General Information ........................................................................................................ 13
      2.2.2 Loan Terms ..................................................................................................................... 18
      2.2.3 Projected Payments ......................................................................................................... 21
      2.2.4 Costs at Closing ................................................................................................................. 28
   2.3 Loan Estimate (page 2) ............................................................................................................. 29
      2.3.1 Loan Costs .................................................................................................................... 31
      2.3.2 Other Costs ..................................................................................................................... 37
      2.3.3 Calculating Cash to Close ............................................................................................... 42
2.3.4 Alternative Calculating Cash to Close table for transactions without a seller ................................................................. 45
2.3.5 Adjustable Payment (AP) Table ......................................................... 47
2.3.6 Adjustable Interest Rate (AIR) Table ............................................... 49

2.4 Loan Estimate (page 3) .................................................................................. 51
2.4.1 Contact Information .................................................................. 52
2.4.2 Comparisons .............................................................................. 52
2.4.3 Other Considerations .................................................................. 54
2.4.4 Confirm Receipt ............................................................................. 55

3. Closing Disclosure ............................................................................................... 56
3.1 General Requirements .................................................................................. 56
3.1.1 Issuance and Delivery .................................................................. 56
3.1.2 Revised Closing Disclosure ................................................................. 56
3.1.3 Use of Compliance Guide .................................................................. 57
3.1.4 Rounding .................................................................................... 57
3.1.5 Consummation ............................................................................. 57

3.2 Closing Disclosure (page 1) ........................................................................ 58
3.2.1 General Information .................................................................. 59
3.2.2 Loan Terms ................................................................................ 62
3.2.3 Projected Payments .................................................................. 62
3.2.4 Costs at Closing ............................................................................. 63

3.3 Closing Disclosure (page 2) ......................................................................... 64
3.3.1 Loan Costs ................................................................................ 66
3.3.2 Other Costs ................................................................................ 67

3.4 Closing Disclosure (page 3) ......................................................................... 70
3.4.1 Calculating Cash to Close ................................................................. 72
3.4.2 Alternative Calculating Cash to Close Table For Transaction Without a Seller ................................................................. 74
3.4.3 Summaries of Transactions ................................................................. 77
3.4.4 Borrower’s Transaction.............................................................77
3.4.5 Seller’s Transactions...............................................................81

3.5 Closing disclosure (page 4)..........................................................85
3.5.1 Loan Disclosures......................................................................86
3.5.2 Escrow Account .....................................................................88
3.5.3 Adjustable Payment (AP) Table .............................................90
3.5.4 Adjustable Interest Rate (AIR) Table ......................................90

3.6 Closing Disclosure (page 5)..........................................................91
3.6.1 Loan Calculations ....................................................................92
3.6.2 Other Disclosures ...................................................................93
3.6.3 Contact Information.................................................................95
3.6.4 Confirm Receipt .......................................................................95

4. Where can I find a copy of the TILA-RESPA rule and get more information about it? .............................................................................................................96
1. Introduction

For more than 30 years, Federal law has required lenders to provide two different disclosure forms to consumers applying for a mortgage. The law also has 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 is overlapping and the language is inconsistent. Not surprisingly, consumers often find the forms confusing. It is also not surprising that lenders and settlement agents find the forms burdensome to provide and explain.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) directs the Consumer Financial Protection Bureau (the 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 current disclosures under TILA and RESPA. The Bureau has now finalized a rule with new, integrated disclosures (TILA-RESPA rule). The TILA-RESPA rule also provides a detailed explanation of how the forms should be filled out and used.

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1 Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth In Lending Act (Regulation Z) (78 FR 79730, Dec. 31, 2013).
The first new form (the 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 (the Closing Disclosure) is designed to provide disclosures that will be helpful to consumers in understanding all of the costs of the transaction. The Closing Disclosure must be provided to consumers three business days before they close on the 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. Home equity lines of credit, reverse mortgages, or mortgages secured by a mobile home or by a dwelling that is not attached to real property (i.e., land) must continue to use current disclosure forms required by TILA and RESPA separately. The TILA-RESPA rule does not apply to loans made by persons who are not considered “creditors” because they make five or fewer mortgages as year.

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. However, this Guide 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.

