FOCUS OF THIS CLASS

Habitat sets forth 3 selection criteria:

1. Need

2. Ability to Repay

3. Willingness to Partner

➢ In the traditional lending environment, loan originators and lenders are primarily concerned with the second item on this list, a borrower’s financial fitness to take out a mortgage loan.

➢ In this class, we are going to focus our training and discussion on this criterion. This includes applicable laws, disclosure requirements, and determining ATR/underwriting guidelines and best practices in this area with HFHC, and considering the unique position of HFHC in the lending environment.
DAY 1 — THE LAW AND THE BORROWER

- Definitions and Terms
- Federal Regulations
- Ability to Repay
- Underwriting Guidelines
- Class Activity
LAWS & REGULATIONS — MORTGAGE INDUSTRY

The Federal Fair Housing Act (FFHA)
Equal Credit Opportunity Act (ECOA)
Real Estate Settlement Procedures Act (RESPA)
Truth in Lending Act (TILA)
Dodd-Frank Consumer Protection Act (Dodd-Frank)
Graham-Leach Bliley Act (GLB)
E-Sign Act
Mortgage Acts and Practices Rule (MAP)
Secure and Fair Enforcement for Mortgage Licensing Act (SAFE Act)
Bank Secrecy Act (BSA)
Patriot Act
Fair Credit Reporting Act (FCRA)
Home Mortgage Disclosure Act (HMDA)
Servicemembers Civil Relief Act (SCRA)
Fair Debt Collection Practices Act
Mortgage Assistance Relief Services Rule (MARS)
LAWS WE’LL COVER

The Federal Fair Housing Act (FFHA)
• Intended to protect home renters and buyers from discrimination

Dodd-Frank Consumer Protection Act (Dodd-Frank)
• Passed to reform financial industry after financial crisis in 2008

Equal Credit Opportunity Act (ECOA)
• Ensures consumers are not discriminated against when seeking credit

Real Estate Settlement Procedures Act (RESPA)
• Regulates many disclosures consumers must receive, and regulates facets of real estate transactions

Truth in Lending Act (TILA)
• Promotes standardization of costs in credit transaction, promotes informed consumer use of credit
INDUSTRY TERMINOLOGY AND DEFINITIONS

Goals for this section:

- Go over some industry terms and definitions
- Explain how mortgage lenders use key terms

The mortgage industry uses many of the following terms differently than how Habitat For Humanity of Colorado, or non-profit lenders, are accustomed to using them. We want to make sure you understand how these terms are legally defined within mortgage lending.
The official 1003 loan application is an initial statement of personal and financial information provided by borrowers to lenders. This application must include 6 key pieces of information:

- Name
- Income
- Social Security Number
- Property Address
- Estimated Value of Property - Appraisal
- Mortgage loan amount
Note:

- Fannie Mae has issued a new Uniform Residential Loan Application (URLA), known as the 1003, that will be used starting January 1, 2018.
  - Individual – 4 pages
  - Co-borrower – 9 pages

Information link:

https://www.fanniemae.com/singlefamily/uniform-residential-loan-application
APPRAISAL

A written estimate of a property's current market value, based on recent sales information for similar properties, the current condition of the property and how the neighborhood might affect future property value.
MORTGAGE LOAN ORIGINATOR

- An individual who takes a residential mortgage loan application from a potential borrower and offers or negotiates terms of a residential mortgage loan. MLOs must work with underwriters and loan processors from the application date until closing to gather necessary documentation and guide the file through the approval process.
Once a loan is originated by the MLO, the corresponding paperwork is sent along to a loan processor. The loan processor is responsible for prepping and organizing the file and presenting the borrower’s information to the lender for approval. The underwriting process is initiated at this point.

Loan processors verify the accuracy and authenticity of information provided by borrowers, and so are very important in the mortgage lending process.
An underwriter verifies the data in the loan application and the borrower’s information, and evaluates a loan application based off of this information. The underwriter gives the final loan approval.
The process of determining how much money a prospective homebuyer may borrow, prior to application for a loan.
PRE-APPROVAL

- An evaluation of a potential borrower by a lender that determines whether the borrower qualifies for a loan from the lender, or the maximum amount that the lender would be willing to lend.
PRE-QUALIFICATION VS. PRE-APPROVAL

- A mortgage pre-qualification is useful to estimate how much a borrower can afford to spend on a home.

- A pre-approval is more substantial than a pre-qualification because it signifies that the lender has actually checked a borrower’s credit and verified their documentation to approve a specific loan amount.
SERVICING

➢ The collection of mortgage payments from borrowers and related responsibilities (such as handling escrows for property tax and insurance, foreclosing on defaulted loans and remitting payments to investors).
DODD-FRANK ACT & CONSUMER FINANCIAL PROTECTION BUREAU
In 2008, the US was thrust into The Great Recession. All over the world, economies suffered as result of the subprime mortgage bubble bursting. As analysts and investigators tried to understand the cause of the financial crisis, some troubling facts emerged about mortgage industry lending practices in the years leading up to the meltdown.
FINANCIAL CRISIS AND MORTGAGE LENDING

Congress reacted to the crisis by passing The Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010. The act's numerous provisions have been implemented over a period of several years and are intended to decrease various risks in the U.S. financial system. The act established a number of new government agencies tasked with overseeing various components of the act and by extension various aspects of the banking system.
GOOD LINKS

Dodd-Frank Act:
https://www.sec.gov/about/laws/wallstreetreform-cpa.pdf

Complete text of TRID rule:

TRID Small Entity Compliance Guide – Does a great job of explaining laws for smaller organizations to implement KBYO:

CFPB Know Before You Owe:
http://www.consumerfinance.gov/know-before-you-owe/
DODD-FRANK & CONSUMER PROTECTION ACT

The act:

- Provides oversight and enforcement of Federal fair lending laws that Consumer Financial Protection Bureau (CFPB) enforces, including housing laws such as the Equal Credit Opportunity Act and Real Estate Settlement Procedures Act.
- Coordinates CFPB’s fair lending efforts with federal agencies and state regulators.
- Promotes collaboration with private industry, fair lending, civil rights, consumer and community advocates to promote fair lending compliance and education.
- Requires that CFPB provide annual reports to Congress on efforts of to fulfill its fair lending mandate.
CONSUMER FINANCIAL PROTECTION BUREAU

- Congress established CFPB to protect consumers by carrying out Federal consumer financial laws. Among other things, they:
  - Conduct rule-making, supervision, and enforcement for Federal consumer financial protection laws
  - Restrict unfair, deceptive, or abusive acts or practices
  - Take consumer complaints
  - Promote financial education
  - Research consumer behavior
  - Monitor financial markets for new risks to consumers
  - Enforce laws that outlaw discrimination and other unfair treatment in consumer finance
CONSUMER FINANCIAL PROTECTION BUREAU

- Consumer Financial Protection Bureau (CFPB)
  - The CFPB looks out for consumers when they borrow money or use other financial services by:
    - Implementing and enforcing federal consumer financial laws.
    - Reviewing business practices to ensure that financial services providers are following the law.
    - Monitoring the marketplace and taking appropriate action to make sure markets work as transparently as they can for consumers.
    - Establish a toll-free consumer hotline and website for complaints and questions about consumer financial products and services.
CONSUMER FINANCIAL PROTECTION BUREAU

In the 5 years since it began, the CFPB has achieved the following:

- **Mortgage Industry** - Establishing new mortgage rules and guidelines that the industry must follow. The “Know Before You Owe” initiative established the new TRID disclosures that all consumers must now receive when buying a home.

- **Enforcement** - The agency has doled out more than $11.7 billion in penalties to both large and small financial institutions in the wake of the 2008 financial crisis. The CFPB says this will benefit 27 million consumers.
MORTGAGE BORROWERS MUST RECEIVE KBYO BOOKLET

THE FEDERAL FAIR HOUSING ACT
The Fair Housing Act was originally enacted in 1968, with significant amendments in 1988. The Fair Housing Act covers most housing. The FFHA is enforced by the Department of Housing and Urban Development (HUD). (This is one of the few housing laws that the CFPB is not tasked with enforcing, but HUD and the CFPB work together on the FFHA.)

Under the FFHA, no one may take any of the following actions based on race, color, national origin, religion, sex, familial status or handicap:

- Refuse to rent or sell housing
- Refuse to negotiate for housing
- Make housing unavailable
- Deny access to a dwelling
- Set different terms, conditions or privileges for sale or rental of a dwelling
- Falsely deny that housing is available for inspection, sale, or rental
- For profit, persuade owners to sell or rent (blockbusting)
- Deny anyone access to, or membership in, a facility or service (such as a multiple listing service) related to the sale or rental of housing
FEDERAL FAIR HOUSING ACT (FFHA)

In mortgage lending, no one may take the following actions based on race, color, national origin, religion, sex, familial status, or handicap (disability):

▪ Refuse to make a mortgage loan
▪ Refuse to provide information regarding loans
▪ Impose different terms or conditions on a loan - such as different interest rates, points, or fees
▪ Discriminate in appraising property
▪ Refuse to purchase a loan
▪ Set different terms or conditions for purchasing a loan
The FFHA provides additional protection for those with physical or mental disabilities that substantially limit one or more major life activities. Landlords may not refuse to let them make reasonable modifications to their dwelling or common use areas (at their expense), or refuse to make reasonable accommodations in rules, policies, practices, or services if necessary for the disabled person to use the housing.
FEDERAL FAIR HOUSING ACT (FFHA)

Fair Housing Act Examples

Example #1: A building with a “no pets” policy must allow a visually impaired tenant to keep a guide dog. *All service pets are now required to be permitted under the law.*

Example #2: An apartment complex that offers tenants ample, unassigned parking must honor a request from a mobility-impaired tenant for a reserved space near her apartment if necessary to assure that she has access to her apartment.
FEDERAL FAIR HOUSING ACT (FFHA)

Housing for Families
• Unless a building or community qualifies as housing for the elderly, it may not discriminate based on familial status. That is, it may not discriminate against families in which one or more children under 18 live with a parent, a person who has legal custody of the child or children.

Notification of Violation
• Any violations to the FFHA must be reported to HUD using the Housing Discrimination Complaint Form available from the HUD website. One may also write HUD a letter, or telephone the nearest HUD office. HUD imposes a 1-year time restriction on filing a complaint after an alleged violation has taken place.
EQUAL CREDIT OPPORTUNITY ACT
Equal Credit Opportunity Act (ECOA)

This law was created to ensure that the various financial institutions and other firms engaged in the extensions of credit exercise their responsibility to make credit available with fairness, impartiality, and without discrimination on the basis of sex or marital status.

Full text of law: https://www.justice.gov/crt/title-vii-equal-credit-opportunity-act-0
The Equal Credit Opportunity Act (ECOA) ensures that all consumers are given an equal chance to obtain credit. This doesn’t mean that all consumers who apply for credit will get it. Factors such as income, expenses, debt, and credit history are considerations for credit worthiness.

This law protects consumers when they deal with any creditor who regularly extends credit including: banks, small loan & finance companies, retail & department stores, credit card companies, credit unions, mortgage lenders and mortgage brokers. Anyone involved in granting credit - i.e. real estate brokers who arrange financing - are covered by the law. Businesses applying for credit also are protected by the law.
Equal Credit Opportunity Act (ECOA)

Prohibited Acts \textit{(Subchapter IV: ECOA 1691) (12 CFR 202.5 – 202.9)}

- It is unlawful for any creditor to discriminate against any applicant, with respect to any aspect of a credit transaction:
  - On the basis of race, color, religion, national origin, sex or marital status, or age
  - Because all or part of the applicant’s income derives from any public assistance program
  - Because the applicant has, in good faith, exercised any right under ECOA

- An ECOA notice must be provided to an applicant at the time of the request for credit.
Loan originators can inquire about an applicant’s age only to make sure they are legally old enough to receive credit, or to determine applicant’s age to provide favorable terms to the applicant.

Loan originators can inquire if any part of the applicant’s income is derived from public assistance programs solely for the purpose of determining amount & continuance of such income as it relates to the applicant’s credit worthiness.
Notice of Action

- Loan originators must provide written notification to each applicant of the action taken in regards to the request for credit within **30 days** of receipt of a request for the extension of credit. This notice is required when a loan has been denied or suspended.
Notice of Action

Each applicant against whom adverse action is taken is entitled to a statement of reasons for the denial from the creditor. A creditor satisfies this obligation by:

- Providing statements of reasons in writing as a matter of course to applicants against whom adverse action is taken
Notice of adverse action must disclose:

- That the applicant has 60 days from notification to request, in writing, a statement of reasons credit was denied. Applicants must also be informed that creditors are required to provide that statement within 30 days.
- The identity of the person or office from which such statement may be obtained.
Creditors are required to notify applicants of the right to receive a copy of appraisal within 3 business days of receiving an application.

