

Know Before You Owe:

Quantitative Study of the Current and Integrated TILA-RESPA Disclosures

File # 456 Avanue A Property: Anytown MD 123 Sale Price 5240,000	Londor \$216,500	Can	Projected Payments Payment Calculation Principal & Interest Mortgage Insurance	Years 1-5 \$789.32 only interest + 164.18	Years 6-8 \$1,266 min \$1,582 max + 164,18 + 699,50	Years 9-11 \$1,266 min \$1,664 max + 164.18 + 699.50	• Yea <u>\$1,1</u> + +
Interest Rate Monthly Principal & Interest See Project of Written & Below for your Examine Total Monthly Poyment	4.375% \$789.32	YES	Estimated Escrow Amount con Increase over time Estimated Total Monthly Payment Composition Estimated Taxes, Insurance & Assessments Amount con increase over time Amount con increase over time	+ 699.50 \$1,653.00 \$842.09 a month	\$2,130 - \$2,446 This estimate includ X Property Taxes X Homeowner's Insu X Other: Windstorm In See page 4 for escrowed costs separately.	les	YES YES SOME

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Presented to the Consumer Financial Protection Bureau November 20, 2013

Presented by Kleimann Communication Group, Inc. 12600 Saint James Road Rockville, Maryland 20850-3747 www.kleimann.com



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Introduction

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) created the Consumer Financial Protection Bureau (CFPB). In the Act, the CFPB was directed to propose rules and disclosures that combine certain disclosures under the Truth in Lending Act (TILA) and sections 4 and 5 of the Real Estate Settlement Procedures Act (RESPA).¹ In January 2011, the CFPB began the Mortgage Disclosure Project to integrate the TILA and RESPA disclosures using a User-Centered Design Process with two phases: a Qualitative Study and a Quantitative Study.

For the Qualitative Study, the CFPB team conducted ten rounds of consumer testing to develop and test the integrated disclosures—a Loan Estimate and a Closing Disclosure.² The Loan Estimate was developed and tested with consumers in five rounds of testing, the Closing Disclosure in two rounds of testing, and the Loan Estimate and Closing Disclosure together in three rounds of testing. Through the qualitative testing, the CFPB obtained data showing that consumers could comprehend the proposed disclosures and explain a rationale for their choices. The data indicated that consumers could compare the information on two disclosures, choose a loan, and use the disclosures to compare initial and final loan terms and costs. In its Proposed Rule on July 9, 2012, the CFPB proposed the Loan Estimate, an integrated disclosure that would be provided after consumers apply for a mortgage loan, and the Closing Disclosure, an integrated disclosure that would be provided before the loan closing.³ The intent was that the Loan Estimate would replace the initial TILA disclosure and the Good Faith Estimate (GFE) provided at application and that the Closing Disclosure would replace the final TILA disclosure and the uniform settlement statement (the HUD-1).

After issuing the proposal, the CFPB began the Quantitative Study, which it planned to complete before issuing the Final Rule. The Quantitative Study focused on validating the effectiveness of the CFPB's integrated disclosures and evaluating their performance compared to the current disclosures.

¹ See Dodd-Frank Act Section 1032 (f).

² See Kleimann Communication Group. July 2012. Know Before You Owe: Evolution of the

Integrated TILA-RESPA Disclosures. Available at www.consumerfinance.gov/knowbeforeyouowe.

^{3 77} FR 51116 (Aug. 23, 2012).

During this same period, the CFPB received public comments on most aspects of the proposal until November 6, 2012.⁴ The CFPB team analyzed these comments for, among other things, suggested changes to the proposed disclosures. Based on these comments, the team made several minor changes to the proposed disclosures to increase consistency within and between the Loan Estimate and Closing Disclosure.⁵ The public comment period also produced three development suggestions for the disclosures: (1) a Spanish translation of the Loan Estimate and the Closing Disclosure; (2) a Loan Estimate and Closing Disclosure adapted for refinance transactions; and (3) concerns about Closing Costs in all transactions. Before issuing the final rule, the CFPB evaluated versions of the integrated disclosures that addressed these comments in additional qualitative testing, which is described in a separate report.⁶

This report presents the quantitative testing results of the current and proposed disclosures and the conclusions made based on those results. It also presents the final Loan Estimate and the final Closing Disclosure designs.

The Quantitative Study

The Quantitative Study was conducted to validate the designs and performance of the integrated disclosures from the Qualitative Study and to compare the performance of the current disclosures and the CFPB's proposed integrated disclosures. The study used a controlled experiment to assess consumers' understanding and use of the current mortgage disclosures versus the proposed mortgage disclosures. It involved a $2 \times 2 \times 2 \times 2$ between-subjects factorial design that included the following factors:

- 1. Disclosure Type: current versus proposed;
- 2. Loan Type: fixed rate versus adjustable rate;
- 3. Difficulty: easier versus more challenging loans; and
- 4. Consumer: inexperienced versus experienced.

Methodology

The study used in-person, proctored, small group sessions with 858 respondents divided into two groups—experienced respondents (424) and inexperienced respondents (434) — in 20 locations across the Census Bureau regions and sub-regions in the continental United States. To be eligible for the study, respondents needed to meet the following criteria:

⁴ The Proposed Rule provided for a bifurcated comment process. Comments regarding the proposed amendments to 12 CFR 1026.1(c) were required to be received on or before September 7, 2012. For all other proposed amendments and comments pursuant to the Paperwork Reduction Act, comments were required to be received on or before November 6, 2012.

⁵ We used these revised disclosures in the Quantitative Study, but because the modifications were relatively minor and for ease of reference, we refer to them as the Proposed Disclosures throughout this report.

⁶ See Kleimann Communication Group. November 20, 2013. Post-Proposal Consumer Testing of Spanish and Refinance TILA-RESPA Disclosures. Available at www.consumerfinance.gov/knowbeforeyouowe.

- be 18 years or older;
- live in a household within 50 miles of the Designated Market Area (DMA) used for the interview;
- have purchased or refinanced a house in the last five years or have never purchased or have not purchased or refinanced a house in the last five years and have the intent to buy or refinance in the next two years; and
- agree to participate in the in-person session.

Respondents received initial and final disclosures with scenarios for the application and closing phases of the loan process. They only used either the current or proposed disclosures because this was a between-subjects design. All respondents received full-size disclosures, including a HUD-1 on legal-sized paper if they were in the current disclosures group. The disclosures were either fixed rate or adjustable rate loan sets and varied from easier to more challenging loans. More challenging loans contained negative amortization, interest only, or other such features. For all disclosures, the loan features changed from the initial disclosures to the final disclosures.

After completing a consent form and receiving a Privacy Act statement, each respondent completed a questionnaire with 48 questions during a 60-minute testing session. Respondents had to answer questions about both the initial and final disclosures. The questionnaire consisted of five parts:

- Part 1. Respondents reviewed two initial disclosures, selected which one they would choose, and provided a rationale for why they chose it (Task 1);
- Part 2. Respondents compared the terms of the two initial disclosures (Task 2);
- Part 3. Respondents answered questions about one of the two disclosures (Task 3);
- Part 4. Respondents compared one of the initial disclosures with a matching final disclosure (Task 4) and answered questions about the final disclosure (Task 5); and
- Part 5. Respondents rated the initial and final disclosures on three scales for ease of reading, ease of comparison, and ease of finding information.

The CFPB team developed the questionnaire using nine key topic areas identified by researchers and consumer advocates as critical for informed consumers. The topics included amortization, annual percentage rate (APR), closing costs/settlement charges, escrow account, interest rate, loan amount, monthly payments, mortgage insurance, and risk factors. The ninth topic—risk factors—included questions from the other 8 concept areas that relate to potential risks consumers would weigh in selecting a loan. These key topic areas are addressed by both the current and proposed disclosures.

The Analysis

Of the 48 questions included in the study, the heart of the analysis focused on responses to 39 key questions (Question 3 through Question 41) in Parts 2, 3, and 4 for both the current and proposed disclosures. Responses were scored as having been answered correctly or incorrectly based on the answer keys developed by the CFPB team. For each question, respondents were assigned a score of "1" if they answered the question correctly or if they were required to skip the question because of a correct answer to a prior question. Respondents were assigned a score of "0" if they failed to answer

the question correctly or if they were required to skip the question based on an incorrect answer to a prior question. Multiple correct answers were possible for a few questions (for example, Question 17). For these, respondents could receive partial credit (for example, a score of ½).

The analysis centered primarily on the accuracy scores assigned to respondents for these 39 key questions.

- 1. We looked at accuracy of responses with current versus proposed disclosures based on aggregate measures calculated across all the questions in Parts 2, 3, and 4. This analysis is similar to the analysis reported by the Federal Trade Commission (FTC) in its mortgage disclosure study in 2007.⁷
- 2. We looked at several sub-aggregate analyses that focused on questions grouped by the tasks performed by respondents and by the 9 specific content areas covered by the questions (for example, amortization, interest rate, and so on).
- 3. We examined the more detailed data by individual questions and whether the results varied by respondent experience levels, loan complexity, and loan type. The statistical comparisons in these analyses are reported on a question-by-question basis and are akin to those reported by the FTC in their 2007 report.⁸
- 4. For statistical testing, we compared points at the 95% confidence level using a two-tailed t-test. Most of the comparisons are based on subgroups of approximately 430 respondents. The Margin of Error (MOE) for these comparisons for responses around 50% at the 95% confidence level is +/- 4.7 percentage points.

The Results

Aggregate Accuracy Results

Two aggregate indices designed to capture the overall accuracy of responses were created from scores assigned to the 39 individual questions. Both indices were intended to capture the percentage of correct responses that a respondent gave to the questions. However, they differed on how responses to questions that could be skipped were treated. One index was based on scores assigned to all 39 questions, while a second index was based only on the 29 "non-skippable" questions that all respondents were required to answer.

In the results for the first index, respondents exposed to the current disclosures answered 59.3% of all 39 questions correctly. The corresponding percentage for respondents exposed to the proposed disclosures is 76.2% of all 39 questions answered correctly. The difference (16.9 percentage points) was statistically significant⁹ and persisted when we looked at it separately

⁷ Lacko, James and Janis, K. Pappalardo. June 2007. Improving Consumer Mortgage Disclosures: An Empirical Assessment of Current and Prototype Disclosure Forms, Federal Trade Commission, Bureau of Economics Staff Report, Table 6.1, p. 70.

⁸ Ibid., Table 6.8, p.112.

⁹ Here and throughout this report, by "statistically significant," we mean at the five percent level based on a two-tailed test.

within subgroups. Results for the second index showed a virtually identical pattern. Although the difference in performance for respondents with the proposed disclosures compared to the current disclosures was marginally smaller for the second index, it was statistically significant in favor of the proposed disclosures (14.8 percentage points).

In sum, both aggregate indices showed a statistically significant performance advantage of approximately 16 percentage points for the proposed disclosures. Furthermore, this advantage was quite similar in magnitude for experienced as well as inexperienced respondents, easier as well as more challenging loans, and fixed rate as well as adjustable rate loans (range 13.8 to 17.8 percentage point advantage).

Results Grouped by Part and Task

In Parts 2, 3, and 4 of the questionnaire, the complete set of 39 questions (as well as the subset of 29 non-skippable questions) were divided into four groups corresponding to the four distinct tasks performed by respondents during these parts of the study.¹⁰ In this section, we compare the performance of the current and proposed disclosures separately for questions focused on each of these tasks.

For Task 2, comparison of two initial disclosures, on average, respondents exposed to the current disclosures answered 57.3% of the 8 questions correctly. Respondents exposed to the proposed disclosures answered 81.4% of the questions correctly (difference = 24.1 percentage points). The comparable results for the 6 non-skippable measures were similar (63.8% for current disclosures, 83.3% for proposed disclosures, difference = 19.5 percentage points). Both differences were statistically significant.

For Task 3, comprehension of a single initial disclosure, on average, respondents exposed to the current disclosures answered 70.0% of the 16 questions correctly. Respondents exposed to the proposed disclosures answered 80.5% of the questions correctly (difference = 10.5 percentage points). The comparable results for the 14 non-skippable questions were somewhat weaker but still in favor of the proposed disclosures (74.0% for current disclosures, 80.9% for proposed disclosures, difference = 6.9 percentage points). Both differences were statistically significant.

For Task 4, comparison of one initial and one final disclosure, on average, respondents exposed to the current disclosures answered 54.9% of the 8 questions correctly. Respondents exposed to the proposed disclosures answered 69.0% of the 8 questions correctly (difference = 14.1 percentage points). The comparable results for the 4 non-skippable questions were somewhat stronger in favor of the proposed disclosures (61.6% for current disclosures, 79.0% for proposed disclosures, difference = 17.4 percentage points). Both differences were statistically significant.

For Task 5, comprehension of a final disclosure, on average, respondents exposed to the current disclosures answered 42.1% of the 7 questions correctly. Respondents exposed to the proposed disclosures answered 68.5% of the 7 questions correctly (difference = 26.4 percentage points). The comparable results for the 5 non-skippable questions were somewhat stronger in favor of the

¹⁰ The Parts and Tasks were as follows: Part 2-Task 2; Part 3-Task 3; Part 4-Task 4; and Part 4-Task 5. Task 1 is analyzed separately.

proposed disclosures (40.7% for current disclosures, 69.8% for proposed disclosures, difference = 29.1 percentage points). Both differences were statistically significant.

In sum, the data showed that the proposed disclosures outperformed the current disclosures consistently for each of the four tasks performed by respondents in the study. On average, the advantage for the proposed disclosures varied from 26.4 percentage points (for comprehension of final disclosures) to 10.5 percentage points (for comprehension of initial disclosures).

Results Grouped by Concept

In Parts 2, 3, and 4 of the study, the complete set of 39 questions (as well as the subset of 29 nonskippable questions) was divided into 8 groups corresponding to 8 distinct loan-related concepts or terms. These concept areas included amortization, annual percentage rate (APR), closing costs/ settlement charges, escrow account, interest rate, loan amount, monthly payments, and mortgage insurance. A ninth area — risk factor — included questions from the other 8 concept areas.

Amortization (3 questions). On average, respondents exposed to the current disclosures answered 68.5% of these questions correctly, while respondents exposed to the proposed disclosures answered 76.1% of the questions correctly (difference = 7.6 percentage points). This difference was statistically significant.

APR (2 questions). On average, respondents exposed to the current disclosures answered 74.4% of the 2 questions correctly, while respondents exposed to the proposed disclosures answered 83.6% of the 2 questions correctly (difference = 9.2 percentage points). This difference was statistically significant.

Closing Costs/Settlement Charges (7 questions). On average, respondents exposed to the current disclosures answered 66.5% of the 7 questions correctly, while respondents exposed to the proposed disclosures answered 72.9% of the 7 questions correctly (difference = 6.4 percentage points). The comparable results for the 6 non-skippable questions were somewhat better for both disclosures (69.8% for current disclosures, 77.1% for proposed disclosures, difference = 7.3 percentage points). Both differences were statistically significant.

Escrow Account (4 questions). On average, respondents exposed to the current disclosures answered 63.4% of the 4 questions correctly, while respondents exposed to the proposed disclosures answered 71.5% of the 4 questions correctly (difference = 8.1 percentage points). The comparable results for the 3 non-skippable questions were somewhat better for both disclosures (66.6% for current disclosures, 75.4% for proposed disclosures, difference = 8.8 percentage points). Both differences were statistically significant.

Interest Rate (6 questions). On average, respondents exposed to the current disclosures answered 81.9% of the 6 questions correctly, while respondents exposed to the proposed disclosures answered 86.6% of the 6 questions correctly (difference = 4.7 percentage points). The comparable results for the 4 non-skippable questions were somewhat better for both disclosures (87.0% for current disclosures, 91.2% for proposed disclosures, difference = 4.2 percentage points).

Both differences were statistically significant.

Loan Amount (6 questions). On average, respondents exposed to the current disclosures answered 44.4% of the 6 questions correctly, while respondents exposed to the proposed disclosures answered 79.6% of the 6 questions correctly (difference = 35.2 percentage points). For the 5 non-skippable questions, the comparable results were somewhat better for both disclosures (47.4% for current disclosures, 83.0% for proposed disclosures, difference = 35.6 percentage points). Both differences were statistically significant.

Monthly Payments (9 questions). On average, respondents exposed to the current disclosures answered 46.1% of the 9 questions correctly, while respondents exposed to the proposed disclosures answered 70.9% of the 9 questions correctly (difference = 24.8 percentage points). The comparable results for the 5 non-skippable questions were similar, although the difference was smaller (49.7% for current disclosures, 71.4% for proposed disclosures, difference = 21.7 percentage points). Both differences were statistically significant.

Mortgage Insurance (2 questions). On average, respondents exposed to the current disclosures answered 32.7% of the 2 questions correctly, while respondents exposed to the proposed disclosures answered 71.1% of the 2 questions correctly (difference = 38.4 percentage points). However, this large difference was due entirely to one of the two questions that was skippable (Q26). The difference was statistically significant.

Risk Factors (8 questions). On average, respondents exposed to the current disclosures answered 64.6% of the 8 questions correctly, while respondents exposed to the proposed disclosures answered 76.0% of the 8 questions correctly (difference = 11.6 percentage points). The comparable results for the 7 non-skippable questions were somewhat better for both disclosures (68.4% for current disclosures, 76.4% for proposed disclosures, difference = 8.0 percentage points). Both differences were statistically significant.

In sum, the proposed disclosures outperformed the current disclosures consistently for each of the nine loan concept areas, including risk factors. On average, the advantage for the proposed disclosures ranged from 35.2 (for loan amount) to 4.7 percentage points difference (for interest rate).

Results across Experience, Loan Type, and Loan Complexity

While there were some variations in results across respondent experience, loan complexity, and loan type for particular questions, the data were fairly similar, especially for Tasks 2, 3, and 5. For example, when we examined the average data for the 8 questions in Task 2 (comparison of initial disclosures), the difference between accuracy levels for the proposed versus current disclosures were in a fairly narrow range of 15.1 to 33.0 percentage points. This was true when compared across respondent experience, loan complexity, and loan type levels. However, the variation was somewhat larger for Task 4 (comparison of initial and final disclosures) with a range of 4.7 to 23.4 percentage points, suggesting larger differences in accuracy of responses to these questions within subgroups. Nonetheless, all differences were statistically significant.

Results for Task 1

The open-ended question (Question 2) in Part 1, Task 1 asked respondents to provide reasons for their choice of loan in Part 1 of the study. We focused on the total number of reasons and comments provided by respondents as a function of the initial disclosure (current versus proposed) they examined. Although not the central focus of our analyses, these data can shed light on the degree to which the current and proposed disclosures differentially influenced the ability of respondents to develop and articulate reasons justifying or explaining their selection.

Out of the 858 study respondents, 852 provided at least one reason or comment while 4 respondents said "don't know" and 2 respondents did not say anything. Respondents provided various comments and arguments, including comments about loan terms, costs, and risk factors, comments about the disclosures themselves, and comments related to personal experiences. Overall, respondents exposed to the current disclosures made an average of 2.68 comments. The corresponding average for respondents exposed to the proposed disclosures was 3.09 comments. The difference (0.41) was statistically significant. Furthermore, the difference persisted when we looked at it separately within subgroups. These results suggested that respondents exposed to the proposed disclosures could articulate and explain more reasoning behind their choice. This was the case regardless of their experience, difficulty of the loan, and whether the loan was a fixed rate or adjustable rate loan.

Conclusions

The results of the study lead to five conclusions, all in favor of the proposed disclosures:

- 1. The proposed disclosures performed better on aggregate measures.
- 2. The proposed disclosures, on average, performed better for Tasks 2-5.
- 3. The proposed disclosures, on average, performed better for all concept areas.
- 4. The proposed disclosures performed better regardless of respondent experience, loan type, or loan complexity.
- 5. Respondents using the proposed disclosures listed more comments while explaining their choice in Task 1.

Limitations

Two features of the Quantitative Study limit the generalizability of the results. First, the sampling was done in each of the 20 DMAs to be as representative of each DMA as possible, with the only real limitation being rural respondents.¹¹ Second, the study was a controlled experiment

¹¹ Rural populations may be under-represented in the sample due to the on-site, in-person data collection method, as these sites may have been too far for respondents to want to drive to participate at the incentive level offered.

conducted in a supervised, distraction-free environment. In addition, although respondents generally had enough time to complete the various tasks at their own pace, time limits were imposed on each part of the study to keep the total session length to approximately 60 minutes. The extent to which these results will replicate in noisy, distracting, real-world settings with no externally imposed time limits is unclear. This is an interesting conjecture worthy of assessment in future research.

Importance of Consumer Testing

The Mortgage Disclosure Project shows the advantages and benefits of two types of consumer testing: Qualitative Testing and Quantitative Testing.

Qualitative Testing

The Qualitative Study ensured that consumers could comprehend the basic facts about a loan, could compare two initial loan disclosures, and could state their reasons for making that choice. The study also allowed the CFPB to design the proposed disclosures on an iterative basis, using the qualitative testing results of one round to refine the designs of the integrated disclosures for the next round. Further, it allowed the development of the Closing Disclosure with the Loan Estimate to enable better comparison between the initial and final disclosures. In addition, the inclusion of industry representatives in the qualitative testing allowed the CFPB to ensure that industry personnel could understand the disclosures and explain them to consumers. The CFPB understands that consumers do not obtain or close loans in isolation and often discuss the disclosures with loan officers and settlement agents. As a supplement to the Qualitative Study, the public posting of the design iterations on its *Know Before You Owe* website further allowed the CFPB to anticipate concerns these stakeholders might have.

Quantitative Testing

The Quantitative Study looked at both the current and the proposed disclosures used at application and at closing. Thus, the study allowed the CFPB to compare the performance of the proposed disclosure to the current disclosure to ensure that the proposed disclosure showed significant improved performance. The CFPB wanted to ensure that it was not merely changing the disclosures, but improving and streamlining the mortgage disclosures for consumers.

The Quantitative Study confirmed that the proposed disclosures indeed performed better and we can extrapolate that the disclosures then provided benefits in ease of use and understanding for consumers. Importantly, the differences between the current and proposed disclosures were statistically significant whether considering all respondents, experienced versus inexperienced respondents, easier versus more challenging loans, or fixed versus adjustable rate loans.

The results also provided an added advantage to the CFPB by allowing it to identify areas in which the proposed disclosures did not perform well before issuing the Final Rule. For only 4 questions did the current disclosures perform better and only one of those was statistically significant—

Question 16—about the closing costs.¹² Based on these results, the CFPB examined the answers to Question 16, identified why respondents answered incorrectly, further improved the disclosure, and tested the change with consumers in an additional round of qualitative testing before issuing the Final Rule. Thus, the results of the quantitative testing helped to ensure even better performance on the disclosures before issuing the Final Rule.¹³

The CFPB has placed great importance on consumer testing in its design of the integrated disclosures mandated by the Dodd-Frank Act. The thoroughness of the qualitative testing ensured that the disclosures resulted in improved consumer comprehension, comparison, and more knowledgeable choices. The quantitative testing documents the benefits of the new disclosures. As the study by Lacko and Pappalardo also advocated:

The development of effective consumer disclosures requires careful analysis of what information consumers really need, how consumers will interpret and use the information, how to convey the information in a way that can be easily understood and used by consumers, and, combining all of this, careful analysis of the benefits and costs of the disclosures. Consumer testing is a critical part of this analysis.¹⁴

¹² Question 16 asked respondents with the current disclosures to identify the settlement charges and asked respondents working with the proposed disclosures to identify the closing costs, based on the language used on each disclosure. The design of the current GFE places the heading *Summary of your settlement charges* in a prominent position to emphasize it. However, the design of the proposed Loan Estimate places the phrase *Cash to Close* in a prominent position to emphasize it; the closing costs are present, but are embedded in text, not in a heading. The CFPB team expected some difference in performance, but not at the level that occurred. In fact, 51.6% of respondents with the proposed disclosures provided the cash to close amount and 46.3% provided the closing cost amount. Only 2.1% of respondents provided an answer other than these two.

¹³ Kleimann Communication Group, November 20, 2013, Post-Proposal Consumer Testing.

¹⁴ Lacko and Pappalardo, 2007, p. 128.



Introduction

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) was enacted, which created the Consumer Financial Protection Bureau (CFPB).¹ As part of its broad mandate, the CFPB assumed certain responsibilities for the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA). The Dodd-Frank Act directed the CFPB to publish a rule that combines certain disclosures under TILA and sections 4 and 5 of RESPA into a single, integrated disclosure for mortgage loan transactions covered by those laws.²

TILA was enacted in 1968 with the purpose of assuring a meaningful disclosure of credit terms to promote the informed use of credit by consumers, mainly through clear and conspicuous disclosures of the cost of credit and other core loan terms. TILA requires a consumer to receive a disclosure of the credit terms within three days of a consumer's application for a mortgage loan (the initial TILA disclosure). Redisclosure is required three days before closing if certain terms have changed (the final TILA disclosure). The CFPB implements TILA under Regulation Z.

RESPA was enacted in 1974 to provide more effective advance disclosure to borrowers and sellers of their settlement charges. RESPA requires a consumer to receive a Good Faith Estimate of the closing costs (the Good Faith Estimate or GFE) within three days of a consumer's application for

¹ Title X of the Dodd-Frank Act, the "Consumer Financial Protection Act of 2010," Public Law 111-203.

² See Dodd-Frank Act Sections 1032(f), 1098, and 1100A.

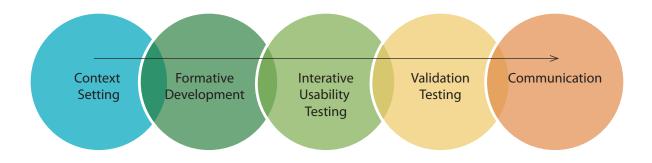
a mortgage loan. RESPA also requires a consumer to receive a uniform settlement statement (the HUD-1) at closing, listing all the costs of the loan transaction and any accompanying home transaction. The CFPB implements RESPA under Regulation X.

On July 9, 2012, as directed by the Dodd-Frank Act, the CFPB issued a Proposed Rule and proposed disclosures (the Proposed Rule).³ The Proposed Rule proposed to combine the disclosures required under TILA and sections 4 and 5 of RESPA for mortgage loan transactions covered by those laws. The CFPB proposed an integrated disclosure that would be provided after consumers apply for a mortgage loan (the Loan Estimate) and an integrated disclosure that would be provided before the loan closing (the Closing Disclosure). The Loan Estimate is intended to replace the initial TILA disclosure and the GFE provided at application. The Closing Disclosure is intended to replace the final TILA disclosure and the HUD-1.

The Mortgage Disclosure Project

In January 2011, the CFPB began the Mortgage Disclosure Project to integrate the TILA and RESPA disclosures. The CFPB used a User-Centered Design Process with two phases: a Qualitative Study and a Quantitative Study. See *Figure 1. User-Centered Design Process.*⁴ After the Proposed Rule in July 2012, the CFPB received comments on the integrated disclosures and, based on these comments, made additional consistency changes to the disclosures before the Quantitative Study.⁵

FIGURE 1. User-Centered Design Process



^{3 77} FR 51116 (Aug. 23, 2012).

⁴ The Qualitative Study included the Context Setting, Formative Development, and Iterative Usability Testing stages. The Quantitative Study included the Validation Testing stage.

⁵ We used these revised disclosures in the Quantitative Study, but because the modifications were relatively minor and for ease of reference, we refer to them as the Proposed Disclosures throughout this report.

The Qualitative Testing

The Qualitative Study focused on three parts of the User-Centered Design Process: understanding the context setting for industry and consumers, formatively developing the disclosures, and iteratively testing the disclosures with consumers and industry participants.⁶ For this phase of the Mortgage Disclosure Project, the CFPB team used extensive consumer testing to develop and test the disclosures. The Loan Estimate was developed and tested with consumers in five rounds of testing; the Closing Disclosure in two rounds of consumer testing; and a final three rounds of testing ensured that consumers could use the Loan Estimate and Closing Disclosure together.

Through the 10 rounds of qualitative testing, the CFPB received extensive evidence that consumers could comprehend the proposed disclosures, compare the information on two disclosures, choose a loan and explain a rationale for their choice, and use the disclosures to compare initial and final loan terms and costs. These proposed disclosures were included in the Proposed Rule that the CFPB issued on July 9, 2012.

Public Comments on the Proposed Disclosures

Public comments on most of the Proposed Rule were accepted until November 6, 2012.⁷ The CFPB analyzed these comments for, among other things, suggested changes to the two proposed disclosures. Many of the disclosure-related comments suggested minor modifications to the disclosures to ensure greater consistency within and between the Loan Estimate and Closing Disclosure. See *Table 1. Consistency Changes Made for the Quantitative Testing Based on Public Comments* on the next page. For example, one comment about the Loan Estimate suggested adding the word *Estimated* to the term *Total Monthly Payment*, as used in the *Loan Terms* table, so it matched the "Estimated Total Monthly Payment" term used in *Projected Payments.* The CFPB incorporated these minor design changes into the proposed disclosures to improve consistency within and between the Loan Estimate and Closing Disclosure before the Quantitative Study began.

⁶ Kleimann Communication Group. July 2012. Know Before You Owe: Evolution of the Integrated TILA-RESPA Disclosures. Available at www.consumerfinance.gov/knowbeforeyouowe.

⁷ The Proposed Rule provided for a bifurcated comment process. Comments regarding the proposed amendments to 12 CFR 1026.1(c) were required to be received on or before September 7, 2012. For all other proposed amendments and comments pursuant to the Paperwork Reduction Act, comments were required to be received on or before November 6, 2012.

TABLE 1. Consistency Changes Made for the Quantitative Testing Based on Public Comments

Loan Estimate	Closing Disclosure	Change
1	1	Changed <i>Assumption</i> language to make it more consistent between the two disclosures
√	1	Changed directional language in <i>Loan Terms</i> to refer to Estimated Total Monthly Payment so the reference to total payment was consistent between <i>Loan Terms</i> and <i>Projected Payments</i>
1	1	Changed directional language in <i>Loan Terms</i> and <i>Projected</i> <i>Payments</i> to sentence case in order to increase readability
	1	On page 1, specified <i>Settlement Agent</i> in the closing information section
	1	On page 3, removed the word <i>Borrower</i> from the <i>Borrower's Loan</i> <i>Amount</i> in <i>Summaries of Transactions</i> , for consistency with the use of <i>Loan Amount</i> on page 1
	1	On page 4, on the Escrow table, changed row headings Initial Payment and Monthly Payment to Initial Escrow Payment and Monthly Escrow Payment for consistency with Estimated Escrow on page 1
	1	On page 4, changed <i>Escrow Account</i> checkbox for "no escrow" to delete "require or" to reflect that this option is already accounted for in the "decline" checkbox

The public comment period produced three significant development suggestions for both the Loan Estimate and Closing Disclosure: (1) a Spanish translation of the Loan Estimate and the Closing Disclosure; (2) a modified Loan Estimate and Closing Disclosure for refinance transactions; and 3) a concern about Closing Costs. The CFPB evaluated versions of the integrated disclosures that addressed these comments in additional qualitative testing, as described below.⁸

Spanish Translations

In the first two rounds of testing for the Mortgage Disclosure Project, prior to issuing the Proposed Rule, the CFPB had translated the early prototypes of the Loan Estimate into Spanish and tested the translations with Spanish-speaking participants. The CFPB had intended to codevelop Spanish language versions of the integrated disclosures to ensure the design aided consumer understanding in both English and Spanish. The testing results showed that issues with

⁸ See Kleimann Communication Group. November 20, 2013. Post-Proposal Consumer Testing of the Spanish and Refinance Integrated TILA-RESPA Disclosures. Available at www.consumerfinance.gov/knowbeforeyouowe.

the Loan Estimate were mostly related to translation and not to differences in how the information was presented. As a result, as discussed in the Proposed Rule, the CFPB delayed testing of the translated disclosures until after the designs of both the Loan Estimate and Closing Disclosure were fully developed. After issuing the Proposed Rule, the proposed disclosures were translated and then tested with consumers in four rounds of testing in Arlington, VA; Phoenix, AZ; Miami, FL; and Baltimore, MD from October 2012 through July 2013.

Refinance Transaction

Although the Proposed Rule included specific versions of a Loan Estimate and Closing Disclosure for a refinance transaction, the CFPB received public comments suggesting that the proposed disclosures could be confusing to consumers for such transactions. Accordingly, the CFPB evaluated potential modifications to them and conducted additional testing of these modified versions of the Loan Estimate and the Closing Disclosure for refinance transactions. In addition, Spanish testing in Baltimore, MD was conducted using these modified refinance versions of the integrated disclosures to ensure the performance of the Spanish translations on the refinance-specific disclosures. This testing was completed in June and July 2013 in Bethesda, MD; Baltimore, MD; and Richmond, VA.

Closing Costs

Based on the public comments about the Closing Disclosure generally and results from the Quantitative Study, the CFPB team also tested a modification to the Loan Estimate and Closing Disclosure that would apply to all transactions. This testing occurred in Baltimore, MD and Richmond, VA.

The Quantitative Study

As part of the Mortgage Disclosure Project, the Quantitative Study focused on validating the effectiveness of the proposed disclosures and their performance compared to the current disclosures. To validate the performance of the proposed disclosures from qualitative testing, and to compare the performance of the proposed and current disclosures, the CFPB conducted a baseline comparison of the proposed disclosures with the current disclosures. The Quantitative Study began in October 2012 with the development of the experimental design, the quantitative questionnaire, and the disclosures used for testing.⁹ The Quantitative Study was fielded from May 2013 through June 2013 at 20 sites throughout the continental United States.

The key previous study, conducted by staff at the Federal Trade Commission (FTC), *Improving Consumer Mortgage Disclosures*,¹⁰ used prototype disclosure designs and compared their performance with the initial TILA disclosure and the GFE that were in use before 2010. That study, however, focused solely on the disclosures that consumers receive after applying for a mortgage. The CFPB designed its Quantitative Study to provide a similar baseline comparison against the current initial disclosures. However, in contrast to the FTC study, it also compared the disclosures

⁹ The CFPB awarded the contract to Kleimann Communication Group under CFP-12-Z-00004 with an award date of 9/28/12. The Kleimann team was led by Dr. Manoj Hastak with data collection by GfK Custom Research.

¹⁰ Lacko, James and Janis, K. Pappalardo. June 2007. *Improving Consumer Mortgage Disclosures: An Empirical Assessment of Current and Prototype Disclosure Forms*, Federal Trade Commission, Bureau of Economics Staff Report.

provided at closing, that is, a baseline comparison of the performance of the final TILA disclosure and the HUD-1 versus the proposed Closing Disclosure. Further, the CFPB's Quantitative Study included a baseline comparison of performance when respondents compared initial and final disclosures.

The loans used in testing included fixed rate and adjustable rate loans, which were further subdivided into easier and more challenging loans. The more challenging loans included negative amortization and interest only loan features, as well as prepayment penalties. In addition, when the respondents compared the application disclosures to the closing disclosures, the more challenging loans had more differences.

About This Report

This report has 6 chapters with appendices that include the Quantitative Study materials:

- Chapter 2. A Comparison of the Current and Proposed Disclosures compares the content of the initial TILA disclosure, the GFE, the final TILA disclosure, and the HUD-1 versus the content of the proposed Loan Estimate and Closing Disclosure.
- Chapter 3. Methodology describes the methodology of the project.
- Chapter 4. Results reports on the key findings of the analysis.
- Chapter 5. Conclusions provides the conclusions and limitations of the Quantitative Study.
- Chapter 6. The Final Disclosures provides a description of the final Loan Estimate and the final Closing Disclosure.
- The appendices (A-Z) provide documentation for the study, including copies of the current and proposed disclosures used in testing.



A Comparison of the Current and Proposed Disclosures

In this chapter, we have provided samples of the initial and final disclosures used in the Quantitative Study. The Quantitative Study used names of fictitious banks to enhance the ability of respondents to engage in the scenario. Both the current and the proposed initial disclosures shown are for the fictitious Aspen Bank. Both the current and proposed final disclosures shown are for a more challenging loan from the fictitious Fir Bank. Appendices J - Q include copies of the current disclosures used in the Quantitative Study. Appendices R - Y include copies of the proposed disclosures used in the Quantitative Study.

Current Initial Disclosure

Currently under TILA and Regulation Z, consumers who apply for a loan receive an **initial TILA disclosure**, which was originally issued by the Board of Governors of the Federal Reserve System (FRB).¹¹

Page 1 includes:

- Basic transaction information, such as the lender's name and borrowers' names.
- Key Truth-In-Lending information, such as Annual Percentage Rate (APR), Finance Charge, Amount Financed, and Total of Payments.
- Interest Rate and Payment Summary table that discloses the Estimated

¹¹ While the FRB originally published the regulations and model forms for this disclosure and the final TILA disclosure, and HUD originally published the regulations and standard forms for the GFE and the HUD-1, as noted below, the CFPB generally assumed rule writing responsibilities for these disclosures and the TILA and RESPA on July 21, 2011, pursuant to the Dodd-Frank Act.

Monthly Payment.

- Listing of loan details, such as Demand Feature, Variable Rate Feature, Required Deposit, Security Interest, Filing/Recording Fees, Late Charge, and Assumption.
- Two statements that state that the borrower can request an itemization of the *Amount Financed* and a statement that "There is no guarantee that you will be able to refinance to lower your rate and payments."

Page 2 includes:

- Property Insurance sections that state the options regarding from whom the borrower can get insurance.
- Insurance section that states insurance is not required to get credit and has the borrower sign if he wants Credit Life, Credit Disability, or Credit Life and Disability insurance.
- Prepayment section that states if the loan has a prepayment penalty and if the borrower may get a refund on part of the finance charge.

FIGURE 2. Aspen Bank Initial TILA Disclosure (Current)

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Currently, under RESPA and Regulation X, consumers also receive a three-page **GFE** under RESPA requirements, which was originally issued by the Department of Housing and Urban Development (HUD).

Page 1 includes:

- Basic transaction information, such as lender name, borrower name, address, loan number, and date.
- Purpose statement that tells consumers where to get additional information.
- Statement that tells borrowers to shop for the best loan and a reference to a table on page 3.
- Important dates, which lists the time limits on the interest rate, other settlement charges, settlement after locking the rate, and the last date for locking the rate.
- Summary of your loan, which provides basic loan details, such as loan amount, loan term, initial interest rate; includes information about if and when the interest rate, loan amount, and payments can rise; states if the loan has a prepayment penalty and balloon payment.
- Escrow Account Information, which identifies if the loan requires escrow.

• Summary of your Settlement Charges, which breaks down and then totals the Estimated Settlement Charges.

Page 2 includes:

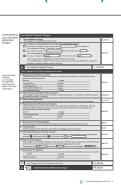
- Your Adjusted Origination Charges, which lists Origination Charges and Credits or Charges for the Specific Rate Chosen.
- Your *Charges for All Other Settlement Services*, which lists, with short definitions, each of the 11 categories of services the borrower will or may pay for in a purchase transaction.

Page 3 provides three tables:

- A table with three groupings of charges: those that cannot change, those that can increase up to 10%, and those that have no limit on change.
- A *Tradeoff Table* that compares the loan offer, a loan with a higher interest rate and lower settlement charges, and a loan with a lower interest rate and higher settlement charges.
- A fillable *Shopping Chart* that Lenders can voluntarily complete to encourage borrowers to shop.
- A statement that the lender could sell the loan after settlement.

FIGURE 3. Aspen Bank GFE (Current)







Proposed Initial Disclosure

The three-page proposed **Loan Estimate** developed by the CFPB team integrates the information from the two current initial disclosures. It also contains new disclosures required by the Dodd-Frank Act, including (1) *Total Interest Percentage (TIP)*, and (2) *Liability after Foreclosure* (for refinance loans).

Page 1 includes:

- Basic transaction information, such as lender name, applicant name, address, loan number, and date.
- Table of Loan Terms, including the Loan Amount, Interest Rate, and Monthly Principal & Interest, as well as a Yes/No statement if the terms could change and details about the changes. Also includes a Yes/No statement of the presence of a Prepayment Penalty and Balloon Payment and details if they do exist.
- Table of *Projected Payments*, which that shows the payment calculation for the *Estimated Total Monthly Payment*, as well as *Estimated Taxes*, *Insurance & Assessments* and whether these are escrowed into the payment.
- Cash to Close section that gives the Estimated Cash to Close and the Estimated Closing Costs, including a breakdown of Loan Costs, Other Costs, and Lender Credits. It also includes a reference to the details on page 2.

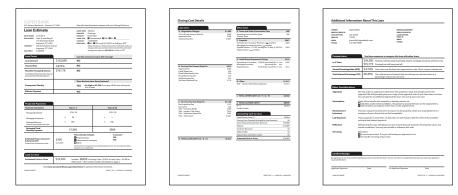
Page 2 includes:

- Loan Costs, which breaks down the Origination Charges, Services You Cannot Shop For, and Services You Can Shop For.
- Other Costs, which breaks down the Taxes and Other Government Fees, Prepaids, Initial Escrow Payment at Closing, and Other Costs.
- Calculating Cash to Close table, which shows total Closing Costs, Financed Costs, Down Payment, Deposit, Funds for Borrower, Seller Credits, and Adjustments and Other Credits.
- Adjustable Payment (AP) Table and an Adjustable Interest Rate (AIR) Table, if the loan has either of these features.

Page 3 includes:

- Contact Information for the Lender and Mortgage Broker (if any).
- Table of three measures to use to compare with other loans:
 - In 5 Years that shows the total paid in principal, interest, mortgage insurance, and loan costs compared to principal paid off
 - Annual Percentage Rate (APR)
 - Total Interest Percentage (TIP) that shows total amount of interest as a percentage of the loan
- Table of Other Considerations that can include various disclosures, including Appraisal, Assumption, Homeowner's Insurance, Late Payment, Refinance, and Servicing.

FIGURE 4. Aspen Bank Loan Estimate (Proposed)



Current Final Disclosure

Currently under TILA and Regulation Z, consumers who close on a loan receive a typically twopage **final TILA disclosure** which was originally issued by the Federal Reserve Board (FRB).

The final TILA disclosure covers the same information that is in the initial TILA disclosure but contains final information. In addition, the content can change if the loan is an adjustable rate mortgage loan or has interest only or negative amortization features. The final TILA disclosure includes the following:

Page 1 includes:

- Basic transaction information, such as the lender's name and borrowers' names.
- Key Truth-In-Lending information, such as Annual Percentage Rate (APR), Finance Charge, Amount Financed, and Total of Payments.
- Interest Rate and Payment Summary table that discloses the Estimated Monthly Payment.
- Listing of loan details, such as Demand Feature, Variable Rate Feature, Required Deposit, Security Interest, Filing/Recording Fees, Late Charge, and Assumption.
- Two statements that state that the consumer can request an itemization of the Amount Financed and a statement that There is no guarantee that you will be able to refinance to lower your rate and payments.

Page 2 includes:

- *Property Insurance* sections that state the vendors from whom the borrower can get insurance.
- Insurance section that states insurance is not required to get credit and has the borrower sign if he wants Credit Life, Credit Disability, or Credit Life and Disability insurance.
- Prepayment section that states if the loan may have a prepayment penalty and if the borrower may get a refund on part of the finance charge.

FIGURE 5. Fir Bank Final TILA Disclosure (Current)

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Currently under RESPA and Regulation X, consumers also receive a three-page HUD-1, the uniform settlement statement, which was issued by HUD.

Page 1 includes:

- Type of Loan includes information on the File Number, Loan Number, Mortgage Insurance Case Number, a statement about how the disclosure provides the actual Settlement Charges, Name and Address of Borrower, Seller, Lender, Property Location, Settlement Agent, Settlement Date, and Place of Settlement.
- Summary of Borrower's Transaction includes details about Sales Price, Seller Credits, Adjustments, and so on.
- Summary of Seller's Transaction includes parallel information to the Summary of Borrower's Transaction.

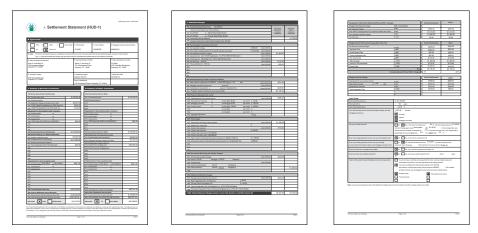
Page 2 includes:

• Settlement Charges with an itemized list of charges with a Total Settlement Charges line at the bottom of the page.

Page 3 includes:

- Comparison of Good Faith Estimate (GFE) and HUD-1 Charges lists basic fees for both disclosures that cannot change.
- Charges That in Total Cannot Increase More Than 10% lists GFE and HUD-1 fees and indicates a percentage of difference and potential violations.
- Charges That Can Change lists the items that can change with no tolerances.
- Loan Terms lists basic loan terms similar to page 1 of the GFE.

FIGURE 6. Fir Bank HUD-1 (Current)



Proposed Final Disclosure

The five-page proposed **Closing Disclosure** integrates the information from the current final disclosures. It also contains additional new disclosures required by the Dodd-Frank Act, including (1) Total Interest Percentage (TIP), (2) Negative Amortization, (3) Partial Payment, (4) Escrow Account, and (5) Liability after Foreclosure.

Page 1 includes:

- The same information in the same format featured on page 1 of the proposed Loan Estimate.
- Basic information including key closing, transaction, and loan information.
- Loan Terms including the Loan Amount, Interest Rate, Monthly Principal & Interest, Prepayment Penalty, and Balloon Payment information.
- Projected Payments, which includes a table with the payment calculation for the total number of years of the loan. The table itemizes lines by Principal & Interest, Mortgage Insurance, Estimated Escrow, Estimated Total Monthly Payment, and Estimated Taxes, Insurance & Assessments.
- Cash to Close section, which gives the Cash to Close amount and the Closing Costs, including a breakdown of Loan Costs, Other Costs, and Lender Credits. It also includes a reference to the details on page 2.

Page 2 includes:

• Page 2 breaks down the closing cost details into two main sections, *Loan Costs* and *Other Costs*, with an organization that matches the proposed Loan Estimate.

Page 3 includes:

- The *Calculating Cash to Close* table, which compares what has changed between the Loan Estimate and the Closing Disclosure.
- Summaries of Transactions in two separate detailed sections for Borrower's Transactions and Seller's Transactions.

Page 4 includes:

- Additional Information About This Loan which provides more details about the loan:
- Loan Disclosures, which includes information on Assumption, Demand Feature, Late Payment, Negative Amortization, Partial Payment, Security Interest, and Escrow Account.
- On adjustable rate mortgages or loans with certain other features, there are two additional tables that provide the borrower with detailed information: Adjustable Payment (AP) Table and Adjustable Interest Rate (AIR) Table.

Page 5 includes:

- Loan Calculations, Other Disclosures, Contact Information, and a line to Confirm Receipt. In addition, it provides a *Questions* box indicating where the borrower can get more information and make a complaint.
- Loan Calculations section, which includes information on Total of Payments, Finance Charge, Amount Financed, Annual Percentage Rate (APR), Total Interest Percentage (TIP), and Approximate Cost of Funds.
- Other Disclosures section, which includes information on Appraisal, Contract Details, Liability after Foreclosure, Refinance, and Tax Deductions.
- Contact Information section, which includes Contact Information for the Lender, Mortgage Broker, Real Estate Broker for both borrower and seller, and the settlement agent.
- Confirm Receipt section, which allows the borrower to confirm receipt of this disclosure.

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Methodology

The Quantitative Study used a controlled experiment to examine the extent to which respondents could understand and use the current mortgage disclosures versus the CFPB's proposed mortgage disclosures. The study included both current and proposed initial disclosures—initial TILA disclosure and GFE versus the Loan Estimate. It also included both the current and proposed final disclosures—final TILA disclosure and HUD-1 versus the Closing Disclosure. The Quantitative Study involved a 2 x 2 x 2 x 2 between-subjects factorial design.¹² The factors were:

- 1. Disclosure Type: current versus proposed (initial and final disclosures)
- 2. Loan Type: fixed rate versus adjustable rate
- 3. Difficulty: easier versus more challenging loans
- 4. Consumer: inexperienced versus experienced

During May and June 2013, the study used in-person, proctored, small group sessions with 858 consumers divided into two groups—experienced respondents (424) and inexperienced respondents (434) —in 20 locations across the Census Bureau regions and sub-regions in the continental United States. The CFPB team chose the 20 locations to include geographic diversity to reach populations in both large and small Designated Market Areas (DMAs) and to be able to reach into rural markets. Respondents answered questions only about either current or proposed disclosures and used both the initial

¹² Note that this corresponds to 16 distinct groups.

and final disclosures. For each set of disclosures, respondents received either fixed rate or adjustable rate loan sets. Within both sets, the loans included various loan features from easier to more challenging fixed rate or adjustable rate loans. The more challenging features included complicated loan features, such as negative amortization, interest only, and other such features. In addition, the loan features changed from the initial disclosures to the final disclosures. Some of these changes were fairly simple and obvious, while others involved more challenging and subtle changes. Each test group at each site was mixed by the factors, that is, by the disclosure type, the loan types and characteristics, the difficulty of the loans, and consumer experience.

The Current and Proposed Disclosures

For the Quantitative Study, about half of the respondents (428) used the current initial disclosures (initial TILA disclosure and GFE) and the current final disclosures (final TILA disclosure and the HUD-1).¹³ The remaining respondents (430) used the proposed initial disclosure (the Loan Estimate) and proposed final disclosure (the Closing Disclosure). All respondents received full-size disclosures, including the HUD-1 on legal-sized paper. For this chapter, we refer to the current and proposed disclosures in the following way:

- Current Initial Disclosure includes the initial TILA disclosure and the GFE,
- Current Final Disclosure includes the final TILA disclosure and the HUD-1,
- Proposed Initial Disclosure is the Loan Estimate, and
- Proposed Final Disclosure is the Closing Disclosure.

Primarily because of amendments to the statutory requirements made by the Dodd-Frank Act, the proposed disclosures include more information than the current disclosures. In addition, to reduce the paperwork burden for both industry and consumers, the CFPB incorporated disclosures under other statutory provisions that are currently provided as separate pages. For example, the proposed Loan Estimate includes an Appraisal notice required by the Equal Credit Opportunity Act and a Servicing disclosure required under section 6 of RESPA.

We did not alter the current disclosures used in this study to reflect the information required by the Dodd-Frank Act or the other disclosures integrated into the proposed disclosures. There are no current regulations that implement the new Dodd-Frank Act statutory disclosures, and thus, there is no "baseline" for them. In addition, lenders currently present the disclosures required under other current statutory provisions separately from the mortgage disclosures and in varied formats. As a consequence, there is no "baseline" for mortgage disclosures that include these other statutory requirements. Accordingly, the current disclosures used in this study included only the initial current TILA disclosures and final current TILA disclosures, the GFE and the HUD-1 disclosures, required by TILA and sections 4 and 5 of RESPA.¹⁴

¹³ The CFPB determined that for the TILA disclosures used in the study it would adhere to the regulatory text of 12 CFR 1026.18 for some elements of the disclosures, rather than the model disclosures in Appendix H of Regulation Z, which may differ in some ways from the regulatory text. Accordingly, for some of the loan products in the study, there may be differences between the TILA disclosures and the model disclosures in Appendix H of Regulation Z.

¹⁴ As implemented by current 12 CFR parts 1024 and 1026.

The CFPB intended from the start to set up this study as a comparison of the current and proposed disclosures. As noted by Lacko and Pappalardo in their key study:

Including both current and prototype disclosures in these tests greatly increases our ability to understand and evaluate the test results. Each version of the disclosure acts as a benchmark and control for testing the other. If we tested only current disclosures, we would not know, regardless of the results, whether we could continue to improve consumer understanding of the information. A seemingly poor performance by the current disclosures may be the best performance possible given the limits of consumer comprehension and a seemingly good performance might still be significantly improved. These questions can only be answered through testing possible alternatives. Similarly, if we tested only the proposed disclosures, we would not know whether it provided any improvement over the current disclosures. A seemingly mediocre performance by the current disclosures may still represent a substantial improvement over the current disclosures. The study design used here which tests both current and proposed disclosures, provides for direct comparison of the two alternatives and as informed assessment of the performance of both.¹⁵

Test Procedures

In every city, each small group of respondents met at a scheduled time at a market research field service center.¹⁶ Each session lasted approximately 60 minutes. Groups were mixed by the factors of the study: disclosure type, loan type and characteristics, difficulty of the loans, and consumer experience. The number of small groups varied across sites. See Appendix A. Final Questionnaire Name Set Distribution.

When respondents arrived, each completed a Respondent Questionnaire to confirm his or her information from the initial screening survey. Each respondent also received a Privacy Statement and Consent Form to sign and a Privacy Act Statement the respondents could keep. Both the Consent Form and Privacy Act Statement described how we would maintain the privacy of the respondent's personal identity.

A trained researcher who acted as a proctor led each 60-minute test session. Before testing, each proctor went through a two-hour briefing and practice session to ensure compliance with all instructions. In addition, the data collection leader viewed each proctor's first test session to make sure the process was followed completely. The proctor read the Proctor Instructions to the respondents and was available to answer procedural, but not content, questions. See *Appendix B. Proctor Script*. At the end of the session, the proctor collected all disclosures and completed questionnaires and directed respondents to the reception area to pick up their incentive payment.

Each respondent worked individually to complete the structured questionnaire for either a set of current or proposed disclosures. The disclosure type and loan type were randomized so each

¹⁵ Lacko and Pappalardo, 2007, pp. 42-43.

¹⁶ These market facilities are regular partners with GfK Custom Research.

respondent in a particular test session had a different set of loans than the other respondents. In addition, in preparing the packages, the initial loans that respondents saw were also randomized. No respondent could "copy" from another respondent, and the proctor stated that each set of materials used by each respondent in the session was different. Administering the structured questionnaires in small groups with no individual respondent having the same set of disclosures reduced any possible bias because of the proctor—intentional or unintentional—as could occur in a one-on-one interview.

The Session Structure

The 60-minute session used 5 minutes at the beginning for an introduction and 5 minutes at the end for the logistics of collecting materials. Respondents used the remaining 50 minutes to complete the five parts of the questionnaire:

- In Part 1 (10 minutes), respondents reviewed two initial disclosures, selected which one they would choose, and provided a rationale for why they chose it.
- In Part 2 (10 minutes), respondents compared the terms of the same two initial disclosures.
- In Part 3 (15 minutes), respondents answered questions about one of the two initial disclosures.
- In Part 4 (10 minutes), respondents compared one of the initial disclosures with a matching final disclosure. They also answered questions about only the final disclosure.
- In Part 5 (5 minutes), respondents rated the initial disclosures and the final disclosures on three scales for ease of reading, ease of comparison, and ease of finding information.

For each part, the respondents received a different colored envelope that contained the relevant part of the questionnaire and the related disclosures. Each color corresponded to its own part of the questionnaire. At the end of each timed part, respondents replaced the questionnaire and disclosures they had worked with into the original envelope and set it aside. They then removed another envelope which contained the next part of the questionnaire and the related disclosures. No respondent saw the entire set of disclosures or the entire questionnaire at the beginning of the session or at any other time.

The Questionnaire

During the development of the questionnaire, the CFPB team identified nine key topic areas that researchers and consumer advocates agreed were critical for informed consumers and were addressed by both the current and proposed disclosures. The CFPB team also decided that only questions that could be answered by information on both the current and proposed disclosures would be included. For example, although the proposed initial disclosure prominently displays the "Cash to Close" amount, we did not include a question about that topic during Part 2 and Part 3 (which included only the initial disclosures), since the current initial disclosures do not include that information. See Appendix C. Questionnaire.

The nine key topics included amortization, annual percentage rate (APR), closing costs/settlement charges, escrow account, interest rate, loan amount, monthly payments, mortgage insurance, and risk factors. Risk Factors included questions from the other 8 concept areas. For this latter topic, we had no separate questions, but incorporated questions that asked about changes over time that occurred after closing to the interest rate, principal and interest payments, and the loan amount. Risk factors also included whether the loan had an escrow payment, interest only payments, a prepayment penalty, or negative amortization. *See Table 2. Key Topics, Questionnaire Parts, Tasks, and Related Questions* for more detail.

In general, respondents were either comparing two disclosures or looking at an individual disclosure. Thus, questions varied in their phrasing. Some questions were fill-ins in which the respondent needed to write-in a specific number. Some questions were multiple-choice. Some questions were phrased using the exact terms on the disclosures, such as annual percentage rate (APR). Some questions paraphrased the language, such as Question 22 about prepayment penalties. A few questions were open-ended in which respondents could fill in any response. Because respondents used both initial and final disclosures, the topic sometimes was addressed by juxtaposed questions, but generally the questions were scattered across Parts 2, 3, and 4 of the questionnaire.

Questionnaires for the current and proposed disclosures were identical with two exceptions:

- 1. Each questionnaire referred to the loan disclosures that the respondent was using by a fictitious bank name. For example, Questions 1-10 used a specific fictitious bank name even in the multiple-choice questions.
- 2. For the current initial and final disclosures, we used the term "settlement" as applicable, to reflect the language on the current GFE. For the proposed initial and final disclosures, we used the term "closing" as applicable, to reflect the language of the Loan Estimate.

Within the questionnaires, three sections included questions that were different from the core questions in Parts 2, 3, and 4.

- In Part 1, the initial two questions attempted to collect a broader perspective about performance. The respondents were given two initial disclosures, asked to examine them, and then selected which of the two they preferred. As described in the section about the loans below, neither loan was a "better" loan, so our analysis made no judgment about which loan was selected. However, respondents were then asked, "Why did you make that selection? Please explain your thinking in as much detail as possible in the space below." Our goal was two-fold. First, we wanted to identify the characteristics respondents would select without any of the indirect prompting that occurs when any question is asked. An asked question inevitably marks an area of interest to the researchers. To a limited extent, respondents' answers could give us insight into the tradeoffs made when selecting a loan. Second, we wanted to identify the number of reasons a respondent would list. Fully aware that the respondent would control the number of reasons listed because of time or interest, we believed that the number would give us a proxy measure of how easily respondents could identify key terms and synthesize them into their conscious decision-making.
- In Part 4, Question 42, we asked respondents if they had any other comments about the disclosures.
- In Part 5, the final 6 questions asked respondents to rate the initial disclosure and the final disclosure on ease of comprehending, comparing, and finding information.

TABLE 2. Key Topics, Questionnaire Parts, Tasks, and Related Questions

Key Topic	Part 2. Task 2: Comparison of 2 Initial Disclosures	Part 3. Task 3: Comprehension of 1 Initial Disclosure	Part 4. Task 4: Comparison of Initial and Final Disclosures	Part 4. Task 5: Comprehension of Final Disclosure
Amortization		 20 When is your final payment? 22 Do you have a penalty if you want to refinance? 24 How much principal will you pay in 5 years? 		
Annual Percentage Rate (APR)	7 How does APR compare?	23 What is the APR?		
Closing Costs/ Settlement Charges		16 What are your estimated closing costs/settlement charges?19 Which costs can you shop for?	32 How do closing costs/settlement charges compare?33 List one item that has a different amount.	36 What is the amount of cash you need at closing/ settlement?
Escrow Account	6 How does escrow account compare?	21 Does the lender collect payments for escrow?	34 How does escrow account compare?35 List one escrow item that is different.	
Interest Rate	4 How does interest rate in year 1 compare?	12 What is interest rate in year 1?13 Can interest rate in year 1 change?14 When can interest rate change?	30 How does interest rate compare on the initial and closing/settlement disclosure?31 Why are interest rates different?	
Loan Amount	3 How does amount borrowing compare?	11 What is loan amount?	 27 What is the loan amount on the final disclosure? 28 How does the loan amount compare on the initial and closing disclosures? 29 Why did loan amount change? 	37 Will your loan amount increase after closing?

Key Topic	Part 2. Task 2: Comparison of 2 Initial Disclosures	Part 3. Task 3: Comprehension of 1 Initial Disclosure	Part 4. Task 4: Comparison of Initial and Final Disclosures	Part 4. Task 5: Comprehension of Final Disclosure
Monthly Payments	 8 How does the change in estimated total monthly payment compare? 9 Which loan changes the total monthly payment first? 10 Which loan has the highest estimated total monthly payment 	15 Can principal and interest change?18 How much is first total monthly payment?		 38 What is the highest possible monthly principal and interest payment? 39 Does the monthly principal & interest change after closing? 40 When does principal & interest first change? 41 How often can principal & interest change?
Mortgage Insurance		25 Does this loan have mortgage insurance?26 What is the first monthly payment for it?		
Risks		 10 Which loan has the highest estimated total monthly payment? 13 Can interest rate in year 1 change? 15 Can principal and interest change? 21 Does the lender collect payments for escrow? 22 Do you have a penalty if you want to refinance? 24 How much principal will you pay in 5 years? 		 37 Will your loan amount increase after closing/ settlement? 39 Does the monthly principal & interest change after closing/settlement?

About the Loans

To create the loan products for testing, we set up two parallel sets of current and proposed disclosures. See *Table 3. Loan Types* for more detail. Within those two sets, loans were either fixed or adjustable rate loans. Within the fixed rate and adjustable rate loans, we created sets of easier and more challenging loans—and within the easier and more challenging classification, we created two versions of the loans, A and B. Each A and B version of the loans included both initial and final disclosures.¹⁷ See *Appendices J-Q* for the current disclosures used in testing. See *Appendices R-Y* for the proposed disclosures used in testing.

TABLE 3. Loan Types

	Current Disclosure Loans					Prop	osed Di	sclosı	ure Lo	oans					
		Fixed		Adjustable		Adjustable		Fixed			Ad	justable	e		
Ea	sier	Mo Challe		Eas	sier	Mo Challe		Eas	sier	Mo Challe		Eas	sier	Mo Challe	ore
А	В	А	В	А	В	А	В	А	В	А	В	А	В	А	В

Loan Characteristics

In this between-subjects design, respondents used either the current or the proposed disclosures, not both. Respondents were assigned to either fixed rate loans or to adjustable rate loans. Once assigned, they did not receive the other type of loan. Each loan used by a respondent had the name of a fictitious bank. To some extent, we named the banks to increase the comfort of respondents as they dealt with the abstractness of numbers and the multiple factors they needed to consider as they examined the loans. To reduce the possibility of bias against the names of the lenders, each cell of the loan type was given two specific names. For example, the Current Disclosure, Fixed, Easier, A loan was named Aspen Bank or Maple Bank. The corresponding Proposed Disclosure, Fixed, Easier, A loan also used Aspen Bank or Maple Bank. As a result, for both the current and proposed disclosures, half of the respondents who received Fixed, Easier A loans received disclosures from Aspen Bank and half received disclosures from Maple Bank.

Within a type, the loans reflected easier or more challenging loan characteristics to test the effectiveness of the disclosures for different loan types and features. Easier loans were relatively straightforward in their loan terms and closing details. More challenging loans offered more complex loan terms and closing details. Even though more prevalent in years before the recent financial crisis, loan features, such as interest only payments, prepayment penalties, negative amortization, and optional payments are still possible, and some are currently available to consumers. These features present unique risks to consumers in the form of potentially increased

¹⁷ This 2 x 2 x 2 x 2 design created 16 sets of mortgage disclosures, each set containing both initial and final disclosures.

payments, principal balances, and costs of refinancing. In addition, new product features may be developed that also contain such risks. The existence of such a risk in a loan is an important aspect of the loan for a consumer to consider in evaluating the loan. Accordingly, the more challenging loans included several loans with such features to evaluate the performance of the proposed disclosures in particular for such risks. See *Table 4. Key Differences Across Initial and Final Disclosure Sets.*

For the initial disclosures, neither Version A nor Version B was clearly a less expensive or "better" loan. We wanted the loans to reflect more real-life scenarios where consumers must evaluate loans based on multiple factors or loans that have differences for which the advantages and disadvantages are not easily discernible. So, each loan included many elements that required the respondents to make trade-offs as they decided between loans in Part 1, Task 1 of the study. Similarly, in the final disclosures, neither Version A nor Version B was clearly a "better" loan than the loan presented in the initial disclosure. However, each final disclosure included multiple changes from the initial disclosure.

- For the easier fixed rate and easier adjustable rate loans, the changes included simple changes in interest rate, closing costs, or cash to close.
- For the more challenging fixed rate and more challenging adjustable rate loans, the changes included more complicated changes in loan product, loan amount, financed closing costs, interest rate, closing costs, or cash to close.

Name of Bank (Current)	Name of Bank (Proposed)	Type of Loan	Loan Estimate		Closing Disclosu	re		
Maple Bank	Aspen Bank	Easier	Term	30 year	Term	30 year		
Aspen Bank	Maple Bank	Fixed A	Product	Fixed Rate	Product	Fixed Rate		
/ open Bunk			Loan Amount	\$162,000	Loan Amount	\$162,000		
			Interest Rate	3.875%	Interest Rate	3.875%		
			Closing Costs/ Settlement Charges	\$8,054	Closing Costs/ Settlement Charges	\$9,712.10		
			Cash to Close	\$16,504	Cash to Close	\$14,147.26		
			Sale Price	\$180,000	Sale Price	\$180,000		
Nandina Bank	Balsam Bank		Term	30 year	Term	30 year		
Balsam Bank	Nandina Bank	Nandina Bank	Nandina Bank	Fixed B	Product	Fixed Rate	Product	Fixed Rate
Daloann Dank			Loan Amount	\$162,000	Loan Amount	\$162,000		
			Interest Rate	4.25%	Interest Rate	4.50%		
			Closing Costs/ Settlement Charges	\$4,736	Closing Costs/ Settlement Charges	\$8,722.39		
			Cash to Close	\$12,736	Cash to Close	\$14,574.35		
			Sale Price	\$180,000	Sale Price	\$180,000		
Oak Bank	Cottonwood	More	Term	30 year	Term	30 year		
Cottonwood Bank	Bank Oak Bank	Challenging Fixed A	Product	Fixed Rate	Product	10 year Interest Only Fixed Rate		
			Loan Amount	\$315,000	Loan Amount	\$315,000		
			Interest Rate	4.25%	Interest Rate	4.25%		
			Closing Costs/ Settlement Charges	\$14,056	Closing Costs/ Settlement Charges	\$16,606.53		
			Cash to Close	\$39,056	Cash to Close	\$39,896.55		
			Sale Price	\$350,000	Sale Price	\$350,000		
			Prepayment Penalty	Yes 2%/2 years	Prepayment Penalty	No		

Name of Bank (Current)	Name of Bank (Proposed)	Type of Loan	Loan Estimate		Closing Disclosu	re
Pine Bank	5		Term	30 year	Term	30 year
Dogwood Bank	Bank Pine Bank	Challenging Fixed B	Product	5 year Interest Only Fixed Rate	Product	5 year Interest Only Fixed Rate
			Loan Amount	\$315,000	Loan Amount	\$317,000
			Interest Rate	4.875%	Interest Rate	4.875%
			Closing Costs/ Settlement Charges	\$11,199	Closing Costs/ Settlement Charges	\$16,671.51
			Cash to Close	\$36,199	Cash to Close	\$37,993.53
			Sale Price	\$350,000	Sale Price	\$350,000
			Other	None	Other	Financed \$2,000 Closing Costs
Quince Bank	Elm Bank	Easier	Term	30 year	Term	30 year
Elm Bank	Quince Bank	ARM A Duince Bank	Product	7/1 Adjustable Rate	Product	7/1 Adjustable Rate
			Loan Amount	\$121,000	Loan Amount	\$121,000
			Interest Rate	3.75%	Interest Rate	3.75%
			Index + Margin	LIBOR (Assumption = .75%) + 4%	Index + Margin	LIBOR (Assumption = .75%) + 4%
			Lifetime Min	4.25%	Lifetime Min	4.25%
			Lifetime Max	9%	Lifetime Max	9%
			First Change Limit	3%	First Change Limit	3%
			Subsequent Change Limit	2%	Subsequent Change Limit	2%
			Closing Costs/ Settlement Charges	\$4,803	Closing Costs/ Settlement Charges	\$7,264.75
			Cash to Close	\$13,803	Cash to Close	\$15,101.55
			Sale Price	\$135,000	Sale Price	\$135,000

Name of Bank (Current)	Name of Bank (Proposed)	Type of Loan	Loan Estimate		Closing Disclosu	re																		
Redbud Bank	Fir Bank	Easier	Term	30 year	Term	30 year																		
Fir Bank	Redbud Bank	ARM B	Product	3/3 Adjustable Rate	Product	3/3 Adjustable Rate																		
			Loan Amount	\$121,000	Loan Amount	\$121,000																		
			Interest Rate	3.375%	Interest Rate	3.375%																		
			Index + Margin	COFI (Assumption = 1.33%) + 4%		COFI (Assumption = 1.5%) + 4%																		
			Lifetime Min	5%	Lifetime Min	5%																		
			Lifetime Max	9%	Lifetime Max	9%																		
			First Change Limit	2%	First Change Limit	2%																		
			Subsequent Change Cap	2%	Subsequent Change Cap	2%																		
			Closing Costs/ Settlement Charges	\$5,668	Closing Costs/ Settlement Charges	\$7,702.63																		
																					(Cash to Close	\$14,668	Cash to Close
			Sale Price	\$135,000	Sale Price	\$135,000																		

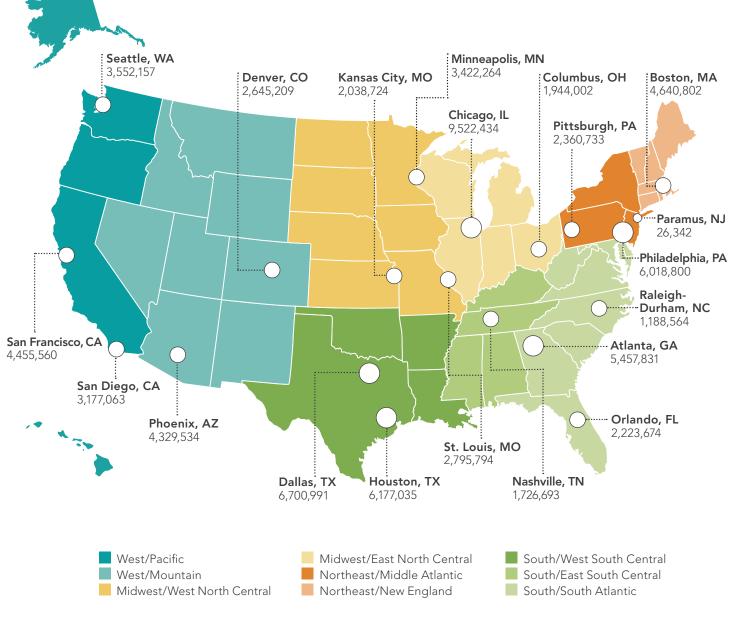
Name of Bank (Current)	Name of Bank (Proposed)	Type of Loan	Loan Estimate		Closing Disclosu	re																																				
Spruce Bank	Ginkgo Bank		Term	30 year	Term	30 year																																				
Gingko Bank	Spruce Bank	Challenging ARM A	Product	5 Year Interest Only, 5/3 Adjustable Rate	Product	5 year Negative Amortization, 5/3 Adjustable Rate																																				
			Loan Amount	\$211,000	Loan Amount	\$211,000																																				
			Interest Rate	4%	Interest Rate	4%																																				
			Index + Margin	MTA (Assumption = .16%) + 4%	Index + Margin	MTA (Assumption = .25%) + 4%																																				
			Lifetime Min	3.25%	Lifetime Min	3.25%																																				
			Lifetime Max	12%	Lifetime Max	12%																																				
			First Change Limit	2%	First Change Limit	2%																																				
									Subsequent Change Limit	2%	Subsequent Change Cap	2%																														
			Closing Costs/ Settlement Charges	\$8,791	Closing Costs/ Settlement Charges	\$13,519.43																																				
																				(((((((((C	C	(C	C	С	C	Cas	Cash to Close	\$27,791	Cash to Close
			Sale Price	\$240,000	Sale Price	\$240,000																																				

Name of Bank (Current)	Name of Bank (Proposed)	Type of Loan	Loan Estimate		Closing Disclosu	re																				
Tulip Bank	Hornbeam	More	Term	30 year	Term	30 year																				
Hornbeam Bank	Bank Iornbeam Tulip Bank	Challenging ARM B	Product	7 year Interest Only 7/1 Adjustable Rate	Product	5 year Negative Amortization, 7/1 Adjustable Rate,																				
			Loan Amount	\$211,000	Loan Amount	\$214,000																				
			Interest Rate	4.25%	Interest Rate	4.125%																				
					Index + Margin	LIBOR (Assumption = .86%) + 4%	Index + Margin	LIBOR (Assumption = 1.00%) + 4%																		
			Lifetime Min	4.5%	Lifetime Min	4.5%																				
			Lifetime Max	8%	Lifetime Max	8%																				
			First Change Limit	1%	First Change Limit	1%																				
			Subsequent Change Limit	1%	Subsequent Change Limit	1%																				
			Closing Costs/ Settlement Charges	\$7,296	Closing Costs/ Settlement Charges	\$13,742.87																				
																							Cash to Close	\$26,296	Cash to Close	\$27,787.87
										Sale Price	\$240,000	Sale Price	\$240,000													
		Other	None	Other	1. Increases exceed legal limits by \$2,140 2. \$3,000 closing costs incorporated into loan amount																					

Site Locations

For this study, the CFPB team selected 20 sites from each of the Census Bureau regions and subregions in the continental United States. In addition, some cities had a rural population within 50 miles of the site so the sample included variations of urban, suburban, and rural populations. We defined large cities as any with a DMA population greater than 5 million and medium cities with a population of 1 million or more and less than 5 million. Population figures are based on information at http://www.censusbureau.gov/popest/data/metro/totals/2012. See *Figure 8. Site Locations* below.

FIGURE 8. Site Locations



Recruitment

For the Quantitative Study, a sample of adults within the 20 selected DMAs was screened. To qualify for the main survey, respondents had to:

- be 18 years old or older;
- live in a household within 50 miles of the MSA/location used for the interview;
- have purchased or refinanced a home in the last five years or have never purchased or have not purchased or refinanced in the last five years and have the intent to purchase or refinance in the next two years; and
- agree to participate in the in-person interview.

Respondents were paid an incentive of \$75.00 to compensate for travel time, expenses, and the session.

The screening for the main study period occurred between April 16, 2013, and June 12, 2013. Participants completed the main screener survey in 7 minutes (median). See Appendix D. Recruiting Script.

The completion rates for the screening questions and main interview, and the incidence/eligibility rate are presented in *Table 5. Key Survey Response Statistics*.

TABLE 5. Key Survey Response Statistics

Key Survey Response Statistics	N Sampled	N Qualified Complete	Qualified Respondent in Home Rate
Pass All Screening Criteria	10,761	1,030	9.6%
Not Qualified	10,761	5,947	55.3%
Non-Responder	10,761	3,553	33.0%

In addition, in 231 homes, the screening survey was started but was incomplete and the potential respondent was determined to be "not qualified." The total number of completed surveys in the field was 858. For those respondents who did not show up at the field facility for the interview, replacements were recruited at the site, using the Quantitative Study's definition of experienced and inexperienced mortgage borrowers.

The Recruitment Panel

To recruit the sample population, the CFPB team used a probability-based web panel, the KnowledgePanel[™], a proprietary panel operated by Knowledge Networks, within the DMA. KnowledgePanel is the first online research panel based on probability sampling covering both the online and offline populations in the United States. Although often used to recruit online survey respondents, the Quantitative Study used the panel to recruit respondents for in-person test groups in the 20 different DMAs—randomly selecting individuals within each market.

The KnowledgePanel

KnowledgePanel members are recruited through a nationally representative sample—at an unweighted level, originally by telephone and now exclusively through postal mail addressedbased sampling. Households receive access to the Internet and hardware if needed.¹⁸ See *Appendix E. KnowledgePanel Background*.

According to the Centers for Disease Control and Prevention (January-June 2010), approximately 28.6% of all United States households cannot be contacted through random digit dialing (RDD) sampling—26.6% because of cell-phone-only households (CPOHH) status and 2% because they have no telephone service whatsoever. Among some age segments, the RDD non-coverage would be substantial: 40% of young adults, ages 18–24, reside in CPOHHs, 51% of those ages 25–29 reside in CPOHHs, as do 40% of those ages 30–34.¹⁹

Because of these changing demographics, KnowledgePanel recruitment uses dual sampling frames that include both listed and unlisted telephone numbers, telephone and non-telephone households, and cell-phone-only households, as well as households with and without Internet access. Only persons sampled through these probability-based techniques are eligible to participate on KnowledgePanel. Unless invited to do so as part of these national samples, no one can volunteer to be on the panel. To offset attrition, multiple recruitment samples are fielded evenly throughout the calendar year.

The Consumers for Testing

In the recruitment script, we excluded from participation consumers who answered that they never intended to purchase or refinance a house because they were not a part of the intended target audience. We also excluded those who worked in the mortgage loan or title insurance industries, or who had participated in the earlier qualitative research on developing the proposed disclosures. We determined if respondents were experienced or inexperienced based on the following criteria:

¹⁸ Knowledge Networks, now owned by GfK Custom Research, is a part of the contractor team led by Kleimann Communication Group.

¹⁹ Blumberg, S.J. and J.V. Luke. December 2010. Wireless substitution: Early release of estimates from the National Health Interview Survey, January–June 2010. National Center for Health Statistics. Available from: http://www.cdc.gov/nchs/nhis.htm.

- Respondents who stated that they had previously purchased or refinanced a house within the past 5 years were considered experienced. The study used a five-year time frame, rather than a shorter time frame, to acknowledge the difficulties of obtaining financing in 2010-2012 during the housing crisis when credit standards tightened. To further refine respondents' level of experience, we asked the potential respondents to identify how many times they had purchased a home with a mortgage loan or refinanced a mortgage loan.
- Respondents who had never purchased a home or who had not purchased or refinanced a home in the past 5 years and intended to do so in the next 2 years were considered inexperienced.

Experienced (424) and inexperienced (434) respondents were randomly assigned to the levels of the remaining factors, creating, within the $2 \times 2 \times 2 \times 2$ design, 16 cells with approximately equal numbers of respondents.

In addition, we recruited for a mix of respondents across standard demographics, including gender, age, marital status, education, household income, and location. Recruitment resulted in a balanced number of respondents in nearly all demographic categories.²⁰ See *Table 6. Percentages of Demographic Characteristics of Respondents by Current and Proposed Disclosures.* Further, recruitment resulted in an equally balanced number of respondents across the other categories, that is, fixed rate and adjustable rate loans, easier and more challenging loans, and experienced and inexperienced respondents.

²⁰ Respondents skew somewhat toward higher education.

Characteristic	Total (858) Percentage	Current (428) Percentage	Proposed (430) Percentage
Gender	%	%	%
Male	45	45	45
Female	54	53	54
Age			
18-24	4	3	5
25-34	24	22	26
35-44	20	19	21
45-54	21	24	19
55-64	19	19	20
65-74	8	10	7
75 or older	2	2	1
Marital Status			
Married	50	51	49
Widowed	2	1	2
Divorced	11	12	10
Separated	2	2	1
Never married	24	22	26
Living with partner	10	10	11
No answer	1	1	1
Education			
Less than high school	0	0	1
High school graduate	6	7	5
Technical/trade school	1	1	1
Some college	28	29	27
College graduate	63	61	64
No answer	2	2	1
Ethnicity			
White, Caucasian	74	71	76
Black, African-American	15	16	14
Asian, Asian-American	1	1	1
American Indian, Alaska Native	0	0	1
Some other race	4	4	4
No answer	6	7	4

TABLE 6. Percentages of Demographic Characteristics of Respondents by Current and Proposed Disclosures

Characteristic	Total (858) Percentage	Current (428) Percentage	Proposed (430) Percentage
Household Income	%	%	%
Less than \$35,000	12	10	13
\$35,000 to 49,999	15	16	15
\$50,000 to 74,999	26	27	25
\$75,000 to 99,999	20	20	20
\$100,000 to 124,999	11	11	11
\$125,000 to 149,999	6	6	6
\$150,000 to 174,999	4	4	4
\$175,000 or more	5	5	5
No answer	1	1	1
Living Quarters			
Owned or being bought by you or someone in your household	63	64	62
Rented for cash	33	32	33
Occupied without payment of cash rent	3	2	4
No answer	1	2	1
Location			
Atlanta	5	5	6
Boston	6	5	6
Chicago	7	7	7
Columbus	4	4	4
Dallas	6	6	6
Denver	5	5	4
Houston	5	5	5
Kansas City	2	2	2
Minneapolis	7	8	7
Nashville	3	3	4
Orlando	6	5	6
Paramus	3	4	3
Philadelphia	7	7	8
Phoenix	4	4	4
Pittsburgh	5	5	5
Raleigh	4	4	4
San Diego	5	5	4
San Francisco	6	6	6
Seattle	5	5	5
St. Louis	6	6	6

Quality Assurance Techniques

In a study of this complexity, quality assurance is of critical importance. For this project, we took precautions at multiple stages to ensure accuracy.

Loan Preparation

The CFPB team prepared the numbers for each loan. These numbers were checked internally and again by the Kleimann team as they filled in the disclosures for the testing. Because the current and proposed disclosures used the same numbers in their paired groups, the Kleimann team further checked that the numbers matched in each paired set of loans.

Rotations

Within each loan package, the order of the loans was varied in terms of the initial loan that was seen when removed from the package, which loan was used for Part 3, and the matching final disclosure that was used for Parts 4 and 5. The Kleimann team developed the rotations and the instructions for the rotations, and the data collection team lead checked each package as a final step.

Pretesting

The questionnaire had two rounds of pre-testing on February 27, 2013, in Bethesda, MD and on April 11, 2013, in Baltimore, MD. Nine respondents were recruited for each site and met the same recruiting criteria as described above. The proctor used the Proctor Script and worked with both individuals and small groups. Respondents looked at both the current and the proposed disclosure sets. The goal was to identify questions in which the phrasing was ambiguous, misleading, or resulted in responses we did not expect. In addition, we verified the timing of the 5 parts, the logistics of the packaging of the disclosures, and the length of time respondents using the current or proposed disclosures needed to complete the parts of the study.

Pretesting confirmed that respondents could comprehend the questions and provide usable responses, with only minor modifications necessary to the questionnaire and instructions. Although the overall length was appropriate at 60 minutes, we adjusted the time allotted to individual parts. Finally, the pretesting showed that the packaging was feasible and that the differences in time it took to complete a task with the current or proposed disclosures were not excessive.

Answer Keys

We developed multiple answer keys. First, each loan had different numbers. Second, for the current and proposed disclosures, the numbers presented on the disclosures were different due to numbers that could be rounded on the Loan Estimate. Third, the answer keys also provided the possible and acceptable answers to each question and reflected the difference in language about closing costs and settlement charges. As a result, the CFPB team developed separate answer keys

and verified them with each loan package. These answer keys were used for entering the data. See Appendix F. Answer Key for a sample answer key.

Open-ended Coding for Questions 2 and 42

The CFPB team developed coding lists for each of the two open-ended questions, Questions 2 and 42. All open-ended questions were coded using standard market research industry standards. This included developing a code list using the first 40% of the responses. The responses were coded into like content categories or codes. The draft code list was reviewed by the CFPB team to determine if all codes were appropriate, expansive, and complete. Once the code list was approved, the coding team coded all open-ended responses. See *Appendix G. Coding Lists*.

Survey Cooperation

- A reminder letter was sent to scheduled respondents giving the time of the session and directions to the testing facility.
- A phone call reminder was made prior to the scheduled time.
- Email reminders to non-responders were sent every three days during the field period to encourage participation.

Data Cleaning of Parts 2, 3, and 4

- A closed end-cleaning program was written for each of the survey options based on the programming logic in the final questionnaires and any additional instructions provided by the project manager.
- The Data Processing team began writing the cleaning program as soon as the final data layout was available from the project team.
- The cleaning program checked that respondents had followed the correct skip logic according to the final questionnaire provided.
- The program confirmed that the correct punches were present for all questions that should be answered and conversely that questions that should be skipped were blank in the data file.
- Any errors found were addressed before a final clean file was output. This included going back to the original survey documents to make sure the proper code was given to each respondent answer.
- Apart from the standard cleaning, we used the answer keys provided by the CFPB to assist in the data clean to finalize skip patterns and appropriate answer ranges to count as a correct answer. The answer keys were also used to design the scoring system as described in the report. We created a special data tabulation banner of the 32 questionnaire versions in order to confirm the answer keys and to confirm the scoring system.
- Once the cleaning process was complete, the data was merged with the open-end code data.

Data Coding

- Members of GfK's Public Affairs and Corporate Communications Team, along with support from GfK's Government and Academic Research practice, managed the data collection, data processing, and data delivery tasks for this study. The data collection team leader, a key member of the CFPB Quantitative Study team, was responsible for the overall management of this project and the senior research director was responsible for in-field data collection management and all data processing tasks, including the delivery of the final data sets and scoring cross tabulations.
- The data collection team leader and senior research director both monitored the implementation of the study and provided a quality assurance oversight role to ensure that the study was conducted according to the study's design. Upon completion of the data collection in the field, data entry staffers entered all questionnaires, including all open- and close- ended questions, and imported respondent demographic information from the KnowledgePanel database to finalize each respondent record. Those records were then checked for accuracy and cleaned of any personally identifiable information (PII) before being included in the final data set. The data files were then fitted for additional analysis through the development of analytical banners/crosstabs by demographics (age, region, household income, gender), behavioral metrics (experienced/inexperienced), and characteristics of the loan disclosure (fixed/adjustable rate, easier/more challenging) from the screening and in-field questionnaires. The final cross-tabulation banners were checked and cleaned before final delivery to the CFPB.



Results

As noted earlier, this study involved 5 distinct parts to the questionnaire and 6 tasks within those parts. The heart of our study was focused on Questions 3 through 41, which occurred in Parts 2, 3, and 4, and included Tasks 2, 3, 4, and 5. See *Table 2. Key Topics, Questionnaire Parts, Tasks, and Related Questions* for a matching of questions to parts and tasks. For this chapter, we focus first on the results in Parts 2, 3, and 4 (Tasks 2-5) and then on Part 1 (Task 1).²¹

Plan of Analyses for Parts 2, 3, and 4

For Parts 2, 3, and 4, each respondent for both current and proposed disclosures answered a total of 39 questions (Question 3 through Question 41) that could be scored as having been answered correctly or incorrectly based on the answer keys. For each question, respondents were assigned a score of "1" if they answered the question correctly or if they were required to skip the

²¹ We have excluded an analysis of Question 42 and Questions 43 through 48 from this report. For Question 42—"Do you have any comments about the final loan terms and costs?"—respondents provided relatively few useful responses; 45.6% left the question blank; 12.5% gave "nothing" (or a variation of such) as their response. For the scale rating questions (Questions 43 through 48), responses were inconsistent. We included reverse wording in these questions following conservative psychometric practice. Four items used an agreement scale to rate whether a task was "easy" to perform and two other items used the same agreement scale to rate whether a task was "hard" to perform. Initial results showed that the scale and item wording may have confused respondents. Schriesheim and Hill (1981) observe that these "confused" responses are often not caused by true, underlying constructs, but are an artifact of the way in which people respond to those items. Respondents can respond inaccurately because they are confused by the negative wording, or because they are careless and read negative items similarly to positive ones. As a result, we excluded these questions from the analysis as well.

question because of a correct answer to a prior question. Respondents were assigned a score of "0" if they failed to answer the question correctly or if they were required to skip the question based on an incorrect answer to a prior question. Multiple correct answers were possible for a few questions (for example, Question 17). For these, respondents could receive partial credit (for example, a score of ½).

Our analysis centered primarily on the accuracy scores assigned to respondents for these 39 key questions.

- 1. We looked at accuracy of responses with current versus proposed disclosures based on aggregate measures computed across all of the questions in Parts 2, 3, and 4. This analysis is similar to the analysis reported by the FTC in its mortgage disclosure study in 2007.²²
- 2. We looked at several sub-aggregate analyses that focused on questions grouped by the parts and tasks performed by respondents and by specific content areas covered by the questions (for example, amortization, interest rate, and so on).
- 3. We examined the more detailed data generated by individual questions and whether the results varied by respondent experience levels, loan complexity, and loan type. The statistical comparison in these analyses was completed on a question-by-question basis and is akin to those reported by the FTC in their 2007 report.²³
- 4. For statistical testing, we compared points at the 95% confidence level using a two-tailed t-test. Most of the comparisons are based on subgroups of approximately 430 respondents. The Margin of Error (MOE) for these comparisons for responses around 50% at the 95% confidence level is +/- 4.7 percentage points.

Aggregate Accuracy Results

Two aggregate indices designed to capture the overall accuracy of responses were created from scores assigned to the 39 individual questions. Both indices were intended to capture the percentage of correct responses that a respondent gave to the questions. However, they differed on how responses to questions that could be skipped were treated. One index was based on scores assigned to all 39 questions, while a second index was based only on the 29 "non-skippable" questions that all respondents were required to answer.

Table 7. Percentage of Questions Answered Correctly with Current Versus Proposed Disclosures: Aggregate Results compares the percentage of correct responses for respondents exposed to the current disclosures versus proposed disclosures based on these two indices. The upper half of the table displays results for the first index (based on 39 questions), while the lower half of the table shows comparable results for the second index (based on 29 "non-skippable" questions).

²² Lacko and Pappalardo, 2007, Table 6.1, p. 70.

²³ Ibid., Table 6.8, p.112.

TABLE 7. Percentage of Questions Answered Correctly with Current VersusProposed Disclosures: Aggregate Results

Category	Current Disclosures	Proposed Disclosures	Percentage Point Difference	
Base of 39 Questions				
All Respondents (428/430)	59.3%	76.2%	16.9*	
Experienced Respondents (215/209)	62.9%	78.9%	16.0*	
Inexperienced Respondents (213/221)	55.7%	73.5%	17.8*	
Easier Loan (217/215)	61.9%	79.4%	17.5*	
More Challenging Loan (211/215)	56.6%	72.8%	16.2*	
Fixed Rate Loan (214/215)	57.6%	75.2%	17.6*	
Adjustable Rate Loan (214/215)	61.0%	77.1%	16.1*	
Base of 29 Questions				
All Respondents (428/430)	64.5%	79.3%	14.8*	
Experienced Respondents (215/209)	68.1%	81.9%	13.8*	
Inexperienced Respondents (213/221)	60.8%	76.7%	15.9*	
Easier Loan (217/215)	65.6%	81.0%	15.4*	
More Challenging Loan (211/215)	63.3%	77.5%	14.2*	
Fixed Rate Loan (214/215)	63.6%	79.0%	15.4*	
Adjustable Rate Loan (214/215)	65.3%	79.5%	14.2*	

Notes: (1) Figures in parentheses are the number of respondents exposed to the current/proposed disclosures. (2) A Student's t-test of significance (two-tailed) was used to test for differences in the average proportion of questions answered correctly, with * indicating significance at the five percent level.

In the results for the first index, respondents exposed to the current disclosures answered 59.3% of all 39 questions correctly. The corresponding percentage for respondents exposed to the proposed disclosures was 76.2% of all 39 questions answered correctly. The difference (16.9 percentage points) was statistically significant²⁴ and persisted when we looked at it separately within subgroups. For example, although experienced respondents performed better overall than inexperienced respondents (about 6 percentage points better, on average), the proposed disclosures outperformed the current disclosures by an approximately 17 percentage point margin within each of these two groups. A similar pattern was evident when we looked at the results for easier versus more challenging loans and for fixed rate versus adjustable rate loans.

²⁴ Here and throughout this report, by "statistically significant" we mean at the five percent level based on a two-tailed test.

In each instance, the difference in performance for respondents exposed to the current versus the proposed disclosures was in the 16 to 17.8 percentage point range in favor of the proposed disclosures.

Results for the second index showed a virtually identical pattern, except that the difference in performance for respondents exposed to the current versus the proposed disclosures was marginally smaller (14.8 percentage point advantage across all respondents) and in the 13.8 to 15.9 percentage point range in favor of the proposed disclosures across the subgroups.

In sum, both aggregate indices showed a statistically significant performance advantage of approximately 16 percentage points for the proposed disclosures. Furthermore, this advantage was quite similar in magnitude for experienced as well as inexperienced respondents, easier as well as more challenging loans, and fixed rate as well as adjustable rate loans (a 13.8 to 17.8 percentage point range advantage).

Results Grouped by Part and Task

In Parts 2, 3, and 4 of the questionnaire, the complete set of 39 questions (as well as the subset of 29 non-skippable questions) was divided into four groups corresponding to four distinct tasks within those parts (Part 2-Task 2, Part 3-Task 3, Part 4-Task 4, and Part 4-Task 5) performed by respondents during the study. In this section, we compare the performance of the current and proposed disclosures separately for questions within each of these tasks. For our discussion, we have broken out each part and task and placed questions in the order of the highest difference to the lowest difference. Appendix H. Table 8. Percentage of Respondents Answering Correctly With Current Versus Proposed Disclosures—Grouped by Task shows a complete table of results.²⁵

Part 2. Task 2. Comparison of Initial Disclosures for Two Loans

For Part 1, Task 1, respondents examined initial disclosures for two loans (two initial TILA disclosures and two GFEs for current disclosures or two Loan Estimates for the proposed disclosures), made a choice, and listed reasons for that choice. For Part 2, Task 2, respondents answered a series of 8 questions involving comparisons between the terms and costs associated with the two loans from Task 1. These questions included Questions 3 through 10. The non-skippable questions were Questions 3 through 8 with the 2 skippable questions asking for more detail about Question 8.

Table 8.1. Part 2, Task 2. Comparison of Initial Disclosures: Percentage of Respondents Answering Correctly With Current Versus Proposed Disclosures (Ordered by Percentage Point Difference) shows that, on average, respondents exposed to the current disclosures answered 57.3% of the 8 questions correctly, while respondents exposed to the proposed disclosures answered 81.4% of the questions correctly (difference = 24.1 percentage points). The comparable results for the 6 non-skippable measures were similar (63.8% for current disclosures, 83.3% for proposed disclosures, difference = 19.5 percentage points). Both differences were statistically significant.

²⁵ For this section, we have divided Table 8 into four smaller tables relevant to the discussion.

Table 8.1 also shows that respondents exposed to the proposed disclosures answered all 8 of the questions more accurately than did respondents exposed to the current disclosures. The difference in percentage of correct responses was statistically significant for 7 of 8 questions and was relatively large (20 or more) for 4 of 8 questions. For non-skippable questions, the difference in percentages of correct responses was statistically significant for 5 of 6 questions and was relatively large (20 or more) for 2 of 6 questions.

TABLE 8.1. Part 2, Task 2. Comparison of Initial Disclosures: Percentage of Respondents Answering Correctly With Current Versus Proposed Disclosures (Ordered by Percentage Point Difference)

Questions	Current Disclosures (N=428)	Proposed Disclosures (N=430)	Percentage Point Difference
Average for 8 Questions	57.3%	81.4%	24.1*
Average for 6 Non-skippable Questions	63.8%	83.3%	19.5*
Amount Borrowed – Q3	32.5%	81.4%	48.9*
Change in Total Monthly Payment – Q9**	39.0%	77.9%	38.9*
Total Monthly Payment – Q8	49.5%	86.3%	36.8*
Highest Total Monthly Payment – Q10**	36.9%	73.0%	36.1*
Escrow Account – Q6	80.4%	94.4%	14.0*
Points Paid – Q5	55.8%	62.8%	7.0*
Interest Rate Year 1 – Q4	81.3%	87.4%	6.1*
APR – Q7	83.2%	87.7%	4.5

Notes: (1) Figures in parentheses in the title are the number of respondents exposed to the current/proposed disclosures. (2) A Student's t-test of significance (two-tailed) was used to test for differences in proportions (for individual questions) as well as for differences in averages, with * indicating significance at the five percent level. (3) An ** marks a skippable question.

Part 3. Task 3. Comprehension of Initial Disclosure for One Loan

In Part 3 of the study, respondents answered 16 questions about the terms and costs detailed in the initial disclosure for one of the two loans they had just compared (one GFE and initial TILA disclosure for the current disclosures or one Loan Estimate for the proposed disclosures). These questions included Questions 11 through 26. The 14 non-skippable questions included all except Questions 14 and 26, both of which asked for more detail about the previous question.

Table 8.2. Part 3, Task 3. Comprehension of Initial Disclosure: Percentage of Respondents Answering Correctly With Current Versus Proposed Disclosures (Ordered by Percent Point Difference) shows that, on average, respondents exposed to the current disclosures answered 70.0% of the 16 questions correctly, while respondents exposed to the proposed disclosures answered 80.5% of the questions correctly (difference = 10.5 percentage points). The comparable results for the 14 non-skippable questions were somewhat weaker but still in favor of the proposed disclosures (74.0% for current disclosures, 80.9% for proposed disclosures, difference = 6.9 percentage points). Both differences were statistically significant.

Table 8.2 also shows that respondents exposed to the proposed disclosures answered 12 of the 16 questions more accurately than did respondents exposed to the current disclosures. The difference in percentage of correct responses was statistically significant for 9 of 16 questions in favor of the proposed disclosures, and for 1 of 16 questions in favor of the current disclosures. The difference in percentage of correct responses was relatively large (20 percentage points or more) for 4 of 16 questions in favor of the proposed disclosures. For the non-skippable questions, the difference in percentage of correct responses was statistically significant for 9 of 16 questions in favor of the current disclosures. For the non-skippable questions, the difference in percentage of correct responses was statistically significant for 7 of 14 questions in favor of the proposed disclosures, and for 1 of 14 questions in favor of the current disclosures. The difference in percentage of correct responses was relatively large (20 percentage of the proposed disclosures, and for 1 of 14 questions in favor of the current disclosures. The difference in percentage of correct responses was relatively large (20 percentage points or more) for 3 of 14 questions in favor of the proposed disclosures and for 1 of 14 questions in favor of the proposed disclosures.

TABLE 8.2. Part 3, Task 3. Comprehension of Initial Disclosure. Percentage of Respondents Answering Correctly With Current Versus Proposed Disclosures (Ordered by Percentage Point Difference)

Questions	Current Disclosures (N=428)	Proposed Disclosures (N=430)	Percentage Point Difference
Average for 16 Questions	70.0%	80.5%	10.5*
Average for 14 Non-skippable Questions	74.0%	80.9%	6.9*
Mortgage Insurance – Q26**	2.3%	65.1%	62.8*
Loan Amount – Q11	60.5%	99.1%	38.6*
Closing/Settlement Services Can Shop For – Q19	62.8%	92.9%	30.1*
First Monthly Payment – Q18	43.7%	64.7%	21.0*
Principal Paid Off in 5 Years – Q24	59.1%	78.6%	19.5*
Mortgage Insurance – Q25	63.1%	77.0%	13.9*
APR – Q23	65.7%	79.5%	13.8*
Timing of Interest Rate Change – Q14**	80.6%	90.0%	9.4*
Interest Rate Year 1 – Q12	92.1%	96.7%	4.6*
Final Payment Timing – Q20	93.2%	94.9%	1.7
Refinance Cost – Q22	53.3%	54.9%	1.6
Interest Rate Change – Q13	92.8%	93.3%	0.5
Principal & Interest Payment Change – Q15	90.4%	89.3%	-1.1
Closing Costs /Settlement Charges Items – Q17	90.3%	86.5%	-3.8
Escrow Fund – Q21	83.4%	79.5%	-3.9
Closing Costs /Settlement Charges – Q16	86.2%	46.3%	-39.9*

Notes: (1) Figures in parentheses in the title are the number of respondents exposed to the current/proposed disclosures. (2) A Student's t-test of significance (two-tailed) was used to test for differences in proportions (for individual questions) as well as differences in averages, with * indicating significance at the five percent level. (3) An ** marks a skippable question.