See the TILA-RESPA Integrated Disclosure rule Small Entity Compliance Guide (Compliance Guide) for 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 requirements related to the Loan Estimate and the Closing Disclosure.

Changes related to the TILA-RESPA rule may take careful planning, time, or resources to implement. This Guide will help you identify and plan for any necessary changes.

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 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/regulations/integrated-mortgage-disclosures-under-the-real-estate-settlement-procedures-act-regulation-x-and-the-truth-in-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 Whom can I contact about this guide or the TILA-RESPA rule?

Resources to help you understand and comply with the Dodd-Frank Act mortgage reforms and our regulations, including downloadable compliance guides, are available through the CFPB’s website at consumerfinance.gov/regulatory-implementation. If after reviewing these materials you still have a question about how to interpret or apply specific CFPB regulations, please follow the instructions below to submit your inquiry and request that a staff attorney contact you to provide an informal oral response. The response does not constitute an official interpretation or legal 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.

To speak to a CFPB attorney about a specific question, please follow these instructions (unfortunately, we will not be able to respond to your inquiry if you do not take these additional steps):

- Email CFPB_RegInquiries@cfpb.gov.
- Include in your message the following (1) your phone number, (2) your office hours and time zone, and (3) clear details about your specific inquiry, including reference to the applicable regulation section(s). Please note the specific title, section or subject matter of the particular regulation that you are inquiring about so that we can route your inquiry to the appropriate subject matter expert.
- If you do not have access to the internet, you may leave this information in a voicemail at 202-435-7700.

Email comments about this guide to CFPB_MortgageRulesImplementation@cfpb.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 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 by hand or placing in the mail, no later than three business days of the receipt of an application. 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.

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. A revised Loan Estimate generally can be provided no later than seven business days before consummation. (See section 2.1.5 below)
2.1.3 **Use of Compliance Guide**

Please see *Compliance Guide*, sections 6, 7, 8, and 9, for additional information on details of these requirements. The information that follows discusses how to complete the Loan Estimate. Samples of completed *Loan Estimates* can be found at consumerfinance.gov/regulatory-implementation/tila-respa/.

2.1.4 **Rounding**

Dollar amounts must be rounded to the nearest whole dollar where noted in the regulation. (§ 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 may not be rounded and should be shown up to two or three decimals, as needed, except where noted in the regulation. (§ 1026.37(o)(4)(ii)) If a percentage amount is a whole number, show the whole number only with no decimals. (§ 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 make sure delivery of the *Loan Estimate* occurs within three business days of the receipt of an application.

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)
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 about loans secured by real property 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

FIGURE 2: GENERAL INFORMATION OF THE LOAN ESTIMATE

Date Issued
The date the Loan Estimate is mailed or delivered to the consumer. (§ 1026.37(a)(4))

Applicants
Applicants includes the name and mailing address of the consumer(s) applying for the loan. Use each Applicant’s name and mailing address if there are multiple Applicants. 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)
Property

Property is the address of the property (which must include the zip code) that will secure the transaction. 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 for a purchase money mortgage, use 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 loan is for a transaction without a seller, use Appraised Value or Estimated Value. (Comment 37(a)(7)-1)

Loan Term

Loan Term is the term of the debt obligation. Describe the Loan Term as “years” when the Loan Term is in whole years. For example “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., 5mo.” 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)

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))

- 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 disclosed on the Loan Estimate. (§ 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**. (§ 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))

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**: 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.

- 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. 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)
Rate Lock

Indicate the rate is locked with Yes, indicate 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 must be disclosed on every Loan Estimate. (§ 1026.37(a)(13)(ii))

2.2.2 Loan Terms

Disclose in the Loan Terms table:

- **Loan Amount** (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))
Interest Rate & Monthly Principal & Interest

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. (§ 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))

- 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 that are not whole years, see the instructions related to Loan Term in section 2.2.1 above.
2.2.3 Projected Payments

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.

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)

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)

- 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)

- 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, 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.
  
  - More than one of the triggering events occurs in a single year or one of the triggering events occurs 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 United States Department of Veterans Affairs or United States 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)(iii)) 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))

To calculate Property Taxes, Homeowner’s Insurance, and other insurance premiums, use the taxable assessed value of the real property 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.

