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How Mortgages Change Before Origination

The CFPB Office of Research

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This is another in an occasional series of publications from the Consumer Financial Protection Bureau's Office of Research. These publications are intended to further the Bureau's objective of providing an evidence-based perspective on consumer financial markets, consumer behavior, and regulations to inform the public discourse. *See* 12 U.S.C. §5493(b).[1]

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1. Introduction

The terms and costs of mortgage loans (mortgages) can change during the origination process. This fact has long been recognized. For instance, Federal disclosure laws evolved to require disclosure forms be provided to consumers both when they apply for mortgages and before they consummate their mortgages. However, little is known about the nature of changes during the mortgage origination process. How mortgages change, by how much, and when are all important because consumers rely on disclosure forms to comparison shop among lenders and service providers, and to understand the terms and costs of their mortgages. Significant changes in mortgage terms or costs from those that are initially disclosed can make it difficult for consumers to make informed mortgage choices.

This *Data Point* provides new information about the types of changes that occur during the mortgage origination process, their size and prevalence, and when they (and other mortgage milestones) occur in the mortgage origination process. This information is taken from a dataset of disclosure forms from roughly 50,000 mortgages originated between March 2016 and November 2017. Because lenders are required to provide new disclosure forms to consumers when mortgages change in certain ways, this analysis provides a window into how mortgages change and when these changes are disclosed to consumers.[2]

This *Data Point* is being released at the same time as a Bureau report assessing the "Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z)" Rule (TRID Rule). The TRID Rule updated how Federal laws governing mortgage disclosure forms were implemented, including by combining previously separate and overlapping disclosure forms. The primary data source used in this *Data Point* contains mortgages originated after the TRID Rule took effect and so cannot speak to how the TRID Rule may have changed the size, prevalence, and timing of changes in mortgage terms. However, when possible, this *Data Point* reports data from other sources that allow for comparisons before and after the TRID Rule took effect. These data include responses to mortgage industry surveys fielded as part of the Bureau's assessment of the TRID Rule.[3]

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[2] Lenders may also give the consumer a revised disclosure form even when it is not required by law, out of courtesy or custom. Disclosure form provision is discussed further in Section 2: Background and data. *See* Bureau of Consumer Fin. Prot., *Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) Rule Assessment* (Oct. 1, 2020), https://www.consumerfinance.gov/data-research/research-reports/trid-rule-assessment.

[3] Id.

Key findings include:

- Almost 90 percent of mortgages received at least one revision (either a revised Loan Estimate or a corrected Closing Disclosure). About 62 percent received at least one revised Loan Estimate, and about 49 percent received at least one corrected Closing Disclosure.
- The prevalence of changes in loan terms between the first Loan Estimate and the last Closing Disclosure varied greatly across mortgage terms tracked in Bureau data. For example, the annual percentage rate (APR)[4] changed for more than 40 percent of mortgages, the loan amount and the loan-to-value (LTV)[5] ratio changed for almost a quarter of mortgages, and the interest rate changed for about eight percent. In contrast, changes to maturity, loan type (conventional, Veterans Affairs (VA), Federal Housing Administration (FHA), United States Department of Agriculture (USDA),[6] rate type (fixed or adjustable-rate), and loan purpose (purchase, refinance, etc.) were relatively rare.
- Similarly, the magnitude of changes varied widely among the mortgage terms tracked in the Bureau data. Changes to loan amount and APR were relatively small, whereas many changes to interest rate and LTV ratio were relatively large. The disparity between the magnitude of changes in APR and interest rate are at least partly mechanical—APR would likely change slightly in response to small changes in loan amount or closing costs.
- According to survey data, the disparities between the prevalence and magnitudes of changes to APR and changes to interest rate may also be due to precautions lenders took to avoid tolerance violations. More than three-quarters of respondents said their institution "sometimes," "often," or "almost always" estimated fees at the top of their range to avoid possible tolerance violations. The use of this strategy would imply that mortgage costs on the Closing Disclosure would often be lower than initial estimates, and these changes would subsequently show up in the Bureau's data as a small decrease in APR.
- The median number of days between application and consumers receiving their first Loan Estimate was one calendar day. Thus, for most mortgages, lenders provided Loan Estimates sooner than they were required to under the TRID Rule.

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[4] An APR is a broader measure of the cost of borrowing money than the interest rate. The APR reflects the interest rate, any points, mortgage broker fees, and other charges that the borrower pays to get the loan. For that reason, the APR is usually higher than the interest rate on a mortgage. *See* Bureau of Consumer Fin. Prot., *What is the difference between a mortgage interest rate and an APR?* (Updated Nov. 15, 2019), https://www.consumerfinance.gov/ask-cfpb/what-is-the-difference-between-a-mortgage-interest-rate-and-an-apr-en-135/.

[5] The LTV ratio is a measure comparing the amount of a borrower's mortgage with the appraised value of the property. The higher the borrower's down payment, the lower the LTV ratio.

[6] A conventional mortgage or conventional loan is a home buyer's loan that is not offered or secured by a government entity. It is available through or guaranteed by a private lender or the two government-sponsored enterprises—Fannie Mae and Freddie Mac. A VA loan is a mortgage offered through a Department of Veterans Affairs program. A FHA loan is a mortgage that is insured by the Federal Housing Administration (FHA) and issued by an FHA-approved lender. A USDA loan is a mortgage guaranteed or issued by the USA or approved lender to rural and suburban borrowers.

- The median number of days between consumers receiving their first Closing Disclosure and closing on their mortgage was six calendar days. Thus, for most mortgages, lenders provided Closing Disclosures sooner than they were required to under the TRID Rule.

- The time between applying for and closing on a mortgage varied significantly. The median number of days between application and closing was 44 calendar days, and for half of mortgages, this duration was between 35 and 57 days (the 25th and 75th percentiles).

- Almost half of the mortgages had at least one post-closing Closing Disclosure, which is a corrected Closing Disclosure that is generated after a mortgage is consummated. The finance charge and APR changed between the last Closing Disclosure and the last post-closing Closing Disclosure for only about one percent of mortgages with a post-closing Closing Disclosure, and changes to other loan terms were even rarer. This underscores the fact that many post-closing Closing Disclosures are generated in response to secondary market requirements and do not necessarily reflect substantial changes to the mortgage.

This *Data Point* is organized as follows. Section 2 provides background. Section 2.1 describes relevant provisions of the TRID Rule, including when disclosures must be provided and the details around when terms and costs are allowed to change. Section 2.2 describes the data analyzed in this *Data Point*. Sections 3 through 5 report on disclosure form timing, disclosure form counts, and the prevalence and magnitude of changes in certain mortgage terms, respectively. Finally, Section 6 describes data on Closing Disclosures provided after closing and Section 7 provides this *Data Point's* conclusion.

2. Background and data

2.1 The TRID Rule

In November 2013, the Bureau issued a final rule titled "Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z)"[7] to implement sections 1098 and 1100A of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) as well as certain other new provisions enacted in the Dodd-Frank Act.[8] The Bureau amended the 2013 final rule on two occasions before its effective date, and the amended rule took effect on October 3, 2015.[9] This *Data Point* refers to the rule as amended when it took effect on October 3, 2015, as the "TRID Rule". The Bureau subsequently amended the TRID Rule in July 2017 and April 2018.[10] The July 2017 Amendments took effect on October 10, 2017,[11] and the April 2018 Amendments took effect on June 1, 2018.[12]

Before the TRID Rule, Federal law generally required that consumers applying for mortgages get two different forms: one with disclosures regarding the cost of credit and another concerning real estate settlement costs. Shortly before closing on the loan, consumers received two additional forms; again, one regarding the cost of credit and another concerning real estate settlement costs. These disclosure forms were required by two distinct federal statutes, the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA). Prior to the Bureau's creation, two federal agencies, the Board of Governors of the Federal Reserve System (Board) and the U.S. Department of Housing and Urban Development (HUD), developed and oversaw these disclosures.