Creditors are required to provide applicants a copy of each appraisal and/or written valuation upon completion or 3 business days before consummation.

Creditors are prohibited from charging for copy of appraisal and/or written valuations, but may charge reasonable fees for costs.

Record Retention: Applications must be maintained for 25 months from the date that the borrower was notified of credit action.
A Pattern or Practice of Discrimination
(1691e: Civil Liability / 12 CFR: 202.16)

- Under the Fair Housing Act, the Department of Justice may file a lawsuit when there is reason to believe that a person has engaged in a “pattern or practice” of discrimination, or has engaged in discrimination against a group of persons that raises an issue of “general public importance.” Often, the DOJ’s lawsuits allege that a defendant has done both.
The courts have found a “pattern or practice” when the evidence establishes that the discriminatory actions were the defendant’s regular practice, rather than an isolated instance. This does not mean that the DOJ has to prove that a defendant always discriminates or that a large number of people have been affected. A “pattern or practice” means that the defendant has a policy of discriminating, even if the policy is not always followed.
The courts have held that the Attorney General has discretion to decide what constitutes an issue of “general public importance,” and the courts will not second-guess that decision. Thus, the DOJ can bring suit even when a discriminatory act has occurred only once, provided it affects a group of persons and they believe that the discrimination raises an issue of general public importance.

- Lawsuit damage limits: for an individual lawsuit - punitive damages of up to $10,000 and for class action suits - the lesser of $500,000 or 1% of the creditor’s net worth in actual damages.

- Lawsuits must be initiated within 2 years of the violation.
Overt Evidence of Discrimination

- There is overt evidence of discrimination when a lender openly discriminates on a prohibited basis.

- Example: A lender offered a mortgage line of credit with a limit of up to $12,500 for applicants aged 21-30, but up to $25,000 for applicants over 30. This policy violated ECOA’s prohibition on discrimination based on age.
Evidence of Disparate Treatment

- Disparate treatment occurs when a lender treats a credit applicant differently based on the applicant’s characteristics. Disparate treatment ranges from overt discrimination to more subtle disparities in treatment. It does not require that the treatment was motivated by prejudice or a conscious intention to discriminate. It is considered by courts to be intentional discrimination because no credible, nondiscriminatory reason explains the difference in treatment on a prohibited basis.
Evidence of Disparate Treatment - Continued

**Example:** Two minority loan applicants were charged an application fee and told it would take several hours to determine whether they would qualify for a home mortgage loan. In contrast, a mortgage loan originator took financial information immediately from non-minority applicants and determined whether they qualified in minutes, without requesting a fee. The lender’s differential treatment violated both the ECOA and the Fair Housing Act.
“Redlining” refers to the illegal practice of refusing to make residential loans or imposing more onerous terms on any loans made because of the predominant race, national origin, etc., of the residents of the neighborhood in which the property is located. Redlining violates both the Fair Housing Act and the ECOA.
Evidence of Disparate Impact

When a loan originator applies a policy or practice equally to credit applicants, but the policy or practice has a disproportionately adverse impact on applicants from a group protected against discrimination, the policy or practice is described as having a “disparate impact.” Policies and practices that are neutral on their face and that are applied equally may still, on a prohibited basis, disproportionately and adversely affect a person’s access to credit.
Equal Credit Opportunity Act (ECOA)

Example: A lender’s policy is not to extend loans for single family residences for less than $60,000.00. This policy has been in effect for 10 years. This minimum loan amount policy is shown to disproportionately exclude potential minority applicants from consideration because of their income levels or the value of the houses in the areas in which they live.
REAL ESTATE SETTLEMENT PROCEDURES ACT
KEY AREAS OF RESPA

1. Disclosures
   • Set forth laws requiring consumers receive loan estimate and closing disclosures.

2. Administration of Escrow Accounts
   • Required lenders to administer escrow accounts fairly, including limits on the amounts that a lender may require a borrower to pay into escrow for paying taxes and property insurance premiums.

3. Qualified Written Requests
   • Imposes requirements on a loan servicer whenever it receives a QWR from the borrower regarding their loan terms and status.

4. Kickback and Referral Fee Prohibitions
   • Manages and limits the kind of fees that may be exchanged for referral of business within the mortgage industry. This area of law is mostly not applicable to HFHC, so we won’t discuss it much.

5. Miscellaneous Issues
   • Regarding statutes of limitations for bringing a claim under RESPA.
Great summary and explanation of law with citations:


PDF link to full text of law:

REAL ESTATE SETTLEMENT PROCEDURES ACT (RESPA)

Passed in 1974 - Governs acceptable practices and fees in real estate transactions. The purpose of the law is to set standards in the real estate settlement process that ensure to consumers advance disclosure provided to home buyers and sellers regarding the costs of a real estate settlement.
A “settlement service” may include any of the following:

- Origination services (including, but not limited to: taking applications, loan processing, underwriting, and funding loans)
- Mortgage broker services (including, but not limited to: counseling, taking origination services, and communicating with the borrower and lender)
- Any services related to the origination, processing or funding of a federally-related mortgage
- Providing title services including: title searches, title examinations, abstract preparation, insurability determinations, and issuance of title commitments and insurance policies.
- Attorney fees
- Preparation of documents, including notarization, delivery and recordation
- Preparation of credit reports and appraisals
Performing inspections, including those required by applicable law, or any required by the sales contract or mortgage documents prior to transfer of title

Conducting the real estate settlement and any related services

Mortgage insurance services

Services relating to hazard, flood or other casualty insurance or homeowners’ warranties

Services relating to mortgage, life or similar insurance designed to pay a mortgage loan in the event of the death or disability of the borrower (if required by the lender as a condition of the loan)

Services relating to real property taxes or other assessments or charges on the real property

Real estate agent or broker fees

Any other service for which a settlement service provider requires a borrower (buyer) or seller to pay
REAL ESTATE SETTLEMENT PROCEDURES ACT (RESPA)

The following payments are allowed under RESPA:

- By a title company to its appointed agent for services actually performed in the issuance of a title insurance policy.
- By a lender to its duly appointed agent for services actually performed in the origination, processing or funding of a loan.
- To any person of a bona fide salary or compensation, or the repayment for goods or facilities actually furnished, or for services actually performed.
NOTE ON LOAN ESTIMATE — APPRAISAL TRIGGERS LE

➢ Under RESPA - once a lender has the required 6 pieces of information for a loan application, including the value of the home, a Loan Estimate must be provided to the borrower.
After Loan Application

- When borrowers apply for a mortgage loan, borrowers must receive:
  - A Loan Estimate (LE) of settlement charges, which lists the charges the buyer is likely to pay at settlement. This is an estimate and the actual charges may differ. If a loan originator requires the borrower to use a particular settlement provider, then the loan originator must disclose this requirement on the LE. (We’ll talk about what legally constitutes an application in TRID discussion).
  - A Mortgage Servicing Disclosure Statement, which discloses to the borrower whether the lender intends to service the loan or transfer it to another lender. It also provides information about the complaint resolution.
REAL ESTATE SETTLEMENT PROCEDURES ACT (RESPA)

- If the borrower does not get these documents at the time of application, the loan originator must mail them within 3 business days of receiving a completed loan application.

- If, however, the lender turns down the loan within 3 business days, RESPA does not require the lender to provide these documents.

12 USC 2601
The Closing Disclosure (CD) shows all charges imposed on borrower in connection with the settlement. RESPA requires the borrower receive the Closing Disclosure three (3) business days before settlement.
Disclosures After Settlement

Loan servicers must deliver to borrowers an annual escrow statement. The annual Escrow Account Statement summarizes all escrow account deposits and payments during the servicer’s 12-month computation year. It also notifies the borrower of any shortages or surpluses in the account and advises the borrower about the course of action being taken. Loan services cannot charge for the Escrow Account Statements.
Disclosures After Settlement

- A Servicing Transfer Statement is required if the loan servicer sells or assigns the servicing rights to a borrower’s loan to another loan servicer. Generally, the loan servicer must notify the borrower 15 days before the effective date of the loan transfer. As long as the borrower makes a timely payment to the old servicer within 60 days of the loan transfer, the borrower cannot be penalized. The notice must include the name and address of the new servicer, toll-free telephone numbers, and the date the new servicer will begin accepting payments.
Section 9: Seller Required Title Insurance

Section 9 of RESPA prohibits a seller from requiring the home buyer to use a particular title insurance company, either directly or indirectly, as a condition of sale. Buyers may sue a seller who violates this provision for any amount equal to 3 times all charges made for the title insurance.
Section 10 of RESPA sets limits on the amounts that a lender may require a borrower to put into an escrow account for the purpose of paying taxes, hazard insurance, and other charges related to the property. RESPA does not require lenders to impose an escrow account on the borrower; however, certain government loan programs or lenders may require escrow accounts as a condition of the loan.

During the course of the loan, RESPA prohibits a lender from charging excessive amounts for the escrow account - no more than 1/12 the total of all disbursements payable during the year, plus an amount necessary to pay for any shortage in the account. In addition, the lender may require a cushion, not to exceed an amount equal to 1/6 of the total disbursements for the year.

The lender must perform an escrow account analysis once during the year and notify borrowers of any shortage. Generally, any excess of $50 or more must be returned to the borrower.
Creditors and servicers must provide a periodic statement for each billing cycle containing:

- Information on payments due & previously made
- Fees imposed
- Transaction activity
- Application of past payments on the mortgage
- Contact information
- Information regarding delinquencies
REAL ESTATE SETTLEMENT PROCEDURES ACT (RESPA)

Rules

▪ Servicers must promptly credit periodic payments from borrowers as of the day of receipt.

▪ Servicers are prohibited from charging for force-placed insurance coverage unless there is a reason to believe borrower has failed to maintain hazard insurance. Written notice required. (45 day, 30 day)

▪ Servicers are required to meet certain procedural requirements for responding to written requests.
Rules:

- Servicers must establish (or make good faith efforts to establish) live contact (phone or in person) with borrowers by the 36th day of their delinquency and inform them of loss mitigation options in writing at 45 days delinquent. Voicemails are NOT considered a valid way of establishing contact.

- Servicers are required to maintain policies and procedures with respect to providing delinquent borrowers access to personnel to assist with loss mitigation.
Rules:

- Servicers must evaluate any application for loss mitigation and render a decision within 30 days of receipt of all application documents.
- If the loss mitigation is denied the creditor may not foreclose any sooner than 37 days from borrower notification.
- If the creditor provides a loss mitigation offer to the borrower and the scheduled foreclosure date is more than 90 days away, the borrower must be provided 14 days to accept or reject the offer; if the scheduled foreclosure date is between 37 and 90 days away, the borrower must be provided 7 days to accept or reject the offer.
TRUTH IN LENDING ACT
TILA is a federal law requiring written disclosure of the terms of a mortgage (including APR and other charges) by a lender to a borrower after application.

Disclosures *(Part 226.17-18; 20)*

- Loan originators must provide a disclosure of the annual percentage rate (APR) on the Loan Estimate.
- An MLO must provide a new disclosure if the annual percentage rate disclosed becomes inaccurate. The consumer must receive the corrected disclosures no later than 3 business days before consummation. If the corrected disclosures are mailed to the consumer or delivered to the consumer by means other than delivery in person, the consumer is deemed to have received the corrected disclosures 3 business days after they are emailed, mailed or delivered.  

*(Regulation Z, TILA, Section 226.19.)*
Disclosures - Continued *(Part 226.17-18; 20)*

- Business days include all calendar days except for Sundays and all legal public holidays.
- A consumer cannot be made to pay any funds paid by them as part of the credit transaction in the event a consumer rescinds a transaction.
Disclosures - Continued *(Part 226.17-18; 20)*

- Anyone who knowingly or willfully gives false or inaccurate information or fails to provide the required information is subject to a fine of $5,000 and/or imprisonment of up to 1 year.

- The consumer may not be charged any fees in conjunction with the loan, prior to receipt of the disclosure, except the actual cost of a credit report.
TILA - ABILITY TO REPAY & UNDERWRITING
ABILITY TO REPAY

What is ATR?

➢ The representation of the financial capacity of an individual or an institution to make good on their repayment of a debt or a loan. The ability to repay is considered by a lender when deciding whether to give a loan to an individual or an institution.