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 an escrow account will be established that will pay the item; or disclose No when an escrow account will not be established under the terms of the legal obligation for Property Taxes, Homeowner’s Insurance, and Other. If more than one item is disclosed as Other, disclose Yes, Some when one item is included and another is not. (Comment 37(c)(4)(iv)-2)

2.2.4 Costs at Closing

[Table: Costs at Closing]

The Costs at Closing table shows:

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 Total 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))

Alternative Costs at Closing Table

For transactions without a seller, an Alternative Costs at Closing table together with an Alternative Calculating Cash to Close table on page 2 of the Loan Estimate can be used in place of the Costs at Closing table shown above. (§ 1026.37(d)(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)
### 2.3 Loan Estimate (page 2)

#### FIGURE 7: LOAN ESTIMATE (PAGE 2)
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 in the labels are not rounded, but the calculated amounts for those items are rounded to the nearest whole dollar. (§ 1026.37(o)(4))

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

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))
**Origination Charges**

**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 (sometimes referred to as “points”) as both a percentage of the loan amount and a dollar amount. (§ 1026.37(f)(1)(i)) If no points are charged, 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 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)
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**

**Services You Can Shop For** are provided by persons other than the creditor or mortgage broker and 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)
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)

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)(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

**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

**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,
- Prepaids,
- 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 regulation, 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**

**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)

**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 the amount apportioned to the consumer using common practice in the locality of the property. (Comment 38(g)(1)-4)

Transfer taxes to be paid by the seller are **not** disclosed on the **Loan Estimate** as **Transfer Taxes**. (Comment 38(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)
Prepaids

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

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**

![Other Table of the Loan Estimate](image)

**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 a mortgage. 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)

**Total Closing Costs**

**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 that do **not** pay for a particular fee on the **Loan Estimate** and is disclosed as a negative number. (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

**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). The amount is disclosed as a positive number. (§ 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).

- 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, but only to the extent that it does not exceed the amount of Lender Credits.
- 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 transaction, Down Payment/Funds from Borrower is the difference between the purchase price of the property and the principal amount of the loan, disclosed as a positive number. (§ 1026.37(h)(1)(iii)(A)) However, when the loan amount exceeds the purchase price of the property, disclose $0 as Down Payment/Funds from Borrower. (Comment 37(h)(1)(iii)-1)
In all other transactions, subtract the principal amount of credit extended (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.

- When this calculation yields an amount that is positive, Down Payment/ Funds from Borrower is that amount.
- If the calculation yields a result that is negative or $0, Down Payment/ Funds from Borrower is $0. (§ 1026.37(h)(1)(iii)(B))

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 transaction, Funds for Borrower is $0. (Comment 37(h)(1)(v)-1)
- In all other transactions, subtract the principal amount of debt extended (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.
  - When this calculation yields an amount that is negative, then Funds for Borrower is that amount.
  - If the calculation yields an amount that is positive or $0, then Funds for Borrower is $0. (§ 1026.37(h)(1)(v))

Seller Credits

Seller Credits is the total amount that the seller will pay for items included in the Loan Costs and Other Costs tables, to the extent known, disclosed as a negative number. (§ 1026.37(h)(1)(vi))
Adjustments and Other Credits

*Adjustments and Other Credits* is the total amount of all items in the *Loan Costs* and *Other Costs* tables that are paid by persons other than the loan originator, creditor, consumer, or seller, **together with any other amounts that are required to be paid by the consumer at closing** pursuant to the contract of sale (if any), disclosed as a negative number. (§ 1026.37(h)(1)(vii))

Examples of items that are paid by persons other than the loan originator, creditor, consumer, or seller include:

- Gifts from family members, and
- Credits from a developer or home builder to be applied to items in the *Loan Costs* and *Other Costs* table. (Comment 37(h)(1)(vii)-1 and -2)

*Adjustments and Other Credits* includes 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)

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.