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[7] 78 Fed. Reg. 79730. (Dec. 31, 2013).

[8] The contents of this subsection are largely transcribed from the TRID Rule assessment report. For more information about the TRID Rule, *see* Bureau of Consumer Fin. Prot., *Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) Rule Assessment* (Oct. 1, 2020), https://www.consumerfinance.gov/data-research/research-reports/trid-rule-assessment.

[9] *See* 80 Fed. Reg. 8767 (Feb. 19, 2015); 80 Fed. Reg. 43911 (July 24, 2015).

[10] *See* 82 Fed. Reg. 37656 (Aug. 11, 2017); 83 Fed. Reg. 19159 (May 2, 2018).

[11] *Id*. The July 2017 Amendments were effective Oct. 10, 2017, but the July 2017 Amendments had an optional compliance period in effect until Oct. 1, 2018. 82 Fed. Reg. 37656, 37762-65. (Aug. 11, 2017).

[12] 83 Fed. Reg. 19159. (May 2, 2018).

The TRID Rule combined these two sets of forms into a single set of forms. The TRID Rule generally requires that both a Loan Estimate and Closing Disclosure be provided for closed-end consumer credit transactions secured by real property or a cooperative unit.[13] Home Equity Lines of Credit are not subject to the TRID Rule, nor are chattel-dwelling loans. In addition, the TRID Rule specifically exempts reverse mortgages.

The TRID Rule requires the creditor or mortgage broker to give the Loan Estimate to the consumer within three business days after the consumer applies for a mortgage.[14] The TRID Rule defines an "application" for these purposes, namely, the consumer's name, income, social security number to obtain a credit report, the property address, an estimate of the value of the property, and the mortgage amount sought.[15]

The TRID Rule generally requires that the creditor ensure the consumer receives the Closing Disclosure no later than three business days before consummation.[16] To prevent closing delays, the TRID Rule allows creditors to update Closing Disclosures in certain circumstances without triggering an additional three-business-day waiting period.[17] A corrected Closing Disclosure must be issued with a new three-business-day review period if, between the time the Closing Disclosure is first provided and consummation, the loan's APR becomes inaccurate (beyond the specified tolerance level), the loan product changes, or a prepayment penalty is added.[18] All other changes to the Closing Disclosure may be made without an additional three-business-day review period, but a corrected Closing Disclosure must be provided at or before loan closing.[19]

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[13] 12 C.F.R. § 1026.19(e)(1)(i) and (f)(1)(i).

[14] *See* 12 C.F.R. § 1026.19(e)(1)(iii).

[15] *See* 12 C.F.R. § 1026.2(a)(3). Consistent with prior requirements, the creditor generally cannot impose any fees on a consumer in connection with a consumer's application (other than a fee for obtaining the consumer's credit report) until after the consumer has received the Loan Estimate and the consumer has indicated an intent to proceed with the transaction. *See* C.F.R. § 1026.19(e)(2)(i).

[16] *See* 12 C.F.R. § 1026.19(f)(1)(ii). TILA, as implemented by Regulation Z, generally provides that, if the early TILA disclosures (TIL) contain an APR that becomes inaccurate, the creditor shall furnish corrected TILA disclosures so that they are received by the consumer not later than three business days before consummation. On the other hand, RESPA and Regulation X generally require that the RESPA settlement statement be provided to the borrower at or before settlement.

[17] *See* 12 C.F.R. § 1026.19(f)(2)(i).

[18] 12 C.F.R. § 1026.19(f)(2)(ii).

[19] 12 C.F.R. § 1026.19(f)(2). Closing and consummation are separate events but generally occur around the same time. "Consummation" is when the consumer becomes contractually obligated to the creditor on the loan. The definition of "closing" varies by state, but roughly speaking, is the process through which deeds are conveyed, recorded, and transacted (when applicable), funds are exchanged (or placed in the settlement agent's possession), and

The TRID Rule also changed the tolerance rules that limit creditors and third-party service providers from charging consumers settlement costs that exceed the estimates that had been previously disclosed. Prior to the TRID Rule, HUD amended Regulation X in 2008 to require disclosing estimated settlement costs on the Good Faith Estimate (GFE) form and established tolerances for such amounts.[20] The GFE tolerance rules generally place charges into three categories: (1) the creditor's charges for its own services, which cannot exceed the creditor's estimates unless an exception applies (zero tolerance); (2) charges for settlement services provided by third parties, which cannot exceed estimated amounts by more than ten percent unless an exception applies (ten percent tolerance); and (3) other charges that are not subject to any limitation on increases (no tolerance limit).[21]

The TRID Rule subjects a larger category of charges to a zero tolerance prohibition on cost increases than was the case previously under RESPA. Specifically, the TRID Rule expands the zero tolerance category to also include fees charged by affiliates of creditors, fees charged by service providers selected by the creditor, and fees for services for which the creditor does not permit consumers to shop. However, if there is a valid justification for the cost increase, such as if the consumer asks for a change, the consumer chooses a service provider that was not identified by the creditor, or the information provided at application was inaccurate or becomes inaccurate, the creditor can reset the tolerance limits by providing a revised Loan Estimate or a Closing Disclosure with the updated costs within three business days.[22] Additionally, the TRID Rule retains Regulation X's provisions which allow creditors to cure tolerance violations through providing a refund to the consumer, of the amount by which the tolerance was exceeded, at or within 30 days of closing.[23]

2.2 Data

Analyses in this *Data Point* rely primarily on de-identified mortgage disclosure form data obtained through the Bureau's supervisory activities. When possible and relevant, to provide some insight into how practices may now differ from before the TRID Rule, the discussion

the legal obligations of the parties (buyer/consumer, seller (if applicable), real estate agent, creditor, lienholders, and third-party service providers) are resolved.

[20] 73 Fed. Reg. 68203 (Nov. 17, 2008). *See* also 12 C.F.R. § 1024.7. This Regulation X provision continues to apply with respect to certain mortgages not subject to the TRID Rule.

[21] 12 C.F.R. § 1024.7(e).

[22] *See* 12 C.F.R. § 1026.19(e)(3) and (4).

[23] Whereas Regulation X allows creditors to cure tolerance violations by providing the refund 30 days after settlement, for tolerance violations under the TRID Rule the cure period was lengthened to 60 days after consummation. 12 C.F.R. § 1024.7(i); 12 C.F.R. § 1026.19(f)(2)(v).

draws on data from the Bureau's assessment of the TRID Rule and summary statistics both before and after the TRID Rule provided to the Bureau by a provider of loan origination systems.

2.2.1 CFPB Compliance Tool Data

The Bureau's examiners used software (Compliance Tool) to collect data directly from supervised entities. The Compliance Tool processed a sample of loan files during an exam to check for compliance, keeping certain selected data fields for analysis. The Compliance Tool assisted examiners as they checked for compliance with TILA, RESPA, and the TRID Rule, among other statutes and regulations. The information the tool collected includes borrower and loan characteristics and information about disclosures provided to borrowers.

This *Data Point* analyzes a sample of exam data collected by the Compliance Tool. The sample includes data from mortgage disclosure forms for over 50,000 mortgages consummated between March 2016 and November 2017.

The analysis of these data comes with several caveats. First, the data were only collected for mortgages originated after the TRID Rule took effect and therefore they cannot be used to infer the effects of the TRID Rule. Second, the included mortgages were selected based on data quality and completeness considerations—these data therefore are not representative of all mortgages or even of all mortgages examined by the Bureau.[24]

2.2.2 Industry Survey Data

In January 2020, the Bureau conducted three surveys of mortgage industry participants: a survey of mortgage lenders, a survey of mortgage loan officers, and a survey of companies that conduct real-estate closings. These surveys were created to supplement the Bureau's assessment of the effectiveness of the TRID Rule by collecting data and information on the experiences of industry participants before, during, and after the TRID Rule's effective date.[25] Eligible individuals were generally those in their role in the mortgage market both at the time of the survey and before the TRID Rule took effect.