Good summary of ATR rule:

http://www.consumerfinance.gov/askcfpb/1787/what-ability-repay-rule-why-it-important-me.html
ATR LAW

- TILA exempts institutions that originate LESS THAN 200 loans a year from federal ATR requirements. HOWEVER, affiliates are not exempt under Colorado statutes.

- Establishing standardized ATR practices is necessary to ensure consumers receiving a mortgage they can afford.
COLORADO LAW

Under Colorado law, all lenders are required to assess a borrower’s financial fitness and ability to repay, regardless of the volume of loans they generate.

Colorado Code of Regulations
4 CCR 725-3, Chapter 5.6 Reasonable Inquiry
https://www.sos.state.co.us/CCR/GenerateRulePdf.do?ruleVersionId=4639

Colorado Revised Statutes
C.R.S. 12-61-904.5. Originator's relationship to borrower – rules
ABILITY TO REPAY UNDER TILA

Basis for Determining Ability to Repay:
- Current or reasonably expected income
- Current employment status
- Monthly mortgage payment
- Monthly payment on simultaneous loans
- Monthly payment for mortgage-related obligations
- Current debt obligations, alimony, and child support
- Monthly debt-to-income ratio or residual income
- Credit history
WHAT GOES INTO DETERMINING ATR?

We will go over key ATR factors such as:

- **Income**
  How is income defined? What can be considered income?

- **Debt to income ratio**
  What is DTI? How do you determine a debt to income ratio?

- **Credit History**
  What are lenders looking for in an applicant’s credit file?
  How is a credit score calculated?
Some typical sources of income that can be considered when determining ATR:

- Employment
- Interest/Dividend Income
- Child Support or Alimony
- Part-Time or Seasonal Job
- Retirement Income
- Social Security Income, Supplemental Security Income (SSI)
- Pension
- VA Benefits
- Disability Income
- Foster Care Income
- Self-Employment Income
INCOME

Sources of Income:

- ECOA prohibits discrimination based on source of applicant income.

Examples of income creditors MAY NOT discount:

- Part-time employment, annuities, pensions or retirement benefits

Lenders must:

- Consider amount and probable continuance of income in evaluating creditworthiness

- Discount income from temporary sources, like food stamps
INCOME - 3 YEAR RULE

In general, creditors require that any source of income be projected to last for at least 3 years to be counted as income for determining ATR for a mortgage.

Examples:

Employment income that is expected to last at least 3 years, including seasonal jobs that are expected to renew on an annual basis.

Public assistance income that is verified to be expected to last at least 3 years, such as social security income.
INCOME - STATE PUBLIC ASSISTANCE

➢ Since many states have various public assistance programs that vary, HFH affiliates must decide if public assistance income can be considered reliable for the 3-year ATR purpose by checking with local CO social service agencies diligently.
DEBT-TO-INCOME RATIO

- The ratio, expressed as a percentage, that results when a borrower's monthly payment obligation on long-term debts is divided by monthly income.

- Acceptable borrower DTI is determined by the lender. Having a standardized DTI policy is common in the lending industry.
DEBT-TO-INCOME RATIO

Example: If you pay $1500 a month for your mortgage and another $100 a month for an auto loan and $400 a month for the rest of your debts, your monthly debt payments are $2000. ($1500 + $100 + $400 = $2,000.) If your gross monthly income is $6000, then your debt-to-income ratio is 33%.
Part of mortgage loan underwriting is determining an individual's credit worthiness. This is the individual's ability and track record of repaying a debt. The willingness to repay a debt is indicated by how timely past payments have been made to other lenders. Mortgage lenders use the credit report to view an individual's credit worthiness.

Additionally, mortgage lenders use credit scoring as a measure of the individual’s credit risk.
The credit report is a tool used to evaluate the payment history of debt incurred by the borrower. The report is requested from an independent credit reporting agency.

The most common credit report used in the industry today is the Tri-Merge. This report is generated by the credit reporting company by electronically accessing the person’s credit file information from all three repositories (bureaus), then producing a credit report with the data merged together.
KEY POINTS TO A CREDIT REPORT

Personal Data
Trade lines
Debt Repayment Terms
Payment History
Recent Inquiries
New Loans
Public Records
BANKRUPTCY

Chapter 7
- Liquidation
- Approximate time from Filing to Discharge 6 – 9 months

Chapter 13
- Work-out
- Approximate time from Filing to Discharge 3 – 5 years
UNDERWRITING

Once a loan processor verifies borrower information, the underwriting process objectively analyses the borrower’s information to determine whether approving the mortgage is a safe risk.

The analysis includes:

• A review of the creditworthiness of the applicant’s ability and willingness to repay the mortgage in a timely manner in accordance with the mortgage terms.
• The review of the property used as security, which provides sufficient value to recover the mortgage banker’s investment should loan default occur.
Once the underwriter reviews the credit and property package and determines that the applicant and property qualify for the loan, the underwriter approves the loan signifying that the loan meets the mortgage lender’s and the secondary market investor’s standards.

We’ll review the following areas in the loan underwriting process:
• Four C’s of Underwriting
• Sample Underwriting Criteria
4 C’S OF UNDERWRITING

Capacity – Refers to borrower capacity to repay the loan

Credit – The credit profile of the borrower

Cash – The amount of available funds the borrower has to put toward a down payment

Collateral – The value or appraisal of the home the borrower intends to purchase
SAMPLE UNDERWRITING CRITERIA

**Housing Ratio** – House note (principal plus escrow) divided by monthly gross income

- When calculated without utilities, not more than 30%
- When calculated with utilities, not more than 35%

**Debt-To-Income Ratio** – House note plus all long term debt monthly payment (includes all revolving monthly payments) divided by gross income

- When calculated without utilities, not more than 43%
- When calculated with utilities, not more than 48%

**Residual Income** – Differences between monthly net income and the sum of all non-discretionary expenses: 5% of the monthly net income
SAMPLE UNDERWRITING CRITERIA

Credit History

General

- No new collections reported in last 24 months
- No newly opened accounts in the last 6 months
- All inquiries for last 120 days must be explained
- All collection accounts must be explained
SAMPLE UNDERWRITING CRITERIA

Payment History
- For last 12 months – no delinquencies greater than 30 days
- For last 2 years – no more than 1 occurrence of 30 day delinquency; no delinquency greater than 60 days

Foreclosures/Evictions – none in the last 3 years

Repossessions - none in last 3 years

Judgements and Liens
- Paid in full and discharged
- No new judgments or liens in last 2 years
SAMPLE UNDERWRITING CRITERIA

Bankruptcy
- Chapter 7 – 3 years from discharge date, no delinquencies in last 2 years
- Chapter 13 – 3 years from discharge date, no delinquencies and regular payments court approval

Student Loans
- No history of default
- Documentation of total amount owed
- Documentation that loans are deferred or in forbearance
SAMPLE UNDERWRITING CRITERIA

Credit Depth
- At least 2 years history with 4 accounts with no delinquencies
- Accounts may include utility, insurance and non-conventional payment history for applicants with less than 2 year history with 4 accounts

Utility Payments
- No delinquencies in the last 12 months
- No utility cut-off periods for non-payment within last 2 years
ATR ACTIVITY

- 3 – 4 Groups
  - Groups should be a mix of affiliates from different areas of the state, rural and metro.
- We’re going to present some different borrower scenarios for you to discuss in your groups, and then with the entire class.
Bianca is a single mother of two that has partnered with HFH-C and is about to go through the loan closing process. About a month before closing, she decides to move in with her boyfriend in the home she is purchasing through the Habitat program. She informs Habitat that her boyfriend has two children that will also be living in the home.
DOMINIC

Dominic and his wife have been approved for the Habitat program. During the sweat equity phase, Dominic quits his job as a retail associate at Kmart and starts working two part-time jobs. He has a one job as a retail associate at an outlet mall, performing seasonal work through the holidays. His other job is as a taxi driver, with flexible hours.
Maria and her family have partnered with Habitat and are going through the official application phase. After filling out the 1003, Maria informs Habitat that she has received a 7% pay increase at her job as a sales associate for AT&T. Meanwhile, her husband Luke has lost his part-time employment as a construction worker.
DAY 2 — TRID DISCLOSURES AND BEST PRACTICES

- TRID: The Loan Estimate and Closing Disclosure
- HFHC Best Practices
- Course Assessment
TRADITIONAL MORTGAGE LENDING TIMELINE

- Pre-Qualification
- Going over mortgage programs and rates
- Credit Reports
- The Application
- **The Loan Estimate**
- The Intent to Proceed
- File Processing
- Gathering required documents
- Appraisal
- Underwriting
- **Closing Disclosure** – (Must be retained for 5 years)
- Closing
# Loan Estimate - Page 1

**FICUS BANK**

**4231 Rondaville Boulevard - Somersely, ST 12340**

See this Loan Estimate to compare with your Closing Disclosure.

## Loan Estimate

<table>
<thead>
<tr>
<th><strong>DATE ISSUED</strong></th>
<th>2/15/2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>APPLICANTS</strong></td>
<td>Michael Jones and Mary Stone</td>
</tr>
<tr>
<td><strong>PROPERTY</strong></td>
<td>456 Somewhere Avenue, Anytown, ST 12345</td>
</tr>
<tr>
<td><strong>SALE PRICE</strong></td>
<td>$180,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>LOAN TERM</strong></th>
<th>30 years</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PURPOSE</strong></td>
<td>Purchase</td>
</tr>
<tr>
<td><strong>PRODUCT</strong></td>
<td>Fixed Rate</td>
</tr>
<tr>
<td><strong>LOAN TYPE</strong></td>
<td>Conventional</td>
</tr>
<tr>
<td><strong>LOAN ID #</strong></td>
<td>123456789</td>
</tr>
</tbody>
</table>

**RATE LOCK**

- **NO**
- **YES**, until 4/16/2013 at 5:00 p.m. EDT

**Applies to loans that will close on or before 4/16/2013.**

**Before closing,** your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on 3/14/2013 at 5:00 p.m. EDT.

### Loan Terms

<table>
<thead>
<tr>
<th><strong>Loan Amount</strong></th>
<th>$162,000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest Rate</strong></td>
<td>3.875%</td>
</tr>
</tbody>
</table>

**Monthly Principal & Interest**

**$761.78**

**Prepayment Penalty**

**YES**

- **As high as $3,240** if you pay off the loan during the first 2 years

**Balloon Payment**

**NO**

### Projected Payments

<table>
<thead>
<tr>
<th><strong>Payment Calculation</strong></th>
<th><strong>Years 1-7</strong></th>
<th><strong>Years 8-30</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal &amp; Interest</td>
<td>$701.78</td>
<td>$761.78</td>
</tr>
<tr>
<td>Mortgage Insurance</td>
<td>+ 82</td>
<td>+ —</td>
</tr>
<tr>
<td>Estimated Escrow Amount increase over time</td>
<td>+ 206</td>
<td>+ 206</td>
</tr>
</tbody>
</table>

| **Estimated Total Monthly Payment** | **$1,050** | **$968** |

| **Estimated Taxes, Insurance & Assessments Amount increase over time** | **$206** a month |
| **This estimate includes** | **Property Taxes** | **YES** |
| **Homeowner’s Insurance** | **YES** |
| **Other** | **YES** |

See Section 6 on page 2 for estimated property taxes. You must pay for other property costs separately.

| **Costs at Closing** | **$8,054** |
| **Includes** | $5,672 in Loan Costs + $2,382 in Other Costs – $0 In Lender Credits. See page 2 for details. |

| **Estimated Cash to Close** | **$16,054** |
| **Includes** | Closing Costs. See Calculating CASH TO CLOSE on page 2 for details. |

Visit www.consumerfinance.gov/mortgage-estimate for general information and tools.
# Closing Cost Details