Part 4. Task 4. Comparison of Initial Disclosure and Final Disclosure for One Loan

In Part 4 of the study, respondents were given a final disclosure for the same loan they had used in Part 3 (one HUD-1 disclosure and one final TILA disclosure for the current disclosures or one Closing Disclosure for the proposed disclosures). They answered 8 questions requiring a comparison between the two disclosures. These questions included Questions 28 through 35. The 4 non-skippable questions were Questions 28, 30, 32, and 34 with each skippable question asking for more detail about the previous question.

Table 8.3. Part 4, Task 4. Comparison of Initial and Final Disclosure: Percentage of Respondents Answering Questions Correctly With Current Versus Proposed Disclosures (Ordered by Percentage Point Difference) shows that, on average, respondents exposed to the current disclosures answered 54.9% of the 8 questions correctly, while respondents exposed to the proposed disclosures answered 69.0% of the 8 questions correctly (difference = 14.1 percentage points). The comparable results for the 4 non-skippable questions were somewhat stronger in favor of the proposed disclosures (61.6% for current disclosures, 79.0% for proposed disclosures, difference = 17.4 percentage points). Both differences were statistically significant.

Table 8.3 also shows that respondents exposed to the proposed disclosures answered all 8 of 8 questions more accurately than did respondents exposed to the current disclosures. The difference in percentage of correct responses was statistically significant for 5 of 8 questions in favor of the proposed disclosures, and was relatively large (20 percentage points or more) for 2 of 8 questions. For the non-skippable questions, the difference in percentage of correct responses was statistically significant for all 4 of the 4 questions in favor of the proposed disclosures and was relatively large (20 percentage points or more) for 1 of the 4 questions.

TABLE 8.3. Part 4, Task 4. Comparison of Initial and Final Disclosure. Percentage of Respondents Answering Questions Correctly With Current Versus Proposed Disclosures (Ordered by Percentage Point Difference)

Questions	Current Disclosures (N=428)	Proposed Disclosures (N=430)	Percentage Point Difference
Average for 8 Questions	54.9%	69.0%	14.1*
Average for 4 Non-skippable Questions	61.6%	79.0%	17.4*
Reason for Loan Amount Change – Q29**	29.4%	62.6%	33.2*
Loan Amount at Closing – Q28	50.9%	82.8%	31.9*
Closing Costs /Settlement Charges – Q32	77.6%	94.0%	16.4*
Escrow Account – Q34	36.0%	52.1%	16.1*
One Different Escrow Item – Q35**	54.0%	60.0%	6.0
Interest Rate in Year 1 – Q30	81.8%	87.2%	5.4*
Reason for Different Interest Rates – Q31**	62.6%	65.1%	2.5
One Different Closing Cost/ Settlement Charge – Q33**	47.0%	47.9%	0.9

Notes: (1) Figures in parentheses in the title are the number of respondents exposed to the current/proposed disclosures. (2) A Student's t-test of significance (two-tailed) was used to test for differences in proportions (for individual questions) as well as differences in averages, with * indicating significance at the five percent level. (3) An ** marks a skippable question.

Part 4. Task 5. Comprehension of Final Disclosure for One Loan

Part 4 of the study also included 7 questions focused solely on the final disclosure document (one HUD-1 disclosure and one final TILA disclosure for the current disclosures or one Closing Disclosure for the proposed disclosure). The 7 questions included Question 27 and Questions 36 through 41. The 5 non-skippable questions included Questions 27, 36, 37, 38, and 39.

Table 8.4. Part 4, Task 5. Comprehension of Final Disclosure: Percentage of Respondents Answering Questions Correctly With Current Versus Proposed Disclosures (Ordered by Percentage Point Difference) shows that, on average, respondents exposed to the current disclosures answered 42.1% of the 7 questions correctly, while respondents exposed to the proposed disclosures answered 68.5% of the 7 questions correctly (difference = 26.4 percentage points). The comparable results for the 5 non-skippable questions were somewhat stronger in favor of the proposed disclosures (40.7% for current disclosures, 69.8% for proposed disclosures, difference = 29.1 percentage points). Both differences were statistically significant. Table 8.4 also shows that respondents exposed to the proposed disclosures answered all 7 of 7 questions more accurately than did respondents exposed to the current disclosures. The difference in percentage of correct responses was statistically significant for 7 of 7 of the questions and 5 of 5 non-skippable questions, and was relatively large (20 percentage points or more) for 5 of 7 questions and for 4 of 5 non-skippable questions.

TABLE 8.4. Part 4, Task 5. Comprehension of Final Disclosure: Percentage of Respondents Answering Questions Correctly With Current Versus Proposed Disclosures (Ordered by Percentage Point Difference)

Questions	Current Disclosures (N=428)	Proposed Disclosures (N=430)	Percentage Point Difference
Average for 7 Questions	42.1%	68.5%	26.4*
Average for 5 Non-skippable Questions	40.7%	69.8%	29.1*
Loan Amount – Q27	43.9%	86.7%	42.8*
Cash needed for Closing/ Settlement – Q36	45.8%	80.2%	34.4*
Highest Monthly Principal & Interest Payment – Q38	14.5%	43.0%	28.5*
Monthly Principal & Interest Payment Change – Q39	50.2%	74.0%	23.8*
First Monthly Principal & Interest Payment Change – Q40**	46.3%	67.9%	21.6*
Principal & Interest Payment Change Frequency – Q41**	44.6%	62.3%	17.7*
Loan Amount Increase After Closing/Settlement – Q37	49.3%	65.1%	15.8*

Notes: (1) Figures in parentheses in the title are the number of respondents exposed to the current/proposed disclosures. (2) A Student's t-test of significance (two-tailed) was used to test for differences in proportions (for individual questions) as well as differences in averages, with * indicating significance at the five percent level. (3) An ** marks a skippable question.

Summary

The data in Tables 8.1 - 8.4 show that the proposed disclosures outperformed the current disclosures consistently for each of the four tasks performed by respondents in the study. On average, the advantage for the proposed disclosures varied from 26.4 percentage points (for comprehension of final disclosures) to 10.1 percentage points (for comprehension of initial disclosures).

Results Grouped by Specific Loan Concepts

In Parts 2, 3, and 4 of the study, the complete set of 39 questions (as well as the subset of 29 nonskippable questions) was divided into 8 groups corresponding to 8 distinct loan-related concepts or terms. These concept areas included amortization, annual percentage rate (APR), closing costs/ settlement charges, escrow account, interest rate, loan amount, monthly payments, and mortgage insurance. A ninth area — risk factor — included questions from several of the other 8 concept areas. See Table 2: Key Topics, Questionnaire Parts, Tasks, and Related Questions.

Appendix I. Table 9. Percentage of Respondents Answering Correctly With Current Versus Proposed Disclosures — Grouped by Concept shows a complete table of results.²⁶ Table 9 also shows the 8 questions that are related to respondent comprehension of risk factors associated with the loan.

In this section, we compare the performance of the current and proposed disclosures separately for questions focused on each of these nine concept areas. For our discussion below, we have broken out each concept and placed questions in the order of the highest difference to the lowest difference.

Concept 1. Amortization

The study included three questions on amortization. These questions included questions 20, 22, and 24 — all from Part 3 of the study and all were non-skippable questions. *Table 9.1: Amortization: Percentage of Respondents Answering Questions Correctly with Current Versus Proposed Disclosures (Ordered by Percentage Point Difference)* shows that, on average, respondents exposed to the current disclosures answered 68.5% of these questions correctly, while respondents exposed to the proposed disclosures answered 76.1% of the questions correctly (difference = 7.6 percentage points). This difference was statistically significant.

Table 9.1 also shows that respondents exposed to the proposed disclosures answered all 3 of 3 questions more accurately than did respondents exposed to the current disclosures. The difference in the percentage of correct responses was statistically significant for 1 of the 3 questions, and was relatively large (20 percentage points or more) for none of the questions.

²⁶ For this section, we have divided Table 9 into nine smaller tables relevant to the concept discussion.

TABLE 9.1. Amortization: Percentage of Respondents Answering Questions Correctly with Current Versus Proposed Disclosures (Ordered by Percentage Point Difference)

Amortization Question Number	Current Disclosures (N=428)	Proposed Disclosures (N=430)	Percentage Point Difference
Average for 3 Questions (all non-skippable)	68.5%	76.1%	7.6*
Principal Paid Off in 5 Years – Q24	59.1%	78.6%	19.5*
Final Payment Timing – Q20	93.2%	94.9%	1.7
Refinance Cost – Q22	53.3%	54.9%	1.6

Notes: (1) Figures in parentheses in the title are the number of respondents exposed to the current/proposed disclosures. (2) A Student's t-test of significance (two-tailed) was used to test for differences in proportions (for individual questions) as well as for differences in averages, with * indicating significance at the five percent level.

Concept 2. Annual Percentage Rate (APR)

The study included 2 non-skippable questions on APR. The questions included Questions 7 and 23 from Parts 2 and 3.

Table 9.2. Annual Percentage Rate (APR): Percentage of Respondents Answering Questions Correctly with Current Versus Proposed Disclosures (Ordered by Percentage Point Difference) shows that, on average, respondents exposed to the current disclosures answered 74.4% of the 2 questions correctly, while respondents exposed to the proposed disclosures answered 83.6% of the 2 questions correctly (difference = 9.2 percentage points). This difference was statistically significant.

Table 9.2 also shows that respondents exposed to the proposed disclosures answered both questions more accurately than did respondents exposed to the current disclosures. The difference in the percentage of correct responses was statistically significant for 1 of the 2 questions, and the difference was relatively large (20 percentage points or more) for none of the questions.

TABLE 9.2. Annual Percentage Rate (APR): Percentage of Respondents Answering Questions Correctly with Current Versus Proposed Disclosures (Ordered by Percentage Point of Difference)

APR Question Number	Current Disclosures (N=428)	Proposed Disclosures (N=430)	Percentage Point Difference
Average for 2 Questions (both non-skippable)	74.4%	83.6%	9.2*
APR – Q23	65.7%	79.5%	13.8*
APR – Q7	83.2%	87.7%	4.5

Notes: (1) Figures in parentheses in the title are the number of respondents exposed to the current/proposed disclosures. (2) A Student's t-test of significance (two-tailed) was used to test for differences in proportions (for individual questions) as well as for differences in averages, with * indicating significance at the five percent level.

Concept 3. Closing Costs/Settlement Charges

The study included 7 questions on closing costs/settlement charges with 6 non-skippable questions. The 7 questions included Questions 5, 16, 17, 19, 32, 33, and 36 which were spread across Parts, 2, 3, and 4 of the questionnaire. All questions were non-skippable except Question 33.

Table 9.3: Closing Costs/Settlement Charges: Percentage of Respondents Answering Questions Correctly with Current Versus Proposed Disclosures (Ordered by Percentage Point Difference) shows that, on average, respondents exposed to the current disclosures answered 66.5% of the 7 questions correctly, while respondents exposed to the proposed disclosures answered 72.9% of the 7 questions correctly (difference = 6.4 percentage points). The comparable results for the 6 non-skippable questions were somewhat better for both disclosures (69.8% for current disclosures, 77.1% for proposed disclosures, difference = 7.3 percentage points). Both differences were statistically significant.

Table 9.3 also shows that respondents exposed to the proposed disclosures answered 5 of 7 questions more accurately than did respondents exposed to the current disclosures. The difference in the percentage of correct responses was statistically significant for 4 of 7 questions in favor of the proposed disclosures. For the non-skippable questions, respondents exposed to the proposed disclosures answered 4 of 6 questions more accurately than respondents exposed to the current disclosures. The difference in the percentage of correct responses was statistically significant for 4 of 6 non-skippable questions.

Two of 7 questions and 2 of 6 non-skippable questions were answered more accurately in favor of the current disclosures, and 1 of these was statistically significant.

Finally, the difference was relatively large (20 percentage points or more) in favor of the proposed disclosures for 2 of 7 questions and 2 of 6 non-skippable questions. By comparison, the difference was relatively large for 1 of 7 questions and 1 of 6 non-skippable questions in favor of the current disclosures.

TABLE 9.3. Closing Costs/Settlement Charges: Percentage of Respondents Answering Questions Correctly with Current Versus Proposed Disclosures (Ordered by Percentage Point Difference)

Closing Costs/Settlement Charges Question Number	Current Disclosures (N=428)	Proposed Disclosures (N=430)	Percentage Point Difference
Average for 7 Questions	66.5%	72.9%	6.4*
Average for 6 Non-skippable Questions	69.8%	77.1%	7.3*
Cash needed for Closing/ Settlement – Q36	45.8%	80.2%	34.4*
Closing/Settlement Services Can Shop For – Q19	62.8%	92.9%	30.1*
Closing Costs/Settlement Charges – Q32	77.6%	94.0%	16.4*
Points Paid – Q5	55.8%	62.8%	7.0*
One Different Closing Cost/ Settlement Charge – Q33**	47.0%	47.9%	0.9
Closing Costs/Settlement Charges Items – Q17	90.3%	86.5%	-3.8
Closing Costs/Settlement Charges – Q16	86.2%	46.3%	-39.9*

Notes: (1) Figures in parentheses in the title are the number of respondents exposed to the current/proposed disclosures. (2) A Student's t-test of significance (two-tailed) was used to test for differences in proportions (for individual questions) as well as for differences in averages, with * indicating significance at the five percent level. (3) An ** marks a skippable question.

Concept 4. Escrow Account

The study included 4 questions on escrow account with 3 non-skippable questions. The questions included Questions 6, 21, 34, and 35 from Parts 2, 3, and 4. Only Question 35 was skippable.

Table 9.4. Escrow Account: Percentage of Respondents Answering Questions Correctly with Current Versus Proposed Disclosures (Ordered by Percentage Point Difference) shows that, on average, respondents exposed to the current disclosures answered 63.4% of the 4 questions correctly, while respondents exposed to the proposed disclosures answered 71.5% of the 4 questions correctly (difference = 8.1 percentage points). The comparable results for the 6 non-skippable questions were somewhat better for both disclosures (66.6% for current disclosures, 75.4% for proposed disclosures, difference = 8.8 percentage points). Both differences were statistically significant.

Table 9.4 also shows that respondents exposed to the proposed disclosures answered 3 of 4 questions (2 of 3 non-skippable questions) more accurately than did respondents exposed to

the current disclosures. The difference in the percentage of correct responses was statistically significant for 2 of 4 questions in favor of the proposed disclosures, and for 0 of 4 questions in favor of the current disclosures. The difference in the percentage of correct responses was statistically significant for 2 of 3 non-skippable questions. Finally, the difference was relatively large (20 percentage points or more) for none of the questions.

TABLE 9.4. Escrow Account: Percentage of Respondents Answering Questions Correctly with Current Versus Proposed Disclosures (Ordered by Percentage Point Difference)

Escrow Account Question Number	Current Disclosures (N=428)	Proposed Disclosures (N=430)	Percentage Point Difference
Average for 4 Questions	63.4%	71.5%	8.1*
Average for 3 Non-skippable Questions	66.6%	75.4%	8.8*
Escrow Account – Q34	36.0%	52.1%	16.1*
Escrow Account – Q6	80.4%	94.4%	14.0*
One Different Escrow Item – Q35**	54.0%	60.0%	6.0
Escrow Fund – Q21	83.4%	79.5%	-3.9

Notes: (1) Figures in parentheses in the title are the number of respondents exposed to the current/proposed disclosures. (2) A Student's t-test of significance (two-tailed) was used to test for differences in proportions (for individual questions) as well as for differences in averages, with * indicating significance at the five percent level. (3) An ** marks a skippable question.

Concept 5. Interest Rate

The study included 6 questions on interest rate with 4 non-skippable questions. These questions included Questions 4, 12, 13, 14, 30, and 31 from Parts 2, 3, and 4; the non-skippable questions included Questions 4, 12, 13, and 30. *Table 9.5: Interest Rate: Percentage of Respondents Answering Questions Correctly with Current Versus Proposed Disclosures (Ordered by Percentage Point Difference)* shows that, on average, respondents exposed to the current disclosures answered 81.9% of the 6 questions correctly, while respondents exposed to the proposed disclosures answered 86.6% of the 6 questions correctly (difference = 4.7 percentage points). The comparable results for the 4 non-skippable questions were somewhat better for both disclosures (87.0% for current disclosures, 91.2% for proposed disclosures, difference = 4.2 percentage points). Both differences were statistically significant.

Table 9.5 also shows that respondents exposed to the proposed disclosures answered all 6 of 6 questions more accurately than did respondents exposed to the current disclosures. The difference in the percentage of correct responses was statistically significant for 4 of 6 of the questions (3 of 4 non-skippable questions), and was relatively large (20 percentage points or more) for none of the 6 questions.

TABLE 9.5. Interest Rate: Percentage of Respondents Answering Questions Correctly with Current Versus Proposed Disclosures (Ordered by Percentage Point Difference)

Interest Rate Question Number	Current Disclosures (N=428)	Proposed Disclosures (N=430)	Percentage Point Difference
Average for 6 Questions	81.9%	86.6%	4.7*
Average for 4 Non-skippable Questions	87.0%	91.2%	4.2*
Timing of Interest Rate Change – Q14**	80.6%	90.0%	9.4*
Interest Rate Year 1 – Q4	81.3%	87.4%	6.1*
Interest Rate in Year 1 – Q30	81.8%	87.2%	5.4*
Interest Rate Year 1 – Q12	92.1%	96.7%	4.6*
Reason for Different Interest Rates – Q31**	62.6%	65.1%	2.5
Interest Rate Change – Q13	92.8%	93.3%	0.5

Notes: (1) Figures in parentheses in the title are the number of respondents exposed to the current/proposed disclosures. (2) A Student's t-test of significance (two-tailed) was used to test for differences in proportions (for individual questions) as well as for differences in averages, with * indicating significance at the five percent level. (3) An ** marks a skippable question.

Concept 6. Loan Amount

The study included 6 questions on loan amount with 5 non-skippable questions. Questions included Questions 3, 11, 27, 28, 29, and 37 from Parts 2, 3, and 4; only Question 29 was a skippable question. *Table 9.6: Loan Amount: Percentage of Respondents Answering Questions Correctly with Current Versus Proposed Disclosures (Ordered by Percentage Point Difference)* shows that, on average, respondents exposed to the current disclosures answered 44.4% of the 6 questions correctly, while respondents exposed to the proposed disclosures answered 79.6% of the 6 questions correctly (difference = 35.2 percentage points). For the 5 non-skippable questions, the comparable results were somewhat better for both disclosures (47.4% for current disclosures, 83.0% for proposed disclosures, difference = 35.6 percentage points). Both differences were statistically significant.

Table 9.6 also shows that respondents exposed to the proposed disclosures answered all 6 of 6 questions more accurately than did respondents exposed to the current disclosures. The difference in the percentage of correct responses was statistically significant for 6 of 6 of the questions and 5 of 5 non-skippable questions, and was relatively large (20 percentage points or more) for 5 of 6 questions and 4 of 5 non-skippable questions.

TABLE 9.6. Loan Amount: Percentage of Respondents Answering Questions Correctlywith Current Versus Proposed Disclosures (Ordered by Percentage Point Difference)

Loan Amount Question Number	Current Disclosures (N=428)	Proposed Disclosures (N=430)	Percentage Point Difference
Average for 6 Questions	44.4%	79.6%	35.2*
Average for 5 Non-skippable Questions	47.4%	83.0%	35.6*
Amount Borrowed – Q3	32.5%	81.4%	48.9*
Loan Amount – Q27	43.9%	86.7%	42.8*
Loan Amount – Q11	60.5%	99.1%	38.6*
Reason for Loan Amount Change – Q29**	29.4%	62.6%	33.2*
Loan Amount at Closing/ Settlement – Q28	50.9%	82.8%	31.9*
Loan Amount Increase After Closing/Settlement – Q37	49.3%	65.1%	15.8*

Notes: (1) Figures in parentheses in the title are the number of respondents exposed to the current/proposed disclosures. (2) A Student's t-test of significance (two-tailed) was used to test for differences in proportions (for individual questions) as well as for differences in averages, with * indicating significance at the five percent level. (3) An ** marks a skippable question.

Concept 7. Monthly Payments

The study included 9 questions on monthly payments with 5 of them being non-skippable. These questions included Questions 8, 9, 10, 15, 18, 38, 39, 40, and 41. The 5 non-skippable questions included Questions 8, 15, 18, 38, and 39 spread across Parts 2, 3, and 4.

Table 9.7. Monthly Payments: Percentage of Respondents Answering Questions Correctly with Current Versus Proposed Disclosures (Ordered by Percentage Point Difference) shows that, on average, respondents exposed to the current disclosures answered 46.1% of the 9 questions correctly, while respondents exposed to the proposed disclosures answered 70.9% of the 9 questions correctly (difference = 24.8 percentage points). The comparable results for the 5 non-skippable questions were similar, although the difference was smaller (49.7% for current disclosures, 71.4% for proposed disclosures, difference = 21.7 percentage points). Both differences were statistically significant.

Table 9.7 also shows that respondents exposed to the proposed disclosures answered 8 of 9 questions more accurately than did respondents exposed to the current disclosures. The difference in the percentage of correct responses was statistically significant for 8 of 9 questions in favor of the proposed disclosures, and 0 of 9 questions in favor of the current disclosures.

For the non-skippable questions, the difference in the percentages of correct responses was statistically significant for 4 of 5 non-skippable questions. The difference was relatively large (20 percentage points or more) for 7 of 9 questions and for 4 of 5 non-skippable questions.

TABLE 9.7. Monthly Payments: Percentage of Respondents Answering Questions Correctly with Current Versus Proposed Disclosures (Ordered by Percentage Point Difference)

Monthly Payments Question Number	Current Disclosures (N=428)	Proposed Disclosures (N=430)	Percentage Point Difference
Average for 9 Questions	46.1%	70.9%	24.8*
Average for 5 Non-skippable Questions	49.7%	71.4%	21.7*
Change in Total Monthly Payment – Q9**	39.0%	77.9%	38.9*
Total Monthly Payment - Q8	49.5%	86.3%	36.8*
Highest Total Monthly Payment – Q10**	36.9%	73.0%	36.1*
Highest Monthly Principal & Interest Payment – Q38	14.5%	43.0%	28.5*
Monthly Principal & Interest Payment Change – Q39	50.2%	74.0%	23.8*
First Monthly Principal & Interest Payment Change – Q40**	46.3%	67.9%	21.6*
First Monthly Payment - Q18	43.7%	64.7%	21.0*
Principal & Interest Payment Change Frequency – Q41**	44.6%	62.3%	17.7*
Principal & Interest Payment Change – Q15	90.4%	89.3%	-1.1

Notes: (1) Figures in parentheses in the title are the number of respondents exposed to the current/proposed disclosures. (2) A Student's t-test of significance (two-tailed) was used to test for differences in proportions (for individual questions) as well as for differences in the averages, with * indicating significance at the five percent level. (3) An ** marks a skippable question.

Concept 8. Mortgage Insurance

The study included 2 questions on mortgage insurance. The questions included Questions 25 and 26, both from Part 3. Question 25 was non-skippable.

Table 9.8. Mortgage Insurance: Percentage of Respondents Answering Questions Correctly with Current Versus Proposed Disclosures (Ordered by Percentage Point Difference) shows that, on

average, respondents exposed to the current disclosures answered 32.7% of the 2 questions correctly, while respondents exposed to the proposed disclosures answered 71.1% of the 2 questions correctly (difference = 38.4 percentage points). However, this large difference was due entirely to one of the two questions that was skippable (Q26). The difference was statistically significant.

Table 9.8 also shows that respondents exposed to the proposed disclosures answered both questions more accurately than did respondents exposed to the current disclosures. The difference in the percentage of correct responses was statistically significant for both questions, and the difference was relatively large (20 percentage points or more) for one of the two questions.

TABLE 9.8. Mortgage Insurance: Percentage of Respondents Answering Questions Correctly with Current Versus Proposed Disclosures (Ordered by Percentage Point Difference)

Mortgage Insurance Question Number	Current Disclosures (N=428)	Proposed Disclosures (N=430)	Percentage Point Difference
Average for 2 Questions	32.7%	71.1%	38.4*
Mortgage Insurance – Q26**	2.3%	65.1%	62.8*
Mortgage Insurance – Q25	63.1%	77.0%	13.9*

Notes: (1) Figures in parentheses in the title are the number of respondents exposed to the current/proposed disclosures. (2) A Student's t-test of significance (two-tailed) was used to test for differences in proportions (for individual questions) as well as for differences in the averages, with * indicating significance at the five percent level. (3) An ** marks a skippable question.

Concept 9. Risk Factors

The study included 8 questions in risk-related loan characteristics, such as change in interest rates or change in loan amount after closing. These questions included Questions 10, 13, 15, 21, 22, 24, 37, and 39. All questions were non-skippable except Question 10.

Table 9.9. Risk Factors: Percentage of Respondents Answering Questions Correctly with Current Versus Proposed Disclosures (Ordered by Percentage Point Difference) shows that, on average, respondents exposed to the current disclosures answered 64.6% of the 8 questions correctly, while respondents exposed to the proposed disclosures answered 76.0% of the 8 questions correctly (difference = 11.6 percentage points). The comparable results for the 7 non-skippable questions were somewhat better for both disclosures (68.4% for current disclosures, 76.4% for proposed disclosures, difference = 8.0 percentage points). Both differences were statistically significant.

Table 9.9 also shows that respondents exposed to the proposed disclosures answered 6 of 8 questions more accurately than did respondents exposed to the current disclosures. The difference in the percentage of correct responses was statistically significant for 4 of the 8 questions, and the difference was relatively large (20 percentage points or more) for 2 of 8

questions. The difference in the percentage of correct responses was statistically significant for 3 of 7 non-skippable questions.

Table 9.9. Risk Factors: Percentage of Respondents Answering Questions Correctly with Current Versus Proposed Disclosures (Ordered by Percentage Point Difference)

Risk Factors Question Number	Current Disclosures (N=428)	Proposed Disclosures (N=430)	Percentage Point Difference
Average for 8 Questions	64.4%	76.0%	11.6*
Average for 7 Non-skippable Questions	68.4%	76.4%	8.0*
Highest Total Monthly Payment - Q10**	36.9%	73.0%	36.1*
Monthly Principal & Interest Payment Change – Q39	50.2%	74.0%	23.8*
Principal Paid Off in 5 Years – Q24	59.1%	78.6%	19.5*
Loan Amount Increase After Closing/Settlement – Q37	49.3%	65.1%	15.8*
Interest Rate Change – Q13	92.8%	93.3%	0.5
Refinance Cost – Q22	53.3%	54.9%	1.6
Principal & Interest Payment Change – Q15	90.4%	89.3%	-1.1
Escrow Fund – Q21	83.4%	79.5%	-3.9

Notes: (1) Figures in parentheses in the title are the number of respondents exposed to the current/proposed disclosures. (2) A Student's t-test of significance (two-tailed) was used to test for differences in proportions (for individual questions) as well as for differences in the averages, with * indicating significance at the five percent level. (3) An ** marks a skippable question.

Summary

The data in Tables 9.1 – 9.9 show that the proposed disclosures outperformed the current disclosures consistently for each of the nine loan concept areas (including risk factors) addressed by the study. On average, the advantage for the proposed disclosures ranged from 35.2 (for loan amount) to 4.7 percentage points difference (for interest rate).

Results Broken Down by Experience, Loan Type, and Loan Complexity

In this section, we examine whether the relatively superior performance associated with the proposed disclosures varied with the experience level of the respondent (experienced versus inexperienced respondent), loan complexity (easier versus more challenging loans), and loan type (fixed rate versus adjustable rate loans), or was largely independent of these factors.

Table 10. Percentage of Respondents Answering Questions Correctly With Current Versus Proposed Disclosures: Broken Down by Respondent Experience, Loan Complexity, and Loan Type provides a detailed breakdown of percentage of correct responses for each of the 39 questions in the study. The data were presented separately for experienced versus inexperienced respondents, easier versus more challenging loans, and fixed rate versus adjustable rate loans, and the questions are grouped by task.

Overall, Table 10 suggests that while there were some variations in results across respondent experience, loan complexity, and loan type for particular questions, the data were fairly similar especially for Tasks 2, 3, and 5. For example, when we examined the average data for the 8 questions in Task 2 (comparison of initial disclosures), the difference between accuracy levels for the proposed versus current disclosures were in a fairly narrow range of 15.1 to 33.0 percentage points when compared across respondent experience, loan complexity, and loan type levels.

A similar conclusion emerged for the average data for Task 3 (comprehension of initial disclosure) with a range of 8.4 to 12.7 percentage points, and Task 5 (comprehension of final disclosure) with a range of 19.5 to 33.2 percentage points. However, the variation was somewhat larger for Task 4 (comparison of initial and final disclosures) with a range of 4.7 to 23.4 percentage points, suggesting larger differences in accuracy of responses to these questions within subgroups. For example, there appeared to be considerable variation in accuracy of responses to Questions 28, 29, 30, 31, and 34 for easier versus more challenging loans.

TABLE 10. Percentage of Respondents Answering Questions Correctly with Current Versus Proposed Disclosures: Broken Down by Respondent Experience, Loan Complexity, and Loan Type

	Re	Experienced Respondent	ed	Ine Re	lnexperienced Respondent	ced int	Ш	Easier Loan	ne	More	More Challenging Loan	nging	ΪĹ	Fixed Rate Loan	٥ U	Adju	Adjustable Rate Loan	Rate
	Curr (215)	Prop (209)	Diff	Curr (213)	Prop (221)	Diff	Curr (217)	Prop (215)	Diff	Curr (211)	Curr Prop (211) (215)	Diff	Curr (214)	Curr Prop (214) (215)	Diff	Curr (214)	Curr Prop (214) (215)	Diff
:2:1	ask 2. C	compari	son of I	Initial D	2: Task 2. Comparison of Initial Disclosures	es												
			1 L V					,00,00	10	,0000	,00,00	+ C L	,00000	,00,00	((L	,00,,0		÷ L

Part 2

Part 2: Lask 2. Comparison of Initial D	ask z. C	ompari	son or	וחוזומו ע	isciosures	es												
Q3	35.3%	82.8%	47.5*	29.6%	80.1%	50.5*	35.0%	82.8%	47.8*	29.9%	80.0%	50.1*	29.0%	82.3%	53.3	36.0%	80.5%	44.5*
Q4	80.5%	87.6%	7.1*	82.2%	87.3%	5.1	81.1%	91.2%	10.1*	81.5%	83.7%	2.2	83.6%	82.8%	-0.8	79.0%	92.1%	13.1*
Q5	67.0%	72.2%	5.2	44.6%	53.8%	9.2	57.1%	64.7%	7.6	54.5%	60.9%	6.4	57.0%	63.3%	6.3	54.7%	62.3%	7.6
Q6	80.9%	95.7%	14.8*	79.8%	93.2%	13.4*	84.8%	95.3%	10.5*	75.8%	93.5%	17.7*	89.7%	98.1%	8.4*	71.0%	90.7%	19.7*
Q7	81.4%	89.5%	8.1*	85.0%	86.0%	1.0	83.4%	84.7%	1.3	82.9%	90.7%	7.8*	91.1%	93.5%	2.4	75.2%	81.9%	6.7
Q8	48.8%	88.5%	39.7*	50.2%	84.2%	34.0*	51.6%	87.0%	35.4*	47.4%	85.6%	38.2*	13.1%	77.2%	64.1*	86.0%	95.3%	9.3*
Q9**	39.1%	79.9%	40.8*	39.0%	76.0%	37.0*	37.8%	78.6%	40.8*	40.3%	77.2%	36.9*	3.7%	72.1%	68.4*	74.3%	83.7%	9.4*
Q10**	36.3%	74.2%	37.9*	37.6%	71.9%	34.3*	44.2%	75.8%	31.6*	29.4%	70.2%	40.8*	7.5%	69.8%	62.3*	66.4%	76.3%	9.9*
Avg (8)	58.7%	83.8%	25.1*	56.0%	79.1%	23.1*	59.4%	82.5%	23.1*	55.2%	80.2%	25.0*	46.9%	79.9%	33.0*	67.8%	82.9%	15.1*
Avg (6)	65.7%	86.0%	20.3*	61.9%	80.8%	18.9*	65.5%	84.3%	18.8*	62.0%	82.4%	20.4*	60.6%	82.9%	22.3*	67.0%	83.8%	16.8*
Part 3: Task 3. Comprehension of Initial Disclosures	ask 3. C	ompreh	nension	of Initia	al Disclo	sarres												
Q11	61.4%	99.5%	38.1*	59.6%*	98.6%	39.0*	57.6%	98.6%	41.0*	63.5%	99.5%	36.0*	56.5%	99.1%	42.6*	64.5%	99.1%	34.6*
Q12	93.5%	97.6%	4.1*	90.6%	95.9%	5.3*	90.3%	96.3%	6.0*	93.8%	97.2%	3.4	86.4%	95.8%	9.4*	97.7%	97.7%	0
Q13	95.3%	94.3%	-1.0	90.1%	92.3%	2.2	96.8%	94.0%	-2.8	88.6%	92.6%	4.0	86.0%	87.0%	1.0	99.5%	99.5%	0
Q14**	84.7%	92.8%	8.1*	76.5%	87.3%	10.8*	89.9%	90.7%	0.8	71.1%	89.3%	18.2*	86.0%	87.0%	1.0	75.2%	93.0%	17.8*
Q15	91.2%	89.5%	-1.7	89.7%	89.1%	-0.6	89.4%	85.1%	-4.3	91.5%	93.5%	2.0	84.6%	80.0%	-4.6	96.3%	98.6%	2.3

-41.4*

46.5%

87.9%

-38.6*

46.0%

84.6%

-35.5*

47.0%

82.5%

-44.3*

45.6%

89.9%

-41.0*

42.1%

83.1%

-38.6*

50.7%

89.3%

Q16

TABLE 10. continued

	Ex Re	Experienced Respondent	ed nt	lne. Re	In experienced Respondent	ced nt	Ш	Easier Loan	ç	More	More Challenging Loan	ging	Ϊ	Fixed Rate Loan	U	Adju	Adjustable Rate Loan	late
	Curr (215)	Prop (209)	Diff	Curr (213)	Prop (221)	Diff	Curr (217)	Prop (215)	Diff	Curr (211)	Prop (215)	Diff	Curr (214)	Prop (215)	Diff	Curr (214)	Prop (215)	Diff
Part 3: Task 3. Comprehension of Initial Disclosures continued	ask 3. C	ompreh	nension	of Initia	al Disclo	sures o	continue	q									-	
Q17	91.6%	92.6%	1.0	89.0%	80.8%	-8.2*	88.5%	87.0%	-1.5	92.2%	86.0%	-6.2	90.9%	88.6%	-2.3	89.7%	84.4%	-5.3
Q18	45.1%	67.5%	22.4*	42.3%	62.0%	19.7*	44.7%	57.7%	13.0*	42.7%	71.6%	28.9*	38.8%	78.6%	39.8*	48.6%	50.7%	2.1
Q19	63.7%	92.8%	29.1*	61.8%	93.0%	31.2*	62.7%	93.3%	30.6*	62.9%	92.5%	29.6*	62.9%	93.9%	31.0*	62.6%	91.9%	29.3*
Q20	95.8%	97.1%	1.3	90.6%	92.8%	2.2	93.1%	94.4%	1.3	93.4%	95.3%	1.9	95.8%	94.9%	-0.9	90.7%	94.9%	4.2
Q21	92.1%	91.9%	-0.2	74.6%	67.9%	-6.7	86.2%	76.7%	-9.5*	80.6%	82.3%	1.7	81.8%	81.4%	-0.4	85.0%	77.7%	-7.3
Q22	70.7%	66.0%	-4.7	35.7%	44.3%	8.6	54.4%	54.4%	0	52.1%	55.3%	3.2	59.8%	67.9%	8.1	46.7%	41.9%	-4.8
Q23	71.6%	79.9%	8.3*	59.6%	79.2%	19.6*	66.4%	81.4%	15.0*	64.9%	77.7%	12.8*	66.4%	80.9%	14.5*	65.0%	78.1%	13.1*
Q24	67.4%	80.4%	13.0*	50.7%	76.9%	26.2*	58.1%	80.9%	22.8*	60.2%	76.3%	16.1*	59.3%	80.9%	21.6*	58.9%	76.3%	17.4*
Q25	65.1%	78.9%	13.8*	61.0%	75.1%	14.1*	68.2%	74.4%	6.2	57.8%	79.5%	21.7*	68.2%	72.1%	3.9	57.9%	81.9%	24.0*
Q26**	3.7%	71.3%	67.6*	%6.0	59.3%	58.4*	2.8%	63.3%	60.5*	1.9%	67.0%	65.1*	2.3%	61.9%	59.6*	2.3%	68.4%	66.1*
Avg (16)	73.9%	83.9%	10.0*	66.0%	77.3%	11.3*	71.2%	79.6%	8.4*	68.7%	81.4%	12.7*	69.4%	81.0%	11.6*	70.5%	80.0%	9.5*
Avg (14)	78.1%	84.2%	6.1*	69.9%	77.9%	8.0*	74.7%	80.0%	5.3*	73.3%	81.9%	8.6*	73.0%	81.9%	8.9*	75.1%	79.9%	4.8*
Part 4: Task 4.Comparison of Initial and	ask 4.Co	omparis	ion of li	nitial an		Final Disclosures	ures											
Q28	55.3%	85.6%	30.3*	46.5%	80.1%	33.6*	35.5%	87.4%	51.9*	66.8%	78.1%	11.3*	49.5%	81.9%	32.4*	52.3%	83.7%	31.4*
Q29**	34.4%	67.0%	32.6*	24.4%	58.4%	34.0*	35.5%	87.4%	51.9*	23.2%	37.7%	14.5*	29.9%	60.9%	31.0*	29.0%	64.2%	35.2*
Q30	86.0%	90.0%	4.0	77.5%	84.6%	7.1	79.3%	97.7%	18.4*	84.4%	76.7%	-7.7*	84.1%	82.8%	-1.3	79.4%	91.6%	12.2*
Q31**	66.5%	65.6%	-0.9	58.7%	64.7%	6.0	59.9%	73.5%	13.6*	65.4%	56.7%	-8.7	64.5%	58.6%	-5.9	60.7%	71.6%	10.9*
Q32	83.7%	92.8%	9.1*	71.4%	95.0%	23.6*	79.7%	94.4%	14.7*	75.4%	93.5%	18.1*	78.0%	94.9%	16.9*	77.1%	93.0%	15.9*

TABLE 10. continued

	Ŭ Ž	Experienced Respondent	ed	Ine Re	lnexperienced Respondent	ced nt	Ë	Easier Loan	S	More	More Challenging Loan	ŋging	Ϊ	Fixed Rate Loan	e	Adju	Adjustable Rate Loan	late
	Curr (215)	Prop (209)	Diff	Curr (213)	Prop (221)	Diff	Curr (217)	Prop (215)	Diff	Curr (211)	Prop (215)	Diff	Curr (214)	Prop (215)	Diff	Curr (214)	Prop (215)	Diff
Part 4: 7	Fask 4.C	Part 4: Task 4.Comparison of Initial and	son of li	nitial an		Disclos	Final Disclosures continued	ntinued										
Q33**	52.6%	50.7%	-1.9	41.3%	45.2%	3.9	53.0%	52.1%	-0.9	40.8%	43.7%	2.9	49.5%	45.6%	-3.9	44.4%	50.2%	5.8
Q34	45.1%	51.2%	6.1	26.8%	52.9%	26.1*	36.9%	66.5%	29.6*	35.1%	37.7%	2.6	40.7%	49.8%	9.1	31.3%	54.4%	23.1*
Q35**	56.7%	60.8%	4.1	51.2%	59.3%	8.1	65.0%	73.0%	8.0	42.7%	47.0%	5.3	30.4%	51.2%	20.8*	77.6%	68.8%	-8.8*
Avg (8)	60.1%	70.5%	10.4*	49.7%	67.5%	17.8*	55.6%	79.0%	23.4*	54.2%	58.9%	4.7*	53.3%	65.7%	12.4*	56.5%	72.2%	15.7*
Avg (4)	67.6%	79.9%	12.3*	55.5%	78.2%	22.7*	57.8%	86.5%	28.7*	65.4%	71.5%	6.1*	63.1%	77.3%	14.2*	60.1%	80.7%	20.6*
Part 4: Task 5.	Fask 5. C	Comprehension of Final	hension	of Fina	I Disclosures	sures												
Q27	47.9%	86.1%	38.2*	39.9%	87.3%	47.4*	48.4%	93.0%	44.6*	39.3%	80.5%	41.2*	48.1%	83.7%	35.6*	39.7%	89.8%	50.1*
Q36	49.8%	80.4%	30.4*	41.8%	80.1%	38.3*	48.4%	89.3%	40.9*	43.1%	71.2%	28.1*	45.8%	75.8%	30.0*	45.8%	84.7%	38.9*
Q37	49.8%	70.8%	21.0*	48.8%	59.7%	10.9*	53.5%	71.2%	17.7*	45.0%	59.1%	14.1*	54.2%	66.5%	12.3*	44.4%	63.7%	19.3*
Q38	13.0%	43.5%	30.5*	16.0%	42.5%	26.5*	27.2%	48.8%	21.6*	1.4%	37.2%	35.8*	8.4%	35.8%	27.4*	20.6%	50.2%	29.6*
Q39	55.8%	79.9%	24.1*	44.6%	68.3%	23.7*	53.5%	74.4%	20.9*	46.9%	73.5%	26.6*	50.5%	74.9%	24.4*	50.0%	73.0%	23.0*
Q40**	52.1%	72.7%	20.6*	40.4%	63.3%	22.9*	63.1%	79.1%	16.0*	28.9%	56.7%	27.8*	69.2%	70.2%	1.0	23.4%	65.6%	42.2*
Q41**	50.7%	68.4%	17.7*	38.5%	56.6%	18.1*	61.8%	78.1%	16.3*	27.0%	46.5%	19.5*	58.4%	64.2%	5.8	30.8%	60.5%	29.7*
Avg (7)	45.6%	71.7%	26.1*	38.6%	65.4%	26.8*	50.8%	76.3%	25.5*	33.1%	60.7%	27.6*	47.8%	67.3%	19.5*	36.4%	69.6%	33.2*
Avg (5)	43.3%	72.2%	28.9*	38.2%	67.6%	29.4*	46.2%	75.4%	29.2*	35.2%	64.3%	29.1*	41.4%	67.4%	26.0*	40.1%	72.3%	32.2*
Notes: (1) "Diff" column refers to difference between percentages. (2) Figures in parentheses in the title are the number of respondents exposed to the current/proposed	Diff" colu	umn refer;	s to diffe	rence bet	ween per	centage: "	; (2) Figu	res in par	entheses	s in the tit	le are th∈	number	of respo	ndents e	xposed to	o the curr	ent/prop	osed

disclosures. (3) A Student's t-test of significance (two-tailed) was used to test for differences in proportions (for individual questions) as well as for differences in the averages, with * indicating significance at the five percent level. (4) "Curr" refers to current disclosures and "Prop" refers to proposed disclosures. (5) An **marks a skippable question. Table 11. Summary Data Comparisons Between Current and Proposed Disclosures: Broken Down by Respondent Experience, Loan Complexity, and Loan Type provides a different, more aggregate view on the same issue. This table compares the proportion of questions (out of 39, or 29 nonskippable questions) for which the proposed disclosures had a higher accuracy score than the current disclosures for different levels of respondent experience, loan complexity, and loan type. The proportion was computed three different ways – (1) based simply on higher accuracy scores, (2) based on higher scores that are significantly different at p<.05, and (3) based on scores that are higher by 20 percentage points or more.

The results on all three measures were very similar across the subgroups. For example, the data showed that the proportion of questions for which the percentage of correct responses were higher for the proposed disclosures ranged from 30 of 39 or 76.9% (for fixed rate loans) to 35 of 39 or 89.7% for inexperienced respondents, as well as for more challenging loans. Similarly, the proportion of questions for which the percentage of correct responses for the 29 non-skippable questions were statistically significantly higher for the proposed disclosures ranged from 17 of 29 or 58.6% (for more challenging loans) to 19 of 29 or 65.5% (for easier loans and for experienced respondents). In general, these data suggested that the magnitude of accuracy performance advantage for the proposed disclosures over the current disclosures was fairly consistent across levels of respondent experience, loan complexity, and loan type.

TABLE 11. Summary Data Comparisons Between Current and Proposed Disclosures:Broken Down by Respondent Experience, Loan Complexity, and Loan Type

Proportion of Questions With Higher Accuracy % For Proposed Disclosures	Overall	Experienced Borrower	Inexperienced Borrower	Easier Loan	More Challenging Loan	Fixed Rate Loan	Adjustable Rate Loan
39 Questions	35/39	32/39	35/39	32/39	35/39	30/39	32/39
29 Questions	25/29	24/29	25/29	23/29	26/29	22/29	23/29
Proportion of Questions With Significantly Higher Accuracy % For Proposed Disclosures (at p<.05)	Overall	Experienced Borrower	Inexperienced Borrower	Easier Loan	More Challenging Loan	Fixed Rate Loan	Adjustable Rate Loan
39 questions	28/39	26/39	25/39	26/39	24/39	21/39	26/39
29 questions	21/29	19/29	18/29	19/29	17/29	16/29	18/29
Proportion of Questions With Accuracy % Higher by 20%+ For Proposed Disclosures	Overall	Experienced Borrower	Inexperienced Borrower	Easier Loan	More Challenging Loan	Fixed Rate Loan	Adjustable Rate Loan
39 questions	15/39	16/39	17/39	15/39	14/39	16/39	14/39
29 questions	10/29	11/29	12/29	11/29	10/29	11/29	10/29

Responses to Part 1, Task 1. Open-Ended Question

Plan of Analysis for Part 1

We also examined responses to the open-ended question (Question 2) in Part 1, Task 1 that asked respondents to provide reasons for their choice of loan in Part 1 of the study. We focused on the total number of reasons and comments provided by respondents as a function of the initial disclosure (current versus proposed) they examined. Although not the central focus of our analyses, these data can shed light on the degree to which the current and proposed disclosures differentially influenced the ability of respondents to develop and articulate reasons justifying or explaining their selection.

In Part 1 of the study, respondents first made a selection between two loans based on the initial disclosure about each loan (Question 1) and then provided reasons for their selection (Question 2). Out of the 858 study respondents, 852 provided at least one reason or comment, while 4 respondents said "don't know" and 2 respondents did not say anything. Respondents provided a variety of comments and arguments including comments about loan terms, costs, and risk factors, comments about the disclosures themselves, and comments related to personal experiences.

In this section, we examine the differences, if any, in the total number of reasons and comments provided by respondents as a function of the current or proposed initial disclosure they examined. This measure was intended to suggest the degree to which the current and proposed disclosures differentially influenced the ability of respondents to develop and state reasons justifying or explaining their selection.

Results

Table 12. Part 1, Task 1. Mean Number of Mentions in Response to Question 2 Asking About Reasons for Choice compares the average number of comments by respondents exposed to the current disclosures versus the proposed disclosures. Overall, respondents using the current disclosures made an average of 2.68 comments. The corresponding average for respondents using the proposed disclosures was 3.09. The difference (0.41) was statistically significant. Furthermore, the difference persisted when we looked at it separately within subgroups. For example, although experienced respondents generated more comments, on average, than did inexperienced respondents (3.02 versus 2.68, difference significant at p<.05), the proposed disclosures significantly outperformed the current disclosures by approximately the same margin within each of these two groups.

A similar pattern was evident when we looked at the results for easier versus more challenging loans and for fixed rate versus adjustable rate loans. In each instance, the difference in performance for respondents exposed to the current versus the proposed disclosures was in favor of the proposed disclosures and was statistically significant. These results suggest that respondents exposed to the proposed disclosures were able to articulate and explain more reasoning behind their choice, and this was the case regardless of their level of experience, the difficulty of the loan, and whether the loan was a fixed rate or adjustable rate loan.

TABLE 12. Part 1, Task 1. Mean Number of Mentions in Response to Question 2Asking About Reasons for Choice

Category	Current Disclosures	Proposed Disclosures	Difference
All Respondents (428/430)	2.68	3.09	0.41*
Experienced Borrowers (215/209)	2.80	3.25	0.45*
Inexperienced Borrowers (213/221)	2.57	2.95	0.38*
Easier Loan (217/215)	2.71	3.23	0.52*
More Challenging Loan (211/215)	2.65	2.96	0.31*
Fixed Rate Loan (214/215)	2.63	2.98	0.35*
Adjustable Rate Loan (214/215)	2.74	3.20	0.46*

Notes: (1) Figures in parentheses are the number of respondents exposed to the current/proposed disclosures. (2) A Student's t-test of significance (two-tailed) was used to test for differences in average number of mentions, with * indicating significance at the five percent level.



Conclusions

The results of the study lead to several conclusions, all of them in favor of the proposed disclosures:

- 1. The proposed disclosures performed better than the current disclosures when compared on the accuracy of responses to 39 key questions and 29 non-skippable questions on aggregate measures;
- 2. The performance advantage for the proposed disclosures was consistent across Tasks 2-5 performed by respondents;
- 3. The performance advantage for the proposed disclosures was consistent across all content areas;
- 4. The performance advantage for the proposed disclosures was similar across the factors of the study: for experienced as well as inexperienced respondents, easier as well as more challenging loans, and fixed as well as adjustable rate loans; and
- 5. Respondents who received the proposed disclosures generated more reasons and comments when prompted to explain their loan choice, suggesting that the proposed disclosures might enable respondents to better articulate and explain the rationale for their decisions.

Conclusion 1. The Proposed Disclosures Performed Better on Aggregate Measures

We created two aggregate indices designed to capture the overall accuracy of responses to the 39 key questions. One index was based on scores assigned to all 39 questions, while a second index was based only on the 29 "non-skippable" questions that all respondents were required to answer. Both aggregate indices showed a significant performance advantage of about 16 percentage points for the proposed disclosures. See *Table 7: Percentage of Questions Answered Correctly with Current Versus Proposed Disclosures: Aggregate Results.*

We also examined the number of questions (out of all 39 questions as well as 29 nonskippable questions) that showed a performance advantage for the proposed disclosures. See Table 11: Summary Data Comparisons Between Current and Proposed Disclosures: Broken Down by Respondent Experience, Loan Complexity, and Loan Type. The results showed that the proposed disclosures outperformed the current disclosures on 35 of 39 questions and 25 of 29 non-skippable questions (89.7% and 86.2%, respectively). Furthermore, the performance advantage for the proposed disclosures was statistically significant for 28 of 39 questions and 21 of 29 non-skippable questions (71.8% and 72.4%, respectively). In comparison, the current disclosures outperformed the proposed disclosures for 4 of 39 questions and 4 of 29 non-skippable questions (10.3% and 13.8%, respectively), and only one of these differences in favor of the current disclosures was statistically significant.

Conclusion 2. The Proposed Disclosures, On Average, Performed Better for Tasks 2 through 5

We compared the performance of the current and proposed disclosures separately for questions within each of the four distinct tasks – comparing two initial loan disclosures, reviewing a single initial loan disclosure, comparing an initial disclosure with a final disclosure, and comprehending a final disclosure. The results showed that the proposed disclosures outperformed the current disclosures consistently for each of these four tasks. See Tables 8.1-8.4 and Appendix H. Table 8: Percentage of Respondents Answering Correctly with Current and Proposed Disclosures—Grouped by Task. On average, the advantage for the proposed disclosures ranged from 26.4 percentage points (for comprehension of the final disclosure) to 10.5 percentage points (for review of initial disclosures).

Conclusion 3. The Proposed Disclosures, On Average, Performed Better for All Concept Areas

We also compared the performance of the current and proposed disclosures separately for questions focused on nine different loan concept areas. See Tables 9.1 through 9.9 and Appendix I. Table 9: Percentage of Respondents Answering Correctly with Current and Proposed Disclosures— Grouped by Concept. These areas were amortization, loan amount, interest rate, monthly payments, closing costs, escrow account, annual percentage rate (APR), mortgage insurance, and risk factors. The results showed that the proposed disclosures outperformed the current disclosures consistently for each of these nine loan concept areas addressed by the study. On average, the advantage for the proposed disclosures ranged from 35.2 percentage points (for loan amount) to 4.7 percentage points (for interest rate).

Conclusion 4. The Proposed Disclosures Performed Better Regardless of Respondent Experience, Loan Type, or Loan Complexity

We examined whether the relatively superior performance associated with the proposed disclosures varied with the experience level of the respondents (experienced versus inexperienced respondents), loan complexity (easier versus more challenging loans), and/or loan type (fixed rate versus adjustable rate loans), or was largely independent of these factors.

We conducted several different analyses to address this question. In general, our results across the analyses were fairly consistent in indicating that the performance advantage for the proposed disclosures did not vary by level of respondent experience, loan type, or loan complexity. For example, our aggregate analysis based on responses to 39 questions (Table 7: Percentage of Questions Answered Correctly with Current Versus Proposed Disclosures: Aggregate Results) showed a performance advantage for the proposed disclosures that was within a fairly narrow range (16 to 17.8 percentage points) for experienced as well as inexperienced respondents, easier as well as more challenging loans, and fixed rate as well as adjustable rate loans. Similarly, when we looked at the proportion of questions for which the proposed disclosures had a performance advantage across different types of respondents and loans, we found that the range across these groups was fairly narrow – between 30 and 35 (out of 39) questions for which the proposed disclosures performed better, and between 21 and 28 questions for which they performed significantly better. See Table 11: Summary Data Comparisons Between Current and Proposed Disclosures: Broken Down by Respondent Experience, Loan Complexity, and Loan Type. Finally, when we looked at the accuracy of responses to individual questions, we found (with some exceptions) reasonable consistency of responses to most questions – especially for Tasks 2, 3, and 5. See Table 10: Percentage of Respondents Answering Questions Correctly With Current Versus Proposed Disclosures: Broken Down by Experience, Loan Complexity, and Loan Type. Overall, these results suggested that the superior performance associated with the proposed disclosures was fairly consistent across different levels of respondent experience, loan complexity, and loan type.

Conclusion 5. Respondents Using the Proposed Disclosure Listed More Comments While Explaining Their Choice

We examined the mean number of comments made by respondents using the current disclosures versus the proposed disclosures when they explained their choice between two loans. Overall, respondents exposed to the proposed disclosures made statistically significantly more comments than did respondents exposed to the current disclosures (average of 3.09 versus 2.68 comments). Furthermore, the difference was about the same when we looked at it separately within subgroups. These results suggested that respondents exposed to the proposed disclosures were more likely to be better able to state and explain the reasoning behind their choice.

Limitations

Two features of the study that limit the generalizability of the results should be noted. First, the sampling was done in each of the 20 DMAs to be as representative of each DMA as possible, with the only real limitation being rural respondents. Rural populations may be under-represented in the sample due to the on-site, in-person data collection method, as these sites may have been too far for respondents to want to drive to to participate at the incentive level offered. Second, the study was a controlled experiment conducted in a supervised, distraction-free environment. Although respondents generally had enough time to complete the various tasks at their own pace, time limits were imposed on each part of the study to keep total session length to approximately 60 minutes. The extent to which these results will replicate in noisy, distracting, real-world settings with no externally imposed time limits is unclear. This is an interesting conjecture worthy of assessment in future research.

The Importance of Consumer Testing

The Mortgage Disclosure Project shows the advantages and benefits of two types of consumer testing: Qualitative Testing and Quantitative Testing.

Qualitative Testing

The Qualitative Study for the Mortgage Disclosure Project ensured that consumers could comprehend the basic facts about a loan, could compare two initial disclosures and state their reasons for making that choice. Further, it allowed the development of the companion Closing Disclosure to enable better comparison between the initial and final disclosures. Including industry representatives allowed us to ensure that industry personnel could understand the disclosures and explain them to consumers. The CFPB understands that consumers do not obtain or close loans in isolation and often discuss the disclosures with loan officers and settlement agents. As a supplement to the Qualitative Testing, the public posting of the design iterations further allowed the CFPB to anticipate concerns these stakeholders might have.

Quantitative Testing

The Quantitative Study for the Mortgage Disclosure Project looked at both the current and the proposed disclosures. As the FTC study states, in advocating for studies with a control group:

The tests may show, for example, that a proposed disclosure is not understood by a significant proportion of consumers but a control group might make clear that this is still a substantial improvement over the current disclosures. Conversely, the tests may show that nearly all consumers understand a proposed disclosure, but a control group might show that the same is true for the current disclosures, indication that the revisions provide little benefit.²⁷

The Quantitative Study shows that the proposed disclosures indeed provide benefits to consumers. The proposed disclosures outperformed the current disclosures from nearly every perspective. The differences between the current and proposed disclosures were statistically significant whether considering experienced versus inexperienced respondents, easier versus more challenging loans, or fixed versus adjustable rate loans. In a question-by-question breakdown by task, the proposed disclosures performed better for 35 of the 39 questions, and for 28 of those 35 questions the differences were statistically significant. In addition, 19 questions for the proposed disclosures had a percentage point difference of 20 percentage points or more in contrast to only 1 question for the current disclosures. In fact, for only 4 questions did the current disclosures perform better and only one of those was statistically significant—Question 16.²⁸

In this respect the Quantitative Study provided an additional advantage to the CFPB, as it enabled the CFPB to examine the results of Question 16 and further improve the integrated disclosures before it issued the final rule.

The Qualitative Study and the Quantitative Study have accomplished what the FTC study also advocated:

The development of effective consumer disclosures requires careful analysis of what information consumers really need, how consumers will interpret and use the information, how to convey the information in a way that can be easily understood and used by consumers, and, combining all of this, careful analysis of the benefits and costs of the disclosures. Consumer testing is a critical part of this analysis.²⁹

²⁸ The results for Questions 16 prompted some modification in the proposed disclosures. These modifications are detailed in Chapter 6 of this report and in Kleimann Communication Group, November 20, 2013, Post-Proposal Consumer Testing.

²⁹ Lacko and Pappalardo, 2007, p. 128



The Final Disclosures

The integrated Loan Estimate and the integrated Closing Disclosure were developed under one phase of the Mortgage Disclosure Project.³⁰ As part of that project, the team tested the disclosures in 10 rounds of qualitative testing prior to issuing the Proposed Rule on July 9, 2012 (5 rounds for the Loan Estimate, 2 rounds for the Closing Disclosure, and 3 rounds for the interaction of the two disclosures). An analysis of the comments received during the public comment period resulted in the CFPB team making some additional changes to the proposed disclosures as indicated in Chapter 1.

The Quantitative Study, Phase 2 of the Mortgage Disclosure Project, revealed one question in which the current disclosures significantly outperformed the proposed disclosures. Based on the language used on the disclosure, Question 16 asked respondents for the current initial disclosure: "How much are your estimated settlement charges?" and asked respondents for the proposed initial disclosure: "How much are your estimated closing costs?" In the design of the GFE, Summary of your settlement charges is a prominent heading on page 1, but the Cash to Close amount is not included on the GFE. In contrast, the design of the proposed Loan Estimate deliberately places Estimated Cash to Close in a prominent heading. Closing Costs are present, but are deemphasized by being placed in a smaller font to the right of the Estimated Cash to Close amount. The concept of closing costs/settlement charges is important, and the CFPB team wanted to include a question on the concept. However, because the cash to close amount was not on the GFE, the CFPB team chose to ask a question about closing costs/settlement charges, rather than about the cash needed to close.

³⁰ See Kleimann Communication Group, July 2012.

The CFPB team anticipated that respondents who worked with the GFE might perform better on this question, but did not anticipate the difference to be better at a statistically significant level. For respondents using the GFE, 86.2% answered this question correctly, but only 46.3% of respondents using the Loan Estimate answered this question correctly—a 39.9 percentage point difference. See Table 8.2: Part 3, Task 3.Comprehension of Initial Disclosures: Percentage of Respondents Answering Correctly with Current Versus Proposed Disclosures (Ordered by Percentage Point Difference) and Table 9.3: Closing Costs/Settlement Charges: Percentage of Respondents Answering Questions Correctly with Current Versus Proposed Disclosures (Ordered by Percentage Point Difference).

Given that Question 16 was the only question in which the current disclosure performed statistically significantly better, the CFPB team did additional analysis by looking at the specific answers to this question. Across those viewing the Loan Estimate, 51.6% of the respondents provided the estimated cash to close amount and 46.3% respondents provided the closing costs amount. Only 2.1% of respondents provided an answer other than these two. Based on this analysis, we hypothesized that many respondents may have found the right location on the Loan Estimate, but assumed that the question was asking for the amount that the disclosure design emphasized.

To deal with this issue, the CFPB team decided to modify the design of the proposed initial disclosure and the proposed final disclosure in order to keep the two designs consistent. The *Cash to Close* section was renamed *Costs at Closing* and split into two rows—one for *Closing Costs* and one for *Cash to Close*. This change underwent further qualitative consumer testing in July 2013 in Baltimore, MD and Richmond, VA with 12 additional consumer participants to confirm that consumers could understand the changes.³¹ The testing indicated that the revised design was working as intended. The final disclosures—both the Loan Estimate and the Closing Disclosure—reflect this change as well as the modifications discussed in Chapter 1 and are presented on the following pages with annotations.

³¹ See Kleimann Communication Group, November 20, 2013, Post-Proposal Consumer Testing.

Loan Estimate Details

The design of the final Loan Estimate allows sufficient flexibility for the disclosure of fixed rate loans as well as adjustable rate and interest only loans on a standard form. It is also able to show loans with certain other features, such as negative amortization, a balloon payment, or a prepayment penalty. The design uses a simple structure for the three-page disclosure that places a one-page summary of the *Loan Terms*, *Projected Payments*, and *Costs at Closing* in front of the detailed information on pages 2 and 3:

- Page 1 provides a summary of the key *Loan Terms*, *Projected Payments*, and *Costs at Closing*. The page contains separate sections that show the basic *Loan Terms*, including the *Monthly Principal & Interest* payment and *Loan Costs*. Two sections provide consumers with affordability information. For example, it provides a schedule of *Projected Payments*. Including the *Estimated Taxes*, *Insurance & Assessments* on the property. It also shows the *Costs at Closing*, including *Closing Costs* and *Cash to Close*. If any of the basic *Loan Terms* can change after closing, a simple, yet easily visible, "yes" or "no" in bold font and capitalized letters provides that information. A series of bullets in that row provide details about any possible changes, including, for example, specific numbers for how high the change can be and a year for when the change can occur.
- **Page 2** itemizes the costs associated with the loan and with the real estate transaction. It also provides a *Calculating Cash to Close* table to summarize the transaction costs. It also provides *Adjustable Rate Table* and *Adjustable Payment Table* when needed.
- Page 3 provides three figures that consumers can use to compare loan offers: *In 5 Years*, the *Annual Percentage Rate (APR)*, and the *Total Interest Percentage (TIP)*. It also lists disclosures mandated by statute, including new disclosures required by the Dodd-Frank Act. These disclosures can include *Appraisal*, *Assumption*, *Homeowner's Insurance*, *Late Payments*, *Loan Acceptance*, *Liability after Foreclosure*, *Refinancing*, and *Servicing*. Page 3 has space for an optional signature line so that the lender can document receipt of the disclosure.

The Loan Estimate includes two disclosures required under statutory provisions other than TILA and sections 4 and 5 of RESPA, which are currently typically provided as separate pages, as well as certain new disclosures under the Dodd-Frank Act. For example, the Loan Estimate includes an *Appraisal* disclosure currently required under the Equal Credit Opportunity Act and a *Servicing* disclosure currently required under section 6 of RESPA. The Loan Estimate incorporates the three pages of the current GFE, the two pages of the typical TILA disclosure, as well as the one-page *Appraisal* notice, and the one-page *Servicing* disclosure. Accordingly, the Loan Estimate incorporated disclosure.

Page 1 of Loan Estimate

Loan Details: Shows Transaction information and includes a reminder to save the Loan Estimate to compare with the Closing Disclosure.

Loan Terms: Shows the basic terms of the loan, whether they may increase or change, and the timing and highest change possible.

3 Projected Payments: Shows affordability

information, including how and when *Monthly Principal & Interest* payments can change over time, an estimate of Estimated Taxes, Insurance & Assessments for the property, and the *Estimated Total Monthly Payment*, including if taxes and insurance are escrowed or excluded from the loan payment.

4 **Costs at Closing:** This section shows another aspect of affordability in order to purchase the house.

5 **Estimated Closing Costs**: Shows the total of *Loan Costs* and *Other Costs* from page 2—and allows shopping on the basis of the cost of obtaining the mortgage loan.

6 **Estimated Cash to Close**: Shows the additional cost to close the loan and the real estate transaction.

FICUS BANK 321 Random Boulevard • Somecity, S	T 12340	Save this Loan Estin	nate to compare with yo	ur Closing Disclosure.
ATE ISSUED 2/15/2013 Michael Jones and M 123 Anywhere Street Anytown, ST 12345 ALE PRICE \$240,000		LOAN TYPE ⊠ Con LOAN ID # 1234 RATE LOCK □ NO Before chang		A □ B at 5:00 p.m. EDT points, and lender credits ca ist rate. All other estimated
Loan Terms 2		Can this amount	increase after closing	?
Loan Amount	\$211,000	NO		
Interest Rate	4%	• Can go as	very 3 years starting ir high as 12% in year 1 able on page 2 for det	5
Monthly Principal & Interest See Projected Payments below for your Estimated Total Monthly Payment	\$703.33	• Can go as • Includes c	very 3 years starting ir high as \$2,068 in yea only interest and no p ble on page 2 for deta	r 15 rincipal until year 6
		Does the loan ha	ve these features?	
Prepayment Penalty		NO		
Balloon Payment		NO		
Projected Payments				
Payment Calculation	Years 1-5	Years 6-8	Years 9-11	Years 12-30
Principal & Interest	\$703.33 only interest	\$1,028 min \$1,359 max	\$1,028 min \$1,604 max	\$1,028 min \$2,068 max
Mortgage Insurance	+ 109	+ 109	+ 109	+ —
Estimated Escrow Amount can increase over time	+ 0	+ 0	+ 0	+ 0
Estimated Total Monthly Payment	\$812	\$1,137-\$1,468	\$1,137–\$1,713	\$1,028-\$2,068
Estimated Taxes, Insurance & Assessments Amount can increase over time	\$533 a month	This estimate includ Property Taxes Homeowner's Insu Other: See Section G on page 2 property costs separately	rance for escrowed property cost	In escrow? NO NO
Costs at Closing 4				
Estimated Closing Costs		udes \$5,851 in Loan Cos ender Credits. <i>See page 2</i>		sts – \$0
Estimated Cash to Close	\$27,791 6 Icl	udes Closing Costs. See	Calculating Cash to Close	on page 2 for details.

Page 2 of Loan Estimate

Closing Cost Details			
Loan Costs 1		Other Costs 2	
A. Origination Charges	\$3,1	10 E. Taxes and Other Gove	rnment Fees \$1
1 % of Loan Amount (Points)	\$2,1		axes \$1
Application Fee Processing Fee		00 Transfer Taxes	
riocessing ree	4-	F. Prepaids	\$1,3
		Homeowner's Insurance Pro Mortgage Insurance Premit Prepaid Interest (\$23.44 p Property Taxes (months	um (months) per day for 15 days @ 4.00%) \$3
		G. Initial Escrow Payment	at Closing
		Homeowner's Insurance	per month for mo.
B. Services You Cannot Shop	For ¢9	20 Mortgage Insurance	per month for mo.
Appraisal Fee		20 Property Taxes 05	per month for mo.
Credit Report Fee Flood Determination Fee Lender's Attorney Fee Tax Status Research Fee	\$4	30 35 00 50	
		H. Other	\$1,4
		Title – Owner's Title Policy (I. TOTAL OTHER COSTS ((optional) \$1,4
C. Services You Can Shop Fo Pest Inspection Fee		I. TOTAL OTHER COSTS (1)	(optional) \$1,4 E + F + G + H) \$2,9 S \$8,7
Pest Inspection Fee Survey Fee Title – Courier Fee	\$1 \$1 \$	1. TOTAL OTHER COSTS ((optional) \$1,4 E + F + G + H) \$2,9
Pest Inspection Fee Survey Fee Title – Courier Fee Title – Lender's Title Policy Title – Settlement Agent Fee	\$1 \$1 \$6 \$6 \$3		(optional) \$1,4 E + F + G + H) \$2,9 S \$8,7 \$8,7
Pest Inspection Fee Survey Fee Title – Courier Fee Title – Lender's Title Policy	\$1 \$1 \$6 \$6 \$3	I. TOTAL OTHER COSTS (1) 25 50 0 + 1 32 Lender Credits	(optional) \$1,4 E + F + G + H) \$2,9 S \$8,7 \$8,7
Pest Inspection Fee Survey Fee Title – Courier Fee Title – Lender's Title Policy Title – Settlement Agent Fee	\$1 \$1 \$6 \$6 \$3		(optional) \$1,4 E + F + G + H) \$2,9 S \$8,7 S8,7 S8,7 S8,7 S8,7 S8,7
Pest Inspection Fee Survey Fee Title – Courier Fee Title – Lender's Title Policy Title – Settlement Agent Fee	\$1 \$1 \$6 \$6 \$3	J. TOTAL OTHER COSTS (1) 25 J. TOTAL CLOSING COSTS 50 D + 1 22 Lender Credits 65 Calculating Cash to Clo 24 Total Closing Costs (J)	(optional) \$1,4 E + F + G + H) \$2,9 S \$8,7 S8,7 Ose 3 d from your Loan Amount)
Pest Inspection Fee Survey Fee Title – Courier Fee Title – Lender's Title Policy Title – Settlement Agent Fee	\$1 \$1 \$6 \$6 \$3	I. TOTAL OTHER COSTS (J. TOTAL CLOSING COST: D +1 Lender Credits Calculating Cash to Clo Total Closing Costs (J) Closing Costs Financed (Pair	(optional) \$1,4 E + F + G + H) \$2,9 S \$8,7 S8,7 Ose 3 d from your Loan Amount)
Pest Inspection Fee Survey Fee Title – Courier Fee Title – Lender's Title Policy Title – Settlement Agent Fee	\$1 \$1 \$6 \$6 \$3	I. TOTAL OTHER COSTS (J. TOTAL CLOSING COSTS D + 1 Lender Credits Calculating Cash to Cle Total Closing Costs (J) Closing Costs Financed (Pair Down Payment/Funds from Deposit Funds for Borrower	(optional) \$1,4 E + F + G + H) \$2,5 S \$8,7 ose \$8,7 d from your Loan Amount) \$89,7
Pest Inspection Fee Survey Fee Title – Courier Fee Title – Lender's Title Policy Title – Settlement Agent Fee	\$1 \$1 \$6 \$6 \$3	1. TOTAL OTHER COSTS (1) 25 50 51 52 24 Calculating Cash to Classing Costs (1) Closing Costs Financed (Pair Down Payment/Funds from Deposit Funds for Borrower Seller Credits	(optional) \$1,4 E + F + G + H) \$2,9 S \$8,7 Ose 3 d from your Loan Amount) n Borrower \$29,0 - \$10,0
Pest Inspection Fee Survey Fee Title – Courier Fee Title – Lender's Title Policy Title – Settlement Agent Fee	\$1 \$1 \$6 \$6 \$3	1. TOTAL OTHER COSTS (1) 25 50 51 52 24 Total Closing Costs (1) Closing Costs Financed (Pair Down Payment/Funds from Deposit Funds for Borrower Seller Credits Adjustments and Other Credits	(optional) \$1,4 E + F + G + H) \$2,9 S \$8,7 Ose 3 d from your Loan Amount) n Borrower \$29,0 - \$10,0 edits
Pest Inspection Fee Survey Fee Title – Courier Fee Title – Lender's Title Policy Title – Settlement Agent Fee	\$1 \$1 \$6 \$5 \$6	I. TOTAL OTHER COSTS (J. TOTAL CLOSING COSTS D + 1 Lender Credits Calculating Cash to Cle Total Closing Costs (J) Closing Costs Financed (Paie Down Payment/Funds from Deposit Funds for Borrower Seller Credits Adjustments and Other Credits	(optional) \$1,4 E + F + G + H) \$2,9 S \$8,7 Ose 3 d from your Loan Amount) n Borrower \$29,0 - \$10,0
Pest Inspection Fee Survey Fee Title – Courier Fee Title – Lender's Title Policy Title – Settlement Agent Fee Title – Title Search D. TOTAL LOAN COSTS (A + B Adjustable Payment (AP)	st st st st st st st st st st st st st s	1. TOTAL OTHER COSTS (1) 25 50 51 52 53 54 55 55 56 57 58 59 59 50 51 52 53 54 55 55 56 57 58 51 52 52	(optional) \$1,4 E + F + G + H) \$2,9 S \$8,7 OSE 3 (d from your Loan Amount) n Borrower \$29,0 - \$10,0 - \$1
Pest Inspection Fee Survey Fee Title – Courier Fee Title – Lender's Title Policy Title – Settlement Agent Fee Title – Title Search D. TOTAL LOAN COSTS (A + E Adjustable Payment (AP)	+ C) \$5,8 rable 4 YES for your first 60 payme	1. TOTAL OTHER COSTS (1) 21 25 50 D+1 32 Lender Credits 65 224 Total Closing Costs (1) Closing Costs Financed (Pair Down Payment/Funds from Deposit Funds for Borrower Seller Credits Adjustments and Other Credits 51 Estimated Cash to Close Adjustable Interest Ra Index + Margin	(optional) \$1,4 E + F + G + H) \$2,9 S \$8,7 Ose 3 d from your Loan Amount) n Borrower \$29,0 - \$10,0 edits \$27,7 te (AIR) Table 5 MTA + -
Pest Inspection Fee Survey Fee Title – Courier Fee Title – Lender's Title Policy Title – Settlement Agent Fee Title – Title Search D. TOTAL LOAN COSTS (A + E Adjustable Payment (AP) Interest Only Payments? Optional Payments?	\$1 \$3 \$6 \$5 \$6 \$5 \$6 \$5 \$6 \$5 \$6 \$5 \$6 \$5 \$6 \$5 \$6 \$5 \$6 \$5 \$6 \$5 \$6 \$6 \$6 \$6 \$6 \$6 \$6 \$6 \$6 \$6 \$6 \$6 \$6	1. TOTAL OTHER COSTS (I 21 J. TOTAL CLOSING COSTS 25 D + I 32 Lender Credits 65 Calculating Cash to Closing Costs (J) Closing Costs Financed (Pair Down Payment/Funds from Deposit Funds for Borrower Seller Credits Adjustments and Other Credits Adjustable Interest Rate Index + Margin Initial Interest Rate Interest Rate	(optional) \$1,4 E + F + G + H) \$2,5 S \$8,7 ose 3 d from your Loan Amount) \$8,7 n Borrower \$29,0 - \$10,0 - \$10,0 edits \$27,7 te (AIR) Table 5
Pest Inspection Fee Survey Fee Title – Courier Fee Title – Lender's Title Policy Title – Settlement Agent Fee Title – Title Search	\$1 \$2 \$2 \$2 \$2 \$2 \$2 \$2 \$2 \$2 \$2 \$2 \$2 \$2	1. TOTAL OTHER COSTS (1) 21 25 50 D+1 32 Lender Credits 65 224 Total Closing Costs (1) Closing Costs Financed (Pair Down Payment/Funds from Deposit Funds for Borrower Seller Credits Adjustments and Other Credits 51 Estimated Cash to Close Adjustable Interest Ra Index + Margin	(optional) \$1,4 E + F + G + H) \$2,5 S \$8,7 ose 3 d from your Loan Amount) n Borrower \$29,0 - \$10,0 edits \$27,7 te (AIR) Table 5 MTA +
Pest Inspection Fee Survey Fee Title – Courier Fee Title – Lender's Title Policy Title – Settlement Agent Fee Title – Title Search D. TOTAL LOAN COSTS (A + E Adjustable Payment (AP) T Interest Only Payments? Optional Payments?	\$1 \$3 \$6 \$5 \$6 \$5 \$6 \$5 \$6 \$5 \$6 \$5 \$6 \$5 \$6 \$5 \$6 \$5 \$6 \$5 \$6 \$5 \$6 \$6 \$6 \$6 \$6 \$6 \$6 \$6 \$6 \$6 \$6 \$6 \$6	I. TOTAL OTHER COSTS (J. TOTAL CLOSING COSTS D +1 Lender Credits Calculating Cash to Clo Total Closing Costs (J) Closing Costs Financed (Paid Down Payment/Funds from Deposit Funds for Borrower Seller Credits Adjustments and Other Cree State Cash to Close Adjustable Interest Rate Minimum/Maximum Interest	(optional) \$1,4 E + F + G + H) \$2,5 S \$8,7 ose 3 d from your Loan Amount) \$8,7 n Borrower \$29,0 - \$10,0 - \$10,0 edits \$27,7 te (AIR) Table 5
Pest Inspection Fee Survey Fee Title – Courier Fee Title – Lender's Title Policy Title – Settlement Agent Fee Title – Title Search D. TOTAL LOAN COSTS (A + B Adjustable Payment (AP) T Interest Only Payments? Optional Payments? Step Payments? Seasonal Payments?	st + C) \$5,8 rable 4 YES for your first 60 payme NO NO NO Payments	I. TOTAL OTHER COSTS (J. TOTAL CLOSING COSTS D + 1 Lender Credits Calculating Cash to Clo Total Closing Costs (J) Closing Costs Financed (Pai Down Payment/Funds from Deposit Funds for Borrower Seller Credits Adjustments and Other Cre Seller Credits Adjustable Interest Ra Index + Margin Initial Interest Rate Minimum/Maximum Interest Change Subsequent Changes	(optional) \$1,4 E + F + G + H) \$2,5 S \$8,7 ose 3 d from your Loan Amount) \$8,7 n Borrower \$29,0 - \$10,0 - \$10,0 edits \$27,7 te (AIR) Table 5 MTA +
Pest Inspection Fee Survey Fee Title – Courier Fee Title – Lender's Title Policy Title – Settlement Agent Fee Title – Title Search D. TOTAL LOAN COSTS (A + E Adjustable Payment (AP) Interest Only Payments? Optional Payments?	\$1 \$5 \$6 \$5 \$6 \$5 \$6 \$5 \$6 \$5 \$6 \$5 \$6 \$5 \$6 \$5 \$6 \$6 \$6 \$6 \$6 \$6 \$6 \$6 \$6 \$6 \$6 \$6 \$6	I. TOTAL OTHER COSTS (J. TOTAL CLOSING COSTS D +1 Lender Credits Calculating Cash to Clo Total Closing Costs (J) Closing Costs Financed (Paid Down Payment/Funds from Deposit Funds for Borrower Seller Credits Adjustments and Other Cree Seller Credits Adjustments and Other Cree Seller Credits Adjustable Interest Rae Minimum/Maximum Interest Change Frequency First Change Subsequent Changes ntt Limits on Interest Rate Cha	(optional) \$1,4 E + F + G + H) \$2,5 S \$8,7 ose 3 d from your Loan Amount) \$8,7 n Borrower \$29,0 - \$10,0 - \$10,0 edits \$27,7 te (AIR) Table 5 MTA +

Loan Costs: Lists the costs that are generally associated with the loan, including the lender's charges and required services. These required services are grouped by services for which consumers can or cannot shop for through their own service providers.

2 Other Costs: Lists the costs that are generally not determined by the lender, including taxes, insurance premiums, and optional services.

3 Calculating Cash to Close Table: Lists the costs that make up the Cash to Close, including the Deposit and Seller Credits and Other Credits.

4 Adjustable Payment (AP) Table: Lists payments that can adjust, such as *Interest* Only payments.

5 Adjustable Interest Rate (AIR) Table: Lists the details for an adjustable interest rate.

Page 3 of Loan Estimate

Lender Details: Provides basic contact and identification information for the Lender and Mortgage Broker, if needed.

2 **Comparisons**: Provides three different ways a consumer can compare one loan to another—the total costs paid and principal paid in 5 years (*In 5 Years*), the Annual Percentage Rate (APR), and the Total Interest Percentage (TIP) or the total interest paid over the life of the loan as a percentage of the original Loan Amount.

3 Other Considerations: Includes several current and new disclosure statements required by the Dodd-Frank Act.

(**Optional**): Allows for consumer signatures to document receipt of the disclosure.

LENDER NMLS/LICENSE ID LOAN OFFICER NMLS/LICENSE ID IMAIL PHONE	Ficus Bank Joe Smith 12345 joesmith@ficu 123-456-7890	1 sbank.com	MORTGAGE BROKER NMLS/ LICENSE ID LOAN OFFICER NMLS/ LICENSE ID EMAIL PHONE
Comparisons	2	Use these	measures to compare this loan with other loans.
In 5 Years		\$54,944 \$0	Total you will have paid in principal, interest, mortgage insurance, and loan costs. Principal you will have paid off.
Annual Percentag	je Rate (APR)	4.617%	Your costs over the loan term expressed as a rate. This is not your interest rate.
Total Interest Per	centage (TIP)	81.18%	The total amount of interest that you will pay over the loan term as a percentage of your loan amount.
Assumption Homeowner's	You □ yo ☑ v ▼ This	can pay for an u sell or trans vill allow, unde vill not allow a loan requires	promptly give you a copy of any appraisal, even if your loan does not close. additional appraisal for your own use at your own cost. fer this property to another person, we r certain conditions, this person to assume this loan on the original terms. assumption of this loan on the original terms. homeowner's insurance on the property, which you may obtain from a choice that we find acceptable.
Insurance		ur navment is	more than 15 days late, we will charge a late fee of 5% of the monthly
		cipal and inter	est payment.
Insurance	prin Refi	cipal and inter nancing this le	ear payment. Dan will depend on your future financial situation, the property value, and 5. You may not be able to refinance this loan.
Insurance Late Payment	prin Refi mar We i	cipal and inter nancing this le ket condition ntend o service your	oan will depend on your future financial situation, the property value, and
Insurance Late Payment Refinance Servicing Confirm Receip	prin Refi mar We t t	cipal and inter nancing this li ket condition: ntend o service your o transfer serv	ban will depend on your future financial situation, the property value, and s. You may not be able to refinance this loan.

Closing Disclosure Details

To enable comparison with the Loan Estimate, the Closing Disclosure uses the same design principles, basic structure, and format as the Loan Estimate. The matching of these design elements was particularly important because the Closing Disclosure must provide significantly more information – often in significantly greater detail – than the Loan Estimate, such as an itemized summary of the borrower's and seller's transaction. One goal of the matching was to help consumers feel less overwhelmed as they encountered a longer, more detailed disclosure because they would recognize the opening page and the overall structure and format. In short, they could build on an existing cognitive map based on the Loan Estimate.

The basic structure of the Closing Disclosure is as follows:

- **Page 1** of the Closing Disclosure essentially mirrors page 1 of the Loan Estimate for ease of comparison. Like page 1 of the Loan Estimate, it gives a basic summary of the *Loan Terms* and affordability information (*Projected Payments* and *Costs to Close*).
- **Page 2** of the Closing Disclosure, like page 2 of the Loan Estimate, provides information about *Closing Costs*, but in significantly more detail because it records more detail regarding the loan and the real estate transaction.
- In contrast to the Loan Estimate, **page 3** of the Closing Disclosure provides a *Calculating Cash to Close* table and detailed *Summaries of Transactions* for borrowers and sellers. The table is an expanded version of the *Calculating Cash to Close* table from the Loan Estimate. The table helps the borrower place the previous page of *Costs at Closing* into the larger context of the other elements that are included when determining the *Cash to Close*, such as the *Down Payment*. It also documents changes in the *Cash to Close* between the Loan Estimate and the Closing Disclosure and briefly explains why the change occurred or where the detail of the change is found on the disclosure. It also notes when a violation of the regulatory limitations on increases from the estimated charges has occurred. In combination with page 2, the *Summaries of Transactions* document the loan and real estate transaction fees for both the borrower and seller. They include items not present on the Loan Estimate, such as prorated property costs paid at closing or whether the seller's loans are paid off.
- Pages 4 and 5 are similar to page 3 of the Loan Estimate. Like that page, they provide statements required by statute and additional useful information. The section titled Loan Disclosures on page 4 provides loan-specific disclosures for Assumption, Demand Feature, Late Payment, Negative Amortization, Partial Payment, Security Interest, and Escrow Account. It also includes the Adjustable Payment (AP) Table and the Adjustable Interest Rate (AIR) Table, if needed. The section titled Loan Calculations on page 5 provides a chart of Ioan-specific calculations, including Total of Payments, Finance Charge, Amount Financed, Annual Percentage Rate (APR), and Total Interest Percentage (TIP). The page also provides more general disclosures in a section titled Other Disclosures, including disclosures for Appraisal, Contract Details, Liability after Foreclosure, Loan Acceptance, Refinancing, and Tax Deductions. In addition, a chart contains Contact Information for the Lender, Mortgage Broker, two Real Estate Brokers, and a Settlement Agent. The page

also includes a *Questions* box to refer consumers to the CFPB website and others in the *Contact Information* table. An optional signature line allows the lender to document receipt of the disclosure.

As with the Loan Estimate, the Closing Disclosure reduces the number of pages the consumer would receive during the settlement process. By our calculation, the five-page Closing Disclosure replaces the three-page HUD-1, the two-page Truth in Lending disclosure, and several additional separate and/or new disclosures, which potentially could have resulted in at least seven additional pages. These separate disclosures include the new disclosures required by the Dodd-Frank Act: (1) *Total Interest Percentage*, (2) *Negative Amortization*, (3) *Partial Payment*, (4) *Escrow Account*, and (5) *Liability after Foreclosure*.

Page 1 of Closing Disclosure

Closing Disclosure		This form is a statement of f document with your Loan E		sing costs. Compare this
losing Information 4/15/2013 1 ate Issued 4/15/2013 1 losing Date 4/15/2013 1 sibursement Date 4/15/2013 1 ettlement Agent Epsilon Title Co. 1 le # 12-3456 1 roperty 456 Somewhere A Anytown, ST 1234! ale Price \$180,000 2	Borrower Seller ve	on Information Michael Jones and Mary Sto 123 Anywhere Street Anytown, ST 12345 Steve Cole and Amy Doe 321 Somewhere Drive Anytown, ST 12345 Ficus Bank	Loan Info Dne Loan Term Purpose Product Loan Type Loan ID # MIC #	ormation 30 years Purchase Fixed Rate Conventional FHA VA 123456789 000654321
Loan Terms		Can this amount i	ncrease after closing	?
Loan Amount	\$162,000	NO		
Interest Rate	3.875%	NO		
Monthly Principal & Interest See Projected Payments below for your Estimated Total Monthly Payment	\$761.78	NO		
		Does the loan hav	ve these features?	
Prepayment Penalty		YES • As high first 2 yea	as \$3,240 if you pay o ars	ff the loan during the
Balloon Payment		NO		
3				
Projected Payments Payment Calculation	Y	ears 1-7	Yea	rs 8-30
Principal & Interest		\$761.78	\$7	61.78
Mortgage Insurance	+	82.35	+	_
Estimated Escrow	+	206.13	+ 2	206.13
Amount can increase over time			\$9	57.91
Amount can increase over time Estimated Total Monthly Payment	\$1	,050.26	1-	
Estimated Total	\$1 \$356.13 a month	This estimate includ Property Taxes Homeowner's Insur Other: Homeowner'	es rance	In escrow? YES YES NO t pay for other property
Estimated Total Monthly Payment Estimated Taxes, Insurance & Assessments Amount can increase over time See page 4 for details	\$356.13	This estimate includ Description Homeowner's Insur Conter: Homeowner' See Escrow Account on p	es rance 's Association Dues	YES YES NO
Estimated Total Monthly Payment Estimated Taxes, Insurance & Assessments Amount can increase over time See page 4 for details	\$356.13	This estimate includ Property Taxes Homeowner's Insu Other: Homeowner' See Escrow Account on p costs separately.	es rance 5 Association Dues age 4 for details. You mus	YES YES NO t pay for other property

Loan Details: Shows Transaction information.

Loan Terms: Shows the basic *Loan Terms*, whether they may increase or change, and the timing and highest possible change.

3 Projected Payments: Shows affordability information, including how and when Monthly Principal & Interest payments can change over time, Estimated Taxes, Insurance & Assessments for the property, and the Estimated Total Monthly Payment, including if taxes and insurance payments are escrowed or excluded from the loan payment.

4 **Costs at Closing:** This section shows another aspect of affordability in order to purchase the house.

Closing Costs: Shows the total of *Loan Costs* and *Other Costs* from page 2—and allows shopping on the basis of the cost of getting a mortgage.

6 Cash to Close: Shows the additional cost to close the loan and the real estate transaction.

Page 2 of Closing Disclosure

Loan Costs: Lists the costs that are generally associated with the loan, including the lender's charges and required services. These required services are grouped by services for which the consumer can or cannot shop for through their own providers. It also identifies who paid the costs and when.

2 Other Costs: Lists the costs that are generally not determined by the lender, including taxes, insurance premiums, and optional services. It also identifies who paid the costs and whether the cost was paid at or before the closing.

3 Total Closing Costs:

Calculates the *Closing Costs* for the borrower factoring in any *Lender Credits*, including credits for when a violation of the regulatory limits on increases from the estimated charges has occurred.