[24] For example, due to divergent information technology solutions employed, different examined entities provided more or less complete set of disclosures for mortgages they originated, and this influenced whether their data were included in the current analysis.

[25] Bureau of Consumer Fin. Prot., Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) Rule Assessment (Oct. 1, 2020), https://www.consumerfinance.gov/data-research/research-reports/trid-rule-assessment.

The surveys were distributed online between January 22, 2020 and March 13, 2020. The Bureau received over 1,000 responses across all three surveys. Survey data reported here include only responses from respondents who completed at least 65 percent of the questions in their survey.[26]

The survey data have two potential limitations, however. First, the data were collected in 2020, and so estimates of practices or behaviors prior to the TRID Rule's effective date likely relied on respondents' recollection of facts at least four and a half years in the past. These data may therefore be inaccurate due to recall errors. Second, responses are not likely to be representative of all lenders, loan officers, or closing companies because the surveys were voluntary.

2.2.3 Summary statistics from a mortgage service provider

A mortgage service provider voluntarily provided the Bureau data generated by its loan origination system. These data include summary statistics of mortgages originated between 2013 and 2019 on the number of disclosure forms generated per mortgage both before and after the TRID Rule's effective date.

[26] For more information about the TRID assessment industry surveys, see Bureau of Consumer Fin. Prot., Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) Rule Assessment, Appendix D (Oct. 1, 2020), https://www.consumerfinance.gov/data-research/research-reports/trid-rule-assessment.

3. Timing of disclosure forms in mortgage origination

The process of getting a mortgage may involve several steps including shopping for and taking out a mortgage, shopping for settlement services, and purchasing a home (unless the borrower is refinancing). The sooner disclosure forms are provided to consumers, the sooner they can understand the terms and costs of their mortgage offer, negotiate these terms or costs, or use the disclosures to shop for other offers or settlement services. This section first describes the timing of TRID disclosure forms in the Compliance Tool data and breaks down the timing of different stages in the process. It then presents data from the TRID Assessment survey of Loan Officers (Loan Officer Survey) and the TRID Assessment survey of Closing Companies (Closing Company Survey) to compare timing before and after the TRID Rule took effect.

TABLE 1: VARIOUS PERCENTILES OF NUMBER OF DAYS BETWEEN MILESTONES AND DELIVERY OF DISCLOSURE FORMS

Percentile	App to First LE	App to Closing	First LE to Last LE*	First LE to Last CD	First CD to Last CD*	First CD to Closing	Last CD to Closing
10th	0	29	4	21	1	1	0
25th	1	35	11	29	3	4	1
50th	1	44	22	38	5	6	3
75th	3	57	36	52	8	8	5
90th	5	75	55	70	14	13	8

* Data presented in column "First LE to Last LE" exclude mortgages that received only one Loan Estimate (37.9 percent of all mortgages), and data presented in column "First CD to Last CD" exclude mortgages that received only one Closing Disclosure (51.2 percent of all mortgages).

Table 1 displays percentiles of the number of calendar days in the Compliance Tool data between various milestones in the origination process.[27] The milestones include the issuance of the first and last Loan Estimates (LE), the issuance of the first and last Closing Disclosures (CD), the loan application date (App), and the loan consummation date (Closing). The median number of days between the first Loan Estimate and the last Closing Disclosure was 38 days, and the median duration between application and closing was 44 days. Half of mortgages went from application to closing in about one or two months (the interquartile range was 35 to 57 days); ten percent of mortgages took more than about 2.5 months (the 90th percentile was 75 days).

The mortgage origination process moved reasonably quickly for the median borrower at each stage. However, there was also great variability in many stages. The process for mortgages that require multiple Loan Estimates can be particularly protracted; roughly a quarter received Loan Estimates over the course of more than a month (the upper quartile was 36 days). The stages of Closing Disclosure provision moved relatively quickly with closing usually coming within a week of the first Closing Disclosure.

TABLE 2: PERCENTAGE DISTRIBUTION OF AVERAGE NUMBER OF DAYS BETWEEN THE PROVISION OF THE FIRST HUD-1 AND CLOSING

Average number of days	Share (percent)
Zero business days	20.0
One business day before	43.5
Two business days before	20.9
Three or more business days before	11.3
Did not respond	4.4
Sample size	115

[27] The table displays calendar days rather than business days. The TRID Rule's timing requirements are generally specified in terms of business days. This analysis uses calendar days, as opposed to business days, to measure differences between dates of various events since a non-negligible number of events fall on weekends and holidays. Also, calendar days may constitute the natural unit of time for consumers.

Table 2 displays responses to a question from the Closing Company Survey that asked respondents to recall, how many days before closing they gave borrowers the first HUD-1 settlement statement (HUD-1), in the 12 months before the TRID Rule.[28] About 20 percent responded that they provided the HUD-1 on the same day as closing, on average, while only about 11 percent responded that they provided the HUD-1 three or more business days before closing. In contrast, after the TRID Rule took effect, all lenders were required to provide the first Closing Disclosure at least three business days before consummation.[29]

TABLE 3: PERCENTAGE DISTRIBUTION OF AVERAGE NUMBER OF DAYS BETWEEN PROVISION OF THE LAST CLOSING DISCLOSURE AND CONSUMMATION

Average number of days	Share (percent)
Zero business days	12.0
One business day before	22.8
Two business days before	13.6
Three or more business days before	36.4
I don't know	8.7
Did not respond	6.5
Sample size	184

[28] See Bureau of Consumer Fin. Prot., Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) Rule Assessment, Appendix D, TRID Assessment Survey of Closing Companies, question 12 (Oct. 1, 2020), https://www.consumerfinance.gov/data-research/research-reports/trid-rule-assessment.

[29] 78 Fed. Reg. 79730, 80086. (Dec. 31, 2013). TILA, as implemented by Regulation Z, generally provides that, if the early Truth in Lending (TIL) disclosures contain an APR that becomes inaccurate, the creditor shall furnish corrected TIL disclosures so that they are received by the consumer not later than three business days before consummation. On the other hand, RESPA and Regulation X generally require that the RESPA settlement statement be provided to the borrower at or before settlement. To prevent unnecessary closing delays, the initial Closing Disclosure may include estimates based on the best information reasonably available to the creditor. Various changes to the Closing Disclosure are permitted without an additional three-business-day waiting period. If, between the time the Closing Disclosure is first provided and consummation, the loan's APR becomes inaccurate (over and above the specified tolerance level), the loan product changes, or a prepayment penalty is added, a corrected Closing Disclosure must be issued with an additional three-business-day period to review the transaction. All other changes to the Closing Disclosure may be made without an additional three-business-day waiting period, but a corrected Closing Disclosure must be provided at or before consummation.

Table 3 displays responses to a question from the Loan Officer Survey that asked respondents how many days before consummation they gave borrowers a Closing Disclosure that reflected the mortgage's final terms and costs in 2018.[30] About 12 percent of respondents reported giving consumers this disclosure on the same day as consummation, and slightly more than a third indicated they provided the final Closing Disclosure three or more business days in advance.

TABLE 4: PERCENTAGE DISTRIBUTION OF AVERAGE NUMBER OF DAYS BETWEEN FIRST CONTACT AND PROVISION OF INITIAL DISCLOSURE

Average number of days	First Good Faith Estimate	First Loan Estimate
Less than one day	3.3	2.2
One day	21.7	20.7
Two days	27.2	26.1
3 – 4 days	22.3	25.5
5 – 10 days	12.0	13.0
Greater than 10 days	7.6	6.0
Did not respond	6.0	6.5
Sample size	184	184

The TRID Rule changed the definition of a mortgage "application" to remove the "catch-all" element that was in the previous definition. The Bureau believed that removing that element would enable consumers to get the Loan Estimate earlier.[31] Table 4 displays responses to the Loan Officer Survey questions about how many days typically passed after the lender and consumer first came into contact before the lender provided the first disclosure, both before and

[30] See Bureau of Consumer Fin. Prot., Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) Rule Assessment, Appendix D TRID Assessment Survey of Loan Officers, question 12 (Oct. 1, 2020), https://www.consumerfinance.gov/data-research/research-reports/trid-rule-assessment.