<table>
<thead>
<tr>
<th>Loan Costs</th>
<th>Other Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Origination Charges</strong></td>
<td><strong>E. Taxes and Other Government Fees</strong></td>
</tr>
<tr>
<td>25% of Loan Amount (Points)</td>
<td>$0.05</td>
</tr>
<tr>
<td>Application Fee</td>
<td>$46</td>
</tr>
<tr>
<td>Underwriting Fee</td>
<td>$200</td>
</tr>
<tr>
<td>Total Origination Charges</td>
<td>$802</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>B. Services You Cannot Shop For</strong></th>
<th><strong>F. Prepaids</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Appraisal Fee</td>
<td>$405</td>
</tr>
<tr>
<td>Credit Report Fee</td>
<td>$20</td>
</tr>
<tr>
<td>Flood Determination Fee</td>
<td>$20</td>
</tr>
<tr>
<td>Flood Monitoring Fee</td>
<td>$32</td>
</tr>
<tr>
<td>Tax Monitoring Fee</td>
<td>$35</td>
</tr>
<tr>
<td>Tax Status Research Fee</td>
<td>$110</td>
</tr>
<tr>
<td>Total Services You Cannot Shop For</td>
<td><strong>$672</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>C. Services You Can Shop For</strong></th>
<th><strong>G. Initial Escrow Payment at Closing</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pest Inspection Fee</td>
<td>$135</td>
</tr>
<tr>
<td>Survey Fee</td>
<td>$65</td>
</tr>
<tr>
<td>Title – Insurance Binder</td>
<td>$700</td>
</tr>
<tr>
<td>Title – Lender’s Title Policy</td>
<td>$535</td>
</tr>
<tr>
<td>Title – Settlement Agent Fee</td>
<td>$92</td>
</tr>
<tr>
<td>Title – Title Search</td>
<td>$1,361</td>
</tr>
<tr>
<td>Total Services You Can Shop For</td>
<td><strong>$3,198</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>D. TOTAL LOAN COSTS (A + B + C)</strong></th>
<th><strong>J. TOTAL CLOSING COSTS (I + F + G + H)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Loan Costs</td>
<td><strong>$5,472</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>E. Taxes and Other Government Fees</strong></th>
<th><strong>J. TOTAL CLOSING COSTS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Recording Fees and Other Taxes</td>
<td>$85</td>
</tr>
<tr>
<td>Transfer Taxes</td>
<td>$46</td>
</tr>
<tr>
<td>Homeowner’s Insurance Premium (6 months)</td>
<td>$605</td>
</tr>
<tr>
<td>Mortgage Insurance Premium (1 month)</td>
<td>$55</td>
</tr>
<tr>
<td>Prepaid Interest (17.44 per day for 15 days @ 5.875%)</td>
<td>$282</td>
</tr>
<tr>
<td>Property Taxes (6 months)</td>
<td>$211</td>
</tr>
<tr>
<td><strong>G. Initial Escrow Payment at Closing</strong></td>
<td><strong>J. TOTAL CLOSING COSTS</strong></td>
</tr>
<tr>
<td>Homeowner’s Insurance</td>
<td>$100.60 per month for 2 mo.</td>
</tr>
<tr>
<td>Mortgage Insurance</td>
<td>$105.30 per month for 2 mo.</td>
</tr>
<tr>
<td>Property Taxes</td>
<td>$211</td>
</tr>
<tr>
<td><strong>H. Other</strong></td>
<td><strong>J. TOTAL CLOSING COSTS</strong></td>
</tr>
<tr>
<td>Title – Owner’s Title Policy (optional)</td>
<td>$1,017</td>
</tr>
<tr>
<td><strong>I. TOTAL OTHER COSTS (E + F + G + H)</strong></td>
<td><strong>J. TOTAL CLOSING COSTS</strong></td>
</tr>
<tr>
<td><strong>J. TOTAL CLOSING COSTS</strong></td>
<td><strong>$8,054</strong></td>
</tr>
<tr>
<td>G + I</td>
<td><strong>$8,054</strong></td>
</tr>
<tr>
<td>Loan Costs</td>
<td><strong>$8,054</strong></td>
</tr>
</tbody>
</table>

## Calculating Cash to Close

- Total Closing Costs (J) | $8,054
- Closing Costs Financed (Paid from Your Loan Amount) | $0
- Down Payment / Funds from Borrower | $18,000
- Deposit | $10,000
- Funds for Borrower | $0
- Seller Credits | $0
- Adjustments and Other Credits | $0
- Estimated Cash to Close | $16,054
## Additional Information About This Loan

**Lender**
- Name: Ficus Bank
- License ID: NMLS Licensure ID
- Loan Officer: Joe Smith
- Phone: 123-456-7890

**Mortgage Broker**
- License ID:
- Loan Officer:
- Phone:

### Comparisons

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In 5 Years</strong></td>
<td>$56,582, $15,773</td>
</tr>
<tr>
<td><strong>Annual Percentage Rate (APR)</strong></td>
<td>4.27%</td>
</tr>
<tr>
<td><strong>Total Interest Percentage (TIP)</strong></td>
<td>69.45%</td>
</tr>
</tbody>
</table>

**Use these measures to compare this loan with other loans.**

- **In 5 Years**: Total you will have paid in principal, interest, mortgage insurance, and loan costs. Principal you will have paid off.
- **Annual Percentage Rate (APR)**: Your costs over the loan term expressed as a rate. This is not your interest rate.
- **Total Interest Percentage (TIP)**: The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

### Other Considerations

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

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

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

**Late Payment**
- If your payment is more than 15 days late, we will charge a late fee of 5% of the monthly principal and interest payment.

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

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

### Confirm Receipt

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

<table>
<thead>
<tr>
<th>Applicant Signature</th>
<th>Date</th>
<th>Co-Applicant Signature</th>
<th>Date</th>
</tr>
</thead>
</table>
# Closing Disclosure

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

## Closing Information
- **Date Issued**: 4/15/2013
- **Closing Date**: 4/15/2013
- **Settlement Agent**: Epstein Title Co
- **File**: 82-406
- **Property**: 065 Somewhere Ave Anytown, ST 12345
- **Sale Price**: $100,000

## Transaction Information
- **Borrower**: Michael Jones and Mary Stone
- **Seller**: Steve Cline and Amy Doe
- **Lender**: First Bank

## Loan Information
- **Loan Term**: 30 years
- **Purpose**: Purchase
- **Product**: Fixed Rate
- **Loan Type**: Conventional
- **Loan ID**: 123456789
- **NMLS ID**: 000000121

## Loan Terms
<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>Increase?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Loan Amount</strong></td>
<td>$162,000</td>
<td>NO</td>
</tr>
<tr>
<td><strong>Interest Rate</strong></td>
<td>3.875%</td>
<td>NO</td>
</tr>
<tr>
<td><strong>Monthly Principal &amp; Interest</strong></td>
<td>$761.78</td>
<td>NO</td>
</tr>
<tr>
<td><strong>Prepayment Penalty</strong></td>
<td>YES - As high as $3,240 if you pay off the loan during the first 2 years</td>
<td></td>
</tr>
<tr>
<td><strong>Balloons</strong></td>
<td>NO</td>
<td></td>
</tr>
</tbody>
</table>

## Projected Payments

<table>
<thead>
<tr>
<th>Year</th>
<th>Principal &amp; Interest</th>
<th>Mortgage Insurance</th>
<th>Estimated Escrow</th>
<th>Estimated Total Monthly Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-7</td>
<td>$761.78</td>
<td>$82.35</td>
<td>$206.13</td>
<td>$1,050.26</td>
</tr>
<tr>
<td>8-30</td>
<td>$761.78</td>
<td>$82.35</td>
<td></td>
<td>$967.91</td>
</tr>
</tbody>
</table>

## Taxes, Insurance & Assessments
- **Estimated Taxes, Insurance & Assessments**: $356.13 a month
- This estimate includes: [%] Property Taxes [%] Homeowners's Insurance [%] Other Homeowner's Association Dues

## Costs at Closing
- **Closing Costs**: $9,712.10
- **Cash to Close**: $14,147.26

*Includes $4,694.05 in Loan Costs + $5,018.05 in Other Costs – $0 in Lender Credits. See page 2 for details.*
### Closing Cost Details

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Borrower-Paid</th>
<th>Title Company-Paid</th>
<th>Paid by Others</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Origination Charges</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Origination Fee</td>
<td>$0</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>2. Title Insurance Fee</td>
<td>$0</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>3. Underwriting Fee</td>
<td>$0</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>B. Services/Borrower Did Not Shop For</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Appraisal Fee</td>
<td>$236.45</td>
<td></td>
<td>$236.45</td>
</tr>
<tr>
<td>2. Title Company-Paid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Homeowner's Title Insurance</td>
<td>$1,972.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Title Company-Paid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Title-Related Agent Kickback</td>
<td>$5.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>C. Services/Borrower Did Shop For</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Pre-Payment Penalty Fee</td>
<td>$0</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>2. Title Company-Paid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Property Taxes (Apr 30)</td>
<td>$0</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td><strong>D. TOTAL LOAN COSTS (Borrower-Paid)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$4,694.05</td>
<td>$0</td>
<td>$4,694.05</td>
</tr>
</tbody>
</table>

**Other Costs**

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>E. Taxes and Other Government Fees</strong></td>
<td>$84.00</td>
</tr>
<tr>
<td>F. Prepaid</td>
<td>$12.70</td>
</tr>
<tr>
<td>G. Initial Escrow Payment at Closing</td>
<td>$113.15</td>
</tr>
<tr>
<td>H. Other</td>
<td>$2,490.00</td>
</tr>
</tbody>
</table>

**I. TOTAL OTHERS COSTS (Borrower-Paid)** | $3,518.15 |
### Calculating Cash to Close

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

<table>
<thead>
<tr>
<th></th>
<th>Loan Estimate</th>
<th>Final</th>
<th>Did this change?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Closing Costs ($)</td>
<td>$8,065.00</td>
<td>$6,732.00</td>
<td>YES – See Total Loan Costs (D) and Total Other Costs (E)</td>
</tr>
<tr>
<td>Closing Costs Paid Before Closing</td>
<td>$0</td>
<td>$2,090</td>
<td>YES – You paid these Closing Costs before closing</td>
</tr>
<tr>
<td>Closing Costs Financed (Refund from Your Loan Amount)</td>
<td>$0</td>
<td>$0</td>
<td>NO</td>
</tr>
<tr>
<td>Down Payment/Refund from Borrower</td>
<td>$8,000.00</td>
<td>$8,000.00</td>
<td>NO</td>
</tr>
<tr>
<td>Deposit</td>
<td>$10,000.00</td>
<td>$10,000.00</td>
<td>NO</td>
</tr>
<tr>
<td>Fees for Borrower</td>
<td>$0</td>
<td>$0</td>
<td>NO</td>
</tr>
<tr>
<td>Seller Credits</td>
<td>$0</td>
<td>$3,900</td>
<td>YES – See Seller Credits in Section L</td>
</tr>
<tr>
<td>Adjustments and Other Credits</td>
<td>$0</td>
<td>$1,035.04</td>
<td>YES – See details in Section K and L</td>
</tr>
<tr>
<td>Cash to Close</td>
<td>$58,035.00</td>
<td>$51,147.24</td>
<td></td>
</tr>
</tbody>
</table>

### Summaries of Transactions

#### Buyer's Transaction

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Sale Price of Property</td>
<td>$180,763.00</td>
</tr>
<tr>
<td>02</td>
<td>Sale Price of Any Personal Property Included in Sale</td>
<td>$180,763.00</td>
</tr>
<tr>
<td>03</td>
<td>Closing Costs Paid at Closing (D)</td>
<td>$9,065.00</td>
</tr>
</tbody>
</table>

#### Adjustments

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>05</td>
<td>Other Credits</td>
</tr>
</tbody>
</table>

#### Adjustments for Items Paid by Seller In Advance

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>06</td>
<td>City/Town Taxes</td>
<td>$80.00</td>
</tr>
<tr>
<td>07</td>
<td>County Taxes</td>
<td>$80.00</td>
</tr>
<tr>
<td>08</td>
<td>Assessments</td>
<td>$80.00</td>
</tr>
<tr>
<td>09</td>
<td>HOM (Due) 4/3/13 to 4/3/14</td>
<td>$80.00</td>
</tr>
</tbody>
</table>

### Seller's Transaction

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>County Taxes</td>
<td>$3,900.00</td>
</tr>
</tbody>
</table>

### Adjustments for Items Paid by Seller in Advance

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Adjustments</td>
<td>$2,090</td>
</tr>
</tbody>
</table>

### Calculation

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Due From Buyer at Closing (G)</td>
<td>$180,763.00</td>
</tr>
<tr>
<td>Total Paid Already by or on Behalf of Borrower at Closing</td>
<td>$180,763.00</td>
</tr>
<tr>
<td>Cash to Close</td>
<td>$58,035.00</td>
</tr>
</tbody>
</table>
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
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
☐ see 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 make 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
(portial 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
405 Somewhere Ave, Anytown, 77245
You may lose this property if you do not make your payments or
satisfy other obligations for this loan.

Escrow Account
For new, your loan
☐ will have an escrow account (also called an "impound" or "rust" 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
financing to make a payment.

