



CONSUMER FINANCIAL PROTECTION BUREAU (CFPB)

Trial Disclosure Sandbox Application

For more information on the Trial Disclosure Sandbox, please review the Bureau's "Policy to Encourage Trial Disclosure Programs".

If there is not enough room to answer a question on the form, or if an applicant wishes to provide additional supporting information, please provide the information as an attachment to this form.

The Office of Innovation will inform applicants if an application is complete or if additional information is needed. Submitted applications may be withdrawn at any time.

Note: The Bureau is offering this sample application form on a voluntary basis as a tool to better organize applications; failure to adhere to or provide information requested by these forms will not necessarily render an application incomplete under the Policy.

Potential applicants are strongly encouraged to contact the Office of Innovation for informal, preliminary discussion of a contemplated proposal prior to submitting an application.

Inquiries and questions related to the Policy or application form can be sent directly to the Office of Innovation at officeofinnovation@cfpb.gov with "CFPB Disclosure Sandbox Inquiry" in the subject line.

To be considered for the Trial Disclosure Sandbox, applicants may submit this completed form by e-mail to officeofinnovation@cfpb.gov with "Trial Disclosure Sandbox Application" in the subject line, or by mail to the address listed below:

CFPB Trial Disclosure Sandbox Application
C/o Office of Innovation
1700 G St NW
Washington, DC 20552



Privacy Notice

The Consumer Financial Protection Bureau (CFPB) is seeking information from your institution in connection with your application to be permitted to conduct a trial disclosure program and to receive an associated waiver.

The CFPB will obtain personally identifiable information (PII) such as your full name, mailing address, email address, and phone number, as applicable. Your name and e-mail address may be used to contact you about future related events, reports, or other announcements from the CFPB.

This collection of information is authorized by 12 U.S.C. 5492(a)(10); 12 U.S.C. 5512(b)(4)(B); 15 U.S.C. 1640(f); 15 U.S.C. 1691e(e); 15 U.S.C. 1693m(d).

Participation is voluntary.

Pre-Application

Was a preliminary discussion held with Office of Innovation staff regarding this application?

☒ YES ☐ NO

(If "Yes," with whom?)

Ann Epstein, Ed Blatnik

If "no" then please email us at OfficeOfInnovation@cfpb.gov to discuss your application.

Applicant Information

1 Please list full name of applicant(s).

Please include Legal Entity Identifiers (LEIs) if you have one.

FULL NAME OF APPLICANT(S) INCLUDING ANY TRADE NAMES OR DBAs

Independent Community Bankers of America (ICBA)

2 Please list the mailing address of your company's headquarters.

This should NOT be a P.O. Box.

STREET

1615 L St NW Suite 900

CITY

Washington

STATE

DC

ZIP CODE

20036

3 Please list the contact information of the person responsible for communicating with the CFPB.

POINT OF CONTACT NAME

Ron Haynie

WORK PHONE

2 0 2

6 3 1

0 1 7 6

EMAIL

ron.haynie@icba.org

New disclosures or delivery mechanisms

Applications should include a copy of the trial disclosures to be tested, a description of what they would replace, and a clear statement of how they would be provided to consumers. If disclosures consist of modified or replacement disclosure content, that content should be in plain language, reflect a clear format and design, and be succinct. If an application is for iterative testing, it should specify the initial disclosures and the range or type of modifications contemplated. If an application is for concurrent testing, it should specify the range of variations.

4 Describe the new disclosures or delivery mechanisms to be tested.

NEW DISCLOSURES OR DELIVERY MECHANISMS TO BE TESTED

We are seeking a TDP Waiver Template under the CFPB Trial Disclosure Sandbox that would provide a foundation for individual lenders to test improvements to the TRID mortgage disclosures used for consumer construction and construction-to-permanent loans. The current disclosure regime was designed primarily for standard home purchase or refinance mortgage transaction and in their current form do not adequately disclose all of the various components of a construction or construction-to-permanent loan. We are proposing to modify/expand the current Loan Estimate and Closing Disclosure to include improved construction phase detail, construction cost breakdown, and improved disclosure regarding the consumer's permanent loan financing. Please see Addenda Nos. 1 and 2 below for additional details.

5 How are these changes expected to improve upon required disclosures or delivery mechanisms?

IMPROVEMENTS UPON REQUIRED DISCLOSURES OR DELIVERY MECHANISMS

These improvements will enhance a consumer's understanding of the construction process and costs, by providing clarity around all fees and charges, allowing the consumer to better compare options such as a one-time close or two-close construction to permanent loan. The consumer will be able to fully understand the total cost to build and finance their home.

New disclosures or delivery mechanisms (continued)

6	How can these expected improvements be measured?	EXPECTED IMPROVEMENTS MEASURED BY
		Consumer surveys pre- and post-completion of the transaction along with a comparison by both lenders and consumers of the proposed disclosures to the current disclosure regime. Greater detail will be provided in applications from individual lenders for a TDP Waiver based on the TDP Waiver Template issued if the instant application is granted.

Anticipated testing risks

7	Identify potential risks to consumers associated with the proposed test.	IDENTIFIED RISKS
		None or no more than the risks present with the current system.

TRIAL DISCLOSURE SANDBOX APPLICATION

8 How will risks be mitigated?

DESCRIPTION OF HOW RISKS WILL BE MITIGATED

Quality Control and standard compliance processes used currently in mortgage origination. Greater detail will be provided in applications from individual lenders for a TDP Waiver based on the TDP Waiver Template issued if the instant application is granted.

9 What procedures will be used to assess for potential risks to consumers during the test?

DESCRIPTION OF PROCEDURES

These disclosures are based on the current TRID disclosures, and it is anticipated that those lenders to which a TDP Waiver would be issued in response to a successful application (based on the template requested by the instant application) would utilize their standard quality control/compliance systems and processes to check for errors that could possibly harm consumers as is currently done. Greater detail will be provided in applications from individual lenders for a TDP Waiver based on the TDP Waiver Template issued if the instant application is granted.

Scope of waiver

1 Identify the statutory and regulatory requirements to be waived during the test.

Applicants should describe the scope of the requested waiver with as much specificity as practicable, in part to enable the CFPB to respond expeditiously to the application.

The CFPB recognizes that in some cases it may be difficult to determine precisely which regulatory requirements would apply, in the normal course, to a proposed trial disclosure program. In other cases, the applicant may lack the legal resources to make a fully precise determination. In such circumstances, the applicant should provide the maximum specification practicable under the circumstances and explain the limits on further specification.

IDENTIFY STATUTORY AND REGULATORY REQUIREMENTS TO BE WAIVED DURING THE TEST

1026.37 & 1026.38 mandatory use of the Model Loan Estimate and Model Closing Disclosure for construction/construction-to-permanent loans

Anticipated test parameters

Please provide the following parameters of the anticipated test.

- 11** **Duration of the test?**
The CFPB expects that a two-year testing period will be appropriate in most cases.

DURATION OF THE TEST

2 Years

- 1** **Describe plans to wind down or modify activity at the conclusion of the test.**

DESCRIBE PLANS TO WIND DOWN OR MODIFY ACTIVITY AT THE CONCLUSION OF THE TEST

It is anticipated that those lenders to which a TDP Waiver would be issued in response to a successful application (based on the template requested by the instant application) wind down the test environment within 90 days and return to the current disclosure regime if such wind down were necessary. That said, assuming that the testing data were positive, it is anticipated that such lender would apply for an extension to continue using the disclosures under Section D.1 to the TDP Policy.

TRIAL DISCLOSURE SANDBOX APPLICATION

1 Please provide information about the consumer test population.

SIZE OF CONSUMER TEST POPULATION

TBD

LOCATION OF CONSUMER TEST POPULATION

TBD

DESCRIPTION OF CONSUMER TEST POPULATION AND HOW IT WAS CHOSEN

The size, location, and other characteristics of the consumer test population will depend to a significant extent on the particular lenders that apply for a TDP Waiver (based on the template requested in the instant application). Such details will be provided in their respective applications.

WILL THE CONSUMER TEST POPULATION BE SCALED OR MODIFIED DURING THE TEST?

Not anticipated at this time.

1 Describe the test result data that will be shared with the CFPB and a schedule for sharing that data.

Total number of mortgage loans originated (from HMDA data); Total number of consumer construction/construction-to-permanent loans originated and disclosed; Total number of mortgage loans funded (HMDA data); Total number of consumer construction/construction-to-permanent loans funded and completed.

The results of the consumer surveys mentioned in Question 6 of this application.

Additional details may be included in applications from individual lenders for a TDP Waiver based on the TDP Waiver Template issued if the instant application is granted.

Regulatory coordination and confidentiality

1 If the applicant would like the CFPB to coordinate with other regulators on this application, please identify those regulators and provide their contact information, if available.

FDIC, Federal Reserve, OCC, FHFA (for Fannie Mae, Freddie Mac) applicable state banking regulators

1 If the applicant wishes to request confidential treatment for certain information or data, the applicant should identify this information or data and the basis for such treatment as specifically as possible.

TRIAL DISCLOSURE SANDBOX APPLICATION

Submit

- 1 ☒ By clicking this box, I am indicating that the information given is true to the best of my knowledge and belief.

DATE

04/28/2022

COMPANY NAME

Independent Community Bankers of America

FULL NAME

Ron Haynie

POSITION/TITLE

SVP, Housing Finance Policy

EMAIL

ron.haynie@icba.org

WORK PHONE

2 0 2 – 6 3 1 – 0 1 7 6

To be considered for the Trial Disclosure Sandbox, applicants may submit this completed form by e-mail to officeofinnovation@cfpb.gov, with “Trial Disclosure Sandbox Application” in the subject line, or by mail to the address listed below:

CFPB Trial Disclosure Sandbox Application

C/o Office of Innovation

1700 G St NW

Washington, DC 20552



Trial Disclosure Sandbox Template Application

Addendum No. 1

Question 4 Describe the new disclosures or the delivery mechanisms to be tested

We are seeking approval for community banks to utilize the CFPB Trial Disclosure Sandbox via this Template Application to test improvements to the TRID mortgage disclosures used for consumer construction and construction-to-permanent loans. The current disclosure regime was designed primarily for standard home purchase or refinance mortgage transaction and in their current form do not adequately disclose all the various components of a construction or construction-to-permanent loan.

We are proposing to modify/expand the current Loan Estimate and Closing Disclosure to include improved construction phase details, a construction cost breakdown, and improved disclosures regarding the consumer's permanent loan financing.

The current TRID disclosure regime, as per statute, provides consumers detailed disclosures of all pertinent costs associated with a mortgage loan transaction. Most mortgage transactions are for either the purchase of a home or a refinance of an existing mortgage loan. Prior to the 2013 rule, consumer construction/construction-to-permanent loans were only covered under TILA. The 2013 final combined RESPA/TILA integrated mortgage disclosure rule extended RESPA to consumer construction and construction-to-permanent loans and required creditors to utilize the Loan Estimate and Closing Disclosure on these transactions. While the Bureau has provided guidance to creditors since the 2013 rule, the use of the current LE and CD for consumer construction and construction-to-permanent loans remain confusing, causing some creditors to avoid these loans due to compliance concerns. Community banks generally provide the majority of construction financing in many small towns and rural markets. Many community banks provide construction financing to local builders and contractors. As local lenders, community banks know the market well and work with builders and contractors to develop successful projects that house small-town America. Traditionally, many community banks also offered consumer construction loans, and some offered construction-to-permanent loans that combine the construction loan with the permanent mortgage loan, reducing borrower costs while providing certainty to the borrower that they have a sound commitment for permanent financing once the home is completed.

As mentioned above, prior to the 2013 rule, these transactions were only subject to TILA. Most community bank lenders were comfortable with that regime, although it was not perfect in many ways. Since construction-to-permanent loans combine what was traditionally a commercial lending product with a consumer mortgage, the 2013 rule imposed additional requirements, resulting in compliance risks that were difficult for many lenders to manage. As a result, many of these lenders exited the consumer construction lending business and only focused on lending to builders or developers through their commercial lending operations.

Some community bank lenders continue to offer the single-close construction-to-permanent loan, as it provides consumers with certainty regarding their permanent mortgage loan and a more streamlined process with just one loan closing, resulting in lower closing costs for the borrower. The reduced closing costs of single-close construction-to-permanent loans may open the door for low-to-moderate income borrowers to be able to afford to build their own home. However, many community banks have expressed compliance concerns using the current disclosure regime for these loans and have therefore elected not offer them. This has likely reduced consumer choice in certain communities, and especially for some first-time homebuyers. It is not uncommon in rural or small-town communities for first-time homebuyers to build their first home, which may end up being their only option as there are limited existing affordable and good quality "starter" homes. Building one's home is an alternative.

TRIAL DISCLOSURE SANDBOX APPLICATION

Streamlining the TRID mortgage disclosure process for single-close construction-to-permanent loans would result in industry-wide benefits, allowing more lenders to feel comfortable originating and disclosing these loans. In addition to enormous cost savings for consumers, a streamlined process saves time industry-wide. The lender saves time by only closing the loan once, and title companies only need to schedule one closing instead of two. This leads to faster turnaround times on mortgage closings, which in turn assists in bridging the housing gap in critical and underserved markets. This expedited process also benefits areas devastated by natural disasters, offering a streamlined means of repairing homes in the wake of these tragedies.

However, as mentioned above, compliance concerns with the existing disclosure regime have made it more difficult for community banks to offer these loans. Federal Reserve Governor Michelle Bowman heard these same concerns from community bankers across the nation and reached out to ICBA to help address the issue. This application is the result of that effort.