*Adjustment and Other Credits* is reduced by the amount of any such additional charges. (Comment 38(h)(1)(vii)-6)

Estimated Cash to Close

*Estimated Cash to Close* is calculated as the sum of the seven other amounts disclosed in the *Estimated Cash to Close* table. (§ 1026.37(h)(1)(viii))
2.3.4 Alternative Calculating Cash to Close table for transactions without a seller

![Image of Alternative Calculating Cash to Close table]

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

An optional Alternative Calculating Cash to Close table can be disclosed for transactions without a seller. 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)

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
Total Closing Costs is the same amount as Total Closing Costs in the Other Costs table, disclosed as a negative 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, disclosed as a negative number. (§ 1026.37(h)(2)(iii))

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 materialmans’ liens,
- Local, State, and Federal tax liens,
- Payments of unsecured outstanding debts of the consumer, and
- Payments to other third parties for outstanding debts of the consumer as required to be paid as a condition for the extension of credit.

(Comment 37(h)(2)(iii)-1)

**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.
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)) 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](image)

**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)
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)); and
- **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 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

<table>
<thead>
<tr>
<th>LENDER</th>
<th>MORTGAGE BROKER</th>
</tr>
</thead>
<tbody>
<tr>
<td>NMLS: ___ LICENSE ID</td>
<td>NMLS: ___ LICENSE ID</td>
</tr>
<tr>
<td>LOAN OFFICER</td>
<td>LOAN OFFICER</td>
</tr>
<tr>
<td>NMLS: ___ LICENSE ID</td>
<td>NMLS: ___ LICENSE ID</td>
</tr>
<tr>
<td>EMAIL</td>
<td>EMAIL</td>
</tr>
<tr>
<td>PHONE</td>
<td>PHONE</td>
</tr>
</tbody>
</table>

Comparisons

| 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.
- We 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
If you are 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.
- We do not intend to service your loan. If so, you will make your payments to [other entity].

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 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

<table>
<thead>
<tr>
<th>LENDER</th>
<th>MORTGAGE BROKER</th>
</tr>
</thead>
<tbody>
<tr>
<td>NMRL/___ License ID</td>
<td>NMRL/___ License ID</td>
</tr>
<tr>
<td>LOAN OFFICER</td>
<td>LOAN OFFICER</td>
</tr>
<tr>
<td>NMRL/___ License ID</td>
<td>NMRL/___ License ID</td>
</tr>
<tr>
<td>EMAIL</td>
<td>EMAIL</td>
</tr>
<tr>
<td>PHONE</td>
<td>PHONE</td>
</tr>
</tbody>
</table>

**FIGURE 24:** CONTACT INFORMATION TABLE OF THE LOAN ESTIMATE

Disclose the **Name** and **NMRL/___ License ID** number for the creditor and mortgage broker, if any, and the individual loan officer of both. 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

<table>
<thead>
<tr>
<th>Comparisons</th>
<th>Use these measures to compare this loan with other loans.</th>
</tr>
</thead>
<tbody>
<tr>
<td>In 5 Years</td>
<td>Total you will have paid in principal, interest, mortgage insurance, and loan costs. Principal you will have paid off.</td>
</tr>
<tr>
<td>Annual Percentage Rate (APR)</td>
<td>Your costs over the loan term expressed as a rate. This is not your interest rate.</td>
</tr>
<tr>
<td>Total Interest Percentage (TIP)</td>
<td>The total amount of interest that you will pay over the loan term as a percentage of your loan amount.</td>
</tr>
</tbody>
</table>

**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))

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

Figure 26: Other Considerations Table
Other Considerations includes the following information:

- Appraisal;
- As 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. (§ 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)

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
2.4.4 Confirm Receipt

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))
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)

3.1.2 Revised 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 the updated information in a revised Closing Disclosure no later than consummation to the consumer. 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 revised 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))
3.1.3 Use of Compliance Guide

Please see Compliance Guide, sections 11, 12, and 13, 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 process requirements related to the Closing Disclosure. The information that follows discusses how to complete the Closing Disclosure. Samples of completed Closing Disclosures can be found at consumerfinance.gov/regulatory-implementation/tila-respa/.