		Borrow	er-Paid	Selle	r-Paid	Paid by
Loan Costs		At Closing	Before Closing	At Closing	Before Closing	Others
A. Origination Charges			02.00			
01 0.25 % of Loan Amount (Points)		\$405.00				
02 Application Fee 03 Underwriting Fee		\$300.00 \$1,097.00				
04		\$1,097.00				
05						
06						
0708						
B. Services Borrower Did Not Shop For		\$23	6.55			
	n Smith Appraisers Inc.	125				\$405.0
	ormation Inc.		\$29.80			
03 Flood Determination Fee to Info		\$20.00				
04 Flood Monitoring Fee to Info 05 Tax Monitoring Fee to Info		\$31.75 \$75.00				
06 Tax Status Research Fee to Info		\$80.00				
07						
08						
09 10						
C. Services Borrower Did Shop For		\$2.65	5.50			
01 Pest Inspection Fee to Pest	ts Co.	\$120.50			ł	
02 Survey Fee to Surv	veys Co.	\$85.00				
	ilon Title Co.	\$650.00				
	ilon Title Co.	\$500.00				
	ilon Title Co. ilon Title Co.	\$800.00				
07						
08						
D. TOTAL LOAN COSTS (Borrower-Paid)		\$4,69	94.05			
		\$4,664.25	\$29.80			
Other Costs 2 E. Taxes and Other Government rees	\$40.00 Mortgage: \$45.00					
Other Costs 2 E. Taxes and Other Government Fees D1 Recording Fees Deed:	\$40.00 Mortgage: \$45.00 State	\$ 85 \$85.00	\$29.80	\$950.00		
Other Costs 2 E. Taxes and Other Governmrees 01 Recording Fees D1 Recording Fees Deed: D2 Transfer Tax to Any F. Prepaids	State	\$85 \$85.00 \$2,12	\$29.80	\$950.00		
Other Costs 2 E. Taxes and Other Government Fees Deed: D1 Recording Fees Deed: D2 Transfer Tax to Any F. Prepaids Di Homeowner's Insurance Premium (12 m)	State	\$ 85 \$85.00	\$29.80	\$950.00		
Other Costs 2 E. Taxes and Other Governm. rees 1 10. Recording Fes Deed:: 02. Transfer Tax to Any F. Prepaids 01 10. Homeowner's Insurance Premium (12 m 2 20. Mortgage Insurance Premium (mo.) 1	State no.) to Insurance Co.	\$85 \$85.00 \$2,12 \$1,209.96	\$29.80	\$950.00		
Other Costs 2 E. Taxes and Other Governmrees Di Recording Fees Deed: 21 Transfer Tax to Any Prepaids Di Homeowner's Insurance Premium (12 mol.) 23 Prepaid Insurance Premium (mol.) Di Prepaid Horderst (517.44 per day from 4)	State no.) to Insurance Co. //15/13 to 5/1/13)	\$85 \$85.00 \$2,12	\$29.80	\$950.00		
Other Costs 2 E. Taxes and Other Governm rees 10 10. Recording Fees Deed: 02. Transfer Tax to Any F. Prepaids 10 10. Homeowner's Insurance Premium (12 m 12 20. Mortgage Insurance Premium (State no.) to Insurance Co. //15/13 to 5/1/13)	\$85 \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80	\$29.80 .00 20.80	\$950.00		
Other Costs 2 E. Taxes and Other Governm	State no.) to Insurance Co. //15/13 to 5/1/13) /5A	\$85 \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$41	\$29.80 .00 20.80	\$950.00		
Other Costs 2 E. Taxes and Other Governmrees Dedd: D1 Recording Fees Dedd: D2 Transfer Tax to Any P. Prepaids Di Homeowner's Insurance Premium (12 m D3 Prepaid Interest (\$17.44 per day from 4 Property Taxes (6 mo.) to Any County L D4 Property Taxes (6 mo.) to Any County L D5 Ga. Initial Escrow Payment at Closing Di Homeowner's Insurance \$100.83 per mo.	State	\$85 \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80	\$29.80 .00 20.80	\$950.00		
Other Costs 2 E. Taxes and Other Governm rees 10 Recording Fees Deed: 02 Transfer Tax to Any F. Prepaids 11 10 Homeowner's Insurance Premium (12 m 02 Property Taxes (6 mo.) to Any County L 03 04 Property Taxes (6 mo.) to Any County L 05 G. Initial Escrow Payment at Closing 01 Homeowner's Insurance \$100.83 per mo. 02 Mortgage Insurance per mo.	State no.) to Insurance Co. /15/13 to 5/1/13) JSA onth for 2 mo. nth for 2 mo.	\$85 \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$41 \$201.66	\$29.80 .00 20.80	\$950.00		
Other Costs 2 E. Taxes and Other Governmrees Dedd: D1 Recording Fees Deedd: D2 Transfer Tax to Any Propagids Totagage Insurance Premium (12 m) D3 Propadid Interest (\$17.44 per day from 4 Property Taxes (6 mo.) to Any County L D5 G. Initial Escrow Payment at Closing D1 Homeowner's Insurance D1 Homeowner's Insurance \$100.83 per mo D2 Homeowner's Insurance D2 Homeowner's Insurance D2 Homeowner's Insurance D1 Homeowner's Insurance D2 Homeowner's S100.83 per mo D4	State no.) to Insurance Co. /15/13 to 5/1/13) JSA onth for 2 mo. nth for 2 mo.	\$85 \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$41	\$29.80 .00 20.80	\$950.00		
Other Costs 2 E. Taxes and Other Governmass rees Di Recording Fees Deed: 1 D1 Recording Fees Deed: 1 Deed: 1 D2 Transfer Tax to Any F. Frepaid D1 Homeowner's Insurance Premium (mo.) DB Prepaid Interest (\$17.44 µer day from 4 Property Taxes (6 mo.) to Any County L D3 G. Initial Escrow Payment at Closing D1 Homeowner's Insurance \$100.83 µer mo D2 Mortgage Insurance \$105.30 µer mo D4 Property Taxes \$105.30 µer mo S105.30 µer mo S105.30 µer mo	State no.) to Insurance Co. /15/13 to 5/1/13) JSA onth for 2 mo. nth for 2 mo.	\$85 \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$41 \$201.66	\$29.80 .00 20.80	\$950.00		
12 Transfer Tax to Any. F. Prepaids	State no.) to Insurance Co. /15/13 to 5/1/13) JSA onth for 2 mo. nth for 2 mo.	\$85 \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$41 \$201.66	\$29.80 .00 20.80	\$950.00		
Other Costs 2 E. Taxes and Other Governmrees 1 B. Recording Fees Deed: 02 Transfer Tax to Any F. Prepaids 1 11 Homeowner's Insurance Premium (12 m 02 Mortgage Insurance Premium () 03 Prepaid Interest (\$17.44 per day from 4 04 Property Taxes (6 mo.) to Any County L 05 G. Initial Escrow Payment at Closing 10 Homeowner's Insurance 2100.83 per mm 03 Property Taxes \$105.30 per m 04 \$105.30 per m	State no.) to Insurance Co. /15/13 to 5/1/13) JSA onth for 2 mo. nth for 2 mo.	\$85 \$85.00 \$2,11 \$1,209.96 \$279.04 \$631.80 \$411 \$201.66 \$210.60	\$29.80 .00 20.80	\$950.00		
Other Costs 2 E. Taxes and Other Governm	State no.) to Insurance Co. /15/13 to 5/1/13) JSA onth for 2 mo. nth for 2 mo.	\$85 \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$41 \$201.66	\$29.80 .00 20.80 2.25	\$950.00		
Other Costs 2 E. Taxes and Other Governm	State no.) to Insurance Co. //15/13 to 5/1/13) JSA onth for 2 mo. onth for 2 mo. A Acre Inc.	\$85 \$85.00 \$2,11 \$1,209.96 \$279.04 \$631.80 \$201.66 \$210.60 \$210.60 \$210.60 \$210.60 \$210.60 \$210.60	\$29.80 .00 20.80 2.25	\$950.00		
Other Costs 2 Enzase and Other Governmanne Fees Dired: 10 Recording Fees Deed: 20 Transfer Tax to Any 7 Prepaids Dired: 11 Homeowner's Insurance Premium (12 m) Dired: 20 Transfer Tax to Any 20 Transfer Tax to Any 21 Homeowner's Insurance Premium (12 m) mo.) 23 Prepaid Interest (\$17.44 µer day from 44 44 Property Taxes (6 mo.) to Any County L 25 G.Initial Escrow Payment at Closing 21 Moreowner's Insurance \$100.83 per mo per mo 23 Propaid Insurance per mo 24 Mortgage Insurance \$105.30 per mo 25 Aggregate Adjustment H. Other 01 HOA Capital Contribution to HO/	State no.) to Insurance Co. 1/15/13 to 5/1/13) JSA JSA JSA JSA JSA Anth for 2 mo. A Acre Inc. A Acre Inc.	\$85 \$85.00 \$2,11 \$1,209.96 \$279.04 \$631.80 \$201.66 \$210.60 - 0.01 \$2,44 \$500.00 \$150.00	\$29.80 .00 20.80 2.25	\$950.00		
Other Costs 2 E. Taxes and Other Governm	State o,) to Insurance Co. //15/13 to 5/1/13) //5A onth for 2 mo. onth for 2 mo. onth for 2 mo. A Acre Inc. A Acre Inc. incers Inc.	\$85 \$85.00 \$2,11 \$1,209.96 \$279.04 \$631.80 \$201.66 \$210.60 \$210.60 \$210.60 \$210.60 \$210.60 \$210.60	\$29.80 .00 20.80 2.25		\$750.00	
Other Costs 2 E. Taxes and Other Governm	State no.) to Insurance Co. 1/15/13 to 5/1/13) JSA JSA JSA JSA JSA Anth for 2 mo. A Acre Inc. A Acre Inc.	\$85 \$85.00 \$2,11 \$1,209.96 \$279.04 \$631.80 \$201.66 \$210.60 - 0.01 \$2,44 \$500.00 \$150.00	\$29.80 .00 20.80 2.25	\$950.00 \$450.00 \$450.00 \$5,700.00	\$750.00	
Other Costs 2 E. Taxes and Other Governm	State o.) to Insurance Co. //15/13 to 5/1/13) //15/13 to 5/1/13) //15/13 to 5/1/13) //15/13 to 5/1/13) //15/14	\$85 \$85.00 \$2,11 \$1,209.96 \$279.04 \$631.80 \$201.66 \$210.60 \$210.60 \$210.60 \$210.60 \$210.60 \$210.60 \$2,44	\$29.80 .00 20.80 2.25	\$450.00	\$750.00	
Other Costs 2 E. Taxes and Other Governm	State o.) to Insurance Co. //15/13 to 5/1/13) //15/13 to 5/1/13) //15/13 to 5/1/13) //15/13 to 5/1/13) //15/14	\$85 \$85.00 \$2,11 \$1,209.96 \$279.04 \$631.80 \$201.66 \$210.60 - 0.01 \$2,44 \$500.00 \$150.00	\$29.80 .00 20.80 2.25	\$450.00 \$5,700.00	\$750.00	
Other Costs 2 E. Taxes and Other Governm rees 1 B. Recording Fees Deed:: 12 Transfer Tax to Any F. Prepaids 11 12 Homeowner's Insurance Premium (12 m 23 Prepaid Interest (\$17.44 per day from 4 24 Property Taxes (6 mo.) to Any County L 25 26. Initial Escrow Payment at Closing 21 Homeowner's Insurance \$100.83 per mo 22 Morgage Insurance per mo 23 Property Taxes (\$ 50.30 per mo 24 Morgage Lasurance per mo 25 5 26 5 27 5 28 Aggregate Adjustment HOHow 40 HOA Capital Contribution to HO/0 21 Home Warranty Fee to XYZ 36 Real Estate Commission to Amp 29 Real Estate Commission to Amp 20 Real Estate Commission to Amp 20 Real Estate Commission to Amp 20 Real Estate Commission to Amp 30 Real Estate Commission to Amp 30 Real Estate Commission to	State o.) to Insurance Co. //15/13 to 5/1/13) //15/13 to 5/1/13) //15/13 to 5/1/13) //15/13 to 5/1/13) //15/14	\$85 \$85.00 \$279.04 \$631.80 \$279.04 \$631.80 \$210.60 \$210.60 \$210.60 \$210.60 \$210.60 \$150.00 \$150.00 \$150.00 \$1,000.00	\$29.80 .00 20.80 2.25	\$450.00 \$5,700.00	\$750.00	
Other Costs 2 E. Taxes and Other Governm	State o.) to Insurance Co. //15/13 to 5/1/13) //15/13 to 5/1/13) //15/13 to 5/1/13) //15/13 to 5/1/13) //15/14	\$85 \$85.00 \$2,11 \$1,209.96 \$279.04 \$631.80 \$201.66 \$201.66 \$210.60 \$210.60 \$2,210.60 \$2,20.00 \$150.00 \$150.00 \$150.00 \$150.00 \$1,000.00	\$29.80 .00 20.80 2.25	\$450.00 \$5,700.00	\$750.00	
Other Costs 2 E. Taxes and Other Governm	State o.) to Insurance Co. //15/13 to 5/1/13) //15/13 to 5/1/13) //15/13 to 5/1/13) //15/13 to 5/1/13) //15/14	\$85 \$85.00 \$279.04 \$631.80 \$279.04 \$631.80 \$210.60 \$210.60 \$210.60 \$210.60 \$210.60 \$150.00 \$150.00 \$150.00 \$1,000.00	\$29.80 .00 20.80 2.25	\$450.00 \$5,700.00	\$750.00	
Other Costs 2 E. Taxes and Other Governm rees 1 Recording Fees Deed: 12 Transfer Tax to Any E. Trapsder Tax to Any Prepaids 1 11 Homeowner's Insurance Premium (1 amo) 3 32 Prepaid Insurance Premium (-mo.) 3 3 Propaid Insurance Premium (-mo.) 3 3 Propard Interset (\$17.44 per day from 4 4 4 Property Taxes (6 mo.) to Any County L 5 5 G.Initial Escrow Payment at Closing 11 Homeowner's Insurance per mo 22 Rordgage Insurance per mo 35 roperty Taxes \$105.30 per mo 24 MA Orgage Insurance per mo 35 Aggregate Adjustment H. H. Other 1 HOA Capital Contribution to HO/02 25 Mage Insurance (optional) to Ary 26 Mageregate Adjustment H. H. Other to To XZ S 27 Real Estate Commission to AryZ 36	State no.) to Insurance Co. //15/13 to 5/1/13) JSA noth for 2 mo. noth for 2 mo. noth for 2 mo. A Acre Inc. A Acre Inc. Warranty Inc. ha Real Estate Broker to Epsilon Title Co.	\$85 \$85.00 \$2,11 \$1,209.96 \$279.04 \$631.80 \$201.66 \$210.60 \$210.60 \$210.60 \$150.00 \$150.00 \$150.00 \$1,000.00 \$1,000.00 \$5,018.05	\$29.80 .00 20.80 2.25 30.00 18.05	\$450.00 \$5,700.00	\$750.00	
Other Costs 2 E. Taxes and Other Governm rees 10 Recording Fees Deed:: 10 Recording Fees Deed:: 22 Transfer Tax to Any 7. Prepaids 11 Homeowner's Insurance Premium (1 am 12 monostration (1 amonostration (1 amon	State no.) to Insurance Co. //15/13 to 5/1/13) JSA noth for 2 mo. noth for 2 mo. noth for 2 mo. A Acre Inc. A Acre Inc. Warranty Inc. ha Real Estate Broker to Epsilon Title Co.	\$85 \$85.00 \$2,11 \$1,209.96 \$279.04 \$631.80 \$201.66 \$210.60 \$210.60 \$210.60 \$150.00 \$150.00 \$150.00 \$1,000.00 \$1,000.00 \$5,018.05	\$29.80 .00 20.80 2.25	\$450.00 \$5,700.00	\$750.00	\$405.0

Page 3 of Closing Disclosure

Calculating Cash to Close	Use this tabl	e to see what h	nas cha	anged from your Loan Estimate.
	Loan Estimate	Final	Did t	his change?
otal Closing Costs (J)	\$8,054.00	\$9,712.10	YES	See Total Loan Costs (D) and Total Other Costs (I)
losing Costs Paid Before Closing	\$0	- \$29.80	YES	You paid these Closing Costs before closing
losing Costs Financed Paid from your Loan Amount)	\$0	\$0	NO	
Down Payment/Funds from Borrower	\$18,000.00	\$18,000.00	NO	
eposit	- \$10,000.00	- \$10,000.00	NO	
inds for Borrower	\$0	\$0	NO	
eller Credits	\$0	- \$2,500.00	YES	See Seller Credits in Section L
djustments and Other Credits	\$0	- \$1,035.04	YES	See details in Sections K and L
sh to Close	\$16,054.00	\$14,147.26		

Use this table to see a summary of your transaction. Summaries of Transacti BORROWER'S TRANSACTION SELLER'S TRANSACTION K. Due from Borrower at Closing \$189,762.30 M. Due to Seller at Closing 01 Sale Price of Property \$180,000.00 Sale Price of Property 02 Sale Price of Any Personal Property Included in Sale Sale Price of Any Personal Property Included in Sale \$9,682.30 03 Closing Costs Paid at Closing (J) Adjustments Adjustments for Items Paid by Seller in Advance Adjustments for Items Paid by Seller in Advance City/Town Taxes to City/Town Taxes County Taxes County Taxes Assessments to Assessments 4/15/13 to 4/30/13 HOA Dues \$80.00 HOA Dues 4/15/13 to 4/30/13 L. Paid Already by or on Behalf of Borrower at Closing \$175.615.04 N. Due from Seller at Closing 01 Deposit \$10,000,00 01 Excess Deposit \$162,000.00 Closing Costs Paid at Closing (J) Loan Amount 03 Existing Loan(s) Assumed or Taken Subject to Existing Loan(s) Assumed or Taken Subject to 04 Payoff of First Mortgage Loan 05 Seller Credit \$2,500.00 05 Payoff of Second Mortgage Loar Other Credits 06 Rebate from Epsilon Title Co. \$750.00 8 Seller Credit Adjustments Adjustments for Items Unpaid by Seller Adjustments for Items Unpaid by Seller City/Town Taxes 1/1/13 to 4/14/13 \$365.04 City/Town Taxes 1/1/13 to 4/14/13 County Taxes to County Taxes Assessments Assessments to CALCULATION CALCULATION Total Due from Borrower at Closing (K) \$189,762.30 Total Due to Seller at Closing (M) Total Paid Already by or on Behalf of Borrower at Closing (L) - \$175,615.04 Total Due from Seller at Closing (N) Cash to Close 🕱 From 🗆 To Borrower \$14.147.26 Cash From X To Seller CLOSING DISCLOSURE

Calculating Cash to 1 **Close**: Like the Loan Estimate, this section lists the elements that make up the Cash to Close, including any deposit and credits. It lists the amounts from the Loan Estimate and the final costs to show changes and briefly explains why the change occurred or where more detail is located on the disclosure. It also notes when a violation of the regulatory limitations on increases from the estimated charges has occurred.

\$180,080.00

\$180,000.00

\$80.00

\$115,665.04

\$12,800.00

\$100,000.00

\$2,500.00

\$365.04

\$180.080.00

\$115,665.04

\$64,414,96

PAGE 3 OF 5 • LOAN ID # 123456789

to

to

to

to

to

Summaries of 2 Transactions: A carrvover from the HUD-1 revised to have more plain language, it summarizes the distribution of funds, including adjustments in amounts owed to the borrower or seller for prorated property costs, such as property taxes.

Page 4 of Closing Disclosure

Loan Disclosures: Includes several current and newlyrequired disclosure statements, such as Assumption, Demand Feature, Late Payment, Negative Amortization, Partial Payments, and Security Interest.

2 **Escrow Account**: Provides details about the *Escrow Account* and an estimate of costs due if there is no escrow account.

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.

X will not allow assumption of this loan on the original terms.

Demand Feature

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

Late Payment

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

Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

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

Partial Payments

Your lender

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

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

Security Interest

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

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



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

Escrow		
Escrowed Property Costs over Year 1	\$2,473.56	Estimated total amount over year 1 for your escrowed property costs: Homeowner's Insurance Property Taxes
Non-Escrowed Property Costs over Year 1	\$1,800.00	Estimated total amount over year 1 for your non-escrowed property costs: <i>Homeowner's Association Dues</i> You may have other property costs.
Initial Escrow Payment	\$412.25	A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment	\$206.13	The amount included in your total monthly payment.

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

No Escrow	
Estimated Property Costs over Year 1	Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee	

In the future,

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

CLOSING DISCLOSURE

PAGE 4 OF 5 • LOAN ID # 123456789

Page 5 of Closing Disclosure

Loan Calculations		Other Disc
Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	\$285,803.36	Appraisal If the property give you a cop
Finance Charge. The dollar amount the loan will cost you.	\$118,830.27	If you have no information li
Amount Financed. The loan amount available after paying your upfront finance charge.	\$162,000.00	See your note • what happ • what is a c
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	4.174%	 situations i loan, and the rules f
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	69.46%	Liability after If your lender f cover the amo



www.consumerfinance.gov/mortgage-closing



ty was appraised for your loan, your lender is required to by at no additional cost at least 3 days before closing. ot yet received it, please contact your lender at the isted below.

tails

- and security instrument for information about pens if you fail to make your payments,
- default on the loan, in which your lender can require early repayment of the
- for making payments before they are due.

er Foreclosure

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

Refinance

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

Tax Deductions

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

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

d this form.

Applicant Signature	Date	Co-Applicant Signature	Date
CLOSING DISCLOSURE			PAGE 5 OF 5 • LOAN ID # 123456789

Loan Calculations: 1 Consolidates several new and previously required disclosures under TILA. The section does not contain the Approximate Cost of Funds that was included in the Proposed Rule because the CFPB determined to delete this item from the disclosure based on consumer testing results and public comments.

Other Disclosures: 2 Includes several current and newly-required disclosure statements, such as Appraisal, Contract Details, Liability after Foreclosure, Refinance, Loan Acceptance, and Tax Deductions.

Questions: Lists the CFPB 3 website as a general resource and refers consumers to the Contact Information table.

Contact Information: 4 Groups Contact Information in a usable reference table.

Confirm Receipt 5 (optional): Allows for consumer signatures to document receipt of the disclosure.

List of Appendices

Appendix A. Final Questionnaire Name Set Distribution

Appendix B. Proctor Script

Appendix C. Questionnaire

Appendix D. Recruiting Script

Appendix E. KnowledgePanel Background

Appendix F. Answer Keys

Appendix G. Coding Lists

Appendix H. Table 8. Percentage of Respondents Answering Correctly with Current and Proposed Disclosures—Grouped by Task

Appendix I. Table 9. Percentage of Respondents Answering Correctly with Current and Proposed Disclosures—Grouped by Concept

Appendix J. Current Easier Fixed A Disclosures

Appendix K. Current Easier Fixed B Disclosures

Appendix L. Current More Challenging Fixed A Disclosures

Appendix M. Current More Challenging Fixed B Disclosures

Appendix N. Current Easier ARM A Disclosures

Appendix O. Current Easier ARM B Disclosures

Appendix P. Current More Challenging ARM A Disclosures

Appendix Q. Current More Challenging ARM B Disclosures

Appendix R. Proposed Easier Fixed A Disclosures

Appendix S. Proposed Easier Fixed B Disclosures

Appendix T. Proposed More Challenging Fixed A Disclosures

Appendix U. Proposed More Challenging Fixed B Disclosures

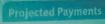
Appendix V. Proposed Easier ARM A Disclosures

Appendix W. Proposed Easier ARM B Disclosures

Appendix X. Proposed More Challenging ARM A Disclosures

Appendix Y. Proposed More Challenging ARM B Disclosures

Appendix Z. References



Payment Calculation

Principal & interest

Mortgage Insurance

Estimated Escrow Amount can increase over time

Estimated Taxes, Insurance & Assessments Amount can increase over 1/-See Details on Page 4

Final Questionnaire Name Set Distribution

With the final sample size of 858 completed interviews, the following table represents the distribution of interviews across each name set (32 sets, to account for first seen randomization) and experience level.

Package Number	Testing Set Number	Status	Type	Version	Name Set	Question- naire (11 pages)	Answer Key	Initial TIL (2 pages)	GFE (3 pages)	Final TIL (2 pages)	HUD-1 Legal (3 pages)	Loan Est. (3 pages)	Closing Disc. (5 pages)
-	~	υ	Easier Fixed	A	NS1 Maple	CEF-NS1	EF-NS1	S2	S3	S2	Legal 3		
-	~	υ	Easier Fixed	Ю	NS1 Nandina	CEF-NS1	EF-NS1	S2	S3	S2	Legal 3		
2	2	٩	Easier Fixed	∢	NS1 Aspen	PEF-NS1	EF-NS1					S3	S5
2	2	٩	Easier Fixed	Ю	NS1 Balsam	PEF-NS1	EF-NS1					S3	S5
e	ς	υ	Easier Fixed	¢	NS2 Aspen	CEF-NS2	EF-NS2	S2	S3	S2	Legal 3		
e	S	υ	Easier Fixed	Ю	NS2 Balsam	CEF-NS2	EF-NS2	S2	S3	S2	Legal 3		
4	4	٩	Easier Fixed	A	NS2 Maple	PEF-NS2	EF-NS2					S3	S5
4	4	٩	Easier Fixed	Ш	NS2 Nandina	PEF-NS2	EF-NS2					S3	S5
S	Q	υ	More Challenging Fixed	A	NS1 Oak	CMCF- NS1	MCF- NS1	S2	S3	S2	Legal 3		
ъ	Q	U	More Challenging Fixed	Ю	NS1 Pine	CMCF- NS1	MCF- NS1	S2	S3	S2	Legal 3		
\$	9	٩	More Challenging Fixed	A	NS1 Cottonwood	PMCF- NS1	MCF- NS1					S3	S5
\$	9	٩	More Challenging Fixed	Ю	NS1 Dogwood	PMCF- NS1	MCF- NS1					S3	S5
7	7	υ	More Challenging Fixed	∢	NS2 Cottonwood	CMCF- NS2	MCF- NS2	S2	S3	52	Legal 3		
2	7	U	More Challenging Fixed	Ш	NS2 Dogwood	CMCF- NS2	MCF- NS2	S2	S3	S2	Legal v3		

lnex- perienced	15	15	15	15	15	15	15
Ex- perienced	15	15	15	15	15	15	5
Number of Copies of this Package	0c	90	30	30	30	30	30
Orange	Question- naire Part 5 Orange	Question- naire Part 5 Orange	Question- naire Part 5 Orange	Question- naire Part 5 Orange	Question- naire Part 5 Orange	Question- naire Part 5 Orange	Question- naire Part 5 Orange
Blue	Maple Final TIL, Maple HUD-1, Questionnaire Part 4 Blue	Aspen Closing Disclosure, Questionnaire Part 4 Blue	Aspen Final TIL, Aspen HUD-1, Questionnaire Part 4 Blue	Maple Closing Disclosure, Questionnaire Part 4 Blue	Oak Final TIL, Oak HUD-1, Questionnaire Part 4 Blue	Cottonwood Closing Disclosure, Questionnaire Part 4 Blue	Cottonwood Final TIL, Cottonwood HUD-1, Questionnaire Part 4 Blue
Red	Maple Initial TIL, Maple GFE, Questionnaire Part 3 Red	Aspen Loan Estimate, Questionnaire Part 3 Red	Aspen Initial TIL, Aspen GFE, Questionnaire Part 3 Red	Maple Loan Estimate, Questionnaire Part 3 Red	Oak Initial TIL, Oak GFE, Questionnaire Part 3 Red	Cottonwood Loan Estimate, Questionnaire Part 3 Red	Cottonwood Initial TIL, Cottonwood GFE, Questionnaire Part 3 Red
Yellow	Questionnaire Part 2 Yellow	Questionnaire Part 2 Yellow	Questionnaire Part 2 Yellow	Questionnaire Part 2 Yellow	Questionnaire Part 2 Yellow	Questionnaire Part 2 Yellow	Questionnaire Part 2 Yellow
Green	Maple Initial TIL, Maple GFE, Nandina Initial TIL, Nandina GFE, Questionnaire Part 1 Green	Aspen Loan Estimate, Balsam Loan Estimate, Questionnaire Part 1 Green	Aspen Initial TIL, Aspen GFE, Maple Initial TIL, Maple GFE, Questionnaire Part 1 Green	Maple Loan Estimate, Nandina Loan Estimate, Questionnaire Part 1 Green	Oak Initial TIL, Oak GFE, Pine Initial TIL, Pine GFE, Questionnaire Part 1 Green	Cottonwood Loan Estimate, Dogwood Loan Estimate, Questionnaire Part 1 Green	Cottonwood Initial TIL, Cottonwood GFE, Dogwood Initial TIL, Dogwood GFE, Questionnaire Part 1 Green
Packaging Instructions							
Package Number	~ ~	5 5	ოო	4 4	വ വ	ۍ ه	с г г

Status	Туре	Version	Name Set	Question- naire (11 pages)	Answer Key	Initial TIL (2 pages)	GFE (3 pages)	Final TIL (2 pages)	HUD-1 Legal (3 pages)	Loan Est. (3 pages)	Closing Disc. (5 pages)
	More Challenging Fixed	A	NS2 Oak	PMCF- NS2	HF-NS2					S3	S5
	More Challenging Fixed	Ш	NS2 Pine	PMCF- NS2	HF-NS2					S3	S5
	Easier ARM	A	NS1 Quince	CEA-NS1	EA-NS1	S2	23	S2	Legal 3		
	Easier ARM	Ю	NS1 Redbud	CEA-NS1	EA-NS1	S2	S3	S2	Legal 3		
	Easier ARM	¢	NS1 Elm	PEA-NS1	EA-NS1					S3	S5
	Easier ARM	Ð	NS1 Fir	PEA-NS1	EA-NS1					S3	S5
	Easier ARM	A	NS2 Elm	CEA-NS2	EA-NS2	S2	23	S2	Legal 3		
	Easier ARM	В	NS2 Fir	CEA-NS2	EA-NS2	S2	S3	S2	Legal 3		
	Easier ARM	∢	NS2 Quince	PEA-NS2	EA-NS2					S3	S5
	Easier ARM	Θ	NS2 Redbud	PEA-NS2	EA-NS2					S3	S5
	More Challenging ARM	A	NS1 Spruce	CMCA- NS1	MCA- NS1	S2	S3	S2	Legal 3		
	More Challenging ARM	В	NS1 Tulip	CMCA- NS1	MCA- NS1	S2	S3	S2	Legal 3		
	More Challenging ARM	A	NS1 Gingko	PMCA- NS1	MCA- NS1					S3	S5
	More Challenging ARM	Ξ	NS1 Hornbeam	PMCA- NS1	MCA- NS1					S3	S5

QUANTITATIVE STUDY OF THE CURRENT AND INTEGRATED TILA-RESPA DISCLOSURES

	Green	Yellow	Red	Blue	Orange	Number of Copies of this Package	Ex- perienced	lnex- perienced
Oak Loan Estimate, Pine Loan Estimate, Questionnaire Part	Oak Loan Estimate, Pine Loan Estimate, Questionnaire Part 1 Green	Questionnaire Part 2 Yellow	Oak Loan Estimate, Questionnaire Part 3 Red	Oak Closing Disclosure, Questionnaire Part 4 Blue	Question- naire Part 5 Orange	30	15	15
Quince Initial TIL, Quince GFE, Redbud Initial TIL, Redbud GFE, Questionnaire Part 1 Green	, Quince tial TIL, art 1	Questionnaire Part 2 Yellow	Quince Initial TIL, Quince GFE, Questionnaire Part 3 Red	Quince Final TIL, Quince HUD-1, Questionnaire Part 4 Blue	Question - naire Part 5 Orange	30	15	ب
Elm Loan Estimate, Fir Loan Estimate, Questionnaire Part 1 Green	Û,	Questionnaire Part 2 Yellow	Elm Loan Estimate, Questionnaire Part 3 Red	Elm Closing Disclosure, Questionnaire Part 4 Blue	Question- naire Part 5 Orange	30	15	15
Elm Initial TIL, Elm GF Fir Initial TIL, Fir GFE, Questionnaire Part 1 Green	Elm GFE, Fir GFE,	Questionnaire Part 2 Yellow	Elm Initial TIL, Elm GFE, Questionnaire Part 3 Red	Elm Final TIL, Elm HUD-1, Questionnaire Part 4 Blue	Question- naire Part 5 Orange	30	15	15
Quince Loan Estimate, Redbud Loan Estimate, Questionnaire Part 1 Green	ate, nate,	Questionnaire Part 2 Yellow	Quince Loan Estimate, Questionnaire Part 3 Red	Quince Closing Disclosure, Questionnaire Part 4 Blue	Question- naire Part 5 Orange	30	15	15
Spruce Initial TIL, Spruce GFE, Tulip Initial TIL, Tulip GFE, Questionnaire Part 1 Green	pruce L, Tulip e	Questionnaire Part 2 Yellow	Spruce Initial TIL, Spruce GFE, Questionnaire Part 3 Red	Spruce Final TIL, Spruce HUD-1, Questionnaire Part 4 Blue	Question- naire Part 5 Orange	30	15	15
Gingko Loan Estimate, Hornbeam Loan Estimate, Questionnaire Part 1 Green	ate, timate,	Questionnaire Part 2 Yellow	Gingko Loan Estimate, Questionnaire Part 3 Red	Gingko Closing Disclosure, Questionnaire Part 4 Blue	Question- naire Part 5 Orange	30	15	15

Set	Status	Type	Version	Name Set	Question- naire (11 pages)	Answer Key	Initial TIL (2 pages)	GFE (3 pages)	Final TIL (2 pages)	HUD-1 Legal (3 pages)	Loan Est. (3 pages)	Closing Disc. (5 pages)
	υ	More Challenging ARM	∢	NS2 Gingko	CMCA- NS2	MCA- NS2	S2	S3	S2	Legal 3		
	U	More Challenging ARM	Ξ	NS2 Hornbeam	CMCA- NS2	MCA- NS2	S2	S3	S2	Legal 3		
	٩	More Challenging ARM	A	NS2 Spruce	PMCA- NS2	MCA- NS2					S3	S5
	٩	More Challenging ARM	ß	NS2 Tulip	PMCA- NS2	MCA- NS2					S3	S5
	υ	Easier Fixed	A	NS1 Maple	CEF-NS1	EF-NS1	S2	S3	S2	Legal 3		
	U	Easier Fixed	Δ	NS1 Nandina	CEF-NS1	EF-NS1	S2	S3	S2	Legal 3		
	٩	Easier Fixed	A	NS1 Aspen	PEF-NS1	EF-NS1					S3	S5
	٩	Easier Fixed	Ш	NS1 Balsam	PEF-NS1	EF-NS1					S3	S5
	υ	Easier Fixed	A	NS2 Aspen	CEF-NS2	EF-NS2	S2	S3	S2	Legal 3		
	υ	Easier Fixed	Ш	NS2 Balsam	CEF-NS2	EF-NS2	S2	S3	S2	Legal 3		
	٩	Easier Fixed	A	NS2 Maple	PEF-NS2	EF-NS2					S3	S5
	٩	Easier Fixed	В	NS2 Nandina	PEF-NS2	EF-NS2					S3	S5
	υ	More Challenging Fixed	4	NS1 Oak	CMCF- NS1	MCF- NS1	S2	S3	52	Legal 3		
	υ	More Challenging Fixed	В	NS1 Pine	CMCF- NS1	MCF- NS1	S2	S3	S2	Legal 3		

lnex- perienced	15	15	15	15	15	15	15
Ex- perienced	15	15	<u>5</u>	15	15	15	15
Number of Copies of this Package	30	30	30	30	30	30	30
Orange	Question- naire Part 5 Orange	Question- naire Part 5 Orange	Question- naire Part 5 Orange	Question- naire Part 5 Orange	Question- naire Part 5 Orange	Question- naire Part 5 Orange	Question- naire Part 5 Orange
Blue	Gingko Final TIL, Gingko HUD-1, Questionnaire Part 4 Blue	Spruce Closing Disclosure, Questionnaire Part 4 Blue	Nandina Final TIL, Nandina HUD-1, Questionnaire Part 4 Blue	Balsam Closing Disclosure, Questionnaire Part 4 Blue	Balsam Final TIL, Balsam HUD-1, Questionnaire Part 4 Blue	Nandina Closing Disclosure, Questionnaire Part 4 Blue	Pine Final TIL, Pine HUD-1, Questionnaire Part 4 Blue
Red	Gingko Initial TIL, Gingko GFE, Questionnaire Part 3 Red	Spruce Loan Estimate, Questionnaire Part 3 Red	Nandina Initial TIL, Nandina GFE, Questionnaire Part 3 Red	Balsam Loan Estimate, Questionnaire Part 3 Red	Balsam Initial TIL, Balsam GFE, Questionnaire Part 3 Red	Nandina Loan Estimate, Questionnaire Part 3 Red	Pine Initial TIL, Pine GFE, Questionnaire Part 3 Red
Yellow	Questionnaire Part 2 Yellow	Questionnaire Part 2 Yellow	Questionnaire Part 2 Yellow	Questionnaire Part 2 Yellow	Questionnaire Part 2 Yellow	Questionnaire Part 2 Yellow	Questionnaire Part 2 Yellow
Green	Gingko Initial TIL, Gingko GFE, Hornbeam Initial TIL, Hornbeam GFE, Questionnaire Part 1 Green	Spruce Loan Estimate, Tulip Loan Estimate, Questionnaire Part 1 Green	Maple Initial TIL, Maple GFE, Nandina Initial TIL, Nandina GFE, Questionnaire Part 1 Green	Aspen Loan Estimate, Balsam Loan Estimate, Questionnaire Part 1 Green	Aspen Initial TIL, Aspen GFE, Maple Initial TIL, Maple GFE, Questionnaire Part 1 Green	Maple Loan Estimate, Nandina Loan Estimate, Questionnaire Part 1 Green	Oak Initial TIL, Oak GFE, Pine Initial TIL, Pine GFE, Questionnaire Part 1 Green
Packaging Instructions							
Package Number	15 15	16 16	17 17	18 18	19	20	21 21

Status Type
More Challenging A NS1 Fixed
Challenging B
More Challenging A NS2 Fixed
More Challenging B NS2 Fixed Dogwood
More Challenging A NS2 Oak Fixed
More Challenging B NS2 Pine Fixed
Easier ARM A NS1 Quince
Easier ARM B NS1 Redbud
Easier ARM A NS1 Elm
Easier ARM B
Easier ARM A NS2 Elm
Easier ARM B NS2 Fir
Easier ARM A NS2 Quince
Easier ARM B NS2 Redbud

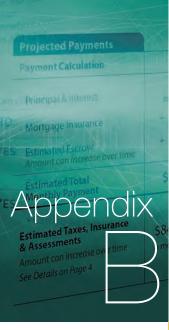
Green		Yellow	Red	Blue	Orange	Number of Copies of this Package	Ex- perienced	lnex- perienced
Cottonwood Loan Estimate, Dogwood Loan Estimate, Questionnaire Part 1 Green		Questionnaire Part 2 Yellow	Dogwood Loan Estimate, Questionnaire Part 3 Red	Dogwood Closing Disclosure, Questionnaire Part 4 Blue	Question- naire Part 5 Orange	30	15	15
Cottonwood Initial TIL, Cottonwood GFE, Dogwood Initial TIL, Dogwood GFE, Questionnaire Part 1 Green		Questionnaire Part 2 Yellow	Dogwood Initial TIL, Dogwood GFE, Questionnaire Part 3 Red	Dogwood Final TIL, Dogwood HUD-1, Questionnaire Part 4 Blue	Question- naire Part 5 Orange	30	15	5
Oak Loan Estimate, Pine Loan Estimate, Questionnaire Part 1 Green	-	Questionnaire Part 2 Yellow	Pine Loan Estimate, Questionnaire Part 3 Red	Pine Closing Disclosure, Questionnaire Part 4 Blue	Question- naire Part 5 Orange	30	15	15
Quince Initial TIL, Quince GFE, Redbud Initial TIL, Redbud GFE, Questionnaire Part 1 Green	O di	Questionnaire Part 2 Yellow	Redbud Initial TIL, Redbud GFE, Questionnaire Part 3 Red	Redbud Final TIL, Redbud HUD-1, Questionnaire Part 4 Blue	Question- naire Part 5 Orange	30	15	15
Elm Loan Estimate, Fir Loan Estimate, Questionnaire Part 1 Green		Questionnaire Part 2 Yellow	Fir Loan Estimate, Questionnaire Part 3 Red	Fir Closing Disclosure, Questionnaire Part 4 Blue	Question- naire Part 5 Orange	30	15	15
Elm Initial TIL, Elm GFE, Fir Initial TIL, Fir GFE, Questionnaire Part 1 Green	O di	Questionnaire Part 2 Yellow	Fir Initial TIL, Fir GFE, Questionnaire Part 3 Red	Fir Final TIL, Fir HUD-1, Questionnaire Part 4 Blue	Question- naire Part 5 Orange	30	15	15
Quince Loan Estimate, Redbud Loan Estimate, Questionnaire Part 1 Green		Questionnaire Part 2 Yellow	Redbud Loan Estimate, Questionnaire Part 3 Red	Redbud Closing Disclosure, Questionnaire Part 4 Blue	Question- naire Part 5 Orange	30	15	15

APPENDIX A: FINAL QUESTIONNAIRE NAME SET DISTRIBUTION

				Version	Name Set	Question- naire (11 pages)	Answer Key	es)	GFE (3 pages)	Final TIL (2 pages)	HUD-1 Legal (3 pages)	Loan Est. (3 pages)	Closing Disc. (5 pages)
13 C More Challenging A R ARM SF	More Challenging A ARM	4		Sp _	NS1 oruce	CMCA- NS1	MCA- NS1	S2	S3	S2	Legal 3		
13 C More Challenging B ARM	More Challenging B ARM	В			NS1 Tulip	CMCA- NS1	MCA- NS1	S2	S3	S2	Legal 3		
14 P More Challenging A G G	More Challenging A ARM	Challenging A		G	NS1 Gingko	PMCA- NS1	MCA- NS1					S3	S5
14 P More Challenging B Hoi	More Challenging B ARM	Challenging B		Ноі	NS1 nbeam	PMCA- NS1	MCA- NS1					S3	S5
15 C More Challenging A G A	More Challenging A ARM	Þ		- 0	NS2 ingko	CMCA- NS2	MCA- NS2	S2	S3	S2	Legal 3		
15 C More Challenging B N ARM	More Challenging B ARM	8	-	Norr	JS2 Ibeam	CMCA- NS2	MCA- NS2	S2	S3	S2	Legal 3		
16 P More Challenging A S ARM	More Challenging A ARM	A		S	NS2 Spruce	PMCA- NS2	MCA- NS2					S3	S5
16 P More Challenging B ARM	More Challenging B ARM	Δ			NS2 Fulip	PMCA- NS2	MCA- NS2					S3	S5

Green	Yellow	- - - - -	Blue Blue	Orange	Number of Ex- Copies of this perienced Package		Inex- perienced
Spruce Initial TIL, Spruce Questionnair GFE, Tulip Initial TIL, Tulip Part 2 Yellow GFE, Questionnaire Part 1 Green	Yello	Questionnaire Tulip Initial Part 2 Yellow TIL, Tulip GFE, Questionnaire Part 3 Red	Tulip Final TIL, Tulip HUD-1, Questionnaire Part 4 Blue	Question- naire Part 5 Orange	30	го	<u>-</u> - -
Gingko Loan Estimate, Hornbeam Estimate, Questionnaire Part 1 Green	onna (ello	Questionnaire Hornbeam Part 2 Yellow Loan Estimate, Questionnaire Part 3 Red	Hornbeam Closing Disclosure, Questionnaire Part 4 Blue	Question- naire Part 5 Orange	30	5	15
Gingko Initial TIL, Gingko GFE, Hornbeam Prelim TIL, Hornbeam GFE, Questionnaire Part 1 Green	ello	aire Hornbeam w Initial TIL, Hornbeam GFE, Questionnaire Part 3 Red	Hornbeam Final TIL, Hornbeam HUD-1, Questionnaire Part 4 Blue	Question- naire Part 5 Orange	30	5	15
Spruce Loan Estimate, Tulip Loan Estimate, Questionnaire Part 1 Green	inervoll	aire Tulip Loan w Estimate, Questionnaire Part 3 Red	Tulip Closing Disclosure, Questionnaire Part 4 Blue	Question- naire Part 5 Orange	30	- <u>1</u>	15

A-12



Proctor Script

"Read Aloud" Instructions for Study Proctor

Introduction to Study (5 minutes)

Thank you for participating in our study. In the study, you will be asked to review certain documents and answer questions based on information presented in those documents. It may feel as if we are testing you, but we are interested in how well these documents work. Today, each of you will receive the same sets of questions. However, your documents may look different than those provided to other participants, and you may receive a different number of documents for each part. Also, the numbers in the documents may be different for each person in the room, so your answers may be different as well. Don't worry if your documents or answers do not look like those of your neighbor. Please work carefully. We are interested in your thoughtful responses to the documents presented to you. The entire study takes about 60 minutes and I will give you an estimate of how long each task may take. You can stop participating at any time. The study is divided into several parts:

- The materials for each part are in the LARGE GREEN envelope in front of you.
- Within the envelope are 5 colored envelopes, one for each part of our study today.
- As we begin each part, I will ask you to remove a particular colored envelope and to take out documents and/or a questionnaire. Remember that you may have a different number of documents than other people. Also, the questionnaire may refer to documents in the plural, but you may have only one. That is okay. Other people may have multiple documents.
- When you complete a part, please wait until I ask you to proceed. This will ensure that everyone is together at the start of each new part.
- I will also ask you to place your colored envelopes and completed materials back into the large GREEN envelope.
- I am happy to answer questions about the process and the testing procedures. However, I am not familiar with the content.

Are there any questions before we begin?

Part 1 (10 minutes)

Let's get started on Part 1. Here is the scenario for Part 1:

Assume that you have found a home you want to purchase and are now shopping for a mortgage loan. You have talked to loan officers at two different banks about taking out a mortgage. Each of the two banks gives you application disclosures when you apply that explain the costs and features of their loan product.

Please remove the PURPLE envelope from your large GREEN envelope. Make sure that it is marked Part 1. Now, please open the PURPLE envelope and pull out the two paper clipped sets of information. These are the application disclosures you would receive from two different banks. Do NOT remove the questionnaire—which is on YELLOW paper.

Look through these application disclosures carefully and think about which loan you would prefer. You may mark on the documents if you want.

It should take you about 5 minutes to complete this part. I will let you know when you are halfway through the five minutes and will give you a one minute warning.

When you are finished, please put down your pencil and the documents and look up so I know you are finished. Ready? Please start.

(Wait 2.5 minutes and say: "We are now halfway through the time.")

(Wait 4 minutes and say: "You have one more minute to review the two documents.")

(Wait 5 minutes or until all participants have finished. If needed, give participants one additional minute, then say: "If you have not finished, that's fine. We are going to move on to the next section.")

Now, please take out the questionnaire on YELLOW paper that is in the PURPLE envelope in front of you. Check to make sure that the questionnaire says "Part 1" on the top.

While you answer the questions, please look at the loan information you examined. Please work carefully. You have five minutes to complete this questionnaire. I will give you a one minute warning so you know how much time is left to complete this task.

When you are finished, put down the questionnaire and your pencil and look up so I know you are ready.

Ready to begin? Please start.

(Wait 4 minutes and say: "You have one more minute to complete this task.")

(Wait 5 minutes or until all participants have finished. If needed, give participants one additional minute, then say: "If you have not finished, that's fine. We are going to move on to the next section.")

Thank you.

Please put the YELLOW questionnaire ONLY back into the PURPLE envelope and then put the PURPLE envelope back into the large GREEN envelope. Please keep the application disclosures in front of you.

Part 2 (8 minutes)

Now take out the YELLOW envelope. You can take the YELLOW questionnaire out of the YELLOW envelope. Check to make sure that the questionnaire says "Part 2" on the top.

You will need to look at the same two application disclosures we used in part one to answer these questions in Part 2. Please work carefully. It should take you approximately 10 minutes to complete this task.

I will give you both a 5 minute warning when you are halfway through the 10 minutes and also give you a one minute warning.

When you are finished, put down the questionnaire and your pencil and look up so I know you are ready.

Ready to begin? Please start.

(Wait 4 minutes and say: "We are now halfway through the time.")

(Wait 3 more minutes and say: "You have one more minute to review the two documents.")

(Wait 8 minutes or until all participants have finished. If needed, give participants one additional minute, then say: "If you have not finished, that's fine. We are going to move on to the next section.")

Thank you.

Please place the questionnaire you just completed AND all of the application disclosures you just reviewed into the YELLOW envelope and put the YELLOW envelope back into the large GREEN envelope.

Part 3 (12 minutes)

Now take out the BROWN envelope. Remove the questionnaire and the application disclosure(s). Remember that you may have different numbers of documents. Check to make sure that the questionnaire says "Part 3" on the top. Note that this loan information is identical to one of the application disclosure(s) you just looked at. It may not be the loan you selected in Part 1, but we want you to use this loan.

You will need to look at the loan information to answer these questions. Please work carefully. You will have about 15 minutes to complete this part.

I will let you know when you are halfway through the 15 minutes and will also give you a one minute warning.

When you are finished, put down the questionnaire and look up so I know you are ready. Are you ready? Please start.

(Wait 6 minutes and say: "We are now halfway through the time.")

(Wait 6 more minutes and say: "You have one more minute to review the two documents.")

(Wait 1 MORE minute or until all participants have finished. If needed, give participants one additional minute, then say: "If you have not finished, that's fine. We are going to move on to the next section.")

Please place the questionnaire back into the BROWN envelope and put the BROWN envelope back into the large GREEN envelope. Leave the application disclosure(s) you reviewed out in front of you for the next task.

Part 4 (10 minutes)

Now assume that you have decided to get your loan from the bank whose application disclosure(s) are in front of you. This bank has approved your loan and you are now ready to close or settle on the loan. The bank now gives you final loan disclosures that provide the final details about the costs and features associated with your loan.

Now take out the BLUE envelope. Do NOT remove the questionnaire which is on YELLOW paper. Please remove the clipped set of information. This set is the final disclosure(s) and has the final information you will need to close/settle on your loan.

Look through the information on the final disclosure(s) and compare it to the information on the application disclosure(s).

You will have about 5 minutes to look over these documents. I will let you know when you are halfway through the 5 minutes and will also give you a one minute warning.

When you are finished, put down the documents and your pencil and look up so I know you are ready. Are you ready? Please start.

(Wait 5 minutes and say: "We are now halfway through the time.")

(Wait 4 more minutes and say: "You have one more minute to review the two documents.")

(Wait 5 minutes or until all participants have finished. If needed, give participants one additional minute, then say: "If you have not finished, that's fine. We are going to move on to the next section.")

Now pull out the questionnaire that is on YELLOW paper in the BLUE envelope. Check to make sure that the questionnaire says "Part 4" on the top.

You will need to look at the application and final disclosure(s) to answer these questions. Please work carefully. This task should take you about 2 minutes to complete.

When you are finished, put down the questionnaire and your pencil and look up so I know you are ready. Ready? Please start.

(Wait 1 minute and say: "You have one more minute to review the two documents.")

(Wait 1 more minute or until all participants have finished. If needed, give participants one additional minute, then say: "If you have not finished, that's fine. We are going to move on to the next section.")

Thank you.

Keep all of the loan documents you just reviewed out with you.

Please put ONLY the YELLOW questionnaire back in the BLUE envelope. Now put the BLUE envelope into the GREEN envelope.

Part 5 (5 minutes)

Now take out the ORANGE envelope. Take out the YELLOW questionnaire in the ORANGE envelope. Check to make sure that the questionnaire says "Part 6" on the top.

Please look at the application and the final disclosures to answer these questions. Please work carefully. This task should take you about 5 minutes to complete.

I will let you know when you are halfway through the 5 minutes and will give you a one minute warning.

When you are finished, put down the questionnaire and your pencil and look up so I know you are ready. Ready? Please start.

(Wait 2.5 minutes and say: "We are now halfway through the time.")

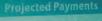
(Wait 4 minutes and say: "You have one more minute to review the two documents.")

(Wait 5 minutes or until all participants have finished. If needed, give participants one additional minute, then say: "If you have not finished, that's fine. We are going to move on to the next section.")

Thank you.

Now, please place both the YELLOW questionnaire and all of the loan disclosures into the ORANGE envelope. Please put the ORANGE envelope into the GREEN envelope.

You have completed the entire set of tasks. Thank you for participating in the group. Please leave all materials in the GREEN envelope in front of you -- do not take any materials with you out of the room. You can pick up your check at the front desk.



Payment Calculation

Principal & Interest

Mortgage Insurance

Estimated Escrow Amount can increase over time

Estimated Taxes, Insurance & Assessments Amount can increase See Details on Page

Questionnaire

A total of 16 different questionnaires were used for this survey based on the mortgage disclosure documents provided by the CFPB. Each of these questionnaires corresponds to a mortgage disclosure name set. The following questionnaire was used for the current disclosures and the Easier Fixed A and B (Maple Bank and Nandina Bank) loans. The questionnaires were identical except for the bank names and that the phrase "closing costs" instead of "settlement charges" was used for the proposed disclosures.

CFPB Mortgage Study Part 1

(GREEN Envelope)

You can look at the paper-clipped application disclosures for the two loans from the GREEN envelope to answer these questions. Please work carefully.

- 1. If you were shopping for a mortgage loan and had to choose between these two loans, which one would you choose?
 - __ Maple Bank
 - __ Nandina Bank
 - __ Either is fine/ Prefer both equally
 - __ Don't know
- 2. Why did you make that selection? Please explain your thinking in as much detail as possible in the space below.

WHEN YOU ARE FINISHED, PLEASE WAIT FOR FURTHER INSTRUCTIONS FROM THE PROCTOR.

CFPB Mortgage Study Part 2

(YELLOW Envelope)

You will need to look at the same paper-clipped application disclosures from Part 1 to answer these questions. Please work carefully.

- 3. How do these two loans compare in terms of the amount of money you are borrowing?
 - __ I am borrowing less with Maple Bank
 - __ I am borrowing less with Nandina Bank
 - ___ I am borrowing the same amount with either Maple Bank or Nandina Bank
 - __ Don't know
- 4. How do these two loans compare in terms of interest rate in year 1?
 - __ Maple Bank has a higher interest rate in year 1
 - ___ Nandina Bank has a higher interest rate in year 1
 - ___ Maple Bank and Nandina Bank have the same interest rate in year 1
 - __ Don't know
- 5. How do these two loans compare in terms of points paid?
 - __ Maple Bank has more points
 - __ Nandina Bank has more points
 - ___ Both Maple Bank and Nandina Bank have the same points
 - __ Don't know
- 6. How do these two loans compare in terms of escrow account?
 - ___ Only Maple Bank shows an escrow account
 - ___ Only Nandina Bank shows an escrow account
 - ___ Both Maple Bank and Nandina Bank show an escrow account
 - ___ Neither Maple Bank nor Nandina Bank shows an escrow account
 - __ Don't know

- 7. How do these two loans compare in terms of the Annual Percentage Rate (APR)?
 - __ Maple Bank has a lower APR
 - __ Nandina Bank has a lower APR
 - ___ Both Maple Bank and Nandina Bank have the same APR
 - __ Don't know
- 8. How do these two loans compare in terms of changes in estimated total monthly payment?
 - ___ Only the total monthly payment for Maple Bank will change (YOU ARE FINISHED WITH THIS SECTION. PLEASE WAIT FOR FURTHER INSTRUCTIONS.)
 - ___ Only the total monthly payment for Nandina Bank will change (YOU ARE FINISHED WITH THIS SECTION. PLEASE WAIT FOR FURTHER INSTRUCTIONS.)
 - ___ The total monthly payment for both banks will change (CONTINUE TO Q9.)
 - ___ The total monthly payment for neither bank will change (YOU ARE FINISHED WITH THIS SECTION. PLEASE WAIT FOR FURTHER INSTRUCTIONS.)
 - __ Don't know (YOU ARE FINISHED WITH THIS SECTION. PLEASE WAIT FOR FURTHER INSTRUCTIONS.)
- 9. For which loan does the estimated total monthly payment change first?
 - __ Maple Bank
 - __ Nandina Bank
 - __ The estimated total monthly payment for both banks changes at the same time
 - __ Don't know
- 10. How do these two loans compare in terms of the highest estimated total monthly payment over the life of the loan?
 - ___ The highest estimated total monthly payment for Maple Bank is larger
 - __ The highest estimated total monthly payment for Nandina Bank is larger
 - ___ Both Maple Bank and Nandina Bank have the same highest estimated total monthly payment
 - __ Don't know

WHEN YOU ARE FINISHED, PLEASE WAIT FOR FURTHER INSTRUCTIONS FROM THE PROCTOR.

CFPB Mortgage Study Part 3

(RED envelope)

You will need to look at the application disclosures from the RED envelope to answer these questions. Please work carefully.

11. What is the loan amount?

_____ Dollars

__ Don't know

12. What is the interest rate in year 1?

_____ %

__ Don't know

13. Can the interest rate change over the life of the loan?

- __ Yes (CONTINUE TO Q14)
- ___ No (SKIP TO Q15)
- __ Don't know (SKIP TO Q15)

14. When can the interest rate first change?

__ Don't know

15. Can the scheduled principal and interest payment change over the life of the loan?

__ Yes

__ No

__ Don't know

- 16. How much are your estimated settlement charges?
 - _____ Dollars
 - __ Don't know
- 17. Which of the following, if any, are settlement charges you will pay for? Please check all that apply.
 - __ Homeowner's association (HOA) dues
 - __ Real estate agent fee
 - __ Appraisal fee
 - __ Transfer taxes
 - __ Credit report fee
 - __ None of the above
 - __ Don't know
- 18. When you make your first total monthly payment, for how much will you write the check (or make an electronic payment)?
 - ____ Dollars
 - __ Don't know
- 19. Which of the following settlement services, if any, can you shop for? Please check all that apply.
 - __ Pest inspection
 - __ Appraisal
 - __ Credit report
 - __ Survey
 - __ Settlement agent
 - __ None of the above
 - __ Don't know

- 20. When is your final scheduled payment?
 - ___ At the end of 5 years
 - __ At the end of 7 years
 - ___ At the end of 15 years
 - ___ At the end of 30 years
 - __ None of the above
 - __ Don't know
- 21. Does this lender collect payments from you for upcoming taxes, insurance, or other expenses, hold them in a reserve fund, and later make payments out of this fund on your behalf?
 - __ Yes
 - __ No
 - __ Don't know
- 22. Suppose that you took out this loan and then one year later you wanted to refinance the loan with a different lender to get a better rate. To get out of this loan, will you have to:
 - __ Pay off the remaining balance
 - ___ Pay off the remaining balance plus additional fees
 - __ Pay less than the remaining balance
 - __ Don't know
- 23. What is the Annual Percentage Rate (APR) for this loan?
 - __ %
 - __ Don't know

- 24. If you make all scheduled total monthly payments, how much principal will you have paid in 5 years?
 - ___ More than the sum of your total monthly payments over 5 years
 - ___ Less than the sum of your total monthly payments over 5 years
 - ___ Equal to the sum of your total monthly payments over 5 years
 - __ Don't know
- 25. Does this loan have mortgage insurance?
 - __ Yes (CONTINUE TO Q26)
 - ___ No (YOU ARE FINISHED WITH THIS SECTION. PLEASE WAIT FOR INSTRUCTIONS.)

__ Don't know (YOU ARE FINISHED WITH THIS SECTION. PLEASE WAIT FOR INSTRUCTIONS.)

26. How much is the first monthly payment for mortgage insurance?

_____ Dollars

__ Don't know

WHEN YOU ARE FINISHED, PLEASE WAIT FOR FURTHER INSTRUCTIONS FROM THE PROCTOR.

CFPB Mortgage Study Part 4

(BLUE envelope)

You will need to look at the application and the final disclosures from the BLUE envelope to answer these questions. Please work carefully.

27. What is the loan amount on the final disclosures?

- 28. How do the application disclosures and the final disclosures compare in terms of the loan amount at settlement?
 - __ Loan amount is the same (SKIP TO Q30)
 - __ Loan amount is not the same (CONTINUE TO Q29)
 - __ Don't know (SKIP TO Q30)
- 29. Why did the loan amount change on the final disclosures?

__ Don't know

- 30. How do the application disclosures and the final disclosures compare in terms of the interest rate in year 1?
 - __ Interest rate in year 1 is the same (SKIP TO Q32)
 - ___ Interest rate in year 1 is not the same (CONTINUE TO Q31)
 - __ Don't know (SKIP TO Q32)

31. Why are the interest rates different?

__ Don't know

- 32. How do the application disclosures and the final disclosures compare in terms of settlement charges?
 - ___ Settlement charges are the same (SKIP TO Q34)
 - ___ Settlement charges are not the same (CONTINUE TO Q33)
 - __ Don't know (SKIP TO Q34)

33. List the name of one settlement charge that has a different amount.

34. How do the application disclosures and the final disclosures compare in terms of an escrow account?

- ___ Only the application disclosures show an escrow account (SKIP TO Q36)
- ___ Only the final disclosures show an escrow account (SKIP TO Q36)
- ___ Both the application disclosures and the final disclosures show an escrow account, and the items included are the same (SKIP TO Q36)
- __ Both the application disclosures and the final disclosures show an escrow account, but the items included are different (CONTINUE TO Q35)
- __ Neither the application disclosures nor the final disclosures show an escrow account (SKIP TO Q36)
- __ Don't know (SKIP TO Q36)

35. List the name of one escrow account item that is different.

LOOK ONLY AT THE FINAL DISCLOSURES TO ANSWER THE REMAINING QUESTIONS IN THIS SECTION.

36. Looking only at the final disclosures, what is the amount of cash you need at settlement?

_____ Dollars

__ Don't know

- 37. Looking only at the final disclosures, if you make the scheduled total monthly payments, will the loan amount increase after closing?
 - __ Yes

__ No

- __ Don't know
- 38. Looking only at the final disclosures, what is the amount of the highest possible monthly principal and interest payment?

_____ Dollars

__ Don't know

- 39. Looking only at the final disclosures, does the scheduled monthly principal and interest payment change after closing?
 - ___ Principal and interest payments remain the same (SKIP TO Q42)
 - ___ Principal and interest payments change (CONTINUE TO Q40)
 - __ Don't know (SKIP TO Q42)
- 40. Looking only at the final disclosures, when is the principal and interest payment first scheduled to change?

_____ (CONTINUE TO Q41)

___ Don't know (SKIP TO Q42)

41. After the first change, how often can the scheduled principal and interest payment change?

Every _____ year(s)

__ Never

__ Don't know

42. Do you have any comments about the final loan terms and costs?

WHEN YOU ARE FINISHED, PLEASE WAIT FOR FURTHER INSTRUCTIONS FROM THE PROCTOR.

CFPB Mortgage Study Part 5

(ORANGE envelope)

Please tell us how much you agree or disagree with each of the following statements about the application disclosures using the scale shown below.

	Strongly Disagree	Disagree	Neither Disagree Nor Agree	Agree	Strongly Agree
43. The application disclosures were easy to read and understand					
44. The application disclosures made it easy to compare the two loan offers					
45. It was hard to find the information I needed on the application disclosures for most questions					

Please tell us how much you agree or disagree with each of the following statements about the final disclosures using the scale shown below.

	Strongly Disagree	Disagree	Neither Disagree Nor Agree	Agree	Strongly Agree
46. The final disclosures were easy to read and understand					
47. It was easy to compare the final disclosures with the application disclosures					
48. It was hard to find the information I needed on the final disclosures for most questions					

WHEN YOU ARE FINISHED, PLEASE WAIT FOR FURTHER INSTRUCTIONS FROM THE PROCTOR

Projected Payments

Payment Calculation

Principal & Interest

Mortgage Insurance

Estimated Escrow Amount can increase over time

Estimated Taxes, Insurance & Assessments Amount can increase of Can Details on Page 4

Recruiting Script

[DISPLAY]

To start, we have a few questions to make sure we ask the right questions of the right people.

[SP]

[PROMPT IF SKIPPED]

Q1. Are you a mortgage loan broker, lender, loan originator, or settlement agent?

Yes.....1 No.....2

[TERMINATE IF Q1 = 1 OR REFUSED AND DISPLAY THE TEXT BELOW:]

We are sorry, but this study is focused on people who are less familiar with the real estate industry. Thank you for taking our survey.

[ASK IF Q1 = 2]

[SP]

Q2. Are you a realtor, appraiser, or title insurer, or do you work in an office that deals with real estate transactions?

Yes.....1 No2

[TERMINATE IF Q2 = 1 OR REFUSED AND DISPLAY THE TEXT BELOW:]

We are sorry, but this study is focused on people who are less familiar with the real estate industry. Thank you for taking our survey.

[ASK IF Q2 = 2] [SP]

Q3. Would you be involved in the decision in your household about choosing and closing on a mortgage loan to buy a house or refinance?

Yes, I am involved in the decision-making......1 No2

[TERMINATE IF Q3 = 2 OR REFUSED AND DISPLAY THE TEXT BELOW:]

We are sorry, but the focus of our study requires us to get information from a person who is involved in making financial decisions. Thank you for taking our survey.

[ASK IF Q3 = 1] [SP] [PROMPT IF SKIPPED] [TERMINATE IF Q4 REFUSED]

Q4. Next, have you **ever** bought a house and financed it with a mortgage loan?

Yes, bought1
Yes, refinanced2
No3

[IF Q4 = 1 OR 2 SKIP TO Q6] [IF Q4 = 3 CONTINUE TO Q5]

[SP]

Q5. Do you intend to buy a house and finance it with a mortgage loan within the next...?

5 years	1
10 years	2
15 years	3
No	4

$[IF Q5 = 1, 2 OR 3 SKIP TO Q14] \\ [TERMINATE IF Q5 = 4 OR REFUSED AND \\ DISPLAY THE FOLLOWING TEXT:]$

We are sorry, but the focus of this study is on people who will be taking out mortgages. Thank you for taking our survey.

[ASK IF Q4 = 1 OR 2] [SP]

Q6. Have you bought a house and financed it or refinanced a mortgage in the past 5 years?

Yes, bought1	
Yes, refinanced2	
No3	

[ASK Q7 ONLY IF Q6 = 3; IF Q6 = 1 OR 2 SKIP TO Q8]

[SP]

Q7. Do you intend to buy a house and finance it with a mortgage loan again or refinance again within the next...?

5 years1
10 years2
15 years
No4

[IF Q7 = 1, 2 OR 3 SKIP TO Q14]

[TERMINATE IF Q7 = 4 OR REFUSED AND DISPLAY THE FOLLOWING TEXT:]

We are sorry, but the focus of this study is on people who will be taking out mortgages. Thank you for taking our survey.

[ASK Q8 ONLY IF Q6 = 1 OR 2] [SP]

Q8. Have you experienced a delinquency, default, or foreclosure within the past 5 years?

Yes	1
No	2

NO Q9 – Q13.

[SP] [PROMPT ONCE]

Q14. The Consumer Financial Protection Bureau has posted mortgage disclosure forms and a proposed rule about the forms on its website. Have you seen these forms, commented on them, or previously participated in a study about mortgage disclosure forms conducted by Kleimann Communication Group?

Yes1	
No2	

[TERMINATE IF Q14 = 1 OR REFUSED AND DISPLAY THE FOLLOWING TEXT:]

We are sorry, but you do not fit the background we need for participation in this particular study. Thank you for taking our survey.

[ASK IF Q14 = 2] [SP]

Q14a. Which of the following statements comes closest to describing the amount of financial risk that you (and your husband/wife/partner) are willing to take when you save or make investments?

[SP]

Q14b. In planning or budgeting your (family's) saving and spending, which of the following time periods is most important to you (and your family living here)?

Next few months1
Next year2
Next few years3
Next 5-10 years4
Longer than 10 years5

[SP]

Q14c. At this time, do you have a good idea of what your (family's) income for next year will be?

Yes1	
No2	2

[SP]

Q14d. Do you usually have a good idea of what your (family's) next year's income will be?

Yes1	
No	2

[SP]

Q14e. Five years from now, do you think interest rates will be higher, lower, or about the same as today?

Higher1
Lower2
About the same3

Q14f. Would you describe the area you live in as...

Ruralŕ	1
Suburban2	2
Urban	3

NO Q15.

[ASK IF Q14 = 2] [SP] [PROMPT IF SKIPPED]

Q16. Congratulations! You have qualified to receive 75,000 points by participating in an in-person interview. The interview sessions are conducted by GfK in the [CITY, STATE] area and will be held at the following location:

NAME ADDRESS

ADDRESS 2

The interviews take approximately 60 minutes. During the interview, you will be asked to evaluate disclosures people receive when purchasing or refinancing a house. The interviews will take place between DATE1 and DATE2 in the evening hours.

Would you be willing to come to the office, participate in an observed session, and provide us with feedback about your experience?

Yes1	
No2	

[Show Display if Q16 = 1] [DISPLAY]

Thank you! We are glad you are interested in participating. A GfK representative will call you to schedule your specific interview time.

[STANDARD KN CLOSE]

Projected Payments

Payment Calculation

Principal & Interest

Mortgage Insurance

Estimated Escrow Amount can increase over time

Estimated Taxes, Insurance

Amount can increase over See Details on Page 4

KnowledgePanel Background

KnowledgePanel members are recruited through national random samples, originally by telephone and now almost entirely by postal mail. Households are provided with access to the Internet and hardware, if needed. Unlike Internet convenience panels, also known as "opt-in" panels, that include only individuals with Internet access who volunteer themselves for research, KnowledgePanel recruitment uses dual sampling frames that include both listed and unlisted telephone numbers, telephone and non-telephone households, and cell-phone-only households, as well as households with and without Internet access. Only persons sampled through these probability-based techniques are eligible to participate on KnowledgePanel. Unless invited to do so as part of these national samples, no one can volunteer to be on the panel. To offset attrition, multiple recruitment samples are fielded evenly throughout the calendar year.

Building the KnowledgePanel: RDD Sampling Methodology

KnowledgePanel recruitment methodology has used the quality standards established by selected RDD surveys conducted for the Federal government, such as the CDC-sponsored National Immunization Survey. To build the KnowledgePanel, the recruitment employed list-assisted RDD sampling techniques based on a sample frame of the U.S. residential landline telephone universe. For purposes of efficiency, only those banks of telephone numbers (a bank consists of 100 numbers) that had fewer than two directory listings were excluded. Additionally, an oversampling was conducted within a stratum of telephone exchanges that had high concentrations of African American and Hispanic households based on Census data. Recruitment sampling is done without replacement, thus numbers already fielded do not get fielded again. A telephone number for which a valid postal address can be matched occurred in about 67-70% of each sample. These address-matched cases were all mailed an advance letter informing them that they had been selected to participate in KnowledgePanel. For purposes of efficiency, the unmatched numbers were most recently under-sampled at a rate of 0.75 relative to the matched numbers. Both the minority over-sampling and this under-sampling of non-address households were adjusted appropriately in the panel's weighting procedures.

Following the mailings, telephone recruitment by trained interviewers/recruiters began for all sampled telephone numbers. Telephone numbers for cases sent to recruiters were dialed for up to 90 days, with at least 14 dial attempts for cases in which no one answered the phone, and for numbers known to be associated with households. Extensive refusal conversion was also performed. The recruitment interview, about 10 minutes in length, began with informing the household member that the household had been selected to join KnowledgePanel. If the household did not have a computer and access to the Internet, the household member was told that in return for completing a short survey weekly, the household would be provided with free monthly Internet access and a laptop computer (in the past, the household was provided with a WebTV device). All members of the household were enumerated, and some initial demographic and background information on prior computer and Internet use was collected.

Households that informed recruiters that they had a home computer and Internet access were asked to take surveys using their own equipment and Internet connection. Incentive points per survey, redeemable for cash, are given to these "PC" (personal computer) respondents for completing their surveys. Panel members provided with a laptop computer and free Internet access do not participate in this per-survey points-incentive program. However, all panel members receive special incentive points for select surveys to improve response rates and/or for all longer surveys as a modest compensation for the extra burden of their time and participation.

For those panel members receiving a laptop computer, each unit is custom-configured prior to shipment with individual email accounts so that it is ready for immediate use by the household. Most households are able to install the hardware without additional assistance, although a toll-free telephone line is available for technical support. The Call Center contacts household members who do not respond to e-mail and attempts to restore both contact and participation. PC panel members provide their own e-mail addresses and receive their weekly survey invitations at that e-mail account.

All new panel members receive an initial survey for the dual purpose of welcoming them as new panel members and introducing them to how online survey questionnaires work. New panel members also complete a separate profile survey that collects essential demographic information, such as gender, age, race, income, and education to create a personal member profile. This information can be used to determine eligibility for specific studies and is factored in for weighting purposes. Operationally, once the profile information is stored, it does not need to be re-collected as a part of each and every survey. This information is also updated annually for all panel members. Once new members have completed their profile surveys, they are designated as "active," and considered ready to be sampled for client studies. [Note: Parental or legal guardian consent is also collected for the purpose of conducting surveys with teenage panel members, aged 13 to 17.]

Once a household is recruited and each household member's e-mail address is either obtained or provided, panel members are sent survey invitations linked through a personalized e-mail message (instead of by phone or postal mail). This contact method permits surveys to be fielded quickly and economically, and also facilitates longitudinal research. In addition, this approach reduces the burden placed on respondents, since e-mail notification is less intrusive than telephone calls and allows research subjects to participate in research when it is convenient for them.

Transitioning to an Address-Based Sampling (ABS) Methodology

For the first KnowledgePanel recruitment in 1999, the conventional opinion among survey experts was that probability-based sampling could be carried out cost effectively through the use of a national RDD sample. The RDD landline frame at the time allowed access to 96% of U.S. households. This is no longer the case. In 2009, the use of the ABS sample frame for panel recruitment reflected the real changes in society and telephony over recent years. Those changes that have reduced the long-term scientific viability of landline RDD sampling methodology are as follows:

- Declining respondent cooperation in telephone surveys as reflected in "do not call" lists, call screening, caller-ID devices, and answering machines;
- The dilution of the RDD sample frame as measured by the working telephone number rate; and
- The emergence of cell-phone-only households (CPOHH) because such households are excluded from the RDD frame because they have no landline telephone.

According to the Centers for Disease Control and Prevention (January-June 2010), approximately 28.6% of all U.S. households cannot be contacted through RDD sampling—26.6% as a result of CPOHH status and 2% because they have no telephone service whatsoever. Among some age segments, the RDD non-coverage would be substantial: 40% of young adults, ages 18–24, reside in CPOHHs, 51% of those ages 25–29 reside in CPOHHs, as do 40% of those ages 30–34.⁴⁶

After conducting an extensive pilot project in 2008, the decision was made to move toward an address-based sample (ABS) frame in response to the growing number of CPOHHs that are outside the RDD frame. Before conducting the ABS pilot, we also experimented with supplementing the RDD samples with cell-phone samples. However, this approach was not cost effective—and raised a number of other operational, data quality, and liability issues (for example, calling cell phones while respondents were driving).

⁴⁶ Blumberg, S.J. and J.V. Luke. December 2010. Wireless substitution: Early release of estimates from the National Health Interview Survey, January–June 2010. National Center for Health Statistics. Available from: http://www.cdc.gov/nchs/ nhis.htm.

Building the KnowledgePanel: Address-Based Sampling (ABS) Methodology

The key advantage of the ABS sample frame is that it allows sampling of almost all U.S. households. An estimated 97% of households are "covered" in sampling nomenclature. Regardless of household telephone status, those households can be reached and contacted through postal mail. Second, the ABS pilot project revealed several additional advantages beyond expected improvement in recruiting adults from CPOHHs:

- Improved sample representativeness for minority racial and ethnic groups
- Improved inclusion of lower educated and low income households
- Exclusive inclusion of the fraction of CPOHHs that have neither a landline telephone nor Internet access (approximately 4% to 6% of U.S. households).

ABS involves probability-based sampling of addresses from the U.S. Postal Service's Delivery Sequence File. Randomly sampled addresses are invited to join KnowledgePanel through a series of mailings and, in some cases, telephone follow-up calls to non-responders when a telephone number can be matched to the sampled address. Operationally, invited households have the option to join the panel by one of several ways:

- Completing and returning a paper form in a postage-paid envelope,
- Calling a toll-free hotline, or
- Going to a dedicated website and completing an online recruitment form.

After initially accepting the invitation to join the panel, respondents are then "profiled" online by answering key demographic questions about themselves. This profile is maintained through the same procedures that were previously established for RDD-recruited panel members. Respondents not having an Internet connection are provided a laptop computer and free Internet service. Respondents sampled from the ABS frame, like those sampled from the RDD frame, are offered the same privacy terms and confidentiality protections that have been developed over the years and that have been reviewed by dozens of Institutional Review Boards.

Large-scale ABS sampling for KnowledgePanel recruitment began in April 2009. As a result, sample coverage on KnowledgePanel of CPOHHs, young adults, and non-whites has been increasing steadily since that time.

Because KnowledgePanel members have been recruited from two different sample frames, RDD and ABS, several technical processes have been implemented to merge samples sourced from these frames. The approach preserves the representative structure of the overall panel for the selection of individual client study samples. An advantage of mixing ABS frame panel members in any KnowledgePanel sample is a reduction in the variance of the weights. ABS-sourced samples tend to align more closely to the overall demographic distributions in the population, and thus the associated adjustment weights are somewhat more uniform and less varied. This variance reduction efficaciously attenuates the sample's design effect and provides an advantage for study samples drawn from KnowledgePanel with its dual frame construction.

Projected Payments

Payment Calculation

Principal & Interest

Mortgage Insurance

Estimated Escrow Amount can increase over time

Appendix Bayment Estimated Taxes, Insurance & Assessments

Amount can increase ove See Details on Page 4

Answer Keys

Separate answer sheets were prepared for each set of loan types. The answer sheet below was prepared for the easier fixed loans and included the bank names Aspen, Balsam, Maple, and Nandina. We also provided variations of answers to some questions, such as to allow for respondents to round numbers in their answers.

QUANTITATIVE TEST ANSWER KEY

Easier Fixed, Name Sets 1 and 2

Question	Current Forms		Proposed Forms	
1 Any answer	Maple (A NS1) Nandina (B NS1) Aspen (A NS2) Balsam (B NS2) Either Don't know		Aspen (A NS1) Balsam (B NS1) Maple (A NS2) Nandina (B NS2) Either Don't know	
2	TBD		TBD	
PART 2	Comparison		Comparison	
3	Same		Same	
4	Balsam/Nandina is hig	gher	Balsam/Nandina is hi	gher
5	Aspen/Maple has mo	re	Aspen/Maple has mo	pre
6	Both		Both	
7	Aspen/Maple is lower	•	Aspen/Maple is lowe	r
8	Both banks will chang	e	Both banks will chang	ge
9	At the same time		At the same time	
10	Balsam/Nandina		Balsam/Nandina	
PART 3	A (Maple/Aspen)	B (Nandina/Balsam)	A (Aspen/Maple)	B (Balsam/Nandina)
11	\$162,000.00 or \$162,000	\$162,000.00 or \$162,000	\$162,000.00 or \$162,000	\$162,000.00 or \$162,000
12	3.875%	4.25%	3.875%	4.25%
13	No	No	No	No
14 Any answer	Skip	Skip	Skip	Skip
15	No	No	No	No
16	\$8,052.84, \$8,052, or \$8,053	\$4,735.55, \$4,735, \$4,736	\$8,054.00 or \$8,054 [Separate non-correct code for \$16,054.00 or \$16,054]	\$4,736.00 or \$4,736 [Separate non-correct code for \$12,736.00 or \$12,736]
17 All answers	Appraisal Fee Credit Report Fee	Appraisal Fee Credit Report Fee	Appraisal Fee Credit Report Fee	Appraisal Fee Credit Report Fee
18	\$1,050.26 or \$1,050	\$1,096.59, \$1,096, or \$1,097	\$1,050.00, \$1,050, or \$1,049.78	\$1,096.00, \$1,096, or \$1,095.94
19 All answers	Pest InspectionSurvey	Pest Inspection • Survey	Pest Inspection Survey 	Pest Inspection Survey
	 Settlement Agent 	 Settlement Agent 	Settlement Agent	Settlement Agent
20	End of 30 years	End of 30 years	End of 30 years	End of 30 years
21	Yes	Yes	Yes	Yes
22	Remaining balance plus additional fees	Remaining balance	Remaining balance plus additional fees	Remaining balance
23	4.274%	4.581%	4.274%	4.581%

QUANTITATIVE TEST ANSWER KEY continued

Question	Current Forms		Proposed Forms	
24	Less than	Less than	Less than	Less than
25	Yes	Yes	Yes	Yes
26	\$82.35 or \$82	\$82.35 or \$82	\$82.00 or \$82	\$82.00 or \$82
PART 4	A (Aspen/Maple)	B (Balsam/Nandina)	A (Maple/Aspen)	B (Balsam/Nandina)
27	\$162,000.00 or \$162,000	\$162,000.00 or \$162,000	\$162,000.00 or \$162,000	\$162,000.00 or \$162,000
28	Same	Same	Same	Same
29	Skip	Skip	Skip	Skip
30	Same	Not the same	Same	Not the same
31 Either answer	Skip	 No Rate Lock Interest rate was not locked Interest rate was only available through 2/15/13 Interest rate can change until lock the rate 	Skip	 No Rate Lock Interest rate was not locked Interest rate was only available through 2/15/13 Interest rate can change until lock the rate
32	Not the same	Not the same	Not the same	Not the same
33 Any answer	 Flood Monitoring Credit Report Tax Status (or Tax Service) Daily Interest Charges Homeowner's Insurance Initial Deposit for your Escrow Account Title Services and Lender's Title Insurance Owner's Title Insurance Pest Inspection Fee Survey Fee 	 Credit or Charge (points) Adjusted Origination Charge Daily Interest Charges Homeowner's Insurance Initial deposit for your escrow account Owner's Title Insurance Government Recording Charges Pest Inspection Fee 	 Credit Report Fee Flood Monitoring Tax Status Research Fee Pest Inspection Fee Survey Title – Insurance Binder Title – Lender's Title Policy Title – Title Search Title – Settlement Agent Fee [Accept general statement "Title charges" because all title charges changed] Homeowner's Insurance Premium Prepaid Interest Property Taxes Initial Escrow Payment at Closing Title – Owner's Title Policy 	 Lender Credits Pest Inspection Fee Recording Fees Homeowner's Insurance Premium Prepaid Interest Property Taxes Initial Escrow Payment at Closing Title - Owner's Title Policy

QUANTITATIVE TEST ANSWER KEY continued

Question	Current Forms		Proposed Forms	
34	Both show an escrow account but the items are the same	Both show an escrow account but the items are different	Both show an escrow account but the items are the same	Both show an escrow account but the items are different
35 Any answer	Skip	Skip	Skip	Skip
36	\$14,147.26 or \$14,147	\$14,574.35 or \$14,574	\$14,147.26 or \$14,147	\$14,574.35 or \$14,574
37	No	No	No	No
38	\$761.78, \$761, or \$762	\$820.83, \$820, or \$821	\$761.78, \$761, or \$762	\$820.83, \$820, or \$821
39	Remain the same	Remain the same	Remain the same	Remain the same
40 Any answer	Skip	Skip	Skip	Skip
41	Skip	Skip	Skip	Skip
42 Bonus question	Seller credit appeared at closing	 Interest rate increased from estimate Category of "charges that cannot increase" increased 	• Seller credit appeared at closing	 Interest rate increased from estimate Increase in closing costs exceeds legal limits



Estimated Taxes, & Assessments Amount can increase See Details on Page

Coding List

711074

Q14 When can the interest rate first change?

001 In/after year three	008 6/1/2018
002 In/after year four	009 Cannot change
003 In/after year five	010 6/1/2020
004 In/after year six	011 Before closing
005 In/after year seven	012 5/1/2016
006 In/after year eight	050 Other
007 4/16/2013	997 Nothing

Q2 If you were shopping for a mortgage loan and had to choose between these two loans, which ones would you choose? Why did you make that selection?

- () Interest/APR (Net)
- 001 Don't/wouldn't want variable rate
- 002 Lower interest rate
- 003 Lower Annual Percentage Rate
- 004 It's a fixed/non-adjustable interest rate
- 005 Interest rate is locked in
- 006 Longer time before rates can change
- 007 Lower limit on how high interest can go
- 008 Lower total interest percentage
- 009 Interest only period
- 010 Rate changes/can be adjusted after eight (8) years
- 011 Interest rate not locked in
- 020 Other interest rate/APR comments
- () Costs at Closing /Settlement (Net)
- 021 Lower closing costs/less cash needed to close
- 022 Lower origination fee/charge
- 023 No escrow deposit
- 024 Lower escrow deposit
- 025 Higher amount/dollar amount for extra services you can shop for
- 026 Recording/filing fees/costs
- 050 Other costs at closing comments

() Payment structure (Net)

051 Lower payment/monthly payment

- 052 Lower escrow monthly payment
- 053 No monthly escrow payment
- 054 Monthly payment does not increase
- 055 Pay more to principal
- 056 Pay less in interest
- 057 No prepayment penalty
- 058 No balloon payment
- 059 Lower balloon payment
- 060 Prefer steady monthly payments
- 061 Maximum amount you might pay monthly is less
- 062 Lower frequency of payment changes
- 063 Lower frequency of interest changes
- 064 Escrow amount included in monthly payment
- 065 No points
- 066 Total of payment is less
- 067 Lower finance charge
- 068 Lower amount financed
- 069 Lower total APR
- 070 Lower down payment
- 071 Prepayment penalty only in effect for two years
- 072 Favorable payment/payoff/interest terms after five years
- 073 Better mortgage insurance terms
- 074 Taxes are lower
- 100 Other payment structure comments

() Miscellaneous (Net)	109 Don't like/want either loan
101 Lower fees/charges (unspecified)	110 Need more information/more time to study
102 GFE is clear/easy to understand	the proposals
103 GFE is more fully explained/more	147 Other loan related comments
informative	148 Other form related comments
104 Information easier to understand/read	149 Other self experience comments
105 Overall terms of loan/better product	150 Other miscellaneous comments
106 Overall cost more reasonable/price is	
lower/saves money	997 Nothing
107 Decision based on length of time planning to stay in home (any)	998 Don't know

108 Less risky/safer/feel more secure

Q29 Why did the loan amount change on the final disclosures?

001 Interest rate/APR increased	016 Paying points
002 Additional fees (unspecified)	017 Changes in filing/recording/inspection fees
003 Closing costs were financed	018 Escrow changed
004 Closing/settlement charges changed	019 Interest rate/APR decreased
005 Closing costs were wrapped into the loan	020 Closing costs/settlement charges
006 Closing/settlement charges were estimates	increased
007 Seller-paid fees changed	021 Increased insurance costs (unspecified)
008 Original loan amount was an estimate	022 Upfront finance charge (unspecified)
009 Changes in Ioan rate/APR	023 Increase in finance charges (unspecified)
010 Inclusion of homeowner's association fees	024 Increase in PMI
011 Mortgage insurance amount changed	025 Increase in principal
	050 Other
012 Title charges	
013 Change in taxes	
014 Inclusion of settlement/loan origination	997 Nothing
charges	998 Don't know
015 Change in amount financed	

APPENDIX G: CODING LIST

Q31 Why are the interest rates different?

001 Variable/market-driven rate 002 Change in the disclosure rate	014 Because rate lock-in expired/expired before the close
003 Loan amount/terms changed	015 Length of time between estimate and closing date
004 Introductory rate which changes over time	016 You pay only interest/escrow in the first
005 Buyer paid points to lower interest rate	years of the loan
006 Change in mortgage insurance	017 Higher interest rate for first five years of the loan
007 Different banks	050 Other
008 Rate increased/decreased (unspecified)	050 Other
009 Negative amortization	997 Nothing
010 Escrow	
011 Changes in settlement	998 Don't know
012 Decrease in rate/APR	999 Can't code
013 Rate wasn't locked in	

Q33 List the name of one closing/settlement charge that has a different amount.

001 Survey fee	012 Flood monitoring fee
002 Title insurance search/services fees	013 Disclosure/closing disclosure
003 Title settlement agent's fee	014 Loan costs (unspecified)
004 Lender's title insurance fee	015 Other fees/costs (unspecified)
005 Recording/filing fees/costs	016 Property taxes
006 Pest inspection fee	017 Origination fee/charges
007 Homeowner's association fees/associated	018 HOA capital contribution
costs	019 Tax status research fee
008 Credit report fee/charge	020 Closing costs/cash to close
009 Homeowner's insurance	021 Home warranty fee
010 Points paid	022 Escrow account/payment
011 Tax monitoring	023 Prepaids (unspecified)

Q33 continued

024 Daily interest	050 Other
025 Appraisal fee	997 Nothing
026 Prepaid interest	998 Don't know
027 Lender credits	999 Can't code

Q35 List the name of one escrow account item that is different.

001 HOA/Homeowners' association fee/dues	010 Prepaid interest
002 Mortgage insurance	011 Fees/costs (unspecified)
003 Property taxes	012 Taxes (unspecified)
004 Accrued interest	013 Insurance (unspecified)
005 Homeowner's insurance	014 Title search/service/insurance
006 Escrow/additional escrow payments	050 Other
007 Good Faith Estimate (GFE)	
008 Disclosure/final disclosure	997 Nothing
009 Initial deposit	998 Don't know

Q40 Looking only at the final disclosures, when is the principal and interest payment first scheduled to change?

001 5/1/2018	010 Seven years
002 6/1/2018	011 Three years
003 5/1/2020	012 Never/doesn't change
004 6/1/2023	013 5/1/2016
005 Year four	014 6/1/2020
006 Year six	050 Other
007 Year eight	
008 Year eleven	997 Nothing
009 Five years	998 Don't know

Q42 Do you have any comments about the final loan terms and costs?

- () Confusion (Net)
- 001 Confusing
- 002 Don't understand it
- 024 Initially confusing/confusing at first
- 030 Too confusing
- 034 Other confusion comments
- 003 I would ask questions
- 004 Simplify the information/a lot to absorb on one page
- 005 Why the changes between application and closing?
- 006 It's more than estimated/originally projected
- 007 Full disclosure of costs of the loan should be revealed before the closing date
- 008 Both the estimate and the final disclosure were the same
- 009 Don't like increase in interest rate
- 010 Don't understand why the interest rate changes
- 011 Interest charges over the course of the loan are too high
- 012 Cost at closing exceeded allowable limits
- 013 Dislike/don't understand changes in escrow
- 014 Too complicated
- 015 Are from a different lender/why did you switch banks?
- 016 Wouldn't be happy/dissatisfied with loan/ would walk out

- 017 HOA wasn't included originally/homeowners association fees not made clear
- 018 Homeowner's insurance unclear/ inaccurate/not on application
- 019 Don't like/understand why settlement/ closing charges changed
- 020 Don't like/understand why total of payment changed
- 021 Don't like/understand why monthly payment amount changed
- 022 Would feel swindled/have gotten the "bait & switch"
- 023 Don't like/understand why property taxes changed
- 025 Changed to Negative Amortization (Neg Am) Ioan/Loan amount can now increase
- 026 Changed to Interest Only loan
- 027 Loan Terms changed
- 028 Settlement/closing charges Changed
- 029 Other Changes
- 031 Other loan related comments
- 032 Other transaction related comments
- 033 Form related comments
- 050 Other
- 051 Not enough time to read/respond
- 997 Nothing
- 998 Don't know

Projected Payments

Payment Calculation

n I Principal & Interest

Mortgage Insurance

Estimated Escrow Amount can increase over time

Appendix Estimated Taxes, Insurance & Assessments

Amount can increase See Details on Page 4

Table 8. Percentage of RespondentsAnswering Correctly with Current and ProposedDisclosures – Grouped by Task

APPENDIX H. TABLE 8. Percentage of Respondents Answering
Correctly with Current and Proposed Disclosures – Grouped by Task

	Current Forms (N=428)	Proposed Forms (N=430)	Difference
TASK 2: Comparison of Initial Disclos	ures (PART 2)	, i i i i i i i i i i i i i i i i i i i	
Amount Borrowed – Q3	32.5%	81.4%	48.9%*
Interest Rate Year 1 – Q4	81.3%	87.4%	6.1%*
Points Paid – Q5	55.8%	62.8%	7.0%*
Escrow Account – Q6	80.4%	94.4%	14.0%*
Annual Percentage Rate (APR) – Q7	83.2%	87.7%	4.5%
Total Monthly Payment – Q8	49.5%	86.3%	36.8%*
Change in Total Monthly Payment – Q9**	39.0%	77.9%	38.9%*
Highest Total Monthly Payment – Q10**	36.9%	73.0%	36.1%*
Average for 8 Questions	57.3%	81.4%	24.1%*
Average for 6 "Non-Skippable" Questions	63.8%	83.3%	19.5%*
TASK 3: Questions on Initial Disclosu	re (PART 3)		
Loan Amount – Q11	60.5%	99.1%	38.6%*
Interest Rate Year 1 – Q12	92.1%	96.7%	4.6%*
Interest Rate Change – Q13	92.8%	93.3%	0.5%
Timing of Interest Rate Change – Q14**	80.6%	90.0%	9.4%*
Principal & Interest Payment Change – Q15	90.4%	89.3%	-1.1%
Closing Costs/Settlement Charges – Q16	86.2%	46.3%	-39.9%*
Closing Costs/Settlement Charges Items – Q17	90.3%	86.5%	-3.8%
First Monthly Payment – Q18	43.7%	64.7%	21.0%*
Closing/Settlement Services Can Shop For – Q19	62.8%	92.9%	30.1%*
Final Payment Timing – Q20	93.2%	94.9%	1.7%
Escrow Fund – Q21	83.4%	79.5%	-3.9%
Refinance Cost – Q22	53.3%	54.9%	1.6%
Annual Percentage Rate (APR) – Q23	65.7%	79.5%	13.8%*
Principal Paid Off In 5 Years – Q24	59.1%	78.6%	19.5%*
Mortgage Insurance – Q25	63.1%	77.0%	13.9%*
Mortgage Insurance – Q26**	2.3%	65.1%	62.8%*
Average for 16 Questions	70.0%	80.5%	10.5%*
Average for 14 "Non-Skippable" Questions	74.0%	80.9%	6.9%*

APPENDIX H. TABLE 8. continued

	Current Forms (N=428)	Proposed Forms (N=430)	Difference
TASK 4: Comparison of Initial and Fir	nal Disclosures (PA	ART 4)	
Loan Amount at Closing/ Settlement – Q28	50.9%	82.8%	31.9%*
Reason for Loan Amount Change – Q29**	29.4%	62.6%	33.2%*
Interest Rate in Year 1 – Q30	81.8%	87.2%	5.4%*
Reason for Different Interest Rates – Q31**	62.6%	65.1%	2.5%
Closing Costs/Settlement Charges – Q32	77.6%	94.0%	16.4%*
One Different Closing Cost/ Settlement Charge – Q33**	47.0%	47.9%	0.9%
Escrow Account – Q34	36.0%	52.1%	16.1%*
One Different Escrow Item – Q35**	54.0%	60.0%	6.0%
Average for 8 Questions	54.9%	69.0%	14.1%*
Average for 4 "Non-Skippable" Questions	61.6%	79.0%	17.4%*
TASK 5: Questions about Final Disclo	osure (PART 4)		
Loan Amount – Q27	43.9%	86.7%	42.8%*
Cash Needed for Closing/ Settlement – Q36	45.8%	80.2%	34.4%*
Loan Amount Increase After Closing/ Settlement – Q37	49.3%	65.1%	15.8%*
Highest Monthly Principal & Interest Payment – Q38	14.5%	43.0%	28.5%*
Monthly Principal & Interest Payment Change – Q39	50.2%	74.0%	23.8%*
First Monthly Principal & Interest Payment Change – Q40**	46.3%	67.9%	21.6%*
Principal & Interest Payment Change Frequency – Q41**	44.6%	62.3%	17.7%*
Average for 7 Questions	42.1%	68.5%	26.4%*
Average for 5 "Non-Skippable" Questions	40.7%	69.8%	29.1%*

Notes: (1) Figures in parentheses in the title are the number of respondents exposed to the current/proposed forms. (2) A Student's t-test of significance (two-tailed) was used to test for differences in proportions (for individual questions) as well as for differences in averages, with * indicating significance at the five percent level. (3) A ** marks a skippable question.

Projected Payments

Payment Calculation

n I Principal & Interest

Mortgage Insurance

Estimated Escrow Amount can increase over time

Estimated Taxes, Insurance & Assessments Amount can increase over time

Table 9. Percentage of RespondentsAnswering Correctly with Current and ProposedDisclosures – Grouped by Concept

APPENDIX I. TABLE 9. Percentage of Respondents Answering Correctly with Current and Proposed Disclosures – Grouped by Concept

	Current Forms (N=428)	Proposed Forms (N=430)	Difference
CONCEPT 1: Amortization			
Final Payment Timing – Q20	93.2%	94.9%	1.7%
Refinance Cost – Q22	53.3%	54.9%	1.6%
Principal Paid Off in 5 Years – Q24	59.1%	78.6%	19.5%*
Average for 3 Questions	68.5%	76.1%	7.6%*
CONCEPT 2: Annual Percentage Ra	te		
APR – Q7	83.2%	87.7%	4.5%
APR – Q23	65.7%	79.5%	13.8%*
Average for 2 Questions	74.4%	83.6%	9.2%*
CONCEPT 3: Closing Costs/Settlem	ent Charges		
Points Paid – Q5	55.8%	62.8%	7.0%*
Closing Costs/Settlement Charges – Q16	86.2%	46.3%	-39.9%*
Closing Cost/Settlement Charges Items – Q17	90.3%	86.5%	-3.8%
Closing/Settlement Services Can Shop For – Q19	62.8%	92.9%	30.1%*
Closing Costs/Settlement Charges – Q32	77.6%	94.0%	16.4%*
One Different Closing Costs/ Settlement Charge – Q33**	47.0%	47.9%	0.9%
Cash Needed for Closing/ Settlement – Q36	45.8%	80.2%	34.4%*
Average for 7 Questions	66.5%	72.9%	6.4%*
Average for 6 "Non-Skippable" Questions	69.8%	77.1%	7.3%*
CONCEPT 4: Escrow Account			
Escrow Account – Q6	80.4%	94.4%	14.0%*
Escrow Fund – Q21	83.4%	79.5%	-3.9%
Escrow Account – Q34	36.0%	52.1%	16.1%*
One Different Escrow Item – Q35**	54.0%	60.0%	6.0%
Average for 4 Questions	63.4%	71.5%	8.1%*
Average for 3 "Non-Skippable" Questions	66.6%	75.4%	8.8%*

APPENDIX I. TABLE 9. continued

	Current Forms (N=428)	Proposed Forms (N=430)	Difference
CONCEPT 5: Interest Rate			
Interest Rate Year 1 – Q4	81.3%	87.4%	6.1%*
Interest Rate Year 1 – Q12	92.1%	96.7%	4.6%*
Interest Rate Change – Q13	92.8%	93.3%	0.5%
Timing of Interest Rate Change – Q14**	80.6%	90.0%	9.4%*
Interest Rate in Year 1 – Q30	81.8%	87.2%	5.4%*
Reason for Different Interest Rates – Q31**	62.6%	65.1%	2.5%
Average for 6 Questions	81.9%	86.6%	4.7%*
Average for 4 "Non-Skippable" Questions	87.0%	91.2%	4.2%*
CONCEPT 6: Loan Amount			
Amount Borrowed – Q3	32.5%	81.4%	48.9%*
Loan Amount – Q11	60.5%	99.1%	38.6%*
Loan Amount – Q27	43.9%	86.7%	42.8%*
Loan Amount at Closing/ Settlement – Q28	50.9%	82.8%	31.9%*
Reason for Loan Amount Change – Q29**	29.4%	62.6%	33.2%*
Loan Amount Increase After Closing/Settlement – Q37	49.3%	65.1%	15.8%*
Average for 6 Questions	44.4%	79.6%	35.2%*
Average for 5 "Non-Skippable" Questions	47.4%	83.0%	35.6%*
CONCEPT 7: Monthly Payments		· · ·	
Total Monthly Payment – Q8	49.5%	86.3%	36.8%*
Change in Total Monthly Payment – Q9**	39.0%	77.9%	38.9%*
Highest Total Monthly Payment – Q10**	36.9%	73.0%	36.1%*
Principal & Interest Payment Change – Q15	90.4%	89.3%	-1.1%
First Monthly Payment – Q18	43.7%	64.7%	21.0%*
Highest Monthly Principal & Interest Payment – Q38	14.5%	43.0%	28.5%*
Monthly Principal & Interest Payment Change – Q39	50.2%	74.0%	23.8%*
First Monthly Principal & Interest Payment Change – Q40**	46.3%	67.9%	21.6%*
Principal & Interest Payment Change Frequency – Q41**	44.6%	62.3%	17.7%*
Average for 9 Questions	46.1%	70.9%	24.8%*
Average for 5 "Non-Skippable" Questions	49.7%	71.4%	21.7%*

APPENDIX I. TABLE 9. continued

	Current Forms	Proposed Forms	Difference
	(N=428)	(N=430)	
CONCEPT 8: Mortgage Insurance			
Mortgage Insurance – Q25			63.1%
Mortgage Insurance – Q26**			2.3%
Average for 2 Questions			32.7%
CONCEPT 9: Risk Factors			
Interest Rate Change – Q13	92.8%	93.3%	0.5%
Principal & Interest Payment Change – Q15	90.4%	89.3%	-1.1%
Escrow Fund – Q21	83.4%	79.5%	-3.9%
Refinance Cost – Q22	53.3%	54.9%	1.6%
Principal Paid Off In 5 Years – Q24	59.1%	78.6%	19.5%
Loan Amount Increase After Closing – Q37	49.3%	65.1%	15.8%
Monthly Principal & Interest Payment Change – Q39	50.2%	74.0%	23.8%
Average for 7 Questions	68.4%	76.4%	8.0%

Notes: (1) Figures in parentheses in the title are the number of respondents exposed to the current/proposed forms. (2) A Student's t-test of significance (Two-tailed) was used to test for differences in proportions (for individual questions) as well as for differences in averages, with * indicating significance at the five percent level. (3) A ** marks a skippable question. **Projected** Payments

Payment Calculation

Principal & interest

Mortgage Insurance

Estimated Escrow Amount can increase over time

Assessments Assessments Amount can increase over time See Details on Page 4

Current Easier Fixed A Disclosures

The study used two different sets of lender names for the loan disclosures. All other information was identical. Name Set 1 used Maple Bank and Name Set 2 used Aspen Bank.

Current Initial TIL, Easier, Fixed, A, Name Set 1, page 1

Truth-In-Lending Disclosure Statement

Lender: Maple Bank	Loan No. 123456789	Date: 2/15/2013	
Borrowers: John A. and Mary B.	Property Address: 456 Som	newhere Avenue, Anytown, ST 12345	
	🗷 Preliminary	🗆 Final	

Annual Percentage Rate	Finance Charge	Amount Financed	Total of Payments
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you assuming the annual percentage rate does not change.	The amount of credit provided to you or on your behalf as of loan closing.	The amount you will have paid after you have made all payments as scheduled assuming the annual percentage rate does not change.
4.274%	\$120,700.87	\$160,129.40	\$355,037.07

You have the right to receive at this time an itemization of the Amount Financed.

INTEREST RATE AND PAYMENT SUMMARY

	Rate & Monthly Payment
Interest Rate	3.875%
Principal and Interest	\$761.78
Est. Taxes + Insurance (Escrow)	\$288.48
 Includes Private Mortgage Insurance 	
Total Est. Monthly Payment	\$1,050.26

signed a loan application.	ement merely because you have received these disclosures or have
Demand Feature: This obligation h	as a demand feature as follows:
	as a variable-rate feature. Disclosures about the variable-rate feature provided to you earlier.
□ Required Deposit: The annual perce	ntage rate does not take into account your required deposit.
You are giving a security interest in: 456	Somewhere Avenue, Anytown, ST 12345
Filing/Recording Fees \$ 85.00	Non-filing insurance \$
Late Charge: If a payment is more than 1 interest payment.	5 days late, you will be charged 5% of the monthly principal and
Assumption: Someone buying your h ☐ cannot assume the remainder of the mo the original terms.	

Current Initial TIL, Easier, Fixed, A, Name Set 1, page 2

rnished by the Lender. surance: edit life insurance and					
edit life insurance and	crodit dica				
liess you sign and agre		bility insurance are additional cost.	not required to	obtain credit, and w	ill not be provided
Туре	Premium	Signature			
Credit Life		I want credit life insur	ance.		
				Signature	
Credit Disability		I want credit disability	insurance.		
Conditatify and the definition		Lough and the DE	ta a la titue a ta	Signature	
Credit Life and Disability		I want credit life and c	isability insurance.		
				Signature	
epayment: If you	u pay off vo	our loan early, you			
may			have to pay	a penalty.	
may	×	will not	be entitled t	o a refund of part of	the finance charge.
	-				Date
		Bollowel. John	. .		Date
		Borrower: Mary	В.		Date
	Credit Life Credit Disability Credit Life and Disability epayment: If you may may e your contract docun payment in full before	Credit Life Credit Disability Credit Life and Disability epayment: If you pay off you may may e your contract documents for a bayment in full before the sched	Credit Life I want credit life insura Credit Disability I want credit disability Credit Life and Disability I want credit life and d credit Life and Disability I want credit life and d epayment: If you pay off your loan early, you may I will not e your contract documents for any additional inform payment in full before the scheduled date, and prep e hereby acknowledge reading and receiving a copy Borrower: John	Credit Life I want credit life insurance. Credit Disability I want credit disability insurance. Credit Life and Disability I want credit life and disability insurance. Credit Life and Disability I want credit life and disability insurance. epayment: If you pay off your loan early, you may I will not may I will not be entitled t e your contract documents for any additional information about not payment in full before the scheduled date, and prepayment refunds	Credit Life I want credit life insurance. Signature Signature Credit Disability I want credit disability insurance. Credit Life and Disability I want credit life and disability insurance. Credit Life and Disability I want credit life and disability insurance. Epayment: If you pay off your loan early, you may I will not may If will not be entitled to a refund of part of e your contract documents for any additional information about nonpayment, default, and payment in full before the scheduled date, and prepayment refunds and penalties. e hereby acknowledge reading and receiving a copy of this disclosure. Borrower: John A.