While the Bureau did respond to industry calls for clarification on use of the TRID disclosures for consumer construction and construction-to-permanent loans, the forms were not modified to accommodate the process as indicated below.

Current Construction Loan Disclosure

Loan Terms		Can this amount increase after closing?
Loan Amount	\$211,000	NO
Interest Rate	4%	YES <ul style="list-style-type: none"> Adjusts every 3 years starting in year 6 Can go as high as 12% in year 15 See AIR Table on page 2 for details
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$703.33	YES <ul style="list-style-type: none"> Adjusts every 3 years starting in year 6 Can go as high as \$2,068 in year 15 Includes only interest and no principal until year 6 See AP Table on page 2 for details
Prepayment Penalty		Does the loan have these features?
Balloon Payment		NO

- Only the current construction loan rate is disclosed

Loan Terms		Can this amount increase after closing?
Loan Amount	\$211,000	NO
Interest Rate	4%	YES <ul style="list-style-type: none"> Adjusts every 3 years starting in year 6 Can go as high as 12% in year 15 See AIR Table on page 2 for details
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$703.33	YES <ul style="list-style-type: none"> Adjusts every 3 years starting in year 6 Can go as high as \$2,068 in year 15 Includes only interest and no principal until year 6 See AP Table on page 2 for details
Prepayment Penalty		Does the loan have these features?
Balloon Payment		NO

- Only the construction loan payment is disclosed

TRIAL DISCLOSURE SANDBOX APPLICATION

Current Construction-to-Permanent Loan Disclosure

Loan Terms		Can this amount increase after closing?
Loan Amount	\$211,000	NO
Interest Rate	4%	YES • Adjusts every 3 years starting in year 6 • Can go as high as 12% in year 15 • See AIR Table on page 2 for details
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$703.33	YES • Adjusts every 3 years starting in year 6 • Can go as high as \$2,068 in year 15 • Includes only interest and no principal until year 6 • See AP Table on page 2 for details
		Does the loan have these features?
Prepayment Penalty		NO
Balloon Payment		NO

- Only construction loan rate information is disclosed; no information about the conversion to the permanent loan

Loan Terms		Can this amount increase after closing?
Loan Amount	\$211,000	NO
Interest Rate	4%	YES • Adjusts every 3 years starting in year 6 • Can go as high as 12% in year 15 • See AIR Table on page 2 for details
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$703.33	YES • Adjusts every 3 years starting in year 6 • Can go as high as \$2,068 in year 15 • Includes only interest and no principal until year 6 • See AP Table on page 2 for details
		Does the loan have these features?
Prepayment Penalty		NO
Balloon Payment		NO

- Only construction loan P & I are disclosed; no information regarding the permanent loan P & I payment

As noted above, the current disclosure regime does not capture the entirety of the transaction, leaving consumers confused and inadequately informed.

Proposed Solution

To address these deficiencies, we are proposing the following:

- Expand the current Loan Estimate and Closing Disclosure to include information regarding both the construction loan as well the permanent mortgage loan
- Disclose all fees and charges associated with the entire transaction so the consumer knows how much this financial transaction will cost them
- Design the enhanced disclosures so they better follow the flow of the transaction

The enhanced disclosures would include the following information:

- Clearly identify the information for the construction phase and the permanent loan phase

TRIAL DISCLOSURE SANDBOX APPLICATION

- Provide clarity around key dates when payments change (converting from interest only payments to full principal and interest payments)

Projected Payments		
Payment Calculation	CONSTRUCTION YEAR 1	PERMANENT YEARS 1-30
Principal & Interest	\$0.00 min \$1,405 max <i>only interest</i>	\$1,576.59
Mortgage Insurance	+ 0	+ 0
Estimated Escrow <i>Amount can increase over time</i>	+ 0	+ 0
Estimated Total Monthly Payment	\$702.74	\$1,576.59
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time</i>	\$119 a month	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <i>See Section G on page 2ii for escrowed property costs. You must pay for other property costs separately.</i>
		In escrow? NO NO

- Adding a new Construction Cost Table which fully discloses the total costs to build the home, including the cost to build, consumer equity in the project, and any reserves for cost over-runs and other builder holdbacks

Construction Costs	
Construction Contract	\$407,000
Lot Value/Purchase Price	\$80,000
Building Plans	\$0
Permits	\$2,000
Contingency Reserves	\$0
Estimated Construction Costs	\$489,000
Lot Equity	-\$80,000
Downpayment	-\$29,000
Interest Reserves (optional)	\$
Closing Costs Financed	\$
Loan Amount	\$380,000
Construction Hold Back Funds	\$380,000

The complete set of enhanced disclosures are provided in Addendum No. 2 below.

We believe that adding this additional information and expanding the Loan Estimate and Closing Disclosure will provide the borrower with a clear picture of the financial transaction they are entering into, enabling borrowers to better compare costs among lenders and making a more informed decision on what is the largest financial transaction of their life.

CONSTRUCTION TO PERMANENT TRID DISCLOSURES

Addendum No. 2

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****Source Material:** CFPB TILA-RESPA Integrated Disclosure: Guide to the Loan Estimate and Closing Disclosure Forms & CFPB TILA-RESPA Integrated Disclosures for Construction Loans: Guide for combined, one-transaction disclosures*

Loan Estimate

General Information

Save this Loan Estimate to compare with your Closing Disclosure.

<h3 style="margin: 0;">Loan Estimate</h3> <p>DATE ISSUED</p> <p>APPLICANTS</p> <p>PROPERTY</p> <p>SALE PRICE</p>	<p>LOAN TERM</p> <p>PURPOSE</p> <p>PRODUCT</p> <p>LOAN TYPE <input type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/> _____</p> <p>LOAN ID #</p> <p>RATE LOCK <input type="checkbox"/> NO <input type="checkbox"/> YES, until</p> <p style="font-size: x-small;">Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on</p>
---	---

Date Issued

No change

Applicants

No change

Property

No change

Sale Price or Appraised Value or Estimated Value

No change

Loan Term

To clarify the difference between the **Construction Phase** and **Permanent Phase** of financing, the disclosure should state the **Loan Term for Construction Phase “to” Loan Term for Permanent Phase**. The abbreviations for **Years (yr.)** and **Months (mo.)** and rounding to will remain the same as the current TRID rules.

- 9 mo. To 30 yr.
- 1 year to 15yr., 5mo.

1026.37(a)(8)

Purpose

To further clarify the purpose of Construction to Permanent financing, the Construction purpose will be split into “**Construction Only**” and “**Construction to Permanent**”.

1026.37(a)(9)(iii)

Product

The product will be separated into the **Construction Phase** and **Permanent Phase** including the descriptions of **Adjustable Rate, Step Rate, or Fixed Rate** preceded by any description of special features such as **Negative Amortization, Interest Only, Step Payment, Balloon Payment, Seasonal Payment** listed for each phase.

- 1 year Interest Only, Fixed Rate to 7 Year Balloon Payment, 5/1 Adjustable Rate
- 13 mo. Interest Only, 3/1 Step Rate, to 30 yr. Fixed Rate

1026.37(a)(10)

Loan Type

No change

Loan ID

No change

Rate Lock

The rate lock area will need to accommodate the difference between the Construction and Permanent Phases. There may be

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incidents where the rate may be locked for both phases or neither phase. There are also scenarios where the Construction Rate is known but the Permanent Phase floats until conversion.

RATE LOCK

☐ NO ☒ YES, until 4/16/2020 at 5:00 p.m. EDT

x NO YES, Permanent Financing Rate Float

*Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on **4/4/2020** at 5:00 p.m. EDT*

1026.37(a)(13)

Loan Terms

A second column will be added to the loan terms to better inform the customer of the difference in payment in the **Construction Phase to Permanent Phase**.

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

Loan Amount

No Change – Loan amount is the same for the **Construction Phase** and **Permanent Phase**.

Interest Rate

The creditor will disclose the initial interest rate for both the Construction Phase and Permanent Phase and a “YES” or “NO” statement for each phase as to whether the interest rate may increase after the phase begins. If “YES” is disclosed, four bullet point disclosure providing for detail on the adjustment.

- If the permanent phase rate is unknown at the time of consummation, estimate the rate and include the term “estimated” under the disclosed rate.

Increase & Bullets

A “YES” disclosure is required if there is a possibility under the terms of the legal obligation that the interest rate may increase after consummation or after conversion to permanent financing. 1026.37(b)(6)(ii)

The bullets may include:

- The frequency of adjustments and timing of the first adjustment;
- The maximum interest rate and when this may first occur;
- A reference to the Adjustable Interest Rate (AIR) Table; and
- If the loan term may also increase based on the interest rate adjustment, a fourth bullet is required disclosing that fact and the maximum possible loan term.

An indicator of which phase the bullet applies to can be added to increase clarification (construction) (permanent) in the order they occur chronologically.



Consumer Financial
Protection Bureau

TRIAL DISCLOSURE SANDBOX APPLICATION

Adjustment Frequency and Timing

Loan Situation	When It Applies	Compliant Disclosure
Unknown fixed permanent phase interest rate	The construction phase has a known fixed rate, the permanent phase interest rate is fixed but unknown until it is identified at conversion to the permanent phase, and the permanent phase interest rate may increase from the interest rate disclosed at or before consummation.	“Adjusts once starting in mo. # (construction)” “Converts to TERM PRODUCT in mo. # (permanent)”
Known fixed permanent phase interest rate, but different fixed rate for the construction phase	The construction phase and permanent phase are known, but different, fixed rates, and the permanent phase rate is higher than the construction phase rate.	“Adjusts once starting in mo. # (construction)” “Converts to TERM PRODUCT in mo. # (permanent)”
Adjustable rate construction phase	The construction phase has an adjustable rate that may increase after consummation and adjusts monthly beginning in month 1.	“Adjusts every mo. starting in mo. 1 (construction)” “Converts to TERM PRODUCT in mo. # (permanent)”
Adjustable-rate permanent phase	The construction phase has a fixed rate, but the permanent phase has an adjustable rate that adjusts yearly beginning in the first month of the permanent phase.	“Adjusts every year starting in mo. 11 (permanent)” “Converts to TERM ARM PRODUCT in mo # (permanent)”

Maximum Interest Rate and Timing

Loan Situation	When It Applies	Compliant Disclosure
Unknown fixed permanent phase interest rate	The construction phase has a known fixed rate, the permanent phase interest rate is fixed but unknown until it is identified at conversion to the permanent phase, and the permanent phase interest rate may increase from the interest rate disclosed at or before consummation.	“Can go as high as ##% in mo. ## (permanent)”
Known fixed permanent phase interest rate, but different fixed rate for the construction phase	The construction phase and permanent phase are known, but different, fixed rates, and the permanent phase rate is higher than the construction phase rate.	“Goes as high as ##% in mo. ## (permanent)”
Adjustable-rate construction phase	The construction phase has an adjustable rate that may increase after consummation and adjusts monthly beginning in month 1.	“Can go as high as ##% in mo. ## (construction)”
Adjustable-rate permanent phase	The construction phase has a fixed rate, but the permanent phase has an adjustable rate that adjusts yearly beginning in the	“Can go as high as ##% in mo. ## (permanent)”

TRIAL DISCLOSURE SANDBOX APPLICATION

	first month of the permanent phase.	
--	-------------------------------------	--

- See AP Table on page 2 for details – will also be a bullet point for the interest rate

Example 1: Unknown fixed permanent phase interest rate

Loan Terms	CONSTRUCTION	PERMANENT	Can this amount increase after closing?
Loan Amount	\$000,000		NO
Interest Rate	0.000%	0.000% estimated	YES <ul style="list-style-type: none"> • Adjusts once starting in mo. # (construction) • Converts to ## yr fixed in mo. # (permanent) • Can go as high as ### in mo. ## (permanent)

See AP Table on page 2 for details

Example 2: Known fixed permanent phase interest rate, but different fixed rate for the construction phase

Loan Terms	CONSTRUCTION	PERMANENT	Can this amount increase after closing?
Loan Amount	\$000,000		NO
Interest Rate	0.000%	0.000%	YES <ul style="list-style-type: none"> • Adjusts once starting in mo. # (construction) • Converts to ## yr fixed in mo. # (permanent) • Goes as high as ### in mo. ## (permanent)

See AP Table on page 2 for details

Example 3: Adjustable-rate construction phase

Loan Terms	CONSTRUCTION	PERMANENT	Can this amount increase after closing?
Loan Amount	\$000,000		NO
Interest Rate	0.000%	0.000%	YES <ul style="list-style-type: none"> • Adjusts every mo. starting in mo. # (construction) • Can go as high as ### in mo. ## (construction) • Converts to ## yr fixed in mo. # (permanent)

See AP Table on page 2 for details

Example 4: Adjustable-rate permanent phase

Loan Terms	CONSTRUCTION	PERMANENT	Can this amount increase after closing?
Loan Amount	\$000,000		NO
Interest Rate	0.000%	0.000%	YES <ul style="list-style-type: none"> • Adjusts every year starting in mo. # (permanent) • Converts to ## yr #/ # ARM in mo. # (permanent) • Can go as high as ### in mo. ## (permanent)

See AP Table on page 2 for details

Periodic Principal and Interest Payment Disclosure

As part of the **Periodic Principal and Interest Payment** disclosure in the **Loan Terms Table**, the creditor includes the initial periodic payment applicable at consummation, a “YES” or “NO” statement as to whether the periodic payment may increase after consummation, and if “YES” is disclosed, four bullet point disclosures providing more detail on the adjustment. 1026.37(b)(6)(iii)

*The Principal and Interest will be listed for the **Construction Phase** and **Permanent Phase** in the appropriate columns. And bullet points will designate if they apply to the Construction of Permanent Phase in the order they occur chronologically.*

If “YES” disclosure is required, for example:

- The creditor is estimating the construction phase periodic payment based on Appendix D and the interest is payable only on the amount advanced for the time it is outstanding.
- The permanent phase periodic payment may be higher than the construction phase periodic payment because the payment will switch from interest-only during construction phase to principal and interest during the permanent phase.