3.1.4 Rounding

Dollar amounts must be rounded to the nearest whole dollar where noted. (§ 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 should not be rounded and are shown up to two or three decimals, as needed, except where noted in the regulation. If a percentage amount is a whole number, show the whole number only with no decimals. (§ 1026.38(t)(4)(ii))

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 occurs at least three business days before this event.
3.2 Closing Disclosure (page 1)

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

### Section 3.2.1
- **Loan Information**
  - Loan Type: [ ] Conventional [ ] FHA
  - Loan ID #
  - MIC #

### Section 3.2.2
- **Can this amount increase after closing?**
- **Does the loan have these features?**

### Section 3.2.3
- **Projected Payments**
  - Principal & Interest
  - Mortgage Insurance
  - Estimated Escrow
    - Amount can increase over time
    - See page 4 for details
  - Estimated Total Monthly Payment
    - This estimate includes
      - [ ] Property Taxes
      - [ ] Homeowner’s Insurance
      - [ ] Other:
        - See Escrow Account on page 4 for details. You must pay for other property costs separately.
  - Estimated Taxes, Insurance & Assessments
    - Amount can increase over time
    - See page 4 for details

### Section 3.2.4
- **Costs at Closing**
  - Closing Costs
    - Includes in Loan Costs + in Other Costs - in Lender Credits. See page 2 for details.
  - Cash to Close
    - Includes Closing Costs. See Calculating Cash to Close on page 3 for details.

**FIGURE 28:** CLOSING DISCLOSURE (PAGE 1)
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

![Figure 29: Closing Information Table of the Closing Disclosure](image)

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:

- Date Issued is the date the Closing Disclosure is delivered to the consumer,
- The Closing Date,
- The Disbursement Date,
- The name of the Settlement Agent,
- As File #, the settlement agent’s file number,
- The Property address or location, and
- For the property securing the loan:
  - Sale Price,
  - Appraised Prop. Value, or
  - Estimated Prop. Value. (§ 1026.38(a)(3))
The **Appraised Prop. Value** of the property securing the loan is disclosed for transactions without a seller. (§ 1026.38(a)(3)(vii)(B)) The **Estimated Prop. Value** of the property securing the loan is disclosed if the creditor has not obtained an appraisal for transactions without a seller. (Comment 38(a)(3)(vii)-1)

**Transaction Information**

For **Transaction Information**, disclose the name of the consumer as **Borrower**, the name of the seller as **Seller**, and the name of the creditor as **Lender**. (§ 1026.38(a)(4))

The name and address of each consumer and seller in the transaction must be disclosed. If there is not enough space to show the name and address of all consumers and sellers in the transaction, an additional page may be used and appended to the end of the **Closing Disclosure**. (Comment 38(a)(4)-1)

**Loan Information**

**FIGURE 30: TRANSACTION INFORMATION TABLE OF THE CLOSING DISCLOSURE**

**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

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

**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

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)

3.2.4 Costs at Closing

The Costs at Closing table discloses:

- The total amount disclosed as Total Closing Costs in the Other Costs table disclosed on page 2 of the Closing Disclosure. Total Closing Costs are also
itemized to show the **Total Loan Costs**, the **Total Other Costs**, and **Lender Credits** from the **Total Closing Costs** subheading 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

<table>
<thead>
<tr>
<th>Costs at Closing</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing Costs</td>
<td>Includes in Loan Costs + in Other Costs – in Lender Credits. See page 2 for details.</td>
</tr>
<tr>
<td>Cash to Close</td>
<td>Includes Closing Costs. See Calculating Cash to Close on page 3 for details.</td>
</tr>
</tbody>
</table>

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

Disclose the **Alternative Costs at Closing** table for transactions without a seller where the **Alternative Estimated Costs at Closing** table was disclosed on the **Loan Estimate**. (see section 2.2.4 above; § 1026.38(d)(2)) 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)

<table>
<thead>
<tr>
<th>Loan Costs</th>
<th>Borrower-Paid</th>
<th>Seller-Paid</th>
<th>Paid by Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Origination Charges</td>
<td>At Closing</td>
<td>Before Closing</td>
<td>At Closing</td>
</tr>
<tr>
<td>B. Services Borrower Did Not Shop For</td>
<td>At Closing</td>
<td>Before Closing</td>
<td>Others</td>
</tr>
<tr>
<td>C. Services Borrower Did Shop For</td>
<td>At Closing</td>
<td>Before Closing</td>
<td>Others</td>
</tr>
<tr>
<td>D. TOTAL LOAN COSTS (Borrower-Paid)</td>
<td>Loan Cost Subtract (B + S + I)</td>
<td>Others</td>
<td></td>
</tr>
</tbody>
</table>

Other Costs

E. Taxes and Other Government Fees

F. Prepaids

G. Initial Escrow Payment at Closing

H. Other

I. TOTAL OTHER COSTS (Borrower-Paid)

J. TOTAL CLOSING COSTS (Borrower-Paid)

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 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 Table](image)

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 same as the amount of third-party compensation included in points and fees for purposes of determining the consumer’s ability to pay the loan. (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) 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

#### 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**

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))

**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 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.

**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 charge listed on **Closing Disclosure** page 2, then the amount should be 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.