Current GFE, Easier, Fixed, A, Name Set 1, page 1

OMB Approval No. 2502-0265 Good Faith Estimate (GFE) Name of Originator Maple Bank Borrower John A. and Mary B. Originator 4321 Random Boulevard Address Somecity, ST 12340 Property 456 Somewhere Avenue Address Originator Phone Number 123-456-7890 Anvtown, ST 12345 Date of GFE 2/15/2013 Originator Email joesmith@maplebank.com This GFE gives you an estimate of your settlement charges and loan terms if you are approved for this loan. For more information, see HUD's Special Information Booklet on settlement charges, your Truth-in-Lending Purpose Disclosures, and other consumer information at www.hud.gov/respa. If you decide you would like to proceed with this loan, contact us Shopping for Only you can shop for the best loan for you. Compare this GFE with other loan offers, so you can find the best your loan loan. Use the shopping chart on page 3 to compare all the offers you receive. 1. The interest rate for this GFE is available through 4/16/2013 5:00PM EDT . After this time, the interest Important dates rate, some of your loan Origination Charges, and the monthly payment shown below can change until you lock your interest rate. 2. This estimate for all other settlement charges is available through 3/22/2013 5:00PM EDT 3. After you lock your interest rate, you must go to settlement within 60 days (your rate lock period) to receive the locked interest rate. 4. You must lock the interest rate at least N/A days before settlement. Summary of Your initial loan amount is \$ 162,000.00 your loan Your loan term is 30 vears Your initial interest rate is 3.875 % Your initial monthly amount owed for principal, interest, and any mortgage insurance is \$ 844.13 per month 🗵 No 🔲 Yes, it can rise to a maximum of Can your interest rate rise? % The first change will be in Even if you make payments on time, can your No D Yes, it can rise to a maximum of \$ loan balance rise? Even if you make payments on time, can your No Yes, the first increase can be in and the monthly amount owed can rise to \$. The maximum monthly amount owed for principal, interest, and any mortgage insurance rise? it can ever rise to is \$ 🔲 No 💌 Yes, your maximum prepayment Does your loan have a prepayment penalty? penalty is \$ 3,240.00 No Ves, you have a balloon payment of Does your loan have a balloon payment? \$ due in years Escrow Some lenders require an escrow account to hold funds for paying property taxes or other property-related account charges in addition to your monthly amount owed of \$ 844.13 information Do we require you to have an escrow account for your loan? No, you do not have an escrow account. You must pay these charges directly when due. X Yes, you have an escrow account. It may or may not cover all of these charges. Ask us. Summary of Α Your Adjusted Origination Charges (See page 2.) \$1,802.00 your settlement В Your Charges for All Other Settlement Services (See page 2.) \$6.250.84 charges В **Total Estimated Settlement Charges** \$8,052.84 Good Faith Estimate (HUD-GFE) 1

Current GFE, Easier, Fixed, A, Name Set 1, page 2

our estimated	Your Adjusted Origination Charges 1. Our origination charge					
charges	This charge is for getting this loan for you. 2. Your credit or charge (points) for the specific interest rate chosen □ The credit or charge for the interest rate of% is included in "Our origination charge." (See item 1 above.) □ You receive a credit of \$for this interest rate of%. This credit reduces your settlement charges. ▼ You pay a charge of \$ 405.00for this interest rate of 3.875%. This charge (points) increases your total settlement charges. The tradeoff table on page 3 shows that you can change your total settlement charges by choosing a different interest rate for this loan.					\$1,397.00
	/	Your Adjusted Origination C	harges		\$ 1,802	2.00
		our Charges for All Other Settl	ement Ser	vices		
charges can change at settlement. See the top of page 3 for more information.	3.	Required services that we sele These charges are for services of providers of these services. Service Appraisal Fee Credit Report Fee Flood Determ./Monitoring Tax Status/Monitoring	ect we require t	o complete your settlement. We will cho <i>Charge</i> 405.00 30.00 52.00 185.00	ose the 	\$672.00
	4.	 Title services and lender's title insurance This charge includes the services of a title or settlement agent, for example, and title insurance to protect the lender, if required. 			\$2,998.00	
	5.	 Owner's title insurance You may purchase an owner's title insurance policy to protect your interest in the property. 			\$1,017.00	
	6.	Required services that you ca These charges are for other semi identify providers of these servic providing these services are below Service Pest Inspection Fee Survey Fee	vices that a ses or you c	re required to complete your settlement. an shop for them yourself. Our estimate <i>Charge</i> 135.00 65.00	We can s for 	\$200.00
	7.	Government recording charge These charges are for state and		o record your loan and title documents.		\$85.00
	8.	8. Transfer taxes These charges are for state and local fees on mortgages and home sales.			\$0.00	
	9.	 9. Initial deposit for your escrow account This charge is held in an escrow account to pay future recurring charges on your property and includes x all property taxes, x all insurance, andother 			\$412.26	
	10	of the next month or the first day	of your no	oan from the day of your settlement unt mal mortgage payment cycle. 5] days (if your settlement is 4/16		\$261.60
	11	Homeowner's insurance This charge is for the insurance Policy Hazard Insurance	you must b	uy for the property to protect from a loss Charge 604.98	, such as fire.	\$604.98
				004.50	_	
	E	3 Your Charges for All Other S	Settlement S	ervices	\$ 6,250	.84
		A + B Total Estimated	Settleme	nt Charges	\$ 8,052	.84

Current GFE, Easier, Fixed, A, Name Set 1, page 3

Instructions

Understanding which charges can change at settlement This GFE estimates your settlement charges. At your settlement, you will receive a HUD-1, a form that lists your actual costs. Compare the charges on the HUD-1 with the charges on this GFE. Charges can change if you select your own provider and do not use the companies we identify. (See below for details.)

These charges cannot increase at settlement:	The total of these charges can increase up to 10% at settlement:	These charges can change at settlement:
 Our origination charge 	 Required services that we select 	 Required services that you can
 Your credit or charge (points) for the specific interest rate chosen 	 Title services and lender's title insurance (if we select them or 	shop for (if you do not use companies we identify)
(after you lock in your interest rate)	you use companies we identify)	 Title services and lender's title
 Your adjusted origination charges (after you lock in your interest rate) 	 Owner's title insurance (if you use companies we identify) 	insurance (if you do not use companies we identify)
Transfer taxes	 Required services that you can shop for (if you use companies 	 Owner's title insurance (if you do not use companies we identify)
	we identify)	 Initial deposit for your escrow account
	 Government recording charges 	 Daily interest charges
		 Homeowner's insurance

Using the tradeoff table

In this GFE, we offered you this loan with a particular interest rate and estimated settlement charges. However:

If you want to choose this same loan with lower settlement charges, then you will have a higher interest rate.
If you want to choose this same loan with a lower interest rate, then you will have higher settlement charges.

If you would like to choose an available option, you must ask us for a new GFE.

Loan originators have the option to complete this table. Please ask for additional information if the table is not completed.

	The loan in this GFE	The same loan with lower settlement charges	The same loan with a lower interest rate
Your initial loan amount	\$ 162,000.00	\$	\$
Your initial interest rate 1	3.875 %	%	%
Your initial monthly amount owed	\$ 844.13	\$	\$
Change in the monthly amount owed from this GFE	No change	You will pay \$ more every month	You will pay \$ less every month
Change in the amount you will pay at settlement with this interest rate	No change	Your settlement charges will be reduced by \$	Your settlement charges will increase by \$
How much your total estimated settlement charges will be	\$ 8,052.84	\$	\$

¹For an adjustable rate loan, the comparisons above are for the initial interest rate before adjustments are made.

Use this chart to compare GFEs from different loan originators. Fill in the information by using a different column for each GFE you receive. By comparing loan offers, you can shop for the best loan.

Using the shopping chart

This loanLoan 2Loan 3Loan 4Loan originator nameIIIIInitial loan amountIIIILoan termIIIIIInitial interest rateIIIIIInitial monthly amount owedIIIIIRate lock periodIIIIIICan interest rate rise?IIIIICan loan balance rise?IIIIIICan monthly amount owed rise?IIIIIIPrepayment penalty?IIIIIIITotal Estimated Settlement ChargesIIIIIIII

If your loan is sold in the future Some lenders may sell your loan after settlement. Any fees lenders receive in the future cannot change the loan you receive or the charges you paid at settlement.



Current Final TIL, Easier, Fixed, A, Name Set 1, page 1

Lender: Maple Bank	Loan No. 123456	789 Date:	1/15/2013
Borrowers: John A. and Ma		456 Somewhere Avenue, A	
	Preliminary	🗷 Fina	I
Annual Percentage Rate The cost of your credit as a yearly rate.	Finance Charge The dollar amount the credit will cost you assuming the annual percentage rate does not change.	Amount Financed The amount of credit provided to you or on your behalf as of loan closing.	after you have made all payments as scheduled assuming the annual percentage rate does
4.174%	\$118,830.27	\$162,000.00	not change. \$355,037.07
 I want an itemization. NTEREST RATE AND PAYM 	ve at this time an itemization o		vant an itemization.
			Rate & Monthly Payment
Interest Rate			3.875%
Principal and Interest			\$761.78
Est. Taxes + Insurance (Esci Includes Private Mortg	•		\$288.48
Total Est. Monthly Paymer	•		\$1,050.26
You are not required to cor	THAT YOU WILL BE ABLE TO R		
You are not required to cor signed a loan application.		because you have received	
You are not required to cor signed a loan application.	nplete this agreement merely This obligation has a demand f	because you have received eature as follows: ate feature. Disclosures ab	
You are not required to cor signed a loan application. Demand Feature: Variable Rate Feature:	nplete this agreement merely This obligation has a demand f This loan has a variable-r	because you have received eature as follows: ate feature. Disclosures ab ou earlier.	these disclosures or have
You are not required to cor signed a loan application. Demand Feature: Variable Rate Feature: Required Deposit: T	nplete this agreement merely This obligation has a demand f This loan has a variable-r have been provided to y he annual percentage rate doe	because you have received eature as follows: ate feature. Disclosures ab ou earlier.	these disclosures or have
You are not required to cor signed a loan application. Demand Feature: Variable Rate Feature:	mplete this agreement merely This obligation has a demand f This loan has a variable-r have been provided to y he annual percentage rate doe terest in: 456 Somewhere A	because you have received eature as follows: rate feature. Disclosures ab ou earlier. es not take into account you	these disclosures or have
You are not required to cor signed a loan application. Demand Feature: Variable Rate Feature: Required Deposit: T You are giving a security in Filing/Recording Fees \$	mplete this agreement merely This obligation has a demand f This loan has a variable-r have been provided to y he annual percentage rate doe terest in: 456 Somewhere A 85.00 No nt is more than 15 days late, yo	because you have received eature as follows: rate feature. Disclosures ab ou earlier. es not take into account you venue, Anytown, ST 12345 m-filing insurance \$	these disclosures or have

Page **1** of **2**

Current Final TIL, Easier, Fixed, A, Name Set 1, page 2

carrier meets the rec	uirements of		
f you get the insurar furnished by the Len		Lender, you will pay the cost set forth in a se	parate insurance statement
nsurance:	and cradit dic	ability insurance are not required to obtain a	radit and will not be provide
unless you sign and a		ability insurance are not required to obtain on he additional cost.	lieuit, and will not be provide
	-		
Type Credit Life	Premium	Signature I want credit life insurance.	
or cure Line			
Credit Disability		Signatur I want credit disability insurance.	e
Credit Life and Disabil	tv	Signatur I want credit life and disability insurance.	e
	-,		
		Signatur	e
Prepayment: If	you pay off y	our loan early, you	
⊠ may		l will not have to pay a penalt	у.
□ may See your contract do repayment in full bef	cuments for a ore the schee	will not be entitled to a refur any additional information about nonpaymer duled date, and prepayment refunds and pen and receiving a copy of this disclosure.	
□ may See your contract do repayment in full bef	cuments for a ore the schee	any additional information about nonpaymer duled date, and prepayment refunds and pen	nt, default, any required
□ may See your contract do repayment in full bef	cuments for a ore the schee	any additional information about nonpaymer duled date, and prepayment refunds and pen	nt, default, any required
□ may See your contract do repayment in full bef	cuments for a ore the schee	any additional information about nonpaymer duled date, and prepayment refunds and pen and receiving a copy of this disclosure.	nt, default, any required alties.
□ may See your contract do repayment in full bef	cuments for a ore the schee	any additional information about nonpaymer duled date, and prepayment refunds and pen and receiving a copy of this disclosure. Borrower: John A.	nt, default, any required alties.
□ may See your contract do repayment in full bef	cuments for a ore the schee	any additional information about nonpaymer duled date, and prepayment refunds and pen and receiving a copy of this disclosure. Borrower: John A.	nt, default, any required alties.
□ may See your contract do repayment in full bef	cuments for a ore the schee	any additional information about nonpaymer duled date, and prepayment refunds and pen and receiving a copy of this disclosure. Borrower: John A.	nt, default, any required alties.
□ may See your contract do repayment in full bef	cuments for a ore the schee	any additional information about nonpaymer duled date, and prepayment refunds and pen and receiving a copy of this disclosure. Borrower: John A.	nt, default, any required alties.
□ may See your contract do repayment in full bef	cuments for a ore the schee	any additional information about nonpaymer duled date, and prepayment refunds and pen and receiving a copy of this disclosure. Borrower: John A.	nt, default, any required alties.
□ may See your contract do repayment in full bef	cuments for a ore the schee	any additional information about nonpaymer duled date, and prepayment refunds and pen and receiving a copy of this disclosure. Borrower: John A.	nt, default, any required alties.
☐ may Gee your contract do repayment in full bef	cuments for a ore the schee	any additional information about nonpaymer duled date, and prepayment refunds and pen and receiving a copy of this disclosure. Borrower: John A.	nt, default, any required alties.
□ may See your contract do repayment in full bef	cuments for a ore the schee	any additional information about nonpaymer duled date, and prepayment refunds and pen and receiving a copy of this disclosure. Borrower: John A.	nt, default, any required alties.
□ may See your contract do repayment in full bef	cuments for a ore the schee	any additional information about nonpaymer duled date, and prepayment refunds and pen and receiving a copy of this disclosure. Borrower: John A.	nt, default, any required alties.
□ may See your contract do repayment in full bef	cuments for a ore the schee	any additional information about nonpaymer duled date, and prepayment refunds and pen and receiving a copy of this disclosure. Borrower: John A.	nt, default, any required alties.
□ may See your contract do repayment in full bef	cuments for a ore the schee	any additional information about nonpaymer duled date, and prepayment refunds and pen and receiving a copy of this disclosure. Borrower: John A.	nt, default, any required alties.
□ may See your contract do repayment in full bef	cuments for a ore the schee	any additional information about nonpaymer duled date, and prepayment refunds and pen and receiving a copy of this disclosure. Borrower: John A.	nt, default, any required alties.
□ may See your contract do repayment in full bef	cuments for a ore the schee	any additional information about nonpaymer duled date, and prepayment refunds and pen and receiving a copy of this disclosure. Borrower: John A.	nt, default, any required alties.
□ may See your contract do repayment in full bef	cuments for a ore the schee	any additional information about nonpaymer duled date, and prepayment refunds and pen and receiving a copy of this disclosure. Borrower: John A.	nt, default, any required alties.
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☐ may Gee your contract do repayment in full bef	cuments for a ore the schee	any additional information about nonpaymer duled date, and prepayment refunds and pen and receiving a copy of this disclosure. Borrower: John A.	nt, default, any required alties.

B. Type of Loan							
1. FHA 2. RHS 3. C	conv. Unins.	6. File Numl	per:	7. Loan Number:	8. Mortgage Insu	rance Case Number:	
4 VA 5. X Conv. Ins.		12-3456		123456789	000654321		
C. Note: This form is furnished to give you a statement of	of optical optiti	ement costs	Amounto poid t			a more a	
"(p.o.c.)" were paid outside the closing; they are						s marked	
D. Name & Address of Borrower:		E. Name & A	ddress of Selle	r:	F. Name & Addre	ss of Lender:	
John A. and Mary B. 123 Anywhere Street			Steve C. and Amy D.		Maple Bank	Maple Bank 4321 Random Boulevard	
Anytown, ST 12345		Anytown,	where Drive ST 12345		Somecity, ST 1		
G. Property Location:		H. Settlemer	at Agent:		I. Settlement Date	e:	
456 Somewhere Ave		Epsilon Tit			04/15/2013		
Anytown, ST 12345		Place of Set	tlement:				
		123 Comm	nerce Place, S	Somecity, ST 1234	4		
J. Summary of Borrower's Transaction			K. Summ	nary of Seller's Tr	ansaction		
100. Gross Amount Due from Borrower			400. Gros	s Amount Due to Se	ller		
101. Contract sales price	\$18	80,000.00	401. Contr	act sales price		\$180,000.0	
102. Personal property				nal property			
103. Settlement charges to borrower (line 1400)	\$	\$9,437.30	403.				
104. HOA Capital Contribution to HOA Acre Inc 105. HOA Processing Fee to HOA Acre Inc		\$150.00	404. 405.				
Adjustment for items paid by seller in advance				nt for items paid by	seller in advance		
106. City/town taxes to			406. City/to		to		
107. County taxes to			407. Coun		to		
108. Assessments to 109. HOA Dues 04/15/2013 to 04/30/2013		\$80.00	408. Asses		to		
109. HOA Dues 04/15/2013 to 04/30/2013 110.		φ00.00	409. HOA 410.	Dues 04/15/2013	10 04/30/2013	\$80.0	
111.			411.				
112.			412.				
120. Gross Amount Due from Borrower	\$19	0,167.30		s Amount Due to Se		\$180,080.0	
200. Amount Paid by or in Behalf of Borrower 201. Deposit or earnest money	\$1	0,000.00		ctions In Amount D as deposit (see instru		\$10,000.0	
202. Principal amount of new loan(s)		2,000.00		ment charges to selle		\$10,000.0	
203. Existing loan(s) taken subject to			503. Existi	ng loan(s) taken subj	ect to		
204. Seller Credit	\$	2,500.00		f of first mortgage loa		\$100,000.0	
205. Rebate from Epsilon Title 206. Appraisal Fee Credit Maple Bank		\$750.00 \$405.00		f of second mortgage	e loan	\$2,500.0	
206, Appraisal Fee Credit Maple Balik 207.		÷••••	506. Selle			¢∠,500.0	
208.			507.				
209.			509.				
Adjustments for items unpaid by seller		6265.04		nts for items unpaid			
210. City/town taxes 01/01/2013 to 04/14/2013		\$365.04		own taxes 01/01/20		\$365.0	
211. County taxes to 212. Assessments to			511. Count 512. Asses		to		
213.			513.				
214.			514.				
215.			515.				
216.			516. 517.				
218.			517.				
219.			519.				
220. Total Paid by/for Borrower	\$17	6,020.04		Reduction Amount		\$115,665.	
300. Cash at Settlement from/to Borrower 301. Gross amount due from borrower (line 120)	\$10	0,167.30		at Settlement to/fro amount due to selle		\$100.000/	
302. Less amounts paid by/for borrower (line 120)		,020.04)			r (line 420) s due seller (line 520)	\$180,080.0 (\$115,665.04	
		4,147.26	603. Cash		From Seller	\$64,414.9	
303. Cash X From To Borrower							

Current HUD-1, Easier, Fixed, A, Name Set 1, page 1

J-9

Current HUD-1, Easier, Fixed, A, Name Set 1, page 2

700. Total Real Estate Broker Fees \$11,400.00			Dald From	Dald Farm
Division of commission (line 700) as follows :			Paid From Borrower's	Paid From Seller's
701. \$ 5,700.00 to Alpha Real Estate Broker			Funds at Settlement	Funds at Settlement
702. \$ 5,700.00 to Omega Real Estate Broker				
703. Commission paid at settlement 704. Deposit retained by Alpha Real Estate Broker \$10,000.00				\$1,400.00
			I	
800. Items Payable in Connection with Loan			1	
	1,397.00	(from GFE #1)		
802. Your credit or charge (points) for the specific interest rate chosen \$ 803. Your adjusted origination charges \$	405.00	(from GFE #2) (from GFE #A)	\$1,802.00	
804. Appraisal fee to John Smith Appraisers, Inc.		(from GFE #3)	\$405.00	
805. Credit report to Information Inc. (POC \$29.80 Borrower)		(from GFE #3)		
806. Tax service to Info Co.		(from GFE #3)	\$80.00	
807. Flood certification to Info Co.		(from GFE #3)	\$20.00	
808. Flood Monitoring Fee to Info Co.			\$31.75	
809. Tax Monitoring Fee to Info Co. 810.			\$75.00	
810.				
900. Items Required by Lender to be Paid in Advance			6070 C 1	
901. Daily interest charges from 4/15/2013 to 5/01/2013 @ \$ 17.44 /day		(from GFE #10)	\$279.04	
902. Mortgage insurance premium for months to 903. Homeowner's insurance for 1 years to Insurance Co.		(from GFE #3) (from GFE #11)	\$1,209.96	
904. Property Taxes 6 months to Any County USA		(from GFE #11)	\$631.80	
1000. Reserves Deposited with Lender				
1001. Initial deposit for your escrow account		(from GFE #9)	\$412.25	
1002. Homeowner's insurance 2 months @ \$ 100.83 per month 3				
	\$ \$ 210.60			
	\$ <u>210.00</u>			
	\$			
1007. Aggregate Adjustment	\$ 0.01			
1100. Title Charges				
1101. Title services and lender's title insurance		(from GFE #4)	\$2,450.00	
1102. Settlement or closing fee \$;	(1011 01 2 # 1)		
1103. Owner's title insurance		(from GFE #5)	\$1,000.00	
1104. Lender's title insurance \$	500.00			
1105. Lender's title policy limit \$ 162,000.00				
1106. Owner's title policy limit \$ 180,000.00 1107. Agent's portion of the total title insurance premium to Epsilon Title Co. \$	1,200.00			
	300.00			
1110.				
1111.				
1200. Government Recording and Transfer Charges				
1201. Government recording charges		(from GFE #7)	\$85.00	
1201. Government recording charges 1202. Deed \$ 40.00 Mortgage \$ 45.00 Release \$		(.ioiii Or E #1)	<i>\\</i> 00.00	
1203. Transfer taxes		(from GFE #8)		
1204. City/County tax/stamps Deed \$ Mortgage \$				\$950.00
1205. State tax/stamps Deed \$ Mortgage \$				
1206.				
1300. Additional Settlement Charges				
1301. Required services that you can shop for		(from GFE #6)	\$205.50	
1302. Pest Inspection Fee to Pests Co. \$ 120.50				
1303. Survey Fee to Surveys Co. \$ 85.00				
1304. Home Inspection Fee to Engineers Inc. (POC \$750.00 Seller)			\$750.00	
1305. Home Warranty Fee to XYZ Warranty Inc.				\$450.00

Previous edition are obsolete

Current HUD-1, Easier, Fixed, A, Name Set 1, page 3

Comparison of Good Faith Estimate (GFE) and HUD-1 Charrges	S	Good Faith Estimate	HUD-1
Charges That Cannot Increase	HUD-1 Line Number		
Our origination charge	# 801	\$1,397.00	\$1,397.00
Your credit or charge (points) for the specific interest rate chosen	# 802	\$405.00	\$405.00
Your adjusted origination charges	# 803	\$1,802.00	\$1,802.00
Transfer taxes	# 1203	\$0.00	\$0.00
Charges That In Total Cannot Increase More Than 10%		Good Faith Estimate	HUD-1
Government recording charges	# 1201	\$85.00	\$85.00
Appraisal Fee	# 802	\$405.00	\$405.00
Credit Report Fee	# 805	\$30.00	\$29.80
Flood certification/Monitoring	# 807/808	\$52.00	\$51.75
Tax service/Monitoring	# 806/809	\$185.00	\$155.00
	#		
	#		
	#	4757.00	4300.55
Incr	Total ease between GFE and HUD-1 Charges	\$757.00 \$ or	\$726.55
		φ 01	
Charges That Can Change		Good Faith Estimate	HUD-1
Initial deposit for your escrow account	# 1001	\$412.26	\$412.25
Daily interest charges \$ 17.44 /day	# 901	\$261.60	\$279.04
Homeowner's insurance	# 903	\$604.98	\$1,209.96
Pest Inspection Fee	# 1302	\$135.00	\$120.50
Survey Fee	# 1303	\$65.00	\$85.00
Title services/Owner's Title Insurance	# 1101/1103	\$4,015.00	\$3,450.00
Loan Terms			
Your initial loan amount is	\$ 162,000.00		
Your loan term is	30 years		
Your initial interest rate is	3.875 %		
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ 844.13 includes Principal Interest		
Can your interest rate rise?	Mortgage Insurance Yes, it can rise to a maximand can change again every interest rate can increase or decrease by guaranteed to never be lower than	after . I	ange will be on Every change date, you loan, your interest rate is %.
Even if you make payments on time, can your loan balance rise?	X No Yes, it can rise to a maxi	mum of \$	
Even if you make payments on time, can your monthly amount owed for principal, interest, and mortgage insurance rise?	Image: No Image: Yes, the first increase can owed can rise to \$	n be on and the maximum it can ever rise to is \$	onthly amount
Does your loan have a prepayment penalty?	No X Yes, your maximum prep	ayment penalty is \$ 3,240.00	
Does your loan have a balloon payment?	No Yes, you have a balloon on	payment of \$ due	in years
Total monthly amount owed including escrow account payments	You do not have a monthly escrow homeowner's insurance. You mus You have an additional monthly er that results in a total initial monthly	t pay these items directly yoursel scrow payment of \$ 206.13	If This includes



Current Easier Fixed B Disclosures

The study used two different sets of lender names for the loan disclosures. All other information was identical. Name Set 1 used Nandina Bank and Name Set 2 used Balsam Bank.

Current Initial TIL, Easier, Fixed, B, Name Set 1, page 1

Truth-In-Lending Disclosure Statement

Lender: Nandina Bank	Loan No. 123456789	Date: 2/15/2013	
Borrowers: John A. and Mary B.	Property Address: 456	6 Somewhere Avenue, Anytown, ST 12345	
	🗷 Preliminary	🗆 Final	

Annual Percentage Rate The cost of your credit as a yearly rate.	Finance Charge The dollar amount the credit will cost you assuming the annual percentage rate does not change.	Amount Financed The amount of credit provided to you or on your behalf as of loan closing.	Total of Payments The amount you will have paid after you have made all payments as scheduled assuming the annual percentage rate does not change.
4.581%	\$132,103.64	\$161,713.05	\$372,043.80

You have the right to receive at this time an itemization of the Amount Financed.

INTEREST RATE AND PAYMENT SUMMARY

	Rate & Monthly Payment
Interest Rate	4.25%
Principal and Interest	\$796.94
Est. Taxes + Insurance (Escrow)	\$299.65
 Includes Private Mortgage Insurance 	
Total Est. Monthly Payment	\$1,096.59

signed a loan application.	erely because you have received these disclosures or have
Demand Feature: This obligation has a dem	and feature as follows:
□ Variable Rate Feature: This loan has a varia have been provided	ble-rate feature. Disclosures about the variable-rate feature to you earlier.
Required Deposit: The annual percentage rate	e does not take into account your required deposit.
You are giving a security interest in: 456 Somewhe	ere Avenue, Anytown, ST 12345
Filing/Recording Fees \$ 97.00	Non-filing insurance \$
Late Charge: If a payment is more than 15 days lat interest payment.	te, you will be charged 5% of the monthly principal and

Page **1** of **2**

Current Initial TIL, Easier, Fixed, B, Name Set 1, page 2

You may obtain property ins	urance from anyone you want that is acceptable	to the Lender, provided such
carrier meets the requireme	nts of the Lender.	
If you get the insurance from	n the Lender, you will pay the cost set forth in a se	eparate insurance statement
furnished by the Lender.		
Insurance:		
Credit life insurance and cre	dit disability insurance are not required to obtain	credit, and will not be provided
unless you sign and agree to	pay the additional cost.	
	mium Signature	
Credit Life	I want credit life insurance.	
Cradit Disability	Signatu	ire
Credit Disability	I want credit disability insurance.	
Credit Life and Disability	Signatu	ıre
Credit Life and Disability		
	Signatu	ire
Prepayment: If you pay	y off your loan early, you	
- · · · · · · · · · · · · · · · · · · ·		
🗆 may	will not have to pay a penal	
may may See your contract document		ind of part of the finance charge. ent, default, any required
may may See your contract document repayment in full before the	will not be entitled to a refunction of the second secon	ind of part of the finance charge. ent, default, any required
may may See your contract document repayment in full before the	S for any additional information about nonpayment scheduled date, and prepayment refunds and pe	ind of part of the finance charge. ent, default, any required
may may See your contract document repayment in full before the	☑ will not be entitled to a refunction of the entitled to a r	nd of part of the finance charge. ent, default, any required nalties.
may may See your contract document repayment in full before the	will not be entitled to a refunction and additional information about nonpayment scheduled date, and prepayment refunds and perepayment refun	nd of part of the finance charge. ent, default, any required nalties. Date Date
may may See your contract document repayment in full before the	will not be entitled to a refunction and additional information about nonpayment scheduled date, and prepayment refunds and perepayment refun	nd of part of the finance charge. ent, default, any required nalties. Date Date
may may See your contract document repayment in full before the	will not be entitled to a refunction and additional information about nonpayment scheduled date, and prepayment refunds and perepayment refun	nd of part of the finance charge. ent, default, any required nalties. Date Date
may may See your contract document repayment in full before the	will not be entitled to a refunction and additional information about nonpayment scheduled date, and prepayment refunds and perepayment refun	nd of part of the finance charge. ent, default, any required nalties. Date Date
may may See your contract document repayment in full before the	will not be entitled to a refunction and additional information about nonpayment scheduled date, and prepayment refunds and perepayment refun	nd of part of the finance charge. ent, default, any required nalties. Date Date
may may See your contract document repayment in full before the	will not be entitled to a refunction and additional information about nonpayment scheduled date, and prepayment refunds and perepayment refun	nd of part of the finance charge. ent, default, any required nalties. Date Date
may may See your contract document repayment in full before the	will not be entitled to a refunction and additional information about nonpayment scheduled date, and prepayment refunds and perepayment refun	nd of part of the finance charge. ent, default, any required nalties. Date Date
may may See your contract document repayment in full before the	will not be entitled to a refunction and additional information about nonpayment scheduled date, and prepayment refunds and perepayment refun	nd of part of the finance charge. ent, default, any required nalties. Date Date
may may See your contract document repayment in full before the	will not be entitled to a refunction and additional information about nonpayment scheduled date, and prepayment refunds and perepayment refun	nd of part of the finance charge. ent, default, any required nalties. Date Date
may may See your contract document repayment in full before the	will not be entitled to a refunction and additional information about nonpayment scheduled date, and prepayment refunds and perepayment refun	nd of part of the finance charge. ent, default, any required nalties. Date Date
may may See your contract document repayment in full before the	will not be entitled to a refunction and additional information about nonpayment scheduled date, and prepayment refunds and perepayment refun	nd of part of the finance charge. ent, default, any required nalties. Date Date
may may may See your contract document repayment in full before the	will not be entitled to a refunction and additional information about nonpayment scheduled date, and prepayment refunds and perepayment refun	nd of part of the finance charge. ent, default, any required nalties. Date Date

Current GFE, Easier, Fixed, B, Name Set 1, page 1

Name of Originator Na	ndina Bank	Borrower John A. and Mary B.
Originator 4321 Rat	ndom Boulevard	
Address	r, ST 12340	Property 456 Somewhere Avenue
Originator Phone Numb	er 123-456-7890	Address Anytown, ST 12345
Originator Email joesn	ith@nandinabank.com	Date of GFE 2/15/2013
Purpose	For more information, see HUD's Special Inform	ent charges and loan terms if you are approved for this loan. nation Booklet on settlement charges, your <i>Truth-in-Lending</i> www.hud.gov/respa. If you decide you would like to proceed
Shopping for your loan	Only you can shop for the best loan for you. Col loan. Use the shopping chart on page 3 to comp	mpare this GFE with other loan offers, so you can find the best vare all the offers you receive.
Important dates	 The interest rate for this GFE is available thro rate, some of your loan Origination Charges, lock your interest rate. 	bugh 2/15/2013 5:00PM EST . After this time, the interest and the monthly payment shown below can change until you
	2. This estimate for all other settlement charges	is available through 3/22/2013 5:00PM EDT
	 After you lock your interest rate, you must go period) to receive the locked interest rate. You must lock the interest rate at least 3 	to settlement within 60 days (your rate lock days before settlement.
Summary of	Your initial loan amount is	\$ 162,000.00
your loan	Your loan term is	30 years
	Your initial interest rate is	4.25 %
	Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ 879.29 per month
	Can your interest rate rise?	No Yes, it can rise to a maximum of %. The first change will be in
	Even if you make payments on time, can your loan balance rise?	■ No □ Yes, it can rise to a maximum of \$
	Even if you make payments on time, can your monthly amount owed for principal, interest, and any mortgage insurance rise?	No Yes, the first increase can be in and the monthly amount owed can rise to \$. The maximum it can ever rise to is \$.
	Does your loan have a prepayment penalty?	No Yes, your maximum prepayment penalty is \$
	Does your loan have a balloon payment?	No Yes, you have a balloon payment of \$ due in years.
		Id funds for paying property taxes or other property-related
account	Some lenders require an escrow account to no charges in addition to your monthly amount ow Do we require you to have an escrow account. No, you do not have an escrow account. You X Yes, you have an escrow account. It may o	for your loan? ou must pay these charges directly when due.
account information Summary of	charges in addition to your monthly amount ow Do we require you to have an escrow account No, you do not have an escrow account. Yo Yes, you have an escrow account. It may o	for your loan? ou must pay these charges directly when due. r may not cover all of these charges. Ask us.
account information Summary of your	charges in addition to your monthly amount ow Do we require you to have an escrow account No, you do not have an escrow account. Yo Yes, you have an escrow account. It may on A Your Adjusted Origination Charges (See particular)	for your loan? ou must pay these charges directly when due. r may not cover all of these charges. Ask us.
Escrow account information Summary of your settlement charges	charges in addition to your monthly amount ow Do we require you to have an escrow account No, you do not have an escrow account. Yo Yes, you have an escrow account. It may o	for your loan? ou must pay these charges directly when due. r may not cover all of these charges. Ask us.

Good Faith Estimate (HUD-GFE) 1

Current GFE, Easier, Fixed, B, Name Set 1, page 2

Jnderstanding our estimated		our Adjusted Origination Charg Our origination charge				\$500.00
charges	2.	This charge is for getting this lo Your credit or charge (points □ The credit or charge for the "Our origination charge." (S ▼ You receive a credit of \$ 50 This credit reduces your s □ You pay a charge of \$ This charge (points) increa The tradeoff table on page choosing a different interes) for the sp interest rat See item 1 a 00.00 ettlement ch ases your to 3 shows this	e of % is included bove.) for this interest rate of for this interest rate of for this interest rate of tal settlement charges. at you can change your total settlement	%.	-\$500.00
	4	Your Adjusted Origination C	harges		\$ 0.0	0
	Y	our Charges for All Other Settl	lement Ser	vices		
charges can change at settlement. See the top of page 3 for more information.	3.	Required services that we self These charges are for services providers of these services. Service Appraisal Fee Credit Report Fee Flood Certification Fee Tax Status Research Fee	ect we require t	o complete your settlement. We will ch <i>Charge</i> 325.00 24.00 36.00 150.00	oose the	\$535.00
	4.	Title services and lender's title. This charge includes the service to protect the lender, if required.	es of a title o	e settlement agent, for example, and t	itle insurance	\$1,680.00
	5.	Owner's title insurance You may purchase an owner's ti	tle insuranc	e policy to protect your interest in the p	property.	\$800.00
	6.	Required services that you can These charges are for other service identify providers of these service providing these services are bell Service Pest Inspection Fee Survey Fee	vices that a ces or you c	re required to complete your settlement an shop for them yourself. Our estimate <i>Charge</i> 110.00 120.00	t. We can es for	\$230.00
	7.	Government recording charge These charges are for state and		o record your loan and title documents		\$97.00
	8.	Transfer taxes These charges are for state and	l local fees o	on mortgages and home sales.		\$0.00
	9.	Initial deposit for your escrow This charge is held in an escrow includes 🗙 all property taxes, [account to	pay future recurring charges on your p	property and	\$434.60
	10	of the next month or the first day	y of your no	loan from the day of your settlement ur mal mortgage payment cycle. 5 days (if your settlement is 4/1		y \$286.95
	11.	Homeowner's insurance This charge is for the insurance Policy Hazard Insurance	you must b	uy for the property to protect from a los Charge 672.00	s, such as fire	e. \$672.00
				672.00		
	E	Your Charges for All Other S	Settlement S	ervices	\$ 4,73	35.55
	A	A + B Total Estimated	I Settleme	nt Charges	\$ 4,73	35.55
	-1					

Current GFE, Easier, Fixed, B, Name Set 1, page 3

Instructions

Understanding which charges can change at settlement This GFE estimates your settlement charges. At your settlement, you will receive a HUD-1, a form that lists your actual costs. Compare the charges on the HUD-1 with the charges on this GFE. Charges can change if you select your own provider and do not use the companies we identify. (See below for details.)

 Required services that we select Title services and lender's title 	 Required services that you can shop for (if you do not use companies
 Title services and lender's title 	
	we identify)
you use companies we identify)	 Title services and lender's title
 Owner's title insurance (if you use companies we identify) 	insurance (if you do not use companies we identify)
 Required services that you can shop for <i>(if you use companies</i>) 	 Owner's title insurance (if you do not use companies we identify)
we identify)	 Initial deposit for your escrow account
 Government recording charges 	 Daily interest charges
	 Homeowner's insurance
	 Owner's title insurance (if you use companies we identify) Required services that you can shop for (if you use companies we identify)

Using the tradeoff table

In this GFE, we offered you this loan with a particular interest rate and estimated settlement charges. However:

If you want to choose this same loan with lower settlement charges, then you will have a higher interest rate.
If you want to choose this same loan with a lower interest rate, then you will have higher settlement charges.

If you would like to choose an available option, you must ask us for a new GFE.

Loan originators have the option to complete this table. Please ask for additional information if the table is not completed.

	The loan in this GFE		The same loan with lower settlement charges	The same loan with a lower interest rate	
Your initial loan amount	\$ 162,000.00		\$	\$	
Your initial interest rate 1	4.25 %		%	%	
Your initial monthly amount owed	\$ 879.29		\$	\$	
Change in the monthly amount owed from this GFE	No change		You will pay \$ more every month	You will pay \$ less every month	
Change in the amount you will pay at settlement with this interest rate	No change		Your settlement charges will be reduced by \$	Your settlement charges will increase by \$	
How much your total estimated settlement charges will be	\$ 4,735.55		\$	\$	

¹For an adjustable rate loan, the comparisons above are for the initial interest rate before adjustments are made.

Use this chart to compare GFEs from different loan originators. Fill in the information by using a different column for each GFE you receive. By comparing loan offers, you can shop for the best loan.

Using the shopping chart

This loan Loan 2 Loan 3 Loan 4 Loan originator name Initial loan amount Loan term Initial interest rate Initial monthly amount owed Rate lock period Can interest rate rise? Can loan balance rise? Can monthly amount owed rise? Prepayment penalty? Balloon payment? Total Estimated Settlement Charges

If your loan is sold in the future Some lenders may sell your loan after settlement. Any fees lenders receive in the future cannot change the loan you receive or the charges you paid at settlement.



Good Faith Estimate (HUD-GFE) 3

Current Final TIL, Easier, Fixed, B, Name Set 1, page 1

Truth-In-Lending Disclosure Statement

Lender: Nandina Bank	Loan No. 123456789	Date: 4/15/2013
Borrowers: John A. and Mary B.	Property Address: 456 Somewhere Avenue, Anytown, ST 12345	
	Preliminary	🗷 Final

Annual Percentage Rate The cost of your credit as a	Finance Charge The dollar amount the credit will	Amount Financed The amount of credit provided to	Total of Payments The amount you will have paid
yearly rate.	cost you assuming the annual	you or on your behalf as of loan	after you have made all
	percentage rate does not change.	closing.	payments as scheduled assuming the annual percentage rate does
	Ũ		not change.
4.835%	\$140,740.27	\$161,676.00	\$434,644.27

You have the right to receive at this time an itemization of the Amount Financed.

□ I want an itemization.

□ I do not want an itemization.

INTEREST RATE AND PAYMENT SUMMARY

	Rate & Monthly Payment
Interest Rate	4.50%
Principal and Interest	\$820.83
Est. Taxes + Insurance (Escrow)	\$449.65
 Includes Private Mortgage Insurance 	
Total Est. Monthly Payment	\$1,270.48

You are not required to complete this agreement merely signed a loan application.	because you have received these disclosures or have
Demand Feature: This obligation has a demand	feature as follows:
□ Variable Rate Feature: This loan has a variable have been provided to	rate feature. Disclosures about the variable-rate feature you earlier.
Required Deposit: The annual percentage rate do	es not take into account your required deposit.
You are giving a security interest in: 456 Somewhere	Avenue, Anytown, ST 12345
Filing/Recording Fees \$ 85.00 N	on-filing insurance \$
Late Charge: If a payment is more than 15 days late, y interest payment.	ou will be charged 5% of the monthly principal and
	ou will be charged 5% of the monthly principal and

Page 1 of 2

Current Final TIL, Easier, Fixed, B, Name Set 1, page 2

You may obtain property insurance from anyone you want that is acceptable to the Lender, provided such carrier meets the requirements of the Lender.

If you get the insurance from the Lender, you will pay the cost set forth in a separate insurance statement furnished by the Lender.

Insurance:

Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless you sign and agree to pay the additional cost.

Туре	Premium	Signature		
Credit Life		I want credit life	insurance.	
			Signature	
Credit Disability		I want credit disa	bility insurance.	
			Signature	
Credit Life and Disabi	lity	I want credit life	and disability insurance.	
			Signature	
repayment:	f vou pav off vo	our loan early, y	QU	
l may	⊠ will not		have to pay a penalty.	
l may	×	🗷 will not be entitled to a refund of part of the finance cha		

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

I/We hereby acknowledge reading and receiving a copy of this disclosure.

Borrower: John A.

Date

Borrower: Mary B.

Date

Page 2 of 2

B. Type of Loan							
	Conv. Unins.	6. File Numb	per:	7. Loan Nu	imber:	8. Mortgage Insu	rance Case Number:
VA 5. Conv. Ins.		12-3456		12345678	39	000654321	
	of optical pott	ement costs	Amounto poid t	e and huthe	a attlement a	acent are about item	a marked
C. Note: This form is furnished to give you a statement "(p.o.c.)" were paid outside the closing; they a							s marked
0. Name & Address of Borrower:				F. Name & Addre	ss of Lender:		
lohn A. and Mary B. I23 Anywhere Street Anytown, ST 12345			and Amy D. where Drive ST 12345			Nandina Bank 4321 Random Somecity, ST	Boulevard
B. Property Location:		H. Settlemer	nt Agent:			I. Settlement Dat	e:
156 Somewhere Ave		Epsilon Tit	-			04/15/2013	
Anytown, ST 12345		Place of Sett 123 Comm	tlement: ierce Place, S	Somecity	ST 12344		
I. Summary of Borrower's Transaction		.20 0000			ller's Trans	saction	
00. Gross Amount Due from Borrower					ue to Seller		
01. Contract sales price	\$18	80,000.00		act sales pri			\$180,000.0
02. Personal property				nal property			
03. Settlement charges to borrower (line 1400)	\$	\$6,973.39	403.				
04. HOA Capital Contribution to HOA Acre Inc 05. HOA Processing Fee to HOA Acre Inc		\$500.00 \$150.00	404.				
adjustment for items paid by seller in advance				nt for items	paid by sell	er in advance	
06. City/town taxes to			406. City/te			to	
07. County taxes to			407. Coun	ty taxes		to	
08. Assessments to	-		408. Asses			to	
09. HOA Dues 04/15/2013 to 04/30/2013		\$80.00		Dues 04/	15/2013 to	04/30/2013	\$80.0
10. 11.			410.				
11. 12.			411.				
20. Gross Amount Due from Borrower	\$18	7,703.39		s Amount D	ue to Seller		\$180,080.0
00. Amount Paid by or in Behalf of Borrower					nount Due t		
01. Deposit or earnest money		0,000.00			ee instruction		\$9,000.0
02. Principal amount of new loan(s)	\$16	2,000.00			es to seller (li		\$950.0
03. Existing loan(s) taken subject to 04. Seller Credit		\$550.00			ken subject t	to	6400.000
04. Seller Credit 05. Pest and Survey POC by Borrower		\$550.00		f of first mor		in	\$100,000.0
06.			505. Payor 506. Selle		mortgage loa		\$550.0
07.			507.				
08.			508.				
09.			509.				
Adjustments for items unpaid by seller		\$265 0 f			s unpaid by		
10. City/town taxes 01/01/2013 to 04/14/2013		\$365.04			1/01/2013	to 04/14/2013	\$365.0
11. County taxes to 12. Assessments to			511. Count 512. Asses			to	
12. Assessments to 13.			512. Asses			to	
14.			514.				
15.			515.				
16.			516.				
17. 18.			517.				
18. 19.			518. 519.				
20. Total Paid by/for Borrower	\$17	3,129.04		Reduction	Amount Due	Seller	\$110,865.
00. Cash at Settlement from/to Borrower					ent to/from S		
01. Gross amount due from borrower (line 120)		7,703.39			e to seller (lir		\$180,080.0
02. Less amounts paid by/for borrower (line 220)		,129.04)	602. Less		amounts du	e seller (line 520)	(\$110,865.04
03. Cash X From To Borrower	\$1	4,574.35	603. Cash	X	То	From Seller	\$69,214.9

Current HUD-1, Easier, Fixed, B, Name Set 1, page 1

Current HUD-1, Easier, Fixed, B, Name Set 1, page 2

700. Total Real Estate Broker Fees \$9,000.00			Paid From	Paid From
Division of commission (line 700) as follows :			Borrower's Funds at	Seller's Funds at
701. \$ 4,500.00 to Alpha Real Estate Broker			Settlement	Settlement
702. \$ 4,500.00 to Omega Real Estate Broker				
703. Commission paid at settlement 704. Deposit retained by Alpha Real Estate Broker \$10,000.00				
800. Items Payable in Connection with Loan			1	
	\$ 500.00	(from GFE #1)		
802. Your credit or charge (points) for the specific interest rate chosen \$ 803. Your adjusted origination charges	\$ 0.00	(from GFE #2)	\$500.00	
803. Appraisal fee to John Smith Appraisers, Inc. (POC \$325.00 Borrower)		(from GFE #A) (from GFE #3)	\$500.00	
805. Credit report to Information Inc. (POC \$24.00 Borrower)		(from GFE #3)		
806. Tax service to Info Co.		(from GFE #3)	\$150.00	
807. Flood certification to Info Co.		(from GFE #3)	\$36.00	
808.				
809.				
810.				
811.				
900. Items Required by Lender to be Paid in Advance				
901. Daily interest charges from 4/15/2013 to 5/1/2013 @ \$ 20.25 /day		(from GFE #10)	\$324.00	
902. Mortgage insurance premium for months to		(from GFE #3)		
903. Homeowner's insurance for 1 years to Insurance Co.		(from GFE #11)	\$1,344.00	
904. Property Taxes 6 months to Any County USA			\$631.80	
1000. Reserves Deposited with Lender				
1001. Initial deposit for your escrow account		(from GFE #9)	\$734.59	
1002. Homeowner's insurance 2 months @ \$ 112.00 per month	\$ 224.00			
	\$			
1004. Property Taxes 2 months @ \$ 105.30 per month 1005. HOA Dues 2 months @ \$ 150.00 per month				
	\$ 300.00			
	• -\$ 0.01			
1100. Title Charges			.	
1101. Title services and lender's title insurance	\$	(from GFE #4)	\$1,680.00	
1102. Settlement or closing fee	\$	(from OFF #5)	\$824.00	
	\$ 820.00	(from GFE #5)	\$024.00	
1105. Lender's title policy limit \$ 162,000.00				
1106. Owner's title policy limit \$ 180,000.00				
	\$ 1,315.20			
· · · · · · · · · · · · · · · · · · ·	\$ 328.80			
1109.				
1110.				
1111.				
1200. Government Recording and Transfer Charges				
1201. Government recording charges		(from GFE #7)	\$85.00	
1202. Deed \$ 40.00 Mortgage \$ 45.00 Release \$		the second second		
1203. Transfer taxes 1204. City/County tax/stamps Deed \$ Mortgage \$		(from GFE #8)		\$950.00
1205. State tax/stamps Deed \$ Mortgage \$				φυσυ.00
1206.				
1300. Additional Settlement Charges		(from GFE #6)	\$214.00	
1301. Required services that you can shop for 1302. Pest Inspection Fee to Pests Co. \$ 94.00		(IIOIII GFE #0)	φ∠14.00	
1303. Survey Fee to Surveys Co. \$ 120.00				
1304. Home Inspection Fee to Engineers Inc. (POC \$750.00 Seller, POC \$750.00 Born	rower)			
	,			

Previous edition are obsolete

HUD-1

Current HUD-1, Easier, Fixed, B, Name Set 1, page 3

Our origination charge Your credit or charge (points) for the specific interest rate chosen			
Your credit or charge (points) for the specific interest rate chosen	HUD-1 Line Number		
Total croat of charge (points) for the opeoine interest rate choosin	# 801	\$500.00	\$500.00
Your adjusted origination charges	# 802	-\$500.00	\$0.00
	# 803	\$0.00	\$500.00
Transfer taxes	# 1203	\$0.00	\$0.00
Charges That In Total Cannot Increase More Than 10%		Good Faith Estimate	HUD-1
Government recording charges	# 1201	\$97.00	\$85.00
Appraisal Fee	# 802	\$325.00	\$325.00
Credit report	# 805	\$24.00	\$24.00
Flood certification	# 807	\$36.00	\$36.00
Tax service	# 806	\$150.00	\$150.00
Title services	# 1101	\$1,680.00	\$1,680.00
	# # 1103	\$800.00	\$824.00
	# 1302	\$120.00	\$120.00
	Total	\$3,232.00	\$3,244.00
Increa	ase between GFE and HUD-1 Charges	\$ 12 or	
Charges That Can Change		Good Faith Estimate	HUD-1
Initial deposit for your escrow account	# 1001	\$434.60	\$734.59
Daily interest charges \$ 20.25 /day	# 901	\$286.95	\$324.00
Homeowner's insurance	# 903	\$672.00	\$1,344.00
Pest Inspection Fee to Pests Co.	# 1302	\$110.00	\$94.00
	#		
	#		
Loan Terms			
Your initial loan amount is	\$ 162,000.00		
Your loan term is	30 years		
Your initial interest rate is	4.50 %		
	\$ 903.18 includes		
Your initial monthly amount owed for principal, interest, and any	\$ 903.18 includes		
mortgage insurance is	× Principal		
	X Interest		
	X Mortgage Insurance		
Can your interest rate rise?	X No Yes, it can rise to a maxim	num of %. The first c	hange will be on
	and can change again every		Every change date, your
	interest rate can increase or decrease by		loan, your interest rate is
	guaranteed to never be lower than	% or higher than	%.
		aum of C	
Even if you make payments on time, can your loan balance rise?	X No Yes, it can rise to a maxir	num or \$	
Even if you make payments on time, can your monthly	X No Yes, the first increase car		nonthly amount
amount owed for principal, interest, and mortgage insurance rise?	owed can rise to \$. The	maximum it can ever rise to is	\$.
Does your loan have a prepayment penalty?	X No Yes, your maximum prep	ayment penalty is \$	
	X No Yes, you have a balloon p	ayment of \$ du	e in years
Does your loan have a balloon payment?	on .		
Does your loan have a balloon payment?	01		
Does your loan have a balloon payment? Total monthly amount owed including escrow account payments	You do not have a monthly escrow	payment for items, such as pro	operty taxes and
	You do not have a monthly escrow	pay these items directly yourse	
	You do not have a monthly escrow homeowner's insurance. You must	pay these items directly yourse crow payment of \$ 367.30	
	You do not have a monthly escrow homeowner's insurance. You must You have an additional monthly es	pay these items directly yourse crow payment of \$ 367.30 amount owed of \$. This includes
	You do not have a monthly escrow homeowner's insurance. You must You have an additional monthly es that results in a total initial monthly principal, interest, any mortagage	pay these items directly yourse crow payment of \$ 367.30 amount owed of \$ nsurance and any items checked	. This includes ed below:
	You do not have a monthly escrow homeowner's insurance. You must X You have an additional monthly es that results in a total initial monthly principal, interest, any mortagage X Property taxes	pay these items directly yourse crow payment of \$ 367.30 amount owed of \$ nsurance and any items checker Homeowner's in	. This includes ed below: Isurance
	You do not have a monthly escrow homeowner's insurance. You must You have an additional monthly es that results in a total initial monthly principal, interest, any mortagage	pay these items directly yourse crow payment of \$ 367.30 amount owed of \$ nsurance and any items checker Homeowner's in	. This includes ed below:

Projected Payments

Payment Calculation

Principal & Interest

Mortgage Insurance Estimated Escrow

Appendix Estimated Taxes, Insurance & Assessments

Amount can increase ove See Details on Page 4

Current More Challenging Fixed A Disclosures

The study used two different sets of lender names for the loan disclosures. All other information was identical. Name Set 1 used Oak Bank and Name Set 2 used Cottonwood Bank.

Current Initial TIL, More Challenging, Fixed, A, Name Set 1, page 1

Truth-In-Lending Disclosure Statement

Lender: Oak Bank	Loan No. 12345678	Date: 2/15/2013	
Borrowers: John A. and Mary B.	Property Address: 4	156 Somewhere Avenue, Anytown, ST 12345	
	🗷 Preliminary	🗆 Final	

Annual Percentage Rate	Finance Charge	Amount Financed	Total of Payments
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you assuming the annual percentage rate does not change.	The amount of credit provided to you or on your behalf as of loan closing.	The amount you will have paid after you have made all payments as scheduled assuming the annual percentage rate does not change.
4.713%	\$261,570.95	\$309,959.65	\$731,910.60

You have the right to receive at this time an itemization of the Amount Financed.

INTEREST RATE AND PAYMENT SUMMARY

	Rate & Monthly Payment
Interest Rate	4.250%
Principal and Interest	\$1,549.61
Est. Taxes + Insurance (Escrow)	\$608.25
 Includes Private Mortgage Insurance 	
Total Est. Monthly Payment	\$2,157.86

You are not required to signed a loan applicatio		erely because you have received these disclosures or have
Demand Feature:	This obligation has a dem	hand feature as follows:
□ Variable Rate Featur	e: This loan has a varia have been provided	able-rate feature. Disclosures about the variable-rate feature d to you earlier.
Required Deposit:	The annual percentage rat	e does not take into account your required deposit.
You are giving a security	interest in: 456 Somewh	ere Avenue, Anytown, ST 12345
Filing/Recording Fees	\$ 150.00	_ Non-filing insurance \$
0 1 /	nent is more than 15 days la payment.	te, you will be charged 5% of the monthly principal and
	eone buying your house: emainder of the mortgage o	n

Current Initial TIL, More Challenging, Fixed, A, Name Set 1, page 2

Lender, you will pay the cost set forth in a separate mability insurance are not required to obtain cre he additional cost. Signature I want credit life insurance. Signature I want credit disability insurance.	
he additional cost. Signature I want credit life insurance. Signature	dit, and will not be provided
he additional cost. Signature I want credit life insurance. Signature	dit, and will not be provided
Signature I want credit life insurance. Signature	
I want credit life insurance. Signature	
Signature	
I want credit life and disability insurance.	
Signature	
our loan early, you	
l will not be entitled to a refund	of part of the finance charge.
Borrower: John A	Date
Borrower: Mary B.	Date
	our loan early, you

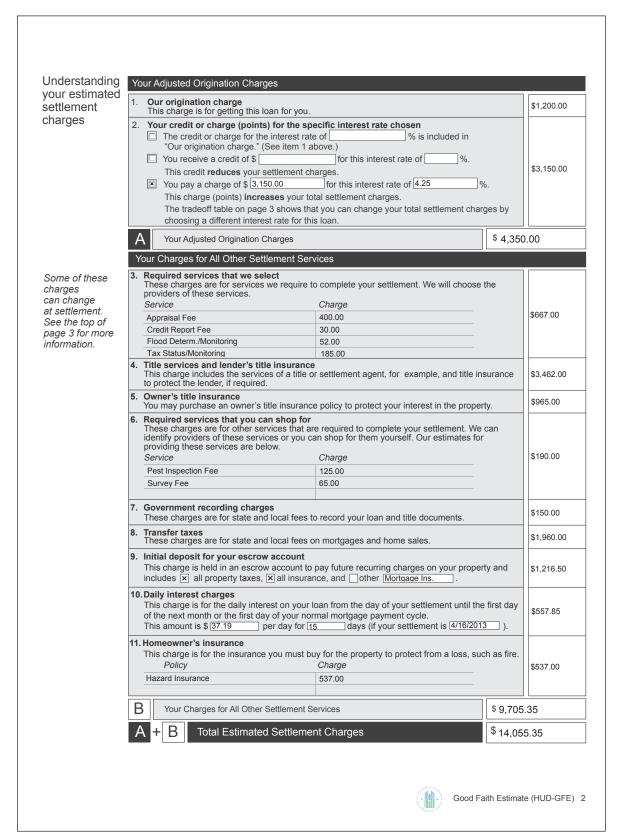
Current GFE, More Challenging, Fixed, A, Name Set 1, page 1



Good Faith Estimate (GFE)

OMB Approval No. 2502-0265

Name of Originator Oa Originator 4321 Pa		Borrower John A. and Mary B.
Address	ndom Boulevard	
	y, ST 12340	Property 456 Somewhere Avenue
Originator Phone Numb		Anytown, ST 12345
Originator Email joesr	nith@oakbank.com	Date of GFE 2/15/2013
Purpose	For more information, see HUD's Special Inform	nt charges and loan terms if you are approved for this loan. ation Booklet on settlement charges, your Truth-in-Lending www.hud.gov/respa. If you decide you would like to proceed
Shopping for /our loan	Only you can shop for the best loan for you. Con loan. Use the shopping chart on page 3 to comp	npare this GFE with other loan offers, so you can find the bear all the offers you receive.
mportant dates	 The interest rate for this GFE is available thro rate, some of your loan Origination Charges, a lock your interest rate. 	ugh 4/16/2013 5:00PM EDT . After this time, the interest and the monthly payment shown below can change until you
	2. This estimate for all other settlement charges	is available through 3/22/2013 5:00PM EDT
	 After you lock your interest rate, you must go period) to receive the locked interest rate. 	to settlement within 60 days (your rate loc
	4. You must lock the interest rate at least N/A	days before settlement.
Summary of	Your initial loan amount is	\$ 315,000.00
/our loan	Your loan term is	30 years
	Your initial interest rate is	4.25 %
	Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ 1,712.36 per month
	Can your interest rate rise?	No Yes, it can rise to a maximum of The first change will be in
	Even if you make payments on time, can your loan balance rise?	No Yes, it can rise to a maximum of \$
	Even if you make payments on time, can your monthly amount owed for principal, interest, and any mortgage insurance rise?	No Yes, the first increase can be in and the monthly amount owed can rise to \$ it can ever rise to is \$
	Does your loan have a prepayment penalty?	□ No I Yes, your maximum prepayment penalty is \$ 6,300.00
	Does your loan have a balloon payment?	No Yes, you have a balloon payment of \$ due in years.
Escrow account nformation	Some lenders require an escrow account to hol charges in addition to your monthly amount ow Do we require you to have an escrow account f No, you do not have an escrow account. Yo X Yes, you have an escrow account. It may or	or your loan? u must pay these charges directly when due.
Summary of /our	A Your Adjusted Origination Charges (See page	ge 2.) \$4,350.00
settlement	B Your Charges for All Other Settlement Ser	/ices (See page 2.) \$9,705.35
charges		



Current GFE, More Challenging, Fixed, A, Name Set 1, page 2

Current GFE, More Challenging, Fixed, A, Name Set 1, page 3

Instructions

Understanding which charges can change at settlement This GFE estimates your settlement charges. At your settlement, you will receive a HUD-1, a form that lists your actual costs. Compare the charges on the HUD-1 with the charges on this GFE. Charges can change if you select your own provider and do not use the companies we identify. (See below for details.)

These charges cannot increase at settlement:	The total of these charges can increase up to 10% at settlement:	These charges can change at settlement:
 Our origination charge 	 Required services that we select 	 Required services that you can
 Your credit or charge (points) for the specific interest rate chosen 	 Title services and lender's title insurance (if we select them or 	shop for (if you do not use companies we identify)
(after you lock in your interest rate)	you use companies we identify)	 Title services and lender's title
 Your adjusted origination charges (after you lock in your interest rate) 	 Owner's title insurance (if you use companies we identify) 	insurance (if you do not use companies we identify)
 Transfer taxes 	 Required services that you can shop for (if you use companies 	 Owner's title insurance (if you do not use companies we identify)
	we identify)	 Initial deposit for your escrow account
	 Government recording charges 	 Daily interest charges
		 Homeowner's insurance

Using the tradeoff table

In this GFE, we offered you this loan with a particular interest rate and estimated settlement charges. However:

If you want to choose this same loan with lower settlement charges, then you will have a higher interest rate.
If you want to choose this same loan with a lower interest rate, then you will have higher settlement charges.

If you would like to choose an available option, you must ask us for a new GFE.

Loan originators have the option to complete this table. Please ask for additional information if the table is not completed.

	The loan in this GFE		I he same loan with lower settlement charges	lower interest rate
Your initial loan amount	\$ 315,000.00		\$	\$
Your initial interest rate 1	4.25	%	%	%
Your initial monthly amount owed	\$ 1,712.36		\$	\$
Change in the monthly amount owed from this GFE	No change		You will pay \$ more every month	You will pay \$ less every month
Change in the amount you will pay at settlement with this interest rate	No change		Your settlement charges will be reduced by \$	Your settlement charges will increase by \$
How much your total estimated settlement charges will be	\$ 14,055.35		\$	\$

¹For an adjustable rate loan, the comparisons above are for the initial interest rate before adjustments are made.

Use this chart to compare GFEs from different loan originators. Fill in the information by using a different column for each GFE you receive. By comparing loan offers, you can shop for the best loan.

Using the shopping chart

	This loan	Loan 2	Loan 3	Loan 4
Loan originator name	Oak Bank			
Initial loan amount	\$315,000.00			
Loan term	30 years			
Initial interest rate	4.25%			
Initial monthly amount owed	\$1,712.36			
Rate lock period	60 days			
Can interest rate rise?	No			
Can loan balance rise?	No			
Can monthly amount owed rise?	No			
Prepayment penalty?	Yes			
Balloon payment?	No			
Total Estimated Settlement Charges	\$14,055.35			

If your loan is sold in the future Some lenders may sell your loan after settlement. Any fees lenders receive in the future cannot change the loan you receive or the charges you paid at settlement.



Good Faith Estimate (HUD-GFE) 3

Current Final TIL, More Challenging, Fixed, A, Name Set 1, page 1

Londor: ()ak Bank	Loan No. 123456	789 Date: 4/	15/2012
Lender: Oak Bank Borrowers: John A. and Ma		456 Somewhere Avenue, An	
borrowers. John A. and Ma	Preliminary	¥30 Somewhere Avenue, An ⊠ Final	ytown, 51 12545
Annual Percentage Rate The cost of your credit as a yearly rate.	Finance Charge The dollar amount the credit will cost you assuming the annual percentage rate does not change.	Amount Financed The amount of credit provided to you or on your behalf as of loan closing.	Total of Payments The amount you will have paid after you have made all payments as scheduled assuming the annual percentage rate does
4.847%	\$318,947.54	\$310,247.96	not change. \$843,575.50
-110-17 /0	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	¥310,277.50	¥8 13,373.30
You have the right to receiv	ve at this time an itemization o	of the Amount Financed.	
□ I want an itemization.			nt an itemization.
INTEREST RATE AND PAYN			First Increase
		Rate & Monthly Paymen	
Interest Rate		4.250%	4.250%
Principal Payment		- none -	\$834.96
Interest Payment		\$1,115.62	\$1,115.62
Est. Taxes + Insurance (Escr	ow)	\$758.25	\$758.25
 Includes Private Mortg 	,		
Total Est. Monthly Paymer	-	\$1,873.87	\$2,708.83
You are not required to cor signed a loan application.	THAT YOU WILL BE ABLE TO R nplete this agreement merely This obligation has a demand f	because you have received th	
	-		
□ Variable Rate Feature:	This loan has a variable-r have been provided to y	ate feature. Disclosures abou ou earlier.	it the variable-rate feature
Required Deposit: T	he annual percentage rate doe	es not take into account your i	required deposit.
You are giving a security int	terest in: 456 Somewhere A	venue, Anytown, ST 12345	
Filing/Recording Fees \$	150.00 No	on-filing insurance \$	
Late Charge: If a paymer	nt is more than 15 days late, yo yment.	ou will be charged 5% of the m	onthly principal and
interest pay			

Current Final TIL, More Challenging, Fixed, A, Name Set 1, page 2

You may obtain property insurance from anyone you want that is acceptable to the Lender, provided such carrier meets the requirements of the Lender.

If you get the insurance from the Lender, you will pay the cost set forth in a separate insurance statement furnished by the Lender.

Insurance:

Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless you sign and agree to pay the additional cost.

Туре	Premium	Signature		
Credit Life		I want credit life insur	ance.	
				Signature
Credit Disability		I want credit disability	insurance.	
				Signature
Credit Life and Disability		I want credit life and o	disability insurance.	
				Signature
Prepayment: If yo	u pay off yo	our loan early, you		
🗆 may	×	will not	have to pay a	i penalty.
🗆 may	×	will not	be entitled to	a refund of part of the finance charge.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

I/We hereby acknowledge reading and receiving a copy of this disclosure.

Borrower: John A.

Borrower: Mary B.

Date

Page **2** of **2**

Date

B. Type of Loan						
1. FHA 2. RHS 3. Co	nv. Unins. 6. F	ile Number:	7. Loan Number:	8. Mortgage Insuran	ice Case Number	
		-3456			ice case number.	
4. VA 5. K Conv. Ins.	12-	-3430	123456789	000654321		
C. Note: This form is furnished to give you a statement of "(p.o.c.)" were paid outside the closing; they are					narked	
D. Name & Address of Borrower:	E. N	lame & Address of Selle		F. Name & Address	of Lender:	
John A. and Mary B. 123 Anywhere Street		eve C. and Amy D.		Oak Bank	Oak Bank 4321 Random Boulevard	
Anytown, ST 12345		1 Somewhere Drive hytown, ST 12345		Somecity, ST 123		
G. Property Location:	нs	Settlement Agent:		I. Settlement Date:		
456 Somewhere Avenue		silon Title Co.		04/15/2013		
Anytown, ST 12345		ce of Settlement:	emerity CT 400			
	123	3 Commerce Place, S	omecity, ST 12344			
J. Summary of Borrower's Transaction		K. Summ	ary of Seller's Trar	saction		
100. Gross Amount Due from Borrower			Amount Due to Selle	r		
101. Contract sales price	\$350,00		act sales price		\$350,000.00	
102. Personal property 103. Settlement charges to borrower (line 1400)	\$15,64		nal property			
104. HOA Capital Contribution to HOA Acre Inc	\$50	404.				
105. Adjustment for items paid by seller in advance		405.	nt for items paid by se	ller in advance		
106. City/town taxes to		406. City/to		to		
107. County taxes to		407. Count		to		
108. Assessments to 109. HOA Dues 04/15/2013 to 04/30/2013	\$8	408. Asses 30.00 409. HOA	sments Dues 04/15/2013 to	to 04/30/2013	\$80.00	
110.		410.		0 1100/2010	\$00.00	
111. 112.		411.				
120. Gross Amount Due from Borrower	\$366,22	25.00	Amount Due to Selle	r	\$350,080.00	
200. Amount Paid by or in Behalf of Borrower	\$10,00		ctions In Amount Due		¢10.000.00	
201. Deposit or earnest money 202. Principal amount of new loan(s)	\$315,00	001. Ex000	s deposit (see instruction ment charges to seller (\$10,000.00 \$7,500.00	
203. Existing loan(s) taken subject to		503. Existi	ng loan(s) taken subject			
204. Pest Inspection Fee POC Borrower 205.	\$9		f of first mortgage loan f of second mortgage lo	an	\$210,000.00	
206.			ey Recertification Fe		\$50.00	
207.		507.				
208.		508.				
Adjustments for items unpaid by seller			nts for items unpaid by			
210. City/town taxes 01/01/2013 to 04/14/2013 211. County taxes to	\$1,23	510. City/to 511. Count	wn taxes 01/01/2013		\$1,234.48	
212. Assessments to		512. Asses		to to		
213.		513.				
214. 215.		514.				
216.		516.				
217218		517. 518.				
219.		519.				
220. Total Paid by/for Borrower 300. Cash at Settlement from/to Borrower	\$326,32		Reduction Amount Du at Settlement to/from		\$228,784.48	
301. Gross amount due from borrower (line 120)	\$366,22	5.03 601. Gross	amount due to seller (I		\$350,080.00	
302. Less amounts paid by/for borrower (line 220) (\$326,328	602. Less	eductions in amounts d	lue seller (line 520) (\$228,784.48)	
303. Cash X From To Borrower	\$39,89	6.55 603. Cash	Хто	From Seller	\$121,295.52	

Current HUD-1, More Challenging, Fixed, A, Name Set 1, page 1

Current HUD-1, More Challenging, Fixed, A, Name Set 1, page 2

700. Total Real Estate Broker Fees \$17,500.00			
Division of commission (line 700) as follows :		Paid From Borrower's	Paid From Seller's
701. \$ 8,750.00 to Alpha Real Estate Broker		Funds at Settlement	Funds at Settlement
702. \$ 8,750.00 to Omega Real Estate Broker		Settiement	Settlement
703. Commission paid at settlement			\$7,500.00
704. Deposit retained by Alpha Real Estate Broker \$10,000.00			
800. Items Payable in Connection with Loan			
	1,200.00 (from GFE #1)		
	3,150.00 (from GFE #2)		
802. Your adjusted origination charges	(from GFE #A)	\$4,350.00	
804. Appraisal fee to John Smith Appraisers, Inc. (POC \$400.00 Borrower)	(from GFE #3)	+ .,	
805. Credit report to Information Inc. (POC \$29.50 Borrower)	(from GFE #3)		
806. Tax service to Info Co.	(from GFE #3)	\$110.00	
807. Flood certification to Info Co.	(from GFE #3)	\$20.00	
808. Flood Monitoring Fee to Info Co. (POC \$32.00 Borrower)			
809. Tax Monitoring Fee to Info Co.		\$75.00	
810.			
811.			
900. Items Required by Lender to be Paid in Advance			
901. Daily interest charges from 4/15/2013 to 5/01/2013 @ \$ 37.19 /day	(from GFE #10)	\$595.04	
902. Mortgage insurance premium for months to	(from GFE #10) (from GFE #3)	4000.04	
903. Homeowner's insurance for 0.5 years to Insurance Co.	(from GFE #11)	\$537.00	
904. Property Taxes 6 months to Any County USA	(\$2,136.00	
1000. Reserves Deposited with Lender			
1001. Initial deposit for your escrow account	(from GFE #9)	\$1,190.99	
1002. Homeowner's insurance 2 months @ \$ 89.50 per month \$	179.00		
1003. Mortgage insurance months @ \$ per month \$ 1004. Property Taxes 2 months @ \$ 356.00 per month \$	712.00		
1005. HOA Dues 2 months @ \$ 150.00 per month \$ 1006. months @ \$ per month \$			
	0.01		
······	0.01		
1100. Title Charges			
1101. Title services and lender's title insurance	(from GFE #4)	\$3,462.00	
1102. Settlement or closing fee \$			
1103. Owner's title insurance	(from GFE #5)	\$965.00	
	475.00		
1105. Lender's title policy limit \$ 315,000.00 1106. Owner's title policy limit \$ 350,000.00			
	1,152.00		
	288.00		
1109.			
1110.			
1111.			
1200. Government Recording and Transfer Charges	// 075 ····	\$150.00	
1201. Government recording charges 1202. Deed \$ 75.00 Mortgage \$ 75.00 Release \$	(from GFE #7)	ຈ ເວບ.00	
1202. Deed \$ 75.00 Mortgage \$ 75.00 Release \$ 1203. Transfer taxes	(from GFE #8)	\$1,960.00	
1200. Transier taxes 1204. City/County tax/stamps Deed \$ Mortgage \$	(IIOIII GI'E #0)	φ1,900.00	
1205. State tax/stamps Deed \$ Mortgage \$ 1,960.00			
1206.			
1300. Additional Settlement Charges			
1301. Required services that you can shop for	(from GFE #6)	\$94.00	
1302. Pest Inspection Fee to Pests Co. \$ 94.00			
\$			
1304. Home Inspection Fee to Engineers Inc. (POC \$750.00 Seller)			
1305. Structural Inspection Fee to Structural Engineers Inc. (POC \$1,100.00 Seller)			

Previous edition are obsolete

HUD-1

Current HUD-1, More Challenging, Fixed, A, Name Set 1, page 3

Charges That Cannot Increase		Good Faith Estimate	HUD-1
	HUD-1 Line Number		
Our origination charge	# 801	\$1,200.00	\$1,200.00
Your credit or charge (points) for the specific interest rate chosen	# 802	\$3,150.00	\$3,150.00
Your adjusted origination charges	# 803	\$4,350.00	\$4,350.00
Transfer taxes	# 1203	\$1,960.00	\$1,960.00
Charges That In Total Cannot Increase More Than 10%		Good Faith Estimate	HUD-1
Government recording charges	# 4004	\$150.00	\$150.00
Appraisal Fee	# 1201 # 802	\$400.00	\$400.00
Credit Report Fee	# 805	\$30.00	\$29.50
Flood certification/Monitoring	# 807/808	\$52.00	\$52.00
			\$185.00
Tax service/Monitoring Title services	# 806/809	\$185.00 \$3,462.00	\$3,462.00
	# 1101		
Owner's Title Insurance	# 1103 #	\$965.00	\$965.00
	# Total	\$5,244.00	\$5,243.50
Incre	ease between GFE and HUD-1 Charges	\$	or
Charges That Can Change		Good Faith Estimate	HUD-1
Initial deposit for your escrow account	# 1001	\$1,216.50	\$1,190.99
Daily interest charges \$ 37.19 /day	# 901	\$557.85	\$595.04
Homeowner's insurance	# 903	\$537.00	\$537.00
Pest Inspection Fee	# 1302	\$125.00	\$94.00
	#		
	#		
Loan Terms			
Your initial loan amount is	\$ 315,000.00		
Your loan term is	30 years		
Your initial interest rate is	4.25 %		
Your initial monthly amount owed for principal, interest, and any	\$ 1,278.37 includes		
mortgage insurance is	Principal		
	X Interest		
	X Mortgage Insurance		
Can your interest rate rise?	X No Yes, it can rise to a maxim	mum of % The first	ebenge will be on
			change will be on
	and can change again every interest rate can increase or decrease by		 Every change date, you e loan, your interest rate i
	guaranteed to never be lower than	% or higher than	%.
	guaranteeu to never be lower trian	76 OF Higher than	70.
Even if you make payments on time, can your loan balance rise?	X No Yes, it can rise to a maxi	mum of \$	
Even if you make payments on time, can your monthly	No X Yes, the first increase ca	n be on 6/1/2023 and the	monthly amount
amount owed for principal, interest, and mortgage insurance rise?		maximum it can ever rise to is	
Does your loan have a prepayment penalty?	X No Yes, your maximum prep	ayment penalty is \$	
Does your loan have a balloon payment?	No Yes, you have a balloon on .	payment of \$ d	lue in years
			roperty taxes and
Total monthly amount owed including escrow account navments	You do not have a monthly ecorow		
Total monthly amount owed including escrow account payments	You do not have a monthly escrow homeowner's insurance. You mus		
Total monthly amount owed including escrow account payments	homeowner's insurance. You mus	t pay these items directly your	
Total monthly amount owed including escrow account payments	homeowner's insurance. You mus	t pay these items directly your scrow payment of \$ 595.50	self.
Total monthly amount owed including escrow account payments	homeowner's insurance. You mus X You have an additional monthly es	t pay these items directly your scrow payment of \$ 595.50 y amount owed of \$ 1,873.87	self. . This includes
Total monthly amount owed including escrow account payments	homeowner's insurance. You mus You have an additional monthly ex- that results in a total initial monthly principal, interest, any mortagage	t pay these items directly your scrow payment of \$ 595.50 y amount owed of \$ 1,873.87 insurance and any items chec	. This includes ked below:
Total monthly amount owed including escrow account payments	homeowner's insurance. You mus You have an additional monthly ex- that results in a total initial monthly principal, interest, any mortagage Property taxes	t pay these items directly your scrow payment of \$ 595.50 y amount owed of \$ 1,873.87	. This includes ked below: insurance
Total monthly amount owed including escrow account payments	homeowner's insurance. You mus You have an additional monthly ex- that results in a total initial monthly principal, interest, any mortagage	t pay these items directly your scrow payment of \$ 595.50 y amount owed of \$ 1,873.87 insurance and any items chec	. This includes ked below:



Current More Challenging Fixed B Disclosures

The study used two different sets of lender names for the loan disclosures. All other information was identical. Name Set 1 used Pine Bank and Name Set 2 used Dogwood Bank.

Current Initial TIL, More Challenging, Fixed, B, Name Set 1, page 1

Truth-In-Lending Disclosure Statement

Lender: Pine Bank	Loan No. 123456789	Date: 2/15/2013	
Borrowers: John A. and Mary B.	Property Address: 456 Som	newhere Avenue, Anytown, ST 12345	
	🗷 Preliminary	🗆 Final	

Annual Percentage Rate The cost of your credit as a yearly rate.	Finance Charge The dollar amount the credit will cost you assuming the annual percentage rate does not change.	Amount Financed The amount of credit provided to you or on your behalf as of loan closing.	Total of Payments The amount you will have paid after you have made all payments as scheduled assuming the annual percentage rate does not change.
5.321%	\$328,929.70	\$314,260.10	\$803,749.80

You have the right to receive at this time an itemization of the Amount Financed. □ I want an itemization. □ I do not want an itemization.

INTEREST RATE AND PAYMENT SUMMARY

	Rate & Monthly Payment	First Increase (6/1/2018)
Interest Rate	4.875%	4.875%
Principal Payment	- none-	\$538.90
Interest Payment	\$1,279.68	\$1,279.69
Est. Taxes + Insurance (Escrow)	\$608.25	\$608.25
 Includes Private Mortgage Insurance 		
Total Est. Monthly Payment	\$1,887.93	\$2,426.84

THERE IS NO GUARANTEE THAT YOU WILL BE ABLE TO REFINANCE TO LOWER YOUR RATE AND PAYMENTS.

You are not required to complete this agreement merely because you have received these disclosures or have signed a loan application.

Demand Feature:	This obligation has a demand feature as follows:
Uvariable Rate Feature:	This loan has a variable-rate feature. Disclosures about the variable-rate feature have been provided to you earlier.
Required Deposit:	The annual percentage rate does not take into account your required deposit.

You are giving a security interest in: 456 Somewhere Avenue, Anytown, ST 12345

Filing/Recording Fees \$ 110.00

Non-filing insurance \$

If a payment is more than 15 days late, you will be charged 5% of the monthly principal and Late Charge: interest payment.

Page 1 of 2

Assumption: Someone buying your house: ☑ cannot assume the remainder of the mortgage on the original terms.

□ may, subject to conditions, be allowed to assume the remainder of the mortgage on the original terms.

Current Initial TIL, More Challenging, Fixed, B, Name Set 1, page 2

You may obtain propert carrier meets the requir			want that is acce	ptable to the Lende	er, provided such
If you get the insurance furnished by the Lender		ender, you will pay	the cost set fort	h in a separate insu	rance statement
Insurance: Credit life insurance and unless you sign and agr			e not required to	obtain credit, and	will not be provided
Type Credit Life	Premium	Signature I want credit life insur	rance.		
				Signatura	
Credit Disability		I want credit disability	y insurance.	Signature	
				Signature	······
Credit Life and Disability		I want credit life and	disability insurance.	- 0	
				Signature	
-					
Prepayment: If yo □ may □ may		will not will not	have to pay be entitled t		of the finance charge.
🗆 may	区、 区、 nents for ar	will not will not ny additional inforr Iled date, and prep	be entitled t nation about no payment refunds	o a refund of part on payment, default, and penalties.	-
may may may See your contract docur repayment in full before	区、 区、 nents for ar	will not will not ny additional inforr Iled date, and prep	be entitled t mation about no payment refunds of this disclosur	o a refund of part on payment, default, and penalties.	-
may may may See your contract docur repayment in full before	区、 区、 nents for ar	will not will not Jy additional inforr Jled date, and prep nd receiving a copy	be entitled t mation about no payment refunds of this disclosur A.	o a refund of part on payment, default, and penalties.	any required

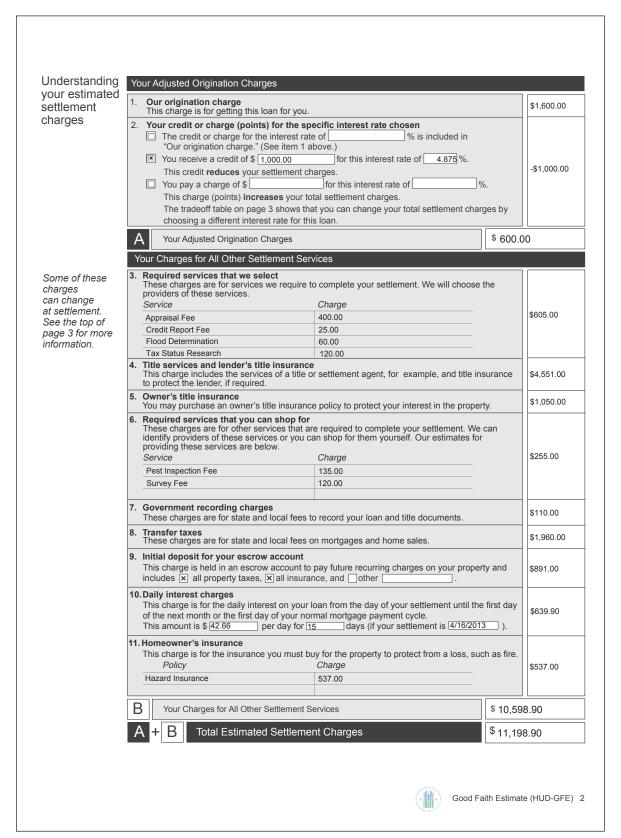
Current GFE, More Challenging, Fixed, B, Name Set 1, page 1



Good Faith Estimate (GFE)

OMB Approval No. 2502-0265

	ne Bank	Borrower John A. and Mary B.
Originator 4321 Ra Address	indom Boulevard	
Somecit	y, ST 12340	Property 456 Somewhere Avenue
Originator Phone Num		Anytown, ST 12345
Originator Email joesi	nith@pinebank.com	Date of GFE 2/15/2013
Purpose	For more information, see HUD's Special Inform	ent charges and loan terms if you are approved for this loan. ation Booklet on settlement charges, your Truth-in-Lending www.hud.gov/respa. If you decide you would like to proceed
Shopping for /our loan	Only you can shop for the best loan for you. Cor loan. Use the shopping chart on page 3 to comp	npare this GFE with other loan offers, so you can find the be are all the offers you receive.
mportant dates	 The interest rate for this GFE is available thro rate, some of your loan Origination Charges, a lock your interest rate. 	ugh 4/16/2013 5:00PM EDT . After this time, the interest and the monthly payment shown below can change until you
	2. This estimate for all other settlement charges	is available through 3/22/2013 5:00PM EDT
	After you lock your interest rate, you must go period) to receive the locked interest rate.	to settlement within 60 days (your rate loc
	4. You must lock the interest rate at least N/A	days before settlement.
Summary of	Your initial loan amount is	\$ 315,000.00
our loan	Your loan term is	30 years
	Your initial interest rate is	4.875 %
	Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ 1,442.43 per month
	Can your interest rate rise?	No Yes, it can rise to a maximum of The first change will be in
	Even if you make payments on time, can your loan balance rise?	■ No □ Yes, it can rise to a maximum of \$
	Even if you make payments on time, can your monthly amount owed for principal, interest, and any mortgage insurance rise?	No Yes, the first increase can be in 5 years and the monthly amount owed can rise to \$ 1,981.34 The maximum it can ever rise to is \$ 1,981.34
	Does your loan have a prepayment penalty?	No Yes, your maximum prepayment penalty is \$
	Does your loan have a balloon payment?	No D Yes, you have a balloon payment of
		\$ due in years.
Escrow account nformation	Some lenders require an escrow account to hol charges in addition to your monthly amount ow Do we require you to have an escrow account f No, you do not have an escrow account. Yo X Yes, you have an escrow account. It may or	Id funds for paying property taxes or other property-related ed of \$ 1,442.43 for your loan? u must pay these charges directly when due.
account nformation Summary of	charges in addition to your monthly amount ow Do we require you to have an escrow account f No, you do not have an escrow account. Yo	Id funds for paying property taxes or other property-related ed of \$ [1,442.43]. for your loan? u must pay these charges directly when due. may not cover all of these charges. Ask us.
account nformation	charges in addition to your monthly amount ow Do we require you to have an escrow account f No, you do not have an escrow account. Yo Yes, you have an escrow account. It may or	Id funds for paying property taxes or other property-related ed of \$ [1,442.43]. for your loan? u must pay these charges directly when due. may not cover all of these charges. Ask us. ge 2.) \$600.00



Current GFE, More Challenging, Fixed, B, Name Set 1, page 2

Current GFE, More Challenging, Fixed, B, Name Set 1, page 3

Instructions

Understanding which charges can change at settlement This GFE estimates your settlement charges. At your settlement, you will receive a HUD-1, a form that lists your actual costs. Compare the charges on the HUD-1 with the charges on this GFE. Charges can change if you select your own provider and do not use the companies we identify. (See below for details.)

These charges cannot increase at settlement:	The total of these charges can increase up to 10% at settlement:	These charges can change at settlement:
 Our origination charge 	 Required services that we select 	 Required services that you can
 Your credit or charge (points) for the specific interest rate chosen 	 Title services and lender's title insurance (if we select them or 	shop for (if you do not use companies we identify)
(after you lock in your interest rate)	you use companies we identify)	 Title services and lender's title
 Your adjusted origination charges (after you lock in your interest rate) 	 Owner's title insurance (if you use companies we identify) 	insurance (if you do not use companies we identify)
 Transfer taxes 	 Required services that you can shop for (if you use companies 	 Owner's title insurance (if you do not use companies we identify)
	we identify)	 Initial deposit for your escrow account
	 Government recording charges 	 Daily interest charges
		 Homeowner's insurance

Using the tradeoff table

In this GFE, we offered you this loan with a particular interest rate and estimated settlement charges. However:

If you want to choose this same loan with lower settlement charges, then you will have a higher interest rate.
 If you want to choose this same loan with a lower interest rate, then you will have higher settlement charges.

If you would like to choose an available option, you must ask us for a new GFE.

Loan originators have the option to complete this table. Please ask for additional information if the table is not completed.

	The loan in this GFE	The same loan with lower settlement charges	lower interest rate
Your initial loan amount	\$315,000.00	\$	\$
Your initial interest rate 1	4.875 %	%	%
Your initial monthly amount owed	\$ 1,442.43	\$	\$
Change in the monthly amount owed from this GFE	No change	You will pay \$ more every month	You will pay \$ less every month
Change in the amount you will pay at settlement with this interest rate	No change	Your settlement charges will be reduced by \$	Your settlement charges will increase by \$
How much your total estimated settlement charges will be	\$ 11,198.90	\$	\$

¹For an adjustable rate loan, the comparisons above are for the initial interest rate before adjustments are made.

Use this chart to compare GFEs from different loan originators. Fill in the information by using a different column for each GFE you receive. By comparing loan offers, you can shop for the best loan.

Using the
shopping
chart

This loan Loan 2 Loan 3 Loan 4 Loan originator name Pine Bank Initial loan amount \$315,000.00 Loan term 30 years Initial interest rate 4.875% \$1,442.43 Initial monthly amount owed Rate lock period 60 days Can interest rate rise? No Can loan balance rise? No Can monthly amount owed rise? Yes Prepayment penalty? No Balloon payment? No Total Estimated Settlement Charges \$11,198.90

If your loan is sold in the future Some lenders may sell your loan after settlement. Any fees lenders receive in the future cannot change the loan you receive or the charges you paid at settlement.

Current Final TIL, More Challenging, Fixed, B, Name Set 1, page 1

Tru	ıth-In-Lending D	isclosure Statem	ent
Lender: Pine Bank	Loan No. 1234567	789 Date: 4/	15/2013
Borrowers: John A. and Ma	ry B. Property Address:	456 Somewhere Avenue, An	•
Annual Percentage Rate The cost of your credit as a yearly rate.	Finance Charge The dollar amount the credit will cost you assuming the annual percentage rate does not change.	Amount Financed The amount of credit provided to you or on your behalf as of loan closing.	Total of Payments The amount you will have paid after you have made all payments as scheduled assuming the annual percentage rate does not change.
5.602%	\$344,123.34	\$314,716.48	\$819,220.52
You have the right to receiv I want an itemization.	e at this time an itemization o		nt an itemization.
			First Increase
		Rate & Monthly Paymen	t (6/1/2018)
Interest Rate		4.875%	4.875%
Principal Payment		- none-	\$542.32
Interest Payment		\$1,287.81	\$1,287.81
Est. Taxes + Insurance (Escr	ow)	\$693.82	\$693.82
 Includes Private Mortga 	age Insurance		
Total Est. Monthly Paymen	t	\$1,981.63	\$2,523.95

THERE IS NO GUARANTEE THAT YOU WILL BE ABLE TO R	EFINANCE TO LOWER YOUR RATE AND PAYMENTS.
You are not required to complete this agreement merely signed a loan application.	because you have received these disclosures or have
Demand Feature: This obligation has a demand	eature as follows:
□ Variable Rate Feature: This loan has a variable have been provided to y	rate feature. Disclosures about the variable-rate feature ou earlier.
Required Deposit: The annual percentage rate doe	es not take into account your required deposit.
You are giving a security interest in: 456 Somewhere A	venue, Anytown, ST 12345
Filing/Recording Fees \$ 120.00 No	n-filing insurance \$
Late Charge: If a payment is more than 15 days late, yo interest payment.	ou will be charged 5% of the monthly principal and
Assumption: Someone buying your house: ☑ cannot assume the remainder of the mortgage on the original terms.	may, subject to conditions, be allowed to assume the remainder of the mortgage on the original terms.

Page **1** of **2**

Current Final TIL, More Challenging, Fixed, B, Name Set 1, page 2

You may obtain property insurance from anyone you want that is acceptable to the Lender, provided such carrier meets the requirements of the Lender.

If you get the insurance from the Lender, you will pay the cost set forth in a separate insurance statement furnished by the Lender.

Insurance:

Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless you sign and agree to pay the additional cost.

	Туре	Premium	Signature	
	Credit Life		I want credit life insurance	2.
				Signature
	Credit Disability		I want credit disability ins	urance.
				Signature
	Credit Life and Disability		I want credit life and disa	bility insurance.
				Signature
Pr	epayment: If you	u pay off yo	ur loan early, you	
	may	×	will not	have to pay a penalty.
	may	×	will not	be entitled to a refund of part of the finance charge.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

I/We hereby acknowledge reading and receiving a copy of this disclosure.

Borrower: John A.

Date

Borrower: Mary B.

Date

Page 2 of 2

B. Type of Loan						
1. FHA 2. RHS 3. Co	onv. Unins.	6. File Numb	her:	7. Loan Number	8 Morte	age Insurance Case Number:
	Sinti Onino.	12-3456		123456789	000654	
4. VA 5. X Conv. Ins.		12-3430		123430789	000034	+321
C. Note: This form is furnished to give you a statement or "(p.o.c.)" were paid outside the closing; they are						own. Items marked
D. Name & Address of Borrower:		E. Name & A	ddress of Selle	r:	F. Name	e & Address of Lender:
John A. and Mary B. 123 Anywhere Street			ind Amy D.		Pine B	
Anytown, ST 12345		321 Some Anytown,	where Drive ST 12345			Random Boulevard bity, ST 12340
G. Property Location:		H. Settlemer	it Agent:		I. Settle	ment Date:
456 Somewhere Ave		Epsilon Tit	le Co.		04/15/2	2013
Anytown, ST 12345		Place of Set 123 Comm		Somecity, ST 12	344	
J. Summary of Borrower's Transaction			K. Sumn	nary of Seller's	Transaction	
100. Gross Amount Due from Borrower			400. Gros	s Amount Due to	Seller	
101. Contract sales price	\$350	0,000.00	401. Contr	act sales price		\$350,000.
102. Personal property 103. Settlement charges to borrower (line 1400)	\$1	5,392.01	402. Perso 403.	onal property		
104. HOA Capital Contribution to HOA Acre Inc		\$500.00	404.			
105. HOA Processing Fee to HOA Acre Inc		\$350.00	405.			
Adjustment for items paid by seller in advance 106. City/town taxes to			406. City/t		by seller in advand	ce
107. County taxes to			407. Coun		to	
108. Assessments to 109. HOA Dues 04/15/2013 to 04/30/2013		\$80.00	408. Asses		to	
109 HOA Dues 04/13/2013 to 04/30/2013		\$80.00	409. HOA 410.	A Dues 04/15/20	13 to 04/30/2013	\$80.
111.			411.			
112. 120. Gross Amount Due from Borrower	\$366	6,322.01	412.	s Amount Due to	Sollor	\$350,080.
200. Amount Paid by or in Behalf of Borrower				ctions In Amount		\$000,000.
201. Deposit or earnest money		0,000.00 7,000.00		ss deposit (see ins		\$10,000.
202. Principal amount of new loan(s) 203. Existing loan(s) taken subject to	\$3 H	7,000.00		ment charges to s ng loan(s) taken s		\$7,500.
204. Pest Inspection Fee POC Borrower		\$94.00		ff of first mortgage		\$210,000.
205.				ff of second mortga	age loan	
206. 207.			506. 507.			
208.			508.			
209. Adjustments for items unpaid by seller			509.	nts for items unp	aid by sellor	
210. City/town taxes 01/01/2013 to 04/14/2013	\$1	1,234.48			2013 to 04/14	4/2013 \$1,234.
211. County taxes to			511. Coun		to	
212. Assessments to 213.			512. Asses	ssments	to	
214.			514.			
215			515. 516.			
217.			516.			
218.			518.			
219. 220. Total Paid by/for Borrower	\$328	3,328.48	519. 520. Total	Reduction Amou	nt Due Seller	\$228,734
300. Cash at Settlement from/to Borrower			600. Cash	at Settlement to/	from Seller	
301. Gross amount due from borrower (line 120) 302. Less amounts paid by/for borrower (line 220)		5,322.01 328.48)		s amount due to se reductions in amo	eller (line 420) unts due seller (line	\$350,080. 520) (\$228,734.4
303. Cash From To Borrower		7,993.53	603. Cash		From Sel	

Current HUD-1, More Challenging, Fixed, B, Name Set 1, page 1

Current HUD-1, More Challenging, Fixed, B, Name Set 1, page 2

	1,600.00 (from GFE #1) 0.00 (from GFE #2) (from GFE #A)	Paid From Borrower's Funds at Settlement	Paid From Seller's Funds at Settlement \$7,500.00
702. § 8,750.00 to Omega Real Estate Broker 703. Commission paid at settlement 704. Deposit retained by Alpha Real Estate Broker \$10,000.00 800. Items Payable in Connection with Loan 800. Our origination charge \$ 801. Our origination charge \$ \$ 802. Your credit or charge (points) for the specific interest rate chosen \$ \$ 803. Your adjusted origination charges \$ \$ 804. Appraisal fee to John Smith Appraisers, Inc.(POC \$400.00 Borrower) \$	0.00 (from GFE #2)		Settlement
703. Commission paid at settlement 704. Deposit retained by Alpha Real Estate Broker \$10,000.00 800. Items Payable in Connection with Loan 801. Our origination charge \$ 802. Your credit or charge (points) for the specific interest rate chosen \$ I 803. Your adjusted origination charges \$ 804. Appraisal fee to John Smith Appraisers, Inc.(POC \$400.00 Borrower)	0.00 (from GFE #2)		\$7,500.00
704. Deposit retained by Alpha Real Estate Broker \$10,000.00 800. Items Payable in Connection with Loan 801. Our origination charge \$ 802. Your credit or charge (points) for the specific interest rate chosen \$ 1 803. Your adjusted origination charges \$ 804. Appraisal fee to John Smith Appraisers, Inc.(POC \$400.00 Borrower) \$	0.00 (from GFE #2)		\$7,500.00
300. Items Payable in Connection with Loan \$ 301. Our origination charge \$ 302. Your credit or charge (points) for the specific interest rate chosen \$ 303. Your adjusted origination charges \$ 304. Appraisal fee to John Smith Appraisers, Inc.(POC \$400.00 Borrower) \$	0.00 (from GFE #2)		
301. Our origination charge \$ 302. Your credit or charge (points) for the specific interest rate chosen \$ 303. Your adjusted origination charges 304. Appraisal fee to John Smith Appraisers, Inc.(POC \$400.00 Borrower)	0.00 (from GFE #2)	1	
302. Your credit or charge (points) for the specific interest rate chosen \$ I 303. Your adjusted origination charges 304. Appraisal fee to John Smith Appraisers, Inc.(POC \$400.00 Borrower)	0.00 (from GFE #2)	1	
303. Your adjusted origination charges 304. Appraisal fee to John Smith Appraisers, Inc.(POC \$400.00 Borrower)			
304. Appraisal fee to John Smith Appraisers, Inc.(POC \$400.00 Borrower)	(from CEE #A)		
		\$1,600.00	
BUS. Credit report to Information Inc. (POC \$29.50 Borrower)	(from GFE #3)		
806. Tax service to Info Co.	(from GFE #3) (from GFE #3)	\$120.00	
807. Flood certification to Info Co.	(from GFE #3)	\$60.00	
308.	(1011 01 2 10)		
309.			
310.			
811.			
900. Items Required by Lender to be Paid in Advance			
901. Daily interest charges from 4/15/2013 to 5/01/2013 @ \$ 42.93 /day	(from GFE #10)	\$686.88	
901. Daily interest charges from 47.02013 to 300 fr2013 (g 4 2.33) 902. Mortgage insurance premium for months to	(from GFE #10) (from GFE #3)	\$300.00	
903. Homeowner's insurance for 1 years to Insurance Co.	(from GFE #11)	\$1,074.00	
904. Property Taxes 6 months to Any County USA		\$2,136.00	
1000. Reserves Deposited with Lender			
	// OFF //0	\$1,387.63	
1001. Initial deposit for your escrow account 1002. Homeowner's insurance 2 months @ \$ 89.50 per month \$	(from GFE #9)	\$1,367.03	
1002. Homeowner's insurance 2 months @ \$ 89.50 per month \$ 1003. Mortgage insurance 2 months @ \$ 248.32 per month \$			
1004. Property Taxes 2 months @ \$ 356.00 per month \$			
1005. months @ \$ per month \$			
1006. months @ \$ per month \$	\$		
1007. Aggregate Adjustment -\$	\$ 0.01		
1100. Title Charges			
1101. Title services and lender's title insurance	(from GFE #4)	\$4,928.00	
1102. Settlement or closing fee \$		φ 1 ,020.00	
1103. Owner's title insurance	(from GFE #5)	\$1,098.00	
	2,234.00	. ,	
1105. Lender's title policy limit \$ 317,000.00			
1106. Owner's title policy limit \$ 350,000.00			
· · · · · · · · · · · · · · · · · · ·	2,665.60		
	666.40		
1109.			
1110. 1111.			
1200. Government Recording and Transfer Charges			
1201. Government recording charges	(from GFE #7)	\$120.00	
1202. Deed \$ 60.00 Mortgage \$ 60.00 Release \$			
1203. Transfer taxes 1204. City/County tax/stamps Deed \$ Mortgage \$	(from GFE #8)	\$1,960.00	
1204. City/County taxistamps Deed \$ Montgage \$ 1205. State tax/stamps Deed \$ Mortgage \$			
1206. State taxistamps Deed \$ Mortgage \$ 1,960.00			
1300. Additional Settlement Charges			
1301. Required services that you can shop for	(from GFE #6)	\$221.50	
1302. Pest Inspection Fee to Pests Co. \$ 94.00			
1303. Survey Fee to Surveys Co. \$ 127.50			
1304. Home Inspection Fee to Engineers Inc. (POC \$750.00 Seller) 1305. Structural Inspection Fee to Structural Engineers Inc. (POC \$1,100.00 Seller)			

Previous edition are obsolete

HUD-1

Current HUD-1, More Challenging, Fixed, B, Name Set 1, page 3

Comparison of Good Faith Estimate (GFE) and HUD-1 Charrges	3	Good Faith Estimate	HUD-1
Charges That Cannot Increase	HUD-1 Line Number		
Our origination charge	# 801	\$1,600.00	\$1,600.00
Your credit or charge (points) for the specific interest rate chosen	# 802	-\$1,000.00	\$0.00
Your adjusted origination charges	# 803	\$600.00	\$1,600.00
Transfer taxes	# 1203	\$1,960.00	\$1,960.00
Ohennes Theshie Tetel Operations to Mars Theory 40%		Out of Faith Faithments	
Charges That In Total Cannot Increase More Than 10%		Good Faith Estimate	HUD-1
Government recording charges	# 1201	\$110.00	\$120.00
Appraisal Fee	# 802	\$400.00	\$400.00
Credit Report Fee	# 805	\$25.00	\$29.50
Flood certification	_# 807	\$60.00	\$60.00
Tax service	# 806	\$120.00	\$120.00
Title services	_# 1101	\$4,551.00	\$4,928.00
Owner's Title Insurance	_# 1103	\$1,050.00	\$1,098.00
Survey Fee	# 1303	\$120.00	\$127.50
	Total	\$6,436.00	\$6,883.00
Incre	ease between GFE and HUD-1 Charges	\$ 447 or	6.95
Charges That Can Change		Good Faith Estimate	HUD-1
Initial deposit for your escrow account	# 1001	\$891.00	\$1,387.63
Daily interest charges \$42.93 /day	# 901	\$639.90	\$686.88
Homeowner's insurance	# 903	\$537.00	\$1,074.00
Pest Inspection Fee	# 1302	\$135.00	\$94.00
	# 1502	+	÷21.00
	#		
Loan Terms			
Your initial loan amount is	\$ 317,000.00		
Your loan term is	30 years		
Your initial interest rate is	4.875 %		
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ 1,536.13 includes Principal Interest Mortgage Insurance		
Can your interest rate rise?	X No Yes, it can rise to a maxim and can change again every interest rate can increase or decrease by guaranteed to never be lower than	after . I	ange will be on Every change date, you oan, your interest rate is %.
Even if you make payments on time, can your loan balance rise?	No Yes, it can rise to a maxim	mum of \$	
Even if you make payments on time, can your monthly amount owed for principal, interest, and mortgage insurance rise?	No XYes, the first increase can owed can rise to \$2,078.46 . The	n be on 6/1/2018 and the me maximum it can ever rise to is \$	
Does your loan have a prepayment penalty?	X No Yes, your maximum prep	ayment penalty is \$	
Does your loan have a balloon payment?	X No Yes, you have a balloon pon	payment of \$ due	in years
Total monthly amount owed including escrow account payments	You do not have a monthly escrow homeowner's insurance. You mus You have an additional monthly es that results in a total initial monthly principal, interest, any mortagage Property taxes Flood insurance	t pay these items directly yoursel scrow payment of \$ 445.50 y amount owed of \$ 1,981.63	f. . This includes d below:
Note: If you have any questions about the Settlement Charges and Lo		t your lender.	