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- The permanent phase periodic payment may be higher than the construction phase periodic payment because the permanent phase interest rate will not be set until the construction phase converts to the permanent phase, and the permanent phase interest rate may be higher than the construction phase interest rate.

The bullets:

- The frequency of adjustments and time of the first adjustment;
- The maximum possible payment and date the payment may first reach the maximum;
- The timing of any interest-only period; and
- References to the Adjustable Payments Table if any adjustments are not the result of a change to the interest rate.

Adjustment Frequency and Timing

Loan Situation	When It Applies	Compliant Disclosures
Estimated construction periodic payment	The interest is based only on the amount advance and the construction phase periodic payments are estimated using Appendix D because the actual schedule of advance is not known at or before.	“Adjusts every mo. starting in mo. #1” (construction) or “Adjusts every mo. starting in year 1” (construction) Add “Includes Only Interest and No Principal until mo. # (construction)”
Unknown fixed permanent phase interest rate	The fixed interest rate or adjustable rate for permanent phase is unknown at consummation, and during the construction phase interest is accrued on the entire commitment and periodic payment are known.	“Adjusts once starting in mo. ## (permanent)” “Adjusts every # years starting in mo. # (permanent)”
Change from Interest-only to principal and interest	The interest is accrued on the entire commitment and periodic payments are known, during the construction phase, but the periodic payment may increase upon conversion from interest-only periodic payments during the construction phase to principal and interest periodic payments during the permanent phase.	“Adjusts once starting in mo. ## (permanent)” “Adjusts every # years starting in mo. # (permanent)” Add “Includes Only Interest and No Principal until mo. # (construction)”

Maximum Payment and Timing

Loan Situation	When It Applies	Compliant Disclosures
Estimated construction periodic payment	The interest is based only on the amount advance and the construction phase periodic payments are estimated using Appendix D because the actual schedule of advance is not known at or before.	“Can go as high as [max payment] in mo. ## (construction)” Or

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		“Can go as high as [max payment] in year 1” (construction)
Unknown fixed permanent phase interest rate	The fixed interest rate or adjustable rate for permanent phase is unknown at consummation, and during the construction phase interest is accrued on the entire commitment and periodic payment are known.	“Can go as high as [max payment] in mo. ## (permanent)
Change from Interest-only to principal and interest	The interest is accrued on the entire commitment and periodic payments are known, during the construction phase, but the periodic payment may increase upon conversion from interest-only periodic payments during the construction phase to principal and interest periodic payments during the permanent phase.	“Can go as high as [max payment] in mo. ## (permanent)

- See AP Table on page 2 for details – will also be a bullet point for the interest rate

Interest-Only Period

Loan Situation	Compliant Disclosure
Both the construction and permanent phases have consecutive interest-only periods	“Includes only interest and no principal until mo. ## (construction & permanent)”
Only the construction phase has an interest-only period	“Includes only interest and no principal until mo. ## (construction)”

Example 1: Estimated construction periodic payment

Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$702.74 estimated	\$1,576.59	YES	<ul style="list-style-type: none"> • Adjusts every mo. starting in mo. 1 (construction) • Can go as high as \$1,405 in mo. 1 (construction) • Includes only interest and no principal until mo. # (construction) • See AP Table on page 2ii for details (construction)
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Example 2: Unknown fixed permanent phase interest rate

Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$702.74 estimated	\$1,576.59 estimated	YES	<ul style="list-style-type: none"> • Adjusts every mo. starting in mo. 1 (construction) • Can go as high as \$1,405 in mo. 1 (permanent) • See AP Table on page 2ii for details
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Example 3: Change from Interest-only to principal and interest

Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$702.74 estimated	\$1,576.59	YES	<ul style="list-style-type: none"> • Adjusts every mo. starting in mo. 1 (construction) • Includes only interest and no principal until mo # (construction) • Can go as high as \$1,405 in mo. 1 (permanent) • See AP Table on page 2ii for details
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Prepayment Penalty and Balloon Payment

No changes



Consumer Financial
Protection Bureau

Project Payments

Projected Payments		
Payment Calculation	CONSTRUCTION YEAR #	PERMANENT YEARS #-##
Principal & Interest	\$0.00 min \$0,000 max only interest	\$0,000.00
Mortgage Insurance	+ 0	+ 0
Estimated Escrow <i>Amount can increase over time</i>	+ 0	+ 0
Estimated Total Monthly Payment	\$000.00	\$0,000.00
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time</i>	\$000 a month	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <i>See Section G on page 2ii for escrowed property costs. You must pay for other property costs separately.</i>
		In escrow? YES YES

Principal & Interest

A creditor is required to disclose the principal and interest periodic payment or range of payments for the Projected Payments Table. Multiple columns, up to four, may be required if certain triggering events are met, such as change in the payment or balloon payments. 1026.37(c)

Construction Periodic Payment

The first column of the Projected Payments Table discloses the construction phase only. The first column discloses the construction phase period payment or range of payments that is either known or estimated. 1026.37(c)(1)(iii)(B).

- A column header is added to identify the Construction Phase with time frame rounded to the nearest whole year.

Permanent Initial Periodic Payments

The triggering event of converting to the Permanent Phase triggers a new column with the Permanent column header.

- A column header is added to identify the Permanent Phase with time frame range rounded to the nearest whole year.

Subsequent Periodic Payments

Other triggering events, such as a balloon payment can trigger the addition of two more columns to the Permanent Phase columns.

- The time frame range of the subsequent payments rounded to the nearest whole number.

Single vs Range Payment

If one of the triggering events identified in 1026.37(c)(1)(iii) occurs, a creditor is required to disclose a range of payments instead of a single payment. Triggering events for a range of payments in the Projected Payments Table include:

- There are more triggering events than can be shown in four columns and thus one column must be used to show two or more periodic payment amounts.
- The Principal & Interest payment or range of payments may change more than once in a single year or may change (at least once) in the same year as the initial periodic payment.
- The Principal & Interest payment may adjust based on an interest rate index and the rates are not yet known (i.e., for and Adjustable-Rate loan).

Estimated Principal & Interest

If the permanent phase interest rate is unknown at the time of consummation the projected principal & interest payment must be estimated based on the estimated rate.

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Interest Only Disclosure

In the Projected Payments Table, if the payment or range of payments includes any payment of interest only, use the phrase “only interest” under the amount of the payment or range of payments. 1026(c)(2)(i)

Mortgage Insurance & Estimated Escrow

If the Permanent Phase requires mortgage insurance or escrow, the creditor discloses “0” in the Construction Phase column of the Projected Payments Table for mortgage insurance and a hyphen or dash in the first column of the Projected Payments Table for escrow.

See pages 20 & 21 for more information on potential escrow configurations.

Estimated Total Monthly Payment

No change

Estimated Taxes, Insurance & Assessments

No change

Example

Projected Payments			
Payment Calculation	CONSTRUCTION YEAR #	PERMANENT YEARS #-##	YEARS #-##
Principal & Interest	\$0.00 min \$0,000 max only interest	\$0,000.00 min \$0,000.00 max	\$0,000.00 min \$0,000.00 max
Mortgage Insurance	+ 0	+ \$00.00	+ 0
Estimated Escrow <i>Amount can increase over time</i>	+ -	+ \$000.00	+ \$000.00
Estimated Total Monthly Payment	\$000.00	\$0,000.00	\$0,000.00
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time</i>	\$000 a month	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <i>See Section G on page 2ii for escrowed property costs. You must pay for other property costs separately.</i>	In escrow? YES YES

Costs at Closing

Costs at Closing	
Estimated Closing Costs	\$0,000 Includes \$0,000 in Loan Costs + \$0,000 in Other Costs – \$0 in Lender Credits. See page 2i & ii for details.
Estimated Cash to Close	\$00,000.00 Includes Closing Costs. See Calculating Cash to Close on page 2ii for details.

The **Estimated Closing Costs** are added from page 2i and 2ii from the Loan Estimate. The additional page two will separate charges associated with a construction loan verses a normal purchase or refinance transaction. The reason is to inform the customer of the extra costs associated with a construction loan.

The **Estimated Cash to Close** will also be added from both phases and disclosure on page 2ii **Calculating Cash to Close**.

Loan Costs

Loan Costs Details are split between the Construction and Permanent Phase of the loan. Page 2i discloses fees associated with the Construction Phase and 2ii for the Permanent Phase. The reason for the distinction is to demonstrate to the consumer the added costs associated with a construction loan.

Page 2i

Closing Cost Details - CONSTRUCTION PHASE - Interest Only for # months



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

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

Disclose the sum of these three subtotals as Total Loan Cost. (1023.37(f))

Origination Charges

These charges are items the consumer will pay to the creditor and loan originator for originating and extending credit. (1026.37(f)(1))

Loan Costs

A. Origination Charges

% of Loan Amount (Points)

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

If the customer paid to reduce the interest rate for the construction phase of the loan, disclose the amount on Page 2i. If the customer paid to reduce the interest rate for the permanent phase of the loan, disclose the amount on Page 2ii. If the customer paid to reduce both phase rate, disclose the amount paid on each respective Page 2i & 2ii.

Any other items that the consumer will pay to the creditor and loan originator may also be disclosed, up to 13 individual items per Page 2. 1026.37(f)(ii) If there are more than 13 **Origination Charges** in a given Page 2, disclose the total amount of the items exceeding 12 as **Additional Charges** (1026.37(f)(6)(i) Describe the items, other than for points paid, using terminology that clearly and conspicuously describes the service that is disclosure.

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

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

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

Example:

Construction Phase

Loan Costs

2i A. Origination Charges	\$750
% of Loan Amount (Points)	
Documentation Preparation	\$150
Loan Origination	\$600

Permanent Phase

Loan Costs

2ii A. Origination Charges	\$1,050
1% of Loan Amount (Points)	\$1,000
Loan Conversion Fee	\$50

Services You Cannot Shop For

These fees are items provided by personal other than the creditor or mortgage broker that the consumer cannot shop for and will pay for at settlement. 1026.37(f)(2) Items listed as **Services You Cannot Shop For** must use terminology that describes

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each item, and disclose them in alphabetical order 1026.37(f)(5)

Services You Cannot Shop For might include:

- Appraisal Fee,
- Credit Report fee,
- Flood Determination fee,
- Government funding fee,
- Homeowner's association certification fee,
- Lender's attorney fee,
- Tax status search fee,
- Third-Party subordination fee,
- Title – closing protection letter fee,
- Title – Lender's title insurance policy, and
- An upfront mortgage insurance fee.

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

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

Examination and evaluation of title evidence to determine the insurability of the title being examined and what items to include or exclude in any title commitment and policy to be issued,

Preparation and issuance of the title commitment or other document that discloses the status of title, identifies the conditions that must be met before the policy will be issued, and obligates the insurer to issue a policy of title insurance if such conditions are met,

Resolution of title underwriting issues and taking steps needed to satisfy any conditions for the issuance of title insurance policies,

Preparation and issuance of the title insurance policies, and

Payment of premiums for any lender's title insurance coverage. (Comment 37(f)(2)-3)

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

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

Construction Draw & Inspections

Construction Draws & Inspections are unique to construction loans and necessary to ensure contractors are paid for completed work and the project is completed on schedule in compliance with the construction contract.

The project must be inspected periodically to verify that the service is completed before/after the work is completed satisfactorily.

There are two primary ways draws and inspections can be completed. Either the lender or a title company can be used to complete draws and/or inspection.

- If the lender is completing the draws and/or inspection the fees are disclosed on **Page 2i** of the **Construction Phase** as a **Service You Cannot Shop For**. Since it is a lender fee, it falls in the **zero-tolerance** fee bucket.

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- If a title company is completing the draws and/or inspection the fees are disclosed on **Page 2i** of the **Construction Phase as a Service You Can Shop For** with the **Title-** prefix designation and is subject to the shopping tolerances.

Construction & Permanent Phase Services You Cannot Shop For

Fees associated with **Construction Phase** are disclosed on **Page 2i** such as the Upon Completion Appraisal. The Appraisal Update is performed after the project is completed and will be associated with **Page 2ii Permanent Phase**. At conversion, the lender may want to ensure there are no mechanic's liens on the property resulting on a Title-Lien Search on conversion to **Permanent** financing disclosed on **Page 2ii**.