<table>
<thead>
<tr>
<th>Escrow</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Escrowed Property Costs over Year 1</td>
<td>Estimated total amount over year 1 for your escrowed property costs: Homeowner’s Insurance, Property Taxes</td>
<td>$2,475.50</td>
</tr>
<tr>
<td>Your Escrowed Property Costs over Year 1</td>
<td>Estimated total amount over year 1 for your non-escrowed property costs: Homeowner’s Association Fees</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>Real Estate Taxes</td>
<td>A reminder for the escrow account you pay at closing. See Section 5 on page 2.</td>
<td>$412.31</td>
</tr>
<tr>
<td>Monthly Escrow Payment</td>
<td>The amount included in your total monthly payment.</td>
<td>$3,998.14</td>
</tr>
</tbody>
</table>

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

No Escrow
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
</table>
| Estimated Property Costs over Year 1 | Estimated total amount over year 1, if you
| | should pay these costs directly. It isсход
| | as (a) a tax lien on this property. If
| | you fail to pay any of your property costs, your lender may (i) add
| | the amounts to your loan balance, (ii) add escrow account to your
| | loan, or (iii) 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. |

Chase Mortgage

In the future,
Your property costs may change and, as a result, your escrow pay-
ment 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 (i) impose fines and penalties or (ii) place a tax lien on this property. If
you fail to pay any of your property costs, your lender may (i) add
the amounts to your loan balance, (ii) add escrow account to your
loan, or (iii) require you to pay for property insurance that the lender
buys on your behalf, which likely would cost more and provide fewer
benefits than what you could buy on your own.
CLOSING DISCLOSURE

PAGE 5

Loan Calculations

- **Total of Payments:** Total you will have paid after making all payments of principal, Interest, mortgage insurance, and loan costs, as scheduled.
  - $2,859,823.56

- **Finance Charge:** The dollar amount the loan will cost you.
  - $119,830.27

- **Amount Financed:** The loan amount available after paying your upfront finance charge.
  - $162,000.00

- **Annual Percentage Rate (APR):** Your costs over the loan term expressed as a rate. This is not your interest rate.
  - 4.174%

- **Total Interest Payment (TIP):** The total amount of interest that you will pay over the loan term as a percentage of your loan amount.
  - 69.49%

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 be 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 the property’s fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.

Contact Information

<table>
<thead>
<tr>
<th>Name</th>
<th>Mortgage Broker</th>
<th>Real Estate Broker (A)</th>
<th>Real Estate Broker (B)</th>
<th>Settlement Agent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lender</td>
<td>Ficus Bank</td>
<td>Alpha Real Estate Broker Co.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Address</td>
<td>4321 Random Blvd, Sorrento, ST 12340</td>
<td>123 Local Lane, Sorrento, ST 12345</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NRLS ID</td>
<td>123456789</td>
<td>Z764561234</td>
<td>2567890123456123456</td>
<td></td>
</tr>
<tr>
<td>ST License ID</td>
<td>123456789</td>
<td>Z764561234</td>
<td>2567890123456123456</td>
<td></td>
</tr>
<tr>
<td>Contact</td>
<td>Joe Smith</td>
<td>Samuel Green</td>
<td>Joseph Cain</td>
<td>Sarah Arnold</td>
</tr>
<tr>
<td>Contact NRLS ID</td>
<td>123456789</td>
<td>2567890123456123456</td>
<td>1234567890123456123456</td>
<td></td>
</tr>
<tr>
<td>Phone</td>
<td>123-456-7890</td>
<td>123-555-1234</td>
<td>123-555-1234</td>
<td>123-555-1234</td>
</tr>
</tbody>
</table>

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
The Loan Estimate (LE) represents to the borrower the estimated costs relative to closing the loan transaction. The Real Estate Settlement Procedures Act (RESPA) and the Truth-in-Lending Act (TILA) require that the Loan Estimate for a transaction be supplied to the borrower within three business days of the taking of the initial loan application.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) required the Consumer Financial Protection Bureau (Bureau) to integrate the mortgage loan disclosures under TILA and RESPA Sections 4 and 5. The form uses clear language and design to make it easy for consumers to locate key information, such as interest rate, monthly payments, and costs to close the loan.
Record Retention

Lenders must retain a copy of the Loan Estimate for a minimum of three years from application. Colorado requires documents to be retained for 4 years.
Prior to an application a Loan Estimate may not be provided to the consumer. Additionally, the lender may not impose fees on a consumer (with the exception of a credit report fee) or require the consumer to provide any documents verifying information relative to the consumer’s application. After the applicant receives the LE there must also be a “intent to proceed” given to the lender by the applicant before any fees may be imposed.
Prior to the application, a lender may provide the consumer with an estimated terms or costs prior to the consumer receiving the Loan Estimate. However, if a lender provides a consumer with a written estimate of terms or costs specific to that consumer before the consumer receives the Loan Estimate, it must clearly and conspicuously state at the top of the front, first page of the written estimate “Your actual rate, payment, and costs could be higher. Get an official Loan Estimate before choosing the loan.” The font size must be no smaller than 12-point font and the heading, content or format of the document may not be similar to the Loan Estimate.
Information used to calculate the Loan Estimate charges

Creditors are required to act in good faith and exercise due diligence in obtaining information necessary to complete the Loan Estimate. Normally creditors may rely on the representations of other parties in obtaining information. However, there may be some information that is unknown (i.e., not reasonably available to the creditor at the time the Loan Estimate is made). In these instances, the creditor may use estimates even though it knows that more precise information will be available by the point of consummation. When estimated figures are used, they must be designated as such on the Loan Estimate.
Creditors are responsible for ensuring that the figures stated in the Loan Estimate are made in good faith and consistent with the best information reasonably available to the creditor at the time they are disclosed. Whether or not a Loan Estimate was made in good faith is determined by calculating the difference between the estimated charges originally provided in the Loan Estimate and the actual charges paid by or imposed on the consumer in the Closing Disclosure.
Information used to calculate the Loan Estimate charges

Generally, if the charge paid by or imposed on the consumer exceeds the amount originally disclosed on the Loan Estimate it is not in good faith, regardless of whether the creditor later discovers a technical error, miscalculation, or underestimation of a charge.

However, a Loan Estimate is considered to be in good faith if the creditor charges the consumer less than the amount disclosed on the Loan Estimate, without regard to any tolerance limitations.
Information used to calculate the Loan Estimate charges

A creditor may charge the consumer more than the amount disclosed in the Loan Estimate in specific circumstances:

Certain variations between the amount disclosed and the amount charged are expressly permitted by the TILA-RESPA rule

The amount charged falls within explicit tolerance thresholds (and the estimate is not for a zero tolerance charge where variations are never permitted)

Changed circumstances permit a revised Loan Estimate or a Closing Disclosure that permits the charge to be changed.
Information used to calculate the Loan Estimate charges

For certain costs or terms, creditors are permitted to charge consumers more than the amount disclosed on the Loan Estimate without any tolerance limitation.

These charges are:

Prepaid interest; property insurance premiums; amounts placed into an escrow, impound, reserve or similar account.

Charges for services required by the creditor if the creditor permits the consumer to shop and the consumer selects a third-party service provider not on the creditor’s written list of service providers. Charges paid to third-party service providers for services not required by the creditor (may be paid to affiliates of the creditor).
Creditors are bound by the Loan Estimate provided within three business days of the application, and may not issue revisions to Loan Estimates because they later discover technical errors, miscalculations, or underestimations of charges. Creditors are permitted to provide to the consumer revised Loan Estimates (and use them to compare estimated amounts to amounts actually charged for purposes of determining good faith) only in certain specific circumstances.
LOAN ESTIMATE

Changed Circumstance

During the loan application process certain events may occur which require the issuance of a Revised Loan Estimate. Anytime there is a revised LE, it must be provided within three (3) business days of the event that triggered the revised disclosure. The following are events that would require a new Loan Estimate disclosure.

1 – Terms of the loan change
2 – Borrower requests a change in the loan terms
3 – Original interest rate lock expires
4 – An interest rate change
5 – For new construction if the construction period is longer than 60 days
## Loan Estimate

**LOAN ESTIMATE**

### Loan Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
<th>Amount</th>
<th>Change after closing?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Amount</td>
<td>$162,000</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Interest Rate</td>
<td>3.875%</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Monthly Principal &amp; Interest</td>
<td>$761.78</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

### Prepayment Penalty

- **Yes**: No
- **No**: No

### Projected Payments

<table>
<thead>
<tr>
<th>Year 1-7</th>
<th>Year 8-30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal &amp; Interest</td>
<td>$741.38 $741.38</td>
</tr>
<tr>
<td>Mortgage Insurance</td>
<td>+ 12 + 12</td>
</tr>
<tr>
<td>Escrow</td>
<td>+ 206 + 206</td>
</tr>
</tbody>
</table>

### Estimated Total Monthly Payment

- **Year 1-7**: $1,050
- **Year 8-30**: $968

### Estimated Taxes, Insurance & Assessments

- **Year 1-7**: $206
- **Year 8-30**: $206

### Cash to Close

- **Estimated Cash to Close**: $16,054

Visit [www.consumerfinance.gov](http://www.consumerfinance.gov) for general information and tools.
### Loan Estimate

**FICUS BANK**
4321 Random Boulevard • Somerville, ST 12340

**Save this Loan Estimate to compare with your Closing Disclosure.**

<table>
<thead>
<tr>
<th>DATE ISSUED</th>
<th>7/23/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>APPLICANTS</td>
<td>John A. and Mary B.</td>
</tr>
<tr>
<td></td>
<td>123 Anywhere Street, Anytown, ST 12345</td>
</tr>
<tr>
<td>PROPERTY</td>
<td>456 Somewhere Avenue, Anytown, ST 12345</td>
</tr>
<tr>
<td>SALE PRICE</td>
<td>$180,000</td>
</tr>
</tbody>
</table>

**Loan Term** 30 years

**Purpose** Purchase

**Product** Fixed Rate

**Loan Type** Conventional [ ] FHA [ ] VA [ ] ___________

**Loan ID #** 123456789

**Rate Lock** [ ] NO [ ] YES, until 9/21/12 at 5:00 p.m. EDT

---

**Payment Calculation**

<table>
<thead>
<tr>
<th>Years 1-7</th>
<th>Years 8-30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal &amp; Interest</td>
<td>$761.78</td>
</tr>
<tr>
<td>Mortgage Insurance</td>
<td>+ 82</td>
</tr>
<tr>
<td>Estimated Escrow Amount</td>
<td>+ 206</td>
</tr>
<tr>
<td>Estimated Monthly Payment</td>
<td>$1,090</td>
</tr>
</tbody>
</table>

**Estimated Total**

- $206 x month
- $206 x month

**Cash to Close**

- $16,654

Visit [www.consumerfinance.gov/leasmemo](http://www.consumerfinance.gov/leasmemo) for general information and tools.
LOAN ESTIMATE

**Loan Information**

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>Rate</th>
<th>Prepayment Penalty</th>
<th>Balloon Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>$162,000</td>
<td>3.875%</td>
<td>NO</td>
<td>NO</td>
</tr>
<tr>
<td>$761.78</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Does the loan have these features?**

- NO

**Can this amount increase after closing?**

- NO
# Loan Estimate

## Escrow Deposit

| Estimated Taxes, Insurance & Assessments | $206 a month |

This estimate includes:
- Property Taxes: YES
- Homeowner’s Insurance: YES
- Other:  

See Section 6 on page 2 for escrowed property costs. You must pay for other property costs separately.