[31] 78 Fed. Reg. 79730, 79762 (Dec. 31, 2013).

after the TRID Rule took effect.[32] The Bureau cannot know how loan officers would have responded to this survey were it not for the TRID Rule, and, as noted above, the results may not be representative of all lenders and rely on respondents' recall of their practices several years earlier. With these caveats, the responses do not suggest that consumers generally received Loan Estimates any sooner after the first contact than consumers had previously received GFEs.[33]

[32] See Bureau of Consumer Fin. Prot., Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) Rule Assessment, Appendix D TRID Assessment Survey of Loan Officers, questions 7 and 8 (Oct. 1, 2020), https://www.consumerfinance.gov/data-research/research-reports/trid-rule-assessment.

[33] In contrast, in response to the Bureau's November 2019 Request for Information (November 2019 RFI), a group of consumer advocates stated that the definition of "application" under the TRID Rule promotes earlier receipt of Loan Estimates. *See* Bureau of Consumer Fin. Prot., *Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) Rule Assessment,* Appendix B: Comment summary (Oct. 1, 2020), https://www.consumerfinance.gov/data-research/research-reports/trid-rule-assessment.

4. Counts of disclosure forms

Every originated mortgage has at least one Loan Estimate and at least one Closing Disclosure. When there is a "change in circumstance" then the lender may provide an updated Loan Estimate or Closing Disclosure with new terms or costs that reflect the change in circumstance.[34] Additionally, if mortgage terms change after the borrower receives a Closing Disclosure, then the borrower must be given an updated Closing Disclosure before consummation.[35] The Bureau also understands that, as a matter of courtesy, some lenders may also provide borrowers with updated Loan Estimates that reflect minor changes, even when updated forms are not required. Updated disclosures are intended to inform the borrower of changes in terms or costs (and also to update the tolerances of the mortgage, when appropriate).

The number of disclosure forms that a consumer receives therefore may be a measure of both the accuracy of the early disclosure forms and the number of changes a mortgage experiences over the course of the origination process. Fewer issued disclosures may suggest that a consumer's mortgage did not change much, and therefore their first Loan Estimate was a relatively accurate forecast of the final mortgage terms and costs. More disclosures may suggest that the borrower was more likely to have faced changes in loan costs and terms as they moved from application to closing.

Table 5 shows the distribution of the number of Loan Estimates and Closing Disclosures that consumers received in the Compliance Tool data. More than a third of consumers (37.9 percent) received only one Loan Estimate, which suggests that their loan terms did not change prior to the Closing Disclosure. Consumers most commonly received two Loan Estimates, and about 22 percent received three or more. Close to half of consumers receive multiple Closing Disclosures. These reflect changes in loan terms in the last stage of the mortgage origination, though some of the multiple Closing Disclosures may have been *pro forma*.[36]

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[34] A lender generally cannot change disclosed terms or costs beyond certain bounds without a valid "changed circumstance." *See* Section 2.1: The TRID Rule.

[35] 12 C.F.R. § 1026.19(f)(2)(i); comment 19(f)(2)(i)-1 through -2.

[36] Through discussions with industry, the Bureau understands that it is common practice for a lender to provide a new Closing Disclosure at closing, even if the terms and costs have not changed.

TABLE 5: PERCENTAGE DISTRIBUTION OF NUMBER OF LOAN ESTIMATES (LE) AND CLOSING DISCLOSURES (CD) PROVIDED PER MORTGAGE

Number of Forms	One Closing Disclosure	Two Closing Disclosures	Three or more Closing Disclosures	Row total
One Loan Estimate	12.3	17.6	8.0	37.9
Two Loan Estimates	25.7	9.8	4.1	39.6
Three or more Loan Estimates	13.1	6.0	3.2	22.4
Column total	51.2	33.5	15.3	100.0

Table 6 displays responses to the Loan Officer Survey about the number of revised disclosure forms provided to consumers, on average.[37] Although the data are from different sources and of different types (survey compared to administrative data), the data are broadly consistent, with both data sources indicating that borrowers typically got one or two Loan Estimates and Closing Disclosures and, on average, were somewhat more likely to receive multiple Loan Estimates than multiple Closing Disclosures.[38]

TABLE 6: PERCENTAGE DISTRIBUTION OF AVERAGE NUMBER OF REVISED DISCLOSURE FORMS PROVIDED PER MORTGAGE (AMONG THOSE WHO RESPONDED TO THE QUESTIONS)

Average number of forms	Revised Loan Estimates	Revised Closing Disclosures
Less than one per consumer	31.0	51.5
Between one and two	42.9	37.6
Between two and three	19.6	9.7

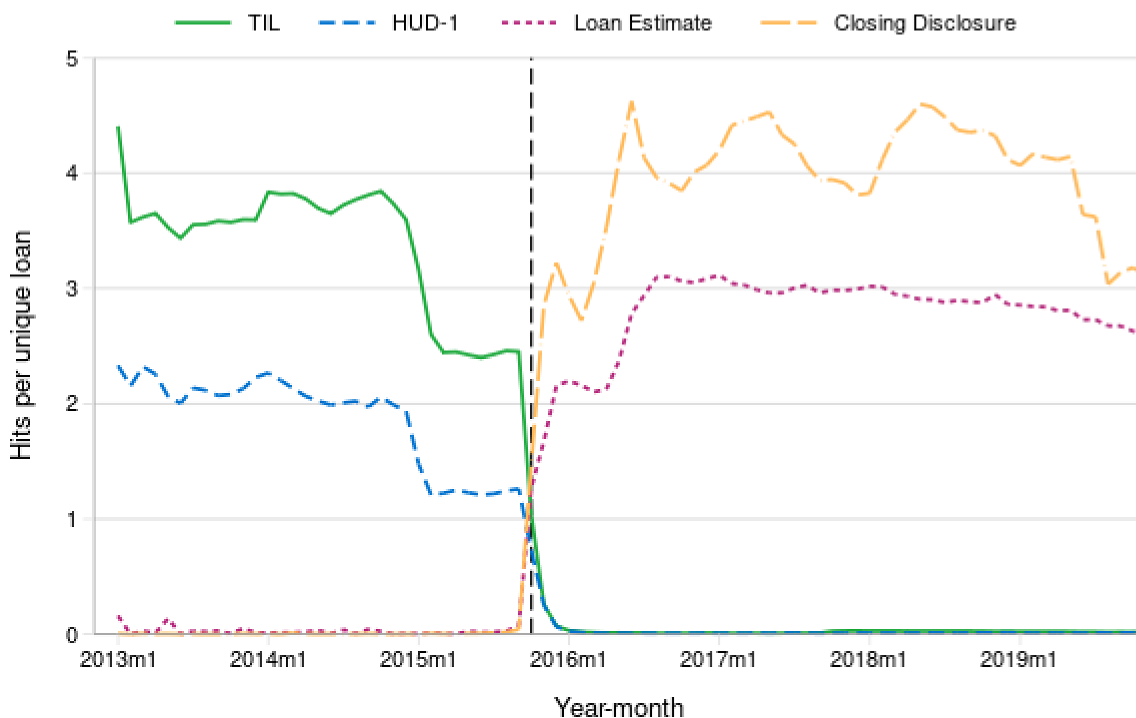
[37] See Bureau of Consumer Fin. Prot., Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) Rule Assessment, Appendix B: Comment summary TRID Assessment Survey of Loan Officers, questions 9 and 11 (Oct. 1, 2020), https://www.consumerfinance.gov/data-research/research-reports/trid-rule-assessment.