Services You Can Shop For

Services You Can Shop For are services that the creditor requires but that are provided by persons other than the creditor or mortgage broker. They are services that the consumer can shop for and will pay for at settlement. (§ 1026.37(f)(3)) Items listed as **Services You Can Shop For** must use terminology that describes each item and disclose them in alphabetical order. (§ 1026.37(f)(5))

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

Services You Can Shop For might include:

Pest inspection fee,

Survey fee,

Title – closing agent fee, and

Title – closing protection letter fee. (Comment 37(f)(3)-2)

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

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

Examination and evaluation of title evidence to determine the insurability of the title being examined and what items to include or exclude in any title commitment and policy to be issued,

Preparation and issuance of the title commitment or other document that discloses the status of title, identifies the conditions that must be met before the policy will be issued, and obligates the insurer to issue a policy of title insurance if such conditions are met,

Resolution of title underwriting issues and taking steps needed to satisfy any conditions for the issuance of title insurance policies,

Preparation and issuance of the title insurance policies, and

Payment of premiums for any lender's title insurance coverage. (Comment 37(f)(3)-3)

The creditor must disclose the amount of the premium for the lender's title insurance coverage without any adjustment to the premium that might be made for the simultaneous purchase of an owner's title insurance policy. (Comment 37(f)(3)-3) Disclose no more than 14 **Services You Can Shop For**. (§ 1026.37(f)(3)(ii)) If there are more than 14 **Services You Can Shop For**, disclose the total amount of the items that exceed 13 with the label **Additional Charges**. (§ 1026.37(f)(6)(ii)(B)) An addendum to the **Loan Estimate** can be used to disclose the additional items. (§ 1026.37(f)(6)(ii))

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Construction Phase Examples:

Title Company Draws & Inspections

2i B. Services You Cannot Shop For	\$616
Appraisal Fee	\$550
Credit Report Fee	\$52
Flood Determination Fee	\$12
Flood Monitoring Fee	\$2

Lender Draws & Inspections

2i B. Services You Cannot Shop For	\$1,466
Appraisal Fee	\$550
Credit Report Fee	\$52
Construction Draws	\$500
Flood Determination Fee	\$12
Flood Monitoring Fee	\$2
Inspections	\$350

2i C. Services You Can Shop For	\$1,698
Title - Construction Draws - 5	\$500
Title - CPL - Buyer	\$25
Title - ICPL - Lender	\$25
Title - Inspections - 5	\$350
Title - Search & Exam	\$150
Title - Examination	\$250
Title - Title Insurance	\$363
Title - Wire Transfer	\$35

2i C. Services You Can Shop For	\$848
Title - CPL - Buyer	\$25
Title - ICPL - Lender	\$25
Title - Search & Exam	\$150
Title - Examination	\$250
Title - Title Insurance	\$363
Title - Wire Transfer	\$35

Permanent Phase Examples:

2ii B. Services You Cannot Shop For	\$150
Appraisal Completion	\$150

2ii C. Services You Can Shop For	\$363
Title - Lien Search	\$363

How to estimate unknown or changed fees

When disclosing on either the Loan Costs Table or the addendum, if any part of these fees is unknown at the time of disclosure, creditors must estimate based on the best information reasonably available to them at the time they provide the disclosure.

Similarly, if the disclosures are made based on the best information reasonably available at the time of disclosure, a creditor does not violate the disclosure requirements in Regulation Z if the items disclosed change because of subsequent events after consummation (for example, if more, unanticipated inspections need to be added after consummation). 12 CFR § 1026.17(e).

Total Loan Costs

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

Total Loan Costs are Totaled for both Page 2i & 2ii.

2i D. TOTAL LOAN COSTS (2i A + 2i B + 2i C)	\$
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2ii D. TOTAL LOAN COSTS (2ii A + 2ii B + 2ii C)	\$
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Other Costs

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

Taxes and Other Government Fees,



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Prepays,

Initial Escrow Payment at Closing, and

Other.

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

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

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

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

Taxes and Other Government Fees

E. Taxes and Other Government Fees

Recording Fees and Other Taxes

Transfer Taxes

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

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

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

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

If a State law indicates a lien can attach to the consumer’s acquired property if the charge is **not** paid, the amount is included as part of **Transfer Taxes**;

If State or local law is unclear or does **not** specifically attribute the amount to the seller or consumer, disclose an amount that is not less than the amount apportioned to the consumer using common practice in the locality of the **Property**. (Comment 37(g)(1)-4)

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

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

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

Prepays

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

Prepays are:

Homeowner's Insurance Premium,
Mortgage Insurance Premium,
Prepaid Interest,
Property Taxes, and
A maximum of three additional items.

Each item must include the applicable time period covered by the amount to be paid by the consumer and the total amount to be paid. (§ 1026.37(g)(2)(i)-(iv))

Initial Escrow Payment at Closing

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

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

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

Other

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

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

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

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Similar products.

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

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

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

Describe services related to the issuance of title insurance policies with the word **Title** – at the beginning of the item. When the owner's title insurance premium includes a simultaneous issuance premium, the premium is calculated by taking the full owner's title insurance premium, adding the simultaneous issuance premium for the lender's coverage (if any), and then deducting the full premium for lender's coverage. (Comment 37(g)(4)-2)

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

Commissions of real estate brokers or agents,

Additional payments to the seller to purchase personal property pursuant to the contract of sale,

Homeowner's association and condominium charges associated with the transfer of ownership, and

Fees for inspections **not** required by the creditor but paid by the consumer pursuant to the contract of sale. (Comment 37(g)(4)-4)

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

Construction vs Permanent Fees

As with the Loan Cost section, the Other Costs section is completed in the same manner. If Other Costs happen at original consummation, they are disclosed on Page 2i in the Construction Phase. If Other Costs, such as re-recording later when the loan converts to permanent financing, then the fee is disclosed on Page 2ii with the Permanent Phase.

Prepays

Prepays may apply to the Construction and Permanent Phase separately. During the Construction Phase the project can be covered under a Builder's Risk Policy.

Initial Escrow Payment at Closing

There may be incidents where a borrower may wish to include an escrow with the Construction Phase, Permanent Phase, or both. RESPA does not allow for the collection of escrow funds in advance not due and payable within the respective 12-month cycle.

At closing and applied to the Construction Phase Page 2i, an initial escrow can be established using the lot taxes and any mortgage insurance that may apply at consummation.

On Page 2ii Permanent Phase, the Initial Escrow Payment at Closing can be approximated based on expected taxes, insurance, and mortgage insurance. The Initial Escrow Payment funds may not be collected at the time of closing and must be shown as estimated. The borrower(s) have the option to fund their escrow at the time the loan converts to Permanent Financing. The lender will run an escrow analysis at that time and the borrower can either calculate escrow based off the previous year's lot taxes or opt to deposit more into the escrow account to cover the full estimated taxes for the next year to avoid a shortfall.

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Examples:

Construction Phase

Other Costs			
2i E. Taxes and Other Government Fees			
Recording Fees and Other Taxes Transfer Taxes			\$57
2i F. Prepaids			
Builder's Risk Insurance Premium (12 months)			\$500
Mortgage Insurance Premium (months)			\$500
Prepaid Interest (\$ per day for days @ %)			
Property Taxes (months)			
2i G. Initial Escrow Payment at Closing			
Homeowner's Insurance			\$0
Mortgage Insurance			
Property Taxes			
2i H. Other			
Title – Owner's Title Policy (optional)			\$873

Permanent Phase

Other Costs			
2ii E. Taxes and Other Government Fees			
Recording Fees and Other Taxes Transfer Taxes			\$114
2ii F. Prepaids			
Homeowner's Insurance Premium (12 months)			\$1,000
Mortgage Insurance Premium (months)			\$1,000
Prepaid Interest (\$ per day for days @ %)			
Property Taxes (months)			
2ii G. Initial Escrow Payment at Closing			
Homeowner's Insurance			\$736
Mortgage Insurance			
Property Taxes			
2ii H. Other			
			\$0

Total Closing Costs

Page 2i & 2ii are added separately on their own respective fee pages.

2i I. TOTAL OTHER COSTS (2iE + 2iF + 2iG + 2iH)	\$
2i J. TOTAL CLOSING COSTS	\$
2i D + 2i I	\$
Lender Credits	

2ii I. TOTAL OTHER COSTS (2iiE + 2iiF + 2iiG + 2iiH)	\$
2ii J. TOTAL CLOSING COSTS	\$
2ii D + 2ii I	\$
Lender Credits	

Adjustable Payment (AP) Table

An AP Table will be present on Page 2i associated with the Construction Phase and describing the conversion from Construction to Permanent Financing.

The Adjustable Payments (AP) Table includes information about Interest Only Payments, Optional Payments, Step Payments, Seasonal Payments, and other details regarding periodic Principal and Interest Payments. 12 CFR § 1026.37(i). The AP Table is required when the periodic principal and interest payments may change after consummation but not based on an adjustment to the interest rate, or if the loan is a seasonal payment product as defined in Regulation Z, 12 CFR § 1026.37(a)(10)(ii)(E). 12 CFR § 1026.37(i).

There are several common scenarios that will trigger the AP Table disclosure for combined construction-permanent disclosures.

Interest payable only on amount advanced and periodic payments are estimated (including use of Appendix D).

- The periodic principal and interest payment may change because the amounts or timing of advances are unknown at consummation.
- The construction loan interest is payable only on the amount advanced for the time it is outstanding.

There may be a change to the periodic payment after consummation not based on an adjustment to the interest rate, because the periodic payment may change due to changes in the amount of the principal balance to which the interest rate is applied.

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Transition from interest-only payments to amortizing periodic payments

- The construction phase has interest-only periodic payments.
- The permanent phase has amortizing periodic payments.

The shift from interest-only payments to principal and interest payments is a change to the periodic payment after consummation not based on an adjustment to the interest rate.

Adjustable Payment (AP) Table

1	Interest Only Payments?	YES for your first 60 payments
	Optional Payments?	NO
	Step Payments?	NO
	Seasonal Payments?	NO
	Monthly Principal and Interest Payments	
2	First Change/Amount	\$1,028 – \$1,359 at 61st payment
3	Subsequent Changes	Every three years
4	Maximum Payment	\$2,068 starting at 169th payment

1. Interest-Only Payments

Creditors must disclose whether the loan has interest-only payments and, if “YES,” the period during which interest-only periodic payments are scheduled. 12 CFR § 1026.37(i)(1). Such period should be disclosed by describing the number of payments counting from the first periodic payment due after consummation. Comment 37(i)-2.

If both the construction and permanent phases have interest-only periods, the entire span of those periods should be disclosed. Comment 37(i)-2.

2. First Change/Amount

Under Principal and Interest Payments, the creditor must disclose the number of the first payment that may change, counting from the first periodic payment due after consummation, and the amount or range of the periodic principal and interest payment for such payment. 12 CFR § 1026.37(i)(5)(i). Generally, where the amounts or timing of advances are unknown at consummation, the creditor must also disclose the amount or range corresponding to the first periodic payment that may change. 12 CFR § 1026.37(i)(5). The timing must be disclosed as the number of the earliest possible payment (e.g., the 1st payment) that may change, counting from the first periodic payment due after consummation. 12 CFR § 1026.37(i)(5); Comment 37(i)(5).

However, if the creditor estimates the periodic payment using the assumption in Appendix D that applies if interest is payable only on the amount advanced for the time it is outstanding, then the creditor may omit and leave blank the amount or range corresponding to the first periodic payment that may change (but the creditor still must disclose the timing of such payment). Comment App. D-7.iv.

As another example, the AP Table is triggered because of transition from interest-only payments to amortizing payments, and

TRIAL DISCLOSURE SANDBOX APPLICATION

in construction-permanent transactions this typically occurs at conversion to the permanent phase. In such a case, if there are interest-only periodic payments during the construction phase that do not change under the terms of the legal obligation, but the permanent phase begins with amortizing periodic payments, the first change is the payment number for the first periodic payment after conversion from the construction phase to the permanent phase.

3. Subsequent Change

Under Principal and Interest Payments, the creditor must disclose the frequency of subsequent changes to the periodic principal and interest payment. 12 CFR § 1026.37(i)(5)(ii). Comment 37(i)(5)-3 provides that if the frequency of adjustments to the periodic payment may change under the terms of the legal obligation, the disclosure should state the shortest period between adjustments that may occur.

If the periodic principal and interest payments may change more than once during the construction phase (because, for example, of changes in the amount advanced) but will not change during the permanent phase, the creditor still must disclose the shortest period between adjustments that may occur in the construction phase as the frequency of subsequent changes in the disclosure. 12 CFR § 1026.37(i)(5); Comment 37(i)(5)-3.

However, if the periodic payments change once upon conversion to the permanent phase but otherwise do not change during the construction and permanent phases under the terms of the legal obligation, the creditor should disclose “No subsequent changes” for the subsequent change disclosure. 12 CFR § 1026.37(i)(5); Comment 37(i)(5)-3.

4. Maximum Payment

Under Principal and Interest Payments, the creditor must disclose the maximum periodic principal and interest payment timing and amount. 12 CFR § 1026.37(i); Comment App. D-7.iv.

The maximum payment amount and timing is based on the maximum possible periodic principal and interest payment taking into account both the construction and permanent phases. 12 CFR § 1026.37(i)(5); Comment 37(i)(5)-4.

Adjustable Interest Rate (AIR) Table

The Adjustable Interest Rate (AIR) Table includes information about the index and margin, the adjustment maximum and minimum, the change frequency, the limitations on the interest rate changes and other details regarding the interest rate adjustments. 12 CFR § 1026.37(j). The AIR Table is required when the interest rate *may* increase after consummation (versus the interest rate disclosed at or before consummation), based on changes to an index or scheduled changes to the interest rate. 12 CFR § 1026.37(j); Comment 37(j)-1. For construction-permanent transactions with a combined disclosure, the AIR Table is required if the interest rate *may increase* from the interest rate applicable to the construction financing at consummation.