M-12

Projected Payments

Payment Calculation

Principal & Interest

Mortgage Insurance

Estimated Escrow Amount can increase over time

Appendix Estimated Taxes, Insurance & Assessments Amount can increase See Details on Page 4

Current Easier ARM A Disclosures

The study used two different sets of lender names for the loan disclosures. All other information was identical. Name Set 1 used Quince Bank and Name Set 2 used Elm Bank.

Current Initial TIL, Easier, ARM, A, Name Set 1, page 1

Truth-In-Lending Disclosure Statement

Lender: Quince Bank	Loan No. 123456789	Date: 2/15/2013
Borrowers: John A. and Mary B.	Property Address: 456 S	Somewhere Avenue, Anytown, ST 12345
	🗷 Preliminary	Final

Annual Percentage Rate	Finance Charge	Amount Financed	Total of Payments
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you assuming the annual percentage rate does not change.	The amount of credit provided to you or on your behalf as of loan closing.	The amount you will have paid after you have made all payments as scheduled assuming the annual percentage rate does not change.
4.591%	\$101,631.52	\$120,611.00	\$222,242.52

You have the right to receive at this time an itemization of the Amount Financed.

INTEREST RATE AND PAYMENT SUMMARY

	INTRODUCTORY	[MAXIMUM during	MAXIMUM EVER
	Rate & Monthly Payment	FIRST FIVE YEARS	(as early as
	(for first seven years)	(4/15/2013)]	5/1/2022)
Interest Rate	3.750%	3.750%	9.000%
Principal and Interest	\$560.36	\$560.36	\$884.44
Total Est. Monthly Payment	\$560.36	\$560.36	\$884.44

Introductory Rate Notice

You have a discounted introductory rate of 3.750% that ends after the first seven years. In the eighth year, even if market rates do not change, this rate will increase to 4.750%.

You are not required to complete this ag signed a loan application.	greement merely because you have received these disclosures or have
Demand Feature: This obligatio	n has a demand feature as follows:
	n has a variable-rate feature. Disclosures about the variable-rate feature een provided to you earlier.
Required Deposit: The annual pe	rcentage rate does not take into account your required deposit.
	rcentage rate does not take into account your required deposit. 56 Somewhere Avenue, Anytown, ST 12345
You are giving a security interest in: 4 Filing/Recording Fees \$ 250.00	56 Somewhere Avenue, Anytown, ST 12345
You are giving a security interest in: 4 Filing/Recording Fees \$ 250.00 Late Charge: If a payment is more tha	56 Somewhere Avenue, Anytown, ST 12345 Non-filing insurance \$

Page 1 of 2

Current Initial TIL, Easier, ARM, A, Name Set 1, page 2

	arrier meets the requin you get the insurance					
lf '						
	irnished by the Lender		Lender, you will pa	ly the cost set for	h in a separate ins	urance statement
	surance: redit life insurance and	d credit dis	ability insurance a	re not required to	o obtain credit, and	l will not be provided
ur	nless you sign and agro	ee to pay t	he additional cost.			
	Type Credit Life	Premium	Signature			
	Credit Life		I want credit life ins	surance.		
	Credit Disability		I want credit disabil	ity insurance.	Signature	
	·····,			,	Signature	
	Credit Life and Disability		I want credit life an	d disability insurance.	Signature	
					Signature	
_						
	repayment: If yo	u dav off v	our loan early, you			
					a penalty.	
□ Se re	l may l may ee your contract docui payment in full before /e hereby acknowledg	E ments for a the scheo	l will not l will not any additional info duled date, and pro	have to pay be entitled rmation about no epayment refunds	to a refund of part npayment, default and penalties.	of the finance charge.
□ Se re	l may l may ee your contract docur payment in full before	E ments for a the scheo	I will not I will not any additional info duled date, and pro and receiving a cop	have to pay be entitled rmation about no epayment refunds by of this disclosu	to a refund of part npayment, default and penalties.	, any required
□ Se re	l may l may ee your contract docur payment in full before	E ments for a the scheo	I will not any additional info duled date, and pro and receiving a cop Borrower: Joh	have to pay be entitled rmation about no epayment refunds by of this disclosu in A.	to a refund of part npayment, default and penalties.	
□ Se re	l may l may ee your contract docur payment in full before	E ments for a the scheo	I will not I will not any additional info duled date, and pro and receiving a cop	have to pay be entitled rmation about no epayment refunds by of this disclosu in A.	to a refund of part npayment, default and penalties.	, any required
□ Se re	l may l may ee your contract docur payment in full before	E ments for a the scheo	I will not any additional info duled date, and pro and receiving a cop Borrower: Joh	have to pay be entitled rmation about no epayment refunds by of this disclosu in A.	to a refund of part npayment, default and penalties.	, any required
□ Se re	l may l may ee your contract docur payment in full before	E ments for a the scheo	I will not any additional info duled date, and pro and receiving a cop Borrower: Joh	have to pay be entitled rmation about no epayment refunds by of this disclosu in A.	to a refund of part npayment, default and penalties.	, any required
□ Se re	l may l may ee your contract docur payment in full before	E ments for a the scheo	I will not any additional info duled date, and pro and receiving a cop Borrower: Joh	have to pay be entitled rmation about no epayment refunds by of this disclosu in A.	to a refund of part npayment, default and penalties.	, any required
□ Se re	l may l may ee your contract docur payment in full before	E ments for a the scheo	I will not any additional info duled date, and pro and receiving a cop Borrower: Joh	have to pay be entitled rmation about no epayment refunds by of this disclosu in A.	to a refund of part npayment, default and penalties.	, any required
□ Se re	l may l may ee your contract docur payment in full before	E ments for a the scheo	I will not any additional info duled date, and pro and receiving a cop Borrower: Joh	have to pay be entitled rmation about no epayment refunds by of this disclosu in A.	to a refund of part npayment, default and penalties.	, any required
□ Se re	l may l may ee your contract docur payment in full before	E ments for a the scheo	I will not any additional info duled date, and pro and receiving a cop Borrower: Joh	have to pay be entitled rmation about no epayment refunds by of this disclosu in A.	to a refund of part npayment, default and penalties.	, any required
□ Se re	l may l may ee your contract docur payment in full before	E ments for a the scheo	I will not any additional info duled date, and pro and receiving a cop Borrower: Joh	have to pay be entitled rmation about no epayment refunds by of this disclosu in A.	to a refund of part npayment, default and penalties.	, any required
□ Se re	l may l may ee your contract docur payment in full before	E ments for a the scheo	I will not any additional info duled date, and pro and receiving a cop Borrower: Joh	have to pay be entitled rmation about no epayment refunds by of this disclosu in A.	to a refund of part npayment, default and penalties.	, any required
□ Se re	l may l may ee your contract docur payment in full before	E ments for a the scheo	I will not any additional info duled date, and pro and receiving a cop Borrower: Joh	have to pay be entitled rmation about no epayment refunds by of this disclosu in A.	to a refund of part npayment, default and penalties.	, any required
□ Se re	l may l may ee your contract docur payment in full before	E ments for a the scheo	I will not any additional info duled date, and pro and receiving a cop Borrower: Joh	have to pay be entitled rmation about no epayment refunds by of this disclosu in A.	to a refund of part npayment, default and penalties.	, any required
□ Se re	l may l may ee your contract docur payment in full before	E ments for a the scheo	I will not any additional info duled date, and pro and receiving a cop Borrower: Joh	have to pay be entitled rmation about no epayment refunds by of this disclosu in A.	to a refund of part npayment, default and penalties.	, any required

Current GFE, Easier, ARM, A, Name Set 1, page 1



Good Faith Estimate (GFE)

OMB Approval No. 2502-0265

Name of Originator Qu	ince Bank	Borrowe	er John A. and Mary B.
Originator 4321 Ra	ndom Boulevard		
Address	r, ST 12340	Property	y 456 Somewhere Avenue
Originator Phone Numb	er 123-456-7890	Address	^s Anytown, ST 12345
Originator Email joesn	ith@quincebank.com	Date of	GFE 2/15/2013
Purpose	For more information, see HUD's Special Inform	ation Boo	es and loan terms if you are approved for this loan <i>klet</i> on settlement charges, your <i>Truth-in-Lending</i> .gov/respa. If you decide you would like to proceer
Shopping for your loan	Only you can shop for the best loan for you. Con loan. Use the shopping chart on page 3 to comp		s GFE with other loan offers, so you can find the b e offers you receive.
Important dates	 The interest rate for this GFE is available thro rate, some of your loan Origination Charges, a lock your interest rate. 	ugh 4/16	After this time, the interest on the payment shown below can change until yo
	2. This estimate for all other settlement charges	is availab	ble through 3/22/2013 5:00PM EDT
	 After you lock your interest rate, you must go period) to receive the locked interest rate. You must lock the interest rate at least N/A 		
Summary of	Your initial loan amount is	\$ 121,	000.00
your loan	Your loan term is	30	years
	Your initial interest rate is	3.75	
	Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ 622.8	88 per month
	Can your interest rate rise?	🗆 No	Yes, it can rise to a maximum of 9.00
			The first change will be in 7 years
	Even if you make payments on time, can your loan balance rise?	🗷 No	Yes, it can rise to a maximum of \$
	Even if you make payments on time, can your monthly amount owed for principal, interest, and any mortgage insurance rise?	No 🗌 No	Yes, the first increase can be in 7 years and the monthly amount owed can rise to \$ 739.59 The maximum it can ever rise to is \$ 884.44
	Does your loan have a prepayment penalty?	🗷 No	Yes, your maximum prepayment penalty is \$
	Does your loan have a balloon payment?	🗶 No	 Yes, you have a balloon payment of \$ due in years.
Escrow account	charges in addition to your monthly amount own Do we require you to have an escrow account f	ed of \$ 62 or your lo u must pa	oan? ay these charges directly when due.
	☑ No, you do not have an escrow account. You ☑ Yes, you have an escrow account. It may or		
information Summary of			\$700.00
information	Yes, you have an escrow account. It may or	ge 2.)	



nderstanding our estimated	Your Adjusted Origination Charg	ges		
ettlement	 Our origination charge This charge is for getting this lo 	ban for you.		\$700.00
narges	 The credit or charge for the "Our origination charge." (3 You receive a credit of \$ This credit reduces your s You pay a charge of \$ This charge (points) increased 	See item 1 above.) for this interest rate of settlement charges. for this interest rate of ases your total settlement charges. 3 shows that you can change your total settlem	% .	\$0.00
	A Your Adjusted Origination C	Charges	\$ 700.00)
	Your Charges for All Other Sett	lement Services		
ome of these narges an change settlement. ee the top of age 3 for more formation.	3. Required services that we sel These charges are for services providers of these services. Service Appraisal Fee Credit Report Fee Flood Determination Fee Tax Status Research Fee	Intercent Charge Provident P	I choose the	\$592.00
	 Title services and lender's titl This charge includes the service to protect the lender, if required. 	es of a title or settlement agent, for example, ar	nd title insurance	\$1,513.00
	5. Owner's title insurance You may purchase an owner's t	itle insurance policy to protect your interest in th	ne property	\$844.00
		vices that are required to complete your settlen ces or you can shop for them yourself. Our estir		\$300.00
	7. Government recording charge These charges are for state and	es d local fees to record your loan and title docume	ents.	\$250.00
	8. Transfer taxes	d local fees on mortgages and home sales.		\$0.00
	9. Initial deposit for your escrow	v account v account to pay future recurring charges on you	ur property and	\$0.00
	of the next month or the first day	est on your loan from the day of your settlemen y of your normal mortgage payment cycle. per day for 15 days (if your settlement is		\$189.00
	11. Homeowner's insurance This charge is for the insurance <i>Policy</i>	you must buy for the property to protect from a <i>Charge</i>	loss, such as fire.	\$415.00
	Hazard Insurance	415.00		
	B Your Charges for All Other S	Settlement Services	\$ 4,103.0	00
		1 Cottlement Charges		
	A + B Total Estimated	d Settlement Charges	\$4,803.0	00

Current GFE, Easier, ARM, A, Name Set 1, page 3

Instructions

Understanding which charges can change at settlement This GFE estimates your settlement charges. At your settlement, you will receive a HUD-1, a form that lists your actual costs. Compare the charges on the HUD-1 with the charges on this GFE. Charges can change if you select your own provider and do not use the companies we identify. (See below for details.)

These charges cannot increase at settlement:	The total of these charges can increase up to 10% at settlement:	These charges can change at settlement:
 Our origination charge 	 Required services that we select 	 Required services that you can
 Your credit or charge (points) for the specific interest rate chosen 	 Title services and lender's title insurance (if we select them or 	shop for (if you do not use companies we identify)
(after you lock in your interest rate)	you use companies we identify)	 Title services and lender's title
 Your adjusted origination charges (after you lock in your interest rate) 	 Owner's title insurance (if you use companies we identify) 	insurance (if you do not use companies we identify)
 Transfer taxes 	 Required services that you can 	 Owner's title insurance (if you do not use companies we identify)
	shop for (if you use companies	
	we identify)	 Initial deposit for your escrow account
	 Government recording charges 	 Daily interest charges
		 Homeowner's insurance

Using the tradeoff table

In this GFE, we offered you this loan with a particular interest rate and estimated settlement charges. However:

If you want to choose this same loan with lower settlement charges, then you will have a higher interest rate.
If you want to choose this same loan with a lower interest rate, then you will have higher settlement charges.
If you would like to choose an available option, you must ask us for a new GFE.

Loan originators have the option to complete this table. Please ask for additional information if the table is not completed.

	The loan in this GFE		The same loan with lower settlement charges	The same loan with a lower interest rate
Your initial loan amount	\$ 121,000.00		\$	\$
Your initial interest rate 1	3.75	%	%	%
Your initial monthly amount owed	\$ 622.88		\$	\$
Change in the monthly amount owed from this GFE	No change		You will pay \$ more every month	You will pay \$ less every month
Change in the amount you will pay at settlement with this interest rate	No change		Your settlement charges will be reduced by \$	Your settlement charges will increase by \$
How much your total estimated settlement charges will be	\$ 4,803.00		\$	\$

¹For an adjustable rate loan, the comparisons above are for the initial interest rate before adjustments are made

Use this chart to compare GFEs from different loan originators. Fill in the information by using a different column for each GFE you receive. By comparing loan offers, you can shop for the best loan.

Using the shopping chart

	This loan	Loan 2	Loan 3	Loan 4
Loan originator name	Quince Bank			
Initial loan amount	\$121,000.00			
Loan term	30 years			
Initial interest rate	3.75			
Initial monthly amount owed	\$622.88			
Rate lock period	60 days			
Can interest rate rise?	Yes			
Can loan balance rise?	No			
Can monthly amount owed rise?	Yes			
Prepayment penalty?	No			
Balloon payment?	No			
Total Estimated Settlement Charges	\$4,803.00			

If your loan is sold in the future Some lenders may sell your loan after settlement. Any fees lenders receive in the future cannot change the loan you receive or the charges you paid at settlement.

Good Faith Estimate (HUD-GFE) 3

QUANTITATIVE STUDY OF THE CURRENT AND INTEGRATED TILA-RESPA DISCLOSURES

Current Final TIL, Easier, ARM, A, Name Set 1, page 1

Lender: Quince Bank	Loan	No. 123456	789	Date: 4/	15/2013	
Borrowers: John A. and M.			456 Somewhei		-	12345
	· _ ·	eliminary		🗷 Final		
Annual Percentage Rate	Finance Charge	2	Amount Finan	iced	Total of	Payments
The cost of your credit as a	The dollar amount		The amount of cre	•		int you will have paid
yearly rate.	cost you assuming percentage rate do		you or on your be closing.	half as of loan		have made all as scheduled assuming
	change.	Jes not	ciosing.			al percentage rate does
	Ū				not chang	
4.592%	\$101,64	4.12	\$120,5	98.40	ç	\$310,089.72
You have the right to recei	ve at this time an	itemization o				
I want an itemization.				I do not wa	nt an iten	nization.
INTEREST RATE AND PAYN	IENT SUMMARY					
		INTRO	DUCTORY	[MAXIMUM	during	MAXIMUM EVER
		Rate & Mo	nthly Payment	FIRST FIVE	YEARS	(as early as
		(for first	seven years)	(4/15/20	13)]	5/1/2022)
Interest Rate		3.	750%	3.750	%	9.000%
Principal and Interest		\$5	60.36	\$560.	36	\$884.44
Est. Taxes + Insurance (Esc	row)	\$3	06.54	\$306.	54	\$244.02
 Includes Private Mortg 	gage Insurance			,		
Total Est Monthly Doumon	nt	ć				
		\$8	66.90	\$866.	90	\$1,128.46
Introductory Rate Notice				·		
Introductory Rate Notice You have a discounted intr	oductory rate of 3	.750% that e	nds after the fir	·		
Introductory Rate Notice You have a discounted intr	oductory rate of 3	.750% that e	nds after the fir	·		
Introductory Rate Notice You have a discounted intr market rates do not chang	oductory rate of a e, this rate will inc	3.750% that e crease to 4.75	nds after the fir. 50%.	st seven years	. In the e	ighth year, even if
Introductory Rate Notice You have a discounted intr market rates do not chang	oductory rate of a e, this rate will inc	3.750% that e crease to 4.75	nds after the fir. 50%.	st seven years	. In the e	ighth year, even if
Introductory Rate Notice You have a discounted intr market rates do not chang THERE IS NO GUARANTEE You are not required to con	oductory rate of 3 e, this rate will inc THAT YOU WILL E	3.750% that e crease to 4.75 BE ABLE TO R	nds after the fir 50%. EFINANCE TO LC	st seven years	. In the e	ighth year, even if PAYMENTS.
Introductory Rate Notice You have a discounted intr market rates do not chang THERE IS NO GUARANTEE You are not required to con	oductory rate of 3 e, this rate will inc THAT YOU WILL E	3.750% that e crease to 4.75 BE ABLE TO R	nds after the fir 50%. EFINANCE TO LC	st seven years	. In the e	ighth year, even if PAYMENTS.
Introductory Rate Notice You have a discounted intr market rates do not chang THERE IS NO GUARANTEE You are not required to co signed a loan application.	oductory rate of 3 e, this rate will inc THAT YOU WILL E mplete this agree	B.750% that e rease to 4.75 BE ABLE TO R ment merely	nds after the fir 50%. EFINANCE TO LC because you hav	st seven years DWER YOUR R ve received th	. In the e	ighth year, even if PAYMENTS.
Introductory Rate Notice You have a discounted intr market rates do not chang THERE IS NO GUARANTEE You are not required to co signed a loan application.	oductory rate of 3 e, this rate will inc THAT YOU WILL E mplete this agreen This obligation ha	3.750% that e rease to 4.75 SE ABLE TO R ment merely s a demand f	nds after the fir 50%. EFINANCE TO LO because you hav eature as follow	st seven years DWER YOUR R ve received the	. In the e ATE AND ese disclo	ighth year, even if PAYMENTS. osures or have
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Current Final TIL, Easier, ARM, A, Name Set 1, page 2

ou may obtain property ins arrier meets the requireme	surance from anyone you want that is acceptab ents of the Lender.	ble to the Lender, provided such
you get the insurance fror urnished by the Lender.	n the Lender, you will pay the cost set forth in	a separate insurance statement
nsurance:		
	dit disability insurance are not required to obt	ain credit, and will not be provide
	· ·	
Type Pre Credit Life	emium Signature I want credit life insurance.	
	_	
Credit Disability	Sig	nature
Credit Life and Disability	Sig I want credit life and disability insurance.	nature
Credit Life and Disability		
	Sig	nature
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epayment in full before the	e scheduled date, and prepayment refunds and ading and receiving a copy of this disclosure. Borrower: John A.	penalties. Date

B. Type of Loan						
1. FHA 2. RHS 3. C	Conv. Unins.	6. File Numb	er:	7. Loan Number:	8. Mortgage Insura	ance Case Number:
4. VA 5. Conv. Ins.		12-3456		123456789	000654321	
C. Note: This form is furnished to give you a statement	of actual settle	ement costs.	Amounts paid t	o and by the settlement a	agent are shown. Items	marked
"(p.o.c.)" were paid outside the closing; they an	re shown here					
D. Name & Address of Borrower: John A. and Mary B.			ddress of Selle and Amy D.	ir:	F. Name & Address Quince Bank	s of Lender:
123 Anywhere Street Anytown, ST 12345			where Drive		4321 Random E Somecity, ST 12	
G. Property Location:		H. Settlemer	it Agent:		I. Settlement Date:	
456 Somewhere Ave Anytown, ST 12345		Epsilon Tit			04/15/2013	
Traytown, OT 12040		Place of Sett 123 Comm		Somecity, ST 12344		
J. Summary of Borrower's Transaction				nary of Seller's Trans	saction	
100. Gross Amount Due from Borrower 101. Contract sales price	\$13	5,000.00		s Amount Due to Seller		\$125,000 (
102. Personal property	ψ13	3,000.00		onal property		\$135,000.0
103. Settlement charges to borrower (line 1400)	\$	6,187.75	403.			
104. HOA Capital Contribution to HOA Acre Inc 105. HOA Processing Fee to HOA Acre Inc		\$500.00 \$125.00	404.			
Adjustment for items paid by seller in advance		\$125.00	405. Adjustme	nt for items paid by sell	er in advance	
106. City/town taxes to			406. City/t		to	
107. County taxes to			407. Coun		to	
108. Assessments to			408. Asses	ssments	to	
109. HOA Dues 04/15/2013 to 04/30/2013		\$80.00		Dues 04/15/2013 to	04/30/2013	\$80.0
110.			410.			
111. 112.			411.			
120. Gross Amount Due from Borrower	\$14	1,892.75		s Amount Due to Seller		\$135,080.0
200. Amount Paid by or in Behalf of Borrower				ictions In Amount Due t	o seller	
201. Deposit or earnest money		5,000.00	501. Exces	ss deposit (see instruction	ns)	\$5,000.0
202. Principal amount of new loan(s)	\$12	1,000.00	502. Settle	ement charges to seller (li	ne 1400)	\$3,100.0
203. Existing loan(s) taken subject to 204. Pest Inspection Fee POC Borrower		\$110.00		ng loan(s) taken subject t	to	* *****
205.		\$110.00		ff of first mortgage loan ff of second mortgage loa	in.	\$84,000.0
206.			506.	ii oi secona mongage ioa		
207.			507.			
208.			508.			
209.			509.			
Adjustments for items unpaid by seller		\$681.20		nts for items unpaid by		0004 0
210. City/town taxes 01/01/2013 to 04/14/2013		ψυο I.2U		own taxes 01/01/2013		\$681.2
211. County taxes to 212. Assessments to			511. Count 512. Asses		to to	
213.			513.			
214.			514.			
215.			515.			
216.			516.			
217. 218.			517. 518.			
219.			518.			
220. Total Paid by/for Borrower	\$120	6,791.20		Reduction Amount Due	e Seller	\$92,781.2
300. Cash at Settlement from/to Borrower				at Settlement to/from S		
301. Gross amount due from borrower (line 120)		1,892.75		s amount due to seller (lin		\$135,080.0
302. Less amounts paid by/for borrower (line 220)	126,	791.20)	602. Less	reductions in amounts du	e seller (line 520)	(\$92,781.2
303. Cash X From To Borrower	\$1	5,101.55	603. Cash	Хто	From Seller	\$42,298.8

N-9

Current HUD-1, Easier, ARM, A, Name Set 1, page 2

700. Total Real Estate Broker Fees \$6,750.00			Paid From	Paid From
Division of commission (line 700) as follows :			Borrower's Funds at	Seller's Funds at
701. \$ 3,375.00 to Alpha Real Estate Broker			Settlement	Settlement
702. \$ 3,375.00 to Omega Real Estate Broker				A / 250 00
703. Commission paid at settlement 704. Deposit retained by Alpha Real Estate Broker \$5,000				\$1,750.00
800. Items Payable in Connection with Loan				
801. Our origination charge	\$ 700.00	(from GFE #1)		
802. Your credit or charge (points) for the specific interest rate chosen 803. Your adjusted origination charges	\$ 0.00	(from GFE #2)	\$700.00	
804. Appraisal fee to John Smith Appraisers, Inc.(POC \$425.00 Borrower)		(from GFE #A) (from GFE #3)	\$700.00	
805. Credit report to Information Inc. (POC \$27.00 Borrower)		(from GFE #3)		
806. Tax service to Info Co.		(from GFE #3)	\$120.00	
807. Flood certification to Info Co.		(from GFE #3)	\$20.00	
808.				
809.				
810.				
811.				
900. Items Required by Lender to be Paid in Advance				
901. Daily interest charges from 4/15/2013 to 5/01/2013 @ \$ 12.60 /day		(from GFE #10)	\$201.60	
902. Mortgage insurance premium for months to		(from GFE #3)		
903. Homeowner's insurance for 1 years to Insurance Co.		(from GFE #11)	\$570.00	
904. Property Taxes 6 months to Any County USA			\$1,179.12	
1000. Reserves Deposited with Lender				
1001. Initial deposit for your escrow account		(from GFE #9)	\$488.03	
1002. Homeowner's insurance 2 months @ \$ 47.50 per month	\$ 95.00			
1003. Mortgage insurance months @ \$ per month				
	\$ 393.04			
1005. months @ \$ per month				
1006. months @ \$ per month				
1007. Aggregate Adjustment	-\$ 0.01			
1100. Title Charges				
1101. Title services and lender's title insurance		(from GFE #4)	\$1,530.00	
1102. Settlement or closing fee	\$			
1103. Owner's title insurance		(from GFE #5)	\$844.00	
1104. Lender's title insurance 1105. Lender's title policy limit \$ 121,000.00	\$ 876.00			
1106. Owner's title policy limit \$ 135,000.00				
1107. Agent's portion of the total title insurance premium to Epsilon Title Co.	\$ 1,376.00			
1108. Underwriter's portion of the total title insurance premium to Underwriter Inc.	\$ 344.00			
1109.				
1110.				
1111.				
1200. Government Recording and Transfer Charges				
1201. Government recording charges		(from GFE #7)	\$250.00	
1202. Deed \$ 125.00 Mortgage \$ 125.00 Release \$				
1203. Transfer taxes		(from GFE #8)		
1204. City/County tax/stamps Deed \$ Mortgage \$				
1205. State tax/stamps Deed \$ 1,350.00 Mortgage \$				\$1,350.00
1206.				
1300. Additional Settlement Charges				
1301. Required services that you can shop for		(from GFE #6)	\$285.00	
1302. Pest Inspection Fee to Pests Co. \$ 110.00				
1303. Survey Fee to Surveyors Co. \$ 175.00				
1304. Home Inspection Fee to Engineers Inc. (POC \$750.00 Seller)				

Previous edition are obsolete

HUD-1

Current HUD-1, Easier, ARM, A, Name Set 1, page 3

	•	Good Faith Estimate	HUD-1
Charges That Cannot Increase	HUD-1 Line Number		
Our origination charge	# 801	\$700.00	\$700.00
Your credit or charge (points) for the specific interest rate chosen	# 802	\$0.00	\$0.00
Your adjusted origination charges	# 803	\$700.00	\$700.00
Transfer taxes	# 1203	\$0.00	\$0.00
Charges That In Total Cannot Increase More Than 10%		Good Faith Estimate	HUD-1
Government recording charges	# 1201	\$250.00	\$250.00
Appraisal Fee	# 802	\$425.00	\$425.00
Credit Report Fee	_# 805	\$27.00	\$27.00
Flood certification fee	_# 807	\$20.00	\$20.00
Tax service fee	# 806	\$120.00	\$120.00
Title services	# 1101	\$1,513.00	\$1,530.00
Owner's Title Insurance	# 1103	\$844.00	\$844.00
Survey Fee	# 1302	\$175.00	\$175.00
	Total	\$3,374.00	\$3,391.00
Incre	ease between GFE and HUD-1 Charges	\$ 17 or	
Charges That Can Change		Good Faith Estimate	HUD-1
Initial deposit for your escrow account	# 1001	\$0.00	\$488.03
Daily interest charges \$ 12.60 /day	# 901	\$189.00	\$201.60
Homeowner's insurance	# 903	\$415.00	\$570.00
Pest Inspection Fee	# 1302	\$125.00	\$110.00
	#		
	#		
Loan Terms	1		
Your initial loan amount is	\$ 121,000.00		
Your loan term is	30 years		-
Your initial interest rate is	3.75 %		
Your initial monthly amount owed for principal, interest, and any	s 622.88 includes		
mortgage insurance is	\$ 022.00 Includes		
mongage insurance is	X Principal		
	X Interest		
	Mortgage Insurance		
Can your interest rate rise?	No X Yes, it can rise to a maxim		nange will be on 5/1/20
	and can change again every year		Every change date, you
	interest rate can increase or decrease by		
	guaranteed to never be lower than 4.	∠5 % or higher than 9.0	%.
Even if you make payments on time, can your loan balance rise?	X No Yes, it can rise to a maxim	num of \$	
	No X Yes, the first increase car		conthly amount
Even if you make payments on time, can your monthly amount owed for principal, interest, and mortgage insurance rise?		maximum it can ever rise to is \$	
Does your loan have a prepayment penalty?	X No Yes, your maximum prep	ayment penalty is \$	
Does your loan have a balloon payment?	No Yes, you have a balloon	payment of \$ due	e in years
Total monthly amount owed including escrow account payments	You do not have a monthly escrow	navment for items, such as pro-	nerty taxes and
Total monthly amount owed including escrow account payments	homeowner's insurance. You mus		
Total monthly amount owed including esclow account payments	homeowner's insurance. You mus		
rotal monthly amount over including esclow account payments		crow payment of \$ 244.02	. This includes
rotan moneny ancount owed including esclow account payments	X You have an additional monthly es	crow payment of \$ 244.02 amount owed of \$ 866.90	
rotan noning allocant over including escrow account payments	You have an additional monthly est that results in a total initial monthly principal, interest, any mortagage	crow payment of \$ 244.02 v amount owed of \$ 866.90 insurance and any items checked	ed below:
total moning amount owed including esclow account payments	You have an additional monthly est that results in a total initial monthly principal, interest, any mortagage Property taxes	crow payment of \$ 244.02 amount owed of \$ 866.90	ed below:
rotan moneny ancount owed including escrow account payments	You have an additional monthly est that results in a total initial monthly principal, interest, any mortagage	crow payment of \$ 244.02 v amount owed of \$ 866.90 insurance and any items checked	ed below:
total moning amount owed including esclow account payments	You have an additional monthly est that results in a total initial monthly principal, interest, any mortagage Property taxes	crow payment of \$ 244.02 v amount owed of \$ 866.90 insurance and any items checked	ed below:

Projected Payments

Payment Calculation

Principal & Interest

Mortgage Insurance

Estimated Escrow Amount can increase over time

Estimated Taxes, Insurance & Assessments Amount can increas See Details on Page

Current Easier ARM B Disclosures

The study used two different sets of lender names for the loan disclosures. All other information was identical. Name Set 1 used Redbud Bank and Name Set 2 used Fir Bank.

Current Initial TIL, Easier, ARM, B, Name Set 1, page 1

Truth-In-Lending Disclosure Statement

Lender: Redbud Bank	Loan No. 123456789	Date: 2/15/2013	
Borrowers: John A. and Mary B.	Property Address: 456 So	mewhere Avenue, Anytown, ST 12345	
	🗷 Preliminary	🗆 Final	

Annual Percentage Rate The cost of your credit as a yearly rate.	Finance Charge The dollar amount the credit will cost you assuming the annual percentage rate does not change.	Amount Financed The amount of credit provided to you or on your behalf as of loan closing.	Total of Payments The amount you will have paid after you have made all payments as scheduled assuming the annual percentage rate does not change.
5.294%	\$119,596.26	\$119,494.86	\$322,438.32

You have the right to receive at this time an itemization of the Amount Financed.

INTEREST RATE AND PAYMENT SUMMARY

	INTRODUCTORY	[MAXIMUM during	MAXIMUM EVER
	Rate & Monthly Payment	FIRST FIVE YEARS	(as early as
	(for first three years)	(5/1/2016)]	5/1/2022)
Interest Rate	3.375%	5.375%	9.000%
Principal and Interest	\$534.93	\$665.39	\$902.78
Est. Taxes + Insurance (Escrow)	\$294.04	\$294.04	\$231.52
 Includes Private Mortgage Insurance 			
Total Est. Monthly Payment	\$828.97	\$959.43	\$1,134.30

Introductory Rate Notice

You have a discounted introductory rate of 3.375% that ends after the first three years. In the fourth year, even if market rates do not change, this rate will increase to 5.33%.

THERE IS NO GUARANTEE THAT YOU WILL BE ABLE TO R	EFINANCE TO LOWER YOUR RATE AND PAYMENTS.
You are not required to complete this agreement merely signed a loan application.	because you have received these disclosures or have
Demand Feature: This obligation has a demand f	eature as follows:
✓ Variable Rate Feature: This loan has a variable- have been provided to y	rate feature. Disclosures about the variable-rate feature ou earlier.
Required Deposit: The annual percentage rate doe	es not take into account your required deposit.
You are giving a security interest in: 456 Somewhere A	venue, Anytown, ST 12345
Filing/Recording Fees \$ 225.00 No	n-filing insurance \$
Late Charge: If a payment is more than 15 days late, yo interest payment.	ou will be charged 5% of the monthly principal and
Assumption: Someone buying your house:	
☑ cannot assume the remainder of the mortgage on the original terms.	□ may, subject to conditions, be allowed to assume the remainder of the mortgage on the original terms.
Page	1 of 2

Current Initial TIL, Easier, ARM, B, Name Set 1, page 2

	shed by the Lender		ender, you will pay t		in in a separate hist	nance statement
Credi	ance: it life insurance and is you sign and agre		-	not required to	obtain credit, and	will not be provided
	ре о	Premium	Signature]
	edit Life		I want credit life insura	ince.		
Cre	edit Disability		I want credit disability	insurance	Signature	
CIE			i want credit disability	insurance.	<u></u>	
Cre	edit Life and Disability		I want credit life and d	isability insurance.	Signature	
					Signature	
□ ma □ ma	ay ay	×	our loan early, you will not will not		o a refund of part o	of the finance charge.
□ ma □ ma See y repay	ay ay our contract docur yment in full before	Iments for a the sched	will not	be entitled t nation about non ayment refunds	o a refund of part on payment, default, and penalties.	
□ ma □ ma See y repay	ay ay our contract docur yment in full before	Iments for a the sched	will not will not ny additional inform uled date, and prep	be entitled t nation about nor ayment refunds of this disclosur	o a refund of part on payment, default, and penalties.	
□ ma □ ma See y repay	ay ay our contract docur yment in full before	Iments for a the sched	will not will not ny additional inform uled date, and prep nd receiving a copy	be entitled t nation about nor ayment refunds of this disclosur A.	o a refund of part on payment, default, and penalties.	any required

Current GFE, Easier, ARM, B, Name Set 1, page 1



Good Faith Estimate (GFE)

OMB Approval No. 2502-0265

Name of Originator Re	dbud Bank	Borrower John A. and Mary B.		
Originator 4321 Ra	ndom Boulevard			
Address	y, ST 12340	Property 456 Somewhere Avenue		
Originator Phone Numb	per 123-456-7890	Address Anytown, ST 12345		
Originator Email joesn	nith@redbudbank.com	Date of GFE 2/15/2013		
Purpose	For more information, see HUD's Special Inform	ent charges and loan terms if you are approved for this loan. nation Booklet on settlement charges, your Truth-in-Lending www.hud.gov/respa. If you decide you would like to proceed		
Shopping for your loan	Only you can shop for the best loan for you. Con loan. Use the shopping chart on page 3 to comp	mpare this GFE with other loan offers, so you can find the bears and the offers you receive.		
Important dates	 The interest rate for this GFE is available thro rate, some of your loan Origination Charges, a lock your interest rate. 	bugh 4/16/2013 5:00PM EDT . After this time, the interest and the monthly payment shown below can change until you		
	2. This estimate for all other settlement charges	s is available through 3/22/2013 5:00PM EDT		
	 After you lock your interest rate, you must go period) to receive the locked interest rate. You must lock the interest rate at least N/A 			
Summary of	Your initial loan amount is	\$ 121,000.00		
your loan	Your loan term is	30 years		
	Your initial interest rate is	3.375 %		
	Your initial monthly amount owed for principal, interest, and any mortgage insurance is			
	Can your interest rate rise?	■ No ■ Yes, it can rise to a maximum of 9.00 The first change will be in 3 years		
	Even if you make payments on time, can your loan balance rise?	■ No □ Yes, it can rise to a maximum of \$		
	Even if you make payments on time, can your monthly amount owed for principal, interest, and any mortgage insurance rise?	No Yes, the first increase can be in 3 years and the monthly amount owed can rise to \$ 727.91 The maximum it can ever rise to is \$ 902.78		
	Does your loan have a prepayment penalty?	No Yes, your maximum prepayment penalty is \$		
	Does your loan have a balloon payment?	No Yes, you have a balloon payment of the in years.		
Escrow account information	Some lenders require an escrow account to hol charges in addition to your monthly amount own Do we require you to have an escrow account f No, you do not have an escrow account. You X Yes, you have an escrow account. It may or	for your loan? ou must pay these charges directly when due.		
		age 2.) \$1,460.00		
Summary of vour	A Your Adjusted Origination Charges (See page			
Summary of your settlement charges	A Your Adjusted Origination Charges (See page) B Your Charges for All Other Settlement Settlem	rvices (See page 2.) \$4,208.18		



iderstanding ur estimated ttlement	1. C	Adjusted Origination Charges				\$250.00
arges		his charge is for getting this loan				φ230.00
		 The credit or charge for the in "Our origination charge." (See You receive a credit of \$ This credit reduces your sett You pay a charge of \$ 1.210.0 This charge (points) increase 	e item 1 above.) for this interest rate of lement charges. 00 for this interest rate of 3.3 95 your total settlement charges. shows that you can change your total s		%. ges by	\$1,210.00
	Α	Your Adjusted Origination Cha	raes		\$ 1,460	.00
					.,	
		r Charges for All Other Settlen				
me of these arges n change	Tł pr	oviders of these services.	e require to complete your settlement. V	Ve will choose	the	
settlement.		ervice	<i>Charge</i> 500.00			\$690.00
e the top of		ppraisal Fee Credit Report Fee	30.00			
ge 3 for more ormation.		lood Determination	50.00			
onnation.		ax Status Research	110.00			
	Tł	tle services and lender's title in his charge includes the services of protect the lender, if required.	nsurance of a title or settlement agent, for exam	ple, and title in	surance	\$1,385.00
		wner's title insurance ou may purchase an owner's title	insurance policy to protect your intere	st in the proper	rty.	\$710.00
	Th ide pr	equired services that you can a rese charges are for other service entify providers of these services oviding these services are below ervice	es that are required to complete your s or you can shop for them yourself. Ou	settlement. We ir estimates for	can	\$230.00
		Pest Inspection Fee	105.00			
		Survey Fee	125.00			
		overnment recording charges	cal fees to record your loan and title do	ocuments.		\$225.00
	8. Tr	ansfer taxes	cal fees on mortgages and home sales			\$0.00
	Tł		ccount ccount to pay future recurring charges all insurance, and _other Mortgage Ir		rty and	\$588.08
	Th of	the next month or the first day o	on your loan from the day of your sett f your normal mortgage payment cycle day for 15 days (if your settlem			\$170.10
		omeowner's insurance his charge is for the insurance yo <i>Policy</i>	u must buy for the property to protect f <i>Charge</i>	rom a loss, su	ch as fire.	\$210.00
	Н	azard Insurance	210.00			
	В	Your Charges for All Other Set	tlement Services		\$ 4,208	.18
	۸	+ D Total Estimated C	attlement Charges		\$ = 000	40
	A	+ B Total Estimated S	Settlement Charges		\$ 5,668	.10

Current GFE, Easier, ARM, B, Name Set 1, page 3

Instructions

Understanding which charges can change at settlement This GFE estimates your settlement charges. At your settlement, you will receive a HUD-1, a form that lists your actual costs. Compare the charges on the HUD-1 with the charges on this GFE. Charges can change if you select your own provider and do not use the companies we identify. (See below for details.)

These charges cannot increase at settlement:	The total of these charges can increase up to 10% at settlement:	These charges can change at settlement:
 Our origination charge 	 Required services that we select 	 Required services that you can
 Your credit or charge (points) for the specific interest rate chosen 	 Title services and lender's title insurance (if we select them or 	shop for (if you do not use companies we identify)
(after you lock in your interest rate)	you use companies we identify)	 Title services and lender's title
 Your adjusted origination charges (after you lock in your interest rate) 	 Owner's title insurance (if you use companies we identify) 	insurance (if you do not use companies we identify)
 Transfer taxes 	 Required services that you can shop for (if you use companies 	 Owner's title insurance (if you do not use companies we identify)
	we identify)	 Initial deposit for your escrow account
	 Government recording charges 	 Daily interest charges
		 Homeowner's insurance

Using the tradeoff table

In this GFE, we offered you this loan with a particular interest rate and estimated settlement charges. However:

If you want to choose this same loan with lower settlement charges, then you will have a higher interest rate.
If you want to choose this same loan with a lower interest rate, then you will have higher settlement charges.
If you would like to choose an available option, you must ask us for a new GFE.

Loan originators have the option to complete this table. Please ask for additional information if the table is not completed.

	The loan in this GFE		The same loan with lower settlement charges	The same loan with a lower interest rate
Your initial loan amount	\$ 121,000.00		\$	\$
Your initial interest rate 1	3.375	%	%	%
Your initial monthly amount owed	\$ 597.45		\$	\$
Change in the monthly amount owed from this GFE	No change		You will pay \$ more every month	You will pay \$ less every month
Change in the amount you will pay at settlement with this interest rate	No change		Your settlement charges will be reduced by \$	Your settlement charges will increase by \$
How much your total estimated settlement charges will be	\$ 5,668.18		\$	\$

¹For an adjustable rate loan, the comparisons above are for the initial interest rate before adjustments are made

Use this chart to compare GFEs from different loan originators. Fill in the information by using a different column for each GFE you receive. By comparing loan offers, you can shop for the best loan.

Using the shopping chart

If your loan

future

is sold in the

Good Faith Estimate (HUD-GFE) 3

Current Final TIL, Easier, ARM, B, Name Set 1, page 1

Truth-In-Lending Disclosure Statement

Lender: Redbud Bank	Loan No. 123456789	Date: 4/15/2013	
Borrowers: John A. and Mary B.	Property Address: 456 Somewhere Avenue, Anytown, ST 1234		
	Preliminary	🗷 Final	

Annual Percentage Rate	Finance Charge	Amount Financed	Total of Payments
5	5		,
The cost of your credit as a	The dollar amount the credit will	The amount of credit provided to	The amount you will have paid
yearly rate.	cost you assuming the annual	you or on your behalf as of loan	after you have made all
	percentage rate does not	closing.	payments as scheduled assuming
	change.		the annual percentage rate does
			not change.
5.401%	\$122,956.56	\$119,483.52	\$325,786.20

You have the right to receive at this time an itemization of the Amount Financed. □ I want an itemization.

□ I do not want an itemization.

INTEREST RATE AND PAYMENT SUMMARY

	INTRODUCTORY	[MAXIMUM during	MAXIMUM EVER
	Rate & Monthly Payment	FIRST FIVE YEARS	(as early as
	(for first three years)	(5/1/2016)]	5/1/2022)
Interest Rate	3.375%	5.375%	9.000%
Principal and Interest	\$534.93	\$665.39	\$902.78
Est. Taxes + Insurance (Escrow)	\$294.04	\$294.04	\$231.52
 Includes Private Mortgage Insurance 			
Total Est. Monthly Payment	\$828.97	\$959.43	\$1,134.30

Introductory Rate Notice

You have a discounted introductory rate of 3.375% that ends after the first three years. In the fourth year, even if market rates do not change, this rate will increase to 5.500%.

signed a loan application.	ly because you have received these disclosures or have
Demand Feature: This obligation has a demand	d feature as follows:
☑ Variable Rate Feature: This loan has a variable have been provided to	e-rate feature. Disclosures about the variable-rate feature you earlier.
Required Deposit: The annual percentage rate d	oes not take into account your required deposit.
You are giving a security interest in: 456 Somewhere	Avenue, Anytown, ST 12345
	Non-filing insurance \$
Filing/Recording Fees \$ 240.00	

Current Final TIL, Easier, ARM, B, Name Set 1, page 2

You may obtain property insurance from anyone you want that is acceptable to the Lender, provided such carrier meets the requirements of the Lender.

If you get the insurance from the Lender, you will pay the cost set forth in a separate insurance statement furnished by the Lender.

Insurance:

Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless you sign and agree to pay the additional cost.

Туре	Premium	Signature	
Credit Life		I want credit life	insurance.
			Signature
Credit Disability		I want credit disa	ability insurance.
			Signature
Credit Life and Disab	Credit Life and Disability I want cre		and disability insurance.
			Signature
repayment:	If you pay off y	our loan early, y	2011
] may		will not	have to pay a penalty.
] may		will not	be entitled to a refund of part of the finance charge.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

I/We hereby acknowledge reading and receiving a copy of this disclosure.

Borrower: John A.

Date

Borrower: Mary B.

Date

	Current HUD-1	, Easier,	ARM,	B, Name	Set 7	1, page
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B. Type of Loan						
1. FHA 2. RHS 3. C	onv. Unins.	6. File Numb	ier:	7. Loan Number:	8. Mortgage Insur	ance Case Number:
4. VA 5. X Conv. Ins.		12-3456		123456789	000654321	
C. Note: This form is furnished to give you a statement of	of actual sett	ement costs /	Amounts paid t	o and by the settlement	agent are shown. Items	marked
"(p.o.c.)" were paid outside the closing; they are						manoa
D. Name & Address of Borrower:			ddress of Selle	r:	F. Name & Addres	s of Lender:
John A. and Mary B. 123 Anywhere Street Anytown, ST 12345			nd Amy D. where Drive ST 12345		Redbud Bank 4321 Random I Somecity, ST 1	
G. Property Location:		H. Settlemen	t Agent:		I. Settlement Date	:
456 Somewhere Ave Anytown, ST 12345		Epsilon Tit			04/15/2013	
		Place of Sett 123 Comm		Somecity, ST 12344		
J. Summary of Borrower's Transaction			K. Summ	ary of Seller's Trar	isaction	
100. Gross Amount Due from Borrower			400. Gross	s Amount Due to Selle	r	
101. Contract sales price	\$13	\$5,000.00	401. Contr	act sales price		\$135,000.00
102. Personal property		6 547 62		nal property		
103. Settlement charges to borrower (line 1400) 104. HOA Capital Contribution to HOA Acre Inc	1	\$6,547.63 \$500.00	403. 404.			
105. HOA Processing Fee to HOA Acre Inc		\$125.00	405.			
Adjustment for items paid by seller in advance				nt for items paid by se	eller in advance	
106. City/town taxes to 107. County taxes to			406. City/to		to	
107. County taxes to 108. Assessments to			407. Count 408. Asses		to to	
109. HOA Dues 04/15/2013 to 04/30/2013		\$80.00		Dues 04/15/2013 to		\$80.00
110.			410.			
111.			411.			
112. 120. Gross Amount Due from Borrower	\$14	2,252.63	412.	s Amount Due to Selle		\$135,080.00
200. Amount Paid by or in Behalf of Borrower		_,		ctions In Amount Due		\$100,000.00
201. Deposit or earnest money		5,000.00		s deposit (see instruction		\$5,000.00
202. Principal amount of new loan(s)	\$12	1,000.00	502. Settle	ment charges to seller	(line 1400)	\$3,100.00
203. Existing loan(s) taken subject to 204. Pest Inspection Fee POC Borrower		\$99.00		ng loan(s) taken subject f of first mortgage loan	t to	\$84,000.00
205.		400.00		f of second mortgage loan	ban	\$04,000.00
206.			506.			
207.			507.			
208. 209.			508.			
Adjustments for items unpaid by seller			509. Adjustme	nts for items unpaid b	v seller	
210. City/town taxes 01/01/2013 to 04/14/2013		\$681.20		own taxes 01/01/2013		\$681.20
211. County taxes to			511. Count		to	
212. Assessments to			512. Asses	sments	to	
213. 214.			513.			
215.			514. 515.			
216.			516.			
217.			517.			
218. 219.			518. 519.			
219. 220. Total Paid by/for Borrower	\$12	6,780.20		Reduction Amount Du	ue Seller	\$92,781.20
300. Cash at Settlement from/to Borrower				at Settlement to/from		
301. Gross amount due from borrower (line 120)		2,252.63		amount due to seller (I	,	\$135,080.00
302. Less amounts paid by/for borrower (line 220)	(\$126	,780.20)	602. Less	reductions in amounts o	due seller (line 520)	(\$92,781.20
303. Cash X From To Borrower	\$1	5,472.43	603. Cash	ХТо	From Seller	\$42,298.80

Current HUD-1, Easier, ARM, B, Name Set 1, page 2

700. Total Real Estate Broker Fees \$6,750.00			Paid From	Paid From
Division of commission (line 700) as follows :			Borrower's	Seller's
701. \$ 3,375.00 to Alpha Real Estate Broker			Funds at Settlement	Funds at Settlement
702. \$ 3,375.00 to Omega Real Estate Broker				
703. Commission paid at settlement 704. Deposit retained by Alpha Real Estate Broker \$5,000				\$1,750.00
800. Items Payable in Connection with Loan				
	250.00	(from GFE #1)		
		(from GFE #2)		
803. Your adjusted origination charges 804. Appraisal fee to John Smith Appraisers, Inc.(POC \$500.00 Borrower)		(from GFE #A)	\$1,460.00	
805. Credit report to Information Inc. (POC \$30.00 Borrower)		(from GFE #3) (from GFE #3)		
806. Tax service to Info Co.		(from GFE #3)	\$110.00	
807. Flood certification to Info Co.		(from GFE #3)	\$50.00	
808.				
809.				
810.				
811.				
900. Items Required by Lender to be Paid in Advance				
901. Daily interest charges from 4/15/2013 to 5/01/2013 @ \$ 11.34 /day	(from GFE #10)	\$181.44	
902. Mortgage insurance premium for months to		(from GFE #3)		
903. Homeowner's insurance for 1 years to Insurance Co.	(from GFE #11)	\$420.00	
904. Property Taxes 6 months to Any County USA			\$1,179.12	
1000. Reserves Deposited with Lender			I	
1001. Initial deposit for your escrow account		(from GFE #9)	\$588.07	
1002. Homeowner's insurance 2 months @ \$ 35.00 per month	\$ 70.00	(
1003. Mortgage insurance 2 months @ \$ 62.52 per month				
1004. Property Taxes 2 months @ \$ 196.52 per month	\$ 393.04			
1005. months @ \$ per month				
1006. months @ \$ per month				
1007. Aggregate Adjustment	\$ 0.01			
1100. Title Charges				
1101. Title services and lender's title insurance		(from GFE #4)	\$1,385.00	
1102. Settlement or closing fee \$	\$			
1103. Owner's title insurance		(from GFE #5)	\$710.00	
	\$ 735.00			
1105. Lender's title policy limit \$ 121,000.00 1106. Owner's title policy limit \$ 135,000.00				
	\$ 1,156.00			
	\$ 289.00			
1109.				
1110.				
1111.				
1200. Government Recording and Transfer Charges				
1201. Government recording charges		(from GFE #7)	\$240.00	
1202. Deed \$ 120.00 Mortgage \$ 120.00 Release \$		(. =	
1203. Transfer taxes		(from GFE #8)		
1204. City/County tax/stamps Deed \$ Mortgage \$				
1205. State tax/stamps Deed \$ 1,350.00 Mortgage \$				\$1,350.00
1206.				
1300. Additional Settlement Charges				
1301. Required services that you can shop for		(from GFE #6)	\$224.00	
1302. Pest Inspection Fee to Pests Co. \$ 99.00		,		
1303. Survey Fee to Surveyors Co. \$ 125.00				
1304. Home Inspection Fee to Engineers Inc. (POC \$750.00 Seller)				
1305. Structural Inspection Fee to Structural Engineers Inc. (POC \$1,100.00 Seller)				

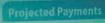
Previous edition are obsolete

HUD-1

Current HUD-1, Easier, ARM, B, Name Set 1, page 3

Charges That Cannot Increase			HUD-1	
	HUD-1 Line Number			
Our origination charge	# 801	\$250.00	\$250.00	
Your credit or charge (points) for the specific interest rate chosen	# 802	\$1,210.00	\$1,210.00	
Your adjusted origination charges	# 803	\$1,460.00	\$1,460.00	
Transfer taxes	# 1203	\$0.00	\$0.00	
Charges That In Total Cannot Increase More Than 10%		Good Faith Estimate	HUD-1	
- Government recording charges		\$225.00	\$240.00	
	# 1201	\$225.00		
Appraisal Fee	# 802	\$500.00	\$500.00	
Credit Report Fee	# 805	\$30.00	\$30.00	
Flood certification fee	# 807	\$50.00	\$50.00	
Tax service fee	# 806	\$110.00	\$110.00	
Title services	# 1101	\$1,385.00 \$710.00	\$1,385.00	
Owner's Title Insurance	# 1103		\$710.00	
Survey Fee	# 1302	\$125.00	\$125.00	
Incre	Total ase between GFE and HUD-1 Charges	\$3,135.00 \$ 15 o	\$3,150.00 r .48	
Charges That Can Change		Good Faith Estimate	HUD-1	
Initial deposit for your escrow account	# 1001	\$588.08	\$588.07	
Daily interest charges \$ 11.34 /day	# 901	\$170.10	\$181.44	
Homeowner's insurance	# 903	\$210.00	\$420.00	
Pest Inspection Fee	# 1302	\$105.00	\$99.00	
	#			
	#			
Loan Terms				
Your initial loan amount is	\$ 121,000.00			
Your loan term is	30 years			
Your initial interest rate is	3.375 %			
Your initial monthly amount owed for principal, interest, and any	s 597.45 includes			
mortgage insurance is				
•••	Principal			
	X Interest			
	X Mortgage Insurance			
Can your interest rate rise?		0.0		
Call your interest rate rise?	No X Yes, it can rise to a maximum of 9.0 %. The first change will be on 5/1/2016 and can change again every three years after 5/1/2016 . Every change date, your			
	and can change again every three year			
	interest rate can increase or decrease by	5.0 % or higher than 9.0	e loan, your interest rate is	
	guaranteed to never be lower than 5	% or nigner than 0.0	%.	
Even if you make payments on time, can your loan balance rise?	X No Yes, it can rise to a maxim	mum of \$		
Even if you make payments on time, can your monthly	No X Yes, the first increase ca	n be on 6/1/2016 and the r	monthly amount	
amount owed for principal, interest, and mortgage insurance rise?		maximum it can ever rise to is		
Does your loan have a prepayment penalty?	X No Yes, your maximum prep	payment penalty is \$		
Does your loan have a halloon navmont?	X No Yes, you have a balloon	navment of \$	ue in years	
Does your loan have a balloon payment?	on Yes, you have a balloon	payment or φ dt	years	
		a nourment for items, such as pr	operty taxes and	
Total monthly amount owed including escrow account payments	You do not have a monthly escrow			
Total monthly amount owed including escrow account payments	homeowner's insurance. You mus	at pay these items directly yours		
Total monthly amount owed including escrow account payments	homeowner's insurance. You mus X You have an additional monthly es	st pay these items directly yours scrow payment of \$ 231.52	elf.	
Total monthly amount owed including escrow account payments	homeowner's insurance. You mus You have an additional monthly es that results in a total initial monthly	scrow payment of \$ 231.52 y amount owed of \$ 828.97	. This includes	
Total monthly amount owed including escrow account payments	homeowner's insurance. You mus X You have an additional monthly es	scrow payment of \$ 231.52 y amount owed of \$ 828.97	. This includes	
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Total monthly amount owed including escrow account payments	homeowner's insurance. You mus You have an additional monthly es that results in a total initial monthly principal, interest, any mortagage Property taxes	t pay these items directly yours scrow payment of \$ 231.52 y amount owed of \$ 828.97 insurance and any items check	. This includes	

0-12



Payment Calculation

Principal & Interest

Mortgage Insurance

Estimated Escrow Amount can increase over time

Estimated Taxes, Incurance & Assessments Amount can increase of See Details on Page 4

Current More Challenging ARM A Disclosures

The study used two different sets of lender names for the loan disclosures. All other information was identical. Name Set 1 used Spruce Bank and Name Set 2 used Gingko Bank.

Current Initial TIL, More Challenging, ARM, A, Name Set 1, page 1

Truth-In-Lending Disclosure Statement

Lender: Spruce Bank	Loan No. 12345678	9 Date: 2/15/2013	
Borrowers: John A. and Mary B.	Property Address: 4	56 Somewhere Avenue, Anytown, ST 12345	
	Preliminary	🗆 Final	

Annual Percentage Rate	Finance Charge	Amount Financed	Total of Payments
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you assuming the annual percentage rate does not change.	The amount of credit provided to you or on your behalf as of loan closing.	The amount you will have paid after you have made all payments as scheduled assuming the annual percentage rate does not change.
4.617%	\$186,836.70	\$207,638.40	\$394,475.10

You have the right to receive at this time an itemization of the Amount Financed.

INTEREST RATE AND PAYMENT SUMMARY

	INTRODUCTORY Rate & Monthly Payment (for first five years)	6/1/18 1 st adjustment	MAXIMUM during FIRST FIVE YEARS 5/1/18	MAXIMUM EVER (as early as 5/1/27)
Interest Rate	4.0%	6.0%	6.0%	12.0%
Principal Payment	-None-	\$304.48	\$304.48	\$306.04
Interest Payment	\$703.33	\$1,054.99	\$1,054.99	\$1,761.62
Total Est. Monthly Payment	\$703.33	\$1,359.47	\$1,359.47	\$2,067.66

Introductory Rate Notice

You have a discounted introductory rate of 4.0% that ends after the first five years. In the sixth year, even if market rates do not change, this rate will increase to 4.16%.

signed a loan application.	y because you have received these disclosures or have
Demand Feature: This obligation has a demand	feature as follows:
Image: Wariable Rate Feature: This loan has a variable have been provided to	-rate feature. Disclosures about the variable-rate feature you earlier.
□ Required Deposit: The annual percentage rate do	es not take into account your required deposit.
You are giving a security interest in: 456 Somewhere Av	enue, Anytown, ST 12345
Filing/Recording Fees \$ 152.00 N	on-filing insurance \$
Late Charge: If a payment is more than 15 days late, y interest payment.	ou will be charged 5% of the monthly principal and
Assumption: Someone buying your house: ☑ cannot assume the remainder of the mortgage on the original terms.	may, subject to conditions, be allowed to assume the remainder of the mortgage on the original terms.

Current Initial TIL, More Challenging, ARM, A, Name Set 1, page 2

carrier meets the requi		e from anyone you want that is acceptable to the the Lender.	e Lender, provided such
If you get the insurance furnished by the Lende		Lender, you will pay the cost set forth in a separa	ate insurance statement
Insurance:			
Credit life insurance an unless you sign and agr		ability insurance are not required to obtain cred he additional cost.	it, and will not be provided
Туре	Premium	Signature	
Credit Life		I want credit life insurance.	
		Signature	
Credit Disability		I want credit disability insurance.	
Conditutific and Disability		Signature	
Credit Life and Disability		I want credit life and disability insurance.	
		Signature	
may may See your contract docu repayment in full befor	ments for e the sche	any additional information about nonpayment, d duled date, and prepayment refunds and penaltion	
may may See your contract docu repayment in full befor	ments for e the sche	l will not have to pay a penalty. l will not be entitled to a refund o any additional information about nonpayment, d duled date, and prepayment refunds and penalti and receiving a copy of this disclosure.	efault, any required es.
may may See your contract docu repayment in full befor	ments for e the sche	l will not have to pay a penalty. l will not be entitled to a refund o any additional information about nonpayment, d duled date, and prepayment refunds and penaltic	efault, any required
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may may See your contract docu repayment in full befor	ments for e the sche	I will not have to pay a penalty. I will not be entitled to a refund o any additional information about nonpayment, d duled date, and prepayment refunds and penaltion and receiving a copy of this disclosure. Borrower: John A.	efault, any required es. Date

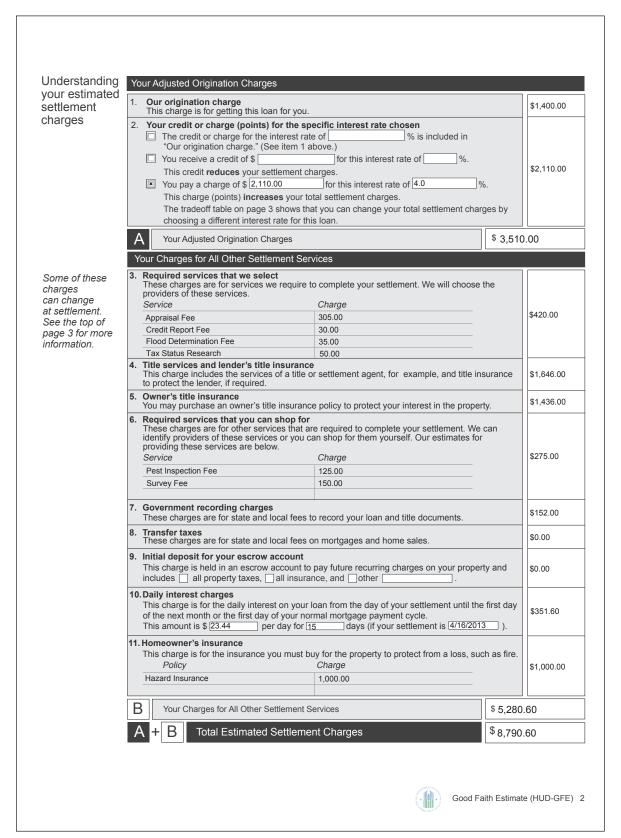
Current GFE, More Challenging, ARM, A, Name Set 1, page 1



Good Faith Estimate (GFE)

OMB Approval No. 2502-0265

Name of Originator Sp	ruce Bank	Borrower John A. and Mary B.
Originator Address 4321 Ra	ndom Boulevard	
	y, ST 12340	Property 456 Somewhere Avenue
Originator Phone Numl	per 123-456-7890	Address Anytown, ST 12345
Originator Email joesr	nith@sprucebank.com	Date of GFE 2/15/2013
Purpose	For more information, see HUD's Special Inform	ent charges and loan terms if you are approved for this loan. ation Booklet on settlement charges, your <i>Truth-in-Lending</i> www.hud.gov/respa. If you decide you would like to proceed
Shopping for our loan	Only you can shop for the best loan for you. Cor loan. Use the shopping chart on page 3 to comp	npare this GFE with other loan offers, so you can find the bes are all the offers you receive.
mportant dates	 The interest rate for this GFE is available thror rate, some of your loan Origination Charges, lock your interest rate. 	augh 4/16/2013 5:00PM EDT . After this time, the interest and the monthly payment shown below can change until you
	2. This estimate for all other settlement charges	is available through 3/22/2013 5:00PM EDT
	3. After you lock your interest rate, you must go	
	period) to receive the locked interest rate.	
	4. You must lock the interest rate at least N/A	days before settlement.
Summary of	Your initial loan amount is	\$ 211,000.00
our loan	Your loan term is	30 years
	Your initial interest rate is	4.0 %
	Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ 812.35 per month
	Can your interest rate rise?	■ No I Yes, it can rise to a maximum of 12
		The first change will be in 5 years
	Even if you make payments on time, can your loan balance rise?	I No □ Yes, it can rise to a maximum of \$
	Even if you make payments on time, can your monthly amount owed for principal, interest,	No Yes, the first increase can be in 5 years and the monthly amount owed can rise to \$ 1,468.49 . The maximum
	and any mortgage insurance rise?	it can ever rise to is \$ 2,067.66
	Does your loan have a prepayment penalty?	
		it can ever rise to is \$ 2,067.66 . I No □ Yes, your maximum prepayment
Escrow account nformation	Does your loan have a prepayment penalty? Does your loan have a balloon payment? Some lenders require an escrow account to ho charges in addition to your monthly amount ow Do we require you to have an escrow account f No, you do not have an escrow account. Yo	it can ever rise to is \$ 2,067.66 Image: Constraint of the state of th
account nformation Summary of	Does your loan have a prepayment penalty? Does your loan have a balloon payment? Some lenders require an escrow account to ho charges in addition to your monthly amount ow Do we require you to have an escrow account f No, you do not have an escrow account. Yo	it can ever rise to is \$ 2,067.66 Image: Constraint of the second sec
account nformation	Does your loan have a prepayment penalty? Does your loan have a balloon payment? Some lenders require an escrow account to ho charges in addition to your monthly amount ow Do we require you to have an escrow account f No, you do not have an escrow account. Yo Yes, you have an escrow account. It may or	it can ever rise to is \$ 2,067.66 It can ever rise to is \$ 2,067.66 It can ever rise to is \$ 2,067.66 It operative is \$



Current GFE, More Challenging, ARM, A, Name Set 1, page 2

Current GFE, More Challenging, ARM, A, Name Set 1, page 3

Instructions

Understanding which charges can change at settlement This GFE estimates your settlement charges. At your settlement, you will receive a HUD-1, a form that lists your actual costs. Compare the charges on the HUD-1 with the charges on this GFE. Charges can change if you select your own provider and do not use the companies we identify. (See below for details.)

These charges cannot increase at settlement:	The total of these charges can increase up to 10% at settlement:	These charges can change at settlement:
 Our origination charge 	 Required services that we select 	 Required services that you can
 Your credit or charge (points) for the specific interest rate chosen 	 Title services and lender's title insurance (if we select them or 	shop for (if you do not use companies we identify)
(after you lock in your interest rate)	you use companies we identify)	 Title services and lender's title
 Your adjusted origination charges (after you lock in your interest rate) 	 Owner's title insurance (if you use companies we identify) 	insurance (if you do not use companies we identify)
 Transfer taxes 	 Required services that you can shop for (if you use companies 	 Owner's title insurance (if you do not use companies we identify)
	we identify)	 Initial deposit for your escrow account
	 Government recording charges 	 Daily interest charges
		 Homeowner's insurance

Using the tradeoff table

In this GFE, we offered you this loan with a particular interest rate and estimated settlement charges. However:

If you want to choose this same loan with lower settlement charges, then you will have a higher interest rate.
If you want to choose this same loan with a lower interest rate, then you will have higher settlement charges.

If you would like to choose an available option, you must ask us for a new GFE.

Loan originators have the option to complete this table. Please ask for additional information if the table is not completed.

	The loan in this GFE		The same loan with lower settlement charges	The same loan with a lower interest rate
Your initial loan amount	\$211,000.00		\$	\$
Your initial interest rate 1	4.0	%	%	%
Your initial monthly amount owed	\$ 812.35		\$	\$
Change in the monthly amount owed from this GFE	No change		You will pay \$ more every month	You will pay \$ less every month
Change in the amount you will pay at settlement with this interest rate	No change		Your settlement charges will be reduced by \$	Your settlement charges will increase by \$
How much your total estimated settlement charges will be	\$ 8,790.60		\$	\$

¹For an adjustable rate loan, the comparisons above are for the initial interest rate before adjustments are made.

Use this chart to compare GFEs from different loan originators. Fill in the information by using a different column for each GFE you receive. By comparing loan offers, you can shop for the best loan.

Using the shopping chart

	This loan	Loan 2	Loan 3	Loan 4
Loan originator name	Spruce Bank			
Initial loan amount	\$211,000.00			
Loan term	30 years			
Initial interest rate	4.0%			
Initial monthly amount owed	\$812.35			
Rate lock period	60 days			
Can interest rate rise?	Yes			
Can loan balance rise?	No			
Can monthly amount owed rise?	Yes			
Prepayment penalty?	No			
Balloon payment?	No			
Total Estimated Settlement Charges	\$8,790.60			

If your loan is sold in the future Some lenders may sell your loan after settlement. Any fees lenders receive in the future cannot change the loan you receive or the charges you paid at settlement.



Good Faith Estimate (HUD-GFE) 3

Current Final TIL, More Challenging, ARM, A, Name Set 1, page 1

Truth-In-Lending Disclosure Statement

Lender: Spruce Bank	Loan No. 123456789	Date: 4/15/2013
Borrowers: John A. and Mary B.	Property Address: 456 S	omewhere Avenue, Anytown, ST 12345
	Preliminary	🗷 Final

Annual Percentage Rate	Finance Charge	Amount Financed	Total of Payments
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you assuming the annual percentage rate does not change.	The amount of credit provided to you or on your behalf as of loan closing.	The amount you will have paid after you have made all payments as scheduled assuming the annual percentage rate does not change.
4.872%	\$192,991.72	\$207,614.96	\$613,383.47

You have the right to receive at this time an itemization of the Amount Financed.

□ I want an itemization.

□ I do not want an itemization.

INTEREST RATE AND PAYMENT SUMMARY

This loan offers you several monthly payment options. The table below shows you what your payments would be under two of these options **if the interest rate reached its maximum of 12%** in the 15th year of this loan.

All payments shown in the table include \$718.88 for estimated taxes and insurance (escrow).

	5 years intro	+ every 3 years after
Maximum Interest Rate	4.0% (intro rate)	6.0%
Full Payment Option	\$1,726.33	\$2,165.21
Monthly payments cover all principal and		
interest.		
Minimum Payment Option	\$1,218.88	
Initial monthly payments cover no principal		
and only some interest and increase your		
loan amount.		

You will borrow an additional \$13,480.79 by 6/1/18 if you make only minimum payments on this loan.

You are not required to cor signed a loan application.	nplete this agreement merely because you have received these disclosures or have
Demand Feature:	This obligation has a demand feature as follows:
🗷 Variable Rate Feature:	This loan has a variable-rate feature. Disclosures about the variable-rate feature have been provided to you earlier.
Required Deposit:	he annual percentage rate does not take into account your required deposit.
You are giving a security in	terest in: 456 Somewhere Avenue, Anytown, ST 12345
Filing/Recording Fees \$	156.00 Non-filing insurance \$
Late Charge: If a paymer interest pay	nt is more than 15 days late, you will be charged 5% of the monthly principal and yment.

Current Final TIL, More Challenging, ARM, A, Name Set 1, page 2

Assumption: Someone buying your house: ☑ cannot assume the remainder of the mortgage on the original terms.

□ may, subject to conditions, be allowed to assume the remainder of the mortgage on the original terms.

You may obtain property insurance from anyone you want that is acceptable to the Lender, provided such carrier meets the requirements of the Lender.

If you get the insurance from the Lender, you will pay the cost set forth in a separate insurance statement furnished by the Lender.

Insurance:

Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless you sign and agree to pay the additional cost.

Туре	Premium	Signature	
Credit Life		I want credit life insurance.	
			Signature
Credit Disability		I want credit disabili	ty insurance.
			Signature
Credit Life and Disability		I want credit life and disability insurance.	
			Signature
epayment: If yo	u pay off yo	our loan early, you	
may	×	will not	have to pay a penalty.
may	×	will not	be entitled to a refund of part of the finance charge

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

I/We hereby acknowledge reading and receiving a copy of this disclosure.

Borrower: John A.

Date

Borrower: Mary B.

Date

Page 2 of 2

h W 6 Conv. Inc. 123456 12345769 00654321 A. Mer: This forms is furnated to give yous a statement of actual settlement costs. Amounts pad to and by the settlement agent are shown. Here manufed to a C your pad costs in the state. F. News A.Adress of Lander: D. Mare A.Adress of Gorower: E. News A.Adress of Seter: F. News A.Adress of Seter: Space C and Arry D. 2.3 Anyoher Strott Anyohers New Anyohers Ave Brack I. Settlement Agent I. Settlement Agent I. Settlement Agent 10: Control taskin price School Someoly, ST 12346 School Someoly, ST 12340 20: Control taskin price School Someoly, ST 12340 School Someoly, ST 12340 20: Control taskin price School Someoly, ST 12340 School Someoly, ST 12340 20: Control taskin price School Someoly, ST 12340 School Someoly, ST 12340 20: Control taskin price School Someoly, ST 12340 School Someoly, ST 12340 20: Control taskin price School Someoly, ST 12340 School Someoly, ST 12340 20: Control taskin price School Someoly, ST 12340 School Someoly, ST 12340 20: Control taskin price School So	B. Type of Loan						
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Low This form is unrised to give you a statement of action who was at a control included in the table. Control include the douling, they are shown here for informational purposes and are not included in the table. 2. Name & Address of Borrower: E. Name & Address of Seller: F. Name & Address of Lender: 3. Properly Location: E. Name & Address of Seller: F. Name & Address of Lender: 3. Properly Location: H. Settlement Agent: I. Settlement Agent: I. Settlement Agent: 2.8 do not was an advected by a settlement of a settlement of a settlement of a settlement and a settlement of a settlement and a settle							
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Epsilon Title Co. 04/15/2013 Piace of Settlement: 123 Commerce Place, Someoity, ST 12344	Anytown, ST 12345						
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State State <th< td=""><td>217</td><td></td><td></td><td></td><td></td><td></td><td></td></th<>	217						
S20. Total Paid by/for Borrower \$222,675.00 S20. Total Reduction Amount Due Seller \$174,220.00 000. Cash at Settlement from/to Borrower 600. Cash at Settlement to/from Seller 601. Gross amount due to seller (line 420) \$240,080.00 602. Less reductions in amounts due seller (line 520) \$174,220.00	219.						
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302. Less amounts paid by/for borrower (line 220) (\$222,675.00) 602. Less reductions in amounts due seller (line 520) (\$174,220.00)	300. Cash at Settlement from/to Borrower	\$253 264 42					£040.000.00
	301. Gross amount due from borrower (line 120) 302. Less amounts paid by/for borrower (line 220) (,	,	
303. Cash X From To Borrower \$30,589.43 603. Cash X To From Seller \$65,860.00	303. Cash X From To Borrower						

Current HUD-1, More Challenging, ARM, A, Name Set 1, page 1

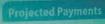
Current HUD-1, More Challenging, ARM, A, Name Set 1, page 2

700. Total Real Estate Broker Fees \$10,550				Paid From	Paid From
Division of commission (line 700) as follows :				Borrower's	Seller's
701. \$ 5,275.00 to Alpha Real Estate Broker				Funds at Settlement	Funds at Settlement
702. \$ 5,275.00 to Omega Real Estate Broker					
703. Commission paid at settlement	<u></u>				\$550.00
704. Deposit retained by Alpha Real Estate Broker \$10,000.0)				
800. Items Payable in Connection with Loan					
801. Our origination charge		\$ 1,400.00	(from GFE #1)		
802. Your credit or charge (points) for the specific interest rate chosen		\$ 2,110.00	(from GFE #2)		
803. Your adjusted origination charges	Demonstra		(from GFE #A)	\$3,510.00	
804. Appraisal fee to John Smith Appraisers, Inc. (POC \$305.00 805. Credit report to Information Inc. (POC \$30.00 Borrower)	Borrower)		(from GFE #3) (from GFE #3)		
806. Tax service to Info Co.			(from GFE #3)	\$50.00	
807. Flood certification to Info Co.			(from GFE #3)	\$35.00	
808.					
809.					
810.					
811.					
900. Items Required by Lender to be Paid in Advance					
901. Daily interest charges from 4/15/2013 to 5/1/2013 @ \$ 23.	14 /day		(from GFE #10)	\$375.04	
902. Mortgage insurance premium for months to			(from GFE #10)	- 01 010 T	
903. Homeowner's insurance for 1 years to Insurance	e Co.		(from GFE #11)	\$1,243.20	
904. Property Taxes 6 months to Any County USA			,	\$2,700.00	
1000. Reserves Deposited with Lender					
1001. Initial deposit for your escrow account			(from OFF #0)	\$1,107.19	
1002. Homeowner's insurance 2 months @ \$ 103	60 per month	\$ 207.20	(from GFE #9)	φ1,107.10	
1003. Mortgage insurance months @ \$	per month				
1004. Property Taxes 2 months @ \$ 450	0.00 per month	\$ 900.00			
1005. months @ \$	per month				
1006. months @ \$	per month	\$			
1007. Aggregate Adjustment		-\$ 0.01			
1100. Title Charges					
1101. Title services and lender's title insurance			(from GFE #4)	\$1,682.00	
1102. Settlement or closing fee		\$	(
1103. Owner's title insurance			(from GFE #5)	\$1,436.00	
1104. Lender's title insurance		\$ 665.00			
1105. Lender's title policy limit \$ 211,000.00					
1106. Owner's title policy limit \$ 240,000.00		£ 4 000 00			
1107. Agent's portion of the total title insurance premium to Epsilon T 1108. Underwriter's portion of the total title insurance premium to Und		\$ 1,680.80 \$ 420.20			
1108. Underwriter's portion of the total title insurance premium to Und 1109.	otor ino.	¥ 720.20			
1110.					
1111.					
1200. Government Recording and Transfer Charges				0.50 AC	
1201. Government recording charges			(from GFE #7)	\$156.00	
1202. Deed \$ 78.00 Mortgage \$ 78.00	Release \$		(from GFE #8)		
1204. City/County tax/stamps Deed \$ Mortga	ge \$		(1011 01 2 #0)		
1205. State tax/stamps Deed \$ 2,110.00 Mortga					\$2,110.00
1206.					. ,
1300. Additional Settlement Charges			there of the last	0005.05	
1301. Required services that you can shop for	¢ 115.00		(from GFE #6)	\$265.00	
1302. Pest Inspection Fee to Pests Co. 1303. Survey Fee to Surveyors Co.	\$ 115.00 \$ 150.00				
1000. Ourvey ree to ourveyora OU.					
1304. Home Inspection Fee to Engineers Inc. (POC \$750.00 \$	eller)			1	

Previous edition are obsolete

Current HUD-1, More Challenging, ARM, A, Name Set 1, page 3

Charges That Cannot Increase	S HUD 1 Line Number	Good Faith Estimate	HUD-1
Charges That Cannot Increase	HUD-1 Line Number # 801		
Our origination charge	# 801	\$1,400.00	\$1,400.00
Your credit or charge (points) for the specific interest rate chosen		\$2,110.00	\$2,110.00
Your adjusted origination charges	# 803	\$3,510.00	\$3,510.00
Transfer taxes	# 1203	\$0.00	\$0.00
Charges That In Total Cannot Increase More Than 10%		Good Faith Estimate	HUD-1
Government recording charges	# 4004	\$152.00	\$156.00
Appraisal Fee	# 1201 # 802	\$305.00	\$305.00
Credit Report Fee	# 805	\$30.00	\$30.00
Flood certification	# 807	\$35.00	\$35.00
Tax service	# 806	\$50.00	\$50.00
Title services	# 1101	\$1,646.00	
Owner's Title Insurance	# 1103	\$1,436.00	\$1,682.00 \$1,436.00
		\$150.00	
Survey Fee to Surveys Co.	# 1303		\$150.00
Incr	Total ease between GFE and HUD-1 Charges	\$3,804.00 \$ 40 or	\$3,844.00
Charges That Can Change		Good Faith Estimate	HUD-1
Initial deposit for your escrow account	# 1001	\$0.00	\$1,107.19
Daily interest charges \$23.44 /day	# 901	\$351.60	\$375.04
Homeowner's insurance	# 903	\$1,000.00	\$1,243.20
Pest Inspection Fee	# 1302	\$125.00	\$115.00
	#		
	#		
Loan Terms	044.000		
Your initial loan amount is	\$ 211,000.00		
Your loan term is	30 years		
Your initial interest rate is	4.00 %		
	X Interest X Mortgage Insurance		
Can your interest rate rise?	No X Yes, it can rise to a maxi and can change again every 3 years interest rate can increase or decrease b guaranteed to never be lower than 3	after 5/01/2018 . E y 2%. Over the life of the l	
Even if you make payments on time, can your loan balance rise?	No X Yes, it can rise to a max	imum of \$ 224,480.79	
Even if you make payments on time, can your monthly amount owed for principal, interest, and mortgage insurance rise?	No X Yes, the first increase ca owed can rise to \$ 1,611.61 . The	an be on 06/01/2018 and the mo e maximum it can ever rise to is \$	
Does your loan have a prepayment penalty?	X No Yes, your maximum pre	payment penalty is \$	
Does your loan have a balloon payment?	No Yes, you have a balloon on	payment of \$ due	in years
Total monthly amount owed including escrow account payments	You do not have a monthly escrow homeowner's insurance. You mus Xou have an additional monthly e		



Payment Calculation

Principal & Interest

Mortgage Insurance

Estimated Escrow Amount can increase over time

Appendix Estimated Taxes, Insurance & Assessments Amount can incret See Details on Page

Current More Challenging ARM B Disclosures

The study used two different sets of lender names for the loan disclosures. All other information was identical. Name Set 1 used Tulip Bank and Name Set 2 used Hornbeam Bank.

Current Initial TIL, More Challenging, ARM, B, Name Set 1, page 1

Truth-In-Lending Disclosure Statement

Lender: Tulip Bank	Loan No. 123456789	Date: 2/15/2013	
Borrowers: John A. and Mary B.	Property Address: 456 Some	ewhere Avenue, Anytown, ST 12345	
	🗷 Preliminary	Final	

Annual Percentage Rate The cost of your credit as a yearly rate.	Finance Charge The dollar amount the credit will cost you assuming the annual percentage rate does not change.	Amount Financed The amount of credit provided to you or on your behalf as of loan closing.	Total of Payments The amount you will have paid after you have made all payments as scheduled assuming the annual percentage rate does not change.
5.067%	\$219,153.17	\$209,283.31	\$588,816.48

You have the right to receive at this time an itemization of the Amount Financed.

□ I want an itemization.

I do not want an itemization.

INTEREST RATE AND PAYMENT SUMMARY

	INTRODUCTORY Rate & Monthly Payment (for first seven years)	MAXIMUM during FIRST FIVE YEARS 4/15/2013	6/1/20 1 st adjustment	MAXIMUM EVER (as early as 5/1/23)
Interest Rate	4.25%	4.25%	5.25%	8.0%
Principal Payment	-None-	-None-	\$395.12	\$335.12
Interest Payment	\$747.29	\$747.29	\$923.12	\$1,315.94
Est. Taxes + Insurance (Escrow) • Includes Private Mortgage Insurance	\$554.52	\$554.52	\$554.52	\$554.52
Total Est. Monthly Payment	\$1,301.81	\$1,301.81	\$1,872.76	\$2,205.58

Introductory Rate Notice

You have a discounted introductory rate of 4.25% that ends after the first seven years. In the eighth year, even if market rates do not change, this rate will increase to 4.86%.

THERE IS NO GUARANTEE THAT YOU WILL BE ABLE TO REFINANCE TO LOWER YOUR RATE AND PAYMENTS.

You are not required to complete this agreement merely because you have received these disclosures or have signed a loan application.

Demand Feature: This obligation has a demand feature as follows:

🗷 Variable Rate Feature: This loan has a variable-rate feature. Disclosures about the variable-rate feature

have been provided to you earlier.

Required Deposit: The annual percentage rate does not take into account your required deposit.

You are giving a security interest in: 456 Somewhere Avenue, Anytown, ST 12345

Filing/Recording Fees \$ 225.00 Non-filing insurance

Late Charge: If a payment is more than 15 days late, you will be charged 5% of the monthly principal and interest payment.

Page 1 of 2

\$

Current Initial TIL, More Challenging, ARM, B, Name Set 1, page 2

Assumption: Someone buying your house: ☑ cannot assume the remainder of the mortgage on the original terms.

□ may, subject to conditions, be allowed to assume the remainder of the mortgage on the original terms.

You may obtain property insurance from anyone you want that is acceptable to the Lender, provided such carrier meets the requirements of the Lender.

If you get the insurance from the Lender, you will pay the cost set forth in a separate insurance statement furnished by the Lender.

Insurance:

Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless you sign and agree to pay the additional cost.

ce charge.
- -

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

I/We hereby acknowledge reading and receiving a copy of this disclosure.

Borrower: John A.

Borrower: Mary B.

Date

Date

Page 2 of 2

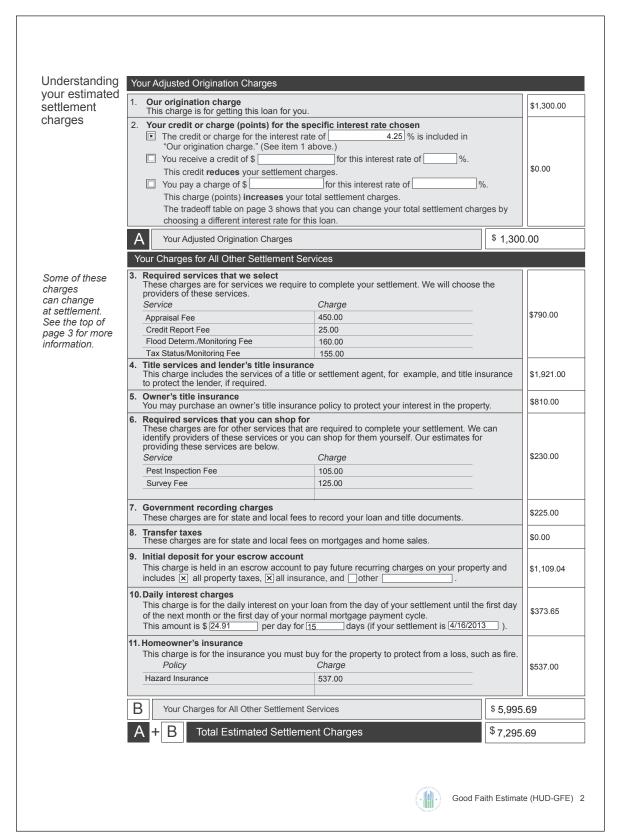
Current GFE, More Challenging, ARM, B, Name Set 1, page 1



Good Faith Estimate (GFE)

OMB Approval No. 2502-0265

Name of Originator Tu	lip Bank	Borrower John A. and Mary B.
Originator 4321 Ra Address	ndom Boulevard	
Somecit	y, ST 12340	Property 456 Somewhere Avenue
Originator Phone Numl		Anytown, ST 12345
Originator Email joesr	nith@tulipbank.com	Date of GFE 2/15/2013
Purpose	For more information, see HUD's Special Inform	ent charges and loan terms if you are approved for this loan. ation Booklet on settlement charges, your Truth-in-Lending www.hud.gov/respa. If you decide you would like to proceed
Shopping for our loan	Only you can shop for the best loan for you. Cor loan. Use the shopping chart on page 3 to comp	npare this GFE with other loan offers, so you can find the bes are all the offers you receive.
mportant dates	 The interest rate for this GFE is available throur rate, some of your loan Origination Charges, a lock your interest rate. 	ugh 4/16/2013 5:00PM EDT . After this time, the interest and the monthly payment shown below can change until you
	2. This estimate for all other settlement charges	is available through 3/22/2013 5:00PM EDT
	 After you lock your interest rate, you must go period) to receive the locked interest rate. 	to settlement within 60 days (your rate loc
	4. You must lock the interest rate at least N/A	days before settlement.
Summary of	Your initial loan amount is	\$ 211,000.00
our loan	Your loan term is	30 years
	Your initial interest rate is	4.25 %
	Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ 856.31 per month
	Can your interest rate rise?	No Yes, it can rise to a maximum of 8.0 The first change will be in 7 years.
	Even if you make payments on time, can your loan balance rise?	No Yes, it can rise to a maximum of \$
	Even if you make payments on time, can your monthly amount owed for principal, interest, and any mortgage insurance rise?	No Yes, the first increase can be in 7 years. and the monthly amount owed can rise to \$ 1,427.26
	Does your loan have a prepayment penalty?	No Yes, your maximum prepayment penalty is \$
	Does your loan have a balloon payment?	No Yes, you have a balloon payment of \$ due in years.
Escrow account nformation	Some lenders require an escrow account to hol charges in addition to your monthly amount ow Do we require you to have an escrow account f No, you do not have an escrow account. Yo X Yes, you have an escrow account. It may or	or your loan? u must pay these charges directly when due.
Summary of	A Your Adjusted Origination Charges (See pa	ge 2.) \$1,300.00
2		
our settlement charges	B Your Charges for All Other Settlement Ser	vices (See page 2.) \$5,995.69



Current GFE, More Challenging, ARM, B, Name Set 1, page 2

Current GFE, More Challenging, ARM, B, Name Set 1, page 3

Instructions

Understanding which charges can change at settlement This GFE estimates your settlement charges. At your settlement, you will receive a HUD-1, a form that lists your actual costs. Compare the charges on the HUD-1 with the charges on this GFE. Charges can change if you select your own provider and do not use the companies we identify. (See below for details.)

These charges cannot increase at settlement:	The total of these charges can increase up to 10% at settlement:	These charges can change at settlement:
 Our origination charge 	 Required services that we select 	 Required services that you can
 Your credit or charge (points) for the specific interest rate chosen 	 Title services and lender's title insurance (if we select them or 	shop for (if you do not use companies we identify)
(after you lock in your interest rate)	you use companies we identify)	 Title services and lender's title
 Your adjusted origination charges (after you lock in your interest rate) 	 Owner's title insurance (if you use companies we identify) 	insurance (if you do not use companies we identify)
 Transfer taxes 	 Required services that you can shop for (if you use companies 	 Owner's title insurance (if you do not use companies we identify)
	we identify)	 Initial deposit for your escrow account
	 Government recording charges 	 Daily interest charges
		 Homeowner's insurance

Using the tradeoff table

In this GFE, we offered you this loan with a particular interest rate and estimated settlement charges. However:

If you want to choose this same loan with lower settlement charges, then you will have a higher interest rate.
 If you want to choose this same loan with a lower interest rate, then you will have higher settlement charges.

If you would like to choose an available option, you must ask us for a new GFE.

Loan originators have the option to complete this table. Please ask for additional information if the table is not completed.

	The loan in this GFE		The same loan with lower settlement charges	lower interest rate
Your initial loan amount	\$211,000.00		\$	\$
Your initial interest rate 1	4.25	%	%	%
Your initial monthly amount owed	\$ 856.31		\$	\$
Change in the monthly amount owed from this GFE	No change		You will pay \$ more every month	You will pay \$ less every month
Change in the amount you will pay at settlement with this interest rate	No change		Your settlement charges will be reduced by \$	Your settlement charges will increase by \$
How much your total estimated settlement charges will be	\$ 7,295.69		\$	\$

¹For an adjustable rate loan, the comparisons above are for the initial interest rate before adjustments are made.

Use this chart to compare GFEs from different loan originators. Fill in the information by using a different column for each GFE you receive. By comparing loan offers, you can shop for the best loan.

Using the
shopping
chart

	This loan	Loan 2	Loan 3	Loan 4
Loan originator name	Tulip Bank			
Initial loan amount	\$211,000.00			
Loan term	30 years			
Initial interest rate	4.25%			
Initial monthly amount owed	\$856.31			
Rate lock period	60 days			
Can interest rate rise?	Yes			
Can loan balance rise?	No			
Can monthly amount owed rise?	Yes			
Prepayment penalty?	No			
Balloon payment?	No			
Total Estimated Settlement Charges	\$7,295.69			

If your loan is sold in the future Some lenders may sell your loan after settlement. Any fees lenders receive in the future cannot change the loan you receive or the charges you paid at settlement.