[38] These data relate to revised disclosure forms, whereas the Compliance Tool data relate to total counts. Thus, in comparing counts of disclosures, the sources differ by one: for example, "less than one per consumer" in the Loan Officer Survey is comparable to between one and two disclosure forms in the Compliance Tool data.

Average number of forms	Revised Loan Estimates	Revised Closing Disclosures
More than three	6.5	1.2
Sample size	168	165

The Loan Officer Survey also asked respondents to compare the number of revised Loan Estimates they issued to the number of revised GFEs they issued prior to the TRID Rule. Most respondents (55 percent) reported issuing more revised Loan Estimates (including a quarter who reported issuing "significantly more" Loan Estimates), whereas less than six percent reported issuing fewer revised Loan Estimates.[39]

FIGURE 1: AVERAGE NUMBER OF FORMS GENERATED PER MORTGAGE BY TYPE OVER TIME



[39] See Bureau of Consumer Fin. Prot., Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) Rule Assessment Appendix D, TRID Assessment Survey of Loan Officers, question 10.f. (Oct. 1, 2020), https://www.consumerfinance.gov/data-research/research-reports/trid-rule-assessment.

To further investigate how disclosure form counts may have changed after the TRID Rule, Figure 1 displays data from a mortgage software provider. These data contain the average number of Loan Estimates, Closing Disclosures, HUD-1 settlement statements, and TIL disclosures per mortgage generated by the provider's system over time. The data do not include GFEs, and the counts of TIL disclosures include both early TILs and final TILs.

Averaging each series over time, about twice as many Closing Disclosures were generated than HUD-1 settlement statements, on average. However, the increase cannot be attributed to the TRID Rule shifting the likelihood that mortgage terms changed because other changes may have contributed to the provider's system to generating more Closing Disclosures than HUD-1 settlement statements. For example, when the provider changed their systems to accommodate the TRID Rule, they may have also changed other features that changed the number of disclosure forms generated by their system. Similarly, as lenders and their partners learned the new software and adopted new practices to comply with the TRID rule, they might have changed the number of disclosure forms they generated while using the system.[40]

The mortgage software provider's data also show that somewhat fewer Loan Estimates were generated than TIL forms, on average. This difference does not indicate, however, how the number of disclosures generated changed at this stage in the origination process (or, in turn, any shift in the likelihood of changes in mortgage terms) because the software provider's data do not include GFEs, and the TIL disclosure data include both early and final TILs.

[40] Compared to the Compliance Tool data, these data show providers' system producing about 50 percent more Loan Estimates and about twice as many Closing Disclosures which suggests the lenders' practices often lead to more forms being generated than are provided to consumers (as reported in the Compliance Tool data). Lenders' practices may have changed in part to comply with the TRID Rule. The change may also be due, in part, to systematic changes in how firms complied with TILA and RESPA. Prior to the TRID Rule, many settlement agents interpreted RESPA to require that the HUD-1 be made available to consumers, but that they were not required to provide a HUD-1 unless the consumer requested it (78 Fed. Reg. 79730, 79799 (Dec. 31, 2013)). Thus, even if a consumer's mortgage terms and costs changed after the HUD-1 was "available" to the consumer, the software provider's system may reasonably have recorded that only one HUD-1 was generated. In contrast, the TRID rule requires lenders to provide a consumer with a copy of the Closing Disclosure prior to consummation. If any change is made to the mortgage after the initial Closing Disclosure is provided, then the lender must provide a corrected Closing Disclosure at (or before) consummation (§1026.19(f)(2)(i); Comment 19(f)(2)(i)-1 through -2).

5. Changes in mortgage terms

Whether revisions of disclosure forms consequentially affect a consumer's ability to shop for a mortgage or to be prepared for closing likely depends, in part, on the size of the changes in loan terms. This section first considers the frequency of changes to individual mortgage terms. It then considers the size and direction of changes to mortgage terms.

TABLE 7: PERCENTAGE FREQUENCY OF CHANGES BETWEEN DISCLOSURE FORMS BY LOAN TERM

Loan term	First Loan Estimate to Last Loan Estimate	Last Loan Estimate to First Closing Disclosure	First Closing Disclosure to Last Closing Disclosure	First Loan Estimate to Last Closing Disclosure
Annual percentage rate (APR)	20.6	36.0	4.2	40.2
Finance charge*	--	--	2.8	--
Loan amount	14.2	10.4	4.2	23.7
Loan-to-value ratio	12.2	14.4	4.0	23.9
Interest rate	7.5	1.0	0.3	8.2
Maturity term	0.6	0.1	0.03	0.8
Loan type	0.2	0.004	0.002	0.2
Rate type	0.2	0.1	0.2	0.5
Loan purpose	0.03	0.02	0	0.06

* Finance charge is not reported on a Loan Estimate

Table 7 displays the percentage of mortgages in the Compliance Tool data with changes in terms at stages between the first Loan Estimate and the last Closing Disclosure: the first Loan Estimate to the last Loan Estimate, the last Loan Estimate to the first Closing Disclosure, and the first

Closing Disclosure to the last Closing Disclosure.[41] For example, the table shows that 20.6 percent of all mortgages experienced a change in APR between the first and last Loan Estimate, and, accordingly, 79.4 percent either received a single Loan Estimate or had no change in the APR between the first and last Loan Estimate. The last column gives the overall frequency of changes between the first Loan Estimate and the last Closing Disclosure. The sum of the frequencies from the three intermediate stages is an upper bound on the overall frequency in the last column, since the same mortgage can undergo changes in more than one stage.

The term that changed most frequently for all four comparisons was APR, which changed between the first Loan Estimate and the last Closing Disclosure for about 40 percent of mortgages in the Compliance Tool data.[42] Changes in loan amount, loan-to-value (LTV) ratio, and interest rate were also relatively common. In contrast, changes to maturity term, loan type (conventional, insured by Federal Housing Administration, etc.), rate type (fixed or adjustable-rate), and loan purpose (purchase, refinance, etc.) occurred for less than one percent of mortgages.

Changes were more common between Loan Estimates than between Closing Disclosures—for almost all terms, more than three times as many mortgages had changes between Loan Estimates than between Closing Disclosures. Furthermore, as evidenced by the second column, many changes in APR, loan amount, and LTV ratio happened between the last Loan Estimate and the first Closing Disclosure. The finance charge is a term that only appears on Closing Disclosures. It changed between Closing Disclosures for about three percent of mortgages.

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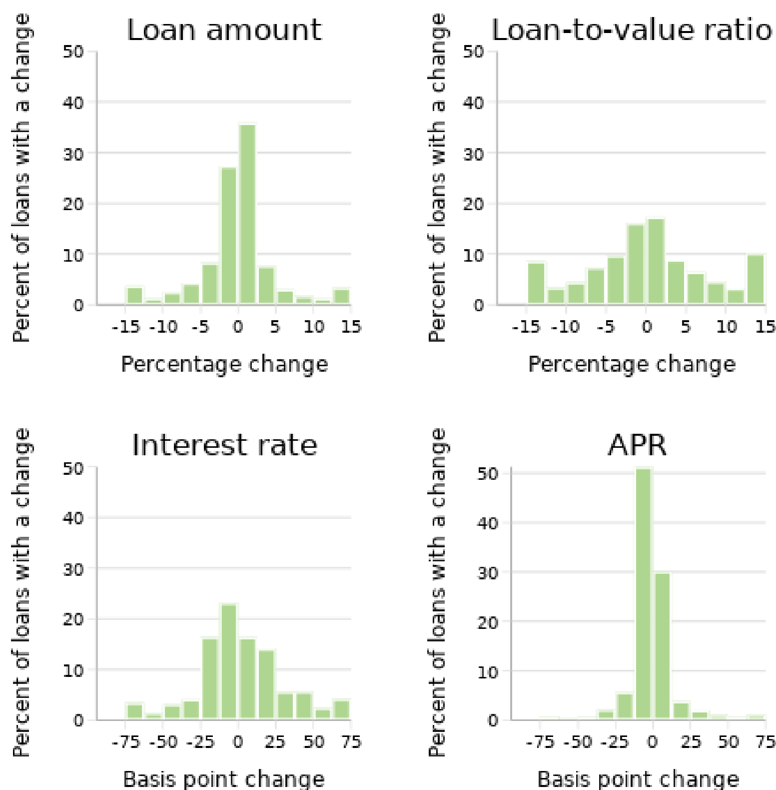
[41] For mortgages with only one Loan Estimate, the first and last Loan Estimate are the same and thus there are no changes by definition. Similarly, for mortgages with only one Closing Disclosure, the first and last Closing Disclosure are the same.

