



The Dodd Frank Wall Street Reform and Consumer Protection Act of July, 2010 mandated the integration of RESPA and TILA Disclosure Forms which are now referred to as:

1. **The Loan Estimate** = Which Combines the Initial TIL and Good Faith Estimate
2. **The Closing Disclosure** = Which Combines the Final TIL and HUD Settlement Statement

**New Mortgage Disclosures will be required for applications received on or after OCTOBER 3, 2015.**

**However, the following transactions are exempt from using the new disclosures:**

- Home-equity lines of credit
- Reverse mortgages
- Mortgages secured by a mobile home or dwelling not attached to land
- Cash and commercial
- No-interest second mortgage made for down payment assistance, energy efficiency or foreclosure avoidance
- Loans made by a creditor-seller who makes five or fewer mortgages in a year

The CFPB's main objective was to simplify and condense the information into two forms that are very similar and easy to compare.

The Loan Estimate and Closing Disclosure highlight important information to the consumer in regard to loan amount, interest rates, terms and payments and penalties, along with closing costs and costs to close. Charges listed on both forms are categorized as Loan Costs and Other Costs and must be listed in alphabetical order. The current HUD line numbering system has been removed.

**The Loan Estimate** is to be delivered to the consumer within 3 days of application and can be issued by the creditor or mortgage broker.

Application is defined as 6 elements: 1) borrower name, 2) income, 3) Social Security Number, 4) property address, 5) estimated value of property, 6) mortgage loan amount.

The Loan Estimate will still be subject to limitations for increases in settlement costs based on variation levels and has also expanded the costs that CANNOT increase to include affiliate charges.

Other charges will have a 10% increase allowance and there will be exceptions including those chosen by the consumer and not identified by the creditor.

A lender may request additional information such as a Purchase Agreement, loan and property type to assist in preparation of the Loan Disclosure. However, these items are not required for delivery of the Loan Estimate within the 3 days requirement.

**The Closing Disclosure** is to be delivered to the consumer (Borrower) **3 business days before closing** (consummation) and can be provided by the creditor **or the settlement agent**.

Regardless who prepares and delivers the disclosure, the creditor remains liable.

Delivery method options of the Closing Disclosure may add an additional 3 day "mailing" period (proof of receipt in acceptable format will shorten this time frame).

When there are certain significant changes— a new disclosure is required and an additional 3 day waiting period will be required. These changes include: changes to the APR above 1/8 of a percent (1/4 of a percent for irregular payment loans), changes to the loan product or addition of a prepayment penalty to the loan.

The settlement agent will be responsible to provide a separate disclosure to the seller. The current HUD line numbering system has been removed.

**Contact your account manager for more information!**