Current Final TIL, More Challenging, ARM, B, Name Set 1, page 1

Lender: Tulip Bank		o. 123456		/15/2013
Borrowers: John A. and Ma	ary в. Proper □ Preli	-	456 Somewhere Avenue, Ar E Final	-
		ininiai y		
Annual Percentage Rate	Finance Charge		Amount Financed Total of Payments	
The cost of your credit as a yearly rate.	redit as a The dollar amount th cost you assuming th percentage rate does change.		The amount of credit provided to you or on your behalf as of loan closing.	The amount you will have paid after you have made all payments as scheduled assuming the annual percentage rate does not change.
5.335%	\$222,309	23	\$210,012.12	\$651,743.54
under two of these options	l monthly payment s if the interest rate	reached it	e table below shows you wha s maximum of 8% in the 10 th nated taxes and insurance (es	year of this loan.
			7 years intro	+ every year after
Maximum Interest Rate		4.1	25% (intro rate)	4.125%
Full Payment Option Monthly payments cover a interest.	ll principal and		\$1,749.93	\$1,976.54
Minimum Payment Option Initial monthly payments co and only some interest and	over no principal		\$1,112.78	
loan amount.	increase your			
	THAT YOU WILL BE	if yo	will borrow an additional \$22 u make only minimum payme	ents on this loan.
THERE IS NO GUARANTEE				
You are not required to co		intinereiy		
You are not required to con signed a loan application.	This obligation has	-		
You are not required to consigned a loan application.	This obligation has	a demand f a variable-r	eature as follows: ate feature. Disclosures abo	ut the variable-rate feature
You are not required to consigned a loan application. Demand Feature: Variable Rate Feature:	This obligation has This loan has have been pro	a demand f a variable-r ovided to ye	eature as follows: ate feature. Disclosures abo	
signed a loan application. Demand Feature: Variable Rate Feature: Required Deposit: T You are giving a security in	This obligation has This loan has have been pro he annual percenta	a demand f a variable-r ovided to yo ge rate doe where Ave	eature as follows: rate feature. Disclosures abo ou earlier. es not take into account your nue, Anytown, ST 12345	
You are not required to consigned a loan application. Demand Feature: Variable Rate Feature:	This obligation has This loan has have been pro he annual percenta	a demand f a variable-r ovided to yo ge rate doe where Ave	eature as follows: ate feature. Disclosures abo ou earlier. es not take into account your	

Current Final TIL, More Challenging, ARM, B, Name Set 1, page 2

ssumption: Someone b cannot assume the remaind ne original terms.	uying your house: er of the mortgage on	may, subject to conditions, be allowed to assume th remainder of the mortgage on the original terms.		
You may obtain property insu carrier meets the requiremen		vant that is acceptable to the Lender, provided such		
If you get the insurance from furnished by the Lender.	the Lender, you will pay t	he cost set forth in a separate insurance statement		
Insurance: Credit life insurance and cred unless you sign and agree to p	-	not required to obtain credit, and will not be provided		
Tuno	ium Cignoturo			
Type Prem Credit Life	ium Signature I want credit life insurance.			
Credit Disability	I want credit disability	Signature		
,	,			
Credit Life and Disability	I want credit life and di	Signature		
Credit Life and Disability				
		Signature		
		nation about nonpayment, default, any required ayment refunds and penalties.		
repayment in full before the s	cheduled date, and prepa	ayment refunds and penalties.		
repayment in full before the s	cheduled date, and prepa	ayment refunds and penalties. of this disclosure.		
repayment in full before the s	cheduled date, and prepa ling and receiving a copy	ayment refunds and penalties. of this disclosure. A. Date		
repayment in full before the s	ing and receiving a copy Borrower: John A	ayment refunds and penalties. of this disclosure. A. Date		
repayment in full before the s	ing and receiving a copy Borrower: John A	ayment refunds and penalties. of this disclosure. A. Date		
repayment in full before the s	ing and receiving a copy Borrower: John A	ayment refunds and penalties. of this disclosure. A. Date		
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	ing and receiving a copy Borrower: John A	ayment refunds and penalties. of this disclosure. A. Date		
repayment in full before the s	ing and receiving a copy Borrower: John A	ayment refunds and penalties. of this disclosure. A. Date		
repayment in full before the s	ing and receiving a copy Borrower: John A	ayment refunds and penalties. of this disclosure. A. Date		
repayment in full before the s	ing and receiving a copy Borrower: John A	ayment refunds and penalties. of this disclosure. A. Date		

B. Type of Loan					
1. FHA 2. RHS 3. C	onv. Unins. 6. File Nun	iber:	7. Loan Number:	8. Mortgage Insu	rance Case Number:
	12-3456		123456789	000654321	
4. VA 5. X Conv. Ins.	12 0400		123430703	000034321	
C. Note: This form is furnished to give you a statement o "(p.o.c.)" were paid outside the closing; they are					s marked
D. Name & Address of Borrower:	E. Name &	Address of Selle	er:	F. Name & Addre	ess of Lender:
John A. and Mary B. 123 Anywhere Street		and Amy D.		Tulip Bank	Devlayand
Anytown, ST 12345		ewhere Drive ST 12345		4321 Random Somecity, ST	
G. Property Location:	H. Settlem	ent Agent:		I. Settlement Dat	e:
456 Somewhere Ave	Epsilon T	-		04/15/2013	
Anytown, ST 12345	Place of Se 123 Com		Somecity, ST 12	344	
	123 0011				
J. Summary of Borrower's Transaction		K. Sumn	nary of Seller's	Transaction	
100. Gross Amount Due from Borrower		400. Gros	s Amount Due to	Seller	
101. Contract sales price	\$240,000.00		ract sales price		\$240,000.00
102. Personal property 103. Settlement charges to borrower (line 1400)	\$12,642.87	402. Perso 403.	onal property		
104. HOA Capital Contribution to HOA Acre Inc	\$500.00 \$125.00	404.			
105. HOA Processing Fee to HOA Acre Inc Adjustment for items paid by seller in advance	\$125.00	405. Adjustme	ent for items paid	by seller in advance	
106. City/town taxes to		406. City/t		to	
107. County taxes to 108. Assessments to		407. Coun 408. Asse		toto	
109. HOA Dues 04/15/2013 to 04/30/2013	\$80.00	409. HOA		13 to 04/30/2013	\$80.00
110.		410. 411.			
112.	0050 047 07	412.			
120. Gross Amount Due from Borrower 200. Amount Paid by or in Behalf of Borrower	\$253,347.87		s Amount Due to actions In Amount		\$240,080.00
201. Deposit or earnest money	\$10,000.00	501. Exce	ss deposit (see ins	tructions)	\$10,000.00
202. Principal amount of new loan(s) 203. Existing loan(s) taken subject to	\$214,000.00		ement charges to s ing loan(s) taken si		\$2,660.00
204.		504. Payo	ff of first mortgage	loan	\$160,000.00
205. 206.		505. Payo 506.	ff of second mortga	ige loan	
207.		507.			
208. 209.		508. 509.			
Adjustments for items unpaid by seller	\$1.560.00		ents for items unp		
210. City/town taxes 01/01/2013 to 04/14/2013 211. County taxes to	φ1,000.00	510. City/t 511. Coun		2013 to 04/14/2013	\$1,560.00
212. Assessments to 213.		512. Asse	-	to	
213. 214.		513. 514.			
215. 216.		515.			
210.		516. 517.			
218.		518.			
219. 220. Total Paid by/for Borrower	\$225,560.00	519. 520. Total	Reduction Amou	nt Due Seller	\$174,220.00
300. Cash at Settlement from/to Borrower	¢050 047 07	600. Cash	at Settlement to/	from Seller	0010 000
301. Gross amount due from borrower (line 120) 302. Less amounts paid by/for borrower (line 220)	\$253,347.87 (\$225,560.00)		s amount due to se reductions in amou	Iler (line 420) Ints due seller (line 520)	\$240,080.00 (\$174,220.00)
	\$27,787.87	603. Cash	то	From Seller	\$65,860.00

Current HUD-1, More Challenging, ARM, B, Name Set 1, page 1

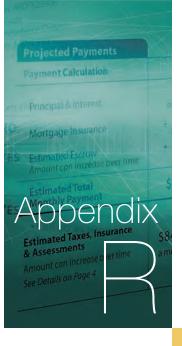
Current HUD-1, More Challenging, ARM, B, Name Set 1, page 2

700. Total Real Estate Broker Fees \$	10,550				Paid From	Paid From
Division of commission (line 700) as	follows :				Borrower's	Seller's
701. \$ 5,275.00 to Alpha Re	eal Estate Broker				Funds at Settlement	Funds at Settlement
702. \$ 5,275.00 to Omega	Real Estate Broker					
703. Commission paid at settlement	<u></u>					\$550.00
^{704.} Deposit retained by Alpha Real	Estate Broker \$10,000.00					
800. Items Payable in Connection with	Loan					
801. Our origination charge			\$ 1,300.00	(from GFE #1)		
802. Your credit or charge (points) for the	specific interest rate chosen		\$ 2,140.00	(from GFE #2)		
803. Your adjusted origination charges		-)		(from GFE #A)	\$3,440.00	
804. Appraisal fee to John Smith Appra 805. Credit report to Information Inc. (I		r)		(from GFE #3)		
806. Tax service to Info Co.	FOC \$25.00 Bollower)			(from GFE #3) (from GFE #3)	\$40.00	
807. Flood certification to Info Co.				(from GFE #3)	\$50.00	
808. Tax Monitoring Fee to Info Co.					\$115.00	
809. Flood Monitoring Fee to Info Co).				\$110.00	
810.						
811.						
900. Items Required by Lender to be Pa	id in Advance					
901. Daily interest charges from 4/15/20		/day		(from GFE #10)	\$392.32	
902. Mortgage insurance premium for	months to	,		(from GFE #3)		
903. Homeowner's insurance for 1	years to Insurance Co.			(from GFE #11)	\$1,170.00	
904. Property Taxes 6 months to An	y County USA				\$2,700.00	
1000. Reserves Deposited with Lender						
1001. Initial deposit for your escrow accou	int			(from GFE #9)	\$1,425.55	
1002. Homeowner's insurance 2	months @ \$ 97.50	per month	\$ 195.00	(1011 GI L #3)		
1003. Mortgage insurance 2	months @ \$ 165.28		\$ 330.56			
1004. Property Taxes 2	months @ \$ 450.00	per month	\$ 900.00			
1005.	months @ \$	per month	\$			
1006.	months @ \$	per month	\$			
1007. Aggregate Adjustment			-\$ 0.01			
1100. Title Charges						
1101. Title services and lender's title insur	ance			(from GFE #4)	\$1,921.00	
1102. Settlement or closing fee			\$			
1103. Owner's title insurance				(from GFE #5)	\$810.00	
1104. Lender's title insurance			\$ 892.00			
1105. Lender's title policy limit \$ 214,000						
1106. Owner's title policy limit \$ 240,000 1107. Agent's portion of the total title insu			\$ 1,361.60			
1108. Underwriter's portion of the total title		nc.	\$ 340.40			
1109.						
1110.						
1111.						
1200. Government Recording and Trans	efor Charges					
	aler unarges			(from OFF #T)	\$224.00	
1201. Government recording charges 1202. Deed \$ 112.00 Mort	gage \$ 112.00 Release \$			(from GFE #7)	\$224.00	
1202. Deed \$ 112.00 Mon	3030 \$ 112.00 INCICASE \$			(from GFE #8)		
	ed \$ Mortgage \$					
1205. State tax/stamps De	ed \$ 2,110.00 Mortgage \$					\$2,110.00
1206.						
1300. Additional Settlement Charges						
	o for			(from GFE #6)	\$245.00	
1301. Required services that you can sho		\$ 115.00		(1011 01 2 #0)	φ 2 40.00	
1302 Pest Inspection Fee to Pests (
1302. Pest Inspection Fee to Pests (1303. Survey Fee to Surveyors Co.		\$ 130.00			1	
1302. Pest Inspection Fee to Pests 0 1303. Survey Fee to Surveyors Co. 1304. Home Inspection Fee to Engin		\$ 130.00				

Previous edition are obsolete

Current HUD-1, More Challenging, ARM, B, Name Set 1, page 3

	\$224.00 \$450.00 \$25.00 \$160.00 \$155.00 \$2,731.00 \$115.00 \$115.00 \$3,990.00 or 0.3
\$0.00 \$0.00 \$1,300.00 \$0.00 \$1,300.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$225.00 \$25.00 \$25.00 \$25.00 \$25.00 \$25.00 \$25.00 \$25.00 \$25.00 \$25.00 \$25.00 \$25.00 \$25.00 \$105.00 \$125.00 \$125.00 \$125.00 \$125.00 \$125.00 \$125.00 \$3,376.00 \$14 Good Faith Estimate \$373.65 \$537.00 \$125 % 28 \$1000.00 \$0 \$28 \$29 \$20 \$	\$2,140.00 \$3,440.00 \$0.00 \$0.00 \$224.00 \$450.00 \$155.00 \$155.00 \$115.00 \$130.00 \$3,990.00 or 0.3 \$1425.55 \$392.32
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Good Faith Estimate \$225.00 \$450.00 \$25.00 \$309 \$308 \$160.00 \$308 \$165.00 \$160.00 \$308 \$165.00 \$105.00 \$105.00 \$105.00 \$125.00 \$105.00 \$125.00 \$125.00 \$125.00 \$125.00 \$125.00 \$125.00 \$125.00 \$125.00 \$125.00 \$125.00 \$14 Good Faith Estimate \$1,109.04 \$373.65 \$537.00	 HUD-1 \$224.00 \$450.00 \$25.00 \$160.00 \$155.00 \$2,731.00 \$115.00 \$130.00 \$3,990.00 or 0.3 HUD-1 \$1,425.55 \$392.32
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\$225.00 \$25.00 \$309 309 308 \$160.00 \$25.00 \$160.00 \$165.00 \$105.00 \$105.00 \$125.00 \$14 Cood Faith Estimate \$373.65 \$537.00 \$125 % 28 includes Principal nterest Wortgage Insurance \$0 X) Yes, it can rise to a maximum of	\$224.00 \$450.00 \$25.00 \$160.00 \$155.00 \$155.00 \$15.00 \$130.00 \$130.00 or 0.3 • HUD-1 \$1425.55 \$392.32
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//103 \$2,731.00 \$105.00 \$105.00 \$105.00 \$125.00 Total \$3,976.00 reen GFE and HUD-1 Charges \$ 14 Good Faith Estimate \$1,109.04 \$373.65 \$537.00 000.00 \$525 % 28 includes Principal nterest Wortgage Insurance \$8.0 %. The image in the set of a maximum of	\$2,731.00 \$115.00 \$130.00 \$3,990.00 or 0.3 • HUD-1 \$1,425.55 \$392.32
\$105.00 \$125.00 \$125.00 \$125.00 \$125.00 \$125.00 \$125.00 \$125.00 \$125.00 \$125.00 \$125.00 \$14 Good Faith Estimate \$1,109.04 \$373.65 \$537.00	\$115.00 \$130.00 \$3,990.00 or 0.3 HUD-1 \$1,425.55 \$392.32
Total \$125.00 Total \$125.00 reen GFE and HUD-1 Charges \$14 Good Faith Estimate \$1,109.04 \$373.65 \$537.00 \$000.00 \$0 years 28 includes Principal Includes Principal \$0 \$0. The image of \$0. %. The image of \$0. %	\$130.00 \$3,990.00 or 0.3 HUD-1 \$1,425.55 \$392.32
Total \$3,976.00 reen GFE and HUD-1 Charges \$ 14 Good Faith Estimate \$1,109.04 \$373.65 \$537.00 \$373.65 \$537.00 \$000.00 \$ 14	\$3,990.00 or 0.3 • HUD-1 \$1,425.55 \$392.32
Good Faith Estimate \$ 14 Good Faith Estimate \$ 1,109.04 \$ 373.65 \$ \$373.65 \$ \$537.00 000.00 00 years 125 % 28 includes Principal nterest wortgage Insurance 0 X Yes, it can rise to a maximum of	or 0.3 HUD-1 \$1,425.55 \$392.32
Good Faith Estimate \$1,109.04 \$373.65 \$537.00	 HUD-1 \$1,425.55 \$392.32
\$1,109.04 \$373.65 \$537.00 	\$1,425.55 \$392.32
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\$373.65 \$37.00 \$537.00 0 years 125 % 28 includes Principal nterest Wortgage Insurance 0 X Yes, it can rise to a maximum of 8.0 %. The	\$392.32
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10 years 125 % 28 includes Principal Interest Mortgage Insurance 0 X Yes, it can rise to a maximum of 8.0 %. The	
10 years 125 % 28 includes Principal Interest Mortgage Insurance 0 X Yes, it can rise to a maximum of 8.0 %. The	
10 years 125 % 28 includes Principal Interest Mortgage Insurance 0 X Yes, it can rise to a maximum of 8.0 %. The	
10 years 125 % 28 includes Principal Interest Mortgage Insurance 0 X Yes, it can rise to a maximum of 8.0 %. The	
125 % 28 includes Principal Interest Wortgage Insurance o XY Yes, it can rise to a maximum of 8.0 %. The insurance	
125 % 28 includes Principal Interest Wortgage Insurance o XY Yes, it can rise to a maximum of 8.0 %. The insurance	
28 includes Principal Interest Mortgage Insurance Do XY Yes, it can rise to a maximum of 8.0 %. The	
Principal nterest Mortgage Insurance	
nterest Mortgage Insurance	
Mortgage Insurance	
Ves, it can rise to a maximum of 8.0 %. The	
Ves, it can rise to a maximum of 8.0 %. The	
	first change will be on 5/1/2
n change again every year after 5/1/2020	. Every change date, yo
t rate can increase or decrease by 1.0 %. Over the life of	of the loan, your interest rate
teed to never be lower than 4.5 % or higher than	8.0 %.
Ves, it can rise to a maximum of \$ 236,322.19	
Yes the first increase can be on 6/1/2018 and	the monthly amount
o Yes, your maximum prepayment penalty is \$	
	duo in trace
 tes, you have a balloon payment of \$. 	due in years
You do not have a monthly escrow payment for items, such a	as property taxes and
principal, interest, any mortagage insurance and any items of	hecked below:
Property taxes X Homeowne	er's insurance
	trate can increase or decrease by 1.0 %. Over the life of teed to never be lower than 4.5 % or higher than 0 x Yes, it can rise to a maximum of \$ 236,322.19 x Yes, it can rise to a maximum of \$ 236,322.19 x Yes, the first increase can be on 6/1/2018 and can rise to \$ 1,429,04 . The maximum it can ever rise to y Yes, your maximum prepayment penalty is \$ 10 Yes, your maximum prepayment of \$ 10 x Yes, you have a balloon payment of \$ 200 x Yes, you have an additional monthly escrow payment for S that results in a total initial monthly amount owed of \$ 1,112 principal, interest, any mortagage insurance and y items of the test of te



Proposed Easier Fixed A Disclosures

The study used two different sets of lender names for the loan disclosures. All other information was identical. Name Set 1 used Aspen Bank and Name Set 2 used Maple Bank.

Proposed Loan Estimate, Easier, Fixed, A, Name Set 1, page 1

321 Random Boulevard • Somecity, S	Г 12340	Save this Loa	in Estimate to con	npare with your Closing Disclosure.
Loan Estimate PATE ISSUED 2/15/2013 John A. and Mary B. 123 Anywhere Street Anytown, ST 12345 456 Somewhere Aver Anytown, ST 12345 Anytown, ST 12345 ALE PRICE \$180,000		LOAN TERM PURPOSE PRODUCT LOAN TYPE LOAN ID # RATE LOCK	123456789 □ NO I YES, un Before closing, you change unless you	□ FHA □ VA □ til 4/16/2013 at 5:00 p.m. EDT r interest rate, points, and lender credits ca lock the interest rate. All other estimated e on 3/22/2013 at 5:00 p.m. EDT
Loan Terms			nount increase a	fter closing?
Loan Amount	\$162,000	NO		
Interest Rate	3.875%	NO		
Monthly Principal & Interest See Projected Payments below for your Estimated Total Monthly Payment	\$761.78	NO		
Prepayment Penalty		YES • As	an have these f s high as \$3,240 st 2 years	eatures? if you pay off the loan during the
Balloon Payment		NO		
Projected Payments				Voars 8-30
Projected Payments Payment Calculation		Years 1-7		Years 8-30
Projected Payments		Years 1-7 \$761.78		\$761.78
Projected Payments Payment Calculation	+	Years 1-7 \$761.78 82		\$761.78 + —
Projected Payments Payment Calculation Principal & Interest		Years 1-7 \$761.78		\$761.78
Projected Payments Payment Calculation Principal & Interest Mortgage Insurance Estimated Escrow	+	Years 1-7 \$761.78 82		\$761.78 + —
Projected Payments Payment Calculation Principal & Interest Mortgage Insurance Estimated Escrow Amount can increase over time Estimated Total	+	Years 1-7 \$761.78 82 206 \$1,050 This estimate X Property Tax X Homeowner □ Other:	es 's Insurance page 2 for escrowed	\$761.78 + — + 206
Projected Payments Payment Calculation Principal & Interest Mortgage Insurance Estimated Escrow Amount can increase over time Estimated Total Monthly Payment Estimated Taxes, Insurance & Assessments	+ + \$206	Years 1-7 \$761.78 82 206 \$1,050 This estimate X Property Tax X Homeowner Other: See Section G on	es 's Insurance page 2 for escrowed	\$761.78 + + 206 \$968 In escrow? YES YES

Proposed Loan Estimate, Easier, Fixed, A, Name Set 1, page 2

A. Origination Charges .25 % of Loan Amount (Points) Application Fee Underwriting Fee	\$1,802	E. Taxes and Other Government Fees	
Application Fee			\$85
Underwriting Fee	\$405 \$300	Recording Fees and Other Taxes Transfer Taxes	\$85
	\$1,097	F. Prepaids	\$867
		Homeowner's Insurance Premium (<u>6</u> months) Mortgage Insurance Premium (<u>months</u>) Prepaid Interest (\$17.44 per day for 15 days @ 3.875%)	\$605 \$262
		Property Taxes (months)	
		G. Initial Escrow Payment at Closing	\$413
		Homeowner's Insurance \$100.83 per month for 2 mo. Mortgage Insurance per month for mo.	
B. Services You Cannot Shop For	\$672	Property Taxes \$105.30 per month for 2 mo.	
Appraisal Fee	\$405		
Credit Report Fee Flood Determination Fee	\$30 \$20		
Flood Monitoring Fee	\$32		
Tax Monitoring Fee	\$75		
Tax Status Research Fee	\$110		
		H. Other	\$1,017
		Title – Owner's Title Policy (optional)	\$1,017
C Services You Can Shon For	\$3 108		\$1,017
•	\$3,198 \$135	Title – Owner's Title Policy (optional)	\$1,017 \$2,382
Pest Inspection Fee Survey Fee Title – Insurance Binder	\$135 \$65 \$700	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H)	\$1,017 \$2,382 \$8,054
Pest Inspection Fee Survey Fee Title – Insurance Binder Title – Lender's Title Policy Title – Settlement Agent Fee	\$135 \$65 \$700 \$535 \$502	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + 1	\$1,017 \$2,382 \$8,054
Pest Inspection Fee Survey Fee Title – Insurance Binder Title – Lender's Title Policy Title – Settlement Agent Fee	\$135 \$65 \$700 \$535	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + 1 Lender Credits	\$1,017 \$2,382 \$8,054 \$8,054
Pest Inspection Fee Survey Fee Title – Insurance Binder Title – Lender's Title Policy Title – Settlement Agent Fee	\$135 \$65 \$700 \$535 \$502	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + I Lender Credits Calculating Cash to Close	\$1,017 \$2,382 \$8,054 \$8,054 \$8,054
Pest Inspection Fee Survey Fee Title – Insurance Binder Title – Lender's Title Policy Title – Settlement Agent Fee	\$135 \$65 \$700 \$535 \$502	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + I Lender Credits Calculating Cash to Close Total Closing Costs (J) Closing Costs Financed (Included in Loan Amount)	\$1,017 \$2,382 \$8,054 \$8,054 \$8,054 \$8,054
Pest Inspection Fee Survey Fee Title – Insurance Binder Title – Lender's Title Policy Title – Settlement Agent Fee	\$135 \$65 \$700 \$535 \$502	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + I Lender Credits Calculating Cash to Close Total Closing Costs (J) Closing Costs Financed (Included in Loan Amount) Down Payment/Funds from Borrower Deposit –	\$1,017 \$2,382 \$8,054 \$8,054 \$8,054 \$8,054 \$8,054 \$18,000
Pest Inspection Fee Survey Fee Title – Insurance Binder Title – Lender's Title Policy Title – Settlement Agent Fee	\$135 \$65 \$700 \$535 \$502	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + 1 Lender Credits Calculating Cash to Close Total Closing Costs (J) Closing Costs Financed (Included in Loan Amount) Down Payment/Funds from Borrower Deposit – Funds for Borrower	\$1,017 \$2,382 \$8,054 \$8,054 \$8,054 \$8,054 \$18,000 \$18,000 \$10,000 \$00000000000000000000000000000000
C. Services You Can Shop For Pest Inspection Fee Survey Fee Title – Insurance Binder Title – Lender's Title Policy Title – Settlement Agent Fee Title – Title Search	\$135 \$65 \$700 \$535 \$502	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + I Lender Credits Calculating Cash to Close Total Closing Costs (J) Closing Costs Financed (Included in Loan Amount) Down Payment/Funds from Borrower Deposit – Funds for Borrower Seller Credits	\$1,017 \$2,382 \$8,054 \$8,054 \$8,054 \$8,054 \$18,000 \$18,000 \$10,000 \$00 \$00 \$00 \$00 \$00 \$00 \$00
Pest Inspection Fee Survey Fee Title – Insurance Binder Title – Lender's Title Policy Title – Settlement Agent Fee	\$135 \$65 \$700 \$535 \$502	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + 1 Lender Credits Calculating Cash to Close Total Closing Costs (J) Closing Costs Financed (Included in Loan Amount) Down Payment/Funds from Borrower Deposit – Funds for Borrower	\$1,017 \$2,382 \$8,054 \$8,054 \$8,054 \$8,054 \$8,054 \$18,000 \$18,000

LOAN ESTIMATE

PAGE 2 OF 3 • LOAN ID # 123456789

Proposed Loan Estimate, Easier, Fixed, A, Name Set 1, page 3

Additional Information About This Loan

LENDER NMLS/LICENSE ID	Aspen Bank	MORTGAGE BROKER NMLS/LICENSE ID
LOAN OFFICER	Joe Smith	LOAN OFFICER
NMLS ID	12345	NMLS ID
EMAIL	joesmith@aspenbank.com	EMAIL
PHONE	123-456-7890	PHONE

Comparisons	Use these measures to compare this loan with other loans.
In 5 Years	\$56,582 Total you will have paid in principal, interest, mortgage insurance, and loan costs.\$15,773 Principal you will have paid off.
Annual Percentage Rate (APR)	4.274% Your costs over the loan term expressed as a rate. This is not your interest rate.
Total Interest Percentage (TIP)	69.45% The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Appraisal	We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close You can pay for an additional appraisal for your own use at your own cost.
Assumption	If you sell or transfer this property to another person, we will allow, under certain conditions, this person to assume this loan on the original terms. will not allow assumption of this loan on the original terms.
Homeowner's Insurance	This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.
Late Payment	lf your payment is more than 15 days late, we will charge a late fee of 5% of the monthly principal and interest payment.
Refinance	Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.
Servicing	We intend □ to service your loan. If so, you will make your payments to us. ⊠ to transfer servicing of your loan.

Confirm Receipt

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

Applicant	Signature

Date

Co-Applicant Signature

Date

LOAN ESTIMATE

PAGE 3 OF 3 • LOAN ID #123456789

ettlement Agent Epsilon Title le # 12-3456 operty 456 Somew Anytown, S	vhere Ave	 John A. and Mary B. 123 Anywhere Street Anytown, ST 12345 Steve C. and Amy D. 321 Somewhere Drive Anytown, ST 12345 Aspen Bank 	Loan Term Purpose Product	30 years Purchase
isbursement Date 4/15/2013 ettlement Agent Epsilon Title le # 12-3456 operty 456 Somew Anytown, S	vhere Ave	Anytown, ST 12345 Steve C. and Amy D. 321 Somewhere Drive Anytown, ST 12345	Product	Purchase
ettlement Agent Epsilon Title le # 12-3456 roperty 456 Somew Anytown, S	vhere Ave	Steve C. and Amy D. 321 Somewhere Drive Anytown, ST 12345		Fixed Rate
operty 456 Somew Anytown, S		Anytown, ST 12345		
Anytown, S			Loan Type	Conventional □ FHA □ VA □
le Price \$180,000			Loan ID #	123456789
			MIC #	000654321
Loan Terms		Can this amount increa	ase after closing?	2
Loan Amount	\$162,000	NO		
Interest Rate	3.875%	NO		
Monthly Principal & Inter	est \$761.78	NO		
See Projected Payments below fo Estimated Total Monthly Payme	-			
		Does the loan have the	ese features?	
Prepayment Penalty		YES • As high as \$3 first 2 years	,240 if you pay of	f the loan during the
Balloon Payment		NO		
Projected Payments Payment Calculation		Years 1-7	Year	s 8-30
Principal & Interest		\$761.78	\$76	51.78
Mortgage Insurance	+	82.35	+ -	_
Estimated Escrow	+	206.13	+ 20	06.13
Amount can increase over tir		1.050.26		7.01
Estimated Iotai	S	1,050.26	\$96	7.91
Monthly Payment	¥			In
Monthly Payment		This estimate includes		In escrow?
Monthly Payment	ce	X Property Taxes		YES
Monthly Payment Estimated Taxes, Insurance & Assessments Amount can increase over time	ce \$356.13			
Monthly Payment Estimated Taxes, Insuranc & Assessments	ce \$356.13	 Property Taxes Homeowner's Insurance Other: Homeowner's Ass See page 4 for escrowed prope 	sociation	YES YES NO
Monthly Payment Estimated Taxes, Insurance & Assessments Amount can increase over time	ce \$356.13	 Property Taxes Homeowner's Insurance Other: Homeowner's Ass 	sociation	YES YES NO
Monthly Payment Estimated Taxes, Insurance & Assessments Amount can increase over time	ce \$356.13	 Property Taxes Homeowner's Insurance Other: Homeowner's Ass See page 4 for escrowed prope 	sociation	YES YES NO

		Borrow	er-Paid	Seller	-Paid	Paid by
Loan Costs		At Closing	Before Closing	At Closing	Before Closing	Others
A. Origination Charges		\$1,80	02.00			
0.25 % of Loan Amount (Point	ts)	\$405.00				
2 Application Fee		\$300.00				
3 Underwriting Fee		\$1,097.00				
)4		-				
)5)6						
)7		-				
18						
3. Services Borrower Did Not Sh	op For	\$23	6.55			
1 Appraisal Fee	to John Smith Appraisers Inc.					\$405.0
2 Credit Report Fee	to Information Inc.		\$29.80			
3 Flood Determination Fee	to Info Co.	\$20.00				
14 Flood Monitoring Fee	to Info Co.	\$31.75				
5 Tax Monitoring Fee	to Info Co.	\$75.00				
6 Tax Status Research Fee	to Info Co.	\$80.00				
)7)8		1				
18						
0						
. Services Borrower Did Shop F	or	\$2,65	55.50	· · · · · · · · · · · · · · · · · · ·		
1 Pest Inspection Fee	to Pests Co.	\$120.50				
02 Survey Fee	to Surveys Co.	\$85.00				
3 Title – Insurance Binder	to Epsilon Title Co.	\$650.00				
4 Title – Lender's Title Policy	to Epsilon Title Co.	\$500.00				
5 Title – Settlement Agent Fee	to Epsilon Title Co.	\$500.00				
6 Title – Title Search	to Epsilon Title Co.	\$800.00				
)7		_				
08 D. TOTAL LOAN COSTS (Borrowe	n Batil)					
		\$4,69	94.05			
oan Costs Subtotals (A + B + C) Other Costs		\$4,664.25	\$29.80			
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government 11 Recording Fees		\$4,664.25	\$29.80			
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees 2 State Transfer Tax	Fees	\$4,664.25	\$29.80	\$950.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees State Transfer Tax Prepaids	Fees Deed: \$40.00 Mortgage: \$45.00	\$4,664.25 \$85 \$85.00 \$2,12	\$29.80	\$950.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees State Transfer Tax Prepaids Homeowner's Insurance Premi	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co.	\$4,664.25	\$29.80	\$950.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees 2 State Transfer Tax Prepaids 1 Homeowner's Insurance Premium 2 Mortgage Insurance Premium	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. (mo.)	\$4,664.25 \$85 \$85.00 \$1,209.96	\$29.80	\$950.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees 2 State Transfer Tax Prepaids 1 Homeowner's Insurance Premiu 2 Mortgage Insurance Premium 3 Prepaid Interest \$17.44 per of	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13	\$4,664.25 \$85 \$85.00 \$1,209.96 \$279.04	\$29.80	\$950.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees State Transfer Tax Prepaids Homeowner's Insurance Premii Mortgage Insurance Premii Prepaid Interest \$17.44 per of Property Taxes (6 mo.) to Any	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13	\$4,664.25 \$85 \$85.00 \$1,209.96	\$29.80	\$950.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees State Transfer Tax Prepaids Montgage Insurance Premium 2 Mortgage Insurance Premium 3 Prepaid Interest \$17.44 per of 4 Property Taxes (6 mo.) to Any 15	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA	\$4,664.25 \$85 \$85.00 \$1,209.96 \$279.04 \$631.80	\$29.80 5.00 20.80	\$950.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees State Transfer Tax Prepaids Homeowner's Insurance Premii Mortgage Insurance Premii Prepaid Interest \$17.44 per of Property Taxes (6 mo.) to Any	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing	\$4,664.25 \$85 \$85.00 \$1,209.96 \$279.04	\$29.80 5.00 20.80	\$950.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees 2 State Transfer Tax Prepaids 1 Homeowner's Insurance Premium 2 Mortgage Insurance Premium 3 Prepaid Interest _ \$17.44 per of 4 Property Taxes (6 mo.) to Any 5 S. Initial Escrow Payment at Clos 1 Homeowner's Insurance \$100.8 2 Mortgage Insurance	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 3 per month for 2 mo. per month for mo.	\$4,664.25 \$85 \$85.00 \$279.04 \$631.80 \$41:	\$29.80 5.00 20.80	\$950.00		
coan Costs Subtotals (A + B + C) Other Costs Caraces and Other Government 11 Recording Fees 12 State Transfer Tax 22 State Transfer Tax 31 Homeowner's Insurance Premiun 32 Mortgage Insurance Premiun 33 Prepaid Interest \$17.44 pero 44 Property Taxes (6 mo.) to Any 55 35 Initial Escrow Payment at Closs 31 Homeowner's Insurance \$100.8 32 Mortgage Insurance 33 Property Taxes \$105.3	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. ((mo.) day from 4/15/13 to 5/1/13 y County USA sing 3 per month for 2 mo. 2 mo.	\$4,664.25 \$85 \$85.00 \$279.04 \$631.80 \$41:	\$29.80 5.00 20.80	\$950.00		
coan Costs Subtotals (A + B + C) Other Costs Character Costs Taxes and Other Government 11 Recording Fees 22 State Transfer Tax •Prepaids 11 Homeowner's Insurance Premium (1) 12 Mortgage Insurance Premium (1) 13 Prepaid Interest \$17.44 per of 14 Property Taxes (6 mo.) to Any 15 16 Initial Escrow Payment at Closs 17 Mortgage Insurance 18 Ortgage Insurance 19 Mortgage Insurance 11 Homeowner's Insurance \$100.8 12 Mortgage Insurance 13 Property Taxes \$105.3 14	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 3 per month for 2 mo. per month for mo.	\$4,664.25 \$85 \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$201.66	\$29.80 5.00 20.80	\$950.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government 1 Recording Fees 2 State Transfer Tax • Prepaids 11 Homeowner's Insurance Premium 13 Prepaid Interest \$17.44 per cl 14 Property Taxes (6 mo.) to Any 15 Initial Escrow Payment at Closs 11 Homeowner's Insurance \$100.8 12 Mortgage Insurance 13 Prepaid Interest \$10.8 14 Property Taxes (6 mo.) to Any 15 Initial Escrow Payment at Closs 13 Property Taxes \$100.8 14 Property Taxes \$100.8 15	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 3 per month for 2 mo. per month for mo.	\$4,664.25 \$85 \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$201.66	\$29.80 5.00 20.80	\$950.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees State Transfer Tax Prepaids Homeowner's Insurance Premium Propaid Interest \$17.44 per of Propaid Interest \$10.8 of Decemposity Taxes (6 mo.) to Any State Transfer Tax State Taxes \$100.8 of Decemposity Taxes \$105.3 Additional State Taxes \$105.3 Add	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 3 per month for 2 mo. per month for mo.	\$4,664.25 \$85 \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$201.66	\$29.80 5.00 20.80	\$950.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees State Transfer Tax Frepaids Homeowner's Insurance Premium Propaid Interest \$17.44 per of Propaid Interest \$17.44 per of Property Taxes (6 mo.) to Any S Initial Escrow Payment at Closs Homeowner's Insurance Property Taxes \$100.8 Mortgage Insurance Property Taxes \$105.3 Homeowner's Insurance Property Taxes \$105.3 Homeowner's Insurance	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 3 per month for 2 mo. per month for mo.	\$4,664.25 \$85 \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$201.66 \$201.66	\$29.80 5.00 20.80	\$950.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees State Transfer Tax Prepaids Homeowner's Insurance Premium Propaid Interest \$17.44 per of Propaid Interest \$10.8 of Decemposity Taxes (6 mo.) to Any State Transfer Tax State Taxes \$100.8 of Decemposity Taxes \$105.3 Additional State Taxes \$105.3 Add	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 3 per month for 2 mo. per month for mo.	\$4,664.25 \$85 \$85.00 \$279.04 \$631.80 \$210.66 \$210.60 \$210.60 \$210.60	\$29.80 .00 20.80	\$950.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees State Transfer Tax Frepaids Homeowner's Insurance Premium Mortgage Insurance Premium Property Taxes (6 mo.) to Any fill Homeowner's Insurance \$100.8 Initial Escrow Payment at Closs Homeowner's Insurance \$100.8 Nortgage Insurance Homeowner's Insurance \$100.8 Nortgage Insurance State Homeowner's Insurance \$100.8 Nortgage Insurance Homeowner's Insurance \$100.8 Nortgage Insurance Nortgage Insurance State Homeowner's Insurance \$100.8 Nortgage Insurance Homeowner's Insurance Nortgage Insurance Nort	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 3 per month for 2 mo. per month for mo.	\$4,664.25 \$85 \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$201.66 \$201.66	\$29.80 .00 20.80	\$950.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees State Transfer Tax Prepaids Homeowner's Insurance Premium Morgage Insurance Premium Property Taxes (6 mo.) to Any Solution for the terminal structure of terminal structure of the terminal structure of terminal structure of the terminal structure of ter	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 3 per month for 2 mo. per month for 2 mo. 0 per month for 2 mo.	\$4,664.25 \$85 \$85.00 \$279.04 \$631.80 \$210.60 \$210.60 \$210.60 \$210.60 \$210.60	\$29.80 .00 20.80	\$950.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government 11 Recording Fees 22 State Transfer Tax • Prepaids 11 Homeowner's Insurance Premium 103 12 Mortgage Insurance Premium 103 13 Prepaid Interest \$17.44 per 04 14 Property Taxes (6 mo.) to Any 15 16 Intitial Escrow Payment at Closs 17 Momeowner's Insurance \$100.8 20 Mortgage Insurance 31 Property Taxes \$105.3 34 35 16 17 84 195 101 102 103 104 105 11 11 12 13 14 15 16 17 18 19 10 10 10 10 10 10 10 10 10 10	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 3 per month for 2 mo. per month for 2 mo. 0 per month for 2 mo. to HOA Acre Inc. to HOA Acre Inc. to HOA Acre Inc. to Engineers Inc.	\$4,664.25 \$85 \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$201.66 \$210.60 \$210.60 \$210.60 \$210.60	\$29.80 .00 20.80		\$750.00	
coan Costs Subtotals (A + B + C) Other Costs Character Costs Character Costs Character Costs Character Costs Character Costs Character Costs Content Costs Character Costs Content Costs Content Costs Content Costs Content Costs Content Costs Contracter Costs	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 3 per month for 2 mo. per month for 2 mo. 0 per month for 2 mo. to HOA Acre Inc. to HOA Acre Inc. to Engineers Inc. to XYZ Warranty Inc.	\$4,664.25 \$85 \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$201.66 \$201.66 \$210.60 \$210.60 \$210.60 \$210.60 \$2,10 \$2,00 \$2,10 \$2,00 \$2,10 \$2,00 \$2,10 \$2,00 \$2,10 \$2,00 \$2,10 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,000 \$3,000 \$3,0000 \$1,0000 \$3,00000 \$3,00000 \$3,00000 \$3,00000 \$3,00000 \$3,00000 \$3,000000 \$3,0000000 \$3,00000000 \$3,000000000000000000000000000000000000	\$29.80 .00 20.80	\$450.00	\$750.00	
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government 1 Recording Fees 2 State Transfer Tax Prepaids 11 Homeowner's Insurance Premium 12 Prepaid Interest \$17.44 per of 13 Prepaid Interest \$17.44 per of 14 Property Taxes (6 mo.) to Any 15 16 Homeowner's Insurance \$100.8 17 Homeowner's Insurance 18 Property Taxes \$105.3 19 Property Taxes \$100.8 20 Mortgage Insurance 31 Property Taxes \$105.3 32 Mortgage Insurance 33 Property Taxes \$105.3 34 35 36 37 38 Aggregate Adjustment 4. Other Costs 31 HOA Capital Contribution 21 HOA Processing Fee 32 Home Inspection Fee 41 Home Warranty Fee 35 42 44	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 3 per month for 2 mo. per month for 2 mo. 0 per month for 2 mo. to HOA Acre Inc. to HOA Acre Inc. to HOA Acre Inc. to To YA Warranty Inc. ha Real Estate Broker	\$4,664.25 \$85 \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$201.66 \$201.66 \$210.60 \$210.60 \$210.60 \$210.60 \$2,10 \$2,00 \$2,10 \$2,00 \$2,10 \$2,00 \$2,10 \$2,00 \$2,10 \$2,00 \$2,10 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,000 \$3,000 \$3,0000 \$1,0000 \$3,00000 \$3,00000 \$3,00000 \$3,00000 \$3,00000 \$3,00000 \$3,000000 \$3,0000000 \$3,00000000 \$3,000000000000000000000000000000000000	\$29.80 .00 20.80	\$450.00	\$750.00	
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees Taxes and Other Government Recording Fees State Transfer Tax Frepaids Homeowner's Insurance Premium Propaid Interest \$17.44 per of Property Taxes (6 mo.) to Any Solution I Homeowner's Insurance \$100.8 Initial Escrow Payment at Clos I Homeowner's Insurance \$100.8 Insurance \$100.8 Interest \$105.3 Interest \$105.3 Interest \$105.3 Interest \$100.8 Interest \$100.8 Insurance \$10.8 Insurance \$10.8 Insurance \$100.8 Insurance \$100.8 Insurance \$1	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 3 per month for 2 mo. per month for 2 mo. 0 per month for 2 mo. 10 per month for 2 mo. 11 to HOA Acre Inc. 12 to HOA Acre Inc. 13 to Engineers Inc. 14 To Engineers Inc. 15 to Engineers Inc. 16 Real Estate Broker 19 area to Broker 19 area	\$4,664.25 \$85 \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$201.66 \$201.66 \$210.60 \$210.60 \$210.00 \$150.00 \$150.00	\$29.80 .00 20.80	\$450.00	\$750.00	
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government 11 Recording Fees 22 State Transfer Tax • Prepaids 11 Homeowner's Insurance Premii 12 Mortgage Insurance Premii 13 Prepaid Interest \$17.44 per 04 14 Property Taxes (6 mo.) to Any 15 16 Homeowner's Insurance \$100.8 20 Mortgage Insurance 18 Property Taxes (100.8 29 Mortgage Insurance 30 Property Taxes \$105.3 31 Property Taxes \$100.8 20 Mortgage Insurance 31 Property Taxes \$105.3 32 Mortgage Insurance \$100.8 33 Property Taxes \$105.3 34 35 36 37 38 Aggregate Adjustment 40 A Capital Contribution 21 HOA Capital Contribution 21 HOA Capital Contribution 21 HOme Warranty Fee 36 Home Inspection Fee 34 Home Warranty Fee 35 Real Estate Commission to Alp 36 Real Estate Commission to Alp 37 Reper Sittle Policy (opti	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 3 per month for 2 mo. per month for 2 mo. 0 per month for 2 mo. 10 per month for 2 mo. 11 to HOA Acre Inc. 12 to HOA Acre Inc. 13 to Engineers Inc. 14 To Engineers Inc. 15 to Engineers Inc. 16 Real Estate Broker 19 area to Broker 19 area	\$4,664.25 \$85 \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$201.66 \$201.66 \$210.60 \$210.60 \$210.60 \$210.60 \$2,10 \$2,00 \$2,10 \$2,00 \$2,10 \$2,00 \$2,10 \$2,00 \$2,10 \$2,00 \$2,10 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,00 \$2,000 \$3,000 \$3,0000 \$1,0000 \$3,00000 \$3,00000 \$3,00000 \$3,00000 \$3,00000 \$3,00000 \$3,000000 \$3,0000000 \$3,00000000 \$3,000000000000000000000000000000000000	\$29.80 .00 20.80	\$450.00	\$750.00	
coan Costs Subtotals (A + B + C) Other Costs Character Costs Character Costs Character Costs Character Costs Character Costs Character Costs Content Costs Character Costs Content Costs Content Costs Content Costs Content Costs Contraster Costs <	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 3 ger month for 2 mo. per month for 2 mo. 0 per month for 2 mo. 0 per month for 2 mo. un HOA Acre Inc. to HOA Acre Inc. to THOA Acre Inc. to TO Acre Inc. to Engineers Inc. to XYZ Warranty Inc. tha Real Estate Broker uega Real Estate Broker uega Real Estate Broker uega Real Estate Broker uega Neal Estate Broker uega Nea	\$4,664.25 \$85.00 \$279.04 \$631.80 \$210.60 \$210.60 \$210.60 \$150.00 \$150.00 \$150.00 \$750.00	\$29.80 .00 20.80 2.25	\$450.00	\$750.00	
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government 11 Recording Fees 22 State Transfer Tax • Prepaids 11 Homeowner's Insurance Premii 12 Mortgage Insurance Premii 13 Prepaid Interest \$17.44 per 04 14 Property Taxes (6 mo.) to Any 15 16 Homeowner's Insurance \$100.8 20 Mortgage Insurance 18 Property Taxes (100.8 29 Mortgage Insurance 30 Property Taxes \$105.3 31 Property Taxes \$100.8 20 Mortgage Insurance 31 Property Taxes \$105.3 32 Mortgage Insurance \$100.8 33 Property Taxes \$105.3 34 35 36 37 38 Aggregate Adjustment 40 A Capital Contribution 21 HOA Capital Contribution 21 HOA Capital Contribution 21 HOme Warranty Fee 36 Home Inspection Fee 34 Home Warranty Fee 35 Real Estate Commission to Alp 36 Real Estate Commission to Alp 37 Reper Sittle Policy (opti	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 3 per month for 2 mo. per month for 2 mo. 0 per month for 2 mo. 10 per month for 2 mo. 11 per month for 2 mo. 12 per month for 2 mo. 13 per month for 2 mo. 14 per month for 2 mo. 15 per month for 2 mo. 16 per month for 2 mo. 17 per month for 2 mo. 18 per month for 2 mo. 19 per month for 2 mo. 10	\$4,664.25 \$85.00 \$279.04 \$631.80 \$210.60 \$210.60 \$210.60 \$150.00 \$150.00 \$150.00 \$750.00	\$29.80 .00 20.80	\$450.00	\$750.00	
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees State Transfer Tax Frepaids Homeowner's Insurance Premium Mortgage Insurance Premium Propaid Interest \$17.44 per of Propaid Interest \$17.44 per of Property Taxes (6 mo.) to Any Statistic State Cost (6 mo.) to Any State Transfer Tax Homeowner's Insurance \$100.8 Any Taxes \$105.3 Homeowner's Insurance \$100.8 Nortgage Insurance Homeowner's Insurance \$100.8 Home Inspection Fee Home Inspection Fee Home Warranty Fee State Commission to Alp Real Estate Commission to Om Title – Owner's Title Policy (optil) Title - Owner's Title Policy (optil) Total OTHER COSTS (Borrow	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 3 per month for 2 mo. per month for 2 mo. 0 per month for 2 mo. 10 per month for 2 mo. 11 per month for 2 mo. 12 per month for 2 mo. 13 per month for 2 mo. 14 per month for 2 mo. 15 per month for 2 mo. 16 per month for 2 mo. 17 per month for 2 mo. 18 per month for 2 mo. 19 per month for 2 mo. 10	\$4,664.25 \$85 \$85.00 \$2,11 \$1,209.96 \$279.04 \$631.80 \$210.60 \$210.60 \$210.60 \$210.60 \$210.60 \$1,000 \$1,000.00 \$1,000.00	\$29.80 .00 20.80 2.25	\$450.00	\$750.00	
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees State Transfer Tax Frepaids Homeowner's Insurance Premium Mortgage Insurance Premium Propaid Interest \$17.44 per of Propaid Interest \$17.44 per of Property Taxes (6 mo.) to Any Statistic State Cost (6 mo.) to Any State Transfer Tax Homeowner's Insurance \$100.8 Any Taxes \$105.3 Homeowner's Insurance \$100.8 Nortgage Insurance Homeowner's Insurance \$100.8 Home Inspection Fee Home Inspection Fee Home Warranty Fee State Commission to Alp Real Estate Commission to Om Title – Owner's Title Policy (optil) Title - Owner's Title Policy (optil) Total OTHER COSTS (Borrow	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 3 per month for 2 mo. per month for 2 mo. 0 per month for 2 mo. 10 per month for 2 mo. 10 per month for 2 mo. 10 to HOA Acre Inc. 10 to HOA Acre Inc. 10 to Engineers Inc. 10 to XZ Warranty Inc. 10 ha Real Estate Broker 10 ional) to Epsilon Title Co. 11 to Epsilon Title Co. 12 to Epsilon Title Co. 13 to Epsilon Title Co. 14 to Epsilon Title Co. 15 to Epsilon Title Co. 16 to Epsilon Title Co. 17 to Epsilon Title Co. 18 to Epsilon Title Co. 19 to Epsilon Title Co. 19 to Epsilon Title Co. 19 to Epsilon Title Co. 10 to Epsilon Title Co. 11 to Epsilon Title Co. 11 to Epsilon Title Co. 12 to Epsilon Title Co. 13 to Epsilon Title Co. 14 to Epsilon Title Co.	\$4,664.25 \$85 \$85.00 \$2,11 \$1,209.96 \$279.04 \$631.80 \$210.60 \$210.60 \$210.60 \$210.60 \$210.60 \$1,000 \$1,000.00 \$1,000.00	\$29.80 .00 20.80 2.25 00.00 18.05	\$450.00	\$750.00	
coan Costs Subtotals (A + B + C) Other Costs Character Costs Character Costs Character Costs Character Costs Character Costs Conter Costs Contracter Costs Contracter Costs Conter Costs Conter Costs Contracter Costs Conter Costs	Fees Deed: \$40.00 Mortgage: \$45.00 um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 3 per month for 2 mo. per month for 2 mo. 0 per month for 2 mo. 10 per month for 2 mo. 10 per month for 2 mo. 10 to HOA Acre Inc. 10 HOA Acre Inc. 10 to Engineers Inc. 10 to XZ Warranty Inc. 10 ha Real Estate Broker 10 ional) to Epsilon Title Co. 11 to Epsilon Title Co. 12 to Epsilon Title Co. 13 to Epsilon Title Co. 14 to Epsilon Title Co. 15 to Epsilon Title Co. 16 to Epsilon Title Co. 17 to Epsilon Title Co. 18 to Epsilon Title Co. 19 to Epsilon Title Co. 19 to Epsilon Title Co. 10 to Epsilon Title Co. 10 to Epsilon Title Co. 10 to Epsilon Title Co. 11 to Epsilon Title Co. 12 to Epsilon Title Co. 13 to Epsilon Title Co. 14 to Epsilon Title Co. 15 to Epsilon Title Co. 16 to Epsilon Title Co. 17 to Epsilon Title Co. 18 to Epsilon Title Co. 19 to Epsilon Title Co. 19 to Epsilon Title Co. 10 to Epsilon Title Co. 10 to Epsilon Title Co. 10 to Epsilon Title Co. 11 to Epsilon Title Co. 13 to Epsilon Title Co. 14 to Epsilon Title Co. 15 to Epsilon Title Co. 16 to Epsilon Title Co. 17 to Epsilon Title Co. 18 to Epsilon Title Co. 19 to Epsilon Title Co. 19 to Epsilon Title Co. 19 to Epsilon Title Co. 10	\$4,664.25 \$85 \$85.00 \$2,71 \$1,209.96 \$279.04 \$631.80 \$210.60 \$210.60 \$210.60 \$210.60 \$1,200.00 \$150.00 \$150.00 \$150.00 \$750.00 \$1,000.00 \$5,018.05	\$29.80 .00 20.80 2.25 00.00 18.05	\$450.00	\$750.00	

Calculating Cash to Close	Use this tab	Use this table to see what has changed from your Loan Estimate.					
	Estimate	Final	Did t	his change?			
Total Closing Costs (J)	\$8,054.00	\$9,712.10	YES	See Total Loan Costs (D) and Total Other Costs (I)			
Closing Costs Paid Before Closing	\$0	- \$29.80	YES	You paid these Closing Costs before closing			
Closing Costs Financed (Included in Loan Amount)	\$0	\$0	NO				
Down Payment/Funds from Borrower	\$18,000.00	\$18,000.00	NO				
Deposit	- \$10,000.00	- \$10,000.00	NO				
unds for Borrower	\$0	\$0	NO				
eller Credits	\$0	- \$2,500.00	YES	See Seller Credits in Section L			
Adjustments and Other Credits	\$0	- \$1,035.04	YES	See details in Sections K and L			
ash to Close	\$16,054.00	\$14,147.26					

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION K. Due from Borrower at Closing \$189,762.30 01 Sale Price of Property \$180,000.00 02 Sale Price of Any Personal Property Included in Sale 03 Closing Costs Paid at Closing (J) \$9,682.30 04 Adjustments 05 06 07 Adjustments for Items Paid by Seller in Advance 08 City/Town Taxes to County Taxes 09 to 10 Assessments to 4/15/13 to 4/30/13 \$80.00 HOA Dues 13 14 15 L. Paid Already by or on Behalf of Borrower at Closing \$175,615.04 \$10,000.00 01 Deposit \$162,000.00 02 Loan Amount 03 Existing Loan(s) Assumed or Taken Subject to 04 05 Seller Credit \$2,500.00 **Other Credits** 06 Rebate from Epsilon Title Co. \$750.00 07 Adjustments 08 09 10 Adjustments for Items Unpaid by Seller \$365.04 12 City/Town Taxes 1/1/13 to 4/14/13 13 County Taxes to 14 Assessments to 16 . CALCULATION Total Due from Borrower at Closing (K) \$189,762.30 Total Paid Already by or on Behalf of Borrower at Closing (L) - \$175,615.04 Cash to Close 🕱 From 🗌 To Borrower \$14,147.26 _ CLOSING DISCLOSURE

	,		
SE	LLER'S TRANSACTION		
и.	Due to Seller at Closing		\$180,080.00
01	Sale Price of Property		\$180,000.00
)2	Sale Price of Any Personal P	roperty Included in Sale	
)3			
)4			
)5			
)6			
)7			
)8			
٩d	justments for Items Paid b	y Seller in Advance	
)9	City/Town Taxes	to	
10	County Taxes	to	
11	Assessments	to	
12	HOA Dues 4/15/13	to 4/30/13	\$80.00
13			
14			
15			
16			
Ν.	Due from Seller at Closing		\$115,665.04
01	Excess Deposit		
)2	Closing Costs Paid at Closin	g (J)	\$12,800.00
03	Existing Loan(s) Assumed o	,	
)4	.,		\$100,000.00
)5	Payoff of Second Mortgage	Loan	
)6			
)7			
	Seller Credit		\$2,500.00
)9			
10			
11			
12			
13			
	justments for Items Unpai	•	4245.04
14	City/Town Taxes 1/1/13	to 4/14/13	\$365.04
15	County Taxes	to	
16	Assessments	to	
17			
18			
19			
19 CA	LCULATION		
9 CA	al Due to Seller at Closing (N		\$180,080.00
19 CA			\$180,080.00 - \$115,665.04

PAGE 3 OF 5 • LOAN ID # 123456789

Additional Information About This Loan

Loan Disclosures

Assumption

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

Demand Feature

Your loan

- 1001 102
- □ has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details.
- X does not have a demand feature.

Late Payment

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

Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

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

Partial Payment

Your lender will

□ accept payments that are less than the full amount due (partial payments). Partial payments will be applied:

X not accept partial payments.

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

Security Interest

You are granting a security interest in _____

456 Somewhere Ave., Anytown, ST 12345

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

Escrow Account

For now, your loan

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

Escrow		
Escrowed Property Costs over Year 1	\$2,473.56	Estimated total amount over year 1 for your escrowed property costs: Homeowner's Insurance Property Taxes
Non-Escrowed Property Costs over Year 1	\$1,800.00	Estimated total amount over year 1 for your non-escrowed property costs: <i>Homeowner's Association Dues</i> You may have other property costs.
Initial Escrow Payment	\$412.25	A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment	\$206.13	The amount included in your total monthly payment.

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

No Escrow		
Estimated Property Costs over Year 1	Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.	u
Escrow Waiver Fee		

In the future,

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

CLOSING DISCLOSURE

PAGE 4 OF 5 • LOAN ID # 123456789

Loan Calculations	
Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	\$285,803.36
Finance Charge. The dollar amount the loan will cost you.	\$118,830.27
Amount Financed. The loan amount available after paying your upfront finance charge.	\$162,000.00
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	4.174%
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	69.46%
Approximate Cost of Funds (ACF). The approximate cost of the funds used to make this loan. This is not a direct cost to you.	1.63%

Questions? If you have questions about the loan terms and costs on this form, contact your lender. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at **www.consumerfinance.gov/learnmore.**

Contact Information

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

Confirm Receipt

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

Applicant Signature

Date

Co-Applicant Signature

Date

CLOSING DISCLOSURE

SCLOSURE

PAGE 5 OF 5 • LOAN ID # 123456789

Other Disclosures

Appraisal

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

Contract Details

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

Liability after Foreclosure

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

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

Refinance

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

Tax Deductions

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



Proposed Easier Fixed B Disclosures

The study used two different sets of lender names for the loan disclosures. All other information was identical. Name Set 1 used Balsam Bank and Name Set 2 used Nandina Bank.

Proposed Loan Estimate, Easier, Fixed, B, Name Set 1, page 1

	AM BANK Boulevard • Somecity, ST	Г 12340	Save this Loo	an Estimate to compare with your Closing Disclosure.
	stimate		LOAN TERM PURPOSE	30 years Purchase
DATE ISSUED APPLICANTS	2/15/2013 John A. and Mary B. 123 Anywhere Street Anytown, ST 12345		PRODUCT LOAN TYPE LOAN ID # RATE LOCK	Fixed Rate I Conventional □ FHA □ VA □ 123456789 I NO □ YES, until at
PROPERTY SALE PRICE	456 Somewhere Aver Anytown, ST 12345 \$180,000	nue		Before closing, your interest rate, points, and lender credits co change unless you lock the interest rate. All other estimated closing costs expire on 3/22/2013 at 5:00 p.m. EDT
Loan Terr	ns		Can this ar	nount increase after closing?
Loan Amo	unt	\$162,000	NO	
Interest Ra	ite	4.25%	NO	
See Projected	rincipal & Interest Payments below for your tal Monthly Payment	\$796.94	NO	
			Does the lo	oan have these features?
Prepayme	nt Penalty		NO	
Balloon Pa	yment		NO	

Projected Payments				
Payment Calculation		Years 1-7		Years 8-30
Principal & Interest		\$796.94		\$796.94
Mortgage Insurance	+	82	+	—
Estimated Escrow Amount can increase over time	+	217	+	217
Estimated Total Monthly Payment		\$1,096		\$1,014
Estimated Taxes, Insurance & Assessments Amount can increase over time	\$217 a month	This estimate includ Property Taxes Homeowner's Insur Other:		In escrow? YES YES
		See Section G on page 2 property costs separately		rty costs. You must pay for othe
Cash to Close				
Estimated Cash to Close	\$12,736	Includes \$4,736 in Clo Other Costs – \$500 in Ler		5 in Loan Costs + \$2,291 in details on page 2.
Visit www .	consumerfinanc	e.gov/learnmore for genera	information and	tools.
OAN ESTIMATE			P	AGE 1 OF 3 • LOAN ID # 1234567

A. Origination Charges		Other Costs	
	\$500	E. Taxes and Other Government Fees	\$97
% of Loan Amount (Points) Application Fee	\$500	Recording Fees and Other Taxes Transfer Taxes	\$97
		F. Prepaids	\$959
		Homeowner's Insurance Premium (<u>6</u> months) Mortgage Insurance Premium (<u>months)</u> Prepaid Interest (\$19.13 per day for 15 days @ 4.25%)	\$672 \$287
		Property Taxes (months)	,
		G. Initial Escrow Payment at Closing	\$43
		Homeowner's Insurance \$112.00 per month for 2 mo.	
P. Corvisos Vou Connet Chan For	6535	Mortgage Insurance per month for mo.	
B. Services You Cannot Shop For Appraisal Fee Conditional States	\$535 \$325 \$24	Property Taxes \$105.30 per month for 2 mo.	\$211
Flood Certification Fee	\$36 \$150		
Flood Certification Fee	\$36		
Flood Certification Fee	\$36	H. Other Title – Owner's Title Policy (optional)	\$800 \$800
Flood Certification Fee	\$36		
Flood Certification Fee Tax Status Research Fee	\$36	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H)	\$800 \$2,29 1
Flood Certification Fee Tax Status Research Fee C. Services You Can Shop For Pest Inspection Fee	\$36 \$150 \$1,910 \$110	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS	\$800 \$2,291 \$4,736
Flood Certification Fee Tax Status Research Fee C. Services You Can Shop For Pest Inspection Fee Survey Fee Title – Lender's Title Policy	\$36 \$150 \$1,910	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H)	\$800
Flood Certification Fee Tax Status Research Fee C. Services You Can Shop For Pest Inspection Fee Survey Fee Title – Lender's Title Policy Title – Settlement Agent Fee	\$36 \$150 \$1,910 \$110 \$120 \$820	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + 1	\$800 \$2,291 \$4,736 \$5,230
Flood Certification Fee Tax Status Research Fee C. Services You Can Shop For Pest Inspection Fee Survey Fee Title – Lender's Title Policy Title – Settlement Agent Fee	\$36 \$150 \$1,910 \$110 \$120 \$820 \$350	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + 1 Lender Credits	\$800 \$2,291 \$4,736 \$5,230
Flood Certification Fee Tax Status Research Fee C. Services You Can Shop For Pest Inspection Fee Survey Fee Title – Lender's Title Policy Title – Settlement Agent Fee	\$36 \$150 \$1,910 \$110 \$120 \$820 \$350	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + 1 Lender Credits Calculating Cash to Close	\$800 \$2,29 1 \$4,736 \$5,236 - \$500
Flood Certification Fee Tax Status Research Fee C. Services You Can Shop For Pest Inspection Fee Survey Fee Title – Lender's Title Policy Title – Settlement Agent Fee	\$36 \$150 \$1,910 \$110 \$120 \$820 \$350	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + 1 Lender Credits Calculating Cash to Close Total Closing Costs (J) Closing Costs Financed (Included in Loan Amount)	\$800 \$2,291 \$4,736 \$5,236 - \$500 \$4,736
Flood Certification Fee Tax Status Research Fee C. Services You Can Shop For Pest Inspection Fee Survey Fee Title – Lender's Title Policy Title – Settlement Agent Fee	\$36 \$150 \$1,910 \$110 \$120 \$820 \$350	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + 1 Lender Credits Calculating Cash to Close Total Closing Costs (J) Closing Costs Financed (Included in Loan Amount) Down Payment/Funds from Borrower	\$800 \$2,291 \$4,736 \$5,236 - \$500 \$4,736 \$4,736
Flood Certification Fee Tax Status Research Fee C. Services You Can Shop For Pest Inspection Fee Survey Fee Title – Lender's Title Policy Title – Settlement Agent Fee	\$36 \$150 \$1,910 \$110 \$120 \$820 \$350	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + 1 Lender Credits Calculating Cash to Close Total Closing Costs (J) Closing Costs Financed (Included in Loan Amount) Down Payment/Funds from Borrower	\$800 \$2,291 \$4,736 \$5,236 - \$500 \$4,736 \$0 \$18,000
Credit Report Fee Flood Certification Fee Tax Status Research Fee C. Services You Can Shop For Pest Inspection Fee Survey Fee Title – Lender's Title Policy Title – Settlement Agent Fee Title – Title Search	\$36 \$150 \$1,910 \$110 \$120 \$820 \$350	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + 1 Lender Credits Calculating Cash to Close Total Closing Costs (J) Closing Costs Financed (Included in Loan Amount) Down Payment/Funds from Borrower Deposit – Funds for Borrower Seller Credits	\$800 \$2,291 \$4,736 \$5,236 - \$500 \$4,736 \$18,000 \$118,000 \$10,000 \$00 \$00 \$00 \$00 \$00 \$00 \$00
Flood Certification Fee Tax Status Research Fee C. Services You Can Shop For Pest Inspection Fee Survey Fee Title – Lender's Title Policy Title – Settlement Agent Fee	\$36 \$150 \$1,910 \$110 \$120 \$820 \$350	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + 1 Lender Credits Calculating Cash to Close Total Closing Costs (J) Closing Costs Financed (Included in Loan Amount) Down Payment/Funds from Borrower Deposit – Funds for Borrower	\$800 \$2,291 \$4,736 \$5,236 - \$500 \$4,736 \$0 \$18,000 \$10,000 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0

Proposed Loan Estimate, Easier, Fixed, B, Name Set 1, page 2

LOAN ESTIMATE

Proposed Loan Estimate, Easier, Fixed, B, Name Set 1, page 3

Additional Information About This Loan

	Balsam Bank	MORTGAGE BROKER
NMLS/LICENSE ID		NMLS/LICENSE ID
LOAN OFFICER	Joe Smith	LOAN OFFICER
NMLS ID	12345	NMLS ID
EMAIL	joesmith@balsambank.com	EMAIL
PHONE	123-456-7890	PHONE

Comparisons	Use these measures to compare this loan with other loans.
In 5 Years	\$55,989 Total you will have paid in principal, interest, mortgage insurance, and loan costs.\$14,892 Principal you will have paid off.
Annual Percentage Rate (APR)	4.581% Your costs over the loan term expressed as a rate. This is not your interest rate.
Total Interest Percentage (TIP)	77.28% The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

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 \Box will allow, under certain conditions, this person to assume this loan on the original terms. \mathbf{x} 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 15 days late, we will charge a late fee of 5% of the monthly principal and interest payment.
Refinance	Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.
Servicing	We intend □ to service your loan. If so, you will make your payments to us. ⊠ to transfer servicing of your loan.

Confirm Receipt

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

Applicant Signatu	e

Date

Co-Applicant Signature

Date

LOAN ESTIMATE

Date

PAGE 3 OF 3 • LOAN ID #123456789

losing Information	Transacti	on Information	Loan Info	ormation
Atte Issued4/15/2013osing Date4/15/2013sbursement Date4/15/2013stutement AgentEpsilon Title Co.le #12-3456operty456 Somewhere AAnytown, ST 12345le Price\$180,000		John A. and Mary B. 123 Anywhere Street Anytown, ST 12345 Steve C. and Amy D. 321 Somewhere Drive Anytown, ST 12345 Balsam Bank	Loan Term Purpose Product Loan Type Loan ID # MIC #	Purchase Fixed Rate
Loan Terms		Can this amount incre	ase after closing	?
Loan Amount	\$162,000	NO		
Interest Rate	4.50%	NO		
Monthly Principal & Interest See Projected Payments below for your Estimated Total Monthly Payment	\$820.83	NO		
		Does the loan have th	ese features?	
Prepayment Penalty		NO		
Balloon Payment		NO		
Balloon Payment		NO		
Projected Payments				
Balloon Payment Projected Payments Payment Calculation	Ye	NO ears 1-7	Year	rs 8-30
Projected Payments	Ye			r s 8-30 820.83
Projected Payments Payment Calculation	Ya +	ears 1-7		
Projected Payments Payment Calculation Principal & Interest		ears 1-7 \$820.83	\$	
Projected Payments Payment Calculation Principal & Interest Mortgage Insurance Estimated Escrow	+	ears 1-7 \$820.83 82.35	+ 3	820.83 —
Projected Payments Payment Calculation Principal & Interest Mortgage Insurance Estimated Escrow Amount can increase over time Estimated Total	+	ears 1-7 \$820.83 82.35 367.30	\$ + + 3 \$1,1 sociation	820.83
Projected Payments Payment Calculation Principal & Interest Mortgage Insurance Estimated Escrow Amount can increase over time Estimated Total Monthly Payment Estimated Taxes, Insurance & Assessments Amount can increase over time	+ + \$1 \$367.30	ears 1-7 \$820.83 82.35 367.30 ,270.48 This estimate includes X Property Taxes X Homeowner's Insurance X Other: Homeowner's As See page 4 for escrowed property	\$ + + 3 \$1,1 sociation	820.83

		Borrow	er-Paid	Selle	r-Paid	Paid by Others
Loan Costs		At Closing	Before Closing	At Closing	Before Closing	Others
A. Origination Charges		\$50	0.00			
1 % of Loan Amount (Points)						
2 Application Fee		\$500.00				
03 04						
04 05						
06						
07						
08						
B. Services Borrower Did Not Sh	hop For	\$2,33	5.00			
01 Appraisal Fee	to John Smith Appraisers Inc.		\$325.00			
02 Credit Report Fee	to Information Inc.		\$24.00			
03 Flood Certification Fee	to Info Co.	\$36.00	\$120.00			
04 Survey Fee 05 Tax Status Research Fee	to Surveys Co. to Info Co.	\$150.00	\$120.00			
06 Title – Lender's Title Policy	to Epsilon Title Co.	\$150.00				
07 Title – Settlement Agent Fee	to Epsilon Title Co.	\$350.00				
08 Title – Title Search	to Epsilon Title Co.	\$510.00				
09						
10						
C. Services Borrower Did Shop I		\$94				
01 Pest Inspection Fee	to Pests Co.		\$94.00		1	
02						
03						
0405						
06						
07						
08						
D. TOTAL LOAN COSTS (Borrow						
D. TOTAL LOAN COSTS (DOTTOW	ver-Paid)	\$2,92	9.00			
Loan Costs Subtotals (A + B + C) Other Costs		\$2,366.00	\$563.00			
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government 01 Recording Fees		\$2,366.00	\$563.00	\$950.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government 01 Recording Fees 02 State Transfer Tax	: Fees	\$2,366.00 \$85 \$85.00	\$563.00	\$950.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government 01 Recording Fees 02 State Transfer Tax F. Prepaids	: Fees Deed: \$40.00 Mortgage: \$45.00	\$2,366.00 \$85 \$85.00 \$2,29	\$563.00	\$950.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government 01 Recording Fees 02 State Transfer Tax F. Prepaids 01 Homeowner's Insurance Premi	: Fees Deed: \$40.00 Mortgage: \$45.00 ium (12 mo.) to Insurance Co.	\$2,366.00 \$85 \$85.00	\$563.00	\$950.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government 01 Recording Fees 02 State Transfer Tax F. Prepaids 01 Homeowner's Insurance Premi 02 Mortgage Insurance Premium	: Fees Deed: \$40.00 Mortgage: \$45.00 ium (12 mo.) to Insurance Co. (mo.)	\$2,366.00 \$85 \$85.00 \$2,29	\$563.00	\$950.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government 01 Recording Fees 02 State Transfer Tax F. Prepaids 01 Homeowner's Insurance Premi 02 Mortgage Insurance Premi 03 Prepaid Interest \$20.25 per	: Fees Deed: \$40.00 Mortgage: \$45.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13	\$2,366.00 \$85 \$85.00 \$2,25 \$1,344.00	\$563.00	\$950.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government 01 Recording Fees 02 State Transfer Tax F. Prepaids 01 Homeowner's Insurance Premi 02 Mortgage Insurance Premium 03 Prepaid Interest \$20.25 per 04 Property Taxes (6 mo.) to An	: Fees Deed: \$40.00 Mortgage: \$45.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13	\$2,366.00 \$85 \$85.00 \$1,344.00 \$324.00	\$563.00	\$950.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government 01 Recording Fees 02 State Transfer Tax F. Prepaids 01 Homeowner's Insurance Premium 03 Prepaid Interest \$20.25 per 04 Property Taxes (6 mo.) to An 05 G. Initial Escrow Payment at Clo	: Fees Deed: \$40.00 Mortgage: \$45.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 by County USA	\$2,366.00 \$85 \$85.00 \$1,344.00 \$324.00 \$631.80 \$734	\$563.00 .00 99.80	\$950.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government O1 Recording Fees O2 State Transfer Tax F. Prepaids O1 Homeowner's Insurance Premium O2 Mortgage Insurance Premium O3 Prepaid Interest \$20.25 per O4 Property Taxes (6 mo.) to An O5 G. Initial Escrow Payment at Clo O1 Homeowner's Insurance \$112.0	: Fees Deed: \$40.00 Mortgage: \$45.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 00 per month for 2 mo.	\$2,366.00 \$85 \$85.00 \$1,344.00 \$324.00 \$631.80	\$563.00 .00 99.80	\$950.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government 01 Recording Fees 02 State Transfer Tax F. Prepaids 01 Homeowner's Insurance Premium 03 Prepaid Interest \$20.25 per 04 Property Taxes (6 mo.) to An 05 G. Initial Escrow Payment at Clo 01 Homeowner's Insurance \$112.0 02 Mortgage Insurance	: Fees Deed: \$40.00 Mortgage: \$45.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 by County USA sing 20 per month for 2 mo. per month for mo.	\$2,366.00 \$85 \$85.00 \$2,25 \$1,344.00 \$324.00 \$631.80 \$224.00 \$224.00	\$563.00 .00 99.80	\$950.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government 01 Recording Fees 02 State Transfer Tax F. Prepaids 01 Homeowner's Insurance Premium 03 Prepaid Interest \$20.25 per 04 Property Taxes (6 mo.) to An 05 G. Initial Escrow Payment at Clo 01 Homeowner's Insurance \$112.0 02 Mortgage Insurance 03 Property Taxes \$105.2	: Fees Deed: \$40.00 Mortgage: \$45.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 by County USA seing 00 per month for 2 mo. per month for 2 mo. 30 per month for 2 mo.	\$2,366.00 \$85 \$85.00 \$2,25 \$1,344.00 \$324.00 \$631.80 \$224.00 \$224.00 \$224.00 \$2210.60	\$563.00 .00 99.80	\$950.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government 11 Recording Fees 22 State Transfer Tax F. Prepaids 11 Homeowner's Insurance Premium 23 Property Taxes (6 mo.) to An 15 G. Initial Escrow Payment at Clo 11 Homeowner's Insurance \$112.0 22 Mortgage Insurance 112.0 23 Property Taxes 1105.3 14 HOA Dues 150.0	: Fees Deed: \$40.00 Mortgage: \$45.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 by County USA sing 20 per month for 2 mo. per month for mo.	\$2,366.00 \$85 \$85.00 \$2,25 \$1,344.00 \$324.00 \$631.80 \$224.00 \$224.00	\$563.00 .00 99.80	\$950.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government 1 Recording Fees 2 State Transfer Tax F. Prepaids 1 Homeowner's Insurance Premium 2 Mortgage Insurance Premium 3 Prepaid Interest \$20.25 per 4 Property Taxes (6 mo.) to An 5 G. Initial Escrow Payment at Clo 1 Homeowner's Insurance \$112.0 2 Mortgage Insurance 3 Property Taxes \$105.3 3 Property Taxes \$105.3 4 HOA Dues \$150.0 5	: Fees Deed: \$40.00 Mortgage: \$45.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 by County USA seing 00 per month for 2 mo. per month for 2 mo. 30 per month for 2 mo.	\$2,366.00 \$85 \$85.00 \$2,25 \$1,344.00 \$324.00 \$631.80 \$224.00 \$224.00 \$224.00 \$2210.60	\$563.00 .00 99.80	\$950.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government 11 Recording Fees 22 State Transfer Tax F. Prepaids 11 Homeowner's Insurance Premium 20 Mortgage Insurance Premium 30 Prepaid Interest \$20.25 per 40 Property Taxes (6 mo.) to An 50 50 Initial Escrow Payment at Clo 11 Homeowner's Insurance \$112.0 20 Mortgage Insurance 31 Property Taxes \$105.3 30 HOA Dues \$150.0 35	: Fees Deed: \$40.00 Mortgage: \$45.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 by County USA seing 00 per month for 2 mo. per month for 2 mo. 30 per month for 2 mo.	\$2,366.00 \$85 \$85.00 \$2,25 \$1,344.00 \$324.00 \$631.80 \$224.00 \$224.00 \$224.00 \$2210.60	\$563.00 .00 99.80	\$950.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government D1 Recording Fees D2 State Transfer Tax F. Prepaids D1 Homeowner's Insurance Premium D3 Prepaid Interest \$20.25 per D4 Property Taxes (6 mo.) to An D5 G. Initial Escrow Payment at Clo D1 Homeowner's Insurance \$112.0 D2 Mortgage Insurance S \$105.3 D4 HOA Dues \$150.0 D5 D6 D7	: Fees Deed: \$40.00 Mortgage: \$45.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 by County USA seing 00 per month for 2 mo. per month for 2 mo. 30 per month for 2 mo.	\$2,366.00 \$85 \$85.00 \$2,25 \$1,344.00 \$324.00 \$631.80 \$224.00 \$224.00 \$224.00 \$2210.60	\$563.00 .00 99.80	\$950.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government 11 Recording Fees 22 State Transfer Tax F. Prepaids 11 Homeowner's Insurance Premium 23 Prepaid Interest \$20.25 per 44 Property Taxes (6 mo.) to An 5 G. Initial Escrow Payment at Clo 11 Homeowner's Insurance \$112.C 22 Mortgage Insurance \$112.C 23 Property Taxes \$105.3 34 HOA Dues \$150.C 35 36 37 38 Aggregate Adjustment	: Fees Deed: \$40.00 Mortgage: \$45.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 by County USA seing 00 per month for 2 mo. per month for 2 mo. 30 per month for 2 mo.	\$2,366.00 \$85 \$85.00 \$1,344.00 \$324.00 \$631.80 \$224.00 \$224.00 \$220.60 \$300.00	\$563.00 .00 99.80	\$950.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government 1 Recording Fees 22 State Transfer Tax F. Prepaids 1 Homeowner's Insurance Premium 23 Prepaid Interest \$20.25 per 44 Property Taxes (6 mo.) to An 5 G. Initial Escrow Payment at Clo 10 Homeowner's Insurance \$112.0 20 Mortgage Insurance \$115.3 44 HOA Dues \$150.0 37 84 Aggregate Adjustment H. Other Costs	: Fees Deed: \$40.00 Mortgage: \$45.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 by County USA seing 00 per month for 2 mo. per month for 2 mo. 30 per month for 2 mo.	\$2,366.00 \$85 \$85.00 \$1,344.00 \$324.00 \$631.80 \$224.00 \$224.00 \$210.60 \$300.00 - 0.01	\$563.00 .00 99.80	\$950.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government I Recording Fees 2 State Transfer Tax F. Prepaids O Homeowner's Insurance Premium M Proparty Taxes (6 mo.) to An 5 G. Initial Escrow Payment at Clo I Homeowner's Insurance \$112.0 Mortgage Insurance O Homeowner's Insurance \$112.0 Mortgage Insurance O Homeowner's Insurance \$105.3 Property Taxes \$105.3 Property Taxes \$105.3 Property Taxes \$105.3 Aggregate Adjustment H. Other Costs O HOA Capital Contribution O HOA Processing Fee	: Fees Deed: \$40.00 Mortgage: \$45.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 00 per month for 2 mo. per month for 2 mo. 00 per month for 2 mo. 00 per month for 2 mo.	\$2,366.00 \$85 \$85.00 \$1,344.00 \$324.00 \$631.80 \$224.00 \$224.00 \$224.00 \$2210.60 \$300.00 \$300.00 \$210.60 \$220.60 \$2210.60 \$200.00 \$2210.60 \$2210.60 \$2210.60 \$2210.60 \$2210.60 \$2210.60 \$2210.60 \$2210.60 \$2210.60 \$2210.60 \$2210.60 \$2210.60 \$2210.60 \$2210.60 \$2210.60 \$2210.60 \$220.00 \$2210.60 \$220.00	\$563.00 .00 99.80 4.59	\$950.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government 1 Recording Fees 22 State Transfer Tax F. Prepaids 11 Homeowner's Insurance Premium 23 Prepaid Interest \$20.25 per 44 Property Taxes (6 mo.) to An 25 G. Initial Escrow Payment at Clo 21 Homeowner's Insurance \$112.C 22 Mortgage Insurance 35 G. Initial Escrow Payment at Clo 23 Property Taxes \$105.3 24 HOA Dues \$150.C 25 26 27 28 Aggregate Adjustment H. Other Costs 21 HOA Capital Contribution 22 HOA Processing Fee 33 Home Inspection Fee	: Fees Deed: \$40.00 Mortgage: \$45.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing D0 per month for 2 mo. per month for 2 mo. 30 per month for 2 mo. 30 per month for 2 mo. to HOA Acre Inc. to HOA Acre Inc. to Engineers Inc.	\$2,366.00 \$2,366.00 \$2,365.00 \$1,344.00 \$324.00 \$631.80 \$224.00 \$210.60 \$300.00 \$210.00 \$300	\$563.00 .00 99.80	\$950.00	\$750.00	
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government 1 Recording Fees 2 State Transfer Tax F. Prepaids 1 Homeowner's Insurance Premium 2 Mortgage Insurance Premium 2 Mortgage Insurance Premium 3 Prepaid Interest \$20.25 per 4 Property Taxes (6 mo.) to An 5 G. Initial Escrow Payment at Clo 1 Homeowner's Insurance \$112.0 2 Mortgage Insurance 3 Property Taxes \$105.3 4 HOA Dues \$150.0 5 6 6 7 7 8 Aggregate Adjustment H. Other Costs 01 HOA Capital Contribution 02 HOA Processing Fee 03 Home Inspection Fee 04 Home Warranty Fee	: Fees Deed: \$40.00 Mortgage: \$45.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 by County USA outy USA 00 per month for 2 mo. per month for 2 mo. 00 per month for 2 mo.	\$2,366.00 \$85 \$85.00 \$1,344.00 \$324.00 \$631.80 \$224.00 \$210.60 \$300.00 \$210.60 \$300.00 \$210.60 \$300.00 \$210.60 \$300.00	\$563.00 .00 99.80 4.59		\$750.00	
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Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government Other Government Recording Fees 2 State Transfer Tax F. Prepaids Other Homeowner's Insurance Premium 2 Mortgage Insurance Premium 2 Mortgage Insurance Premium 3 Prepaid Interest \$20.25 per 4 Property Taxes (6 mo.) to An 5 G. Initial Escrow Payment at Clo 1 Homeowner's Insurance \$112.C 2 Mortgage Insurance 3 Property Taxes \$105.3 3 Property Taxes \$105.3 4 HOA Dues \$150.C 5 6 6 7 8 Aggregate Adjustment H. Other Costs 1 HOA Capital Contribution 2 HOA Processing Fee 3 Home Inspection Fee 4 Home Warranty Fee 5 Real Estate Commission to Alg 6 Real Estate Commission to Alg 6 Real Estate Commission to Alg 7 Title – Owner's Title Policy (opt)	: Fees Deed: \$40.00 Mortgage: \$45.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 00 per month for 2 mo. per month for 2 mo. 00 per month for 2 mo.	\$2,366.00 \$2,366.00 \$2,365.00 \$1,344.00 \$324.00 \$631.80 \$224.00 \$210.60 \$300.00 \$210.00 \$300	\$563.00 .00 99.80 4.59	\$4,500.00	\$750.00	
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government 1 Recording Fees 2 State Transfer Tax F. Prepaids 1 Homeowner's Insurance Premium 2 Mortgage Insurance Premium 3 Prepaid Interest \$20.25 per 04 Property Taxes (6 mo.) to An 05 G. Initial Escrow Payment at Clo 01 Homeowner's Insurance \$112.0 02 Mortgage Insurance 3 Property Taxes \$105.3 04 HOA Dues \$150.0 05 06 07 08 Aggregate Adjustment H. Other Costs 01 HOA Capital Contribution 02 HOA Processing Fee 03 Home Inspection Fee 04 Home Warranty Fee 05 Real Estate Commission to Alp 06 Real Estate Commission to Alp 06 Real Estate Commission to Alp 06 Real Estate Commission to Alp 07 Title – Owner's Title Policy (opt 08	: Fees Deed: \$40.00 Mortgage: \$45.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA or per month for 2 mo. per month for 2 mo. 00 per month for 2 mo.	\$2,366.00 \$85 \$85.00 \$1,344.00 \$324.00 \$631.80 \$224.00 \$224.00 \$224.00 \$224.00 \$300	\$563.00 .00 99.80 4.59 74.00 \$750.00	\$4,500.00	\$750.00	
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government 1 Recording Fees 2 State Transfer Tax F. Prepaids 1 Homeowner's Insurance Premium 2 Mortgage Insurance Premium 2 Mortgage Insurance Premium 3 Prepaid Interest \$20.25 per 04 Property Taxes (6 mo.) to An 05 G. Initial Escrow Payment at Clo 01 Homeowner's Insurance \$112.0 02 Mortgage Insurance 03 Property Taxes \$105.3 04 HOA Dues \$150.0 05 06 07 08 Aggregate Adjustment H. Other Costs 01 HOA Capital Contribution 02 HOA Processing Fee 03 Home Inspection Fee 04 Home Warranty Fee 05 Real Estate Commission to Alp 06 Real Estate Commission to Alp 07 Title – Owner's Title Policy (opt 08 I. TOTAL OTHER COSTS (Borrow	: Fees Deed: \$40.00 Mortgage: \$45.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 by County USA out y USA out y USA out y USA out for 2 mo. per month for 2 mo. 00 per month for 2 mo. 00 p	\$2,366.00 \$85 \$85.00 \$1,344.00 \$324.00 \$631.80 \$224.00 \$224.00 \$224.00 \$224.00 \$300.00 \$300.00 \$300.00 \$150.00 \$150.00 \$450.00 \$450.00 \$450.00 \$824.00	\$563.00 .00 99.80 4.59 74.00 \$750.00	\$4,500.00	\$750.00	
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government 1 Recording Fees 2 State Transfer Tax F. Prepaids 1 Homeowner's Insurance Premium 2 Mortgage Insurance Premium 2 Mortgage Insurance Premium 3 Prepaid Interest \$20.25 per 04 Property Taxes (6 mo.) to An 05 G. Initial Escrow Payment at Clo 01 Homeowner's Insurance \$112.0 02 Mortgage Insurance 03 Property Taxes \$105.3 04 HOA Dues \$150.0 05 06 07 08 Aggregate Adjustment H. Other Costs 01 HOA Capital Contribution 02 HOA Processing Fee 03 Home Inspection Fee 04 Home Warranty Fee 05 Real Estate Commission to Alp 06 Real Estate Commission to Alp 07 Title – Owner's Title Policy (opt 08 I. TOTAL OTHER COSTS (Borrow	: Fees Deed: \$40.00 Mortgage: \$45.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 by County USA out y USA out y USA out y USA out for 2 mo. per month for 2 mo. 00 per month for 2 mo. 00 p	\$2,366.00 \$85 \$85.00 \$1,344.00 \$324.00 \$631.80 \$224.00 \$224.00 \$224.00 \$224.00 \$300	\$563.00 .00 99.80 4.59 74.00 \$750.00	\$4,500.00	\$750.00	
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government Other Costs E. Taxes and Other Government Other Costs Other Other Costs Other Oth	: Fees Deed: \$40.00 Mortgage: \$45.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 ny County USA of per month for 2 mo. per month for 2 mo. per month for 2 mo. 00 per month for 2 mo. 00 pe	\$2,366.00 \$2,366.00 \$2,25 \$1,344.00 \$324.00 \$631.80 \$224.00 \$210.60 \$300.00 \$210.60 \$300.00 \$210.60 \$300.00 \$3500.00	\$563.00 .00 99.80 4.59 4.59 74.00 \$750.00 93.39 \$750.00	\$4,500.00 \$4,500.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government Other Government Recording Fees 2 State Transfer Tax F. Prepaids Other Homeowner's Insurance Premium 2 Mortgage Insurance Premium 2 Mortgage Insurance Premium 3 Prepaid Interest \$20.25 per 4 Property Taxes (6 mo.) to An 5 G. Initial Escrow Payment at Clo 1 Homeowner's Insurance \$112.C 2 Mortgage Insurance 3 Property Taxes \$105.3 3 Property Taxes \$105.3 4 HOA Dues \$150.C 5 6 6 7 8 Aggregate Adjustment H. Other Costs 1 HOA Capital Contribution 2 HOA Processing Fee 3 Home Inspection Fee 4 Home Warranty Fee 5 Real Estate Commission to Alg 6 Real Estate Commission to Alg 6 Real Estate Commission to Alg 7 Title – Owner's Title Policy (opt)	: Fees Deed: \$40.00 Mortgage: \$45.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 ny County USA of per month for 2 mo. per month for 2 mo. per month for 2 mo. 00 per month for 2 mo. 00 pe	\$2,366.00 \$2,366.00 \$325.00 \$1,344.00 \$324.00 \$631.80 \$224.00 \$224.00 \$224.00 \$210.60 \$300.00 \$210.60 \$300.00 \$210.60 \$300.00 \$210.60 \$300.00 \$150.00 \$150.00 \$150.00 \$450.00 \$450.00 \$450.00 \$5,043.39	\$563.00 .00 99.80 4.59 4.59 4.59 4.59 4.59 4.59 5750.00 5750.00	\$4,500.00	\$750.00	

Calculating Cash to Close	Use this table to see what has changed from your Loan Estimate.				
	Estimate	Final	Did t	his change?	
Total Closing Costs (J)	\$4,735.00	\$8,722.39	YES	See Total Loan Costs (D) and Total Other Costs (I) Increase exceeds legal limits by \$500	
Closing Costs Paid Before Closing	\$0	- \$1,313.00	YES	You paid these Closing Costs before closing	
Closing Costs Financed (Included in Loan Amount)	\$0	\$0	NO		
Down Payment/Funds from Borrower	\$18,000.00	\$18,000.00	NO		
Deposit	- \$10,000.00	- \$10,000.00	NO		
unds for Borrower	\$0	\$0	NO		
Seller Credits	\$0	- \$550.00	YES	See Seller Credits in Section L	
Adjustments and Other Credits	\$0	- \$285.04	YES	See details in Sections K and L	
ash to Close	\$12,735.00	\$14,574.35			

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION

CLOSING DISCLOSURE

K. Due from Borrower at Closing	\$187,489.39
01 Sale Price of Property	\$180,000.00
02 Sale Price of Any Personal Property Included in Sale	
03 Closing Costs Paid at Closing (J)	\$7,409.39
04	
Adjustments	
05	
06	
07	
Adjustments for Items Paid by Seller in Advance	
08 City/Town Taxes to	
09 County Taxes to	
10 Assessments to	
11 HOA Dues 4/15/13 to 4/30/13	\$80.00
12	
13	
14	
15	
L. Paid Already by or on Behalf of Borrower at Closing	\$172,915.04
01 Deposit	\$10,000.00
02 Loan Amount	\$162,000.00
03 Existing Loan(s) Assumed or Taken Subject to	
04	
05 Seller Credit	\$550.00
Other Credits	
06	
07	
Adjustments	
08	
09	
10	
11 A live to the factor of the factor	
Adjustments for Items Unpaid by Seller	6265.04
12 City/Town Taxes 1/1/13 to 4/14/13	\$365.04
13 County Taxes to 14 Assessments to	
15	
16	
17	
CALCULATION	
Total Due from Borrower at Closing (K)	\$187,489.39
Total Paid Already by or on Behalf of Borrower at Closing (L)	- \$172,915.04

SE	LLER'S TRANSACTION		
м.	Due to Seller at Closing		\$180,080.00
01	Sale Price of Property		\$180,000.00
02	Sale Price of Any Personal	Property Included in Sale	
03			
04			
05			
06			
07			
08			
Ad	justments for Items Paid I	by Seller in Advance	
09	City/Town Taxes	to	
10	County Taxes	to	
11	Assessments	to	
12	HOA Dues 4/15/13	to 4/30/13	\$80.00
13			
14			
15			
16			
N.	Due from Seller at Closing	J	\$110,865.04
01	Excess Deposit		
02	Closing Costs Paid at Closi	ng (J)	\$9,950.00
03	Existing Loan(s) Assumed	or Taken Subject to	
04	Payoff of First Mortgage Lo	oan	\$100,000.00
05	Payoff of Second Mortgag	e Loan	
06			
07			
08	Seller Credit		\$550.00
09			
10			
11			
12			
13			
	justments for Items Unpa		4245.04
14	City/Town Taxes 1/1/13		\$365.04
15	County Taxes	to	
16	Assessments	to	
17			
18			
19			
CA	LCULATION		
Tot	al Due to Seller at Closing (M)	\$180,080.00
Tot	al Due from Seller at Closin	g (N)	- \$110,865.04
Ca	sh 🗌 From 🛛 To Selle	r	\$69,214.96

PAGE 3 OF 5 • LOAN ID # 123456789

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.
- **X** will not allow assumption of this loan on the original terms.

Demand Feature

Your loan

four loa

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

Late Payment

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

Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

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

Partial Payment

Your lender will

□ accept payments that are less than the full amount due (partial payments). Partial payments will be applied:

X not accept partial payments.

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

Security Interest

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

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

Escrow Account

For now, your loan

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

Escrow		
Escrowed Property Costs over Year 1	\$4,407.60	Estimated total amount over year 1 for your escrowed property costs: Homeowner's Insurance Property Taxes, HOA Dues
Non-Escrowed Property Costs over Year 1		Estimated total amount over year 1 for your non-escrowed property costs:
		You may have other property costs.
Initial Escrow Payment	\$734.59	A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment	\$367.30	The amount included in your total monthly payment.

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

No Escrow	
Estimated Property Costs over Year 1	Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee	

In the future,

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

CLOSING DISCLOSURE

Loan Calculations	
Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	\$305,669.27
Finance Charge. The dollar amount the loan will cost you.	\$140,740.27
Amount Financed. The loan amount available after paying your upfront finance charge.	\$161,676.00
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	4.835%
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	82.61%
Approximate Cost of Funds (ACF). The approximate cost of the funds used to make this loan. This is not a direct cost to you.	1.63%

Questions? If you have questions about the loan terms and costs on this form, contact your lender. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at www.consumerfinance.gov/learnmore.

Other Disclosures

Appraisal

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

Contract Details

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

Liability after Foreclosure

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

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

Refinance

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

Tax Deductions

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

Contact Information

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

Confirm Receipt

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

Applicant Signature

Date

Co-Applicant Signature

Date PAGE 5 OF 5 • LOAN ID # 123456789

CLOSING DISCLOSURE

APPENDIX S: PROPOSED EASIER FIXED B DISCLOSURES

Projected Payments

Payment Calculation

Principal & Interest

Mortgage Insurance

Estimated Escrow Amount cart increase over time

Estimated Taxes, Insurance & Assessments Amount can increase over time

Proposed More Challenging Fixed A Disclosures

The study used two different sets of lender names for the loan disclosures. All other information was identical. Name Set 1 used Cottonwood Bank and Name Set 2 used Oak Bank.

Proposed Loan Estimate, More Challenging, Fixed, A, Name Set 1, page 1

COTTONWOOD 321 Random Boulevard • Somecity, S		Save this Loc	in Estimate to compa	re with your Closing Disclosure.		
Loan Estimate2/15/2013John A. and Mary B.123 Anywhere StreetAnytown, ST 12345PROPERTY456 Somewhere AveAnytown, ST 12345SALE PRICE\$350,000		LOAN TERM PURPOSE PRODUCT LOAN TYPE LOAN ID # RATE LOCK	Purchase Fixed Rate I Conventional I 123456789 NO I YES, until 4 Before closing, your int change unless you lock	FHA □VA □ 4/16/2013 at 5:00 p.m. EDT erest rate, points, and lender credits ca k the interest rate. All other estimated 3/22/2013 at 5:00 p.m. EDT		
Loan Terms		Can this an	nount increase afte	r closing?		
Loan Amount	\$315,000	NO				
Interest Rate	4.25%	NO				
Monthly Principal & Interest See Projected Payments below for your Estimated Total Monthly Payment	\$1,549.61	NO				
		Does the lo	an have these feat	ures?		
Prepayment Penalty			s high as \$6,300 if y st 2 years	you pay off the loan during the		
				,		
Balloon Payment		NO				
Balloon Payment Projected Payments Payment Calculation	Ŷ	NO ears 1-7		Years 8-30		
Projected Payments				Years 8-30 \$1,549.61		
Projected Payments Payment Calculation		ears 1-7				
Projected Payments Payment Calculation Principal & Interest	\$1	ears 1-7 ,549.61		\$1,549.61		
Projected Payments Payment Calculation Principal & Interest Mortgage Insurance Estimated Escrow	\$1 + +	ears 1-7 ,549.61 163		\$1,549.61 + —		
Projected Payments Payment Calculation Principal & Interest Mortgage Insurance Estimated Escrow Amount can increase over time Estimated Total	\$1 + +	ears 1-7 ,549.61 163 446 52,159 This estimate IN Property Tay IN Homeowner Other:	includes res r's Insurance page 2 for escrowed pr	\$1,549.61 + — + 446		
Projected Payments Payment Calculation Principal & Interest Mortgage Insurance Estimated Escrow Amount can increase over time Estimated Total Monthly Payment Estimated Taxes, Insurance & Assessments	\$1 + + \$ \$446	ears 1-7 ,549.61 163 446 52,159 This estimate X Property Tax X Homeowner Other: See Section G on	includes res r's Insurance page 2 for escrowed pr	\$1,549.61 + + 446 \$1,996 In escrow? YES YES		

Proposed Loan Estimate, More Challenging, Fixed, A, Name Set 1, page 2

Loan Costs A. Origination Charges 1 % of Loan Amount (Points)		Other Costs	
	\$4,350	E. Taxes and Other Government Fees	\$2,110
	\$3,150	Recording Fees and Other Taxes	\$150
Application Fee	\$300	Transfer Taxes	\$1,960
Underwriting Fee	\$900	F. Prepaids	
		Homeowner's Insurance Premium (<u>6</u> months) Mortgage Insurance Premium (<u>months</u>) Prepaid Interest (\$37.19 per day for 15 days @ 4.25%) Property Taxes (<u>months</u>)	
		G. Initial Escrow Payment at Closing	\$1,217
		Homeowner's Insurance \$89.50 per month for 2	
B. Services You Cannot Shop For	\$667	Mortgage Insurance \$162.75 per month for 2	mo. \$326
Appraisal Fee Credit Report Fee Flood Determination Fee Flood Monitoring Fee Tax Monitoring Fee	\$400 \$30 \$20 \$32 \$75	Property Taxes \$356.00 per month for 2	mo. \$712
Tax Status Research Fee	\$110		
			5065
		H. Other Title – Owner's Title Policy (optional)	\$965 \$965
C Services You Can Shon For	\$3.652		
•	\$3,652 \$125	Title – Owner's Title Policy (optional)	\$965 \$5,387
C. Services You Can Shop For Pest Inspection Fee Survey Fee Title – Commitment Letter	\$3,652 \$125 \$65 \$525	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H)	\$965
Pest Inspection Fee Survey Fee Title – Commitment Letter Title – Lender's Title Policy	\$125 \$65 \$525 \$475	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + 1 Lender Credits	\$965 \$5,387 \$14,056
Pest Inspection Fee Survey Fee Title – Commitment Letter Title – Lender's Title Policy Title – Settlement Agent Fee	\$125 \$65 \$525 \$475 \$550	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + 1	\$965 \$5,387 \$14,056
Pest Inspection Fee Survey Fee Title – Commitment Letter Title – Lender's Title Policy Title – Settlement Agent Fee	\$125 \$65 \$525 \$475	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + 1 Lender Credits	\$965 \$5,387 \$14,056
Pest Inspection Fee Survey Fee Title – Commitment Letter Title – Lender's Title Policy Title – Settlement Agent Fee	\$125 \$65 \$525 \$475 \$550	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + 1 Lender Credits Calculating Cash to Close Total Closing Costs (J) Closing Costs Financed (Included in Loan Amount)	\$965 \$5,387 \$14,056 \$14,056 \$14,056 \$14,056
Pest Inspection Fee Survey Fee Title – Commitment Letter Title – Lender's Title Policy Title – Settlement Agent Fee	\$125 \$65 \$525 \$475 \$550	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + I Lender Credits Calculating Cash to Close Total Closing Costs (J) Closing Costs Financed (Included in Loan Amount) Down Payment/Funds from Borrower	\$965 \$5,387 \$14,056 \$14,056 \$14,056 \$14,056 \$14,056 \$14,056
Pest Inspection Fee Survey Fee Title – Commitment Letter Title – Lender's Title Policy Title – Settlement Agent Fee	\$125 \$65 \$525 \$475 \$550	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + 1 Lender Credits Calculating Cash to Close Total Closing Costs (J) Closing Costs Financed (Included in Loan Amount) Down Payment/Funds from Borrower Deposit	\$965 \$5,387 \$14,056 \$14,056 \$15,006 \$15
Pest Inspection Fee Survey Fee	\$125 \$65 \$525 \$475 \$550	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + I Lender Credits Calculating Cash to Close Total Closing Costs (J) Closing Costs Financed (Included in Loan Amount) Down Payment/Funds from Borrower Deposit Funds for Borrower	\$965 \$5,387 \$14,056 \$14,056 \$15,0000 \$15,000 \$15,000 \$15,000 \$15,0000 \$15,0000 \$15,0000 \$15,0000 \$15,0000 \$15,0000 \$15,0000 \$15,0000 \$15,0000 \$15,0000 \$15,0000 \$15,00000 \$15,00000 \$15,000000 \$15,000000000000000000000000000000000000
Pest Inspection Fee Survey Fee Title – Commitment Letter Title – Lender's Title Policy Title – Settlement Agent Fee	\$125 \$65 \$525 \$475 \$550	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + 1 Lender Credits Calculating Cash to Close Total Closing Costs (J) Closing Costs Financed (Included in Loan Amount) Down Payment/Funds from Borrower Deposit Funds for Borrower Seller Credits	\$965 \$5,387 \$14,056 \$14,056 \$15,0000 \$15,0000 \$15,0000 \$15,0000 \$15,0000 \$15,0000 \$15,00000 \$15,00000 \$15,000000000000000000000000000000000000
Pest Inspection Fee Survey Fee Title – Commitment Letter Title – Lender's Title Policy Title – Settlement Agent Fee	\$125 \$65 \$525 \$475 \$550	Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E + F + G + H) J. TOTAL CLOSING COSTS D + I Lender Credits Calculating Cash to Close Total Closing Costs (J) Closing Costs Financed (Included in Loan Amount) Down Payment/Funds from Borrower Deposit Funds for Borrower	\$965 \$5,387 \$14,056 \$14,056 \$15,006 \$15

LOAN ESTIMATE

PAGE 2 OF 3 • LOAN ID # 123456789

Proposed Loan Estimate, More Challenging, Fixed, A, Name Set 1, page 3

Additional Information About This Loan

LENDER NMLS/LICENSE ID	Cottonwood Bank	MORTGAGE BROKER NMLS/LICENSE ID
LOAN OFFICER NMLS ID	Joe Smith 12345	LOAN OFFICER NMLS ID
EMAIL	joesmith@cottonwoodbank.com	EMAIL PHONE
PHONE	123-456-7890	PHONE

Comparisons	Use these r	neasures to compare this loan with other loans.
In 5 Years		Total you will have paid in principal, interest, mortgage insurance, and loan costs. Principal you will have paid off.
Annual Percentage Rate (APR)	4.713%	Your costs over the loan term expressed as a rate. This is not your interest rate.
Total Interest Percentage (TIP)	77.28%	The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Other Consideration	ons
Appraisal	We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.
Assumption	If you sell or transfer this property to another person, we will allow, under certain conditions, this person to assume this loan on the original terms. will not allow assumption of this loan on the original terms.
Homeowner's Insurance	This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.
Late Payment	If your payment is more than 15 days late, we will charge a late fee of 5% of the monthly principal and interest payment.
Refinance	Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.
Servicing	We intend to service your loan. If so, you will make your payments to us. X to transfer servicing of your loan.