## Projected Payments

<table>
<thead>
<tr>
<th>Payment Calculation</th>
<th>Years 1-7</th>
<th>Years 8-30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal &amp; Interest</td>
<td>$761.78</td>
<td>$761.78</td>
</tr>
<tr>
<td>Mortgage Insurance</td>
<td>+ 82</td>
<td>+ —</td>
</tr>
<tr>
<td>Estimated Escrow</td>
<td>+ 206</td>
<td>+ 206</td>
</tr>
</tbody>
</table>

Amount Can Increase Over Time

| Total Estimated Escrow                  | $1,050    | $968       |
LOAN ESTIMATE

Estimated Funds to Close

Cash to Close

Estimated Cash to Close $16,054 Includes $8,054 in Closing Costs ($5,672 in Loan Costs + $2,382 in Other Costs – $0 in Lender Credits). See details on page 2.
## Closing Cost Details

### Loan Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Origination Charges</td>
<td>$1,062</td>
</tr>
<tr>
<td>B. Service You Cannot Shop For</td>
<td>$412</td>
</tr>
<tr>
<td>C. Service You Can Shop For</td>
<td>$1,199</td>
</tr>
<tr>
<td>D. Title Insurance</td>
<td>$45</td>
</tr>
<tr>
<td>E. Title Transfer fee</td>
<td>$496</td>
</tr>
<tr>
<td>F. Title Recording</td>
<td>$174</td>
</tr>
<tr>
<td>G. Title - Owner's Title Switch</td>
<td>$15</td>
</tr>
<tr>
<td>H. Other Costs</td>
<td>$1,817</td>
</tr>
<tr>
<td>I. TOTAL CASH COSTS ($ + F + G + H)</td>
<td>$2,882</td>
</tr>
</tbody>
</table>

### Other Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>E. Taxes and Other Government Fees</td>
<td>$543</td>
</tr>
<tr>
<td>F. Property Tax</td>
<td>$129</td>
</tr>
<tr>
<td>G. Initial Escrow Payment at Closing</td>
<td>$417</td>
</tr>
<tr>
<td>H. Other Costs</td>
<td>$1,817</td>
</tr>
</tbody>
</table>

### Calculating Cash to Close

- Total Closing Costs: $5,784
- Title Transfer fee: $496
- Title Recording: $174
- Title - Owner's Title Switch: $15
- Other Costs: $1,817
- Total Cash to Close: $4,188

### Total Loan Costs

- Total Loan Costs ($ + F + G + H): $2,882
## Loan Estimate

### Loan Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Origination Charges</td>
<td>$1,802</td>
</tr>
<tr>
<td>Appraisal Fee</td>
<td>$405</td>
</tr>
<tr>
<td>Credit Report Fee</td>
<td>$30</td>
</tr>
<tr>
<td>Flood Determination Fee</td>
<td>$20</td>
</tr>
<tr>
<td>Flood Monitoring Fee</td>
<td>$32</td>
</tr>
<tr>
<td>Tax Monitoring Fee</td>
<td>$75</td>
</tr>
<tr>
<td>Tax Status Research Fee</td>
<td>$110</td>
</tr>
<tr>
<td>Total Loan Costs (A + B + C)</td>
<td>$5,672</td>
</tr>
</tbody>
</table>

**Zero Tolerance**

**10% Tolerance or N/A**
# Loan Estimate

**Recording Fees** – 10%

**Transfer Tax** – 0%

## Other Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>E. Taxes and Other Government Fees</td>
<td>$85</td>
</tr>
<tr>
<td>Recording Fees and Other Taxes</td>
<td>$85</td>
</tr>
<tr>
<td>Transfer Taxes</td>
<td>$0</td>
</tr>
<tr>
<td><strong>F. Prepays</strong></td>
<td><strong>$867</strong></td>
</tr>
<tr>
<td>Homeowner's Insurance Premium (6 months)</td>
<td>$605</td>
</tr>
<tr>
<td>Mortgage Insurance Premium (0 months)</td>
<td>$0</td>
</tr>
<tr>
<td>Prepaid Interest (17.44 per day for 15 days @ 3.875%)</td>
<td>$262</td>
</tr>
<tr>
<td>Property Taxes (0 months)</td>
<td>$0</td>
</tr>
<tr>
<td><strong>G. Initial Escrow Payment at Closing</strong></td>
<td><strong>$413</strong></td>
</tr>
<tr>
<td>Homeowner's Insurance</td>
<td>$100.83 per month x 2 months</td>
</tr>
<tr>
<td>Mortgage Insurance</td>
<td>$105.30 per month x 2 months</td>
</tr>
<tr>
<td>Property Taxes</td>
<td>$0</td>
</tr>
<tr>
<td><strong>H. Other</strong></td>
<td><strong>$1,017</strong></td>
</tr>
<tr>
<td>Title – Owner's Title Policy (optional)</td>
<td>$1,017</td>
</tr>
<tr>
<td><strong>I. TOTAL OTHER COSTS (E + F + G + H)</strong></td>
<td><strong>$2,382</strong></td>
</tr>
<tr>
<td><strong>J. TOTAL CLOSING COSTS</strong></td>
<td><strong>$8,054</strong></td>
</tr>
<tr>
<td>D + I</td>
<td>$8,054</td>
</tr>
<tr>
<td>Lender Credits</td>
<td>$0</td>
</tr>
</tbody>
</table>
**Calculating Cash to Close**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Closing Costs (J)</td>
<td>$8,054</td>
</tr>
<tr>
<td>Closing Costs Financed (Included in Loan Amount)</td>
<td>$0</td>
</tr>
<tr>
<td>Down Payment/Funds from Borrower</td>
<td>$18,000</td>
</tr>
<tr>
<td>Deposit</td>
<td>– $10,000</td>
</tr>
<tr>
<td>Funds for Borrower</td>
<td>$0</td>
</tr>
<tr>
<td>Seller Credits</td>
<td>$0</td>
</tr>
<tr>
<td>Adjustments and Other Credits</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Estimated Cash to Close</strong></td>
<td>$16,054</td>
</tr>
</tbody>
</table>
LOAN ESTIMATE

Additional Information About This Loan

**Lender:** First Bank  
**Mailing Address:**  
**Email:**  
**Phone:**  

**Comparison:**  
- **In 5 Years:** $56,582  
- **Annual Percentage Rate (APR):** 4.684%  
- **Total Interest Percentage (TIP):** 66.657%  

**Other Considerations:**  
- **Appraisal:**  
  - Approved:  
  - The appraiser will determine the property's value and arrange an appraisal for this loan. We will promptly give you a copy of any appraisal report at our discretion. 
  - You can pay for an appraisal but are not required to. 
- **Assumptions:**  
  - You may wish to sell the property to another owner, and  
  - The loan may be assumed in the same terms.
- **Ownership:**  
  - This loan is subject to current market conditions and the option to buy or sell the property.
  - The owner is responsible for the property's value at the time of the loan.
- **Late Payment:**  
  - If your payment is more than 15 days late, we will charge a late fee of 2% of the monthly principal and interest payment.
- **Repayment:**  
  - The loan will generally be repaid over your future financial situation, the property's value, and market conditions. You may not be able to renegotiate this loan.
- **Servicing:**  
  - You may wish to sell your home. If so, you will make your payments to us.

**Confirm Receipt:**  
- If you are unable to sign this loan, then you do not have to accept.  
- You have signed your signature here.  

**Applicant Signature:**  
**Date:**  
**Co-Applicant Signature:**  
**Date:**

**Printed on:**  
**Last Updated:**

---

Third Page
### Comparisons

**In 5 Years**
- **Total you will have paid in principal, interest, mortgage insurance, and loan costs:** $56,582
- **Principal you will have paid off:** $15,773

**Annual Percentage Rate (APR):** 4.494%

**Total Interest Percentage:** 14.27%

**Analysis**

- **Additional Information About This Loan**

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Compared</strong></td>
<td>Use these measures to compare this loan with other loans.</td>
</tr>
<tr>
<td><strong>In 5 Years</strong></td>
<td>$56,582 Total you will have paid in principal, interest, mortgage insurance, and loan costs. $15,773 Principal you will have paid off.</td>
</tr>
<tr>
<td><strong>Annual Percentage Rate (APR):</strong></td>
<td>4.494% Your costs over the loan term expressed as a rate. This is not your interest rate.</td>
</tr>
<tr>
<td><strong>Total Interest Percentage:</strong></td>
<td>14.27% The total amount of interest that you will pay over the loan term as a percentage of your loan amount.</td>
</tr>
</tbody>
</table>

**Additional Information**

- **Assumptions:** If you will or consider this property as your primary residence, are you able to do so for at least 12 months after the closing date, and do you or any individual that you live with plan on occupying this property as your primary residence? If the answer is “yes,” please check “primary residence” below. If the answer is “no,” please check “secondary residence.”

- **Nonamecric’s Insurance:** If you do not have any namecric’s insurance, or if you have any namecric’s insurance, you are required to carry nonamecric’s insurance for the period of time specified in the loan agreement. This will be the amount of your coverage that you and/or any other insureds are required to have. This amount will be decreased by the amount of any deductible that you and/or any other insureds are required to pay.

- **Late Payment:** If your payment is more than 30 days late, you will be charged a fee of 5% of the monthly principal and interest payment.

- **Repayment:** Repayment of your loan will be made on a regular basis, at the interest rate that you and/or any other insureds are required to pay, and at the amount that you and/or any other insureds are required to pay. You may not be able to refinance this loan.

- **Servicing:** Only if you are required to make any changes to your loan, and/or any other changes that you are required to make. You may not be able to refinance this loan.

**Certifications**

- **Loans:** The information you have received is not complete. The information is not complete unless you have signed or received the form.

- **Applicant Signature:** Date
- **Certified Signature:** Date

**5 Year Analysis**
### APR
**True cost of credit**

#### Loan Estimate

<table>
<thead>
<tr>
<th>Comparisons</th>
<th>Use these measures to compare this loan with other loans.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In 5 Years</strong></td>
<td>$56,582 Total you will have paid in principal, interest, mortgage insurance, and loan costs. $15,773 Principal you will have paid off.</td>
</tr>
<tr>
<td><strong>Annual Percentage Rate (APR)</strong></td>
<td>4.494% Your costs over the loan term expressed as a rate. This is not your interest rate.</td>
</tr>
<tr>
<td><strong>Total Interest Percentage (TIP)</strong></td>
<td>69.447% The total amount of interest that you will pay over the loan term as a percentage of your loan amount.</td>
</tr>
</tbody>
</table>
LOAN ESTIMATE

Comparisons

| In 5 Years | $56,582 | Total you will have paid in principal, interest, mortgage insurance, and loan costs. |
| Annual Percentage Rate (APR) | 4.494% | Your costs over the loan term expressed as a rate. This is not your interest rate. |
| Total Interest Percentage (TIP) | 69.447% | The total amount of interest that you will pay over the loan term as a percentage of your loan amount. |

New Figure Showing Percent of Total Payments Paid to Interest
### Other Considerations

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

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

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

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

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

#### Servicing
We intend
- [ ] to service your loan. If so, you will make your payments to us.
- [x] to transfer servicing of your loan.

---

### Additional Information About This Loan

---

### Loan Estimate

---

### New Appraisal Statement

---

### Servicing

---
## Other Considerations

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

### Assumption
If you sell or transfer this property to another person, we
- [ ] will allow, under certain conditions, this person to assume this loan on the original terms.
- [x] will not allow this person to assume 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 payment on the amount due.

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

### Servicing
We intend
- [ ] to service your loan. If so, you will make your payments to us.
- [x] to transfer servicing of your loan.
Other Considerations

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

Assumption
If you sell or transfer this property to another person, we
☐ will allow, under certain conditions, this person to assume this loan on the original terms.
☒ will not allow this person to assume 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 current market conditions. You may not be able to refinance this loan.

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

Additional Information About This Loan

Homeowners Insurance
## Other Considerations

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

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

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

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

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

### Servicing
We intend ___ to service your loan. If so, you will make your payments to this servicer. ___ to transfer servicing of your loan.

### Loan Estimate

**Conventional**
- **5%**

**FHA & VA**
- **4%**
### Other Considerations

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Appraisal</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Assumption</strong></td>
<td>If you sell or transfer this property to another person, we will allow, under certain conditions, this person to assume this loan on the original terms. We will not allow this person to assume this loan on the original terms.</td>
</tr>
<tr>
<td><strong>Homeowner's Insurance</strong></td>
<td>This loan requires homeowner's insurance on the property, which you may obtain from a company that we find acceptable.</td>
</tr>
<tr>
<td><strong>Late Payment</strong></td>
<td>If your payment is more than 15 days late, we will charge a late fee of 5% of the monthly principal and interest payment.</td>
</tr>
<tr>
<td><strong>Refinance</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Servicing</strong></td>
<td>We intend to service your loan. If so, you will make your payments to us. To transfer servicing of your loan.</td>
</tr>
</tbody>
</table>

---

**New Refinance Statement**
Other Considerations

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

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

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

**Servicing**
We intend
☐ to service your loan. If so, you will make your payments to us.
☒ to transfer servicing of your loan.
“No Requirement to Complete” Statement
(From MDIA)

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:
For loans that require a Loan Estimate and that proceed to closing, creditors must provide a new final disclosure reflecting the actual terms of the transaction called the Closing Disclosure. The form integrates and replaces the HUD-1 and the final TIL disclosure for these transactions. The creditor is generally required to ensure that the consumer receives the Closing Disclosure no later than three business days before consummation of the loan. Creditors are required to maintain a copy of the Closing Disclosure for 5 years.
TIMING AND DELIVERY

- Generally, the creditor is responsible for ensuring that the consumer receives the Closing Disclosure form no later than three business days before consummation. The creditor also is responsible for ensuring that the Closing Disclosure meets the content, delivery, and timing requirements.