[42] This is natural since APR would change, by definition, in response to changes in several of the terms tracked in Table 7, including interest rate, loan amount, and maturity term. Changes to loan type, rate type, or loan purpose would also likely imply a change in APR.

FIGURE 2: DISTRIBUTION OF CHANGE IN NUMERICAL LOAN TERMS BETWEEN THE FIRST LOAN ESTIMATE AND THE LAST CLOSING DISCLOSURE AMONG LOANS THAT HAD A CHANGE IN THE TERM



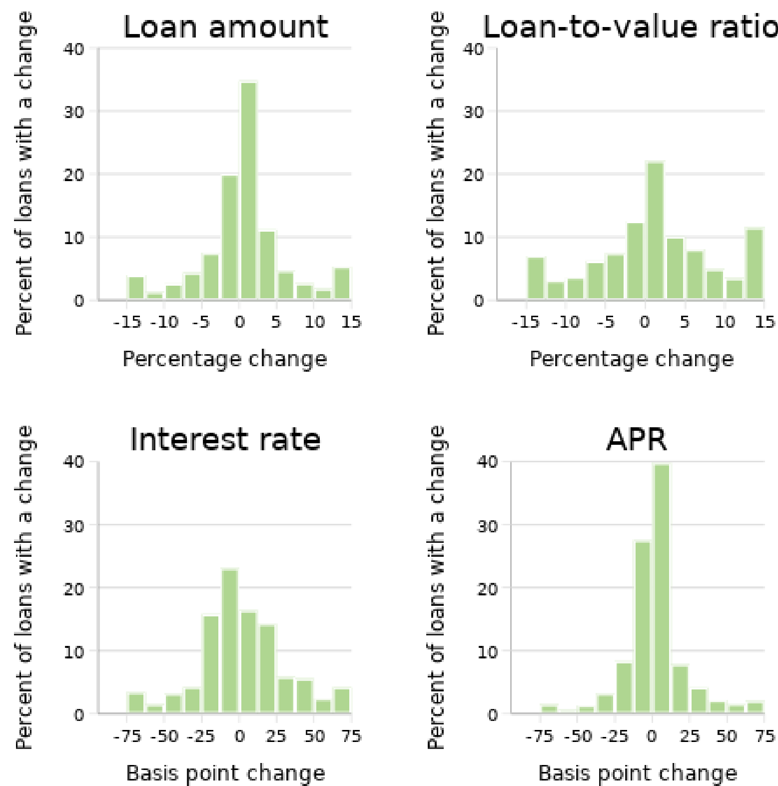
Whether frequent changes in mortgage terms are consequential depends on the direction and magnitude of those changes. Figure 2 plots histograms of mortgage term changes from the first Loan Estimate to the last Closing Disclosure among loans with a change.[43] For each term, a histogram reports the frequencies of changes to that term of different sizes. For example, the first panel shows that about 35 percent of changes to mortgages' loan amounts were *increases* between zero and 2.5 percent of the original loan amount, while about 27 percent of changes were *decreases* between 0 and 2.5 percent of the original loan amount. Most changes in the loan amount were small, with about 80 percent of changes within five percent of the initial amount. Changes in LTV ratio were mixed: about half of changes in the LTV ratio were less than five percent of the original ratio, but more than 25 percent of changes were greater than 10 percent of the original ratio. Changes in the interest rate were often substantial—the median

[43] Histograms are provided for terms that are numerical. Categorical terms such as loan type are not pictured.

absolute change was 25 basis points. Changes in APR tended to be smaller, as close to 90 percent of changes were less than 20 basis points.

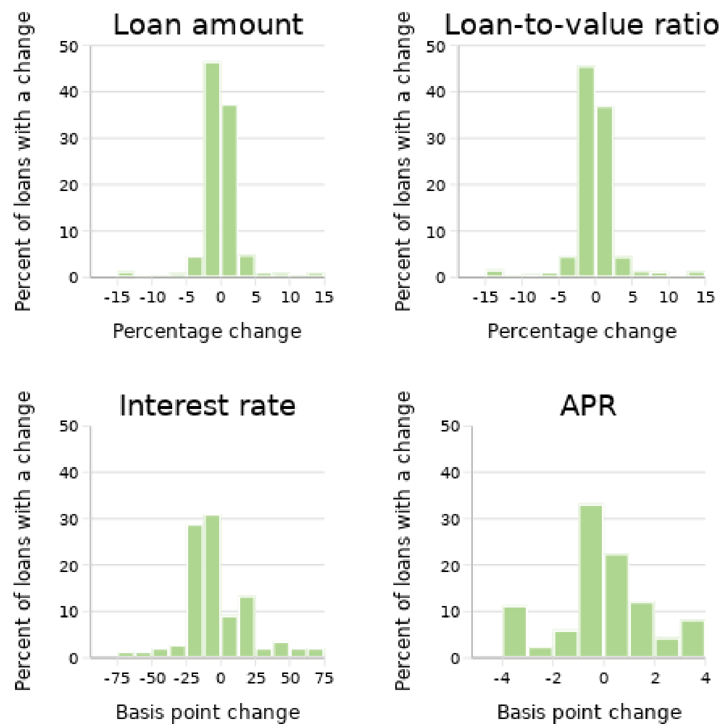
Looking at changes between Loan Estimates in particular, Figure 3 plots the distribution of changes of numeric loan terms between the first and last Loan Estimate among loans with a change. In the top left panel, nearly 55 percent of changes in loan amount were smaller than 2.5 percent, but 12 percent of changes were larger than 10 percent in absolute value. In the top right panel, changes in the LTV ratio were smaller than 2.5 percent in around 35 percent of cases, but larger than 10 percent in absolute value for about 25 percent of cases. In the bottom left panel, more than 80 percent of changes in the interest rate were less than 50 basis points in absolute value. Finally, in the bottom right panel, changes in the APR were also relatively small: around 80 percent of changes were less than 25 basis points in absolute value.

FIGURE 3: DISTRIBUTION OF CHANGE IN VARIOUS LOAN TERMS BETWEEN THE FIRST AND LAST LOAN ESTIMATE AMONG LOANS THAT EXPERIENCED A CHANGE FOR THE RESPECTIVE TERM



Focusing on changes between Closing Disclosures, Figure 4 plots the distribution of changes of numeric loan terms between first and last Closing Disclosure among loans with a change. The distributions of changes in loan amount, LTV ratio, and APR were narrower than the changes between the first and last Loan Estimate. However, the distribution of interest rate changes was only slightly less dispersed than the corresponding distribution in Figure 3.