Confirm Receipt

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

Applicant Signature

Date

Co-Applicant Signature

Date

LOAN ESTIMATE

ocina Information	Transasti	on Informati	on	Loan Info	rmation
osing Information te Issued 4/15/2013 using Date 4/15/2013 sbursement Date 4/15/2013	Borrower	John A. and John A. and 123 Anywhe Anytown, ST	Mary B. ere Street	Loan Term Purpose Product	rmation 30 years Purchase 10 Year Interest Only,
Action Action ettlement Agent Epsilon Title Co. le # 12-3456 operty 456 Somewhere Average	Seller ve	Steve C. and 321 Somew Anytown, S	Amy D. here Drive	Loan Type	Fixed Rate Conventional □FHA VA □
Anytown, ST 12345 ale Price \$350,000	5 Lender	Cottonwood	l Bank	Loan ID # MIC #	123456789 000654321
Loan Terms		Can	his amount increase a	fter closing	?
Loan Amount	\$315,000	NO			
Interest Rate	4.25%	NO			
Monthly Principal & Interest See Projected Payments below for your Estimated Total Monthly Payment	\$1,115.62	YES	 Increases to \$1,951 i Includes only intere See AP Table on page 	st and no pr	
		Does	the loan have these fe	atures?	
Prepayment Penalty		NO			
Balloon Payment		NO			
Projected Payments					
Payment Calculation	Years 1-10		Years 11-14		Years 15-30
Principal & Interest	\$1,115.62 only interest		\$1,950.58		\$1,950.58
Mortgage Insurance	+ 162.75		+ 162.75	+	—
Estimated Escrow Amount can increase over time	+ 595.50		+ 595.50	+	595.50
Estimated Total Monthly Payment	\$1,873.8	7	\$2,708.83		\$2,546.08
Estimated Taxos Insuranse	\$595.50 a month	X Prope	imate includes erty Taxes eowner's Insurance r: Homeowner's Associat 4 for escrowed property cos		In escrow? YES YES YES ay for other property
Estimated Taxes, Insurance & Assessments Amount can increase over time See details on page 4		See page costs sep	arately.		
& Assessments Amount can increase over time			arately.		

	Borrowe	er-Paid	Seller	Paid by	
Loan Costs	At Closing E	Before Closing	At Closing E	Before Closing	Others
A. Origination Charges	\$4,35	0.00			
1 1 % of Loan Amount (Points)	\$3,150.00				
2 Application Fee	\$300.00				
3 Underwriting Fee	\$900.00				
4					
15					
16 17	-				
18					
3. Services Borrower Did Not Shop For	\$4,12	8 50	I		
1 Appraisal Fee to John Smith Appraisers Inc.	<i>44</i> /12	\$400.00			
12 Credit Report Fee to Information Inc.		\$29.50			
3 Flood Determination Fee to Info Co.	\$20.00	1			
4 Flood Monitoring Fee to Info Co.		\$32.00			
15 Tax Monitoring Fee to Info Co.	\$75.00				
6 Tax Status Research Fee to Epsilon Title Co.	\$110.00				
7 Title – Commitment Letter to Epsilon Title Co.	\$525.00				
18 Title – Lender's Title Policy to Epsilon Title Co.	\$475.00				
19 Title – Settlement Agent Fee to Epsilon Title Co.	\$550.00				
0 Title – Title Search to Epsilon Title Co.	\$1,912.00				
. Services Borrower Did Shop For	\$94	.00			
1 Pest Inspection Fee to Pests Co.		\$94.00			
2					
3					
4					
15					
16 17	-				
18					
D. TOTAL LOAN COSTS (Borrower-Paid)	\$8,57	2 50			
Loan Costs Subtotals (A + B + C)	\$8,017.00	\$555.50			
11 Recording Fees Deed: \$75.00 Mortgage: \$75.00 12 State Transfer Tax	\$150.00 \$1,960.00 \$3,26				
	\$537.00	8.04			
2 Mortgage Insurance Premium (mo.)		8.04			
Mortgage Insurance Premium (mo.) Prepaid Interest \$37.19 per day from 4/15/13 to 5/1/13 Property Taxes (6 mo.) to Any County USA	\$537.00	8.04			
2 Mortgage Insurance Premium (mo.) 3 Prepaid Interest \$37.19 per day from 4/15/13 to 5/1/13 4 Property Taxes (6 mo.) to Any County USA 5 5	\$537.00 \$595.04 \$2,136.00				
2 Mortgage Insurance Premium (mo.) 3 Prepaid Interest \$37.19 per day from 4/15/13 to 5/1/13 4 Property Taxes (6 mo.) to Any County USA 5 5. Initial Escrow Payment at Closing	\$537.00 \$595.04 \$2,136.00 \$1,19				
2 Mortgage Insurance Premium (mo.) 3 Prepaid Interest \$37.19 per day from 4/15/13 to 5/1/13 4 Property Taxes (6 mo.) to Any County USA 5 5 5 6. Initial Escrow Payment at Closing 11 Homeowner's Insurance \$89.50 per month for 2 mo.	\$537.00 \$595.04 \$2,136.00				
2 Mortgage Insurance Premium (mo.) 3 Prepaid Interest \$37.19 per day from 4/15/13 to 5/1/13 4 Property Taxes (6 mo.) to Any County USA 5 5 5 5 6 11 Homeowner's Insurance \$89.50 per month for 2 mo. 2 Mortgage Insurance per month for mo.	\$537.00 \$595.04 \$2,136.00 \$1,19 \$179.00				
33 Prepaid Interest \$37.19 per day from 4/15/13 to 5/1/13 44 Property Taxes (6 mo.) to Any County USA 55 5. Initial Escrow Payment at Closing 11 Homeowner's Insurance \$89.50 per month for 2 mo. 22 Mortgage Insurance per month for mo. 33 Property Taxes \$356.00 per month for 2 mo.	\$537.00 \$595.04 \$2,136.00 \$1,19 \$179.00 \$712.00				
22 Mortgage Insurance Premium (mo.) 33 Propaid Interest \$37.19 per day from 4/15/13 to 5/1/13 44 Property Taxes 6 mo.) to Any County USA 55 5 56 Initial Escrow Payment at Closing 11 Homeowner's Insurance \$89.50 22 Mortgage Insurance \$98.50 33 Property Taxes \$355.00 44 HOA Dues \$150.00	\$537.00 \$595.04 \$2,136.00 \$1,19 \$179.00				
22 Mortgage Insurance Premium (mo.) 33 Property Taxes \$37.19 per day from 4/15/13 to 5/1/13 44 Property Taxes (6 mo.) to Any County USA 5 5 5 5 5 6 6 7	\$537.00 \$595.04 \$2,136.00 \$1,19 \$179.00 \$712.00				
22 Mortgage Insurance Premium (mo.) 33 Propaid Interest \$37.19 per day from 4/15/13 to 5/1/13 44 Property Taxes 6 mo.) to Any County USA 55 5 56 Initial Escrow Payment at Closing 11 Homeowner's Insurance \$89.50 22 Mortgage Insurance \$98.50 33 Property Taxes \$355.00 44 HOA Dues \$150.00	\$537.00 \$595.04 \$2,136.00 \$1,19 \$179.00 \$712.00				
22 Mortgage Insurance Premium (mo.) 33 Prepaid Interest \$37.19 per day from 4/15/13 to 5/1/13 44 Property Taxes (6 mo.) to Any County USA 55 55 55 56 11 Homeowner's Insurance \$89.50 per month for 2 mo. 12 Mortgage Insurance \$89.50 per month for 2 mo. 13 Property Taxes \$356.00 per month for 2 mo. 14 HOA Dues \$150.00 per month for 2 mo. 15 56 56	\$537.00 \$595.04 \$2,136.00 \$1,19 \$179.00 \$712.00				
22 Mortgage Insurance Premium (mo.) 33 Prepaid Interest \$37.19 per day from 4/15/13 to 5/1/13 44 Property Taxes (6 mo.) to Any County USA 45 5 5 Initial Escrow Payment at Closing 11 Homeowner's Insurance \$89.50 22 Mortgage Insurance per month for 2 mo. 23 Property Taxes \$356.00 24 HOA Dues \$15.000 25 5	\$537.00 \$595.04 \$2,136.00 \$179.00 \$712.00 \$300.00	0.99			
22 Mortgage Insurance Premium (mo.) 33 Prepaid Interest \$37.19 per day from 4/15/13 to 5/1/13 44 Property Taxes (6 mo.) to Any County USA 55 55 56 Initial Escrow Payment at Closing 11 Homeowner's Insurance \$89.50 per month for 2 mo. 22 Mortgage Insurance \$89.50 per month for 2 mo. 23 Property Taxes \$356.00 per month for 2 mo. 34 HOA Dues \$150.00 per month for 2 mo. 56 51 67 4 8 Aggregate Adjustment	\$537.00 \$595.04 \$2,136.00 \$179.00 \$712.00 \$300.00 - 0.01	0.99			
22 Mortgage Insurance Premium (mo.) 33 Prepaid Interest \$37.19 per day from 4/15/13 to 5/1/13 34 Property Taxes (6 mo.) to Any County USA 45 Formation of the second sec	\$537.00 \$595.04 \$2,136.00 \$1,19 \$179.00 \$712.00 \$300.00 0.01 \$1,46	0.99		\$750.00	
22 Mortgage Insurance Premium (mo.) 33 Prepaid Interest \$37.19 per day from 4/15/13 to 5/1/13 34 Property Taxes (6 mo.) to Any County USA 45 Forperty Taxes (6 mo.) to Any County USA 55 Initial Escrow Payment at Closing 11 Homeowner's Insurance \$89.50 22 Mortgage Insurance per month for 2 mo. 33 Property Taxes \$35.00 34 HOA Dues \$150.00 35 Sistem State Sistem State 44 HOA Dues \$150.00 45 Sistem State Sistem State 46 Sistem State Sistem State 47 Aggregate Adjustment Sistem State 48 Aggregate Adjustment Sistem State 41 Other Costs Sistem State 42 HOA Capital Contribution to HOA Acre Inc. 43 Hoa Papetion Fee to Engineers Inc. 44 Gastate Commission to Alpha Real Estate Broker	\$537.00 \$595.04 \$2,136.00 \$1,19 \$179.00 \$712.00 \$300.00 0.01 \$1,46	0.99	\$8,750.00	\$750.00	
22 Mortgage Insurance Premium (mo.) 33 Prepaid Interest \$37.19 per day from 4/15/13 to 5/1/13 34 Property Taxes \$37.19 per day from 4/15/13 to 5/1/13 44 Property Taxes \$6 55 5 per month for 2 mo. 26 Mortgage Insurance per month for 2 mo. 27 Property Taxes \$356.00 38 Property Taxes \$356.00 39 Property Taxes \$356.00 40 HOA Dues \$150.00 41 HOA Dues \$150.00 45 5 5 46	\$537.00 \$595.04 \$2,136.00 \$1,19 \$179.00 \$712.00 \$300.00 0.01 \$1,46	0.99	\$8,750.00		
22 Mortgage Insurance Premium (mo.) 33 Prepaid Interest \$37.19 per day from 4/15/13 to 5/1/13 34 Property Taxes \$37.19 per day from 4/15/13 to 5/1/13 44 Property Taxes (6 mo.) to Any County USA 55 5 54 Homeowner's Insurance \$89.50 55 per month for 2 mo. 26 Mortgage Insurance per month for 2 mo. 27 Nortgage Insurance per month for 2 mo. 44 HOA Dues \$150.00 per month for 2 mo. 45 5 5 5 66	\$537.00 \$595.04 \$2,136.00 \$1,19 \$179.00 \$712.00 \$300.00 0.01 \$1,46	0.99	\$8,750.00	\$750.00	
22 Mortgage Insurance Premium (mo.) 33 Prepaid Interest \$37.19 per day from 4/15/13 to 5/1/13 34 Property Taxes \$37.19 per day from 4/15/13 to 5/1/13 44 Property Taxes (6 mo.) to Any County USA 55 Initial Escrow Payment at Closing 91 Homeowner's Insurance \$89.50 92 Mortgage Insurance per month for 2 mo. 93 Property Taxes \$356.00 94 HOA Dues \$150.00 per month for 2 mo. 94 HOA Dues \$150.00 per month for 2 mo. 95 4 HOA Dues \$150.00 per month for 2 mo. 96	\$537.00 \$595.04 \$2,136.00 \$179.00 \$712.00 \$300.00 - 0.01 \$1,46 \$500.00	0.99			
22 Mortgage Insurance Premium (mo.) 33 Prepaid Interest \$37.19 per day from 4/15/13 to 5/1/13 34 Property Taxes \$37.19 per day from 4/15/13 to 5/1/13 44 Property Taxes (6 mo.) to Any County USA 55 Initial Escrow Payment at Closing 71 Homeowner's Insurance \$89.50 72 Mortgage Insurance per month for 2 mo. 73 Property Taxes \$356.00 74 HOA Dues \$150.00 per month for 2 mo. 75 Structural Inspection Fee to The Casts 76 Hote Costs 11 77 HOA Capital Contribution to HOA Acre Inc. 78 Aggregate Adjustment	\$537.00 \$595.04 \$2,136.00 \$1,19 \$179.00 \$712.00 \$300.00 0.01 \$1,46	0.99	\$8,750.00		
22 Mortgage Insurance Premium (mo.) 33 Prepaid Interest \$37.19 per day from 4/15/13 to 5/1/13 44 Property Taxes (6 mo.) to Any County USA 55 5 56 Initial Escrow Payment at Closing 11 Homeowner's Insurance \$89.50 per month for 2 mo. 22 Mortgage Insurance \$89.50 per month for 2 mo. 23 Property Taxes \$356.00 per month for 2 mo. 24 HOA Dues \$150.00 per month for 2 mo. 25 5 26	\$537.00 \$595.04 \$2,136.00 \$179.00 \$712.00 \$300.00 - 0.01 \$1,46 \$5500.00 \$965.00	5.00	\$8,750.00		
22 Mortgage Insurance Premium (mo.) 33 Prepaid Interest \$37.19 per day from 4/15/13 to 5/1/13 44 Property Taxes (6 mo.) to Any County USA 55 5 56 Initial Escrow Payment at Closing 11 Homeowner's Insurance \$89.50 per month for 2 mo. 25 Per month for 2 mo. 26 Mortgage Insurance \$85.00 per month for 2 mo. 27 Property Taxes \$356.00 per month for 2 mo. 28 HOA Dues \$150.00 per month for 2 mo. 29 Sister Commission per month for 2 mo. 20 HOA Capital Contribution to HOA Acre Inc. 20 Home Inspection Fee to Engineers Inc. 20 Home Inspection Fee to Structural Engineers Inc. 20 Real Estate Commission to Alpha Real Estate Broker 24 Real Estate Commission to Survey Co. 25 Structural Inspection Fee to Survey Co. 26 Survey Recertification Fee to Survey Co. 27 Title – Owner's Title Policy (optional) to Epsilon Title Co. 28 Approver Structural Engineers Inc. 29 File – Owner's Title Policy (optional) to Epsilon Title Co. 29 Home Insthort Fee to Survey Co. <t< td=""><td>\$537.00 \$595.04 \$2,136.00 \$179.00 \$712.00 \$300.00 0.01 \$1,46 \$5500.00 \$9965.00</td><td>5.00</td><td>\$8,750.00</td><td></td><td></td></t<>	\$537.00 \$595.04 \$2,136.00 \$179.00 \$712.00 \$300.00 0.01 \$1,46 \$5500.00 \$9965.00	5.00	\$8,750.00		
22 Mortgage Insurance Premium (mo.) 33 Prepaid Interest \$37.19 per day from 4/15/13 to 5/1/13 44 Property Taxes (6 mo.) to Any County USA 55 5 56 Initial Escrow Payment at Closing 11 Homeowner's Insurance \$89.50 per month for 2 mo. 22 Mortgage Insurance \$89.50 per month for 2 mo. 23 Property Taxes \$356.00 per month for 2 mo. 24 HOA Dues \$150.00 per month for 2 mo. 25 5 26	\$537.00 \$595.04 \$2,136.00 \$179.00 \$712.00 \$300.00 - 0.01 \$1,46 \$5500.00 \$965.00	5.00	\$8,750.00		
22 Mortgage Insurance Premium (mo.) 33 Prepaid Interest \$37.19 per day from 4/15/13 to 5/1/13 34 Property Taxes (6 mo.) to Any County USA 35 Initial Escrow Payment at Closing 31 Homeowner's Insurance \$89.50 per month for 2 mo. 25 Mortgage Insurance \$85.60 per month for 2 mo. 26 Mortgage Insurance \$85.60 per month for 2 mo. 27 Mortgage Insurance \$150.00 per month for 2 mo. 36 \$150.00 per month for 2 mo. 37 8 38 Aggregate Adjustment 40 Cother Costs 30 HOA Capital Contribution to HOA Acre Inc. 31 Home Inspection Fee to Engineers Inc. 39 Real Estate Commission to Alpha Real Estate Broker 30 Real Estate Commission to Structural Engineers Inc. 30 Survey Recertification Fee to Survey Co. 30 Title - Owner's Title Policy (optional) to Epsilon Title Co. 30 Roat Subtotals (E + F + G + H)	\$537.00 \$595.04 \$2,136.00 \$1,19 \$179.00 \$712.00 \$300.00 	0.99 5.00 4.03	\$8,750.00		
22 Mortgage Insurance Premium (mo.) 33 Prepaid Interest \$37.19 per day from 4/15/13 to 5/1/13 44 Property Taxes (6 mo.) to Any County USA 55 5 56 Initial Escrow Payment at Closing 11 Homeowner's Insurance \$89.50 per month for 2 mo. 25 Per month for 2 mo. 26 Mortgage Insurance \$85.00 per month for 2 mo. 27 Property Taxes \$356.00 per month for 2 mo. 28 HOA Dues \$150.00 per month for 2 mo. 29 Sister Commission per month for 2 mo. 20 HOA Capital Contribution to HOA Acre Inc. 20 Home Inspection Fee to Engineers Inc. 20 Home Inspection Fee to Structural Engineers Inc. 20 Real Estate Commission to Alpha Real Estate Broker 24 Real Estate Commission to Survey Co. 25 Structural Inspection Fee to Survey Co. 26 Survey Recertification Fee to Survey Co. 27 Title – Owner's Title Policy (optional) to Epsilon Title Co. 28 Approver Structural Engineers Inc. 29 File – Owner's Title Policy (optional) to Epsilon Title Co. 29 Home Insthort Fee to Survey Co. <t< td=""><td>\$537.00 \$595.04 \$2,136.00 \$179.00 \$712.00 \$300.00 0.01 \$1,46 \$5500.00 \$9965.00</td><td>0.99 5.00 4.03</td><td>\$8,750.00</td><td></td><td></td></t<>	\$537.00 \$595.04 \$2,136.00 \$179.00 \$712.00 \$300.00 0.01 \$1,46 \$5500.00 \$9965.00	0.99 5.00 4.03	\$8,750.00		

Calculating Cash to Close	Use this table to see what has changed from your Loan Estimate.					
	Estimate	Estimate Final Did this change?				
Total Closing Costs (J)	\$14,056.00	\$16,606.53	YES	See Total Loan Costs (D) and Total Other Costs (I)		
Closing Costs Paid Before Closing	\$0	- \$555.50	YES	You paid these Closing Costs before closing		
Closing Costs Financed (Included in Loan Amount)	\$0	\$0	NO			
Down Payment/Funds from Borrower	\$35,000.00	\$35,000.00	NO			
Deposit	- \$10,000.00	- \$10,000.00	NO			
Funds for Borrower	\$0	\$0	NO			
Seller Credits	\$0	\$0	NO			
Adjustments and Other Credits	\$0	- \$1,154.48	YES	See details in Sections K and L		
Cash to Close	\$39,056.00	\$39,896.55				

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION			SELLER'S TRANSACTION			
K. Due from Borrower at Closing \$366,131.03			M. Due to Seller at Closing			
01 Sale Price of Property	\$350,000.00	01	Sale Price of Propert	у		
02 Sale Price of Any Personal Property Included in Sale		02	Sale Price of Any Per	sonal P	roperty Included in	
03 Closing Costs Paid at Closing (J)	\$16,051.03	03				
04		04				
Adjustments		05				
05		06				
06		07				
07		08				
Adjustments for Items Paid by Seller in Advance			ustments for Items	Paid by	•	
08 City/Town Taxes to		09	City/Town Taxes		to	
09 County Taxes to		10	County Taxes		to	
10 Assessments to		11	Assessments		to	
11 HOA Dues 4/15/13 to 4/30/13	\$80.00	12	HOA Dues 4/	15/13	to 4/30/13	
12		13				
13		14				
14		15				
	6226 224 40					
L. Paid Already by or on Behalf of Borrower at Closing	\$326,234.48 \$10,000.00		Oue from Seller at C	losing		
01 Deposit 02 Loan Amount	\$315,000.00	01 Excess Deposit 02 Closing Costs Paid at Closing (J)				
03 Existing Loan(s) Assumed or Taken Subject to	\$515,000.00	03 Existing Loan(s) Assumed or Taken Subject to				
			Payoff of First Mortg			
05 Seller Credit			Payoff of Second Mo			
Other Credits		06	ayon or second mo	riguge	Louin	
06		07				
07		08	Seller Credit			
Adjustments		09				
08		10				
09		11				
10		12				
11		13				
Adjustments for Items Unpaid by Seller		Adj	ustments for Items	Unpaio	d by Seller	
12 City/Town Taxes 1/1/13 to 4/14/13	\$1,234.48	14	City/Town Taxes	/1/13	to 4/14/13	
13 County Taxes to		15	County Taxes		to	
14 Assessments to		16	Assessments		to	
15		17				
16		18				
17		19				
CALCULATION		CAL	CULATION			
Total Due from Borrower at Closing (K)	\$366,131.03	Tota	l Due to Seller at Clo	sing (N	1)	
Total Paid Already by or on Behalf of Borrower at Closing (L)	- \$326,234,48	Tota	I Due from Seller at	Closina	I (N)	

PAGE 3 OF 5 • LOAN ID # 123456789

\$350,080.00 \$350,000.00

\$80.00

\$228,784.48 \$17,550.00 \$210,000.00

\$1,234.48

\$350,080.00 - \$228,784.48 **\$121,295.52**

CLOSING DISCLOSURE

Additional Information About This Loan

Loan Disclosures

Assumption

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

Demanu Featu

Your loan

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

Late Payment

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

Negative Amortization (Increase in Loan Amount)

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

Partial Payment

Your lender will

accept payments that are less than the full amount due (partial payments). Partial payments will be applied:

X not accept partial payments.

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

Security Interest

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

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

Interest Only Payments?	YES for your first 120 payments
Optional Payments?	NO
Step Payments?	NO
Seasonal Payments?	NO
Monthly Principal and Inter	rest Payments
First Change/Amount	\$1,951 at 121st payment
Subsequent Changes	No subsequent changes
Maximum Payment	\$1,951 starting at 121st payment

CLOSING DISCLOSURE

Escrow Account

For now, your loan

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

Escrow		
Escrowed Property Costs over Year 1	\$7,146.00	Estimated total amount over year 1 for your escrowed property costs: Homeowner's Insurance Property Taxes, HOA Dues
Non-Escrowed Property Costs over Year 1		Estimated total amount over year 1 for your non-escrowed property costs:
		You may have other property costs.
Initial Escrow Payment	\$1,190.99	A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment	\$595.50	The amount included in your total monthly payment.

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

No Escrow	
Estimated Property Costs over Year 1	Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee	

In the future,

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

PAGE 4 OF 5 • LOAN ID # 123456789

Loan Calculations	
Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	\$638,363.04
Finance Charge. The dollar amount the loan will cost you.	\$318,947.54
Amount Financed. The loan amount available after paying your upfront finance charge.	\$310,247.96
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	4.847%
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	91.31%
Approximate Cost of Funds (ACF). The approximate cost of the funds used to make this loan. This is not a direct cost to you.	1.63%

Questions? If you have questions about the loan terms and costs on this form, contact your lender. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at **www.consumerfinance.gov/learnmore.**

Other Disclosures

Appraisal

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

Contract Details

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

Liability after Foreclosure

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

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

Refinance

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

Tax Deductions

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

Contact Information

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

Confirm Receipt

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

Date

Co-Applicant Signature

Date

CLOSING DISCLOSURE

PAGE 5 OF 5 • LOAN ID # 123456789



Payment Calculation

Principal & Interest

Mortgage Insurance

Estimated Escrow Amount can increase over time

Appendix Estimated Taxes, Insurance & Assessments Amount can increase See Details on Page 4

Proposed More Challenging Fixed B Disclosures

The study used two different sets of lender names for the loan disclosures. All other information was identical. Name Set 1 used Dogwood Bank and Name Set 2 used Pine Bank.

Proposed Loan Estimate, More Challenging, Fixed, B, Name Set 1, page 1

4321 Random Boulevard • Somecity, ST 12340				Save this Loan Estimate to compare with your Closing Disclosure.			
Loan EstimateDATE ISSUED2/15/2013APPLICANTSJohn A. and Mary B.123 Anywhere StreetAnytown, ST 12345PROPERTY456 Somewhere AveAnytown, ST 12345SALE PRICE\$350,000				LOAN TERM PURPOSE PRODUCT LOAN TYPE LOAN ID # RATE LOCK	PURPOSE Purchase PRODUCT 5 Year Interest Only, Fixed Rate LOAN TYPE © Conventional FHA UA LOAN ID # 123456789		
Loan Tern	ns			Can this an	nount increase after	closing?	
Loan Amount		\$315,000		NO			
Interest Rate		4.875%		NO			
Monthly Principal & Interest See Projected Payments below for your Estimated Total Monthly Payment		\$1,279.68 Y		• Ir	YES • Increases to \$1,819 in year 6 • Includes only interest and no principal until year 6 • See AP Table on page 2 for details		
				Does the lo	oan have these featu	ires?	
Prepayment Penalty		NO					
Balloon Pa	yment			NO NO			
Balloon Pa	yment I Payments	Y	ears 1-5		Years 6-10	Years 11-30	
Balloon Pa Projected	yment I Payments alculation		ears 1-5 \$1,279.68 nly interest		Years 6-10 \$1,818.59	Years 11-30 \$1,818.59	
Balloon Pa Projected Payment C	yment Payments alculation		\$1,279.68		\$1,818.59		
Balloon Pa Projected Payment C Principal & Mortgage Estimated	I Payments alculation	or	\$1,279.68 nly interest	NO	\$1,818.59 - 163	\$1,818.59	
Balloon Pa Projected Payment C Principal & Mortgage Estimated	al Payments alculation a Interest Insurance Escrow n increase over time total	or + +	\$1,279.68 nly interest 163	NO	\$1,818.59	\$1,818.59 + —	
Balloon Pa Projected Payment C Principal & Mortgage Estimated Monthly F Estimated & Assessmit	al Payments alculation alculation al Interest Insurance Escrow n increase over time Total Payment Taxes, Insurance	or + +	\$1,279.68 ily interest 163 446 1,889	NO NO His estimate	\$1,818.59 - 163 - 446 \$2,428 includes tes r's Insurance page 2 for escrowed pro	\$1,818.59 + — + 446	
Balloon Pa Projected Payment C Principal & Mortgage Estimated Monthly F Estimated & Assessmit	A Interest Insurance Escrow In increase over time Total Payment Taxes, Insurance ents increase over time	or + + \$ \$446	\$1,279.68 ily interest 163 446 1,889	NO NO	\$1,818.59 - 163 - 446 \$2,428 includes tes r's Insurance page 2 for escrowed pro	\$1,818.59 + + 446 \$2,265 In escrow? YES YES	

Proposed Loan Estimate, More Challenging, Fixed, B, Name Set 1, page 2

Loan Costs A. Origination Charges			
A. Origination charges	\$1,600	Other Costs E. Taxes and Other Government Fees	\$2,07
% of Loan Amount (Points)	\$1,000	Recording Fees and Other Taxes	\$11
Application Fee	\$500	Transfer Taxes	\$1,96
Origination Fee	\$1,100	F. Prepaids	\$1,17
		Homeowner's Insurance Premium (<u>6</u> months)	\$53
		Mortgage Insurance Premium (months) Prepaid Interest (\$42.66 per day for 15 days @ 4.875% Property Taxes (months)) \$64
		G. Initial Escrow Payment at Closing	\$89
		Homeowner's Insurance \$89.50 per month for 2 mo Mortgage Insurance per month for mo	
B. Services You Cannot Shop	For \$605	Property Taxes \$356.00 per month for 2 mo	
Appraisal Fee Credit Report Fee Flood Determination Fee Fax Status Research Fee	\$400 \$25 \$60 \$120		
		H. Other	\$1,05
		Title – Owner's Title Policy (optional)	\$1,05
		I. TOTAL OTHER COSTS (E + F + G + H)	\$5,18
C. Services You Can Shop For Pest Inspection Fee	• \$4,806 \$135	J. TOTAL CLOSING COSTS	\$11,19
Survey Fee	\$133	D+I	\$12,19
Title – Commitment Letter Title – Lender's Title Policy Title – Settlement Agent Fee	\$747 \$1,978 \$726	Lender Credits	- \$1,0
Title – Title Search	\$1,100	Calculating Cash to Close	
		Total Closing Costs (J)	\$11,19
		Closing Costs Financed (Included in Loan Amount)	
		Down Payment/Funds from Borrower	\$35,0
		•	- \$10,0
		Funds for Borrower	:
		Seller Credits	:
	. ()	Adjustments and Other Credits Estimated Cash to Close	\$36,1
D. TOTAL LOAN COSTS (A + B Adjustable Payment (AP) T			<i>\$</i> 50,1
Adjustable Payment (AP) 1 Iterest Only Payments?	YES for your first 60 payments		
ptional Payments?	NO		
tep Payments?	NO		
easonal Payments?	NO		
	I		
lonthly Principal and Interest P irst Change/Amount	\$1,819 at 61st payment		
ubsequent Changes	No subsequent changes		
laximum Payment	\$1,819 starting at 61st payment		

Proposed Loan Estimate, More Challenging, Fixed, B, Name Set 1, page 3

Additional Information About This Loan

LENDER NMLS/LICENSE ID LOAN OFFICER NMLS ID EMAIL	Dogwood Bank Joe Smith 12345 joesmith@dogwoodbank.com	MORTGAGE BROKER NMLS/LICENSE ID LOAN OFFICER NMLS ID EMAIL DUONS
PHONE	123-456-7890	PHONE

Comparisons	Use these measures to compare this loan with other loans.		
In 5 Years	Years \$94,197 Total you will have paid in principal, interest, mortgage ins \$0 Principal you will have paid off.		
Annual Percentage Rate (APR)	5.321%	Your costs over the loan term expressed as a rate. This is not your interest rate.	
Total Interest Percentage (TIP)	97.78%	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 \Box will allow, under certain conditions, this person to assume this loan on the original terms. $\overline{\mathbf{x}}$ 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 15 days late, we will charge a late fee of 5% of the monthly principal and interest payment.
Refinance	Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.
Servicing	We intend □ to service your loan. If so, you will make your payments to us. ☑ to transfer servicing of your loan.

Confirm Receipt

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

Applicant	Signature

Date

Co-Applicant Signature

Date

LOAN ESTIMATE

PAGE 3 OF 3 • LOAN ID #123456789

Closing Information		Transaction Information			Loan Information	
Date Issued 4/15/2013 Closing Date 4/15/2013 Disbursement Date 4/15/2013		Borrowe	123 Anyv	nd Mary B. vhere Street , ST 12345	Loan Term Purpose Product	30 years Purchase 5 Year Interest Only,
ttlement Agent e # operty	Epsilon Title Co. 12-3456 456 Somewhere A	Seller	Steve C. a 321 Som	and Amy D. ewhere Drive , ST 12345	Loan Type	Fixed Rate I Conventional □ FHA □ VA □
le Price	Anytown, ST 12345 \$350,000		Dogwoo		Loan ID # MIC #	123456789 000654321
Loan Terms			Ca	n this amount increase af	ter closing	?
Loan Amount		\$317,000	N	D		
nterest Rate		4.875%	N	0		
Monthly Principal & Interest See Projected Payments below for your Estimated Total Monthly Payment		\$1,287.81	YI	 Increases to \$1,830 in Includes only interes See AP Table on pag 	st and no pr	
				es the loan have these fea	atures?	
Prepayment Po Balloon Payme	-	NO				
· · · · · · · · · · · · · · · · · · ·			N	-		
			_			
		Years 1	-5	Years 6-10		Years 11-30
	lation	Years 1 \$1,287. only intere	81	Years 6-10 \$1,830.14		Years 11-30 \$1,830.14
Payment Calcu	lation erest	\$1,287.	81 25 t		+	\$1,830.14
Payment Calcu Principal & Int	lation erest irance row	\$1,287. only inter	81 25 t 32	\$1,830.14	+	\$1,830.14
Payment Calcu Principal & Int Mortgage Insu Estimated Esci	lation erest urance row rease over time tal	\$1,287. only inter + 248.	81 25t 32 50	\$1,830.14 + 248.32		\$1,830.14
Payment Calcu Principal & Int Mortgage Insu Estimated Esci Amount can inc Estimated Tot	lation erest irance row rease over time tal nent	\$1,287. only inter + 248. + 445.	81 255 50 .63	\$1,830.14 + 248.32 + 445.50 \$2,523.96 estimate includes		\$1,830.14 445.50
Payment Calcu Principal & Int Mortgage Insu Estimated Esci Amount can inc Estimated Tom Monthly Payr Estimated Taxe & Assessments	lation erest irance row rease over time tal nent es, Insurance	\$1,287. only inter + 248. + 445. \$1,981 \$595.50	81 255 50 .63 This X Pro X Ho	\$1,830.14 + 248.32 + 445.50 \$2,523.96 estimate includes operty Taxes imeowner's Insurance	+	\$1,830.14 — 445.50 \$2,275.64 In escrow? YES YES
Mortgage Insu Estimated Esci Amount can inc Estimated Too Monthly Payr	lation erest irance row rease over time tal nent es, Insurance ase over time	\$1,287. only inter + 248. + 445. \$1,981	81 255 50 .63 This X Pro X Ho X Ot See po	\$1,830.14 + 248.32 + 445.50 \$2,523.96 estimate includes operty Taxes	on +	\$1,830.14 — 445.50 \$2,275.64 In escrow? YES YES NO
Payment Calcu Principal & Inte Mortgage Insu Estimated Esce Amount can ince Estimated Tom Monthly Payn Estimated Taxe & Assessments Amount can incre	lation erest irance row rease over time tal nent es, Insurance ase over time	\$1,287. only inter + 248. + 445. \$1,981 \$595.50	81 255 50 .63 This X Pro X Ho X Ot See po	\$1,830.14 + 248.32 + 445.50 \$2,523.96 estimate includes operty Taxes omeowner's Insurance her: Homeowner's Association age 4 for escrowed property cost	on +	\$1,830.14 — 445.50 \$2,275.64 In escrow? YES YES NO
Payment Calcu Principal & Inte Mortgage Insu Estimated Esce Amount can ince Estimated Tom Monthly Payr Estimated Taxe & Assessments Amount can incre	lation erest urance row rease over time tal ment es, Insurance ase over time ge 4	\$1,287. only inter + 248. + 445. \$1,981 \$595.50	81 255 50 .63 This X Pro X Ho X Ot See po	\$1,830.14 + 248.32 + 445.50 \$2,523.96 estimate includes operty Taxes omeowner's Insurance her: Homeowner's Association age 4 for escrowed property cost	on +	\$1,830.14 — 445.50 \$2,275.64 In escrow? YES YES NO

٦

	Borrowe	r-Paid	Seller	-Paid	Paid by
Loan Costs	At Closing Be	efore Closing	At Closing	Before Closing	Others
A. Origination Charges	\$1,600	0.00			
01 % of Loan Amount (Points)					
22 Application Fee	\$500.00				
03 Origination Fee	\$1,100.00				
)5					
)6					
07					
08					
B. Services Borrower Did Not Shop For	\$5,665				
1 Appraisal Fee to John Smith Appraisers Inc.		\$400.00			
02 Credit Report Fee to Information Inc.		\$29.50			
03 Flood Determination Fee to Info Co.	\$60.00				
04 Survey Fee to Surveys Co. 05 Tax Status Research Fee to Info Co.	\$127.50 \$120.00				
06 Title – Commitment Letter to Epsilon Title Co.	\$767.00				
7 Title – Lender's Title Policy to Epsilon Title Co.	\$2,234.00				
08 Title – Settlement Agent Fee to Epsilon Title Co.	\$730.00				
09 Title – Title Search to Epsilon Title Co.	\$1,197.00				
10					
C. Services Borrower Did Shop For	\$94.0				
1 Pest Inspection Fee to Pests Co.	+	\$94.00			
0203	+				
04					
05					
06					
07					
08					
D. TOTAL LOAN COSTS (Borrower-Paid)	\$7,359	9.00			
Loan Costs Subtotals (A + B + C)	\$6,835.50	\$523.50			
Other Costs E. Taxes and Other Government Fees	\$2,080	0.00			
E. Taxes and Other Government Fees The Recording Fees The Recording Fees The Recording Fees The Record ing	\$ 2,080 \$120.00 \$1,960.00	0.00			
E. Taxes and Other Government Fees O1 Recording Fees Deed: \$60.00 Mortgage: \$60.00 O2 State Transfer Tax F. Prepaids	\$120.00 \$1,960.00 \$3,896				
E. Taxes and Other Government Fees OT Recording Fees Deed: \$60.00 Mortgage: \$60.00 State Transfer Tax F. Prepaids OT Homeowner's Insurance Premium (12 mo.) to Insurance Co.	\$120.00 \$1,960.00				
E. Taxes and Other Government Fees D1 Recording Fees Deed: \$60.00 Mortgage: \$60.00 D2 State Transfer Tax F. Prepaids D1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. D2 Mortgage Insurance Premium (mo.) Mortgage Insurance Premium (mo.)	\$120.00 \$1,960.00 \$3,896 \$1,074.00				
E. Taxes and Other Government Fees D1 Recording Fees D2 State Transfer Tax F. Prepaids D1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. D2 Mortgage Insurance Premium (mo.) D3 Prepaid Interest \$42.93 per day from 4/15/13 to 5/1/13	\$120.00 \$1,960.00 \$3,896 \$1,074.00 \$686.88				
E. Taxes and Other Government Fees TRECORDING Fees Deed: \$60.00 State Transfer Tax F. Prepaids Homeowner's Insurance Premium (12 mo.) to Insurance Co. Deam Mortgage Insurance Premium (mo.) Prepaid Interest \$42.93 per day from 4/15/13 to 5/1/13 Prepard Interest 6 mo.) to Any County USA	\$120.00 \$1,960.00 \$3,896 \$1,074.00				
E. Taxes and Other Government Fees D1 Recording Fees Deed: \$60.00 Mortgage: \$60.00 D2 State Transfer Tax F. Prepaids D1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. D2 Mortgage Insurance Premium (mo.) D3 Prepaid Interest \$42.93 per day from 4/15/13 to 5/1/13 D4 Property Taxes (6 mo.) to Any County USA	\$120.00 \$1,960.00 \$1,074.00 \$1,074.00 \$686.88	5.88			
E. Taxes and Other Government Fees D1 Recording Fees Deed: \$60.00 Mortgage: \$60.00 D2 State Transfer Tax F. Prepaids D1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. D2 Mortgage Insurance Premium (mo.) D3 Prepaid Interest \$42.93 per day from 4/15/13 to 5/1/13 D4 Property Taxes (6 mo.) to Any County USA D5 G. Initial Escrow Payment at Closing	\$120.00 \$1,960.00 \$3,896 \$1,074.00 \$686.88 \$2,136.00	5.88			
E. Taxes and Other Government Fees D1 Recording Fees Deed: \$60.00 Mortgage: \$60.00 D2 State Transfer Tax	\$120.00 \$1,960.00 \$3,896 \$1,074.00 \$686.88 \$2,136.00 \$1,387 \$179.00 \$496.64	5.88			
E. Taxes and Other Government Fees D1 Recording Fees Deed: \$60.00 Mortgage: \$60.00 D2 State Transfer Tax	\$120.00 \$1,960.00 \$3,896 \$1,074.00 \$686.88 \$2,136.00 \$1,387 \$179.00	5.88			
E. Taxes and Other Government Fees D1 Recording Fees Deed: \$60.00 Mortgage: \$60.00 D2 State Transfer Tax Frepaids D1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. D2 Mortgage Insurance Premium (mo.) D3 Prepaid Interest \$42.93 per day from 4/15/13 to 5/1/13 D4 Property Taxes (6 mo.) to Any County USA D5 G. Initial Escrow Payment at Closing D1 Homeowner's Insurance \$248.32 per month for 2 mo. D2 Mortgage Insurance \$248.32 per month for 2 mo. D3 Property Taxes \$356.00 per month for 2 mo.	\$120.00 \$1,960.00 \$3,896 \$1,074.00 \$686.88 \$2,136.00 \$1,387 \$179.00 \$496.64	5.88			
E. Taxes and Other Government Fees D1 Recording Fees D2 State Transfer Tax F. Prepaids D1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. D2 Mortgage Insurance Premium (mo.) D3 Prepaid Interest \$42.93 per day from 4/15/13 to 5/1/13 D4 Property Taxes (6 mo.) to Any County USA D5 G. Initial Escrow Payment at Closing D1 Homeowner's Insurance \$89.50 per month for 2 mo. D2 Mortgage Insurance \$248.32 per month for 2 mo. D3 Property Taxes \$356.00 per month for 2 mo. D4 D4 D5	\$120.00 \$1,960.00 \$3,896 \$1,074.00 \$686.88 \$2,136.00 \$1,387 \$179.00 \$496.64	5.88			
E. Taxes and Other Government Fees 01 Recording Fees Deed: \$60.00 Mortgage: \$60.00 02 State Transfer Tax	\$120.00 \$1,960.00 \$3,896 \$1,074.00 \$686.88 \$2,136.00 \$1,387 \$179.00 \$496.64 \$712.00	5.88			
E. Taxes and Other Government Fees D1 Recording Fees Deed: \$60.00 Mortgage: \$60.00 D2 State Transfer Tax	\$120.00 \$1,960.00 \$3,896 \$1,074.00 \$686.88 \$2,136.00 \$179.00 \$496.64 \$712.00 \$496.64 \$712.00	7.63			
E. Taxes and Other Government Fees D1 Recording Fees D2 State Transfer Tax E. Prepaids D1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. D2 Mortgage Insurance Premium (mo.) D3 Prepaid Interest \$42.93 per day from 4/15/13 to 5/1/13 D4 Property Taxes (6 mo.) to Any County USA D5 G. Initial Escrow Payment at Closing D1 Homeowner's Insurance \$89.50 per month for 2 mo. D2 Mortgage Insurance \$248.32 per month for 2 mo. D3 Property Taxes \$356.00 per month for 2 mo. D4 D5 D6 D7 D8 Aggregate Adjustment H. Other Costs	\$120.00 \$1,960.00 \$3,896 \$1,074.00 \$686.88 \$2,136.00 \$179.00 \$496.64 \$712.00 -0.01 \$1,948	7.63			
E. Taxes and Other Government Fees 01 Recording Fees Deed: \$60.00 Mortgage: \$60.00 02 State Transfer Tax Fepaids 01 Homeowner's Insurance Premium (12 mo.) to Insurance Co. 02 Mortgage Insurance Premium (mo.) 03 Prepaid Interest \$42.93 per day from 4/15/13 to 5/1/13 04 Property Taxes (6 mo.) to Any County USA 05 G. 01 Homeowner's Insurance \$89.50 02 Mortgage Insurance \$248.32 03 Property Taxes \$356.00 04 Property Taxes \$356.00 05 Property Taxes \$356.00 04 Property Taxes \$356.00 05 Property Taxes \$356.00 06 Property Taxes \$356.00 07 Property Taxes \$356.00 08 Aggregate Adjustment H. Other Costs Property Taxes 01 HOA Capital Contribution 01 HOA Acre Inc.	\$120.00 \$1,960.00 \$3,896 \$1,074.00 \$686.88 \$2,136.00 \$1,387 \$179.00 \$496.64 \$712.00 -0.01 \$1,948 \$500.00	7.63			
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E. Taxes and Other Government Fees 01 Recording Fees Deed: \$60.00 Mortgage: \$60.00 02 State Transfer Tax	\$120.00 \$1,960.00 \$3,896 \$1,074.00 \$686.88 \$2,136.00 \$1,387 \$179.00 \$496.64 \$712.00 -0.01 \$1,948 \$500.00	7.63	\$8,750.00	\$750.00	
E. Taxes and Other Government Fees D1 Recording Fees Deed: \$60.00 Mortgage: \$60.00 D2 State Transfer Tax F. Prepaids D1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. D2 Mortgage Insurance Premium (mo.) D3 Prepaid Interest \$42.93 per day from 4/15/13 to 5/1/13 D4 Property Taxes (6 mo.) to Any County USA D5 G. Initial Escrow Payment at Closing D1 Homeowner's Insurance \$89.50 D2 Mortgage Insurance \$248.32 D3 Property Taxes \$356.00 D4 Homeowner's Insurance \$289.50 D5 Deet month for 2 mo. D6 D4 D7 D8 D8 Aggregate Adjustment H. Other Costs D1 D1 HOA Acre Inc. D3 Home Inspection Fee D4 To Gupineers Inc. D4 D4	\$120.00 \$1,960.00 \$3,896 \$1,074.00 \$686.88 \$2,136.00 \$1,387 \$179.00 \$496.64 \$712.00 -0.01 \$1,948 \$500.00	7.63	\$8,750.00	\$750.00	
E. Taxes and Other Government Fees D1 Recording Fees Deed: \$60.00 Mortgage: \$60.00 D2 State Transfer Tax F. Prepaids Deed: \$60.00 Mortgage: \$60.00 D1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. Deed: \$60.00 Mortgage Insurance Premium (mo.) D3 Prepaid Interest \$42.93 per day from 4/15/13 to 5/1/13 Deed: \$60.00 Deed: \$60.00 D4 Property Taxes (6 mo.) to Any County USA Deed: \$60.00 Deed: \$60.00 D5 G. Initial Escrow Payment at Closing Deed: \$60.00 Deed: \$60.00 D1 Homeowner's Insurance \$89.50 per month for 2 mo. Deed: \$60.00 D2 Mortgage Insurance \$248.32 per month for 2 mo. Deed: \$60.00 Deed: \$60.00 D3 Property Taxes \$356.00 per month for 2 mo. Deed: \$60.00 Deed: \$60.00<	\$120.00 \$1,960.00 \$3,896 \$1,074.00 \$686.88 \$2,136.00 \$1,387 \$179.00 \$496.64 \$712.00 -0.01 \$1,948 \$500.00	7.63		\$750.00	
E. Taxes and Other Government Fees 01 Recording Fees Deed: \$60.00 Mortgage: \$60.00 02 State Transfer Tax	\$120.00 \$1,960.00 \$3,896 \$1,074.00 \$686.88 \$2,136.00 \$1,387 \$179.00 \$496.64 \$712.00 -0.01 \$1,948 \$500.00	7.63			
E. Taxes and Other Government Fees D1 Recording Fees Deed: \$60.00 Mortgage: \$60.00 D2 State Transfer Tax F. Prepaids D1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. D2 Mortgage Insurance Premium (mo.) D3 Prepaid Interest \$42.93 per day from 4/15/13 to 5/1/13 D4 Property Taxes (6 mo.) to Any County USA D5 5 G. Initial Escrow Payment at Closing 0 D1 Homeowner's Insurance \$89.50 per month for 2 mo. D2 Mortgage Insurance \$248.32 per month for 2 mo. D3 Property Taxes \$356.00 per month for 2 mo. D4 Property Taxes \$356.00 per month for 2 mo. D4 Property Taxes \$356.00 per month for 2 mo. D4 D4 D5 0 D6 0 D7 0 D8 Aggregate Adjustment H. Other Costs 0 D1 HOA Acre Inc. D2 HOA Processing Fee D4 D5 D5 D6 D6 0 <td>\$120.00 \$1,960.00 \$3,896 \$1,074.00 \$686.88 \$2,136.00 \$179.00 \$496.64 \$712.00 \$496.64 \$712.00 \$1,980 \$3500.00 \$350.00 \$350.00</td> <td>5.88</td> <td></td> <td></td> <td></td>	\$120.00 \$1,960.00 \$3,896 \$1,074.00 \$686.88 \$2,136.00 \$179.00 \$496.64 \$712.00 \$496.64 \$712.00 \$1,980 \$3500.00 \$350.00 \$350.00	5.88			
E. Taxes and Other Government Fees D1 Recording Fees Deed: \$60.00 Mortgage: \$60.00 D2 State Transfer Tax Frepaids D1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. D2 Mortgage Insurance Premium (mo.) D3 Prepaid Interest \$42.93 per day from 4/15/13 to 5/1/13 D4 Property Taxes (6 mo.) to Any County USA D5 G. Initial Escrow Payment at Closing D1 Homeowner's Insurance \$89.50 D2 Mortgage Insurance \$248.32 D3 Property Taxes \$356.00 D4 Homeowner's Insurance \$289.50 D5 D6 D7 D6 D8 D9 D7 D8 Aggregate Adjustment H. Other Costs D1 HOA Acre Inc. D3 Home Inspection Fee to HOA Acre Inc. D3 Home Inspection Fee to Alpha Real Estate Broker D5 Real Estate Commission to Alpha Real Estate Broker D6 Structural Inspection Fee to Structural Engineers Inc.	\$120.00 \$1,960.00 \$3,896 \$1,074.00 \$686.88 \$2,136.00 \$1,387 \$179.00 \$496.64 \$712.00 -0.01 \$1,948 \$500.00 \$350.00 \$3	5.88			
E. Taxes and Other Government Fees D1 Recording Fees Deed: \$60.00 Mortgage: \$60.00 D2 State Transfer Tax Frepaids D1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. D2 Mortgage Insurance Premium (mo.) D3 Prepaid Interest \$42.93 per day from 4/15/13 to 5/1/13 D4 Property Taxes (6 mo.) to Any County USA D5 G. Initial Escrow Payment at Closing D1 Homeowner's Insurance \$89.50 D2 Mortgage Insurance \$248.32 D3 Property Taxes \$356.00 D4 Homeowner's Insurance \$289.50 D5 D6 D7 D6 D8 D9 D7 D8 Aggregate Adjustment H. Other Costs D1 HOA Acre Inc. D3 Home Inspection Fee to HOA Acre Inc. D3 Home Inspection Fee to Alpha Real Estate Broker D5 Real Estate Commission to Alpha Real Estate Broker D6 Structural Inspection Fee to Structural Engineers Inc.	\$120.00 \$1,960.00 \$3,896 \$1,074.00 \$686.88 \$2,136.00 \$179.00 \$496.64 \$712.00 \$496.64 \$712.00 \$1,980 \$3500.00 \$350.00 \$350.00	5.88			
E. Taxes and Other Government Fees 01 Recording Fees Deed: \$60.00 Mortgage: \$60.00 02 State Transfer Tax F. Prepaids 01 Homeowner's Insurance Premium (12 mo.) to Insurance Co. 02 Mortgage Insurance Premium (mo.) 03 Prepaid Interest \$42.93 per day from 4/15/13 to 5/1/13 04 Property Taxes (6 mo.) to Any County USA 05 G. Initial Escrow Payment at Closing 01 Homeowner's Insurance \$89.50 per month for 2 mo. 02 Mortgage Insurance \$248.32 per month for 2 mo. 03 Property Taxes \$356.00 per month for 2 mo. 04 Property Taxes \$356.00 per month for 2 mo. 05 9 9 9 06 9 9 9 07 98 Aggregate Adjustment 9 H. Other Costs 101 HOA Acre Inc. 9 01 HOA Capital Contribution to Alpha Real Estate Broker 10 10 03 Hop Cressing Fee to HOA Acre Inc. 10 10 10 03 Home Inspection Fee to Engineers Inc. 10 10 10<	\$120.00 \$1,960.00 \$3,896 \$1,074.00 \$686.88 \$2,136.00 \$1,387 \$179.00 \$496.64 \$712.00 -0.01 \$1,948 \$500.00 \$350.00 \$3	5.88 7.63 8.00 2.51			
E. Taxes and Other Government Fees D1 Recording Fees Deed: \$60.00 Mortgage: \$60.00 D2 State Transfer Tax F. Prepaids D1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. D2 D2 Mortgage Insurance Premium (mo.) D3 D3 Prepaid Interest \$42.93 per day from 4/15/13 to 5/1/13 D4 Property Taxes (6 mo.) to Any County USA D5 D6 D1 Homeowner's Insurance \$89.50 D2 Mortgage Insurance \$248.32 D4 Property Taxes \$356.00 D5 D6 D7 D8 D9 D9 D1 Homeowner's Insurance \$89.50 D2 Mortgage Insurance \$248.32 D4 Property Taxes \$356.00 D5 D6 D7 D8 D9 D9 D9 D9 D9 D9 D1 D1 D2 Mortgage Insurance S89.50 D6 D7 D8 D8	\$120.00 \$1,960.00 \$3,896 \$1,074.00 \$686.88 \$2,136.00 \$1,387 \$179.00 \$496.64 \$712.00 \$496.64 \$500.00 \$350.00 \$350.00 \$350.00 \$350.00 \$496.64 \$350.00 \$350.0	5.88 7.63 8.00 2.51	\$8,750.00	\$1,100.00	
E. Taxes and Other Government Fees D1 Recording Fees Deed: \$60.00 Mortgage: \$60.00 D2 State Transfer Tax F. Prepaids D1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. D2 Mortgage Insurance Premium (mo.) D3 Prepaid Interest \$42.93 per day from 4/15/13 to 5/1/13 D4 Property Taxes (6 mo.) to Any County USA D5 D1 Homeowner's Insurance \$89.50 per month for 2 mo. D2 Mortgage Insurance \$248.32 D1 Homeowner's Insurance \$248.32 per month for 2 mo. D2 Mortgage Insurance \$248.32 D3 Property Taxes \$356.00 D4 Homeowner's Insurance \$248.32 D5 per month for 2 mo. D3 Property Taxes \$356.00 D4 Poperty Taxes D5 Saggregate Adjustment H. Other Costs D1 D1 HOA Capital Contribution to HOA Acre Inc. D3 Home Inspection Fee to Engineers Inc. D4 Real Estate Commission to Alpha Real Estate Broker D5 Real Estate Commission to Alpha Real Estate Broker D6 Real Estate Commission to Alpha Real Estate Broker D6 Real Estate Commission <t< td=""><td>\$120.00 \$1,960.00 \$3,896 \$1,074.00 \$686.88 \$2,136.00 \$1,387 \$179.00 \$496.64 \$712.00 -0.01 \$1,948 \$500.00 \$350.00 \$3</td><td>5.88 7.63 8.00 2.51</td><td></td><td></td><td></td></t<>	\$120.00 \$1,960.00 \$3,896 \$1,074.00 \$686.88 \$2,136.00 \$1,387 \$179.00 \$496.64 \$712.00 -0.01 \$1,948 \$500.00 \$350.00 \$3	5.88 7.63 8.00 2.51			

Calculating Cash to Close	Use this table to see what has changed from your Loan Estimate.				
	Estimate	Final	Did this change?		
Total Closing Costs (J)	\$11,199.00	\$16,671.51	YES • See Total Loan Costs (D) and Total Other Costs (I) • Increase exceeds legal limits by \$1,000		
Closing Costs Paid Before Closing	\$0	- \$523.50	YES • You paid these Closing Costs before closing		
Closing Costs Financed (Included in Loan Amount)	\$0	- \$2,000.00	YES •You included these Closing Costs in your Loan Amount, which increased your Loan Amount		
Down Payment/Funds from Borrower	\$35,000.00	\$35,000.00	NO		
Deposit	- \$10,000.00	- \$10,000.00	NO		
Funds for Borrower	\$0	\$0	NO		
Seller Credits	\$0	\$0	NO		
Adjustments and Other Credits	\$0	- \$1,154.48	YES • See details in Sections K and L		
Cash to Close	\$36,199.00	\$37,993.53			

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION

	SELLER'S TRANSACTION

K. Due from Borrower at Closing	\$366,228.01	M. Due to Seller at Closing	\$350,080.00
01 Sale Price of Property	\$350,000.00	01 Sale Price of Property	\$350,000.00
02 Sale Price of Any Personal Property Included in Sale		02 Sale Price of Any Personal Property Included in Sale	
03 Closing Costs Paid at Closing (J)	\$16,148.01	03	
04		04	
Adjustments		05	
05		06	
06		07	
07		08	
Adjustments for Items Paid by Seller in Advance		Adjustments for Items Paid by Seller in Advance	
08 City/Town Taxes to		09 City/Town Taxes to	
09 County Taxes to		10 County Taxes to	
10 Assessments to		11 Assessments to	
11 HOA Dues 4/15/13 to 4/30/13	\$80.00	12 HOA Dues 4/15/13 to 4/30/13	\$80.00
12		13	
13		14	
14		15	
15		16	
L. Paid Already by or on Behalf of Borrower at Closing	\$328,234.48	N. Due from Seller at Closing	\$228,734.48
01 Deposit	\$10,000.00	01 Excess Deposit	
02 Loan Amount	\$317,000.00	02 Closing Costs Paid at Closing (J)	\$17,500.00
03 Existing Loan(s) Assumed or Taken Subject to		03 Existing Loan(s) Assumed or Taken Subject to	
04		04 Payoff of First Mortgage Loan	\$210,000.00
05 Seller Credit		05 Payoff of Second Mortgage Loan	
Other Credits		06	
06		07	
07		08 Seller Credit	
Adjustments		09	
08		10	
09		11	
10		12	
11		13	
Adjustments for Items Unpaid by Seller		Adjustments for Items Unpaid by Seller	
12 City/Town Taxes 1/1/13 to 4/14/13	\$1,234.48	14 City/Town Taxes 1/1/13 to 4/14/13	\$1,234.48
13 County Taxes to		15 County Taxes to	
14 Assessments to		16 Assessments to	
15		17	
16		18	
17		19	
CALCULATION		CALCULATION	
Total Due from Borrower at Closing (K)	\$366,228.01	Total Due to Seller at Closing (M)	\$350,080.00
Total Paid Already by or on Behalf of Borrower at Closing (L)	- \$328,234.48	Total Due from Seller at Closing (N)	- \$228,734.48
Cash to Close 🕱 From 🗌 To Borrower	\$37,993.53	Cash 🗌 From 🕱 To Seller	\$121,345.52

APPENDIX U: PROPOSED MORE CHALLENGING FIXED B DISCLOSURES

Additional Information About This Loan

Loan Disclosures

Assumption

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

Demand Feature

Your loan

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

Late Payment

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

Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

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

Partial Payment

Your lender will

□ accept payments that are less than the full amount due (partial payments). Partial payments will be applied:

X not accept partial payments.

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

Security Interest

You are granting a security interest in	
456 Somewhere Ave., Anytown, ST 12	345

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

Adjustable Payment (AP) Table		
Interest Only Payments?	YES for your first 60 payments	
Optional Payments?	NO	
Step Payments?	NO	
Seasonal Payments?	NO	
Monthly Principal and Inte	rest Payments	
First Change/Amount	\$1,830 at 61st payment	
Subsequent Changes	No subsequent changes	
Maximum Payment	\$1,830 starting at 61st payment	

CLOSING DISCLOSURE

Escrow Account

For now, your loan

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

Escrow		
Escrowed Property Costs over Year 1	\$5,346.00	Estimated total amount over year 1 for your escrowed property costs: Homeowner's Insurance Property Taxes
Non-Escrowed Property Costs over Year 1	\$1,800.00	Estimated total amount over year 1 for your non-escrowed property costs: <i>HOA Dues</i> You may have other property costs.
Initial Escrow Payment	\$1,387.63	A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment	\$445.50	The amount included in your total monthly payment.

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

No Escrow	
Estimated Property Costs over Year 1	Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee	

In the future,

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

PAGE 4 OF 5 • LOAN ID # 123456789

Loan Calculations	
Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	\$667,383.04
Finance Charge. The dollar amount the loan will cost you.	\$344,123.34
Amount Financed. The loan amount available after paying your upfront finance charge.	\$314,716.48
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	5.602%
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	97.79%
Approximate Cost of Funds (ACF). The approximate cost of the funds used to make this loan. This is not a direct cost to you.	1.63%

Other Disclosures

Appraisal

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

Contract Details

See your note and security instrument for information about • what happens if you fail to make your payments,

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

Liability after Foreclosure

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

■ state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and be liable for debt remaining after the foreclosure. You may want to consult a lawyer for more information.

□ state law does not protect you from liability for the unpaid balance.

the property value, and market conditions. You may not be able to

If you borrow more than this property is worth, the interest on the

loan amount above this property's fair market value is not deductible

from your federal income taxes. You should consult a tax advisor for

Refinance Refinancing this loan will depend on your future financial situation,

refinance this loan.

Tax Deductions

more information.

Questions? If you have questions about the loan terms and costs on this form, contact your lender. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at www.consumerfinance.gov/learnmore.

Contact Information

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

Confirm Receipt

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

Applicant Signature

Date

Co-Applicant Signature

Date

CLOSING DISCLOSURE

CO-A

PAGE 5 OF 5 • LOAN ID # 123456789

Projected Payments

Payment Calculation

Principal & Interest

Mortgage Insurance

Estimated Escrow Amount can increase over time

Assessments Annount can increase See Details on Page 4

Proposed Easier ARM A Disclosures

The study used two different sets of lender names for the loan disclosures. All other information was identical. Name Set 1 used Elm Bank and Name Set 2 used Quince Bank.

Proposed Loan Estimate, Easier, ARM, A, Name Set 1, page 1

321 Random Boulevard • Somecity, S	T 12340	Save this Loan Est	imate to compare with ye	our Closing Disclosure.		
Loan Estimate2/15/2013PPLICANTSJohn A. and Mary B.123 Anywhere StreetAnytown, ST 12345PROPERTY456 Somewhere AveAnytown, ST 12345ALE PRICE\$135,000		PURPOSE Purc PRODUCT 7/1 LOAN TYPE IS Co LOAN ID # 123 RATE LOCK DN Befo char	PURPOSE Purchase PRODUCT 7/1 Adjustable Rate LOAN TYPE © Conventional □ FHA □ VA □ LOAN ID # 123456789			
Loan Terms		Can this amoun	t increase after closing	g?		
Loan Amount	\$121,000	NO	NO			
Interest Rate	3.75%	• Can go a	 YES • Adjusts every year starting in year 8 • Can go as high as 9% in year 10 • See AIR Table on page 2 for details 			
Monthly Principal & Interest See Projected Payments below for your Estimated Total Monthly Payment	\$560.36		 YES Adjusts every year starting in year 8 Can go as high as \$884 in year 10 			
		Does the loan h	ave these features?			
Prepayment Penalty		NO				
Balloon Payment		NO				
Projected Payments	Years 1-7	Year 8	Year 9	Years 10-30		
Projected Payments	Years 1-7 \$560.36		Year 9 \$588 min \$868 max	Years 10-30 \$588 min \$884 max		
Projected Payments Payment Calculation		Year 8	\$588 min	\$588 min		
Projected Payments Payment Calculation Principal & Interest	\$560.36	Year 8 \$588 min \$740 max	\$588 min \$868 max	\$588 min \$884 max		
Projected Payments Payment Calculation Principal & Interest Mortgage Insurance Estimated Escrow	\$560.36 + 63	Year 8 \$588 min \$740 max +	\$588 min \$868 max + —	\$588 min \$884 max + —		
Projected Payments Payment Calculation Principal & Interest Mortgage Insurance Estimated Escrow Amount can increase over time Estimated Total	\$560.36 + 63 + 0	Year 8 \$588 min \$740 max + - + 0 \$588-\$740 This estimate inclu X Property Taxes X Homeowner's Ins Other:	\$588 min \$868 max + + 0 \$588-\$868 des urance 2 for escrowed property co.	\$588 min \$884 max + + 0 \$588-\$884 In escrow? NO NO		
Projected Payments Payment Calculation Principal & Interest Mortgage Insurance Estimated Escrow Amount can increase over time Estimated Total Monthly Payment Estimated Taxes, Insurance & Assessments	\$560.36 + 63 + 0 \$623 \$244	Year 8 \$588 min \$740 max + + + 0 \$588–\$740 This estimate inclu X Property Taxes X Homeowner's Ins Other: See Section G on page	\$588 min \$868 max + + 0 \$588-\$868 des urance 2 for escrowed property co.	\$588 min \$884 max + + 0 \$588-\$884 In escrow? NO NO		

LOAN ESTIMATE

PAGE 1 OF 3 • LOAN ID # 123456789

Proposed I	Loan E	stimate,	Easier,	ARM, /	Α,	Name	Set 1	l, page 2
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Loan Costs		Other Costs	
A. Origination Charges	\$700	E. Taxes and Other Government Fees	\$250
% of Loan Amount (Points) Application Fee	\$500	Recording Fees and Other Taxes Transfer Taxes	\$250
Underwriting Fee	\$200	F. Prepaids	\$604
		Homeowner's Insurance Premium (<u>6</u> months) Mortgage Insurance Premium (months) Prepaid Interest (\$12.60 per day for 15 days @ 3.75 Property Taxes (months)	\$415 5%) \$189
		G. Initial Escrow Payment at Closing	
		Homeowner's Insurance per month for	mo.
B. Services You Cannot Shop For	\$592	Mortgage Insurance per month for Property Taxes per month for	mo. mo.
Appraisal Fee Credit Report Fee Flood Determination Fee Tax Status Research Fee	\$425 \$27 \$20 \$120		ino.
		H. Other	\$844
		Title – Owner's Title Policy (optional)	\$844
		I. TOTAL OTHER COSTS (E + F + G + H)	\$1,698
C. Services You Can Shop For	\$1,813	J. TOTAL CLOSING COSTS	\$4,803
Pest Inspection Fee	\$125	D+I	\$4,803
Survey Fee Title – Lender's Title Policy Title – Settlement Agent Fee Title – Title Search Fee	\$175 \$876 \$350 \$287	Lender Credits	<i>,,,</i>
nue – nue search ree	\$207	Calculating Cash to Close	*
		Total Closing Costs (J)	\$4,803
		Closing Costs Financed (Included in Loan Amount) Down Payment/Funds from Borrower	\$0 \$14,000
		Deposit	- \$5,000
		Funds for Borrower	\$0
		Seller Credits	\$0
		Adjustments and Other Credits	\$0
D. TOTAL LOAN COSTS (A + B + C)	\$3,105	Estimated Cash to Close	\$13,803
		Adjustable Interest Rate (AIR) Table	
		Index + Margin	LIBOR + 4%
		Initial Interest Rate	3.75%
		Minimum/Maximum Interest Rate	4.25%/9%
		Change Frequency First Change Beginning o	f 85th month
		Subsequent Changes Every 12th month afte	
		Limits on Interest Rate Changes	5
		First Change	3%
		Subsequent Changes	2%

Proposed Loan Estimate, Easier, ARM, A, Name Set 1, page 3

Additional Information About This Loan

LENDER NMLS/LICENSE ID	Elm Bank	MORTGAGE BROKER NMLS/LICENSE ID
LOAN OFFICER	Joe Smith	LOAN OFFICER
NMLS ID	12345	NMLS ID
EMAIL	joesmith@elmbank.com	EMAIL
PHONE	123-456-7890	PHONE

Comparisons	Use these measures to compare this loan with other loans.
In 5 Years	\$40,667 Total you will have paid in principal, interest, mortgage insurance, and loan costs.\$12,006 Principal you will have paid off.
Annual Percentage Rate (APR)	4.591% Your costs over the loan term expressed as a rate. This is not your interest rate.
Total Interest Percentage (TIP)	79.85% The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Other Consideration	ons
Appraisal	We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.
Assumption	If you sell or transfer this property to another person, we will allow, under certain conditions, this person to assume this loan on the original terms. will not allow assumption of this loan on the original terms.
Homeowner's Insurance	This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.
Late Payment	If your payment is more than 15 days late, we will charge a late fee of 5% of the monthly principal and interest payment.
Refinance	Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.
Servicing	We intend □ to service your loan. If so, you will make your payments to us. I to transfer servicing of your loan.

Confirm Receipt

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

Applicant	Signature

Date

Co-Applicant Signature

Date

LOAN ESTIMATE

PAGE 3 OF 3 • LOAN ID #123456789

Closing Disclosure	9	This form is a statement of fi document with your Loan Es		ing costs. Compare this	
closing Information vate Issued 4/15/2013 losing Date 4/15/2013 isbursement Date 4/15/2013 ettlement Agent Epsilon Title Co. ile # 12-3456 roperty 456 Somewhere A Anytown, ST 1234! ale Price	Borrower Seller ve	on Information John A. and Mary B. 123 Anywhere Street Anytown, ST 12345 Steve C. and Amy D. 321 Somewhere Drive Anytown, ST 12345 Elm Bank	Loan Info Loan Term Purpose Product Loan Type Loan ID # MIC #	30 years Purchase 7/1 Adjustable Rate	
Loan Terms		Can this amount ir	ncrease after closing	?	
Loan Amount	\$121,000	NO			
Interest Rate	3.75% YES • Adjusts every year starting in year 8 • Can go as high as 9% in year 10 • See AIR Table on page 4 for details				
Monthly Principal & Interest See Projected Payments below for your Estimated Total Monthly Payment	\$560.36 YES • Adjusts every year starting in year 8 • Can go as high as \$884 in year 10				
Prepayment Penalty	Does the loan have these features?				
Balloon Payment		NO			
Projected Payments Payment Calculation	Years 1-7	Year 8	Year 9	Years 10-30	
Principal & Interest	\$560.36	\$588 min \$740 max	\$588 min \$868 max	\$588 min \$884 max	
Mortgage Insurance	+ 62.52	+ —	+ —	+ —	
Estimated Escrow Amount can increase over time	+ 244.02	+ 244.02	+ 244.02	+ 244.02	
Estimated Total Monthly Payment	\$866.90	\$832–\$984	\$832–\$1,112	\$832-\$1,128	
Estimated Taxes, Insurance & Assessments Amount can increase over time	\$394.02 a month	This estimate include Property Taxes Homeowner's Insura Other: Homeowner' See page 4 for escrowed p costs separately.	ance 's Association	In escrow? YES YES NO ay for other property	
See details on page 4					
See details on page 4 Cash to Close					
	\$15,101.55	Includes \$7,264.75 in \$4,157.75 in Other Costs	n Closing Costs (\$3,107 – \$0 in Lender Credits;	.00 in Loan Costs +). See details on page 2.	

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		Borrow	/er-Paid	Seller	r-Paid	Paid by
Loan Costs		At Closing	Before Closing		Before Closing	Others
A. Origination Charges		\$70	0.00			
% of Loan Amount (Points)						
2 Application Fee		\$500.00				
3 Underwriting Fee		\$200.00				
)4						
)5)6						
)7						
)8						
3. Services Borrower Did Not Sl	hop For	\$2,2	97.00			
1 Appraisal Fee	to John Smith Appraisers Inc.		\$425.00			
2 Credit Report Fee	to Information Inc.		\$27.00			
3 Flood Determination Fee	to Info Co.	\$20.00				
04 Survey Fee	to Surveyors Co.	\$175.00				
5 Tax Status Research Fee	to Info Co.	\$120.00				
6 Title – Lender's Title Policy	to Epsilon Title Co.	\$876.00				
7 Title – Settlement Agent Fee	to Epsilon Title Co.	\$350.00				
08 Title – Title Search Fee	to Epsilon Title Co.	\$304.00				
10						
2. Services Borrower Did Shop	For	\$11	0.00			
1 Pest Inspection Fee	to Pests Co.	÷11	\$110.00			
)2			\$110.00			
)3						
)4						
)5						
)6						
)7						
)8						
D. TOTAL LOAN COSTS (Borrow	er-Paid)	\$3,1	07.00			
Loan Costs Subtotals (A + B + C) Other Costs	Fees	\$2,545.00	\$562.00			
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government Of Recording Fees	Fees Deed: \$125.00 Mortgage: \$125.00	\$25	\$562.00			
Coan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government 1 Recording Fees 2 State Transfer Tax		\$ 25) \$250.00	0.00	\$1,350.00		
Coan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees State Transfer Tax Prepaids	Deed: \$125.00 Mortgage: \$125.00	\$25) \$250.00 \$1,9		\$1,350.00		
Loan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government 11 Recording Fees 22 State Transfer Tax - Prepaids 11 Homeowner's Insurance Prem	Deed: \$125.00 Mortgage: \$125.00	\$ 25) \$250.00	0.00	\$1,350.00		
Loan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees 22 State Transfer Tax Prepaids 11 Homeowner's Insurance Premium 22 Mortgage Insurance Premium	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.)) \$25) \$250.00 \$1,9 \$570.00	0.00	\$1,350.00		
Coan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees State Transfer Tax Frepaids Homeowner's Insurance Premium Prepaid Interest \$12.60 per	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13	\$25 \$250.00 \$1,9 \$570.00 \$201.60	0.00	\$1,350.00		
Loan Costs Subtotals (A + B + C) Other Costs Carace and Other Government D1 Recording Fees D2 State Transfer Tax - Prepaids D1 Homeowner's Insurance Premium D2 Mortgage Insurance Premium D3 Prepaid Interest \$12.60 per D4 Property Taxes (6 mo.) to An	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13) \$25) \$250.00 \$1,9 \$570.00	0.00	\$1,350.00		
Coan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees State Transfer Tax Prepaids Homeowner's Insurance Premium Hortgage Insurance Premium Prepaid Interest \$12.60 per Property Taxes (6 mo.) to An S	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA	\$250.00 \$250.00 \$570.00 \$201.60 \$1,179.12	0.00	\$1,350.00		
Coan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Taxes and Other Government Comparison of the set	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing	\$250.00 \$250.00 \$570.00 \$201.60 \$1,179.12	0.00	\$1,350.00		
Coan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees Terpaids Homeowner's Insurance Premium Prepaid Interest \$12.60 per Property Taxes (6 mo.) to An S Initial Escrow Payment at Clo Homeowner's Insurance \$47.00 Mortgage Insurance	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 50 per month for 2 mo. per month for mo.	\$25 \$250.00 \$250.00 \$570.00 \$201.60 \$1,179.12 \$48 \$95.00	0.00	\$1,350.00		
Loan Costs Subtotals (A + B + C) Other Costs Caraces and Other Government D1 Recording Fees D2 State Transfer Tax Cherepaids D1 Homeowner's Insurance Premium D2 Property Taxes (6 mo.) to An D5 Cantial Escrow Payment at Clo D1 Homeowner's Insurance \$47.3 D2 Mortgage Insurance Sa Initial Escrow Payment at Clo D2 Mortgage Insurance D3 Property Taxes \$196.4	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 50 per month for 2 mo.) \$250.00 \$250.00 \$1,9 \$570.00 \$201.60 \$1,179.12 \$48	0.00	\$1,350.00		
Loan Costs Subtotals (A + B + C) Other Costs Caraces and Other Government 11 Recording Fees 22 State Transfer Tax -Frepaids 11 Homeowner's Insurance Premium 23 Property Taxes (6 mo.) to An 25 36 Initial Escrow Payment at Clo 101 Homeowner's Insurance 37 Prepaid Interest 38 Property Taxes 39 Property Taxes 31 Artigage Insurance 32 Mortgage Insurance 33 Property Taxes 34	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 50 per month for 2 mo. per month for mo.	\$25 \$250.00 \$250.00 \$570.00 \$201.60 \$1,179.12 \$48 \$95.00	0.00	\$1,350.00		
Loan Costs Subtotals (A + B + C) Other Costs Caraces and Other Government D1 Recording Fees D2 State Transfer Tax - Prepaids D1 Homeowner's Insurance Premium D3 Prepaid Interest \$12.60 per D4 Property Taxes (6 mo.) to An D5 Initial Escrow Payment at Clo D1 Homeowner's Insurance \$47.3 D2 Mortgage Insurance D3 Property Taxes \$196.4	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 50 per month for 2 mo. per month for mo.	\$25 \$250.00 \$250.00 \$570.00 \$201.60 \$1,179.12 \$48 \$95.00	0.00	\$1,350.00		
Loan Costs Subtotals (A + B + C) Other Costs Caraces and Other Government 11 Recording Fees 12 State Transfer Tax 5: Prepaids 11 Homeowner's Insurance Premium 12 Prepaid Interest \$12.60 per 14 Property Taxes (6 mo.) to An 15 5: Initial Escrow Payment at Clo 11 Homeowner's Insurance \$47.2 20 Mortgage Insurance 31 Property Taxes \$196.5 36	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 50 per month for 2 mo. per month for mo.	\$25 \$250.00 \$250.00 \$570.00 \$201.60 \$1,179.12 \$48 \$95.00	0.00	\$1,350.00		
Loan Costs Subtotals (A + B + C) Other Costs Caraces and Other Government D1 Recording Fees D2 State Transfer Tax Chrepaids D1 Homeowner's Insurance Premium D2 Mortgage Insurance Premium D3 Prepaid Interest \$12.60 per D4 Property Taxes (6 mo.) to An D5 D5 Homeowner's Insurance \$47.10 D4 Mortgage Insurance D5 Property Taxes \$196.10 D6 Homeowner's Insurance	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 50 per month for 2 mo. per month for mo.	\$250.00 \$250.00 \$570.00 \$201.60 \$1,179.12 \$48 \$95.00 \$393.04	0.00	\$1,350.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government 11 Recording Fees 22 State Transfer Tax -Prepaids 11 Homeowner's Insurance Premium 23 Property Taxes (6 mo.) to An 15 5. Initial Escrow Payment at Clo 10 Homeowner's Insurance 34 Property Taxes (5 mo.) to An 15 35. Initial Escrow Payment at Clo 16 Mortgage Insurance 17 28 Aggregate Adjustment	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 50 per month for 2 mo. per month for mo.	50 \$250.00 \$250.00 \$1,9 \$570.00 \$201.60 \$1,179.12 \$48 \$95.00 \$393.04 -0.01	0.00	\$1,350.00		
Loan Costs Subtotals (A + B + C) Other Costs Caraces and Other Government 11 Recording Fees 22 State Transfer Tax -Frepaids 11 Homeowner's Insurance Premium 23 Property Taxes (6 mo.) to An 24 Property Taxes (6 mo.) to An 25 36 Initial Escrow Payment at Clo 21 Homeowner's Insurance 38 Property Taxes \$196.3 39 Property Taxes \$196.4 36 37 38 Aggregate Adjustment H. Other Costs	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 50 per month for 2 mo. per month for 2 mo. 52 per month for 2 mo.	\$25 \$250.00 \$1,9 \$570.00 \$201.60 \$1,179.12 \$48 \$95.00 \$393.04 -0.01 \$1,4	0.00	\$1,350.00		
Coan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees Caste Transfer Tax Prepaids Homeowner's Insurance Premium Prepaid Interest \$12.60 per Prepaid Interest \$12.60 per Property Taxes (6 mo.) to An S Initial Escrow Payment at Clo Homeowner's Insurance Nortgage Insurance Nortgage Insurance S Inotect S \$196.5 I Honeowner's Insurance Nortgage Adjustment Hother Costs HOA Capital Contribution	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 50 per month for 2 mo. per month for mo.	50 \$250.00 \$250.00 \$1,9 \$570.00 \$201.60 \$1,179.12 \$48 \$95.00 \$393.04 -0.01	0.00	\$1,350.00		
Loan Costs Subtotals (A + B + C) Other Costs Caraces and Other Government 11 Recording Fees 12 State Transfer Tax 22 State Transfer Tax 32 Prepaids 11 Homeowner's Insurance Premium 12 Prepaid Interest \$12.60 per 14 Property Taxes (6 mo.) to An 15 35. Initial Escrow Payment at Clo 11 Homeowner's Insurance 38 Property Taxes \$196.5 39 39 39 310 311 32 33 34 35 36 37 38 39 39 30 311 32 33 34 35 36 37 38 39 39 30 311 32 33 34 35 36 37	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 50 per month for 2 mo. per month for 2 mo. 52 per month for 2 mo. 53 per month for 2 mo.	\$25 \$250.00 \$1,9 \$570.00 \$570.00 \$1,179.12 \$48 \$95.00 \$393.04 \$393.04 \$393.04 \$1,4 \$500.00	0.00	\$1,350.00	\$750.00	
Loan Costs Subtotals (A + B + C) Other Costs Caxes and Other Government 11 Recording Fees 22 State Transfer Tax -Prepaids 11 Homeowner's Insurance Premium 23 Prepaid Interest \$12.60 per 24 Property Taxes (6 mo.) to An 25 36 Initial Escrow Payment at Clo 11 Homeowner's Insurance \$47.20 20 Mortgage Insurance 38 Property Taxes \$196.5 24 25 26 27 28 29 29 20 20 21 22 23 24 25 26 27 28 29 20 21 22 24 25 26 27 28 29 20 20 21 22 23 24	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 50 per month for 2 mo. per month for mo. 52 per month for 2 mo. to HOA Acre Inc. to HOA Acre Inc. to HOA Acre Inc. to Engineers Inc. to Alpha Real Estate Broker	\$25 \$250.00 \$1,9 \$570.00 \$570.00 \$1,179.12 \$48 \$95.00 \$393.04 \$393.04 \$393.04 \$1,4 \$500.00	0.00	\$3,375.00	\$750.00	
Loan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Recording Fees State Transfer Tax Terpaids Homeowner's Insurance Premium Mortgage Insurance Premium Prepaid Interest \$12.60 per Property Taxes (6 mo.) to An S Initial Escrow Payment at Clo Homeowner's Insurance S Property Taxes \$19.6 Homeowner's Insurance S Property Taxes \$19.6 Homeowner's Insurance S Property Taxes \$19.6 Hontgage Insurance Hother Costs HOA Capital Contribution HOA Processing Fee HoMe Inspection Fee Head Estate Commission S Real Estate Commission	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 50 per month for 2 mo. per month for 2 mo. 52 per month for 2 mo. to HOA Acre Inc. to HOA Acre Inc. to HOA Acre Inc. to Alpha Real Estate Broker to Omega Real Estate Broker	\$25 \$250.00 \$1,9 \$570.00 \$570.00 \$1,179.12 \$48 \$95.00 \$393.04 \$393.04 \$393.04 \$1,4 \$500.00	0.00			
Loan Costs Subtotals (A + B + C) Other Costs Caraces and Other Government 1 Recording Fees 12 State Transfer Tax 2 State Transfer Tax 3 Prepaids 11 Homeowner's Insurance Premium 3 Prepaid Interest \$12.60 per 4 Property Taxes (6 mo.) to An 5 5. Initial Escrow Payment at Clo 11 Homeowner's Insurance 12 Mortgage Insurance 13 Property Taxes \$196.5 14 Property Taxes \$196.6 15 16 17 18 19 19 19 10 10 11 11 12 13 Property Taxes \$196.5 14 15 15 16 17 18 19 19 10 10 11 11 11 12 13 14 15 </td <td>Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 50 per month for 2 mo. per month for 2 mo. 52 per month for 2 mo. to HOA Acre Inc. to HOA Acre Inc. to HOA Acre Inc. to HOA Acre Inc. to Alpha Real Estate Broker to Omega Real Estate Broker to Structural Engineers Inc.</td> <td>\$25 \$250.00 \$1,9 \$570.00 \$201.60 \$1,179.12 \$48 \$95.00 \$393.04 -0.01 \$1,4 \$500.00 \$125.00</td> <td>0.00</td> <td>\$3,375.00</td> <td>\$750.00</td> <td></td>	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 50 per month for 2 mo. per month for 2 mo. 52 per month for 2 mo. to HOA Acre Inc. to HOA Acre Inc. to HOA Acre Inc. to HOA Acre Inc. to Alpha Real Estate Broker to Omega Real Estate Broker to Structural Engineers Inc.	\$25 \$250.00 \$1,9 \$570.00 \$201.60 \$1,179.12 \$48 \$95.00 \$393.04 -0.01 \$1,4 \$500.00 \$125.00	0.00	\$3,375.00	\$750.00	
Loan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government The Other Costs There Government Taxes and Other Governme	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 50 per month for 2 mo. per month for 2 mo. 52 per month for 2 mo. to HOA Acre Inc. to HOA Acre Inc. to HOA Acre Inc. to HOA Acre Inc. to Alpha Real Estate Broker to Omega Real Estate Broker to Structural Engineers Inc.	\$25 \$250.00 \$1,9 \$570.00 \$570.00 \$1,179.12 \$48 \$95.00 \$393.04 \$393.04 \$393.04 \$1,4 \$500.00	0.00	\$3,375.00		
Loan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Tax	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 50 per month for 2 mo. per month for mo. 52 per month for 2 mo. 52 per month for 2 mo. to HOA Acre Inc. to HOA Acre Inc. to HOA Acre Inc. to HOA Acre Inc. to Alpha Real Estate Broker to Ornega Real Estate Broker to Structural Engineers Inc. ional) to Epsilon Title Co.	Second State S	0.00	\$3,375.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Taxes and Other Governent Taxes	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 50 per month for 2 mo. per month for 2 mo. 52 per month for 2 mo. 52 per month for 2 mo. 53 per month for 2 mo. 54 per month for 2 mo. 55 per month for 2 mo. 56 per month for 2 mo. 57 per month for 2 mo. 58 per month for 2 mo. 59 per month for 2 mo. 50 per month for 2 mo. 51 per month for 2 mo. 52 per month for 2 mo. 52 per month for 2 mo. 53 per month for 2 mo. 54 per month for 2 mo. 55 per month for 2 mo. 56 per month for 2 mo. 57 per month for 2 mo. 58 per month for 2 mo. 59 per month for 2 mo. 50 per month for 2 mo. 51 per month for 2 mo. 52 per month for 2 mo. 53 per month for 2 mo. 54 per month for 2 mo. 55 per month for 2 mo. 56 per month for 2 mo. 57 per month for 2 mo. 58 per month for 2 mo. 59 per month for 2 mo. 50 per mo	\$25 \$250.00 \$1,9 \$570.00 \$201.60 \$1,179.12 \$48 \$955.00 \$393.04 \$393.04 \$393.04 \$1,4 \$500.00 \$125.00 \$125.00 \$125.00 \$125.00 \$125.00 \$125.00 \$125.00 \$125.00	0.00	\$3,375.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Taxes and Other Governent Taxes	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 50 per month for 2 mo. per month for 2 mo. 52 per month for 2 mo. 52 per month for 2 mo. 53 per month for 2 mo. 54 per month for 2 mo. 55 per month for 2 mo. 56 per month for 2 mo. 57 per month for 2 mo. 58 per month for 2 mo. 59 per month for 2 mo. 50 per month for 2 mo. 51 per month for 2 mo. 52 per month for 2 mo. 52 per month for 2 mo. 53 per month for 2 mo. 54 per month for 2 mo. 55 per month for 2 mo. 56 per month for 2 mo. 57 per month for 2 mo. 58 per month for 2 mo. 59 per month for 2 mo. 50 per month for 2 mo. 51 per month for 2 mo. 52 per month for 2 mo. 53 per month for 2 mo. 54 per month for 2 mo. 55 per month for 2 mo. 56 per month for 2 mo. 57 per month for 2 mo. 58 per month for 2 mo. 59 per month for 2 mo. 50 per mo	Second State S	0.00	\$3,375.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government 11 Recording Fees 22 State Transfer Tax 2 Prepaids 11 Homeowner's Insurance Premium 23 Prepaid Interest \$12.60 per 14 Property Taxes (6 mo.) to An 15 3. Initial Escrow Payment at Clo 11 Homeowner's Insurance 32 Property Taxes (5 mo.) to An 35 36 Initial Escrow Payment at Clo 37 38 Aggregate Adjustment 4. Other Costs 201 HOA Capital Contribution 204 Real Estate Commission 26 Structural Inspection Fee 27 Title – Owner's Title Policy (opt) 38 29. TOTAL OTHER COSTS (Borrow	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 50 per month for 2 mo. per month for 2 mo. 52 per month for 2 mo. 53 per month for 2 mo. 54 per month for 2 mo. 55 per month for 2 mo. 56 per month for 2 mo. 57 per month for 2 mo. 58 per month for 2 mo. 59 per month for 2 mo. 50 per month for 2 mo. 51 per month for 2 mo. 52 per month for 2 mo. 52 per month for 2 mo. 53 per month for 2 mo. 54 per month for 2 mo. 55 per month for 2 mo. 56 per month for 2 mo. 57 per month for 2 mo. 58 per month for 2 mo. 59 per month for 2 mo. 50 per month for 2 mo. 51 per month for 2 mo. 52 per month for 2 mo. 53 per month for 2 mo. 54 per month for 2 mo. 55 per month for 2 mo. 56 per month for 2 mo. 57 per month for 2 mo. 58 per month for 2 mo. 59 per month for 2 mo. 50 per mo	\$25 \$250.00 \$1,9 \$570.00 \$1,179.12 \$48 \$95.00 \$393.04 \$393.	0.00	\$3,375.00		
Loan Costs Subtotals (A + B + C) Other Costs Caraces and Other Government 1 Recording Fees 12 State Transfer Tax 2 State Transfer Tax 3 Prepaids 11 Homeowner's Insurance Premium 3 Prepaid Interest \$12.60 per 4 Property Taxes (6 mo.) to An 5 5. Initial Escrow Payment at Clo 11 Homeowner's Insurance 12 Mortgage Insurance 13 Property Taxes \$196.5 14 Property Taxes \$196.6 15 16 17 18 19 19 19 10 10 11 11 12 13 Property Taxes \$196.5 14 15 15 16 17 18 19 19 10 10 11 11 11 12 13 14 15 </td <td>Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 50 per month for 2 mo. per month for 2 mo. 52 per month for 2 mo. 53 per month for 2 mo. 54 per month for 2 mo. 55 per month for 2 mo. 56 per month for 2 mo. 57 per month for 2 mo. 58 per month for 2 mo. 59 per month for 2 mo. 50 per month for 2 mo. 51 per month for 2 mo. 52 per month for 2 mo. 52 per month for 2 mo. 53 per month for 2 mo. 54 per month for 2 mo. 55 per month for 2 mo. 56 per month for 2 mo. 57 per month for 2 mo. 58 per month for 2 mo. 59 per month for 2 mo. 50 per month for 2 mo. 51 per month for 2 mo. 52 per month for 2 mo. 53 per month for 2 mo. 54 per month for 2 mo. 55 per month for 2 mo. 56 per month for 2 mo. 57 per month for 2 mo. 58 per month for 2 mo. 59 per month for 2 mo. 50 per mo</td> <td>\$25 \$250.00 \$1,9 \$570.00 \$1,179.12 \$48 \$95.00 \$393.04 \$393.</td> <td>0.00</td> <td>\$3,375.00</td> <td></td> <td></td>	Deed: \$125.00 Mortgage: \$125.00 ium (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13 y County USA sing 50 per month for 2 mo. per month for 2 mo. 52 per month for 2 mo. 53 per month for 2 mo. 54 per month for 2 mo. 55 per month for 2 mo. 56 per month for 2 mo. 57 per month for 2 mo. 58 per month for 2 mo. 59 per month for 2 mo. 50 per month for 2 mo. 51 per month for 2 mo. 52 per month for 2 mo. 52 per month for 2 mo. 53 per month for 2 mo. 54 per month for 2 mo. 55 per month for 2 mo. 56 per month for 2 mo. 57 per month for 2 mo. 58 per month for 2 mo. 59 per month for 2 mo. 50 per month for 2 mo. 51 per month for 2 mo. 52 per month for 2 mo. 53 per month for 2 mo. 54 per month for 2 mo. 55 per month for 2 mo. 56 per month for 2 mo. 57 per month for 2 mo. 58 per month for 2 mo. 59 per month for 2 mo. 50 per mo	\$25 \$250.00 \$1,9 \$570.00 \$1,179.12 \$48 \$95.00 \$393.04 \$393.	0.00	\$3,375.00		

Calculating Cash to Close	Use this table to see what has changed from your Loan Estimate.				
	Estimate	Final	Did t	his change?	
Total Closing Costs (J)	\$4,803.00	\$7,264.75	YES	• See Total Loan Costs (D) and Total Other Costs (I)	
Closing Costs Paid Before Closing	\$0	- \$562.00	YES	You paid these Closing Costs before closing	
Closing Costs Financed (Included in Loan Amount)	\$0	\$0	NO		
Down Payment/Funds from Borrower	\$14,000.00	\$14,000.00	NO		
Deposit	- \$5,000.00	- \$5,000.00	NO		
Funds for Borrower	\$0	\$0	NO		
Seller Credits	\$0	\$0	NO		
Adjustments and Other Credits	\$0	- \$601.20	YES	See details in Sections K and L	
ash to Close	\$13,803.00	\$15,101.55			

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION		SELLER'S TRANSACTION
K. Due from Borrower at Closing	\$141,782.75	M. Due to Seller at Closir
01 Sale Price of Property	\$135,000.00	01 Sale Price of Property
02 Sale Price of Any Personal Property Included in Sale		02 Sale Price of Any Perso
03 Closing Costs Paid at Closing (J)	\$6,702.75	03
04		04
Adjustments		05
05		06
06		07
07		08
Adjustments for Items Paid by Seller in Advance		Adjustments for Items P
08 City/Town Taxes to		09 City/Town Taxes
09 County Taxes to		10 County Taxes
10 Assessments to		11 Assessments
11 HOA Dues 4/15/13 to 4/30/13	\$80.00	12 HOA Dues 4/1
12		13
13		14
14		15
15		16
L. Paid Already by or on Behalf of Borrower at Closing	\$126,681.20	N. Due from Seller at Clo
01 Deposit	\$5,000.00	01 Excess Deposit
02 Loan Amount	\$121,000.00	02 Closing Costs Paid at 0
03 Existing Loan(s) Assumed or Taken Subject to		03 Existing Loan(s) Assur
04		04 Payoff of First Mortga
05 Seller Credit		05 Payoff of Second Mor
Other Credits		06
06		07
07		08 Seller Credit
Adjustments		09
08		10
09		11
10		12
11		13
Adjustments for Items Unpaid by Seller		Adjustments for Items U
12 City/Town Taxes 1/1/13 to 4/14/13	\$681.20	14 City/Town Taxes 1/
13 County Taxes to		15 County Taxes
14 Assessments to		16 Assessments
15		17
16		18
17		19
CALCULATION		CALCULATION
Total Due from Borrower at Closing (K)	\$141,782.75	Total Due to Seller at Clos
Total Paid Already by or on Behalf of Borrower at Closing (L)		Total Due from Seller at C
Cash to Close 🕱 From 🗌 To Borrower	\$15,101.55	Cash 🗌 From 🗴 To S

ıg \$135,080.00 \$135,000.00 onal Property Included in Sale aid by Seller in Advance to to to 5/13 to 4/30/13 \$80.00 osing \$92,781.20 Closing (J) \$8,100.00 med or Taken Subject to \$84,000.00 ge Loan tgage Loan npaid by Seller \$681.20 1/13 to 4/14/13 to to ing (M) \$135,080.00 losing (N) - \$92,781.20 eller \$42,298.80

PAGE 3 OF 5 • LOAN ID # 123456789

Additional Information About This Loan

Loan Disclosures

Assumption

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

Demand Feature

Your loan

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

Late Payment

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

Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

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

Partial Payment

Your lender will

□ accept payments that are less than the full amount due (partial payments). Partial payments will be applied:

X not accept partial payments.

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

Security Interest

CLOSING DISCLOSURE

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

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

Escrow Account

For now, your loan

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

Escrow		
Escrowed Property Costs over Year 1	\$2,928.24	Estimated total amount over year 1 for your escrowed property costs: Homeowner's Insurance Property Taxes
Non-Escrowed Property Costs over Year 1	\$1,800.00	Estimated total amount over year 1 for your non-escrowed property costs: <i>HOA Dues</i> You may have other property costs.
Initial Escrow Payment	\$488.03	A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment	\$244.02	The amount included in your total monthly payment.

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

No Escrow	
Estimated Property Costs over Year 1	Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee	

In the future,

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

Adjustable Interest Rate (AIR) Table Index + Margin LIBOR + 4% Initial Interest Rate 3.75% Minimum/Maximum Interest Rate 4.25%/9% **Change Frequency** Beginning of 85th month First Change Subsequent Changes Every 12th month after first change **Limits on Interest Rate Changes** First Change 3% Subsequent Changes 2%

PAGE 4 OF 5 • LOAN ID # 123456789

Loan Calculations	
Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	\$225,551.12
Finance Charge. The dollar amount the loan will cost you.	\$101,644.12
Amount Financed. The loan amount available after paying your upfront finance charge.	\$120,598.40
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	4.592%
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	79.86%
Approximate Cost of Funds (ACF). The approximate cost of the funds used to make this loan. This is not a direct cost to you.	1.63%

Questions? If you have questions about the loan terms and costs on this form, contact your lender. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at **www.consumerfinance.gov/learnmore.**

Other Disclosures

Appraisal

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

Contract Details

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

Liability after Foreclosure

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

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

Refinance

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

Tax Deductions

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

Contact Information

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

Confirm Receipt

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

Date

Co-Applicant Signature

Date

CLOSING DISCLOSURE

PAGE 5 OF 5 • LOAN ID # 123456789

V-10



Payment Calculation

Principal & Interest

Mortgage Insurance

Estimated Estrow Amount can increase over time



Proposed Easier ARM B Disclosures

The study used two different sets of lender names for the loan disclosures. All other information was identical. Name Set 1 used Fir Bank and Name Set 2 used Redbud Bank.