In combined construction-permanent loan disclosures, increases in the interest rate from the construction phase interest rate disclosed at consummation may occur because:

- ☐ Either phase has an adjustable or step rate;
- ☐ The permanent phase fixed interest rate will be higher than the construction phase fixed interest rate (shown on the combined disclosure as a step rate loan product); or
- ☐ The permanent phase interest rate is not known at or before consummation, will be identified at conversion, and may be higher than the construction phase interest rate (e.g., the permanent phase interest rate is not capped at or below the construction phase interest rate).

How to complete the AIR Table disclosures for construction-permanent loans will depend on whether the product is an adjustable rate or step rate product.

Adjustable Interest Rate (AIR) Table

1	Index + Margin	MTA + 4%
2	Initial Interest Rate	4%
3	Minimum/Maximum Interest Rate	3.25%/12%
4	Change Frequency	
	First Change	Beginning of 61st month
	Subsequent Changes	Every 36th month after first change
5	Limits on Interest Rate Changes	
	First Change	2%
	Subsequent Changes	2%

1 Index and Margin / Interest Rate Adjustments

When the requirement to disclose the AIR Table is triggered because of an adjustable rate that may increase after consummation, either in the construction phase or permanent phase, the creditor must disclose the interest rate index and margin labeled “Index+Margin.” 12 CFR § 1026.37(j)(1); Comment 37(j)(2)-1.

The creditor must *not* disclose the “Interest Rate Adjustments” because this disclosure only applies to a “Step Rate” product under § 1026.37(a)(10)(i)(B), i.e., it does not apply to an “Adjustable Rate” product under § 1026.37(a)(10)(i)(A). 12 CFR § 1026.37(j)(2); Comment 37(j)(2)-1.

2 Initial Interest Rate

The initial interest rate is the interest rate at consummation, i.e., the construction phase interest rate. 12 CFR § 1026.37(j)(3).

3 Minimum/Maximum Interest Rate

The minimum and maximum interest rates required to be disclosed are the minimum and maximum interest rates after any introductory or teaser rate expires (if any), taking into account both the construction and permanent phases. 12 CFR § 1026.37(j)(4); Comment 37(j)(4)-1.

4 Change Frequency

In the Change Frequency section, the “First Change” is required to be disclosed as the first month when the interest rate may change. 12 CFR § 1026.37(j)(5).

The creditor may leave the “Subsequent Changes” disclosure blank if there are not subsequent interest rate changes. Comments 37-1 and 38-1.

5 Limits on Interest Rate Changes

The creditor must disclose the applicable limits to the first and subsequent changes, which if not provided for in the legal obligation are based on any applicable usury or other law. 12 CFR § 1026.37(j)(6). The creditor may leave the disclosure for subsequent changes blank if there are not subsequent interest rate changes. Comments 37-1 and 38-1.

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

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

As **Index + Margin**, the index upon which adjustments to the interest rate will be based and the margin that is added to the index to determine the interest rate. (§ 1026.37(j)(1))

For **Step Rate** products, the maximum amount of any adjustments to the interest rate that are scheduled and pre-determined. (§ 1026.37(j)(2))

The **Initial Interest Rate** at consummation. (§ 1026.37(j)(3))

Step Rate Product

Generally, a step rate product is a loan where the interest rate will change after consummation, and the rates that will apply and the periods for which they will apply are known at consummation. 12 CFR § 1026.37(a)(10)(i)(B). Additionally, for construction-permanent loans with combined disclosures, step rate products can include loans where the construction and permanent phases both have fixed rates, but they are different.

For step rate construction-permanent loan products, if the interest rate *will* increase after consummation due to scheduled changes, then the AIR Table is triggered.

1 Index and Margin / Interest Rate Adjustment

The creditor discloses the “Interest Rate Adjustment” as the maximum amount of any adjustments to the interest rate that are scheduled and pre-determined because the product is a step rate under § 1026.37(a)(10)(i)(B). 12 CFR § 1026.37(j)(2). The creditor must *not* disclose the “Index+Margin” because this disclosure only applies to an “Adjustable Rate” product under § 1026.37(a)(10)(i)(A), i.e., it does not apply to an “Step Rate” product under § 1026.37(a)(10)(i)(B). 12 CFR § 1026.37(j)(1); Comments 37-1, 37(j)(2)-1, and 38-1.

2 Initial Interest Rate

The creditor must disclose the interest rate at consummation, i.e., the construction phase interest rate. 12 CFR § 1026.37(j)(3).

3 Minimum/Maximum Interest Rate

The creditor must disclose the minimum and maximum interest rates after any introductory rate or teaser rate expires (if any), taking into account both the construction and permanent phases. 12 CFR § 1026.37(j)(4).

4 Change Frequency

In the Change Frequency section, the “First Change” is required to be disclosed as the first month when the interest rate may change. 12 CFR § 1026.37(j)(5).

In the Change Frequency section, the creditor is also required to disclose the frequency of any subsequent adjustments to the interest rate, labeled as “Subsequent Changes.” The creditor may leave the “Subsequent Changes” disclosure blank if there are not subsequent interest rate changes. Comments 37-1 and 38-1.

5 Limits on Interest Rate Changes

The creditor must disclose the applicable limits to the first and subsequent changes, which if not provided for in the legal obligation are based on applicable usury or other law.

The creditor may leave the disclosure for subsequent changes blank if there are not subsequent interest rate changes. Comments 37-1 and 38-1.

General

The **Minimum/Maximum Interest Rate** for the loan, after any introductory period expires. (§ 1026.37(j)(4))



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As **Change Frequency** (§ 1026.37(j)(5)): For **First Change**, list the month when the first interest rate change may occur after consummation (§ 1026.37(j)(5)(i)), and

As **Subsequent Changes**, the frequency of interest rate adjustments after the initial adjustment. (§ 1026.37(j)(5)(ii))

As **Limits on Interest Rate Changes** (§ 1026.37(j)(6)): As **First Change**, the maximum possible change for the first adjustment of the interest rate after consummation (§ 1026.37(j)(6)(i)), and

As **Subsequent Changes**, the maximum possible change for subsequent adjustments of the interest rate. (§ 1026.37(j)(6)(ii))

Index and Margin

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

Maximum/Minimum Interest Rate

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

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

Change Frequency

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

Limits on Interest Rate Changes

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

Construction Costs Table

This table is designed to lay out the full costs of construction and the mathematical correlation to down payment or lot value, the hard and soft cost of construction, and the loan amount. The calculations in this table give the borrower a clear picture of Construction Hold Bank Funds, the funds available to them to build their property. Disclosure on **Page 2i Construction Phase**.

Construction Contract: This the total cost of the construction project – the hard costs of building materials, and the soft cost of labor.

Lot Value: This is the value of the land alone. If the lot is purchased with the Construction Contract it will be a positive figure. If the borrower already owns the lot, it will show as a negative number. If there is money still owed on a lot loan, that will be figured into costs of construction. Equity can be used as down payment funds.

Building Plans: The cost of ordering the building plans.

Permits: The cost of the permit required for the project.

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Contingency Reserves: An amount held for potential project overages. It is common that construction can run over the allotted budget. This is a cushion to absorb some overages. For large overages, the Construction Phase and Loan Amount will need to be Modified and Re-Disclosed for the entire loan (both phases).

Interest Reserves (optional): There may be circumstances or loan products that capitalize the Construction Phase interest as part of the loan if the customer needs assistance with the interest payments while the property is in the construction phase. This is disclosed as Interest Reserves.

Closing Costs: This is the total Closing Costs to consummate the loan financings. If there is equity in the lot it may be included in the loan, otherwise it will be paid out of pocket at closing.

Estimated Construction Cost: This is the sum of all costs associated with the project.

Example:

Lot Equity

Construction Costs	
Construction Contract	\$200,000
Lot Value/Purchase Price	\$50,000
Building Plans	\$150
Permits	\$1,500
Contingency Reserves	\$20,000
Estimated Construction Costs	\$271,650
Lot Equity	-\$20,000
Downpayment	-\$60,000
Interest Reserves (optional)	\$1,050
Closing Costs Financed	\$2,500
Loan Amount	\$195,200
Construction Hold Back Funds	\$191,650

Purchasing Lot

Construction Costs	
Construction Contract	\$200,000
Lot Value/Purchase Price	\$50,000
Building Plans	\$150
Permits	\$1,500
Contingency Reserves	\$20,000
Estimated Construction Costs	\$271,650
Lot Equity	\$
Downpayment	-\$60,000
Interest Reserves (optional)	\$1,050
Closing Costs Financed	\$
Loan Amount	\$212,700
Construction Hold Back Funds	\$211,650

Calculating Cash to Close

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

Cost of Construction,

Loan Amount,

Total Closing Costs,

Closing Costs Financed (Paid from your Loan Amount),

Down Payment /Funds from Borrower,

Deposit,

Funds for Borrower,

Seller Credits, and

Adjustments and Other Credits.

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

Calculating Cash to Close

Cost of Construction	\$409,000
Loan Amount	\$380,000
Total Closing Costs (2i J construction & 2ii J permanent)	\$6,132
Down Payment/Funds from Borrower	\$29,000
Deposit	\$0
Funds for Borrower	\$0
Adjustments and Other Credits	\$0
Estimated Cash to Close	\$35,132

Cost of Construction

Figure from Page 2i Construction Phase, Construction Costs table Estimated Construction Costs.

Loan Amount

From Page 1, Loan Amount and matches the Construction Cost Table.

Total Closing Cost

The total of Page 2i J Construction Phase total & 2ii J Permanent Phase total. If the Closing Costs are paid from the financing, it is disclosed as a negative number.

Down Payment/Funds from Borrower

Figure matching the Construction Cost table for down payment (not including lot equity).

Deposit

Earnest money for the purchase of a lot.

Funds for Borrower

Funds held in the Construction Hold Back Fund disclosed in the Construction Cost table on Page 2i.

Adjustment and Other Credits

Any lot equity or lender credits. Estimated Total Payoffs and Payments for a refinance of any lot loan can be disclosed as an Adjustment or Other Credit.

Estimated Cash to Close

The amount of money the borrower(s) will need to bring to closing for closing costs, initial escrow, and down payment.

Contact Information

No changes



Comparisons

In 5 Years

No changes

Annual Percentage Rate (APR)

There are two separate APRs disclosed, one for the Construction Phase and one for the Permanent Phase of the loan. The Construction Phase will be designated as an estimate depending on the loan draws for construction. The Permanent Phase may be known and calculated; however, if the rate is unknown at the time of consummation its APR might also be designated as an estimate.

For information on how to calculate the APR, see 1026.22 and appendix J to Regulation Z 1026.37(i)(2).

Total Interest Percentage (TIP)

No changes

Other Considerations

Appraisal

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

Higher-priced Mortgage Loans, and

Loans covered by the Equal Credit Opportunity Act. (§ 1026.37(m)(1))

If the loan is a Higher-priced Mortgage Loan, but is **not** covered by the Equal Credit Opportunity Act, the word “promptly” may be removed from the language provided on the model form.

For a Construction to Permanent Loan, an added disclosure that there may be an appraisal update to ensure value at the time of completion.

Assumption

No Change

Homeowner's Insurance

No Change

Late Payment

No Change

Refinance

No Change

Servicing

No Change

Confirm Receipt

No Change



Closing Disclosure

Page 1

The information contained on page one of the Construction to Permanent Closing Disclosures follows the same basic principals set forth for the Loan Estimate. See pages 3-12 to complete page 1.

Closing Disclosure

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

Closing Information	Transaction Information	Loan Information
Date Issued 06/02/2020	Borrower Michael Jones and Mary Stone	Loan Term 1 yr / 30 year
Closing Date 06/08/2020	123 Anywhere Street	Purpose Construction to Permanent
Disbursement Date 06/08/2020	Anytown, ST 12345	Product # mo Interest Only, Fixed Rate
Settlement Agent Epsilon Title Co.		Loan Type <input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA
File # 12-3456		<input type="checkbox"/> VA <input type="checkbox"/>
Property 456 Somewhere Ave	Lender Ficus Bank	Loan ID # 123456789
		MIC # 000654321
Estimated Prop. Value \$475,000		

Loan Terms	CONSTRUCTION	PERMANENT	Can this amount increase after closing?
Loan Amount	\$380,000	NO	
Interest Rate	4.5%	2.875%	YES
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$702.74 estimated	\$1,546.59	YES
			<ul style="list-style-type: none"> Adjusts once starting in mo. # (construction) Converts to 30 yr fixed in mo. # (permanent) Adjusts every mo. starting in mo. 1 (const) Can go as high as \$1,405 in mo. 1 (const) Includes only interest and no principal until mo. # (construction) See AP Table on page 21 for details (const)
Prepayment Penalty		NO	Does the loan have these features?
Balloon Payment		NO	

Projected Payments	CONSTRUCTION YEAR 1	PERMANENT
Payment Calculation		
Principal & Interest	\$0.00 min \$1,405 max only interest	\$1,576.59 first payment ##/##/####
Mortgage Insurance	+ 0	+ 0
Estimated Escrow <i>Amount can increase over time</i>	+ 0	+ 0
Estimated Total Monthly Payment	\$702.74	\$1,576.59
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time See page 4 for details</i>	\$118.91 a month	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: Homeowner's Association Dues In escrow? NO NO <i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i>

Costs at Closing	
Closing Costs	\$3,585.00 Includes \$2,964.00 in Loan Costs + \$621.00 in Other Costs – \$0 in Lender Credits. See page 2i & 2ii for details.
Cash to Close	\$32,558.65 Includes Closing Costs. See Calculating Cash to Close on page 3 for details.