The creditor should include the amount of any offset to resolve an excess charge by the creditor as **Lender Credits**. (§ 1026.38(h)(3)) A statement that such an amount is paid by the creditor to offset an excess charge, with funds other than closing funds, is also included as part of **Lender Credits**. (Comment 38(h)(3)-2; see form H-25(F) of appendix H to Regulation Z for an example of this statement)
3.4 Closing Disclosure (page 3)

<table>
<thead>
<tr>
<th>Calculating Cash to Close</th>
<th>Use this table to see what has changed from your Loan Estimate.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Loan Estimate</td>
</tr>
<tr>
<td>Total Closing Costs ($)</td>
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<tr>
<td>Closing Costs Paid Before Closing</td>
<td></td>
</tr>
<tr>
<td>Closing Costs Financed (Paid from your Loan Amount)</td>
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<tr>
<td>Down Payment/Funds from Borrower Deposit</td>
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<tr>
<td>Funds for Borrower Seller Credits</td>
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<tr>
<td>Adjustments and Other Credits</td>
<td></td>
</tr>
<tr>
<td>Cash to Close</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Summaries of Transactions</th>
<th>Use this table to see a summary of your transaction.</th>
</tr>
</thead>
<tbody>
<tr>
<td>BORROWER'S TRANSACTION</td>
<td></td>
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<tr>
<td>K. Due from Borrower at Closing</td>
<td></td>
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<tr>
<td>01 Sale Price of Property</td>
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<tr>
<td>02 Sale Price of Any Personal Property Included in Sale</td>
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<tr>
<td>03 Closing Costs Paid at Closing ($)</td>
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<td>Adjustments</td>
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<td>Adjustments for Items Paid by Seller in Advance</td>
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<td>L. Paid Already by or on Behalf of Borrower at Closing</td>
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<td>01 Loan Amount</td>
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<td>02 Existing Loan(s) Assumed or Taken Subject to</td>
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<td>03 Seller Credit</td>
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<td>Other Credits</td>
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<td>Adjustments for Items Unpaid by Seller</td>
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<td>CALCULATION</td>
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<td>Total Due from Borrower at Closing ($)</td>
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<td>Total Paid Already by or on Behalf of Borrower at Closing ($)</td>
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<td>Cash to Close □ From □ To Borrower</td>
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<td>SELLER'S TRANSACTION</td>
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<td>01 Sale Price of Property</td>
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<tr>
<td>Total Due to Seller at Closing ($)</td>
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<td>Total Due from Seller at Closing ($)</td>
<td></td>
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<tr>
<td>Cash □ From □ To Seller</td>
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</tr>
</tbody>
</table>

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, 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)
3.4.1 Calculating Cash to Close

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

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

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))

Generally, the amount disclosed in the **Loan Estimate** column is the same as the amount disclosed on the **Loan Estimate** or a revised **Loan Estimate**. (§ 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)
The amounts in the Final column are calculated using the same methods that were used for the Calculating Cash to Close table on the Loan Estimate, except that the amounts used to determine the amounts are the amounts disclosed on the Closing Disclosure or determined at consummation. (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. For example, if the Seller Credit amount changed, the creditor can indicate that the consumer should “See Seller Credits in Section L.” (Comment 38(i)-3) Other examples of language for these items are found in example form H-25(B) in appendix H of Regulation Z.

**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)) A statement directing the consumer to the Lender Credit on page 2 must also be included if a credit to the consumer at closing for the excess amount is provided by the creditor. (Comment 38(i)(1)(iii)(A)-3)

**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 Other Costs table on page 2 of the Closing Disclosure.
3.4.2 Alternative Calculating Cash to Close Table For Transaction Without a Seller

Disclose an Alternative Calculating Cash to Close table for transactions without a seller when the Alternative Calculating Cash to Close table was used on the Loan Estimate.