Proposed Loan Estimate, Easier, ARM, B, Name Set 1, page 1

	Boulevard • Somecity, S	T 12340		Save this Loc	an Estimate	to compare with y	our Closin	g Disclosure.
Loan EstimateDATE ISSUED2/15/2013APPLICANTSJohn A. and Mary B.123 Anywhere StreetAnytown, ST 12345PROPERTY456 Somewhere AvenueAnytown, ST 12345SALE PRICE\$135,000			LOAN TERM PURPOSE PRODUCT LOAN TYPE LOAN ID # RATE LOCK	■ Conver 12345678 □ NO ■ Before clos change un	stable Rate ntional □FHA □	013 at 5:0 , points, and rest rate. Al	00 p.m. EDT d lender credits co l other estimated	
Loan Term	IS			Can this an	nount inci	ease after closin	ıg?	
Loan Amou	int	\$121	,000	NO				
Interest Ra	te	3.375% YES • Adjusts every 3 years starting in • Can go as high as 9% in year 10 • See AIR Table on page 2 for deta			10	1		
See Projected I	incipal & Interest Payments below for your al Monthly Payment	\$534	.93	 YES Adjusts every 3 years starting in yea Can go as high as \$903 in year 10 			<i>,</i>	ŧ
				Does the lo	oan have t	hese features?		
Prepaymer	t Penalty			NO				
Balloon Pag	yment			NO				
Projected	Payments					Years 7-9	V	ears 10-30
		Va					I Te	
Payment Ca		Ye	ars 1-3	Years 4-6	•	icuis / y		
	alculation	Ye	ars 1-3 \$534.93	\$640 mi \$665 ma	n	\$640 min \$798 max		\$640 min \$903 max
Payment Ca	Interest	Yea +		\$640 mi	n	\$640 min	+	\$640 min
Payment Ca Principal & Mortgage Estimated	Interest		\$534.93	\$640 mi \$665 ma	n	\$640 min \$798 max	++	\$640 min
Payment Ca Principal & Mortgage Estimated	Interest Insurance Escrow increase over time Total	++	\$534.93 63	\$640 mi \$665 ma + 63	n ix	\$640 min \$798 max + 63	+++	\$640 min \$903 max
Payment Ca Principal & Mortgage Estimated Amount can Estimated Monthly P	Interest Insurance Escrow increase over time Total ayment	++	\$534.93 63 232 830	\$640 mi \$665 ma + 63 + 232 \$935-\$9 This estimate X Property Tax Homeowner Other:	n bx 60 5 includes ces c's Insuranc page 2 for e	\$640 min \$798 max + 63 + 232 \$935-\$1,093	+ + \$87 In escr YES YES	\$640 min \$903 max 232 72-\$1,135
Payment Ca Principal & Mortgage Estimated Amount can Estimated Monthly P	Interest Insurance Escrow increase over time Total ayment Taxes, Insurance ents increase over time	+ + \$	\$534.93 63 232 830	\$640 mi \$665 ma + 63 + 232 \$935-\$9 This estimate X Property Tax Homeowner Other: See Section G on	n bx 60 5 includes ces c's Insuranc page 2 for e	\$640 min \$798 max + 63 + 232 \$935-\$1,093	+ + \$87 In escr YES YES	\$640 min \$903 max 232 72-\$1,135

Proposed Loan Estimate, Easier, ARM, B, Name Set 1, page 2

Loan Costs		Other Costs	
A. Origination Charges	\$1,460	E. Taxes and Other Government Fees	\$225
1 % of Loan Amount (Points) Application Fee	\$1,210 \$250	Recording Fees and Other Taxes Transfer Taxes	\$225
		F. Prepaids	\$380
		Homeowner's Insurance Premium (<u>6</u> months) Mortgage Insurance Premium (<u>months</u>) Prepaid Interest (\$11.34 per day for 15 days @ 3.375%) Property Taxes (<u>months</u>)	\$210 \$170
		G. Initial Escrow Payment at Closing	\$588
		Homeowner's Insurance \$35.00 per month for 2 mo.	
B. Services You Cannot Shop For	\$690	Mortgage Insurance \$62.52 per month for 2 mo.	\$125
Appraisal Fee Credit Report Fee Flood Determination Fee Tax Status Research Fee	\$500 \$30 \$50 \$110	Property Taxes \$196.52 per month for 2 mo.	\$393
		H. Other	\$710
		Title – Owner's Title Policy (optional)	\$710
C. Services You Can Shop For Pest Inspection Fee	\$1,615 \$105	J. TOTAL CLOSING COSTS	\$5,668
Survey Fee Title – Lender's Title Policy Title – Search Fee	\$125 \$735 \$400	D + I Lender Credits	\$5,668
Title – Settlement Agent Fee	\$250	Calculating Cash to Close	
		Total Closing Costs (J)	\$5,668 \$0
		Closing Costs Financed (Included in Loan Amount) Down Payment/Funds from Borrower	\$0 \$14,000
			- \$5,000
		Funds for Borrower	\$0
		Seller Credits	\$0
		Adjustments and Other Credits	\$0
D. TOTAL LOAN COSTS (A + B + C)	\$3,765	Estimated Cash to Close	\$14,668
		Adjustable Interest Rate (AIR) Table	
)FI + 4%
		Initial Interest Rate	3.375%
		Minimum/Maximum Interest Rate	5%/9%
		Change Frequency	
		First Change Beginning of 37t	
		Subsequent Changes Every 36th month after first Limits on Interest Rate Changes	. change
		First Change	2%
		This change	_ / -

Proposed Loan Estimate, Easier, ARM, B, Name Set 1, page 3

Additional Information About This Loan

LENDER	Fir Bank	MORTGAGE BROKER
NMLS/LICENSE ID		NMLS/LICENSE ID
LOAN OFFICER	Joe Smith	LOAN OFFICER
NMLS ID	12345	NMLS ID
EMAIL	joesmith@firbank.com	EMAIL
PHONE	123-456-7890	PHONE

Comparisons	Use these measures to compare this loan with other loans.
In 5 Years	\$42,964 Total you will have paid in principal, interest, mortgage insurance, and loan costs.\$11,344 Principal you will have paid off.
Annual Percentage Rate (APR)	5.294% Your costs over the loan term expressed as a rate. This is not your interest rate.
Total Interest Percentage (TIP)	93.40% The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Other Consideration	ons
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 \Box will allow, under certain conditions, this person to assume this loan on the original terms. \mathbf{X} 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 15 days late, we will charge a late fee of 5% of the monthly principal and interest payment.
Refinance	Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.
Servicing	We intend □ to service your loan. If so, you will make your payments to us. ▼ to transfer servicing of your loan.

Confirm Receipt

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

Applicant	Signature

Date

Co-Applicant Signature

Date

LOAN ESTIMATE

PAGE 3 OF 3 • LOAN ID #123456789

acing Information	Transast	on Information	Lang Life		
osing Information telssued 4/15/2013 sping Date 4/15/2013 sbursement Date 4/15/2013 ttlement Agent Epsilon Title Co.	Iransacti Borrower Seller	on Information John A. and Mary B. 123 Anywhere Street Anytown, ST 12345 Steve C. and Amy D.	Loan Info Loan Term Purpose Product Loan Type	Purchase 3/3 Adjustable Rate	
e # 12-3456 operty 456 Somewhere A Anytown, ST 1234		321 Somewhere Drive Anytown, ST 12345 Fir Bank	Loan ID # MIC #	□VA □ 123456789 000654321	
le Price \$135,000					
Loan Terms		Can this amount	increase after closing	?	
oan Amount	\$121,000	NO			
nterest Rate	3.375%	• Can go a s	very 3 years starting in s high as 9% in year 10 able on page 4 for deta	•	
Monthly Principal & Interest See Projected Payments below for your Estimated Total Monthly Payment	\$534.93		very 3 years starting in s high as \$903 in year 1		
		Does the loan ha	ve these features?		
Prepayment Penalty		NO			
Balloon Payment		NO			
Projected Payments					
Payment Calculation	Years 1-3	Years 4-6	Years 7-9	Years 10-30	
Principal & Interest	\$534.93	\$640 min \$665 max	\$640 min \$798 max	\$640 min \$903 max	
Mortgage Insurance	+ 62.52	+ 62.52	+ 62.52	+ —	
Estimated Escrow Amount can increase over time	+ 231.52	+ 231.52	+ 231.52	+ 231.52	
Estimated Total Monthly Payment	\$828.97	\$832–\$984	\$832–\$1,112	\$832–\$1,128	
Estimated Taxes, Insurance & Assessments Amount can increase over time See Details on Page 4	\$381.52 a month	This estimate incluc Property Taxes Homeowner's Insu Other: Homeowne See page 4 for escrowed costs separately.	irance	In escrow? YES YES NO ay for other property	
Cash to Close					
	\$15,472.43		in Closing Costs (\$3,759	00 in Loan Costs +	

Druce Cost of an an Anount (Foints) Art Closing Better Closing Detter Closingerenore Closing Detter Closing		Borrow	er-Paid	Seller-Paid		Paid by
1 1	Loan Costs	At Closing	Before Closing	At Closing	Before Closing	Others
2 Application Fee 2 Application Fee 2 Application Fee 2 Sprices Borrower Did Not Shop For 3 Sprices Borrower Did Not Shop For 4 Survey Fee 3 to Survey Fee 3 Sprices Borrower Did Shop For 4 Survey Fee 3 Sprices Borrower Did Shop For 5 Sprices Borrower Did Shop For 7 Star Status Begein Thile Co, 5 Sprices Borrower Did Shop For 7 Sprices Sprices 5 Sprices Borrower Did Shop For 7 Sprices Sprices 5 Sprices Borrower Did Shop For 7 Sprices Sprices 5 Sprices Borrower Did Shop For 7 Sprices Sprices 5 Sprices	. Origination Charges	\$1,46	60.00			
Additional and the second se						
4 Services Borrower Did Not Shop For 52,200.00 5500.00 5 Survey free to John Smith Appraisers Inc. 5500.00 5500.00 Flood Determination Fee to Info Co. 5500.00 5500.00 5500.00 Flood Determination Fee to Info Co. 5500.00 5500.00 5500.00 Tink - Lender The Pointy To Explain Tritle Co. 5500.00 5500.00 5500.00 Tink - Statement Agent Fee to Epointo Tritle Co. 5590.00 5590.00 5590.00 Services Borrower Did Shop For to Epointo Tritle Co. 5599.00		\$250.00				
Services Borrower Did Not Shop For S2,200.00 S0000 7 50000 \$3000 \$3000 6 10 Information Inc. 50000 \$3000 \$1000 5 survey Fee to Information Inc. 55000 \$3000 \$1000 5 survey Fee to Survey or Co. \$13100 \$1000 \$1000 10 the Search Fee to Information Inc. \$25000 \$1000 \$1000 10 the Search Fee to Barkey or Fee \$1000 \$1000 \$1000 \$1000 10 the Search Fee to Epsilon Title Co. \$25000 \$1000 \$1000 \$1000 5 ervices Borrower Did Shop For 599.00 \$99.00 \$10000 \$10000 \$10000 \$100						
Services Borrower Did Not Shop For 52,200.00 Image: Construct of Construction Constructin Construction Construction Construction Constructin Co						
Services Borrower Did Not Shop For 52,200,00 Image: state of the						
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D. TOTAL LOAN COSTS (Borrower-Paid) \$3,759.00 Deam Costs Subtotals (A + B + C) \$3,130.00 \$629.00 Other Costs Taxes and Other Government Fees \$240.00 State TransFer Tax Intel State State Tom Colspan="2">State TamsFer Tax Intel State State Tom	7					
aan Costs Subtotals (A + B + C) \$3,130.0 \$629.00 Other Costs Taxes and Other Government Fees \$240.00 1 Recording Fees Deed: \$120.00 Mortgage: \$120.00 2 State Transfer Tax \$1,780.56 1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. \$420.00 2 Mortgage Insurance Premium (12 mo.) to Insurance Co. \$420.00 2 Mortgage Insurance Premium (12 mo.) to Insurance Co. \$420.00 3 Prepaid Interest \$11.34 per day from 4/15/13 to 5/1/13 5 Initial Escrow Payment at Closing \$1,179.12 5 51.00 2 Mortgage Insurance \$62.52 per month for 2 mo. 3 Property Taxes (\$196.52 per month for 2 mo. \$125.04 3 Property Taxes (\$196.52 per month for 2 mo. \$333.04 4 -0.01 51.335.00 11 HOR Costs \$1,335.00 51.335.00 12 HOA Processing Fee to HOA Acre Inc. \$50.00 \$51.335.00 13 Hone Costs \$1,335.00 \$750.00 14 HoR Experiment to Alpha Real Estate Broker \$3,375.00 \$750.00 14 HOA Capital Contribution to HOA Acre Inc. \$125.0	8					
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Prepaids \$1,780.56 1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. \$420.00 2 Mortgage Insurance Premium (2 mo.) \$181.44 3 Prepaid Insurance Premium (12 mo.) to Insurance Co. \$420.00 4 Mortgage Insurance Premium (2 mo.) \$181.44 4 Property Taxes (6 mo.) to Any County USA \$11,179.12 5 \$1,179.12 6 \$1,179.12 7 \$181.44 8 Aggregate Adjustment -0.01 4 Aggregate Adjustment -0.01 5 Aggregate Adjustment -0.01 4 Aggregate Adjustment -0.01 5 Aggregate Adjustment -0.01	oan Costs Subtotals (A + B + C) Other Costs	\$3,130.00	\$629.00			
1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. \$420.00 Image: State Constraints of Constraint constraints of Constractarial Engineers Inc. <	Coan Costs Subtotals (A + B + C) Other Costs Categories and Other Government Fees	\$3,130.00	\$629.00			
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3 Prepaid interest \$11.34 per day from 4/15/13 to 5/1/13 \$181.44 Image: State of the st	. Taxes and Other Government Fees 1 Recording Fees 2 State Transfer Tax . Prepaids	\$3,130.00 \$244 \$240.00 \$1,78	\$629.00	\$1,350.00		
4 Property Taxes (6 mo.) to Any County USA \$1,179.12 Image: Construction of the second of the		\$3,130.00 \$244 \$240.00 \$1,78	\$629.00	\$1,350.00		
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1 Homeowner's Insurance \$35.00 per month for 2 mo. \$70.00 Image: State Commission to Alpha Real Estate Broker \$710.00 \$710.00 2 Mortgage Insurance \$35.00 per month for 2 mo. \$125.04 Image: State Stat	Coan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Fees Recording Fees Deed: \$120.00 Mortgage: \$120.00 State Transfer Tax Prepaids Homeowner's Insurance Premium (12 mo.) to Insurance Co. Mortgage Insurance Premium (mo.) Prepaid Interest \$11.34 per day from 4/15/13 to 5/1/13	\$3,130.00 \$244 \$240.00 \$1,78 \$420.00 \$181.44	\$629.00	\$1,350.00		
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Stn335.00 \$1,335.00 11 HOA Capital Contribution to HOA Acre Inc. \$500.00 Image: Stn 200 Image: Stn 200 <td>Anorphic costs Subtotals (A + B + C) Other Costs Taxes and Other Government Fees Recording Fees Recording Fees Deed: \$120.00 Mortgage: \$120.00 Second S</td> <td>\$3,130.00 \$24 \$240.00 \$1,78 \$420.00 \$181.44 \$1,179.12 \$588 \$70.00 \$125.04</td> <td>\$629.00 0.00 80.56</td> <td>\$1,350.00</td> <td></td> <td></td>	Anorphic costs Subtotals (A + B + C) Other Costs Taxes and Other Government Fees Recording Fees Recording Fees Deed: \$120.00 Mortgage: \$120.00 Second S	\$3,130.00 \$24 \$240.00 \$1,78 \$420.00 \$181.44 \$1,179.12 \$588 \$70.00 \$125.04	\$629.00 0.00 80.56	\$1,350.00		
11 HOA Capital Contribution to HOA Acre Inc. \$500.00 Image: Contribution of the HOA Acre Inc. \$1000000000000000000000000000000000000	coan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Fees 1 Recording Fees Deed: \$120.00 2 State Transfer Tax Prepaids 1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. 2 Mortgage Insurance Premium (mo.) 3 Prepaid Interest \$11.34 per day from 4/15/13 to 5/1/13 4 Property Taxes (6 mo.) to Any County USA 5 1 Homeowner's Insurance \$35.00 2 Mortgage Insurance \$35.00 9 Property Taxes 1 Homeowner's Insurance \$35.00 9 Property Taxes 9 Property Taxes \$196.52 9 Per month for 2 mo. 4 5 6 7	\$3,130.00 \$244 \$240.00 \$1,78 \$420.00 \$181.44 \$1,179.12 \$588 \$70.00 \$125.04 \$393.04	\$629.00 0.00 80.56	\$1,350.00		
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33 Home Inspection Fee to Engineers Inc. (************************************	Coan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Fees Recording Fees Second Seco	\$3,130.00 \$244 \$240.00 \$1,72 \$420.00 \$1,77 \$420.00 \$1,77 \$1,77 \$588 \$70.00 \$125.04 \$393.04 \$393.04 \$1,75 \$1,75 \$1,75 \$2,40 \$1,75 \$	\$629.00 0.00 80.56 8.07	\$1,350.00		
14 Real Estate Commission to Alpha Real Estate Broker \$3,375.00 15 Real Estate Commission to Omega Real Estate Broker \$3,375.00 16 Structural Inspection Fee to Structural Engineers Inc. \$1,100.00 17 Title – Owner's Title Policy (optional) to Epsilon Title Co. \$710.00 18 Image: Communication of the communication of	coan Costs Subtotals (A + B + C) Other Costs A Taxes and Other Government Fees 1 Recording Fees Deed: \$120.00 2 State Transfer Tax Prepaids 1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. 2 Mortgage Insurance Premium (mo.) 3 Prepaid Interest \$11.34 per day from 4/15/13 to 5/1/13 4 Property Taxes (6 mo.) to Any County USA 5 6 7 8 Aggregate Adjustment 4. Other Costs 11 HOA Capital Contribution	\$3,130.00 \$244 \$240.00 \$1,72 \$420.00 \$1,72 \$1,72 \$588 \$70.00 \$125.04 \$393.04 -0.01 \$1,33 \$500.00	\$629.00 0.00 80.56 8.07	\$1,350.00		
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N8 Second State Second State .TOTAL OTHER COSTS (Borrower-Paid) \$3,943.63	 coan Costs Subtotals (A + B + C) Other Costs Craxes and Other Government Fees Recording Fees Deed: \$120.00 Mortgage: \$120.00 2 State Transfer Tax Prepaids I Homeowner's Insurance Premium (12 mo.) to Insurance Co. 2 Mortgage Insurance Premium (mo.) 3 Prepaid Interest \$11.34 per day from 4/15/13 to 5/1/13 4 Property Taxes (6 mo.) to Any County USA 5 5. Initial Escrow Payment at Closing I Homeowner's Insurance \$35.00 per month for 2 mo. 2 Mortgage Insurance \$62.52 per month for 2 mo. 3 Property Taxes \$196.52 per month for 2 mo. 4 Mortgage Insurance \$62.52 per month for 2 mo. 4 Mortgage Insurance \$196.52 per month for 2 mo. 4 Mortgage Adjustment 4. Other Costs 11 HOA Capital Contribution to HOA Acre Inc. 12 HOA Processing Fee to HOA Acre Inc. 13 Home Inspection Fee to Engineers Inc. 14 Real Estate Commission to Alpha Real Estate Broker 15 Real Estate Commission to Omega Real Estate Broker 	\$3,130.00 \$244 \$240.00 \$1,72 \$420.00 \$1,72 \$1,72 \$588 \$70.00 \$125.04 \$393.04 -0.01 \$1,33 \$500.00	\$629.00 0.00 80.56 8.07	\$3,375.00		
State \$3,943.63 Other Costs Subtotals (E + F + G + H) \$3,943.63	coan Costs Subtotals (A + B + C) Other Costs Araxes and Other Government Fees 1 Recording Fees Deed: \$120.00 2 State Transfer Tax Prepaids 1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. 2 Mortgage Insurance Premium (mo.) 3 Prepaid Interest \$11.34 per day from 4/15/13 to 5/1/13 4 Property Taxes (6 mo.) to Any County USA 5 6.initial Escrow Payment at Closing 1 Homeowner's Insurance \$35.00 2 Mortgage Insurance \$35.00 2 Mortgage Insurance \$35.00 2 Mortgage Insurance \$35.00 3 Property Taxes \$196.52 4 Property Taxes \$196.52 5 6 7 8 Aggregate Adjustment 4. Other Costs 11 HOA Capital Contribution to HOA Acre Inc. 12 HOA Processing Fee to HOA Acre Inc. 13 Home Inspection Fee to Engineers Inc. 14 Real Estate Commission to Alpha Real Estate Broker 15 Real Estate Commission to Alpha Real Estate Broker 16 Structural Inspection Fee to Structural Engineers Inc.	\$3,130.00 \$244 \$240.00 \$1,725 \$420.00 \$11,72 \$558 \$70.00 \$125.04 \$393.04 -0.01 \$1,333 \$500.00 \$125.00	\$629.00 0.00 80.56 8.07	\$3,375.00		
Other Costs Subtotals (E + F + G + H) \$3,943.63	coan Costs Subtotals (A + B + C) Other Costs Carace and Other Government Fees 11 Recording Fees Deed: \$120.00 22 State Transfer Tax 2 Prepaids 11 Homeowner's Insurance Premium (12 mo.) to Insurance Co. 12 Mortgage Insurance Premium (mo.) 13 Prepaid Interest \$11.34 per day from 4/15/13 to 5/1/13 14 Property Taxes (6 mo.) to Any County USA 15 16 Initial Escrow Payment at Closing 11 Homeowner's Insurance \$35.00 per month for 2 mo. 12 Mortgage Insurance \$62.52 per month for 2 mo. 13 Property Taxes \$196.52 per month for 2 mo. 14 Property Taxes \$196.52 per month for 2 mo. 15 16 17 18 Aggregate Adjustment 4. Other Costs 11 HOA Capital Contribution to HOA Acre Inc. 12 HOA Processing Fee to HOA Acre Inc. 13 Home Inspection Fee to Engineers Inc. 14 Home Inspection Fee to Engineers Inc. 15 Real Estate Commission to Alpha Real Estate Broker 16 Real Estate Commission to Alpha Real Estate Broker 16 Real Estate Commission to Alpha Real Estate Broker 16 Real E	\$3,130.00 \$244 \$240.00 \$1,725 \$420.00 \$11,72 \$558 \$70.00 \$125.04 \$393.04 -0.01 \$1,333 \$500.00 \$125.00	\$629.00 0.00 80.56 8.07	\$3,375.00		
	 coan Costs Subtotals (A + B + C) Other Costs Craxes and Other Government Fees Precording Fees Deed: \$120.00 Mortgage: \$120.00 2 State Transfer Tax Prepaids Homeowner's Insurance Premium (12 mo.) to Insurance Co. Mortgage Insurance Premium (mo.) Prepaid Interest \$11.34 per day from 4/15/13 to 5/1/13 Property Taxes (6 mo.) to Any County USA Initial Escrow Payment at Closing Homeowner's Insurance \$35.00 per month for 2 mo. Mortgage Insurance \$62.52 per month for 2 mo. Mortgage Insurance \$196.52 per month for 2 mo. Property Taxes \$196.52 per month for 2 mo. Property Taxes \$196.52 per month for 2 mo. Mortgaget Adjustment H. Other Costs HOA Capital Contribution to HOA Acre Inc. HOA Processing Fee to Engineers Inc. Heal Estate Commission to Alpha Real Estate Broker Seal Estate Commission to Alpha Real Estate Broker Structural Inspection Fee to Structural Engineers Inc. Title - Owner's Title Policy (optional) to Epsilon Title Co. 	\$3,130.00 \$244 \$240.00 \$1,78 \$420.00 \$181.44 \$1,179.12 \$588 \$70.00 \$125.04 \$393.04 -0.01 \$1,32 \$550.00 \$125.00 \$125.00 \$125.00 \$125.00 \$125.00	\$629.00 0.00 80.56 8.07 55.00	\$3,375.00		
. TOTAL CLOSING COSTS (Borrower-Paid) \$7,702.63	coan Costs Subtotals (A + B + C) Other Costs Carace and Other Government Fees 11 Recording Fees Deed: \$120.00 22 State Transfer Tax 2 Prepaids 11 Homeowner's Insurance Premium (12 mo.) to Insurance Co. 22 Mortgage Insurance Premium (mo.) 33 Prepaid Interest 14 Property Taxes (6 mo.) to Any County USA 15 35 36. Initial Escrow Payment at Closing 11 Homeowner's Insurance 12 Mortgage Insurance 13 Property Taxes 14 Property Taxes 15 37 38 Property Taxes 19 F05 14 15 16 17 18 19 Roperty Taxes 19 F05 10 HOA Capital Contribution 10 HOA Processing Fee 11 HOA Capital Contribution to HOA Acre Inc. 12 HOA Processing Fee to Engineers Inc. 13 Home Inspection Fee to Engineers Inc. 14 Real Estate Commission to Alpha Real Estate Broker 15 Structural Inspection Fee to Structur	\$3,130.00 \$3,130.00 \$244 \$240.00 \$1,72 \$420.00 \$1,77 \$1,77 \$1,77 \$588 \$70.00 \$125.04 \$393.04 -0.01 \$1,33 \$500.00 \$125.00	\$629.00 0.00 80.56 8.07 55.00	\$3,375.00		
		\$3,130.00 \$3,130.00 \$244 \$240.00 \$1,72 \$420.00 \$1,77 \$1,77 \$1,77 \$588 \$70.00 \$125.04 \$393.04 -0.01 \$1,33 \$500.00 \$125.00	\$629.00 0.00 80.56 8.07 55.00	\$3,375.00		
Closing Costs Subtotals (D + I) \$7,073.63 \$629.00 \$8,100.00 \$1,850.00 Lender Credits <td< td=""><td>coan Costs Subtotals (A + B + C) Other Costs A Taxes and Other Government Fees 1 Recording Fees Deed: \$120.00 2 State Transfer Tax Prepaids 1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. 2 Mortgage Insurance Premium (mo.) 3 Prepaid Interest \$11.34 per day from 4/15/13 to 5/1/13 4 Property Taxes (6 mo.) to Any County USA 5 5 6. Initial Escrow Payment at Closing 11 Homeowner's Insurance \$35.00 2 Mortgage Insurance \$196.52 3 Property Taxes \$196.52 4 Property Taxes \$196.52 5 6 7 8 Aggregate Adjustment 4. Other Costs 91 HOA Capital Contribution to HOA Acre Inc. 14 Real Estate Commission to Alpha Real Estate Broker 15 Real Estate Commission to Alpha Real Estate Broker 16 Structural Inspection Fee to Structural Engineers Inc. 17 Title - Owner's Title Policy (optional) to Epsilon Title Co. 18 19 10 10 11 11 11 12 H</td><td>\$3,130.00 \$244 \$240.00 \$1,72 \$420.00 \$1,72 \$1,72 \$588 \$70.00 \$125.04 \$393.04 \$393.04 \$393.04 \$1,33 \$500.00 \$125.00 \$1,25.00 \$1,25.00 \$1,72 \$500.00 \$1,25.00 \$1,710.00 \$710.00 \$710.00 \$7,70 \$3,943.63</td><td>\$629.00 0.00 80.56 3.07 5.00 13.63 12.63</td><td>\$3,375.00 \$3,375.00</td><td>\$1,100.00</td><td></td></td<>	coan Costs Subtotals (A + B + C) Other Costs A Taxes and Other Government Fees 1 Recording Fees Deed: \$120.00 2 State Transfer Tax Prepaids 1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. 2 Mortgage Insurance Premium (mo.) 3 Prepaid Interest \$11.34 per day from 4/15/13 to 5/1/13 4 Property Taxes (6 mo.) to Any County USA 5 5 6. Initial Escrow Payment at Closing 11 Homeowner's Insurance \$35.00 2 Mortgage Insurance \$196.52 3 Property Taxes \$196.52 4 Property Taxes \$196.52 5 6 7 8 Aggregate Adjustment 4. Other Costs 91 HOA Capital Contribution to HOA Acre Inc. 14 Real Estate Commission to Alpha Real Estate Broker 15 Real Estate Commission to Alpha Real Estate Broker 16 Structural Inspection Fee to Structural Engineers Inc. 17 Title - Owner's Title Policy (optional) to Epsilon Title Co. 18 19 10 10 11 11 11 12 H	\$3,130.00 \$244 \$240.00 \$1,72 \$420.00 \$1,72 \$1,72 \$588 \$70.00 \$125.04 \$393.04 \$393.04 \$393.04 \$1,33 \$500.00 \$125.00 \$1,25.00 \$1,25.00 \$1,72 \$500.00 \$1,25.00 \$1,710.00 \$710.00 \$710.00 \$7,70 \$3,943.63	\$629.00 0.00 80.56 3.07 5.00 13.63 12.63	\$3,375.00 \$3,375.00	\$1,100.00	

Calculating Cash to Close	Use this table	e to see what h	as cha	anged from your Loan Estimate.
	Estimate	Final	Did t	his change?
Fotal Closing Costs (J)	\$5,668.00	\$7,702.63	YES	• See Total Loan Costs (D) and Total Other Costs (I)
Closing Costs Paid Before Closing	\$0	- \$629.00	YES	You paid these Closing Costs before closing
Closing Costs Financed Included in Loan Amount)	\$0	\$0	NO	
Down Payment/Funds from Borrower	\$14,000.00	\$14,000.00	NO	
Deposit	- \$5,000.00	- \$5,000.00	NO	
unds for Borrower	\$0	\$0	NO	
eller Credits	\$0	\$0	NO	
djustments and Other Credits	\$0	- \$601.20	YES	See details in Sections K and L
sh to Close	\$14,668.00	\$15,472.43		

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION		SELLER'S TRANSACTION	
K. Due from Borrower at Closing	\$142,153.63	M. Due to Seller at Closing	\$135,080.00
01 Sale Price of Property	\$135,000.00	01 Sale Price of Property	\$135,000.00
02 Sale Price of Any Personal Property Included in Sale		02 Sale Price of Any Personal Property Included in	Sale
03 Closing Costs Paid at Closing (J)	\$7,073.63	03	
04		04	
Adjustments		05	
05		06	
06		07	
07		08	
Adjustments for Items Paid by Seller in Advance		Adjustments for Items Paid by Seller in Advance	2
08 City/Town Taxes to		09 City/Town Taxes to	
09 CountyTaxes to 10 Assessments to		10 County Taxes to 11 Assessments to	
	¢00.00		\$80.00
11 HOA Dues 4/15/13 to 4/30/13	\$80.00	12 HOA Dues 4/15/13 to 4/30/13	\$80.00
12		15	
14		15	
15		16	
L. Paid Already by or on Behalf of Borrower at Closing	\$126,681.20	N. Due from Seller at Closing	\$92,781.20
01 Deposit	\$5,000.00	01 Excess Deposit	\$52,701.20
02 Loan Amount	\$121,000.00	02 Closing Costs Paid at Closing (J)	\$8,100.00
03 Existing Loan(s) Assumed or Taken Subject to	\$121,000.00	03 Existing Loan(s) Assumed or Taken Subject to	\$0,100.00
04		04 Payoff of First Mortgage Loan	\$84,000.00
05 Seller Credit		05 Payoff of Second Mortgage Loan	\$0 1,000100
Other Credits		06	
06		07	
07		08 Seller Credit	
Adjustments		09	
08		10	
09		11	
10		12	
11		13	
Adjustments for Items Unpaid by Seller		Adjustments for Items Unpaid by Seller	
12 City/Town Taxes 1/1/13 to 4/14/13	\$681.20	14 City/Town Taxes 1/1/13 to 4/14/13	\$681.20
13 County Taxes to		15 County Taxes to	
14 Assessments to		16 Assessments to	
15		17	
16		18	
17		19	
CALCULATION		CALCULATION	
Total Due from Borrower at Closing (K)	\$142,153.63	Total Due to Seller at Closing (M)	\$135,080.00
Total Paid Already by or on Behalf of Borrower at Closing (L)	- \$126,681.20	Total Due from Seller at Closing (N)	- \$92,781.20
Cash to Close 🕱 From 🗌 To Borrower	\$15,472.43	Cash 🗌 From 🛛 To Seller	\$42,298.80

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.
- is will not allow assumption of this loan on the original terms.

.

Demand Feature

Your loan

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

Late Payment

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

Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

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

Partial Payment

Your lender will

accept payments that are less than the full amount due (partial payments). Partial payments will be applied:

X not accept partial payments.

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

Security Interest

CLOSING DISCLOSURE

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

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

Escrow Account

For now, your loan

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

Escrow		
Escrowed Property Costs over Year 1	\$2,778.24	Estimated total amount over year 1 for your escrowed property costs: Homeowner's Insurance Property Taxes
Non-Escrowed Property Costs over Year 1	\$1,800.00	Estimated total amount over year 1 for your non-escrowed property costs: <i>HOA Dues</i> You may have other property costs.
Initial Escrow Payment	\$588.07	A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment	\$231.52	The amount included in your total monthly payment.

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

No Escrow					
Estimated Property Costs over Year 1		Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.			
Escrow Waiver Fee					

In the future,

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

Adjustable Interest Ra	ate (AIR) Table	
Index + Margin		COFI + 4%
Initial Interest Rate		3.375%
Minimum/Maximum Intere	st Rate	5%/9%
Change Frequency		
First Change	Beginnir	ng of 37th month
Subsequent Changes	Every 36th month	after first change
Limits on Interest Rate Ch	anges	
First Change		2%
Subsequent Changes		2%

PAGE 4 OF 5 • LOAN ID # 123456789

Loan Calculations	
Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	\$246,504.48
Finance Charge. The dollar amount the loan will cost you.	\$122,956.56
Amount Financed. The loan amount available after paying your upfront finance charge.	\$119,483.52
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	5.401%
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	96.12%
Approximate Cost of Funds (ACF). The approximate cost of the funds used to make this loan. This is not a direct cost to you.	1.63%

Other Disclosures

Appraisal

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

Contract Details

See your note and security instrument for information about • what happens if you fail to make your payments,

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

Liability after Foreclosure

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

X state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and be liable for debt remaining after the foreclosure. You may want to consult a lawyer for more information.

□ state law does not protect you from liability for the unpaid balance.

the property value, and market conditions. You may not be able to

Refinance Refinancing this loan will depend on your future financial situation,

refinance this loan.

Tax Deductions

Questions? If you have questions about the loan terms and costs on this form, contact your lender. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at www.consumerfinance.gov/learnmore.

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

Contact Information

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

Confirm Receipt

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

Applicant Signature

Date

Co-Applicant Signature

Date

CLOSING DISCLOSURE

PAGE 5 OF 5 • LOAN ID # 123456789

W-9



Proposed More Challenging ARM A Disclosures

The study used two different sets of lender names for the loan disclosures. All other information was identical. Name Set 1 used Gingko Bank and Name Set 2 used Spruce Bank.

Proposed Loan Estimate, More Challenging, ARM, A, Name Set 1, page 1

GINGKO BANK 321 Random Boulevard • Somecity, S	ST 12340	Save this Loan Esti	mate to compare with yo	ur Closing Disclosure.		
Loan Estimate2/15/2013John A. and Mary B.123 Anywhere StreeAnytown, ST 12345PROPERTY456 Somewhere AveAnytown, ST 12345SALE PRICE\$240,000		LOAN TYPE I ⊂ Cc LOAN ID # 1234 RATE LOCK □ NC Befor chan		A D		
Loan Terms		Can this amount	increase after closing	?		
Loan Amount	\$211,000	NO				
Interest Rate	4%	• Can go a	every 3 years starting ir s high as 12% in year 1 Table on page 2 for det	5		
Monthly Principal & Interest See Projected Payments below for your Estimated Total Monthly Payment	\$703.33	• Can go a • Includes	every 3 years starting ir s high as \$2,068 in yea only interest and no p able on page 2 for deta	r 15 rincipal until year 6		
		Does the loan ha	ave these features?			
Prepayment Penalty		NO				
Balloon Payment		NO				
Projected Payments Payment Calculation	Years 1-5	Years 6-8	Years 9-11	Years 12-30		
Principal & Interest	\$703.33 only interest	\$1,028 min \$1,359 max	\$1,028 min \$1,604 max	\$1,028 min \$2,068 max		
Mortgage Insurance	+ 109	+ 109	+ 109	+ -		
Estimated Escrow Amount can increase over time	+ 0	+ 0	+ 0	+ 0		
Estimated Total Monthly Payment	\$812	\$1,137-\$1,468	\$1,137-\$1,713	\$1,028-\$2,068		
Estimated Taxes, Insurance & Assessments Amount can increase over time	\$533 a month	This estimate includ Property Taxes Homeowner's Insu Other: See Section G on page 2 property costs separate	urance 2 for escrowed property cosi	In escrow? NO NO ts. You must pay for other		
Cash to Close						

Proposed Loan Estimate, More Challenging, ARM, A, Name Set 1, page 2

Loan Costs		Other Costs	
A. Origination Charges	\$3,110	E. Taxes and Other Government Fees	\$152
1 % of Loan Amount (Points) Application Fee	\$2,110 \$2,00	Recording Fees and Other Taxes Transfer Taxes	\$152
Processing Fee	\$500	F. Prepaids	\$1,352
		Homeowner's Insurance Premium (<u>12</u> months) Mortgage Insurance Premium (<u>months</u>)	\$1,000
		Prepaid Interest(\$23.44 per day for 15 days @ 4.00% Property Taxes(months)) \$352
		G. Initial Escrow Payment at Closing	
		Homeowner's Insurance per month for m	0
			0.
B. Services You Cannot Shop I		Property Taxes per month for m	0.
Appraisal Fee Credit Report Fee	\$305 \$30		
Flood Determination Fee	\$35		
Lender's Attorney Fee	\$400		
Tax Status Research Fee	\$50		
		H. Other	\$1,436
		Title – Owner's Title Policy (optional)	\$1,436
		I. TOTAL OTHER COSTS (E + F + G + H)	\$2,940
C. Services You Can Shop For	\$1,921		
Pest Inspection Fee	\$125	J. TOTAL CLOSING COSTS	\$8,791
Survey Fee Title – Courier Fee Title – Lender's Title Policy	\$150 \$32 \$665	D + I Lender Credits	\$8,791
Title – Settlement Agent Fee	\$325	Calculating Cash to Close	
Title – Title Search	\$624	Total Closing Costs (J)	\$8,791
		Closing Costs Financed (Included in Loan Amount)	\$0
		Down Payment/Funds from Borrower	\$29,000
		Deposit	- \$10,000
		Funds for Borrower	\$0
		Seller Credits	\$0
		Adjustments and Other Credits	\$0
D. TOTAL LOAN COSTS (A + B +	- C) \$5,851	Estimated Cash to Close	\$27,791
Adjustable Payment (AP) Ta	ble	Adjustable Interest Rate (AIR) Table	
nterest Only Payments?	YES for your first 60 payments	Index + Margin	MTA + 4%
ptional Payments?	NO	Initial Interest Rate	4%
	NO	Minimum/Maximum Interest Rate	3.25%/12%
tep Payments?		Change Frequency	
easonal Payments?	NO	First Change Beginning of 6	
Ionthly Principal and Interest Pa		Subsequent Changes Every 36th month after fi	rst change
irst Change/Amount \$	1,028 – \$1,359 at 61st payment Every three years	Limits on Interest Rate Changes First Change	2%
ubsequent Changes			

Proposed Loan Estimate, More Challenging, ARM, A, Name Set 1, page 3

Additional Information About This Loan

LENDER NMLS/LICENSE ID	Gingko Bank	MORTGAGE BROKER NMLS/LICENSE ID
LOAN OFFICER	Joe Smith	LOAN OFFICER
NMLS ID	12345	NMLS ID
EMAIL	joesmith@gingkobank.com	EMAIL
PHONE	123-456-7890	PHONE

Comparisons	Use these	measures to compare this loan with other loans.
In 5 Years	\$54,944 \$0	Total you will have paid in principal, interest, mortgage insurance, and loan costs. Principal you will have paid off.
Annual Percentage Rate (APR)	4.617%	Your costs over the loan term expressed as a rate. This is not your interest rate.
Total Interest Percentage (TIP)	81.18%	The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Other Consideration	ons
Appraisal	We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.
Assumption	If you sell or transfer this property to another person, we will allow, under certain conditions, this person to assume this loan on the original terms. will not allow assumption of this loan on the original terms.
Homeowner's Insurance	This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.
Late Payment	lf your payment is more than 15 days late, we will charge a late fee of 5% of the monthly principal and interest payment.
Refinance	Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.
Servicing	We intend to service your loan. If so, you will make your payments to us. X to transfer servicing of your loan.

Confirm Receipt

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

Applicant	Signature

Date

Co-Applicant Signature

Date

LOAN ESTIMATE

PAGE 3 OF 3 • LOAN ID #123456789

Closing Disclosure	5	document with your			ing costs. Compare this
Closing Information Date Issued 4/15/2013	Transactio Borrower	on Information John A. and Mary B.		Loan Info Loan Term	
closing Date 4/15/2013 bisbursement Date 4/15/2013 bisbursement Agent Epsilon Title Co. ile # 12-3456 broperty 456 Somewhere Ar Anytown, ST 12345		123 Anywhere Stree Anytown, ST 12345 Steve C. and Amy D 321 Somewhere Dr Anytown, ST 12345 Gingko Bank	ive	Purpose Product Loan Type Loan ID #	Purchase 5 Year Negative Amortizatio 5/3 Adjustable Rate Conventional FHA VA 123456789
ale Price \$240,000				MIC #	000654321
Loan Terms		Can this an	nount increas	e after closing	?
Loan Amount	\$211,000		es as high as reases until y		
Interest Rate	4%	• Car	n go as high a	years starting in Is 12% in year 15 In page 4 for deta	
Monthly Principal & Interest See Projected Payments below for your Estimated Total Monthly Payment	\$500.00	• Car • Inc	n go as high a ludes only in t	years starting in s \$2,200 in year terest and no pr page 4 for detai	[.] 15 incipal until year 6
		Does the lo	oan have thes	e features?	
Prepayment Penalty		NO			
Balloon Payment		NO			
Projected Payments					
Payment Calculation	Years 1-5	Years 6-8		Years 9-11	Years 12-30
Principal & Interest	\$500.00 only interest	\$1,094 \$1,446		\$1,094 min \$1,707 max	\$1,094 min \$2,200 max
Mortgage Insurance	+ 165.28	+ 165.2	28 +	165.28	+ 165.28
Estimated Escrow Amount can increase over time	+ 553.60	+ 553.0	60 +	- 553.60	+ 553.60
Estimated Total Monthly Payment	\$1,218.88	\$1,813–\$2,	165 \$1,8	313–\$2,426	\$1,813-\$2,919
Estimated Taxes, Insurance & Assessments Amount can increase over time See details on page 4	\$703.60 a month	This estimate This Property Tay Homeowne Conter: Hom See page 4 for es costs separately.	kes r's Insurance eowner's Asso crowed propert		In escrow? YES YES NO ay for other property
Cash to Close					
Cash to Close	\$30,589.43				7.00 in Loan Costs + . See details on page 2.
,					

	Borrow	/er-Paid	Seller	r-Paid	Paid by
Loan Costs	At Closing	Before Closing	At Closing	Before Closing	Others
A. Origination Charges	\$3,1	10.00			
1 % of Loan Amount (Points)	\$2,110.00				
2 Application Fee	\$500.00				
3 Processing Fee	\$500.00				
)4					
5					
06					
)7					
8					
3. Services Borrower Did Not Shop For	\$2,6	52.00			
1 Appraisal Fee to John Smith Appraisers Inc.		\$305.00			
2 Credit Report Fee to Information Inc.		\$30.00			
3 Flood Determination Fee to Info Co.	\$35.00				
14 Lender's Attorney to Law Firm LLP	\$400.00				
5 Survey Fee to Surveyors Co.	\$150.00				
16 Tax Status Research Fee to Info Co.	\$50.00				
7 Title – Courier Fee to Epsilon Title Co.	\$32.00				
8 Title – Lender's Title Policy to Epsilon Title Co.	\$665.00				
99 Title – Settlement Agent Fee to Epsilon Title Co.	\$330.00				
0 Title – Title Search to Epsilon Title Co.	\$655.00				
C. Services Borrower Did Shop For	\$11	5.00			
11 Pest Inspection Fee to Pests Co.		\$115.00			
)2					
)3					
)4					
)5					
06					
)7	_				
	47.0				
D. TOTAL LOAN COSTS (Borrower-Paid) Loan Costs Subtotals (A + B + C) Other Costs	\$5,427.00	77.00 \$450.00			
Loan Costs Subtotals (A + B + C)	\$5,427.00	1			
Loan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Fees D1 Recording Fees D2 State Transfer Tax Deed: \$78.00 Mortgage: \$78.00 D	\$5,427.00 \$15 \$156.00	\$450.00	\$2,110.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government Fees D1 Recording Fees D2 State Transfer Tax F. Prepaids	\$5,427.00 \$15 \$156.00 \$4,3	\$450.00	\$2,110.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government Fees D1 Recording Fees Deed: \$78.00 D2 State Transfer Tax F. Prepaids D1 Homeowner's Insurance Premium (12 mo.) to Insurance Co.	\$5,427.00 \$15 \$156.00	\$450.00	\$2,110.00		
Coan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Fees Recording Fees Reco	\$5,427.00 \$15 \$156.00 \$1,243.20	\$450.00	\$2,110.00		
coan Costs Subtotals (A + B + C) Other Costs c. Taxes and Other Government Fees D1 Recording Fees Deed: \$78.00 D2 State Transfer Tax : Prepaids D1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. D2 Mortgage Insurance Premium (mo.) D3 Prepaid Interest \$23.44 per day from 4/15/13 to 5/1/13	\$5,427.00 \$15 \$156.00 \$1,243.20 \$375.04	\$450.00	\$2,110.00		
Coan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Fees Recording Fees Recording Fees Sector Taxes Prepaids Homeowner's Insurance Premium (12 mo.) to Insurance Co. Mortgage Insurance Premium (mo.) Propaid Interest S23.44 per day from 4/15/13 to 5/1/13 Property Taxes (6 mo.) to Any County USA	\$5,427.00 \$15 \$156.00 \$1,243.20	\$450.00	\$2,110.00		
Loan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Fees Recording Fees Deed: \$78.00 Mortgage: \$78.00 State Transfer Tax Prepaids Homeowner's Insurance Premium (12 mo.) to Insurance Co. Mortgage Insurance Premium (mo.) Prepaid Interest S23.44 per day from 4/15/13 to 5/1/13 Property Taxes (6 mo.) to Any County USA	\$5,427.00 \$15 \$156.00 \$1,243.20 \$375.04 \$2,700.00	\$450.00 6.00 18.24	\$2,110.00		
Coan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Fees Taxes and Other Government Fees Carbon State Transfer Tax Frepaids Homeowner's Insurance Premium (12 mo.) to Insurance Co. Mortgage Insurance Premium (mo.) Prepaid Interest \$23.44 per day from 4/15/13 to 5/1/13 Property Taxes (6 mo.) to Any County USA Sinitial Escrow Payment at Closing	\$5,427.00 \$15 \$156.00 \$375.04 \$2,700.00 \$1,1	\$450.00	\$2,110.00		
Coan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Fees Recording Fees Deed: \$78.00 Mortgage: \$78.00 Stet Transfer Tax Prepaids Homeowner's Insurance Premium (12 mo.) to Insurance Co. Mortgage Insurance Premium (mo.) Prepaid Interest \$23.44 per day from 4/15/13 to 5/1/13 Prepaid Interest \$23.44 per day from 4/15/13 to 5/1/13 Prepaid Interest \$23.44 per day from 4/15/13 to 5/1/13 Prepaid Interest Sinitial Escrow Payment at Closing Homeowner's Insurance \$103.60 per month for 2 mo.	\$5,427.00 \$15 \$156.00 \$1,243.20 \$375.04 \$2,700.00	\$450.00 6.00 18.24	\$2,110.00		
coan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government Fees 11 Recording Fees Deed: \$78.00 12 State Transfer Tax 3: Prepaids 11 Homeowner's Insurance Premium (12 mo.) to Insurance Co. 12 Mortgage Insurance Premium (mo.) 33 Prepaid Interest \$23.44 per day from 4/15/13 to 5/1/13 14 Property Taxes (6 mo.) to Any County USA 15 16. Initial Escrow Payment at Closing 11 Homeowner's Insurance \$103.60 12 Mortgage Insurance 12 Mortgage Insurance	\$5,427.00 \$15 \$156.00 \$4,3 \$1,243.20 \$375.04 \$2,700.00 \$1,1 \$207.20	\$450.00 6.00 18.24	\$2,110.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government Fees D1 Recording Fees Deed: \$78.00 D2 State Transfer Tax F. Prepaids D1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. D2 Mortgage Insurance Premium (mo.) D3 Prepaid Interest \$23.44 per day from 4/15/13 to 5/1/13 D4 Property Taxes (6 mo.) to Any County USA D5 G. Initial Escrow Payment at Closing D1 Homeowner's Insurance \$103.60 per month for 2 mo. D3 Preperty Taxes	\$5,427.00 \$15 \$156.00 \$375.04 \$2,700.00 \$1,1	\$450.00 6.00 18.24	\$2,110.00		
Loan Costs Subtotals (A + B + C) Other Costs Carace and Other Government Fees 11 Recording Fees Deed: \$78.00 22 State Transfer Tax -Prepaids 11 Homeowner's Insurance Premium (12 mo.) to Insurance Co. 12 Mortgage Insurance Premium (mo.) 13 Prepaid Interest 14 Property Taxes (6 mo.) to Any County USA 15 16 Initial Escrow Payment at Closing 11 Homeowner's Insurance 12 Mortgage Insurance 13 Prepaid Interest 14	\$5,427.00 \$15 \$156.00 \$4,3 \$1,243.20 \$375.04 \$2,700.00 \$1,1 \$207.20	\$450.00 6.00 18.24	\$2,110.00		
Coan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Fees Recording Fees Deed: \$78.00 Mortgage: \$78.00 State Transfer Tax Prepaids Homeowner's Insurance Premium (12 mo.) to Insurance Co. Mortgage Insurance Premium (mo.) Prepaid Interest S23.44 per day from 4/15/13 to 5/1/13 Prepaid Interest S23.44 per day from 4/15/13 to 5/1/13 Prepaid Interest S13.40 per month for 2 mo. Property Taxes S450.00 per month for 2 mo. Property Taxes S450.00 per month for 2 mo. Property Taxes S450.00 per month for 2 mo. Property Taxes Pro	\$5,427.00 \$15 \$156.00 \$4,3 \$1,243.20 \$375.04 \$2,700.00 \$1,1 \$207.20	\$450.00 6.00 18.24	\$2,110.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government Fees D1 Recording Fees Deed: \$78.00 D2 State Transfer Tax Frepaids D1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. D2 Mortgage Insurance Premium (mo.) D3 Prepaid Interest \$23.44 per day from 4/15/13 to 5/1/13 D4 Property Taxes (6 mo.) to Any County USA D5 D5 D1 Homeowner's Insurance \$103.60 D2 Mortgage Insurance D3 Property Taxes \$450.00 D4 Mortgage Insurance D5 D6	\$5,427.00 \$15 \$156.00 \$4,3 \$1,243.20 \$375.04 \$2,700.00 \$1,1 \$207.20	\$450.00 6.00 18.24	\$2,110.00		
coan Costs Subtotals (A + B + C) Other Costs Charles and Other Government Fees Prepaids Di Homeowner's Insurance Premium (12 mo.) to Insurance Co. Di Mortgage Insurance Premium (12 mo.) to Insurance Co. Di Mortgage Insurance Premium (mo.) Prepaid Interest \$23.44 per day from 4/15/13 to 5/1/13 Property Taxes (6 mo.) to Any County USA Sinitial Escrow Payment at Closing Di Homeowner's Insurance \$103.60 per month for 2 mo. Property Taxes \$450.00 per month for 2 mo. Mortgage Insurance per month for 2 mo. Mortgage Insurance per month for 2 mo. Mortgage Insurance \$450.00 per month for 2 mo. Mortgage Insurance \$450.00 per month for 2 mo. Mortgage Insurance \$450.00 per month for 2 mo. Market Mark	\$5,427.00 \$156.00 \$1,243.20 \$375.04 \$2,700.00 \$2,700.00 \$2,700.00 \$375.04 \$2,700.00 \$375.04 \$2,700.00 \$375.04 \$2,700.00 \$375.04 \$2,700.00 \$375.04 \$2,700.00 \$375.04 \$2,700.00 \$375.04 \$2,700.00 \$375.04 \$2,700.00 \$375.04 \$2,700.00 \$375.04 \$2,700.00 \$375.04 \$2,700.00 \$375.04 \$2,700.00 \$375.04 \$2,700.00 \$375.04 \$2,700.00 \$375.04 \$2,700.00 \$375.04 \$2,700.00 \$375.04 \$2,070.00 \$375.04 \$375.04 \$2,070.00 \$375.04 \$375.0	\$450.00 6.00 18.24	\$2,110.00		
coan Costs Subtotals (A + B + C) Other Costs C. Taxes and Other Government Fees D1 Recording Fees Deed: \$78.00 D2 State Transfer Tax -Prepaids D1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. D2 Mortgage Insurance Premium (mo.) B Prepaid Interest S2.3.44 per day from 4/15/13 to 5/1/13 H Property Taxes (6 mo.) to Any County USA S5 S6. Initial Escrow Payment at Closing D1 Homeowner's Insurance S0 Property Taxes \$450.00 per month for 2 mo. D4 D5 D6 D7 B Aggregate Adjustment	\$5,427.00 \$15 \$156.00 \$4,3 \$1,243.20 \$375.04 \$2,700.00 \$207.20 \$900.00 \$900.00 \$900.00 \$00000000000000000000000000000000	\$450.00 6.00 18.24	\$2,110.00		
coan Costs Subtotals (A + B + C) Other Costs Caraces and Other Government Fees 11 Recording Fees Deed: \$78.00 22 State Transfer Tax Prepaids 11 Homeowner's Insurance Premium (12 mo.) to Insurance Co. 12 Mortgage Insurance Premium (mo.) 13 Prepaid Interest \$23.44 per day from 4/15/13 to 5/1/13 14 Property Taxes (6 mo.) to Any County USA 15 15 16 Moneowner's Insurance 17 Nomeowner's Insurance 18 Property Taxes 19 Property Taxes 10 Homeowner's Insurance 11 Homeowner's Insurance 12 Mortgage Insurance 13 Property Taxes 14 Property Taxes 15 16 17 18 Aggregate Adjustment H. Other Costs	\$5,427.00 \$15 \$156.00 \$4,3 \$1,243.20 \$375.04 \$2,700.00 \$1,11 \$207.20 \$900.00 \$900.00 \$2,00	\$450.00 6.00 18.24	\$2,110.00		
Coan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Fees Recording Fees Deed: \$78.00 Mortgage: \$78.00	\$5,427.00 \$15 \$156.00 \$1,243.20 \$375.04 \$2,700.00 \$207.20 \$900.00 \$900.00 \$207.20 \$200.00	\$450.00 6.00 18.24	\$2,110.00		
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government Fees 11 Recording Fees Deed: \$78.00 12 State Transfer Tax 3: Prepaids 11 Homeowner's Insurance Premium (12 mo.) to Insurance Co. 12 Mortgage Insurance Premium (mo.) 13 Prepaid Interest \$23.44 per day from 4/15/13 to 5/1/13 14 Property Taxes (6 mo.) to Any County USA 15 16 17 18 Homeowner's Insurance \$103.60 19 Homeowner's Insurance 10 Mortgage Insurance 11 Homeowner's Insurance \$103.60 12 Mortgage Insurance 13 Property Taxes 14 Property Taxes 15 15 16 17 18 Aggregate Adjustment H. Other Costs 11 HOA Capital Contribution to HOA Acre Inc. 12 HOA Processing Fee to HOA Acre Inc.	\$5,427.00 \$15 \$156.00 \$4,3 \$1,243.20 \$375.04 \$2,700.00 \$1,11 \$207.20 \$900.00 \$900.00 \$2,00	\$450.00 6.00 18.24	\$2,110.00	\$750.00	
coan Costs Subtotals (A + B + C) Other Costs C. Taxes and Other Government Fees D1 Recording Fees Deed: \$78.00 D2 State Transfer Tax Prepaids D1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. D2 Mortgage Insurance Premium (mo.) B Prepaid Interest S2.3.44 per day from 4/15/13 to 5/1/13 H Property Taxes (6 mo.) to Any County USA S. D1 Homeowner's Insurance \$103.60 per month for 2 mo. D2 Mortgage Insurance S1 Property Taxes S450.00 D4 Mortgage Insurance S2 Mortgage Insurance D4 Mortgage Insurance S450.00 D5 D6 D7 B4 Aggregate Adjustment H. Other Costs D1 HOA Capital Contribution to HOA Acre Inc. D2 HOA Processing Fee to HOA Acre Inc. D3 Home Inspection Fee to Engineers Inc.	\$5,427.00 \$15 \$156.00 \$1,243.20 \$375.04 \$2,700.00 \$207.20 \$900.00 \$900.00 \$207.20 \$200.00	\$450.00 6.00 18.24	\$2,110.00	\$750.00	
Loan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Fees Texes and Other Government Fees Deed: \$78.00 Mortgage: \$78.00 State Transfer Tax Frepaids Homeowner's Insurance Premium (12 mo.) to Insurance Co. Mortgage Insurance Premium (mo.) Prepaid Interest \$23.44 per day from 4/15/13 to 5/1/13 Property Taxes (6 mo.) to Any County USA Initial Escrow Payment at Closing Homeowner's Insurance \$103.60 per month for 2 mo. Mortgage Insurance premium (mo.) Property Taxes \$450.00 per month for 2 mo. Angregate Adjustment H. Other Costs H. Other Costs HoA Capital Contribution to HOA Acre Inc. HOA Processing Fee to Engineers Inc. Head Estate Commission to Alpha Real Estate Broker	\$5,427.00 \$15 \$156.00 \$1,243.20 \$375.04 \$2,700.00 \$207.20 \$900.00 \$900.00 \$207.20 \$200.00	\$450.00 6.00 18.24		\$750.00	
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government Fees D1 Recording Fees Deed: \$78.00 D1 Recording Fees Deed: \$78.00 Mortgage: \$78.00 Mortgage: \$78.00 22 State Transfer Tax	\$5,427.00 \$15 \$156.00 \$1,243.20 \$375.04 \$2,700.00 \$207.20 \$900.00 \$900.00 \$207.20 \$200.00	\$450.00 6.00 18.24	\$5,275.00	\$750.00	
Loan Costs Subtotals (A + B + C) Other Costs E. Taxes and Other Government Fees D1 Recording Fees Deed: \$78.00 D1 Recording Fees Deed: \$78.00 Mortgage: \$78.00 Mortgage: \$78.00 22 State Transfer Tax	\$5,427.00 \$15 \$156.00 \$1,243.20 \$375.04 \$2,700.00 \$207.20 \$900.00 \$900.00 \$207.20 \$200.00	\$450.00 6.00 18.24	\$5,275.00		
coan Costs Subtotals (A + B + C) Other Costs C. Taxes and Other Government Fees D1 Recording Fees Deed: \$78.00 D2 State Transfer Tax Strepaids D1 Homeowner's Insurance Premium (12 mo.) to Insurance Co. D2 Mortgage Insurance Premium (mo.) B Prepaid Interest State Transfer Tax Strepaids D1 Homeowner's Insurance Premium (mo.) B Prepaid Interest State Escrow Payment at Closing D1 Homeowner's Insurance \$103.60 D2 Mortgage Insurance D2 Mortgage Insurance D3 Property Taxes \$450.00 D4 D5 D5 D4 D6 D7 D8 Aggregate Adjustment H. Other Costs D1 HOA Capital Contribution to HOA Acre Inc. D4 HoA Capital Contribution to HOA Acre Inc. D4 Hoae Inspection Fee to Engineers Inc. D4 Home Inspection Fee to Engineers Inc. D4 Hoae Isstate Commission to Alpha Real Estate Broker D5 Real Estate Commission to Alpha Real Estate Broker	\$5,427.00 \$156.00 \$156.00 \$1,243.20 \$375.04 \$2,700.00 \$207.20 \$900.00 \$900.00 \$207.20 \$900.00 \$207.20 \$200.0	\$450.00 6.00 18.24	\$5,275.00		
Coan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government Fees Recording Fees Deed: \$78.00 Mortgage: \$78.00	\$5,427.00 \$15 \$156.00 \$375.04 \$2,700.00 \$375.04 \$2,700.00 \$375.04 \$2,700.00 \$375.04 \$2,700.00 \$375.04 \$2,700.00 \$1,11 \$207.20 \$900.00 \$1,207.20 \$900.00 \$1,207.20 \$1,207.20 \$1,207.20 \$1,207.20 \$1,11 \$2,700.00 \$1,11 \$2,700.00 \$1,11 \$2,700.00 \$1,11 \$2,700.00 \$1,11 \$2,700.00 \$1,11 \$2,700.00 \$1,11 \$2,700.00 \$1,11 \$2,700.00 \$1,11 \$2,700.00 \$1,11 \$2,00.00 \$1,11 \$2,00.00 \$1,11 \$2,00.00 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,10 \$2,00.00 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,200.00 \$1,10 \$1,200.00 \$1,125.00 \$1	\$450.00 6.00 18.24 07.19 51.00	\$5,275.00		
coan Costs Subtotals (A + B + C) Other Costs Caraces and Other Government Fees Precording Fees Deed: \$78.00 Mortgage: \$78.00 State Transfer Tax Prepaids Homeowner's Insurance Premium (12 mo.) to Insurance Co. Mortgage Insurance Premium (mo.) Prepaid Interest \$23.44 per day from 4/15/13 to 5/1/13 Property Taxes (6 mo.) to Any County USA 5 Initial Escrow Payment at Closing Homeowner's Insurance per month for 2 mo. Property Taxes \$450.00 per month for 2 mo. Property Taxes \$450.00 Prop	\$5,427.00 \$15 \$156.00 \$375.04 \$2,700.00 \$375.04 \$2,700.00 \$375.04 \$2,700.00 \$375.04 \$2,700.00 \$375.04 \$2,700.00 \$1,11 \$207.20 \$900.00 \$1,207.20 \$900.00 \$1,207.20 \$1,207.20 \$1,207.20 \$1,207.20 \$1,11 \$2,700.00 \$1,11 \$2,700.00 \$1,11 \$2,700.00 \$1,11 \$2,700.00 \$1,11 \$2,700.00 \$1,11 \$2,700.00 \$1,11 \$2,700.00 \$1,11 \$2,700.00 \$1,11 \$2,700.00 \$1,11 \$2,00.00 \$1,11 \$2,00.00 \$1,11 \$2,00.00 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,10 \$2,00.00 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,207.20 \$1,10 \$1,200.00 \$1,10 \$1,200.00 \$1,125.00 \$1	\$450.00 6.00 18.24	\$5,275.00		
Coan Costs Subtotals (A + B + C) Other Costs Caraces and Other Government Fees 11 Recording Fees Deed: \$78.00 22 State Transfer Tax 3: Prepaids 11 Homeowner's Insurance Premium (12 mo.) to Insurance Co. 22 Mortgage Insurance Premium (mo.) 23 Prepaid Interest \$23.44 per day from 4/15/13 to 5/1/13 24 Property Taxes (6 mo.) to Any County USA 25 3. Initial Escrow Payment at Closing 21 Homeowner's Insurance \$103.60 22 Mortgage Insurance 23 Property Taxes 45 24 25 35 36 Aggregate Adjustment 47 38 Aggregate Adjustment 49 40 47 48 Aggregate Adjustment 41 45 46 47 48 Aggregate Adjustment 40 41 41 42 43 44 45 46 47 48 Aggregate	\$5,427.00 \$15 \$156.00 \$4,3 \$1,243.20 \$375.04 \$2,700.00 \$207.20 \$900.00 \$1,11 \$207.20 \$900.00 \$1,11 \$207.20 \$900.00 \$1,25.00 \$125.00 \$125.00 \$1,436.00 \$1,436.00	\$450.00 6.00 18.24 07.19 51.00	\$5,275.00		
Data Costs Subtotals (A + B + C) Other Costs Caraces and Other Government Fees Precording Fees Deed: \$78.00 Mortgage: \$78.00 State Transfer Tax Prepaids If Homeowner's Insurance Premium (12 mo.) to Insurance Co. Mortgage Insurance Premium (mo.) Prepaid Interest \$23.44 per day from 4/15/13 to 5/1/13 Property Taxes (6 mo.) to Any County USA 5 Initial Escrow Payment at Closing Interprety Taxes \$450.00 Property Taxes \$450.00 Processing Fee to HOA Acre Inc. Processing Fee to HOA Acre Inc. Property Taxes to HOA Acre Inc. Propersistre Ee to HOA Acre Inc.	\$5,427.00 \$15 \$156.00 \$1,243.20 \$375.04 \$2,700.00 \$2,700.00 \$207.20 \$900.00 \$1,11 \$207.20 \$900.00 \$1,11 \$207.20 \$900.00 \$1,11 \$207.20 \$900.00 \$1,25.00 \$1,25.00 \$1,25.00 \$1,243.20 \$1,1436.00 \$1,436.00 \$7,642.43	\$450.00 6.00 18.24 07.19 51.00	\$5,275.00		

Calculating Cash to Close	Use this table to see what has changed from your Loan Estimate.				
	Estimate	Final	Did t	his change?	
Total Closing Costs (J)	\$8,791.00	\$13,519.43	YES	See Total Loan Costs (D) and Total Other Costs (I)	
Closing Costs Paid Before Closing	\$0	- \$450.00	YES	You paid these Closing Costs before closing	
Closing Costs Financed (Included in Loan Amount)	\$0	\$0	NO		
Down Payment/Funds from Borrower	\$29,000.00	\$29,000.00	NO		
Deposit	- \$10,000.00	- \$10,000.00	NO		
Funds for Borrower	\$0	\$0	NO		
Seller Credits	\$0	\$0	NO		
Adjustments and Other Credits	\$0	- \$1,480.00	YES	See details in Sections K and L	
Cash to Close	\$27,791.00	\$30,589.43			

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION		SELLER'S TRANSACTION	
K. Due from Borrower at Closing	\$253,149.43	M. Due to Seller at Closing	\$240,080.00
01 Sale Price of Property	\$240,000.00	01 Sale Price of Property	\$240,000.00
2 Sale Price of Any Personal Property Included in Sale		02 Sale Price of Any Personal Property Included in Sale	
O3 Closing Costs Paid at Closing (J)	\$13,069.43	03	
04		04	
Adjustments		05	
05		06	
06		07	
07		08	
Adjustments for Items Paid by Seller in Advance		Adjustments for Items Paid by Seller in Advance	
08 City/Town Taxes to		09 City/Town Taxes to	
09 County Taxes to		10 CountyTaxes to	
10 Assessments to	¢00.00	11 Assessments to	¢00.00
HOA Dues 4/15/13 to 4/30/13	\$80.00	12 HOA Dues 4/15/13 to 4/30/13	\$80.00
12		13	
14		15	
15		16	
L. Paid Already by or on Behalf of Borrower at Closing	\$222,560.00	N. Due from Seller at Closing	\$174,220.00
D1 Deposit	\$10,000.00	01 Excess Deposit	\$174,220.00
22 Loan Amount	\$211,000.00	02 Closing Costs Paid at Closing (J)	\$12,660.00
03 Existing Loan(s) Assumed or Taken Subject to	\$211,000.00	03 Existing Loan(s) Assumed or Taken Subject to	\$12,000.00
04		04 Payoff of First Mortgage Loan	\$160,000.00
05 Seller Credit		05 Payoff of Second Mortgage Loan	\$100,000.00
Other Credits		06	
06		07	
07		08 Seller Credit	
Adjustments		09	
08		10	
09		11	
10		12	
11		13	
Adjustments for Items Unpaid by Seller		Adjustments for Items Unpaid by Seller	
12 City/Town Taxes 1/1/13 to 4/14/13	\$1,560.00	14 City/Town Taxes 1/1/13 to 4/14/13	\$1,560.00
13 County Taxes to		15 County Taxes to	
14 Assessments to		16 Assessments to	
15		17	
16		18	
17		19	
CALCULATION		CALCULATION	
Total Due from Borrower at Closing (K)	\$253,149.43	Total Due to Seller at Closing (M)	\$240,080.00
Total Paid Already by or on Behalf of Borrower at Closing (L)	- \$222,560.00	Total Due from Seller at Closing (N)	- \$174,220.00

Additional Information About This Loan

Loan Disclosures

Assumption

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

Demand Feature

Your loan

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

Late Payment

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

Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

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

Partial Payment

Your lender will

accept payments that are less than the full amount due (partial payments). Partial payments will be applied:

X not accept partial payments.

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

Security Interest

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

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

Interest Only Payments?	YES for your first 60 payments
Optional Payments?	NO
Step Payments?	YES for your first 60 payments
Seasonal Payments?	NO
Monthly Principal and Intere	st Payments
First Change/Amount	\$1,094 – \$1,446 at 61st payment
Subsequent Changes	Every three years
Maximum Payment	\$2,200 starting at 169th payment

CLOSING DISCLOSURE

Escrow Account

For now, your loan

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

Escrow				
Escrowed Property Costs over Year 1	\$6,643.20	Estimated total amount over year 1 for your escrowed property costs: Homeowner's Insurance Property Taxes		
Non-Escrowed Property Costs over Year 1	\$1,800.00	Estimated total amount over year 1 for your non-escrowed property costs: <i>Homeowner's Association Dues</i> You may have other property costs.		
Initial Escrow Payment	\$1,107.19	A cushion for the escrow account you pay at closing. See Section G on page 2.		
Monthly Escrow Payment	\$553.60	The amount included in your total monthly payment.		

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

No Escrow	
Estimated Property Costs over Year 1	Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee	

In the future,

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance. (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

Adjustable Interest F	ate (AIR) Table		
Index + Margin		MTA + 4%	
Initial Interest Rate		4%	
Minimum/Maximum Inter	3.25%/12%		
Change Frequency			
First Change	Beginning of 61st month		
Subsequent Changes	Every 36th month after first change		
Limits on Interest Rate C	hanges		
First Change		2%	
Subsequent Changes		2%	

PAGE 4 OF 5 • LOAN ID # 123456789

Loan Calculations	
Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	\$420,339.51
Finance Charge. The dollar amount the loan will cost you.	\$192,991.72
Amount Financed. The loan amount available after paying your upfront finance charge.	\$207,614.96
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	4.872%
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	79.31%
Approximate Cost of Funds (ACF). The approximate cost of the funds used to make this loan. This is not a direct cost to you.	1.63%

Questions? If you have questions about the loan terms and costs on this form, contact your lender. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at **www.consumerfinance.gov/learnmore.**

Other Disclosures

Appraisal

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

Contract Details

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

Liability after Foreclosure

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

■ state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and be liable for debt remaining after the foreclosure. You may want to consult a lawyer for more information.

□ state law does not protect you from liability for the unpaid balance.

Refinance

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

Tax Deductions

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

Contact Information

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

Confirm Receipt

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

Applicant Signature

Date

Co-Applicant Signature

Date

CLOSING DISCLOSURE

PAGE 5 OF 5 • LOAN ID # 123456789



Proposed More Challenging ARM B Disclosures

The study used two different sets of lender names for the loan disclosures. All other information was identical. Name Set 1 used Hornbeam Bank and Name Set 2 used Tulip Bank.

Proposed Loan Estimate, More Challenging, ARM, B, Name Set 1, page 1

4321 Random Boulevard • Somecity	r, ST 12340	Save this Loan Esti	mate to compare with yo	ur Closing Disclosure.	
Loan Estimate DATE ISSUED 2/15/2013 APPLICANTS John A. and Mary I 123 Anywhere Stre Anytown, ST 12343 PROPERTY 456 Somewhere A Anytown, ST 12343 Anytown, ST 12343 SALE PRICE \$240,000	eet 5 venue	LOAN TYPE 🗵 Co LOAN ID # 1234 RATE LOCK 🗆 NO Befor chan		A □ 3 at 5:00 p.m. EDT points, and lender credits c st rate. All other estimate	
Loan Terms		Can this amount	increase after closing	?	
Loan Amount	\$211,000	NO			
Interest Rate	4.25%	4.25% YES • Adjusts every year starting in ye • Can go as high as 8% in year 11 • See AIR Table on page 2 for deta			
Monthly Principal & Interest See Projected Payments below for you Estimated Total Monthly Payment	\$747.29 "	YES Adjusts every year starting in year 8 Can go as high as \$1,651 in year 11 Includes only interest and no principal until year 8 See AP Table on page 2 for details 			
		Does the loan ha	we these features?		
Prepayment Penalty		NO			
Balloon Payment		NO			
Projected Payments Payment Calculation	Years 1-7	Year 8	Year 9	Years 10-30	
Principal & Interest	\$747.29 only interest	\$1,228 min \$1,318 max	\$1,228 min \$1,439 max	\$1,228 min \$1,651 max	
Mortgage Insurance	+ 109	+ 109	+ 109	+ 109	
Estimated Escrow Amount can increase over time	+ 446	+ 446	+ 446	+ 446	
Estimated Total Monthly Payment	\$1,302	\$1,783-\$1,873	\$1,783-\$1,994	\$1,783-\$2,206	
Estimated Taxes, Insurance & Assessments Amount can increase over time	\$446 a month	This estimate includ Property Taxes Homeowner's Insu Other: See Section G on page 2 property costs separate	irance ? for escrowed property cosi	In escrow? YES YES ts. You must pay for other	
Cash to Close	\$26,296 Includes \$7,296 in Closing Costs (\$4,241 in Loan Costs + \$3,0 Other Costs - \$0 in Lender Credits). See details on page 2.				

Proposed Loan Estimate, More Challenging, ARM, B, Name Set 1, page 1

Loan Costs		<i>61</i> 200	Other Costs	6005	
A. Origination Charges % of Loan Amount (Points)		\$1,300	E. Taxes and Other Government Fees Recording Fees and Other Taxes	\$225 \$225	
Application Fee		\$400	Transfer Taxes	3225	
Underwriting Fee		\$900	F. Prepaids	\$911	
			Homeowner's Insurance Premium (<u>6</u> months)	\$537	
			Mortgage Insurance Premium (months) Prepaid Interest (\$24.91 per day for 15 days @ 4.25%) Property Taxes (months)		
			G. Initial Escrow Payment at Closing	\$1,109	
			Homeowner's Insurance \$89.50 per month for 2		
R Services Vou Connet Cher	For	\$790	Mortgage Insurance \$109.02 per month for 2	mo. \$218	
•		\$450	Property Taxes \$356.00 per month for 2	mo. \$712	
Credit Report Fee		\$25			
Flood Determination Fee		\$50			
Flood Monitoring Fee Tax Monitoring Fee		\$110 \$115			
Tax Status Research Fee		\$40	H. Other	\$810	
			Title – Owner's Title Policy (optional)	\$810	
C. Services You Can Shop Fo	r	\$2,151	I. TOTAL OTHER COSTS (E + F + G + H)	\$3,055	
Pest Inspection Fee		\$105	J. TOTAL CLOSING COSTS	\$7,296	
Survey Fee Title – Lender's Title Policy Title – Search Fee		\$125 \$892 \$644	D + 1 Lender Credits	\$7,296	
Title – Settlement Agent Fee		\$385	Calculating Cash to Close		
			Total Closing Costs (J)	\$7,296	
			Closing Costs Financed (Included in Loan Amount)	\$0 \$29,000	
			Down Payment/Funds from Borrower Deposit	- \$10,000	
			Funds for Borrower	\$0	
			Seller Credits	\$0	
			Adjustments and Other Credits	\$0	
D. TOTAL LOAN COSTS (A + E	8 + C)	\$4,241	Estimated Cash to Close	\$26,296	
Adjustable Payment (AP)			Adjustable Interest Rate (AIR) Table		
nterest Only Payments?		+ 94 pours	Index + Margin	LIBOR + 4%	
	YES for your firs	t o4 payments	Initial Interest Rate	4.25%	
Optional Payments?	NO		Minimum/Maximum Interest Rate	4.5%/8%	
tep Payments?	NO		Change Frequency		
easonal Payments?	NO		First Change Beginning of		
Nonthly Principal and Interest			Subsequent Changes Every 12th month after	first change	
irst Change/Amount ubsequent Changes	\$1,228–\$1,318 at		Limits on Interest Rate Changes	10/	
Jaximum Payment	\$1,651 starting at 1	Every year	First Change Subsequent Changes	1% 1%	

Proposed Loan Estimate, More Challenging, ARM, B, Name Set 1, page 3

Additional Information About This Loan

LOAN OFFICER	Joe Smith	LOAN OFFICER
NMLS ID	12345	NMLS ID
EMAIL	joesmith@hornbeambank.com	EMAIL
PHONE	123-456-7890	PHONE
	, -	

Comparisons	Use these	measures to compare this loan with other loans.
In 5 Years	\$56,212 \$0	Total you will have paid in principal, interest, mortgage insurance, and loan costs. Principal you will have paid off.
Annual Percentage Rate (APR)	5.067%	Your costs over the loan term expressed as a rate. This is not your interest rate.
Total Interest Percentage (TIP)	96.20%	The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Other Consideration	s
Appraisal	We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.
Assumption	If you sell or transfer this property to another person, we will allow, under certain conditions, this person to assume this loan on the original terms. will not allow assumption of this loan on the original terms.
Homeowner's Insurance	This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.
Late Payment	lf your payment is more than 15 days late, we will charge a late fee of 5% of the monthly principal and interest payment.
Refinance	Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.
Servicing	We intend to service your loan. If so, you will make your payments to us. It to transfer servicing of your loan.

Confirm Receipt

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

Applicant Signature

Date

Co-Applicant Signature

Date

LOAN ESTIMATE

PAGE 3 OF 3 • LOAN ID #123456789

losing Information	Transact	ion Information	Loan Info	rmation			
ate Issued 4/15/2013	Borrower	John A. and Mary B.	Loan Term	30 years			
losing Date 4/15/2013 isbursement Date 4/15/2013 ettlement Agent Epsilon Title Co. le # 12-3456 roperty 456 Somewhere A Aprictance GT 1234		123 Anywhere Street Anytown, ST 12345 Steve C. and Amy D. 321 Somewhere Drive Anytown, ST 12345 Hornbeam Bank	Purpose Product Loan Type	Purchase 5 Year Negative Amortizatio 7/1 Adjustable Rate Conventional FHA VA			
Anytown, ST 1234 ale Price \$240,000	5 Lender	потпреатт ватк	Loan ID # MIC #	123456789 000654321			
Loan Terms		Can this amount	increase after closing	?			
Loan Amount \$214,000		YES • Goes as h • Increases	igh as \$236,322 s until year 6				
Interest Rate	4.125%	• Can go a s	very year starting in ye s high as 8% in year 10 able on page 4 for deta				
Monthly Principal & Interest See Projected Payments below for your Estimated Total Monthly Payment	\$400.00	\$400.00 YES • Adjusts every year starting in year 6 • Can go as high as \$1,759 in year 10 • Includes only interest and no principal until year 6 • See AP Table on page 4 for details					
		Does the loan have these features?					
Prepayment Penalty		NO					
Balloon Payment		NO					
Projected Payments							
Payment Calculation	Years 1-5	Years 6-7	Year 8	Years 9-30			
Principal & Interest	incipal & Interest \$400.00 only interest		\$1,310 min \$1,389 max	\$1,310 min \$1,759 max			
Mortgage Insurance	+ 165.28	+ 165.28	+ 165.28	+ 165.28			
Estimated Escrow Amount can increase over time	+ 547.50	+ 547.50	+ 547.50	+ 547.50			
Estimated Total Monthly Payment	\$1,112.78	\$1,976.54	\$2,023-\$2,102	\$2,023-\$2,472			
Estimated Taxes, Insurance & Assessments Amount can increase over time See page 4 for details	\$697.50 a month	This estimate includ Property Taxes Homeowner's Insu Other: Homeowner See Escrow Account on p costs separately.	rance	In escrow? YES YES NO pay for other property			
Costs at Closing							
Closing Costs		Includes \$6,396.00 in Loan (in Lender Credits. <i>See page 2</i>		er Costs – \$0			
		. •		on page 3 for details.			

		Borrow	er-Paid	Seller-F	Paid	Paid by
Loan Costs		At Closing I	Before Closing	At Closing Be	efore Closing	Others
. Origination Charges		\$3,44				
1 1 % of Loan Amount (Points)		\$2,140.00	0.00			
2 Application Fee		\$400.00				
3 Processing Fee		\$900.00				
4		\$500.00				
5						
6						
7						
8						
. Services Borrower Did Not Sho	on For	\$2,95	6.00			
		\$2,95	\$450.00			
1 Appraisal Fee 2 Credit Report Fee	to John Smith Appraisers Inc. to Information Inc.		\$25.00			
3 Flood Determination Fee	to Info Co.	\$50.00	\$25.00			
4 Flood Monitoring Fee	to Info Co.	\$110.00				
5 Pest Inspection Fee	to Pests Co.	\$115.00				
6 Survey Fee	to Surveyors Co.	\$130.00				
7 Tax Monitoring Fee	to Info Co.	\$130.00				
8 Tax Status Research Fee	to Info Co.	\$40.00				
9 Title – Lender's Title Policy	to Epsilon Title Co.	\$40.00				
9 Title – Lender's Title Policy 0 Title – Search Fee	to Epsilon Title Co.	\$644.00				
1 Title – Settlement Agent Fee	to Epsilon Title Co.	\$385.00				
	· · · · ·	\$303.00		l		
. Services Borrower Did Shop Fo	Ur					
1						
2						
3						
4						
5						
6						
7						
oan Costs Subtotals (A + B + C) Other Costs . Taxes and Other Government F	Fees	\$6,39 \$5,921.00 \$224	\$475.00			
oan Costs Subtotals (A + B + C) Other Costs . Taxes and Other Government F 1 Recording Fees		\$5,921.00	\$475.00	63 110 00		
oan Costs Subtotals (A + B + C) Other Costs . Taxes and Other Government F 1 Recording Fees 2 State Transfer Tax	Fees	\$5,921.00 \$224.00	\$475.00	\$2,110.00		
oan Costs Subtotals (A + B + C) Other Costs . Taxes and Other Government F 1 Recording Fees 2 State Transfer Tax . Prepaids	Fees Deed: \$112.00 Mortgage: \$112.00	\$5,921.00 \$224 \$224.00 \$4,26	\$475.00	\$2,110.00		
oan Costs Subtotals (A + B + C) Other Costs . Taxes and Other Government F 1 Recording Fees 2 State Transfer Tax . Prepaids 1 Homeowner's Insurance Premiu	Fees Deed: \$112.00 Mortgage: \$112.00 um (12 mo.) to Insurance Co.	\$5,921.00 \$224.00	\$475.00	\$2,110.00		
oan Costs Subtotals (A + B + C) Other Costs .Taxes and Other Government F 1 Recording Fees 2 State Transfer Tax .Prepaids 1 Homeowner's Insurance Premiut 2 Mortgage Insurance Premium (Fees Deed: \$112.00 Mortgage: \$112.00 um (12 mo.) to Insurance Co. mo.)	\$5,921.00 \$224 \$224.00 \$4,26 \$1,170.00	\$475.00	\$2,110.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government F 1 Recording Fees 2 State Transfer Tax Prepaids 1 Homeowner's Insurance Premiu 2 Mortgage Insurance Premium (3 Prepaid Interest \$24.52 per d	Fees Deed: \$112.00 Mortgage: \$112.00 um (12 mo.) to Insurance Co. mo.) lay from 4/15/13 to 5/1/13	\$5,921.00 \$224 \$224.00 \$1,170.00 \$392.32	\$475.00	\$2,110.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government F 1 Recording Fees 2 State Transfer Tax . Prepaids 1 Homeowner's Insurance Premiu 2 Mortgage Insurance Premium (3 Prepaid Interest \$24.52 per d 4 Property Taxes (6 mo.) to Any	Fees Deed: \$112.00 Mortgage: \$112.00 um (12 mo.) to Insurance Co. mo.) lay from 4/15/13 to 5/1/13	\$5,921.00 \$224 \$224.00 \$4,26 \$1,170.00	\$475.00	\$2,110.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government F 1 Recording Fees 2 State Transfer Tax . Prepaids 1 Homeowner's Insurance Premiu 2 Mortgage Insurance Premium (3 Prepaid Interest \$24.52 per d 4 Property Taxes (6 mo.) to Any 5	Fees Deed: \$112.00 Mortgage: \$112.00 um (12 mo.) to Insurance Co. mo.) lay from 4/15/13 to 5/1/13 County USA	\$5,921.00 \$224.00 \$4,26 \$1,170.00 \$392.32 \$2,700.00	\$475.00 4.00 2.32	\$2,110.00		
oan Costs Subtotals (A + B + C) Dther Costs Taxes and Other Government F Recording Fees State Transfer Tax Prepaids Homeowner's Insurance Premiut Mortgage Insurance Premium (Property Taxes (6 mo.) to Any Statistical Escrow Payment at Clos	Fees Deed: \$112.00 Mortgage: \$112.00 um (12 mo.) to Insurance Co. mo.) lay from 4/15/13 to 5/1/13 County USA ing	\$5,921.00 \$224.00 \$4,26 \$1,170.00 \$392.32 \$2,700.00 \$1,42	\$475.00 4.00 2.32	\$2,110.00		
oan Costs Subtotals (A + B + C) Dther Costs Taxes and Other Government F Recording Fees State Transfer Tax Prepaids Homeowner's Insurance Premiu Mortgage Insurance Premium (Prepaid Interest \$24.52 per d Property Taxes (6 mo.) to Any Taxes Initial Escrow Payment at Clos Homeowner's Insurance \$97.5	Fees Deed: \$112.00 Mortgage: \$112.00 um (12 mo.) to Insurance Co. mo.) lay from 4/15/13 to 5/1/13 County USA ing 0 per month for 2 mo.	\$5,921.00 \$224.00 \$224.00 \$1,170.00 \$392.32 \$2,700.00 \$1,42 \$1,95.00	\$475.00 4.00 2.32	\$2,110.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government F Recording Fees State Transfer Tax Prepaids Homeowner's Insurance Premiut Mortgage Insurance Premium (Prepaid Interest \$24.52 per d Property Taxes (6 mo.) to Any S Initial Escrow Payment at Closs Homeowner's Insurance \$97.5 Mortgage Insurance \$165.2	Fees Deed: \$112.00 Mortgage: \$112.00 um (12 mo.) to Insurance Co. mo.) lay from 4/15/13 to 5/1/13 County USA ing 0 per month for 2 mo. 8 per month for 2 mo.	\$5,921.00 \$224.00 \$224.00 \$392.32 \$2,700.00 \$1,170.00 \$392.32 \$2,700.00 \$392.32 \$3,700.00 \$393.32 \$2,700.00 \$393.32 \$2,700.00 \$393.32 \$303.56	\$475.00 4.00 2.32	\$2,110.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government F Recording Fees State Transfer Tax Prepaids Homeowner's Insurance Premium Other State Sta	Fees Deed: \$112.00 Mortgage: \$112.00 um (12 mo.) to Insurance Co. mo.) lay from 4/15/13 to 5/1/13 County USA ing 0 per month for 2 mo.	\$5,921.00 \$224.00 \$224.00 \$1,170.00 \$392.32 \$2,700.00 \$1,42 \$1,95.00	\$475.00 4.00 2.32	\$2,110.00		
oan Costs Subtotals (A + B + C) Dther Costs Taxes and Other Government F Recording Fees State Transfer Tax Prepaids Homeowner's Insurance Premium (Prepaid Interest \$24.52 per d Property Taxes (6 mo.) to Any Initial Escrow Payment at Clos Homeowner's Insurance \$97.5 Mortgage Insurance \$165.2 Nortgage Insurance \$165.2 Property Taxes \$450.0	Fees Deed: \$112.00 Mortgage: \$112.00 um (12 mo.) to Insurance Co. mo.) lay from 4/15/13 to 5/1/13 County USA ing 0 per month for 2 mo. 8 per month for 2 mo.	\$5,921.00 \$224.00 \$224.00 \$392.32 \$2,700.00 \$1,170.00 \$392.32 \$2,700.00 \$392.32 \$3,700.00 \$393.32 \$2,700.00 \$393.32 \$2,700.00 \$393.32 \$303.56	\$475.00 4.00 2.32	\$2,110.00		
oan Costs Subtotals (A + B + C) Dther Costs Taxes and Other Government F Recording Fees State Transfer Tax Prepaids Homeowner's Insurance Premium (Mortgage Insurance Premium (Property Taxes (6 mo.) to Any Initial Escrow Payment at Clos Homeowner's Insurance \$105.2 Nortgage Insurance \$105.2 Property Taxes \$450.0 A	Fees Deed: \$112.00 Mortgage: \$112.00 um (12 mo.) to Insurance Co. mo.) lay from 4/15/13 to 5/1/13 County USA ing 0 per month for 2 mo. 8 per month for 2 mo.	\$5,921.00 \$224.00 \$224.00 \$392.32 \$2,700.00 \$1,170.00 \$392.32 \$2,700.00 \$392.32 \$3,700.00 \$393.32 \$2,700.00 \$393.32 \$2,700.00 \$393.32 \$303.56	\$475.00 4.00 2.32	\$2,110.00		
oan Costs Subtotals (A + B + C) Dther Costs Taxes and Other Government F Recording Fees State Transfer Tax Prepaids Homeowner's Insurance Premiut Mortgage Insurance Premium (Prepaid Interest \$24.52 per d Property Taxes (6 mo.) to Any Linitial Escrow Payment at Clos Homeowner's Insurance \$97.5 Mortgage Insurance \$165.2 Property Taxes \$450.0 Foundament Statement St	Fees Deed: \$112.00 Mortgage: \$112.00 um (12 mo.) to Insurance Co. mo.) lay from 4/15/13 to 5/1/13 County USA ing 0 per month for 2 mo. 8 per month for 2 mo.	\$5,921.00 \$224.00 \$224.00 \$392.32 \$2,700.00 \$1,170.00 \$392.32 \$2,700.00 \$392.32 \$3,700.00 \$392.32 \$2,700.00 \$392.32 \$2,700.00 \$392.32 \$30,500 \$30,5	\$475.00 4.00 2.32	\$2,110.00		
oan Costs Subtotals (A + B + C) Dther Costs Taxes and Other Government F Recording Fees State Transfer Tax Prepaids Homeowner's Insurance Premium Mortgage Insurance Premium (Prepaid Interest \$24.52 per d Property Taxes (6 mo.) to Any S Initial Escrow Payment at Clos Homeowner's Insurance \$97.5 Mortgage Insurance \$165.2 Property Taxes \$450.0 S G	Fees Deed: \$112.00 Mortgage: \$112.00 um (12 mo.) to Insurance Co. mo.) lay from 4/15/13 to 5/1/13 County USA ing 0 per month for 2 mo. 8 per month for 2 mo.	\$5,921.00 \$224 \$224.00 \$4,26 \$1,170.00 \$392.32 \$2,700.00 \$392.32 \$2,700.00 \$330.56 \$900.00	\$475.00 4.00 2.32	\$2,110.00		
oan Costs Subtotals (A + B + C) Other Costs Taxes and Other Government F Recording Fees State Transfer Tax Prepaids Homeowner's Insurance Premium (Prepaid Interest \$24.52 per d Property Taxes (6 mo.) to Any Initial Escrow Payment at Clos Homeowner's Insurance \$97.5 Mortgage Insurance \$165.2 Mortgage Insurance \$165.2 Mortgage Insurance \$165.2 Nortgage Insurance \$450.0 A A Aggregate Adjustment	Fees Deed: \$112.00 Mortgage: \$112.00 um (12 mo.) to Insurance Co. mo.) lay from 4/15/13 to 5/1/13 County USA ing 0 per month for 2 mo. 8 per month for 2 mo.	\$5,921.00 \$224.00 \$4,26 \$1,170.00 \$392.32 \$2,700.00 \$392.32 \$2,700.00 \$330.56 \$900.00 \$300.56 \$900.00 - 0.01	\$475.00 1.00 2.32 5.55	\$2,110.00		
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Calculating Cash to Close	Use this table to see what has changed from your Loan Estimate.			
	Estimate	Final	Did this change?	
Total Closing Costs (J)	\$7,296.00	\$13,742.87	YES • See Total Loan Costs (D) and Total Other Costs (I) • Increase exceeds legal limits by \$2,140	
Closing Costs Paid Before Closing	\$0	- \$475.00	YES • You paid these Closing Costs before closing	
Closing Costs Financed (Included in Loan Amount)	\$0	- \$3,000.00	YES • You included these Closing Costs in your Loan Amount, which increased your Loan Amount	
Down Payment/Funds from Borrower	\$29,000.00	\$29,000.00	NO	
Deposit	- \$10,000.00	- \$10,000.00	NO	
Funds for Borrower	\$0	\$0	NO	
Seller Credits	\$0	\$0	NO	
Adjustments and Other Credits	\$0	- \$1,480.00	YES • See details in Sections K and L	
Cash to Close	\$26,296.00	\$27,787.87		

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION

K. Due from Borrower at Closing	\$253,347.87
01 Sale Price of Property	\$240,000.00
02 Sale Price of Any Personal Property Included in Sale	
03 Closing Costs Paid at Closing (J)	\$13,267.87
04	
Adjustments	
05	
06	
07	
Adjustments for Items Paid by Seller in Advance	
08 City/Town Taxes to	
09 County Taxes to	
10 Assessments to	****
11 HOA Dues 4/15/13 to 4/30/13	\$80.00
12	
13	
14	
	4005 546 00
L. Paid Already by or on Behalf of Borrower at Closing	\$225,560.00
01 Deposit	\$10,000.00
02 Loan Amount	\$214,000.00
03 Existing Loan(s) Assumed or Taken Subject to	
05 Seller Credit	
Other Credits	
07	
Adjustments	
08	
09	
10	
11	
Adjustments for Items Unpaid by Seller	
12 City/Town Taxes 1/1/13 to 4/14/13	\$1,560.00
13 County Taxes to	
14 Assessments to	
15	
16	
17	
CALCULATION	
	\$253,347.87
Total Due from Borrower at Closing (K)	
Total Due from Borrower at Closing (K) Total Paid Already by or on Behalf of Borrower at Closing (L)	- \$225,560.00

M. Due to Seller at Closing	\$240,080.0
01 Sale Price of Property	\$240,000.00
02 Sale Price of Any Personal Property Included in Sa	ale
03	
04	
05	
06	
07	
08	
Adjustments for Items Paid by Seller in Advance	
09 City/Town Taxes to	
10 County Taxes to	
11 Assessments to	
12 HOA Dues 4/15/13 to 4/30/13	\$80.00
13	
14	
15	
16	
N. Due from Seller at Closing	\$174,220.0
01 Excess Deposit	
02 Closing Costs Paid at Closing (J)	\$12,660.0
D3 Existing Loan(s) Assumed or Taken Subject to	
04 Payoff of First Mortgage Loan	\$160,000.0
05 Payoff of Second Mortgage Loan	
06	
07	
08 Seller Credit	
09	
10	
11	
12	
13	
Adjustments for Items Unpaid by Seller	A
14 City/Town Taxes 1/1/13 to 4/14/13	\$1,560.00
15 County Taxes to	
16 Assessments to	
17	
18	
19	
CALCULATION	
Total Due to Seller at Closing (M)	\$240,080.0
Total Due from Seller at Closing (N)	- \$174,220.0
Total Due norm Selier at closhing (iv)	

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Additional Information About This Loan

Loan Disclosures

Assumption

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

Demand Feature

Your loan

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

Late Payment

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

Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

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

Partial Payment

Your lender will

□ accept payments that are less than the full amount due (partial payments). Partial payments will be applied:

X not accept partial payments.

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

Security Interest

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

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

Interest Only Payments?	YES for your first 60 payments
Optional Payments?	YES for your first 60 payments
Step Payments?	YES for your first 60 payments
Seasonal Payments?	NO
Monthly Principal and Interes	st Payments
First Change/Amount	\$1,310 – \$1,390 at 61st payment
Subsequent Changes	Every year
Maximum Payment	\$1,759 starting at 121st payment

CLOSING DISCLOSURE

Escrow Account

For now, your loan

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

Escrow			
Escrowed Property Costs over Year 1	\$6,570.00	Estimated total amount over year 1 for your escrowed property costs: Homeowner's Insurance Property Taxes	
Non-Escrowed Property Costs over Year 1	\$1,800.00	Estimated total amount over year 1 for your non-escrowed property costs: <i>HOA Dues</i> You may have other property costs.	
Initial Escrow Payment	\$1,425.55	A cushion for the escrow account you pay at closing. See Section G on page 2.	
Monthly Escrow Payment	\$547.50	The amount included in your total monthly payment.	

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

No Escrow	
Estimated Property Costs over Year 1	Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee	

In the future,

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

Adjustable Interest Rate (AIR) Table Index + Margin LIBOR + 4% Initial Interest Rate 4.125% Minimum/Maximum Interest Rate 4.5%/8% Change Frequency First Change First Change Beginning of 85th month Subsequent Changes Every 12th month after first change Limits on Interest Rate Changes 1%

First Change	1%
Subsequent Changes	1%

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Loan Calculations	
Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	\$461,762.42
Finance Charge. The dollar amount the loan will cost you.	\$222,309.23
Amount Financed. The loan amount available after paying your upfront finance charge.	\$210,012.12
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	5.335%
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	90%
Approximate Cost of Funds (ACF). The approximate cost of the funds used to make this loan. This is not a direct cost to you.	1.63%

Questions? If you have questions about the loan terms and costs on this form, contact your lender. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at www.consumerfinance.gov/learnmore.

Other Disclosures

Appraisal

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

Contract Details

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

Liability after Foreclosure

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

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

Refinance

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

Tax Deductions

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

Contact Information

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

Confirm Receipt

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

Applicant Signature

Date

Co-Applicant Signature

Date

CLOSING DISCLOSURE

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Projected Payments

Payment Calculation

n In Principal & Interest

Mortgage Insurance

S Estimated Escrow Amount can increase over time

Estimated Total ADDECOUPY Payment ADDECOUPY Payment BESTIMATED TOTAL Estimated Taxes, Insurance & Assessments Amount can increase over time See Details on Page 4

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