- To ensure the consumer receives the Closing Disclosure on time, creditors must arrange for delivery as follows:
  - By providing it to the consumer in person.
  - By mailing, or by other delivery methods, including email. Creditors may use electronic delivery methods subject to compliance with the consumer consent.
  - Creditors must ensure that the consumer receives the Closing Disclosure at least three business days prior to consummation.
TIMING AND DELIVERY

- If the Closing Disclosure is provided in person, it is considered received by the consumer on the day it is provided. If it is mailed or delivered electronically, the consumer is considered to have received the Closing Disclosure three business days after it is delivered or placed in the mail.

- However, if the creditor has evidence that the consumer received the Closing Disclosure earlier than three business days after it is mailed or delivered, it may rely on that evidence and consider it to be received on that date.
TIMING AND DELIVERY

Waiving the Three-day Waiting Period

The rule imposes a three-business-day waiting period, meaning that the loan may not be consummated less than three business days after the Closing Disclosure is received by the consumer. If a settlement is scheduled during the waiting period, the creditor generally must postpone settlement, unless a settlement within the waiting period is necessary to meet a bona fide personal financial emergency.
Consumer waiver for Bona fide personal financial emergency requirements:

- The consumer must receive the Closing Disclosure.
- The consumer must give the creditor a dated written statement that describes the emergency, specifically modifies or waives the waiting period, and bears the signature of all consumers who are primarily liable on the legal obligation.
- The creditor is prohibited from providing the consumer with a pre-printed waiver form.
TIMING AND DELIVERY

Corrected Disclosure

➢ The three-business-day waiting period requirement applies to a corrected Closing Disclosure that is provided when there are:

- Changes to the loan’s APR
- Changes to the loan product
- The addition of a prepayment penalty
TIMING AND DELIVERY

Corrected Disclosure

- If other types of changes occur, creditors must ensure that the consumer receives a corrected Closing Disclosure at or before consummation.

- For changes other than to the APR, loan product, or the addition of a prepayment penalty, the creditor is not required to provide the consumer with the revised Closing Disclosure until the day of consummation. However, a consumer has the right to inspect the Closing Disclosure during the business day before consummation. If a consumer asks to inspect the Closing Disclosure, it must be presented to the consumer must reflect any adjustments to the costs or terms that are known to the creditor at the time the consumer inspects it.
Post-Consummation Corrections

- Creditors must provide a corrected Closing Disclosure if an event in connection with the settlement occurs during the 30-calendar-day period after consummation that causes the Closing Disclosure to become inaccurate and results in a change to an amount paid by the consumer from what was previously disclosed.

- Creditors also must provide a revised Closing Disclosure to correct non-numerical clerical errors and document refunds for tolerance violations no later than 60 calendar days after consummation. An error is clerical if it does not affect a numerical disclosure and does not affect the timing, delivery, or other requirements.

- If the APR goes up 1/8%, after delivery of the CD, or the loan product changes, the lender is required to deliver a new CD AND reset the three-business-day waiting period.
Closing Disclosure

Transaction Information

Closing Information

Date Issued: 9/10/2012
Closings Date: 9/14/2012
Disbursement Date: 9/14/2012
Agent: Epsilon Title Co.
File #: 12-3456
Property: 456 Somewhere Ave
Sale Price: $180,000

Transaction Information

Borrower: John A. and Mary B.
Lender: Ficus Bank

Closing Disclosure

Loan Information

Loan Term: 30 years
Purpose: Purchase
Product: Fixed Rate
Loan Type: Conventional
Loan ID #: 123456789
MIC #: 000654321

Estimated Taxes, Insurance & Assessments

$356.73

$067.07

$374.80

$1,848.35

Cash to Close

$16,272.35
# Closing Disclosure

## Loan Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Amount</th>
<th>Increase after Closing?</th>
<th>Feature Present?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Amount</td>
<td>$162,000</td>
<td><strong>NO</strong></td>
<td><strong>NO</strong></td>
</tr>
<tr>
<td>Interest Rate</td>
<td>3.875%</td>
<td><strong>NO</strong></td>
<td><strong>NO</strong></td>
</tr>
<tr>
<td>Monthly Principal &amp; Interest</td>
<td>$761.78</td>
<td><strong>NO</strong></td>
<td><strong>NO</strong></td>
</tr>
<tr>
<td>Prepayment Penalty</td>
<td><strong>NO</strong></td>
<td><strong>NO</strong></td>
<td><strong>NO</strong></td>
</tr>
<tr>
<td>Balloon Payment</td>
<td><strong>NO</strong></td>
<td><strong>NO</strong></td>
<td><strong>NO</strong></td>
</tr>
</tbody>
</table>

## Additional Information

- **Estimated Taxes, Insurance & Assessments**
  - **Amount**
  - **Increase?**
    - Property Taxes: YES
    - Mortgagee’s Insurance: YES
    - HOA: NO

- **Cash to Close**
  - **Amount**: $16,272.33

- Includes:
  - $8,729.54 in Closing Costs
  - $4,645.85 in Loan Costs
  - $1,975.49 in Other Costs

- See details on page 2.
### Projected Payments

<table>
<thead>
<tr>
<th>Payment Calculation</th>
<th>Years 1-7</th>
<th>Years 8-30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal &amp; Interest</td>
<td>$761.78</td>
<td>$761.78</td>
</tr>
<tr>
<td>Mortgage Insurance</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Estimated Escrow</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td><strong>Estimated Total Monthly Payment</strong></td>
<td>$1,050.26</td>
<td>$967.91</td>
</tr>
</tbody>
</table>

**Estimated Taxes, Insurance & Assessments**
Amount Can Increase Over Time
See Details on Page 4

- **$356.13** a month
- **This estimate includes**:
  - [x] Property Taxes
  - [x] Homeowner’s Insurance
  - [x] Other: Homeowner’s Association
- **In escrow?**
  - [x] YES
  - [ ] YES
  - [ ] NO

*See page 4 for escrowed property costs. You must pay for other property costs separately.*

### Cash to Close

- **$16,272.33**
- Includes $9,729.54 in Closing Costs ($4,644.56 in Loan Costs + $5,085.09 in Other Costs) + $6 in Lender Costs. See Details on page 4.
Details of Cash to Close

Cash to Close

$14,272.35

Includes $9,729.54 in Closing Costs ($4,694.05 in Loan Costs + $5,035.49 in Other Costs – $0 in Lender Credits). See details on page 2.
# Closing Disclosure

<table>
<thead>
<tr>
<th>Loan Costs</th>
<th>Borrower-Paid</th>
<th>Seller-Paid</th>
<th>Paid by Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Origination Charges</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>01 0.25 % of Loan Amount (Points)</td>
<td>$1,802.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>02 Application Fee</td>
<td>$405.00</td>
<td>$300.00</td>
<td></td>
</tr>
<tr>
<td>03 Underwriting Fee</td>
<td>$1,097.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>04</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>05</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>06</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>07</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>08</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>B. Services Borrower Did Not Shop For</strong></td>
<td>$286.55</td>
<td></td>
<td>$405.00</td>
</tr>
<tr>
<td>01 Appraisal Fee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>02 Credit Report Fee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>03 Flood Determination Fee</td>
<td></td>
<td></td>
<td>$29.80</td>
</tr>
<tr>
<td>04 Flood Monitoring Fee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>05 Tax Monitoring Fee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>06 Tax Status Research Fee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>C. Services Borrower Did Shop For</strong></td>
<td>$2,655.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>01 Post Inspection Fee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>02 Survey Fee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>03 Title Insurance Fee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>04 Title – Lender’s Title Insurance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>05 Title – Title Search</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>06 Title – Settlement Agent Fee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>D. TOTAL LOAN COSTS (Borrower-Paid)</strong></td>
<td>$4,664.05</td>
<td></td>
<td>$29.80</td>
</tr>
<tr>
<td>Loan Costs Subtotals (A + B + C)</td>
<td>$4,664.05</td>
<td></td>
<td>$29.80</td>
</tr>
<tr>
<td>Closing Disclosure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Closing Cost Details

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>E. Taxes and Other Government Fees</strong></td>
<td></td>
</tr>
<tr>
<td>01 Recording Fees</td>
<td>Deed: $40.00</td>
</tr>
<tr>
<td>02 State Transfer Tax</td>
<td>Mortgage: $45.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$85.00</td>
</tr>
<tr>
<td><strong>F. Prepays</strong></td>
<td></td>
</tr>
<tr>
<td>01 Homeowner’s Insurance Premium</td>
<td>12 mos. to Insurance Co. $1,209.08</td>
</tr>
<tr>
<td>02 Mortgage Insurance Premium</td>
<td>(6 mos)</td>
</tr>
<tr>
<td>03 Prepaid Interest</td>
<td>$177.44 per day from 9/14/12 to 10/1/12 $296.48</td>
</tr>
<tr>
<td>04 Property Taxes</td>
<td>6 mos. to Any County USA $623.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,136.24</td>
</tr>
<tr>
<td><strong>G. Initial Escrow Payment at Closing</strong></td>
<td></td>
</tr>
<tr>
<td>01 Homeowner’s Insurance</td>
<td>$100.00  per month for 2 mos. $201.66</td>
</tr>
<tr>
<td>02 Mortgage Insurance</td>
<td>per month for 6 mos.</td>
</tr>
<tr>
<td>03 Property Taxes</td>
<td>$105.30  per month for 2 mos. $210.60</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$412.25</td>
</tr>
<tr>
<td><strong>H. Other Costs</strong></td>
<td></td>
</tr>
<tr>
<td>01 Real Estate Commission to Alpha Real Estate Broker</td>
<td>$700.00</td>
</tr>
<tr>
<td>02 Real Estate Commission to Omega Real Estate Broker</td>
<td>$700.00</td>
</tr>
<tr>
<td>03 Title – Owner’s Title Insurance</td>
<td>to Epsilon Title Co. $1,000.00</td>
</tr>
<tr>
<td>04 HOA Capital Contribution</td>
<td>to HOA Inc. $500.00</td>
</tr>
<tr>
<td>05 HOA Dues Oct. 2012</td>
<td>to HOA Inc. $150.00 $750.00</td>
</tr>
<tr>
<td>06 Home Inspection Fee</td>
<td>to Engineers Inc. $750.00</td>
</tr>
<tr>
<td>07 Home Warranty Fee</td>
<td>to XYZ Warranty Inc. $450.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,490.00</td>
</tr>
<tr>
<td><strong>I. TOTAL OTHER COSTS (Borrower-Paid)</strong></td>
<td>$5,835.49</td>
</tr>
</tbody>
</table>

Other Costs Subtotal (E + F + G + H) $5,085.49
Closing Disclosure

### Closing Cost Details

<table>
<thead>
<tr>
<th>Loan Costs</th>
<th>Borrower-Paid</th>
<th>Lender-Paid</th>
<th>Title by Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Prepaid Escrow</td>
<td>$147.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Points and Fees</td>
<td></td>
<td>$320.00</td>
<td></td>
</tr>
<tr>
<td>3. Settlement</td>
<td>$1,080.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Escrowed Pre-Paid</td>
<td>$126.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Total Closing Costs (Borrower-Paid)

| $9,729.54 |

#### Closing Costs Subtotals (D + I)

| Amount | $9,699.74 | $29.80 | $2,800.00 | $750.00 | $405.00 |

<table>
<thead>
<tr>
<th>Lender Credits</th>
</tr>
</thead>
<tbody>
<tr>
<td>$9,699.74</td>
</tr>
</tbody>
</table>

### Other Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title transfer fees</td>
<td>$300.00</td>
</tr>
<tr>
<td>Recording fees</td>
<td></td>
</tr>
<tr>
<td>Appraisal fees</td>
<td></td>
</tr>
<tr>
<td>Credit report fees</td>
<td></td>
</tr>
<tr>
<td>Settlement</td>
<td>$1,080.00</td>
</tr>
<tr>
<td>Legal fees</td>
<td>$1,200.00</td>
</tr>
<tr>
<td>Payoff Statement</td>
<td>$150.00</td>
</tr>
<tr>
<td>Closing costs</td>
<td>$1,500.00</td>
</tr>
<tr>
<td>Other costs</td>
<td>$100.00</td>
</tr>
</tbody>
</table>

### Total Closing Costs (Borrower-Paid)

| $9,729.54 |

### Total Closing Costs Subtotals (D + I)

| Amount | $9,699.74 | $29.80 | $2,800.00 | $750.00 | $405.00 |

<table>
<thead>
<tr>
<th>Lender Credits</th>
</tr>
</thead>
<tbody>
<tr>
<td>$9,699.74</td>
</tr>
</tbody>
</table>
Calculating Cash to Close