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Closing Cost Details - Page 2i & 2ii

Loan Costs

At the top of each page with the header the loan phase will be clearly labeled for the borrower with the term of that phase along with the loan product associated with that phase.

- CONSTRUCTION PHASE – Interest Only for # months
- PERMANENT FINANCING – 30 Year Fixed Rate (starting MM/DD/YYYY)

Similar to the fees disclosed on the Loan Estimate, fees associated with the construction phase of the loan will be listed on page 2i & the permanent phase on page 2ii. The fees are placed in the correct column per the existing regulation for Borrower, Seller or Paid by Other (such as contractor or builder), indicating if the fee is to be paid at closing or before closing.

Closing Cost Details - CONSTRUCTION PHASE- Interest Only for # months

Loan Costs		Borrower-Paid		Seller-Paid		Paid by Others
		At Closing	Before Closing	At Closing	Before Closing	
AI. Origination Charges		\$375.00				
01	% of Loan Amount (Points)					
02	Document Preparation	\$75.00				
03	Loan Origination	\$300.00				
04						
05						
06						
07						
08						
BI. Services Borrower Did Not Shop For		\$441.00				
01	Appraisal Fee to John Smith Appraisers Inc.	\$375.00				
02	Credit Report Fee to Information Inc.	\$52.00				
03	Flood Determination Fee to Info Co.	\$12.00				
04	Flood Monitoring Fee to Info Co.	\$2.00				
05						
06						
07						
08						
09						
10						
CI. Services Borrower Did Shop For		\$2,148.00				
	Title - Construction Set Up to Epsilon Title Co.	\$625.00				
02	Draws - 5 to Epsilon Title Co.	\$150.00				
03	Title - IL Policy Fee to Epsilon Title Co.	\$3.00				
04	Title - Inspections - 5 to Epsilon Title Co.	\$375.00				
05	Title - Owner's Title Insurance to Epsilon Title Co.	\$895.00				
06	Title - Search & Exam to Epsilon Title Co.	\$100.00				
07						
08						
DI. TOTAL LOAN COSTS (Borrower-Paid)		\$2,964.00				
Loan Costs Subtotals (A + B + C)		\$2,964.00				

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Closing Cost Details - PERMANENT FINANCING - 30 Year Fixed Rate (starting ##/##/####)

Loan Costs		Borrower-Paid		Seller-Paid		Paid by Others
		At Closing	Before Closing	At Closing	Before Closing	
AII. Origination Charges		\$75.00				
01	% of Loan Amount (Points)					
02	Document Preparation	\$75.00				
04						
05						
06						
07						
08						
BII. Services Borrower Did Not Shop For		\$164.00				
01	Appraisal Completion to John Smith Appraisers Inc.	\$150.00				
02	Flood Determination Fee to Info Co.	\$12.00				
03	Flood Monitoring Fee to Info Co.	\$2.00				
04						
05						
07						
08						
09						
10						
CII. Services Borrower Did Shop For		\$325.00				
01	Title - Lien Search to Epsilon Title Co.	\$325.00				
02						
03						
04						
05						
06						
07						
08						
DII. TOTAL LOAN COSTS (Borrower-Paid)		\$564.00				
Loan Costs Subtotals (A + B + C)		\$564.00				
Other Costs						
EII. Taxes and Other Government Fees		\$57.00				
01	Recording Fees Deed: Mortgage: \$57.00	\$57.00				
02	Transfer Tax to Any State					
FI. Prepays		\$1,209.96				
01	Homeowner's Insurance Premium (12 mo.) to Insurance Co.		\$1,209.96			
02	Mortgage Insurance Premium (mo.)					
03	Prepaid Interest (per day from to)					
04	Property Taxes (mo.)					
05						
GII. Initial Escrow Payment at Closing						
01	Homeowner's Insurance per month for mo.					
02	Mortgage Insurance per month for mo.					
03	Property Taxes per month for mo.					
04						
05						
06						
07						
08	Aggregate Adjustment					
III. Other						
01						
02						
03						
05						
06						
07						
08						
III. TOTAL OTHER COSTS (Borrower-Paid)		\$1,266.96				
Other Costs Subtotals (E + F + G + H)		\$57.00	\$1,209.96			
JII. TOTAL CLOSING COSTS (Borrower-Paid)		\$1,827.96				
Closing Costs Subtotals (D + I)		\$621.00	\$1,206.96			
Lender Credits						

CLOSING DISCLOSURE

PAGE 2ii OF 5 • LOAN ID # 123456789



Consumer Financial
Protection Bureau

TRIAL DISCLOSURE SANDBOX APPLICATION

Total Cost of Construction (page 2i)

Construction Contract: The total cost of the project outlined in the Construction Contract. Initial Disbursement if the contractor is getting a draw at the time of closing, Paid outside of closing (POC) if the borrower paid the contractor any money up front.

Lot Purchase or Payoff: Paid outside of closing (POC) if the borrower owned the lot free and clear, Initial Disbursement for a Lot Loan payoff amount, and Financed if the purchase of the lot is part of the loan.

Subcontractor or Other 3rd Party Expense: Any additional expenses associated with the construction of the dwelling outside what is listed in the construction contract.

Contingency Reserves: The amount of reserves for construction overages.

Interest Reserves Account: The amount of interest reserves for the loan.

Other Adjustments: Any other costs or allowances.

Loan Information

This section outlines some of the important details, definitions, and dates of the loan which the borrower may find important.

- **Construction Phase** - Begins on the date of consummation (the "Closing Date") until the first day of the month following Completion Date specified in the Construction Loan Agreement.
- **Completion Date** - ##/##/####
- **Permanent Phase** - the period beginning on the first day of the month following the Completion Date specified in the Construction Loan Agreement. The first day of the month following the Completion Date ("Permanent Mortgage Date"), the Loan will be a permanent mortgage loan.
- **Permanent Mortgage Date** for my loan is ##/##/####
- **First payment of principal and interest** during the Permanent Phase will be due on the first day of the second month following the Completion Date ##/##/####

Adjustable Payment (AP) Table

Follows existing regulatory rules.

Construction Costs

This table is similar to the Loan Estimate, but more focused on the final closing numbers.

Estimated Property Value: The appraised value upon completion.

Total Cost of Construction: This value will include all costs associated with construction including Contingency Funds & Interest Reserves.

Paid Outside of Closing: The amount paid outside of closing such as lot equity.

Down Payment Funds: The down payment funds the borrower is bringing to closing.

Construction Loan Amount: The construction loan amount.

Initial Disbursement at Closing: Any amount of money paid to the contractor at closing.

Other Adjustments: Any other adjustments.

Construction Holdback Funds: This is the amount of money the borrower has available to build their home.

Calculating Cash to Close (Page 3)

No changes in regulation, but it will be a total of fees for pages 2i & 2ii.

Summaries of Transactions

The borrower's transactions will reflect the costs of funding the construction loan and the closing costs as well as Initial Advances to the Contractor and POC Lot Purchases.

If the borrower is purchasing the lot as part of the construction loan, there will be a Seller's Transaction side for the purchase of the lot.

TRIAL DISCLOSURE SANDBOX APPLICATION

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION

K. Due from Borrower at Closing	\$492,558.65
01 Sale Price of Property (Total Cost of Construction)	\$488,973.65
02 Sale Price of Any Personal Property Included in Sale	
03 Closing Costs Paid at Closing (J)	\$3,585.00
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 to	
12	
13	
14	
15	
L. Paid Already by or on Behalf of Borrower at Closing	\$460,000.00
01 Deposit	\$0.00
02 Loan Amount	\$380,000.00
03 Existing Loan(s) Assumed or Taken Subject to	
04 Initial Loan Advance to Contractor	(\$2,000.00)
05 Seller Credit	
Other Credits	
07	
Adjustments	
08 Lot Purchase purchased Before Closing	\$80,000.00
09	
10	
11	
Adjustments for Items Unpaid by Seller	
12 City/Town Taxes to	
13 County Taxes to	
14 Assessments to	
15	
16	
17	
CALCULATION	
Total Due from Borrower at Closing (K)	\$492,558.65
Total Paid Already by or on Behalf of Borrower at Closing (L) -	\$460,000.00
Cash to Close <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower	\$32,558.65

SELLER'S TRANSACTION

M. Due to Seller at Closing	\$2,000.00
01 Sale Price of Property (Lot)	
02 Sale Price of Any Personal Property Included in Sale	
03	
04	
05	
06	
07	
08	
Adjustments for Items Paid by Seller in Advance	
09 City/Town Taxes to	
10 County Taxes to	
11 Assessments to	
12 HOA Dues to	
13	
14	
15	
16	
N. Due from Seller at Closing	
01 Excess Deposit	
02 Closing Costs Paid at Closing (J)	
03 Existing Loan(s) Assumed or Taken Subject to	
04 Payoff of First Mortgage Loan	
05 Payoff of Second Mortgage Loan	
06	
07	
08 Seller Credit	
09	
10	
11	
12	
13	
Adjustments for Items Unpaid by Seller	
14 City/Town Taxes to	
15 County Taxes to	
16 Assessments to	
17	
18	
19	
CALCULATION	
Total Due to Seller at Closing (M)	\$2,000.00
Total Due from Seller at Closing (N) -	\$0.00
Cash <input type="checkbox"/> From <input checked="" type="checkbox"/> To Seller	0.00

CLOSING DISCLOSURE

PAGE 3 OF 5 • LOAN ID # 123456789

Additional Information About This Loan (Page 4)

No changes.

Loan Calculations (Page 5)

To separate APR calculations for construction and permanent phase.

Total Interest Percentage (TIP) will have an "e" to indicate it is an estimate.



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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.	\$579,680.06
Finance Charge. The dollar amount the loan will cost you.	\$198,130.22
Amount Financed. The loan amount available after paying your upfront finance charge.	\$377,992.18
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	5.221e% C 2.882% P
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	51.42% e

Other Disclosures

No changes.

Contact Information

No changes.

Pre-Conversion Loan Modification

During the construction process there are many things that can affect the permanent phase of the loan. The Pre-Conversion Loan Modification is designed to assist the consumer to understand the impact of such changes to the end loan to help them make better financial decisions.

The Modification document looks similar to the page one of the Loan Estimate with a few adjustments.

Loan Terms

The loan terms section outlines the original terms of the permanent financing in a side-by-side comparison to the Modified Loan Terms.

The borrower can clearly see the difference in loan amount and rate and that quantified as a monthly principal & interest payment. This can assist a borrower decide if they want to upgrade those cabinets and countertops at the time of construction or upgrade later based on what they feel comfortable with as a monthly payment.

There is also a notation that “increases to the loan amount may result in additional fees, see below.”

An increase in the loan amount may require a new security instrument to be recorded and the borrower will have additional fees to pay as a result. This clearly outlines the out-of-pocket expenses to the borrower for the changes to the loan.

TRIAL DISCLOSURE SANDBOX APPLICATION

Loan Terms	Original Loan Terms	Modified Loan Terms
Loan Amount	\$380,000	\$395,000
Interest Rate	2.875%	2.875%
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$1,576.59	\$1,638.83
*increases to the loan amount may result in additional fees, see below		

Projected Payment

The projected payments section is the same concept as the Loan Terms section. A comparison of original terms versus modified terms.

A change in the Loan to Value ratio could trigger Private Mortgage Insurance. If this is pointed out in the modification disclosure the borrower may decide to pay the extra funds out of pocket or wait and leave the loan as it is.

Projected Payments			
Payment Calculation	Original Loan Terms		Modified Loan Terms
Principal & Interest	\$1,576.59		\$1,638.83
Mortgage Insurance	+	0	+ 51
Estimated Escrow <i>Amount can increase over time</i>	+	0	+ 0
Estimated Total Monthly Payment	\$1,576.59		\$1689.83
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time</i>	\$130 a month	This estimate includes x Property Taxes x Homeowner's Insurance Other:	In escrow? NO NO

Cost Adjustment

The cost adjustment section discloses any fees the borrower will incur as a result of the new modification terms and a total cost of modification with an explanation of why.

Cost Adjustments	Original	Modified	Owed
Title - Lenders Title Insurance	\$900	\$950	\$50
Re-recording fees			\$51
Modification Cost	\$101	Increased Loan Amount by \$25,000 * change in Loan to Value now requires PMI, increase to monthly payment (\$51) * Loan amount requires additional money for title insurance (\$50) * Modified loan terms must be re-recorded (\$51)	

Signature

The borrower may sign to accept the changes and the financial obligation, or they can opt to pass.

Conversion Notice

The conversion notice is a combination of the ARM Rate Change notice and the Initial Escrow Disclosure. The Conversion Notice should be sent 60-120 days prior to the loan converting to permanent financing. If the rate was not locked on the closing disclosure this would be the time the lender would commit to the permanent financing rate. The notice outlines the date the rate and payment will be changing, and a table will define the construction phase rate and monthly payment as the “Current” payment and the “New” rate and payment will be for the final permanent financing. This gives the borrower ample notice of the change.

Changes to Your Mortgage Interest Rate and Payments on month day, year

	Current Rate and Monthly Payment	New Rate and Monthly Payment
Interest Rate	X.XXX%	X.XXX%
Total Monthly Principal & Interest Payment	\$XXX.XX	<u>\$X,XXX.XX</u> (due month day, year)

Optional Initial Escrow Account Disclosure Statement

The second part of the Conversion Notice is the Initial Escrow Account Disclosure Statement. This outlines the details of an escrow account, but it is optional. The borrower may or may not choose to open an escrow account for taxes and insurance. This disclosure giving them a breakdown of what they would be required to initially deposit and what their monthly payment would be if they choose to escrow.