The Alternative Calculating Cash to Close table has five items listed in the table:

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

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

Except as discussed below, the amount disclosed in the Loan Estimate column is the same as the amount disclosed on the Loan Estimate or a revised Loan Estimate. (§ 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

Total Closing Costs should have the same amount disclosed in the Final column as the amount disclosed as Total Closing Costs (Borrower-Paid) on page 2, as a negative number. (§ 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)) A statement directing the consumer to the Lender Credit on Closing Disclosure page 2 must also be included if a credit to the consumer at closing for the excess amount is provided by the creditor. (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 Other Costs table on Closing Disclosure page 2, as a positive number. (§ 1026.38(e)(3)(ii))

Total Payoffs and Payments

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

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))

In transactions without a seller, the creditor does not provide the **Seller’s Transaction** column as part of the **Closing Disclosure.** (Comment 38(k)-1) 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**

The amount **Due from Borrower at Closing** is the sum of:

- Sale Price of Property,
- Sale Price of Any Personal Property Included in Sale,
- Closing Costs Paid at Closing,
- Other consumer charges,
- Adjustments, and
- Adjustments for Items Paid by the Seller in Advance, pursuant to the terms of the real estate sale contract. (§ 1026.38(j)(1))
**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 designated as **Borrower-Paid At Closing** on page 2 of the Closing Disclosure. (§ 1026.38(j)(1)(iv))

Disclose other consumer charges owed by the consumer in the real estate closing **not** otherwise disclosed on page 2 of the Closing Disclosure as **Due from Borrower at Closing**. Examples include:

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

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

**Adjustments** due from the consumer to be paid to the seller are disclosed in two places.

- First, amounts owed by the consumer that are neither disclosed on Closing Disclosure page 2 nor specifically required to be disclosed as **Due from Borrower at Closing**. 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. (Comment 38(j)(1)(v)-1)

- Second, additional adjustments are disclosed along with the time-period associated with the adjustment. Examples 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. (Comment 38(j)(1)(x)-1)

### 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** is the total amount of all loans that the consumer is assuming in the transaction, even if more than one loan is being assumed. (Comment 38(j)(2)(iv)-1)

**Seller Credits** include any general credit to the consumer from the seller and includes a seller making an allowance to the consumer for items to purchase separately. (§ 1026.38(j)(2)(v)) However, if the seller’s agreement 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 by family members associated with the transaction, along with a description of the nature of the funds. (Comment 38(j)(2)(vi)-5)

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

**Adjustments for Items Unpaid by Seller** are amounts due to the consumer to be paid by the seller and are disclosed in two places.

- First, items are disclosed along with the time-period associated with the item. 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 insured under the same policy,
  - Mortgage insurance in connection with an assumed loan,
  - Planned unit development or condominium assessments not yet paid, and
  - Ground rent not yet paid by the seller. (§ 1026.38(j)(2)(vii), (viii), (ix), (x))

- Second, additional amounts owed by the seller that are not disclosed on page 2 or specifically included as Due from Seller at Closing. Examples of these amounts include:
  - Utilities used but not paid for by the seller,
  - Rent collected in advance by the seller for a period extending beyond the closing date, and
  - Interest on loan assumptions. (Comment 38(j)(2)(xi)-1)
Cash to Close To or From Borrower

Under a subheading of Calculation:

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

Due to Seller at Closing

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

- The Sale Price of the Property,
- Sale Price of Any Personal Property Included in Sale,
- Adjustments, and
- Adjustments for Items Paid by Seller in Advance due to the seller pursuant to the terms of the real estate sales contract. (§ 1026.38(k)(1))

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)

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

- First, amounts owed by the consumer that are neither disclosed on page 2 nor specifically required to be disclosed as Due from Borrower at Closing. 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. (Comment 38(j)(1)(v)-1)

- Second, **Adjustments for Items Paid by Seller in Advance** are disclosed along with the time-period associated with the adjustment. Examples include:
  - Taxes paid in advance for an entire year when the closing occurs prior 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)

**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,
- Payment of other seller obligations,
- Seller Credit,
- Adjustments, 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))
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)