FIGURE 4: DISTRIBUTION OF CHANGE IN VARIOUS LOAN TERMS BETWEEN THE FIRST AND LAST CLOSING DISCLOSURE AMONG LOANS THAT EXPERIENCED A CHANGE FOR THE RESPECTIVE TERM



APR is a term that incorporates both the interest rate and non-interest mortgage costs such as any points, mortgage broker fees, and other charges. Changes to APR were more common than

changes in the interest rate, but the APR changes were generally smaller. This pattern likely reflects relatively frequent and small changes in non-interest mortgage costs.[44]

The TRID Assessment Survey of Mortgage Originators (Lender Survey) asked respondents about strategies their institutions used to avoid tolerance violations (that is, to forgo violating limits on fee increases at or before closing).[45] Table 8 shows the share of respondents who reported disclosing fees at the top of the fees' range to avoid tolerance violations. Lenders were more likely to say they "almost always" used this strategy after the TRID Rule took effect. Respondents reported employing this strategy frequently in all time periods however, with about 60 percent of respondents saying their institution used this strategy either "Often" or "Almost Always."[46] The use of this strategy implies that mortgage costs would often need to be adjusted down from initial estimates. These changes would result in a change to APR, but not interest rate, and so could account for some of the difference between the share of mortgages with changes in interest rate and share with changes in APR. It could also explain why changes in APR appeared relatively small and were more likely to be reductions than increases.

TABLE 8: PERCENTAGE DISTRIBUTION OF LENDER SURVEY RESPONDENTS WHO REPORTED THEIR INSTITUTION DISCLOSED ESTIMATED FEE AMOUNTS AT THE TOP OF A FEE'S RANGE TO AVOID TOLERANCE VIOLATIONS (AMONG RESPONDENTS WHO RESPONDED TO THE QUESTIONS)

Frequency	In the twelve months *before* the TRID Rule's effective date	In the twelve months *after* the TRID Rule's effective date	In calendar year 2018
Almost Always	33.3	42.4	40.9
Often	22.6	19.6	20.4

[44] As described above, APR is a function of several other mortgage terms. Changes to APR could also reflect changes to loan amount or maturity term, for example.

[45] See Bureau of Consumer Fin. Prot., Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) Rule Assessment, Appendix D, TRID Assessment Survey of Loan Originators, question 21 (Oct. 1, 2020), https://www.consumerfinance.gov/data-research/research-reports/trid-rule-assessment.

[46] In line with these results, in response to the November 2019 RFI, several industry commenters stated that creditors overestimate closing costs on disclosures because creditors fear violating the tolerance limits. *See* Bureau of Consumer Fin. Prot., *Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) Rule Assessment* Appendix B: Comment summary. (Oct. 1, 2020), https://www.consumerfinance.gov/data-research/research-reports/trid-rule-assessment.

Frequency	In the twelve months *before* the TRID Rule's effective date	In the twelve months *after* the TRID Rule's effective date	In calendar year 2018
Sometimes	19.4	13.0	15.1
Rarely	18.3	12.0	10.8
Never	6.5	13.0	12.9
Sample size	93	92	93

More generally, the Loan Officer Survey asked respondents to compare the accuracy of the GFE to the accuracy of the Loan Estimate, on average.[47] About half of respondents thought the GFE and Loan Estimate were equally accurate, about one quarter thought the Loan Estimate was more accurate, and about one quarter thought the GFE was more accurate. In addition, the Loan Offer Survey asked about how often respondents thought the Closing Disclosure was an accurate representation of final loan terms and costs.[48] About 31 percent responded, "Almost Always," compared with about 47 percent who responded either "Often" or "Sometimes." The remainder, nearly 16 percent, responded either "Rarely" or "Never."

[47] See Bureau of Consumer Fin. Prot., Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) Rule Assessment, Appendix D, TRID Assessment Survey of Loan Officers, question 13. (Oct. 1, 2020), https://www.consumerfinance.gov/data-research/research-reports/trid-rule-assessment.

[48] *Id.* at question 14.

6. Mortgage changes after consummation

According to the TRID Rule, creditors must provide a post-closing Closing Disclosure (post-closing CD), a corrected Closing Disclosure generated after a mortgage is consummated—if an event occurs during the 30-calendar-day period after consummation that: 1) is in connection with the settlement, 2) causes the Closing Disclosure to become inaccurate, and 3) results in a change to an amount paid by the mortgage consumer from what was previously disclosed.[49] In these cases, a post-closing Closing Disclosure must be provided within 30 calendar days after receiving information sufficient to establish that such an event has occurred.

Through discussions with industry, the Bureau understands that post-closing Closing Disclosures are also generated for other reasons, even when not required by the TRID Rule. The Bureau understands that common examples of changes that lead to a creditor generating a post-closing Closing Disclosure include: updating a loan file based on information obtained after the 30-calendar-day period, sales of the mortgage by the originator, and enrollment in secondary market loan programs.[50] The Bureau also understands that because these types of changes often would not manifest in additional charges to consumers, post-closing Closing Disclosures generated for these reasons may not be sent to consumers and would be captured only as an additional document in a loan file.

Figure 5 plots the distribution of elapsed time from closing to the last post-closing Closing Disclosure among files that included a post-closing Closing Disclosure. Of these loans, around three-quarters generated the last post-closing Closing Disclosure within three weeks of closing.

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[49] § 1026.19(f)(2)(iii), Comment 19(f)(2)(iii)-1. *See also* § 1026.19(f)(4)(ii) (similarly requiring settlement agents to provide a post-closing Closing Disclosure if an event occurs during the 30-calendar-day period after consummation that results in a change to an amount paid by the seller).

[50] These may in turn be due to investors in the secondary market requiring a corrected loan file as a defense from civil liability under TILA 130(b).

FIGURE 5: DISTRIBUTION OF CALENDAR DAYS BETWEEN CLOSING AND THE DATE THE LAST POST-CLOSING CD WAS GENERATED (LAST BIN CONTAINS ALL VALUES LONGER THAN 90 DAYS)

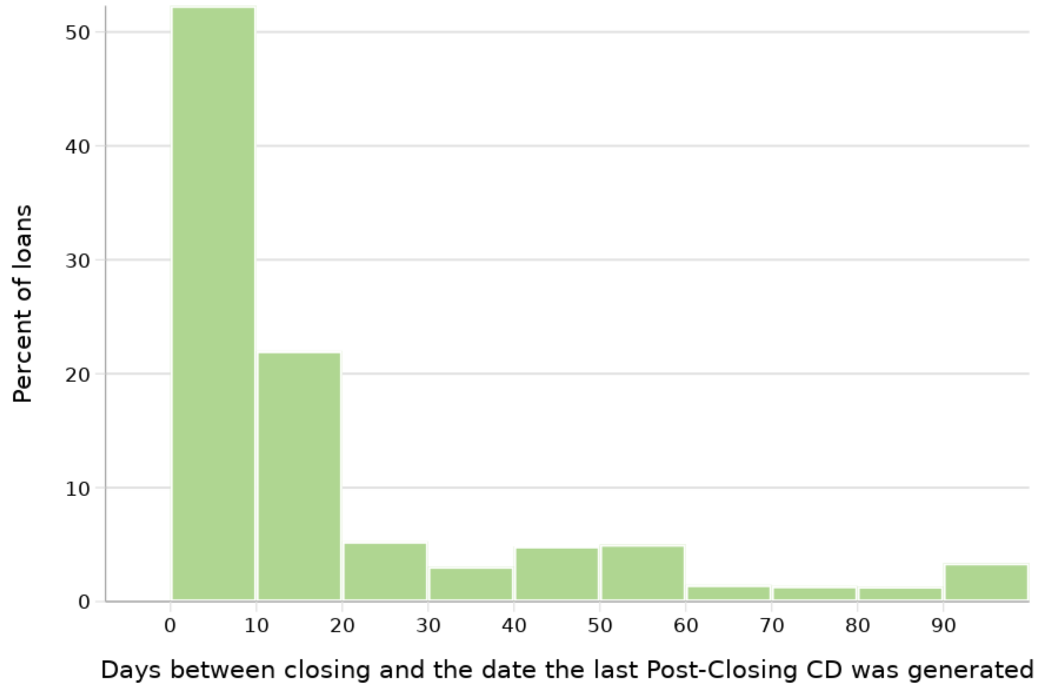

Figure 6 plots the distribution of the number of post-Closing Disclosures issued across mortgages. Almost half of the mortgages had at least one post-closing Closing Disclosure.