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Estimate</th>
<th>Final</th>
<th>Did this change?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Closing Costs (I)</td>
<td>$62,054.00</td>
<td>$59,729.54</td>
<td>YES - See Total Loan Costs (D) and Total Other Costs (I)</td>
</tr>
<tr>
<td>Closing Costs Paid Before Closing</td>
<td>$0</td>
<td>- $29.60</td>
<td>YES - You paid these Closing Costs before closing</td>
</tr>
<tr>
<td>Closing Costs Financed (Included in Loan Amount)</td>
<td>$0</td>
<td>$0</td>
<td>NO</td>
</tr>
<tr>
<td>Down Payment/Funds from Borrower</td>
<td>$18,000.00</td>
<td>$18,000.00</td>
<td>NO</td>
</tr>
<tr>
<td>Deposit</td>
<td>- $10,000.00</td>
<td>- $10,000.00</td>
<td>NO</td>
</tr>
<tr>
<td>Funds for Borrower</td>
<td>$0</td>
<td>$2,500.00</td>
<td>YES - See Seller Credits in Section L</td>
</tr>
<tr>
<td>Seller Credits</td>
<td>$0</td>
<td>- $927.99</td>
<td>YES - See details in Sections K and L</td>
</tr>
<tr>
<td>Adjustments and Other Credits</td>
<td>$0</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Cash to Close</td>
<td>$16,054.00</td>
<td>$14,272.35</td>
<td></td>
</tr>
</tbody>
</table>
## Closing Disclosure

### Borrower's Transaction

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>K. Due from Borrower at Closing</td>
<td>$109,784.74</td>
</tr>
<tr>
<td>01. Sale Price of Property</td>
<td>$110,000.00</td>
</tr>
<tr>
<td>02. Sale Price of Any Personal Property Included in Sale</td>
<td></td>
</tr>
<tr>
<td>03. Closing Costs Paid at Closing (J)</td>
<td>$9,959.74</td>
</tr>
<tr>
<td>Adjustments</td>
<td></td>
</tr>
<tr>
<td>05. Adjustments for Items Paid by Seller in Advance</td>
<td></td>
</tr>
<tr>
<td>06. City/Town Taxes</td>
<td>to</td>
</tr>
<tr>
<td>07. County Taxes</td>
<td>to</td>
</tr>
<tr>
<td>08. Assessments</td>
<td>to</td>
</tr>
<tr>
<td>09. HOA Dues</td>
<td>9/14/12  to 9/30/12</td>
</tr>
<tr>
<td>L. Paid Already by or on Behalf of Borrower at Closing</td>
<td>$175,512.39</td>
</tr>
<tr>
<td>01. Deposit</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>02. Borrowor's Loan Amount</td>
<td>$162,000.00</td>
</tr>
<tr>
<td>03. Existing Loan(s) Assumed or Taken Subject to</td>
<td></td>
</tr>
<tr>
<td>04. Seller Credit</td>
<td>$3,500.00</td>
</tr>
<tr>
<td>Other Credits</td>
<td></td>
</tr>
<tr>
<td>05. Rebate from Esplanal Title Co.</td>
<td>$750.00</td>
</tr>
<tr>
<td>Adjustments</td>
<td></td>
</tr>
</tbody>
</table>

### Seller's Transaction

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>N. Due to Seller at Closing</td>
<td>$180,085.40</td>
</tr>
<tr>
<td>01. Sale Price of Property</td>
<td>$180,000.00</td>
</tr>
<tr>
<td>02. Sale Price of Any Personal Property Included in Sale</td>
<td></td>
</tr>
<tr>
<td>Adjustments</td>
<td></td>
</tr>
<tr>
<td>05. Adjustments for Items Paid by Seller in Advance</td>
<td></td>
</tr>
<tr>
<td>06. City/Town Taxes</td>
<td>to</td>
</tr>
<tr>
<td>07. County Taxes</td>
<td>to</td>
</tr>
<tr>
<td>08. Assessments</td>
<td>to</td>
</tr>
<tr>
<td>09. HOA Dues</td>
<td>9/14/12  to 9/30/12</td>
</tr>
<tr>
<td>N. Due from Seller at Closing</td>
<td>$115,562.39</td>
</tr>
<tr>
<td>01. Escrow Deposit</td>
<td>$10,080.00</td>
</tr>
<tr>
<td>02. Closing Costs Paid at Closing (J)</td>
<td>$2,500.00</td>
</tr>
<tr>
<td>03. Existing Loan(s) Assumed or Taken Subject to</td>
<td></td>
</tr>
<tr>
<td>04. Payoff of 1st Mortgage Loan</td>
<td>$100,080.00</td>
</tr>
<tr>
<td>05. Payoff of 2nd Mortgage Loan</td>
<td></td>
</tr>
<tr>
<td>Adjustments</td>
<td></td>
</tr>
<tr>
<td>06. Seller Credit</td>
<td>$2,500.00</td>
</tr>
</tbody>
</table>

### Adjustments

- **Borrower Figures**: Adjustments for Items
  - City/Town Taxes: $2,035.39
  - County Taxes: $70,000.00
  - Assessments: $100.00

- **Seller Figures**: Adjustments for Items
  - City/Town Taxes: $202,39
Closing Disclosure

CALCULATION

Total Due from Borrower at Closing (K): $189,784.74
Total Paid Already by or on Behalf of Borrower at Closing (L): $175,512.39

Cash to Close From To Borrower: $14,272.35

CALCULATION

Total Due to Seller at Closing (M): $180,085.00
Total Due from Seller at Closing (N): $115,562.39

Cash From To Seller: $64,522.61
**Closing Disclosure**

### Additional Information About This Loan

#### Loan Disclosures

**Assumption**
- If you sell or transfer this property to another person, your lender may allow, under certain conditions, this person to assume this loan on the original terms.
- If you will not allow a new assumption of this loan, mark the box.

**Demand Feature**
- Your loan has a demand feature, which permits your lender to require early repayment of the loan. You should review the note for details.
- Your lender 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**
- If your loan terms are scheduled to make monthly payments that are less than the total amount due that month.
- Your loan may have monthly payments that are less than the interest due that month. If you do not make your loan amount will increase. As a result, your loan amount may become larger than your original loan amount.
- Your loan amount may become larger than your original loan amount. If you do not have a negative amortization feature.

**Partial Payment**
- Your lender will accept payments that are less than the full amount due (partial payments). Partial payments will be applied.

**Security Interest**
- You are granting a security interest in the property included in the purchase price of this property.

### Escrow Account

**For new, your loan**
- You may have an escrow account that is also called a “impound” or “trust” account.

**Estimated Total Amount Over Year**

<table>
<thead>
<tr>
<th>Estimated Total Amount Over Year</th>
<th>1 or More Than One Large Conventional Loan Your Lender May Be Liable For Penalties and Interest For Failing To Make a Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Estimated Total Amount Over Year 2**

<table>
<thead>
<tr>
<th>Estimated Total Amount Over Year</th>
<th>1 or More Than One Large Conventional Loan Your Lender May Be Liable For Penalties and Interest For Failing To Make a Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Estimated Total Amount Over Year 3**

<table>
<thead>
<tr>
<th>Estimated Total Amount Over Year</th>
<th>1 or More Than One Large Conventional Loan Your Lender May Be Liable For Penalties and Interest For Failing To Make a Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**In the future**

Your property costs may change and as a result your monthly 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 costs your state or local government may:
- [1] impose fines and penalties on you.
- [2] place a lien on this property.
- [3] collect the amounts due your loan balance.
- [4] add an escrow account to your loan.
- [5] require you to pay for property insurance that the lender may not have or provide lower benefits than what you could buy on your own.
## Loan Calculations

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total of Payments.</strong> Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.</td>
<td>$292,420.88</td>
</tr>
<tr>
<td><strong>Finance Charge.</strong> The dollar amount the loan will cost you.</td>
<td>$123,997.58</td>
</tr>
<tr>
<td><strong>Amount Financed.</strong> The loan amount available after paying your upfront finance charge.</td>
<td>$156,964.47</td>
</tr>
<tr>
<td><strong>Annual Percentage Rate (APR).</strong> Your costs over the loan term expressed as a rate. This is not your interest rate.</td>
<td>4.441%</td>
</tr>
<tr>
<td><strong>Total Interest Percentage (TIP).</strong> The total amount of interest that you will pay over the loan term as a percentage of your loan amount.</td>
<td>69.468%</td>
</tr>
</tbody>
</table>

By signing you are only certifying that you have read and understood the information contained in this form.

Applicant Signature: ___________________________ Date: ____________

Co-Applicant Signature: ________________________ Date: ____________

[Form page]

[Signature Line]
Other Disclosures

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

Contract Details
See your note and security instrument for information about:
- what happens if you fail to make your payments,
- what is a default on the loan,
- situations in which your lender can require early repayment of the loan, and
- the rules for making payments before they are due.

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

☐ state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and be liable for debt remaining after the foreclosure. You may want to consult a lawyer for more information.

☐ state law does not protect you from liability for the unpaid balance.

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

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

## Contact Information

<table>
<thead>
<tr>
<th></th>
<th>Lender</th>
<th>Mortgage Broker</th>
<th>Real Estate Broker (B)</th>
<th>Real Estate Broker (S)</th>
<th>Settlement Agent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name</strong></td>
<td>Ficus Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Address</strong></td>
<td>4321 Random Blvd, Somedcty, ST 12340</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NMLS/ License ID</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Contact</strong></td>
<td>Joe S.</td>
<td>Samuel G.</td>
<td>Joseph C.</td>
<td>Sarah A.</td>
<td></td>
</tr>
<tr>
<td><strong>Contact NMLS/ License ID</strong></td>
<td>12345</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Email</strong></td>
<td><a href="mailto:joesmith@ficusbank.com">joesmith@ficusbank.com</a></td>
<td><a href="mailto:sam@omegarec.biz">sam@omegarec.biz</a></td>
<td><a href="mailto:joe@alpahre.biz">joe@alpahre.biz</a></td>
<td><a href="mailto:sarah@epsilonitle.com">sarah@epsilonitle.com</a></td>
<td></td>
</tr>
<tr>
<td><strong>Phone</strong></td>
<td>123-456-7890</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## 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.

<table>
<thead>
<tr>
<th>Applicant Signature</th>
<th>Date</th>
<th>Co-Applicant Signature</th>
<th>Date</th>
</tr>
</thead>
</table>

[Signature and Date Details]

[Signature and Date Details]
NOTE ON RECORDKEEPING

In establishing recordkeeping policies, please keep in mind various legal documentation requirements.

- ECOA requirement is 25 months for most documents connected to consumer obtaining a mortgage loan.
- TRID requires 3-5 years for documents connected to LE and CD
- Colorado requires documents be kept for a minimum of 4 years
FORMS AND DOCUMENTS

Please refer to the back of your manuals for sample copies of:

Fair Housing Notice
ECOA Notice
Notice of Adverse Action
Loan Estimate
Intent to Proceed
Notice of Right to Receive an Appraisal
Closing Disclosure
Mortgage Servicing Disclosure Statement
Colorado Tangible Net Benefit Disclosure
BEST PRACTICES

Let’s talk about some ways that Habitat For Humanity of Colorado can implement material from this class into the organization’s standards and practices.

Three key areas:

- Standardization
- ATR/Underwriting Policy
- Separation of Duties
STANDARDIZATION

- Establishing verbiage that is consistent with legally defined terms in mortgage lending
- Establishing a timeline that satisfies legal requirements for loan origination duties, documentation and required disclosures
- Establishing procedures for verifying borrower’s documentation – including income and employment
- Recordkeeping and management
TRADITIONAL MORTGAGE LENDING TIMELINE

- Pre-Qualification
- Going over mortgage programs and rates
- Credit Reports
- The Application
- The Loan Estimate
- The Intent to Proceed
- File Processing
- Gathering required documents
- Appraisal
- Underwriting
- Closing Disclosure – (Must be retained for 5 years)
- Closing
Under RESPA - once a lender has the required 6 pieces of information for a loan application, including the value of the home, a Loan Estimate must be provided to the borrower.
ATR/UNDERWRITING POLICY

- Establishing streamlined ATR and underwriting guidelines for Colorado affiliates
- Implementing ATR and underwriting policies within organization
- Conforming ATR and underwriting policies to HFH-C organizational mission
SEPARATION OF DUTIES

Determining who will perform duties of:

- Mortgage Loan Origination
- Loan Processing
- Underwriting