There is also a notation that if the taxes are based off the lot only their payment may go up significantly the next year. They can opt for an early short analysis, or they can chose to add additional money to their monthly escrow payment to prevent large shortages in the subsequent year.

If the borrower chooses to escrow, they must sign the document and send their initial deposit.

Optional Escrow (sign and return with Initial Deposit prior to conversion):

Initial Escrow Account Disclosure Statement

Your monthly mortgage payment until your next escrow analysis will consist of the following:

Principal and Interest:	<u>\$X,XXX.XX</u>
Escrow:	<u>\$ XX.XX</u>
Total Monthly Payment:	<u>\$X,XXX.XX</u>

The following are anticipated disbursements and deposits from you escrow account during the coming year:

Month	Deposits to Escrow	Disbursements From Escrow	Description	Escrow Account Balances
Initial Deposit				\$XXX.XX
Month	\$XX.XX			\$XXX.XX
Month	\$XX.XX			\$XXX.XX
Month	\$XX.XX			\$XXX.XX
Month	\$XX.XX			\$XXX.XX
Month	\$XX.XX			\$XXX.XX
Month	\$XX.XX	\$XXX.XX	Taxes	\$XXX.XX
Month	\$XX.XX			\$XXX.XX
Month	\$XX.XX	\$XXX.XX	Hazard Insurance	\$XXX.XX
Month	\$XX.XX			\$XXX.XX
Month	\$XX.XX	\$XXX.XX	Taxes	\$XXX.XX
Month	\$XX.XX			\$XXX.XX
Month	\$XX.XX			\$XXX.XX

PLEASE KEEP THIS STATEMENT TO COMPARE WITH THE ANNUAL ACTIVITY THAT WILL OCCUR IN YOUR ESCROW ACCOUNT DURING THE UPCOMING YEAR.

Cushion: \$XXX.XX

TRIAL DISCLOSURE SANDBOX APPLICATION

Itemization of anticipated disbursements from your escrow account:

[date]	[description]	[amount]
[date]	[description]	[amount]
[date]	[description]	[amount]

NOTE: The Real Estate Settlement Procedures Act (RESPA) establishes specific guidelines regarding the amount that lenders are permitted to collect for the payment of escrow items during the initial escrow computation year, i.e. the next twelve months. Unless authorized by you to do otherwise, your lender may collection only for disbursement that will occur during the coming year. **If you monthly tax escrow amount has been based on unimproved (or lot) tax amounts or if your taxes were prepaid at closing and the next disbursement is not within the initial 12-month escrow computation year, your initial escrow amount for taxes will be lower than normal or may be zero. This may cause a significant increase in your monthly payment when your escrow is analyzed in the normal twelve-month timeframe.** In order to minimize the amount of this payment increase, you may request an early analysis of your escrow account prior to the scheduled annual analysis or voluntarily add additional funds to your monthly escrow payment.

Voluntary Additional Monthly Escrow _____

Borrower Date

Co-Borrower Date

Appendix A – Loan Estimate Sample

FICUS BANK

4321 Random Boulevard • Somecity, ST 12340

Save this Loan Estimate to compare with your Closing Disclosure.

Loan Estimate

DATE ISSUED 3/21/2020
APPLICANTS Michael Jones and Mary Stone
 123 Anywhere Street
 Anytown, ST 12345
PROPERTY 456 Somewhere Avenue
 Anytown, ST 12345
EST. PROP. VALUE \$475,000.00

LOAN TERM 1 year to 30 year
PURPOSE Construction to Permanent
PRODUCT 12 mo. Interest Only to Fixed Rate
LOAN TYPE ☒ Conventional ☐ FHA ☐ VA ☐
LOAN ID # 123456789
RATE LOCK ☐ NO ☒ YES, until 4/16/2020 at 5:00 p.m. EDT
 NO x YES, until 4/16/2020 at 5:00 p.m. EDT
 Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on 4/4/2020 at 5:00 p.m. EDT

Loan Terms	CONSTRUCTION	PERMANENT	Can this amount increase after closing?
Loan Amount	\$380,000		NO
Interest Rate	4.5%	2.875%	YES <ul style="list-style-type: none"> Adjusts once starting in mo. # (construction) Converts to 30 yr fixed in mo. # (permanent)
Monthly Principal & Interest See Projected Payments below for your Estimated Total Monthly Payment	\$702.74 estimated	\$1,576.59	YES <ul style="list-style-type: none"> Adjusts every mo. starting in mo. 1 (const) Can go as high as \$1,405 in mo. 1 (const) Includes only interest and no principal until mo. # (construction) See AP Table on page 2ii for details (const)
Prepayment Penalty	NO		
Balloon Payment	NO		

Projected Payments

Payment Calculation	CONSTRUCTION YEAR 1	PERMANENT YEARS 1-30
Principal & Interest	\$0.00 min \$1,405 max only interest	\$1,576.59
Mortgage Insurance	+ 0	+ 0
Estimated Escrow Amount can increase over time	+ 0	+ 0
Estimated Total Monthly Payment	\$702.74	\$1,576.59
Estimated Taxes, Insurance & Assessments Amount can increase over time	\$119 a month	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: See Section G on page 2ii for escrowed property costs. You must pay for other property costs separately.

Costs at Closing

Estimated Closing Costs	\$6,132	Includes \$4,088 in Loan Costs + \$2,044 in Other Costs – \$0 in Lender Credits. See page 2i & ii for details.
Estimated Cash to Close	\$35,132	Includes Closing Costs. See Calculating Cash to Close on page 2ii for details.

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

LOAN ESTIMATE

PAGE 1 OF 3 • LOAN ID # 123456789



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Closing Cost Details - CONSTRUCTION PHASE - Interest Only for # months

Loan Costs		Other Costs	
2i A. Origination Charges	\$750	2i E. Taxes and Other Government Fees	\$57
% of Loan Amount (Points)		Recording Fees and Other Taxes Transfer Taxes	\$57
Documentation Preparation	\$150		
Loan Origination	\$600		
		2i F. Prepaids	\$1,000
		Builder's Risk Insurance Premium (12 months)	\$1,000
		Mortgage Insurance Premium (months)	
		Prepaid Interest (\$ per day for days @ %)	
		Property Taxes (months)	
		2i G. Initial Escrow Payment at Closing	\$0
		Homeowner's Insurance per month for mo.	
		Mortgage Insurance per month for mo.	
		Property Taxes per month for mo.	
2i B. Services You Cannot Shop For	\$616	2i H. Other	\$873
Appraisal Fee	\$550	Title - Owner's Title Policy (optional)	\$873
Credit Report Fee	\$52		
Flood Determination Fee	\$12		
Flood Monitoring Fee	\$2		
		2i I. TOTAL OTHER COSTS (E + F + G + H)	\$1,930
2i C. Services You Can Shop For	\$1,698	2i J. TOTAL CLOSING COSTS	\$4,994
Title - Construction Draws - 5	\$500	D + I	\$4,994
Title - CPL - Buyer	\$25	Lender Credits	
Title - ICPL - Lender	\$25		
Title - Inspections - 5	\$350		
Title - Search & Exam	\$150		
Title - Examination	\$250		
Title - Title Insurance	\$363		
Title - Wire Transfer	\$35		
2i D. TOTAL LOAN COSTS (A + B + C)	\$3,064		
Adjustable Payment (AP) Table		Construction Costs	
Interest Only Payments?	YES for your first 18 payments	Construction Contract	\$407,000
Optional Payments?	NO	Lot Value/Purchase Price	\$80,000
Step Payments?	NO	Building Plans	\$0
Seasonal Payments?	NO	Permits	\$2,000
Monthly Principal and Interest Payments		Contingency Reserves	\$0
First Change/Amount	at 1st payment	Estimated Construction Costs	\$489,000
Subsequent Changes	Every payment	Lot Equity	-\$80,000
Maximum Payment	\$1,405 as early as 1st payment	Downpayment	-\$29,000
		Interest Reserves (optional)	\$
		Closing Costs Financed	\$
		Loan Amount	\$380,000
		Construction Hold Back Funds	\$380,000

Closing Cost Details - PERMANENT FINANCING - 30 Year Fixed Rate (starting mo #)

[illegible]

Additional Information About This Loan

LENDER Ficus Bank
 NMLS/___ LICENSE ID
 LOAN OFFICER Joe Smith
 NMLS/___ LICENSE ID 12345
 EMAIL joesmith@ficusbank.com
 PHONE 123-456-7890

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

Comparisons	Use these measures to compare this loan with other loans.	
In 5 Years	\$75,676 Total you will have paid in principal, interest, mortgage insurance, and loan costs.	\$33,845 Principal you will have paid off.
Annual Percentage Rate (APR) <small>Your costs over the loan term expressed as a rate. This is not your interest rate.</small>	5.352% e Construction Phase	2.882% Permanent Phase
Total Interest Percentage (TIP)	51.60%e 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 <input type="checkbox"/> will allow, under certain conditions, this person to assume this loan on the original terms. <input checked="" type="checkbox"/> will not allow assumption of this loan on the original terms.
Homeowner's Insurance	This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.
Late Payment	If your payment is more than 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 <input type="checkbox"/> to service your loan. If so, you will make your payments to us. <input checked="" type="checkbox"/> 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

Appendix B – Closing Disclosure Sample

Closing Disclosure

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

Closing Information	Transaction Information	Loan Information
Date Issued 06/02/2020	Borrower Michael Jones and Mary Stone	Loan Term 1 yr / 30 year
Closing Date 06/08/2020	123 Anywhere Street	Purpose Construction to Permanent
Disbursement Date 06/08/2020	Anytown, ST 12345	Product # mo Interest Only, Fixed Rate
Settlement Agent Epsilon Title Co.		Loan Type <input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA
File # 12-3456		<input type="checkbox"/> VA <input type="checkbox"/>
Property 456 Somewhere Ave	Lender Ficus Bank	Loan ID # 123456789
Anytown, ST 12345		MIC # 000654321
Estimated Prop. Value \$475,000		

Loan Terms	CONSTRUCTION	PERMANENT	Can this amount increase after closing?
Loan Amount	\$380,000	NO	
Interest Rate	4.5%	2.875%	YES <ul style="list-style-type: none"> Adjusts once starting in mo. # (construction) Converts to 30 yr fixed in mo. # (permanent)
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$702.74 estimated	\$1,546.59	YES <ul style="list-style-type: none"> Adjusts every mo. starting in mo. 1 (const) Can go as high as \$1,405 in mo. 1 (const) Includes only interest and no principal until mo. # (construction) See AP Table on page 21 for details (const)
Prepayment Penalty	NO		Does the loan have these features?
Balloon Payment	NO		

Projected Payments	CONSTRUCTION YEAR 1	PERMANENT
Payment Calculation		
Principal & Interest	\$0.00 min \$1,405 max only interest	\$1,576.59 first payment ###/###/####
Mortgage Insurance	+ 0	+ 0
Estimated Escrow <i>Amount can increase over time</i>	+ 0	+ 0
Estimated Total Monthly Payment	\$702.74	\$1,576.59
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time See page 4 for details</i>	\$118.91 a month	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: Homeowner's Association Dues In escrow? NO NO See Escrow Account on page 4 for details. You must pay for other property costs separately.

Costs at Closing	
Closing Costs	\$3,585.00 Includes \$2,964.00 in Loan Costs + \$621.00 in Other Costs – \$0 in Lender Credits. See page 2i & 2ii for details.
Cash to Close	\$32,558.65 Includes Closing Costs. See Calculating Cash to Close on page 3 for details.