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 revised 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:
\begin{itemize}
\item Taxes paid in arrears for an entire year when the closing occurs prior the start of the year,
\item Flood or hazard insurance premiums when the consumer is being substituted as an assured under the same policy,
\item Mortgage insurance in connection with an assumed loan,
\item Planned unit development or condominium assessments \textbf{not} yet paid, and
\item Ground rent \textbf{not} yet paid by the seller. (§ 1026.38(k)(2)(ix), (x), (xi), (xii))
\end{itemize}

Second, disclose amounts owed by the seller that are neither disclosed on page 2 nor specifically disclosed as \textbf{Due from Seller at Closing}. (§ 1026.38(k)(2)(xiii)) Examples of these amounts include:

\begin{itemize}
\item Utilities used but \textbf{not} paid for by the seller,
\item Rent collected in advance by the seller from a tenant for a period of extending beyond the closing date, and
\item Interest on loan assumptions. (Comment 38(j)(2)(xi)-1)
\end{itemize}

\section*{Cash to Close Due to or From Seller}

Under a subheading of Calculation:

\begin{itemize}
\item Disclose Total Due to the Seller at Closing, as a positive number.
\item Disclose Total Due from Seller at Closing, as a negative number. (§ 1026.38(k)(3))
\item 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)
\end{itemize}
3.5 Closing Disclosure (page 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.

### 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. |
| 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. |
| Late Payment | If your payment is more than ___ days late, your lender will charge a late fee of ____________________________ |
| Negative Amortization | Under your loan terms, you may have 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. |
| Partial Payments | Your lender may accept payments that are less than the full amount due (partial payments) and apply them to your loan. |
| Security Interest | You are granting a security interest in ____________________________ |

#### Escrow Account

| For now, your loan will have an escrow account (also called an “impound” or “trust” account) to pay the property costs listed below. Without an escrow account, you would pay them directly, possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment. |

<table>
<thead>
<tr>
<th>Escrow</th>
<th>Estimated total amount over year 1 for your escrowed property costs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Escrowed Property Costs over Year 1</td>
<td>Estimated total amount over year 1 for your non-escrowed property costs.</td>
</tr>
<tr>
<td>Initial Escrow Payment</td>
<td>A cushion for the escrow account you pay at closing. See Section G on page 2.</td>
</tr>
<tr>
<td>Monthly Escrow Payment</td>
<td>The amount included in your total monthly payment.</td>
</tr>
</tbody>
</table>

#### 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 after consummation). (§ 1026.38(l)(1)-(7))
3.5.2 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:

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

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

No Escrow:

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

In the future, your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay 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 by the Escrow Account,

- The amount of Non-Escrowed Property Costs over Year 1 with a list of the costs that will not be paid by the Escrow Account (to the extent there is room to list the costs in the space provided),
- **Initial Escrow Payment**, and
- **Monthly Escrow Payment**. (§ 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, and
- Certain insurance premiums or charges if required by the lender. (§§ 1026.38(l)(7)(i); 1026.37(c)(4)(ii); 1026.43(b)(8))

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

**3.5.3 Adjustable Payment (AP) Table**

![Adjustable Payment (AP) Table](image)

**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)

3.5.4 Adjustable Interest Rate (AIR) Table

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)

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

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

**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 **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

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 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. (§ 1026.37(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)

3.6.3 Contact Information

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),

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

- 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 creditor, at its option, may include a line for the signatures of the consumers to Confirm Receipt. If the creditor includes a signature line to Confirm Receipt, the creditor must also include a statement that the signature only signifies receipt of the Closing Disclosure. (§§ 1026.38(s), 1026.37(n)(1))

If the creditor does not include 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?


In addition to a complete copy of the TILA-RESPA rule, that web page also contains:

- The preamble, which explains why the Bureau issued the rule; the legal authority and reasoning behind the rule; responses to comments; and analysis of the benefits, costs, and impacts of the rule.
- Official Interpretations of the rule.
- The Compliance Guide.
- Useful resources related to regulatory implementation including samples of completed Loan Estimates and Closing Disclosures for different loan products are also available at consumerfinance.gov/regulatory-implementation/tila-respa/.
consumerfinance.gov

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