FIGURE 6: DISTRIBUTION OF NUMBER OF POST-CLOSING CDS GENERATED

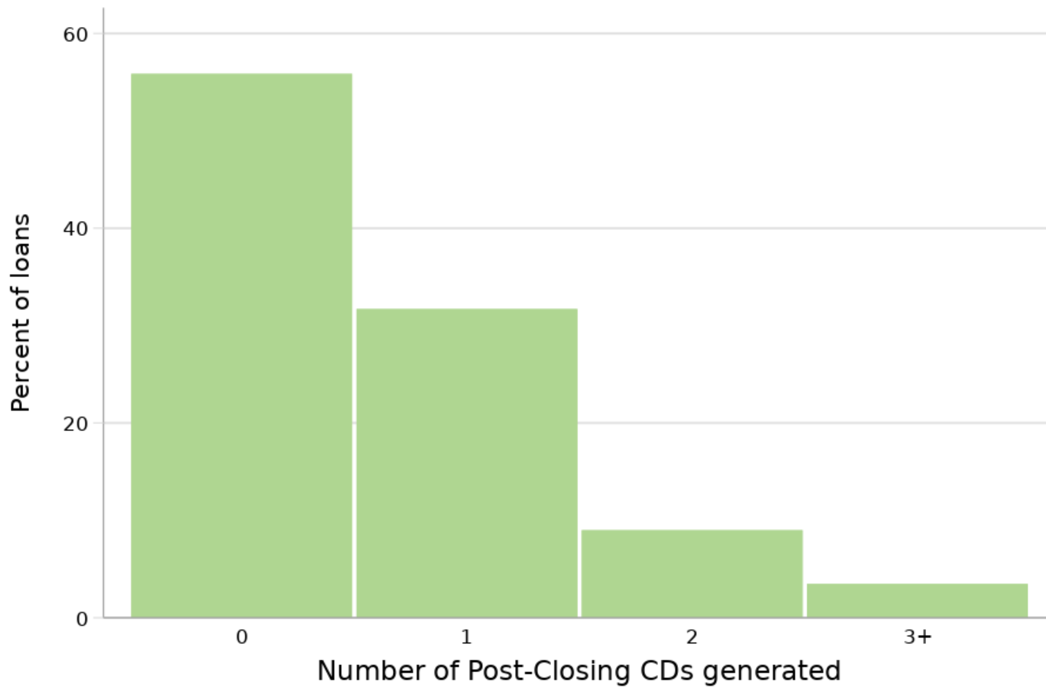

Table 9 describes how often certain loan terms change between the last Closing Disclosure provided at or before consummation and the last post-closing Closing Disclosure generated, among those that generated a post-closing Closing Disclosure. Both the finance charge and the APR differed for about one percent of these loans. This further underscores the fact that many post-closing Closing Disclosures do not contain changes to the loan terms for the consumer.

TABLE 9: FREQUENCY OF CHANGE IN VARIOUS LOAN TERMS BETWEEN THE LAST CD PROVIDED BEFORE CONSUMMATION AND THE LAST POST-CLOSING CD

Item	Frequency of change (percent)
Maturity term	0.002
Loan amount	0.8
Loan-to-value ratio	0.8

Item	Frequency of change (percent)
Interest rate	0.02
Annual percentage rate (APR)	1.1
Finance charge	1.0
Loan purpose	0.00
Loan type	0.00
Rate type	0.02

7. Conclusion

This *Data Point* examines data from disclosure forms for over 50,000 mortgages to explore how mortgages evolve throughout the origination process. Although these data are likely not representative of all mortgages in the United States and only cover mortgages originated after the Bureau's TRID Rule took effect, the data provide a window into mortgage dynamics—a topic on which little was previously known.

Based on these data, both Loan Estimates and Closing Disclosures appear to have been delivered quickly. Although the TRID Rule requires lenders to provide Loan Estimates within three business days, the median amount of time between application and provision of the Loan Estimate was only one calendar day, and the interquartile range was one to three days. Similarly, while the TRID Rule requires lenders to provide a Closing Disclosure at least three business days before the mortgage is consummated, the median amount of time between when the first Closing Disclosure was provided and closing was six calendar days, and the interquartile range was four to eight days.[51]

According to survey data, the TRID Rule appears to have resulted in consumers receiving their Closing Disclosures a number of days earlier than when pre-TRID consumers typically received HUD-1 settlement statements. Whereas consumers now must receive a Closing Disclosure at least three business days before consummation, more than 60 percent of loan officers who responded to the survey recalled providing the HUD-1 settlement statement to consumers only one day or less before closing.[52] On the other hand, it is not clear that the TRID Rule resulted in potential borrowers receiving their first disclosure form sooner. After first contact with a borrower, survey respondents recalled providing the first GFE with about the same timing with which they provide the first Loan Estimate.

The Bureau's Compliance Tool data only track certain mortgage fields, and therefore this *Data Point* cannot measure how disclosure forms change in all dimensions. Nevertheless, the data show that mortgage terms or costs change for most mortgages in the analysis sample and that changes can occur at all stages of the mortgage origination process.[53] In a technical sense, this means that most initial Loan Estimates are at least partly inaccurate. However, the Bureau's data do not include reasons for why the Loan Estimate changed—a change could have been

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[51] Consummation and closing may occur on different days. *See supra* note, 29.

[52] Id.

[53] Using disclosure reissuance as an indicator of a change in terms or costs would indicate that almost 90 percent of mortgages experience some change.

initiated by a lender, their affiliates, or third-party service providers. Changes may also have been initiated at the request of the consumer, been due to changes initiated by the seller (in the case of a purchase transaction), or been due to circumstances out of the control of any of these parties (for example, an unexpected appraisal value).

The frequency of changes varied widely among the mortgage terms tracked in the sample of data from Compliance Tool data analyzed in this *Data Point*. The APR changed for more than 40 percent of mortgages, the loan amount and the loan-to-value ratio changed for almost a quarter of mortgages, and the interest rate changed for about eight percent. In contrast, changes to maturity, loan type (conventional, VA, FHA, USDA), rate type (fixed or adjustable-rate), and loan purpose (purchase, refinance, etc.) were relatively rare.

Similarly, the magnitude of changes varied widely among the mortgage terms tracked in Bureau data. Changes to loan amount and APR were relatively muted, whereas many changes to interest rate and LTV ratio were relatively large. The disparity between the magnitude of changes in APR and interest rate are at least partly mechanical—APR would likely show a small change in response to small changes in loan amount or closing costs. According to survey data, this disparity may also be due to precautions lenders took to avoid tolerance violations. More than three quarters of respondents said their institution "sometimes," "often," or "almost always" estimated fees at the top of their range to avoid possible tolerance violations. The use of this strategy would imply that mortgage costs on the Closing Disclosure would often be lower than initial estimates, and these changes would subsequently show up in the Bureau's data as a small decrease in APR. (The Bureau's Compliance Tool data do not include mortgage costs.)

Finally, this *Data Point* reports on post-closing Closing Disclosures. These are Closing Disclosures generated after a mortgage is consummated. Almost half of mortgages in the sample of the Bureau's Compliance Tool data had a post-closing Closing Disclosure. In the mortgage terms tracked in Bureau data, the finance charge and APR changed between the last Closing Disclosure and the last post-closing Closing Disclosure for only about one percent of mortgages with a post-closing Closing Disclosure, and changes to other loan terms were even rarer. This underscores the fact that many post-closing Closing Disclosures are generated in response to secondary market requirements and do not necessarily reflect substantial changes to the mortgage.