Closing Cost Details - CONSTRUCTION PHASE- Interest Only for # months

Loan Costs	Borrower-Paid		Seller-Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
AI. Origination Charges	\$375.00				
01 % of Loan Amount (Points)					
02 Document Preparation	\$75.00				
03 Loan Origination	\$300.00				
04					
05					
06					
07					
08					
BI. Services Borrower Did Not Shop For	\$441.00				
01 Appraisal Fee to John Smith Appraisers Inc.	\$375.00				
02 Credit Report Fee to Information Inc.	\$52.00				
03 Flood Determination Fee to Info Co.	\$12.00				
04 Flood Monitoring Fee to Info Co.	\$2.00				
05					
06					
07					
08					
09					
10					
CI. Services Borrower Did Shop For	\$2,148.00				
Title - Construction Set Up to Epsilon Title Co.	\$625.00				
02 Draws - 5 to Epsilon Title Co.	\$150.00				
03 Title - IL Policy Fee to Epsilon Title Co.	\$3.00				
04 Title - Inspections - 5 to Epsilon Title Co.	\$375.00				
05 Title - Owner's Title Insurance to Epsilon Title Co.	\$895.00				
06 Title - Search & Exam to Epsilon Title Co.	\$100.00				
07					
08					
DI. TOTAL LOAN COSTS (Borrower-Paid)	\$2,964.00				
Loan Costs Subtotals (A + B + C)	\$2,964.00				

Total Cost of Construction	Financed	Initial Disbursement	POC
Construction Contract	\$458,973.65	\$2,000.00	
Lot Purchase or Payoff			(\$80,000.00)
Subcontractor or Other 3rd Party Expenses			
Contingency Reserves	\$25,000.00		
Interest Reserve Account	\$5,000.00		
Other Adjustments			
Totals	\$488,973.65	\$2,000.00	\$(80,000.00)

- Construction Phase** - Begins on the date of consummation (the "Closing Date") until the first day of the month following Completion Date specified in the Construction Loan Agreement.
- Completion Date** - **/**/****
- Permanent Phase** - the period beginning on the first day of the month following the Completion Date specified in the Construction Loan Agreement. The first day of the month following the Completion Date ("Permanent Mortgage Date"), the Loan will be a permanent mortgage loan.
- Permanent Mortgage Date** for my loan is **/**/****
- First payment of principal and interest** during the Permanent Phase will be due on the first day of the second month following the Completion Date **/**/****

Adjustable Payment (AP) Table

Interest Only Payments?	YES	for your first # payments
Optional Payments?	NO	
Step Payments?	NO	
Seasonal Payments?	NO	
Monthly Principal and Interest Payments		
First Change/Amount		at 1st payment
Subsequent Changes		Every payment
Maximum Payment	\$1,405 as early as 1st payment	

Construction Costs

Estimated Prop. Value	\$475,000.00
Total Cost of Construction	\$488,973.65
Paid Outside of Closing	(\$80,000.00)
Down Payment Funds	(\$28,973.65)
Construction Loan Amount	\$380,000.00
Initial Disbursement at Closing	(\$2,000.00)
Other Adjustments	\$0.00
Construction Holdback Funds	\$378,000.00

TRIAL DISCLOSURE SANDBOX APPLICATION

Closing Cost Details - PERMANENT FINANCING - 30 Year Fixed Rate (starting ##/##/####)

Loan Costs		Borrower-Paid		Seller-Paid		Paid by Others
		At Closing	Before Closing	At Closing	Before Closing	
Aii. Origination Charges		\$75.00				
01	% of Loan Amount (Points)					
02	Document Preparation	\$75.00				
04						
05						
06						
07						
08						
Bii. Services Borrower Did Not Shop For		\$164.00				
01	Appraisal Completion to John Smith Appraisers Inc.	\$150.00				
02	Flood Determination Fee to Info Co.	\$12.00				
03	Flood Monitoring Fee to Info Co.	\$2.00				
04						
05						
07						
08						
09						
10						
Cii. Services Borrower Did Shop For		\$325.00				
01	Title - Lien Search to Epsilon Title Co.	\$325.00				
02						
03						
04						
05						
06						
07						
08						
Dii. TOTAL LOAN COSTS (Borrower-Paid)		\$564.00				
Loan Costs Subtotals (A + B + C)		\$564.00				
Other Costs						
Eii. Taxes and Other Government Fees		\$57.00				
01	Recording Fees Deed: Mortgage: \$57.00	\$57.00				
02	Transfer Tax to Any State					
Fii. Prepays		\$1,209.96				
01	Homeowner's Insurance Premium (12 mo.) to Insurance Co.		\$1,209.96			
02	Mortgage Insurance Premium (mo.)					
03	Prepaid Interest (per day from to)					
04	Property Taxes (mo.)					
05						
Gii. Initial Escrow Payment at Closing						
01	Homeowner's Insurance per month for mo.					
02	Mortgage Insurance per month for mo.					
03	Property Taxes per month for mo.					
04						
05						
06						
07						
08	Aggregate Adjustment					
Hii. Other						
01						
02						
03						
05						
06						
07						
08						
Iii. TOTAL OTHER COSTS (Borrower-Paid)		\$1,266.96				
Other Costs Subtotals (E + F + G + H)		\$57.00	\$1,209.96			
Jii. TOTAL CLOSING COSTS (Borrower-Paid)		\$1,827.96				
Closing Costs Subtotals (D + I)		\$621.00	\$1,206.96			
Lender Credits						

CLOSING DISCLOSURE

PAGE 2ii OF 5 • LOAN ID # 123456789



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TRIAL DISCLOSURE SANDBOX APPLICATION

Calculating Cash to Close

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

	Loan Estimate	Final	Did this change?
Total Closing Costs (Ji & Jii)	\$6,132.00	\$4,791.96	YES - See Total Loan Costs (DI & DII) and Total Other Costs (II & III)
Closing Costs Paid Before Closing	\$0	– \$1,206.96	YES - You paid these Closing Costs before closing
Closing Costs Financed (Paid from your Loan Amount)	\$0	\$0	NO
Down Payment/Funds from Borrower	\$29,000.00	\$28,973.65	YES
Deposit	– \$0.00	– \$0.00	NO
Funds for Borrower	\$0	\$0	NO
Seller Credits	\$0	\$0	NO
Adjustments and Other Credits	\$0	\$0	NO
Cash to Close	\$35,132.00	\$32,558.65	

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION

K. Due from Borrower at Closing	\$492,558.65
01 Sale Price of Property (Total Cost of Construction)	\$488,973.65
02 Sale Price of Any Personal Property Included in Sale	
03 Closing Costs Paid at Closing (J)	\$3,585.00
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 to	
12	
13	
14	
15	
L. Paid Already by or on Behalf of Borrower at Closing	\$460,000.00
01 Deposit	\$0.00
02 Loan Amount	\$380,000.00
03 Existing Loan(s) Assumed or Taken Subject to	
04 Initial Loan Advance to Contractor	(\$2,000.00)
05 Seller Credit	
Other Credits	
07	
Adjustments	
08 Lot Purchase purchased Before Closing	\$80,000.00
09	
10	
11	
Adjustments for Items Unpaid by Seller	
12 City/Town Taxes to	
13 County Taxes to	
14 Assessments to	
15	
16	
17	
CALCULATION	
Total Due from Borrower at Closing (K)	\$492,558.65
Total Paid Already by or on Behalf of Borrower at Closing (L)	– \$460,000.00
Cash to Close <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower	\$32,558.65

SELLER'S TRANSACTION

M. Due to Seller at Closing	\$2,000.00
01 Sale Price of Property (Lot)	
02 Sale Price of Any Personal Property Included in Sale	
03	
04	
05	
06	
07	
08	
Adjustments for Items Paid by Seller in Advance	
09 City/Town Taxes to	
10 County Taxes to	
11 Assessments to	
12 HOA Dues to	
13	
14	
15	
16	
N. Due from Seller at Closing	
01 Excess Deposit	
02 Closing Costs Paid at Closing (J)	
03 Existing Loan(s) Assumed or Taken Subject to	
04 Payoff of First Mortgage Loan	
05 Payoff of Second Mortgage Loan	
06	
07	
08 Seller Credit	
09	
10	
11	
12	
13	
Adjustments for Items Unpaid by Seller	
14 City/Town Taxes to	
15 County Taxes to	
16 Assessments to	
17	
18	
19	
CALCULATION	
Total Due to Seller at Closing (M)	\$2,000.00
Total Due from Seller at Closing (N)	– \$0.00
Cash <input type="checkbox"/> From <input checked="" type="checkbox"/> To Seller	0.00

CLOSING DISCLOSURE

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Consumer Financial
Protection Bureau

Additional Information About This Loan

Loan Disclosures

Assumption

If you sell or transfer this property to another person, your lender

- ☐ will allow, under certain conditions, this person to assume this loan on the original terms.
- ☒ will not allow assumption of this loan on the original terms.

Demand Feature

Your loan

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

Late Payment

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

Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

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

Partial Payments

Your lender

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

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

Security Interest

You are granting a security interest in

456 Somewhere Ave., Anytown, ST 12345

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

Escrow Account

For now, your loan

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

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

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

No Escrow		
Estimated Property Costs over Year 1	\$2,473.56	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.

TRIAL DISCLOSURE SANDBOX APPLICATION

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.	\$579,680.06
Finance Charge. The dollar amount the loan will cost you.	\$198,130.22
Amount Financed. The loan amount available after paying your upfront finance charge.	\$377,992.18
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	5.221e% C 2.882% P
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	51.42% e



Questions? If you have questions about the loan terms or costs on this form, use the contact information below. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at www.consumerfinance.gov/mortgage-closing

Other Disclosures

Appraisal

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

Contract Details

See your note and security instrument for information about

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

Liability after Foreclosure

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

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

Refinance

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

Tax Deductions

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

Contact Information

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

Confirm Receipt

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

Applicant Signature

Date

Co-Applicant Signature

Date

CLOSING DISCLOSURE

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Appendix C – Pre-Conversion Loan Modification

FICUS BANK

4321 Random Boulevard • Somecity, ST 12340

Pre-Conversion Loan Modification

DATE ISSUED 9/10/2020
 APPLICANTS Michael Jones and Mary Stone
 123 Anywhere Street
 Anytown, ST 12345
 PROPERTY 456 Somewhere Avenue
 Anytown, ST 12345
 EST. PROP. VALUE \$475,000.00

LOAN TERM 30 years
 PURPOSE Purchase
 PRODUCT Fixed Rate
 LOAN TYPE ☒ Conventional ☐ FHA ☐ VA ☐
 LOAN ID # 123456789
 RATE LOCK ☐ NO ☒ YES, until 4/16/2013 at 5:00 p.m. EDT
Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on 3/4/2013 at 5:00 p.m. EDT

Loan Terms	Original Loan Terms	Modified Loan Terms
Loan Amount	\$380,000	\$395,000
Interest Rate	2.875%	2.875%
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$1,576.59	\$1,638.83
<i>*increases to the loan amount may result in additional fees, see below</i>		

Projected Payments			
Payment Calculation	Original Loan Terms		Modified Loan Terms
Principal & Interest	\$1,576.59		\$1,638.83
Mortgage Insurance	+ 0		+ 51
Estimated Escrow <i>Amount can increase over time</i>	+ 0		+ 0
Estimated Total Monthly Payment	\$1,576.59		\$1689.83
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time</i>	\$130 a month	This estimate includes x Property Taxes x Homeowner's Insurance Other:	In escrow? NO NO

Cost Adjustments	Original	Modified	Owed
Title - Lenders Title Insurance	\$900	\$950	\$50
Re-recording fees			\$51

Modification Cost	\$101	Increased Loan Amount by \$25,000 <i>* change in Loan to Value now requires PMI, increase to monthly payment (\$51)</i> <i>* Loan amount requires additional money for title insurance (\$50)</i> <i>* Modified loan terms must be re-recorded (\$51)</i>	
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Visit www.consumerfinance.gov/mortgage-estimate for general information and tools.

Pre-Conversion Loan Modification

LOAN ID # 123456789

Appendix D - Conversion Notice

Conversion Notice

[date]

Borrower Name(s)

Address

City, State Zip

Lender Name

Address

City, State Zip

Changes to Your Mortgage Interest Rate and Payments on month day, year

	Current Rate and Monthly Payment	New Rate and Monthly Payment
Interest Rate	X.XXX%	X.XXX%
Total Monthly Principal & Interest Payment	\$XXX.XX	<u>\$X,XXX.XX</u> (due month day, year)

Optional Escrow (sign and return with Initial Deposit prior to conversion):

Initial Escrow Account Disclosure Statement

Your monthly mortgage payment until your next escrow analysis will consist of the following:

Principal and Interest: \$X,XXX.XX
 Escrow: \$ XX.XX
 Total Monthly Payment: \$X,XXX.XX

The following are anticipated disbursements and deposits from you escrow account during the coming year:

Month	Deposits to Escrow	Disbursements From Escrow	Description	Escrow Account Balances
<i>Initial Deposit</i>				\$XXX.XX
Month	\$XX.XX			\$XXX.XX
Month	\$XX.XX			\$XXX.XX
Month	\$XX.XX			\$XXX.XX
Month	\$XX.XX			\$XXX.XX
Month	\$XX.XX			\$XXX.XX
Month	\$XX.XX	\$XXX.XX	Taxes	\$XXX.XX
Month	\$XX.XX			\$XXX.XX
Month	\$XX.XX	\$XXX.XX	Hazard Insurance	\$XXX.XX
Month	\$XX.XX			\$XXX.XX
Month	\$XX.XX	\$XXX.XX	Taxes	\$XXX.XX
Month	\$XX.XX			\$XXX.XX
Month	\$XX.XX			\$XXX.XX

PLEASE KEEP THIS STATEMENT TO COMPARE WITH THE ANNUAL ACTIVITY THAT WILL OCCUR IN YOUR ESCROW ACCOUNT DURING THE UPCOMING YEAR.

Cushion: \$XXX.XX

TRIAL DISCLOSURE SANDBOX APPLICATION

Itemization of anticipated disbursements from your escrow account:

[date]	[description]	[amount]
[date]	[description]	[amount]
[date]	[description]	[amount]

NOTE: The Real Estate Settlement Procedures Act (RESPA) establishes specific guidelines regarding the amount that lenders are permitted to collect for the payment of escrow items during the initial escrow computation year, i.e., the next twelve months. Unless authorized by you to do otherwise, your lender may collection only for disbursement that will occur during the coming year. **If you monthly tax escrow amount has been based on unimproved (or lot) tax amounts or if your taxes were prepaid at closing and the next disbursement is not within the initial 12-month escrow computation year, your initial escrow amount for taxes will be lower than normal or may be zero. This may cause a significant increase in your monthly payment when your escrow is analyzed in the normal twelve-month timeframe.** In order to minimize the amount of this payment increase, you may request an early analysis of your escrow account prior to the scheduled annual analysis or voluntarily add additional funds to your monthly escrow payment.

Voluntary Additional Monthly Escrow _____

Borrower Date

Co-Borrower Date